



BY APPOINTMENT TO  
THE ROYAL DANISH COURT

**HARBOE**

HARBOES BREWERY A/S

ANNUAL REPORT  
2012/2013

“We have embarked on an important strategic process where we are developing our business models as well as opening our doors to new, interesting growth markets. This requires strict focus and a strong commitment. I am looking forward to seeing the results of these efforts everywhere in our organisation.”

*Bernhard Griese*  
CEO

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# FOCUS ON SUSTAINABLE VALUE CREATION

The past financial year presented a number of significant challenges which had a negative impact on the group's development and financial results. But we also took important new steps in the strategy process which is to enable Harboe to create attractive value in the coming years.

Difficult market conditions, rising input prices, bleak summer weather and can packaging defects were some of the factors that prevented Harboe from meeting the commercial targets and realising the outlook for 2012/13. The combination of negative circumstances also affected the already precarious balance in the group's core business, where earnings margins are under constant pressure.

Throughout the year, we focused intensively on continuously adapting our operations to the current business conditions while at the same time maintaining the high quality and reliable deliveries that our customers expect. However, we already run a highly efficient business, and so the potential for additional cost structure optimisation is limited. Also, in a highly competitive climate, it is difficult to transfer increasing production costs to customers without losing market share.

## PRICES UNDER CONSTANT PRESSURE

At the same time, we are seeing a more structural development in the retail sector, particularly in the Northern European markets, where prices are playing an increasingly decisive role, and this competitive pressure is naturally transferred to the other parts of the value chain. This is a trend that affects not only Harboe, but the entire food industry.

We expect continued consolidation in the retail sector in the coming years, and we therefore do not expect the focus on pricing to diminish. This means that the outlook remains one of challenging market conditions, and of an increasing need to define very clear strategic priorities when assessing potential sales relative to realising acceptable earnings. We must have the robustness to make the right choices in order to achieve optimum value creation in the utilisation of our combined resources. We must optimise and utilise the value that our products and brands create for our customers. And we must continue positioning Harboe as the epitome of attractive quality products meeting a genuine demand. In the short term, this means that achieving the growth and increased earnings that we are basically aiming for will be a challenge. In the long term, however, creating value in our business and thus consolidating the foundation for continued development and innovation constitutes a more sustainable strategy for us to pursue.

## INVESTING IN STRATEGIC GROWTH

This also underlines the importance of maintaining our strategic focus on developing our other two business units, which are to contribute to reducing the relative exposure to the Northern European markets and strengthening the group's overall earnings. In the past year, we therefore chose to prioritise and continue investing in the ongoing strengthening of these activities – despite the costs involved. In return, the progress and positive response we are experiencing in the two business units have confirmed

that we are right about the expected potential. We thus expect this potential to unfold in the form of increasingly positive financial results over the next three to five years.

## FURTHER INTERNATIONAL EXPANSION

Our investments in the development of an efficient international sales organisation to market our drinks products have thus contributed to satisfactory growth in these activities in the past year. We had expected this growth to be even higher, but political turmoil and armed conflicts in a number of markets put a damper on the opportunities for expansion and led to generally challenging business conditions in a number of areas. Nonetheless, we see a strong interest in our products, and our focus on markets with strong growth in the demand for drinks products creates the basis for the continued attractive development of the business. Investing in the development of the new markets and significant marketing contributions put pressure on earnings in the first few years, but as we achieve critical mass in the individual markets, results start to manifest themselves on the bottom line.

## COMMERCIAL BREAKTHROUGH FOR INGREDIENTS

As regards malt extract, we have also continued our targeted efforts to strengthen both the international sales organisation and the development activities, which have several interesting ingredients products in the pipeline. New partnership projects with international drinks manufacturers, a massive interest in our products at international food fairs and a continuous order intake contribute to our positive outlook. We are continuing our efforts to realise the actual commercial breakthrough for the ingredients business, but we expect to see gradually increasing sales and attractive earnings from these activities in the next five-year strategy period.

## FOUNDATION FOR CONTINUED VALUE CREATION

Despite a year which has been characterised by many challenges and insufficient financial results, it is nevertheless satisfactory to see the positive developments within our focus areas. It is also extremely satisfactory to see the commitment displayed and the targeted efforts made by our managers and employees in the organisation every single day. That is absolutely crucial to achieving our goals – and a source of pride and job satisfaction throughout the company.

The past years' capital investments also mean that we now have modern and efficient production facilities capable of underpinning the planned expansion of our activities. We have solid financial resources enabling us to seize the right opportunities as and when they arise. And we run a business which generates an efficient cash flow and considerable liquidity for the ongoing operations. We are thus very much geared to realising our strate-

gic objectives – and have a highly motivated organisation to create the results. The coming year will bring new challenges, and we do not expect markedly improved earnings. But we will work hard to add new and important building blocks to the foundation that is to ensure sustainable and attractive value creation for our shareholders in the years to come.

BERNHARD GRIESE  
CEO



## CHANGE

“The markets around us are constantly changing. Consequently, we must have the flexibility required to seize new opportunities as they arise, while at the same time withstanding the market forces which are impacting our business negatively. This is the thinking behind our strategy.”

## VALUE CREATION

“The quality of our products and the value of our brands will drive the continued creation of value in Harboe. We focus on realising this potential through massive international sales efforts and the positioning of our business.”





## THE FINANCIAL YEAR IN OUTLINE FOR THE GROUP

- Harboe's gross revenue amounted to DKK 1,588 million against DKK 1,677 million last year.
- Revenue fell by 4.7% to DKK 1,344 million. Seasonal fluctuations, price pressure and the weeding-out of unprofitable contracts had a negative impact on developments in the Northern European markets.
- Sales of beer and soft drinks, including malt beverages and malt wort products, totalled 5.74 million hectolitres compared with 6.52 million hectolitres last year. This represents a fall of 12%.
- Harboe's international drinks business developed positively although difficult conditions put activities under pressure in some markets.
- Profit before depreciation, amortisation, net financials and tax (EBITDA) was DKK 90.9 million.
- The group posted a profit before tax of DKK 4.1 million.
- The profit posted by the group was lower than anticipated in the most recent company announcement in which the outlook was of a consolidated profit of approx. DKK 20 million.
- During the financial year, the group made investments of DKK 34.3 million.
- Cash flows from operating activities (changes in cash and cash equivalents) amounted to DKK 51 million and DKK 24 million, respectively.

### OUTLOOK 2013/14

- Harboe expects all the group's business areas to contribute to growth in group revenue in 2013/14.
- In 2013/14, the outlook is for a general growth in revenue as well as a significantly improved profit.

# FINANCIAL HIGHLIGHTS<sup>3</sup>

	2012/13 DKKm	2011/12 DKKm	2010/11* DKKm	2009/10* DKKm	2008/09* DKKm
<b>KEY FIGURES</b>					
<b>EARNINGS</b>					
Gross revenue	1,588.4	1,677.4	1,584.1	1,804.0	1,806.4
Taxes on beer and soft drinks	(244.7)	(267.0)	(263.5)	(279.3)	(261.8)
Revenue	1,343.6	1,410.5	1,320.6	1,524.7	1,544.6
EBITDA	90.9	141.0	217.7	188.9	162.9
Operating profit/(loss) (EBIT)	9.4	59.5	74.2	64.3	40.9
Net financials	(5.3)	(8.4)	(5.9)	(6.2)	(5.8)
Profit/(loss) before tax	4.1	51.1	68.3	58.1	35.1
Net profit/(loss) for the year	3.1	38.4	51.1	43.0	25.6
<b>BALANCE SHEET</b>					
Total assets	1,501.4	1,575.9	1,685.5	1,645.6	1,606.4
Equity	780.6	790.0	753.4	730.3	664.5
Net interest-bearing debt	115.5	146.6	140.6	152.3	119.6
<b>INVESTMENTS ETC.</b>					
Investments in intangible assets <sup>1</sup>	26.5	1.9	5.7	8.2	3.0
Investments in property, plant and equipment <sup>2</sup>	93.2	60.1	141.8	166.0	115.9
Depreciation, amortisation, impairment losses and write-downs	81.4	81.5	130.7	124.6	121.9
<b>CASH FLOWS</b>					
Cash flows from operating activities	51.1	91.3	192.2	94.2	148.6
Cash flows from investing activities	(20.7)	6.8	(148.4)	(152.7)	(438.9)
Cash flows from financing activities	(6.4)	(48.6)	(63.8)	22.9	259.2
Changes in cash and cash equivalents	24.0	49.5	(20.0)	(35.7)	(31.1)

\*Comparative figures for these periods have not been restated to reflect the discontinued activities.

<sup>1</sup>Excluding plant under construction

<sup>2</sup>Excluding spare parts and plant under construction

	2012/13	2011/12	2010/11*	2009/10*	2008/09*
<b>RATIOS IN %</b>					
Profit margin	0.7	4.2	5.6	4.3	2.6
Solvency ratio	52.0	50.1	44.7	44.4	41.4
EBITDA margin	6.8	10.1	14.0	12.4	10.5
Gearing	14.8	18.6	18.7	20.9	18.0
Acid test ratio	118.1	107.1	85.5	91.4	95.5
Return on invested capital (ROIC)	1.0	6.0	10.2	8.2	6.2
<b>SHARE-RELATED RATIOS</b>					
Earnings per DKK 10 share, DKK (EPS)	0.6	6.9	10.6	7.3	4.4
Cash flow per DKK 10 share, DKK (CFPS)	9.1	13.1	33.7	16.1	25.5
Equity value per DKK 10 share, DKK	130.1	131.6	125.6	123.8	114.0
Share price, end of year	77.0	89.5	127.0	112.0	112.0
Price/earnings ratio	139.7	13.0	12.0	15.4	25.4
Dividend per DKK 10 share, DKK	1.5	1.5	1.5	1.5	1.5
<b>EMPLOYEES</b>					
Average number of full-time employees	559	562	572	543	520

<sup>3</sup>The financial highlights have been prepared in accordance with the 'Recommendations and Financial Ratios' issued by the Danish Society of Financial Analysts, see the description in note 1.



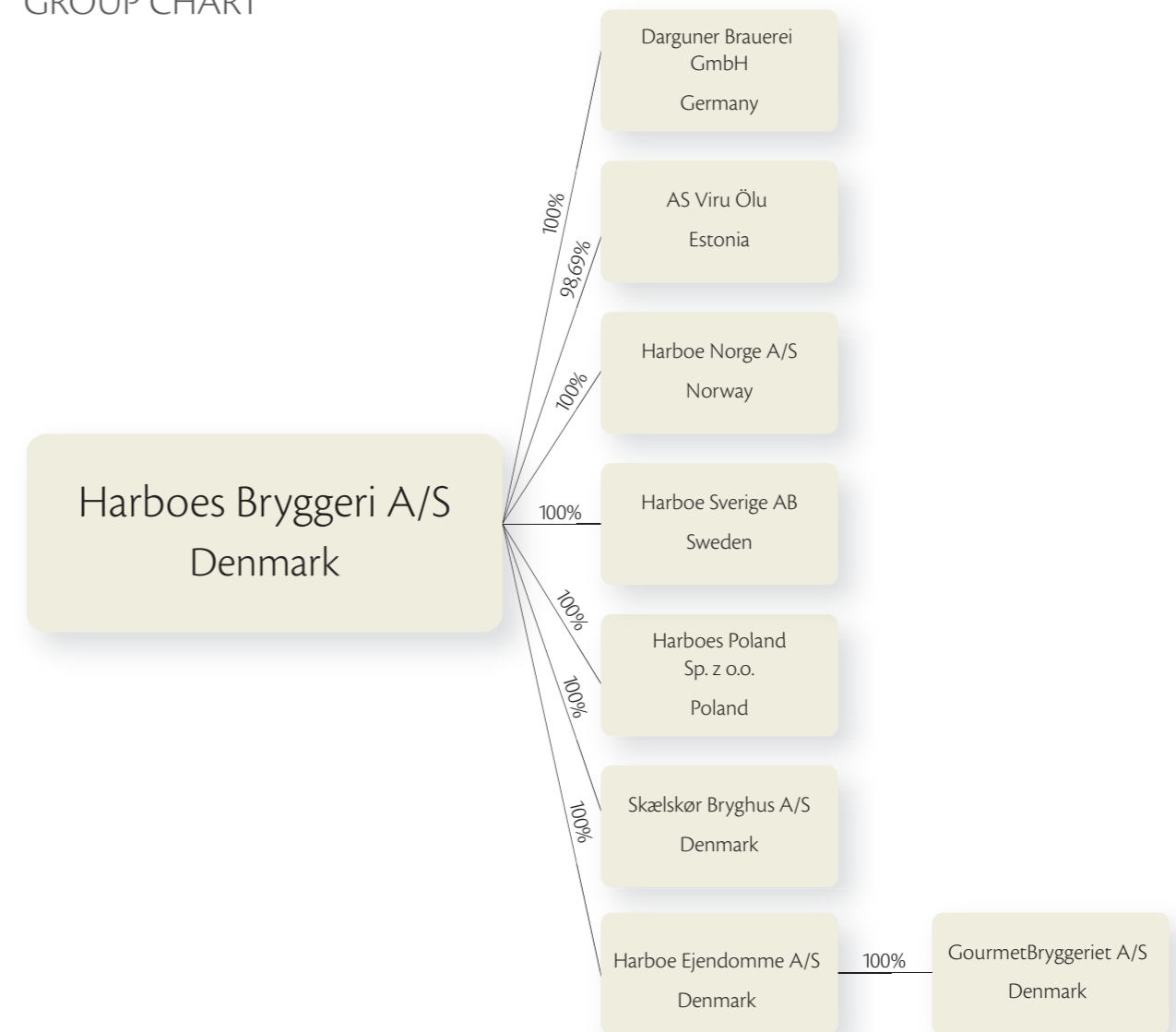
# MANAGEMENT'S REVIEW

## CORE BUSINESS

Harboes Bryggeri A/S is listed on the stock exchange and is the parent of the Harboe group.

The group's core business is the production and sale of beer, soft drinks, malt beverages and malt wort products.

## GROUP CHART



# MANAGEMENT'S REVIEW

## THE GROUP'S BUSINESS DEVELOPMENT – FINANCIAL REPORT

### REVENUE

Consolidated revenue totalled DKK 1,344 million in the 2012/13 financial year against DKK 1,410 million the year before. This equates to a fall of 4.7%.

The development is described in further detail under the review of the group's markets.

### EARNINGS

EBITDA was DKK 90.9 million against DKK 141.0 million last year.

Operating profit (EBIT) amounted to DKK 9.4 million against DKK 59.5 million last year. This equates to a fall of 84.2%.

The development in results is attributable partly to a fall in revenue and partly to continued increases in raw material prices of malt as well as increasing energy and oil prices. Due to continued intense competition, particularly in Northern Europe – the group's largest market – it has not been possible to balance out the increasing costs through higher selling prices, and this affects the group's total EBITDA margin negatively. The continued pressure on prices has also impacted earnings margins in connection with the renewal of major individual contracts.

The group's costs are also affected by the continued expansion of the sales organisation with special focus on strengthening efforts in the international markets outside Northern Europe, where the demand for high-quality beverages in keeping with the times is increasing. At the same time, costs are affected by the continued investments in development activities within, for example, malt extract, which are showing great promise. Both focus areas concern the positioning of new products in new markets, and the market penetration process is time-consuming. However, these activities are expected to make an increasingly positive contribution to the earnings performance in the coming years.

Finally, the results are influenced by a posted loss of EUR 1.0 million (DKK 7.5 million) in connection with a recall of damaged products. Negotiations aimed at clarifying liability and insurance issues are in progress. As a precautionary measure, however, Harboe has elected to expense approximately half of the total loss in the current financial year. In addition to the direct costs, the recall has had a negative impact on the efficient utilisation of production capacity. It has been necessary to produce replacement deliveries at lower earnings margins, and the recall has generally resulted in a loss of sales.

During the period, Harboe continued to adapt its production facilities to

ensure additional efficiency improvements and savings. Special focus has been on optimising capacity utilisation at and between the group's production units and logistics in connection with inventory management.

Depreciation and amortisation of intangible assets and property, plant and equipment in the amount of DKK 81.4 million are recognised against DKK 81.5 million the year before.

A profit before tax of DKK 4.1 million was posted against DKK 51.1 million the year before.

The net profit from continuing activities amounted to DKK 3.1 million for 2012/13 compared to DKK 38.4 million the year before.

### EQUITY

As at 30 April 2013, equity amounted to DKK 780.6 million against DKK 790.0 million the year before.

Equity is affected by the results for the period, foreign currency translation adjustments in respect of foreign subsidiaries, the acquisition of treasury shares and adjustments of the reserve for adjustment to fair value of financial assets available for sale as well as the distribution of dividend.

### INVESTMENTS

Total investments for the year were DKK 34.3 million, including investments of DKK 28.3 million in property, plant and equipment. The investments primarily comprise development costs and ongoing optimisation of production facilities.

An investment grant of DKK 25.0 million was received from the German state in the financial year.

The capital investments made in recent years have created an efficient foundation for the continued expansion of the group's activities. In the coming years, the investment strategy will therefore primarily be focused on the continuous optimisation of the group's resource utilisation through continued streamlining.

### LIQUIDITY AND NET INTEREST-BEARING DEBT

Cash flows from operating activities amounted to DKK 51.1 million in 2012/13 against DKK 91.3 million the year before. The decline is due primarily to lower earnings in the year.

Harboe is continuously working to strengthen cash flows, including maintaining a strong focus on managing inventories, trade receivables and trade payables. Harboe will continue its strategic focus on strengthening cash flows from operating activities in the coming year as well.

Cash flows from investing activities totalled DKK -20.7 million, and cash flows from financing activities amounted to DKK -6.4 million. The negative

cash flow from financing activities covers investment grants less mortgage debt repayments, dividend distributed and the purchase of treasury shares. Purchase of treasury shares amounted to DKK 5.2 million.

Free cash flow – changes in cash and cash equivalents – amounted to DKK 24.0 million against DKK 49.6 million the year before.

### CASH RESOURCES

The group's cash resources, which are composed of cash and credit facilities granted but not yet activated, amounted to DKK 164.6 million as at 30 April 2013.

Added to this is the holding of 451,568 treasury shares corresponding to DKK 34.8 million stated at share market value as at 30 April 2013.

Moreover, the fair value of the portfolio of bonds is added, amounting to DKK 171.7 million as at 30 April 2013.

The portfolio of bonds represents strategic cash resources established with

a view to guaranteeing the necessary manoeuvrability for Harboe to make interesting acquisitions, engage in strategic partnerships and realise similar investments underpinning the group's strategy. Due to market conditions, using this facility to repay other debt has not been an attractive option.

The aggregate cash resources thus total DKK 371.1 million.

As at 30 April 2013, the group's net interest-bearing debt amounted to DKK 301.0 million against DKK 353.8 million the year before.

Adjusted for the portfolio of bonds and cash deposits of DKK 185.5 million, the group's net interest-bearing debt amounted to DKK 115.5 million as at 30 April 2013 against DKK 146.6 million the year before.

### EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

From the balance sheet date to this date, no events have occurred which change the evaluation of the annual report.





## MANAGEMENT'S REVIEW

### STRATEGY AND FINANCIAL TARGETS

Harboe produces and sells a wide range of drinks and malt extract products in more than 90 markets worldwide. The product portfolio is designed to meet the demand and market potential of the individual markets and is based on three strategic business areas: Harboe Nordic, Harboe International and Harboe Ingredients.

**Harboe Nordic** markets a wide range of beers, soft drinks, energy drinks and non-alcoholic malt beverages in the group's main markets in Denmark, Norway, Sweden, the Baltic states, Germany as well as the Danish-German border area. Harboe's strategy is to focus on maintaining a high volume and protecting its well-established position in these markets by providing customers with a high level of quality, flexibility and reliable deliveries and an attractive product programme in tune with the times.

**Harboe International** markets beers, soft drinks, energy drinks and non-alcoholic malt beverages in more than 90 markets in the Middle East, Africa, South East Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe. Harboe's strategy is to increase Harboe International's relative share of the group's revenue and EBITDA through continued geographical expansion in markets where economic and demographic developments support increasing purchasing power and a demand for quality products.

**Harboe Ingredients** is the framework for Harboe's sales and development activities within malt-based food ingredients. The main activity is the traditional malt extract, which is marketed to customers in the European food industry. However, development activities in recent years have identified more potential uses and created new opportunities for the strategic expansion of the business – both geographically and industrially. Harboe's strategy is a targeted pursuit of these opportunities with a view to creating attractive growth and further strengthening the group's earnings basis.

The business model, strategy and objectives of the individual business areas are described in further detail in their respective sections.

#### INVESTING IN LONG-TERM VALUE CREATION

Efficient and flexible production facilities capable of supplying high quality and handling the expected growth in volume are a prerequisite for main-

taining the group's market position in Northern Europe, while at the same time realising the international and commercial growth strategy. In addition to general maintenance and constant efficiency improvements, Harboe will continuously assess the need for investments in new production capacity and technology. In step with the increasing activity levels, Harboe also focuses intensively on optimising coordination and capacity utilisation among the group's production units and in the distribution with a view to realising further operational synergies.

#### FINANCIAL TARGETS

Harboe expects the intense competition to continue in the main markets in Northern Europe. At the same time, regular fluctuations in prices of Harboe's core raw materials will continue to be a risk factor and limit the opportunities for permanently raising the earnings margin for this part of the business. However, it is expected that the continued realisation of the group's growth strategy within both drinks and malt extract products will contribute to more robust earnings overall – both relatively and in absolute terms.

Harboe's long-term aim is to achieve annual revenue growth of 5-10% and a profit margin of more than 6-8%. This is to contribute to maintaining a return on the invested capital of an attractive 8-10%. Furthermore, Harboe will continually focus on maintaining a strong cash flow from the group's operations.

The group's objectives as regards its capital structure have been determined based on a desire to maintain a high level of financial resources at all times. This will enable the investments in continued organic growth and value creation which are necessary for the group to anticipate market trends and customer requirements.

Furthermore, the group aims for its financial resources to be made up of its own funds and for them to be flexible enough to allow for growth through acquisitions or participation in strategic partnerships. At the same time, the group aims to ensure long-term value creation for its shareholders by gradually strengthening the company's market value in step with the planned development of the group's activities. The aim is for this to be supplemented by continuous returns through the continued distribution of dividend or share buy-back programmes.





## MANAGEMENT'S REVIEW

### OUTLOOK 2013/14

Market conditions in the Northern European markets are expected to remain extremely challenging in the coming year with intense competition and pressure on prices. Harboe will focus on maintaining its position in these markets based on a solid product portfolio, flexibility and reliable deliveries as well as the continued positioning of the group's brands.

In the next year, a high priority will be given to the continued expansion and development of the group's international activities within the drinks segment, involving the further strengthening of its sales and marketing activities. The strategic focus will be on markets where the demand for drinks products is growing, and where Harboe can establish an attractive platform for its products. These activities are expected to be the main growth driver for the group in the next year.

Focus will also be on the further development of the malt extract activities with a continuation of the international sales work and targeted marketing activities. Continued progress is also expected in the development of products in the company's pipeline. Collaboration with partners in the drinks industry is expected to develop positively and result in increasing sales of ingredients.

All in all, Harboe expects all the group's activities to contribute to growth in revenue, which is expected to be higher than in 2012/13.

In the next year, earnings will also be affected by a general pressure on margins and continued investments in the development of the strategic business areas. General sensitivity to seasonal fluctuations may also influence the group's results. However, compared with 2012/13, Harboe expects improved earnings.

Following the capital investments made in recent years, Harboe now has modern and efficient production facilities capable of underpinning the planned expansion of our activities. Consequently, investments in the next year are expected to be aimed primarily at ongoing maintenance and optimisations of efficiency.

Harboe's solid financial resources and continuous cash flow also create a basis for the continued strategic development of the group's activities, thereby ensuring the creation of attractive long-term value.



## HARBOE NORDIC



### SOLID POSITION IN THE NORTHERN EUROPEAN MARKETS

Harboe Nordic is Harboe's largest business unit, and the activities are the result of many years of systematic development of the business and geographical expansion. Today, Harboe Nordic occupies a solid position in the Northern European markets for beers, soft drinks and energy drinks and markets its products in Denmark, Norway, Sweden, the Baltic countries, Poland and Germany – as well as the Danish-German border area. Harboe

Nordic primarily markets its products to major retail customers – both to the private label segment and under Harboe's own brands. Harboe's strategy is to protect its well-established position in these markets by maintaining a high volume, high quality and reliable deliveries.

### STRATEGIC PARTNERSHIPS CREATE VALUE

In the Northern European markets, Harboe's beverages are available on the shelves at many of the large supermarket chains. The cooperation with the customers is often based on long-term relations and a close and ongoing dialogue on development trends in the demand, continuous development of the product range and packaging and other ideas for continued expansion of the partnership.

Denmark's largest supermarket chain, Dansk Supermarked, has had a working relationship with Harboe for many years, and Harboe's products are strongly represented on the shelves in Dansk Supermarked's chains Føtex, Bilka and Netto. According to Category Manager Brian Olesen from Dansk Supermarked, the partnership with Harboe plays an important role in the strategic development of their business.

"Harboes Bryggeri A/S is one of our major suppliers, and we definitely consider them a strategic partner. Harboe is a brand that adds value to our business. It is important to us that they can contribute on many levels, and we are extremely pleased with the strong foundation that we have created through our partnership," says Brian Olesen and continues: "We are looking forward to our continued cooperation and to further strengthening the good relations and realising new commercial opportunities together."



# HARBOE NORDIC

## INNOVATION

“We work every day to ensure that Harboe’s products live up to customer expectations and strengthen the value of the brand we want to create. We must be a solid and, at the same time, innovative partner who contributes to creating new value, both for us and for our customers.”

## HARBOE NORDIC

Harboe Nordic is the group’s largest business unit and the backbone of the group’s activities. The business manufactures a wide range of drinks products which are marketed in Denmark, Norway, Sweden, the Baltic states, Poland and Germany as well as the Danish-German border area, which represents a special market for the group.

Harboe Nordic’s products are primarily sold to customers in the retail sector, which has seen ongoing consolidation in recent years, especially among the discount chains which continue to increase their relative share of the total retail trade. Concurrently, consolidation has also taken place in the brewery industry, which has contributed to further intensifying competition in the Northern European markets.

Harboe Nordic’s product range is, among other things, targeted at the private-label segment, but is also marketed to an increasing degree under Harboe’s own brands through the major supermarket chains. Especially the brands Harboe, Darguner and Bear Beer are the principal brands in the continued positioning of the group’s products, and marketing is carried out in close collaboration with the retail sector. The group’s private-label category as well as its own brands are marketed at attractive prices, typically lower than the prices of the international brands. In most of Europe, this segment is increasing its relative share of the traditional beer and soft drinks market. Competition is fierce in all markets.

The competitors in the drinks market in Northern Europe are both local and regional players, and the segment is regularly challenged by the more expensive branded products which are periodically marketed at discount prices.

Total beer sales have been falling in the past ten years in the Northern European markets. Sales of soft drinks continue to grow, but at moderate growth rates. Sales of soft drinks are driven by continued product development within this segment, including energy and sports drinks, which are

advancing in the market. Most recently, flavoured mineral water and vitamin drinks have penetrated especially the German market as new products that may drive continued growth in the segment.

The Northern European drinks market is also affected by seasonal fluctuations, and the summer weather in particular has a significant impact on total demand.

### VALUE CREATION AND STRATEGY

The business model for Harboe Nordic is based on the supply of high volumes of an attractive range of drinks to the major retail chains in Northern Europe, where Harboe has established a strong position. Harboe maintains this position by providing customers with a high level of quality, reliable deliveries and a flexible response to fluctuations in demand. The business activities are based on close collaboration with customers, which also ensures that the product range, packaging and ongoing marketing meet and continue to drive demand among the Northern European consumers.

As Harboe Nordic’s earnings margins are under constant pressure, value creation is conditional on continued high activity levels which can ensure that total earnings and return on invested capital reach a level corresponding to the group’s financial targets. Fierce competition limits the opportunities for effectively implementing price increases in step with prices of raw materials and consumables, taxes etc. impacting production costs, and Harboe therefore constantly assesses the attractiveness of the contracts concluded, with a view to achieving optimum balance between earnings and capacity utilisation – including in terms of prioritising the group’s other business activities.

The activities in Harboe Nordic form the backbone of the group and provide an important financial basis as well as capacity for the continued strategic development of Harboe’s other business units.

### STRATEGIC MEASURES AND RESULTS IN 2012/13

In 2012/13, the development in Harboe Nordic was affected by continued challenging market conditions characterised by rising input prices, continued fierce competition and a declining demand significantly influenced by the very cold summer in 2012.

Sales of beer were impacted by the group’s discontinued collaboration with a major Northern European customer in spring 2012. During the period, Harboe also weeded out customers which would take up considerable capacity without generating acceptable margins. This decision was based on a strategic priority of reserving capacity for the continued development of activities outside Northern Europe, which contribute more attractive earnings margins.

The soft drinks and non-alcoholic drinks segments were affected by the summer weather as well, which influenced sales in all Northern European markets.

The decline in sales was, to a certain extent, offset by strategic collaboration agreements with both new and existing customers, which contributes to improving capacity utilisation. Investments were also made in the ongoing development of existing customer relations, and efforts were made during the year to continuously adapt and innovate the product range and develop new, strong packaging solutions which make a positive contribution to collaboration with retail customers and the positioning of Harboe’s products vis-à-vis consumers. Harboe also continued working to expand its position within on-trade sales to cafés, canteens etc., just as sales to the convenience segment were in focus with a view to developing the business further.

### OUTLOOK 2013/14

In line with the strategy, Harboe Nordic will focus on maintaining its solid position in the Northern European markets in the coming year. The decline in demand for beer is expected to continue, whereas the markets for soft drinks and other non-alcoholic drinks are expected to develop positively. As usual, however, the weather during the high season across the first two quarters of the financial year will have a significant impact on total demand and sales.

Competition is expected to remain fierce, which will put earnings under constant pressure, but Harboe’s strategic focus will be consistently on maintaining its strong foothold in the Northern European markets, with the activities in Harboe Nordic continuing to contribute positively to the group’s results.



# HARBOE INTERNATIONAL



## CRITICAL MASS

Targeted sales and strong products have opened interesting doors in the international markets. Now we must further consolidate the platform to enhance efficiency and build a position which can ensure long-term value creation.

## STRATEGIC EXPANSION IN NEW GROWTH MARKETS

Harboe International markets Harboe's products in more than 90 markets in the Middle East, Africa, South East Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe. The activities are handled in close cooperation with distributors and partners in the individual regions, and the product range is tailored to local consumption patterns.

The business is seeing positive developments, and sales are driven by rising demand for beverages. Harboe's strategic focus is on further developing the international activities with a view to achieving critical mass in the individual markets and strengthening the group's earnings.

## STRONG PRODUCTS DRIVING NEW DEMAND

Harboe's products are gaining more and more ground in the international markets, and the group's own brands are playing a key role in the continued international positioning. Both beers, soft drinks and energy drinks, and not least the group's broad range of non-alcoholic malt beverages, have attracted widespread interest among customers and distributors. And although competition is fierce in all markets, the growth continues to create new potential.

Success is, of course, dependent on knowledge about local market forces and specific local demand. Harboe has therefore established close partnerships with local distributors which are able to see the opportunities that Harboe's products and brands offer and which can pave the way to the customers. In Taiwan, Harboe has established a strategic partnership with one of Taiwan's leading food distributors, Sun-Friend Corporation, which has created an entirely new platform in the market with Harboe's products. The CEO of Sun-Friend Corporation, Mr Kaiyu Kung, says:

"We are very excited about the cooperation with Harboe, and our close partnership and joint commitment create value for both parties in step with our exploration of new market opportunities. Combining their strong portfolio of products and brands with our insights into the local market and consumer needs, enables us to stimulate demand as well as creating an entirely new demand. And we are still seeing attractive opportunities for Harboe's products in Taiwan."

## HARBOE INTERNATIONAL

Harboe International is the framework for the marketing of the group's drinks products in markets outside the core Northern European markets. Today, Harboe International markets its products in more than 90 markets in the Middle East, Africa, South East Asia/Oceania and the Americas as well as on a number of European markets outside Northern Europe.

In the international markets, Harboe's products are extensively marketed under the company's own brands supplemented by private-label products whenever this is deemed commercially attractive. The primary beer category brands, which are marketed across the regions in the international business, are Bear Beer, Darguner, Harboe, Puls and specialty products under the GB brand. Harboe also markets a wide range of soft drinks, energy drinks and other non-alcoholic speciality products, including light and dark malt beverages, which are marketed under the brands Hyper Malt and White Bear, among others.

The mix of product categories and brands is tailored to local demand in the individual regions and markets, and Harboe's products are extensively marketed in collaboration with local and international partners and distributors – but also via direct sales to major supermarket chains.

There is considerable competition in all markets, but economic growth and increasing purchasing power also drive an increasing demand for drinks products. General market growth and maturation are seen in both the retail sector and the on-trade segment, which support rapidly rising sales in almost all of Harboe's international markets. The competitors are both local, regional and international breweries.

## VALUE CREATION AND STRATEGY

Harboe International pursues a diversified growth strategy based on mar-

kets in which economic and demographic developments support increasing purchasing power and a demand for quality products.

The geographical expansion and product strategy are targeted at regional and cultural demand patterns, where Harboe can utilise its distinct competencies and wide product range to create a strong position for itself relative to competitors.

The strategic expansion takes place through the continued development of the sales organisation, the establishment of networks and collaboration with distributors. Harboe's operational objective is for the new markets to achieve critical mass and contribute positively to the group's EBITDA within a time frame of three to five years.

Harboe's branded products are typically marketed in a price segment between the most expensive, imported premium brands and the locally manufactured products. The products are thus targeted at a rapidly growing segment of middle-class consumers who are increasingly demanding imported brands at attractive prices. In close collaboration with distributors, Harboe adapts and develops its product range and packaging to suit local demand, while stimulating further growth in the market.

In order to optimise resource utilisation and deliveries to the international markets as much as possible, the further strengthening of the coordination between the sales organisation and the group's production facilities and distribution system is an important strategic priority in the continued geographical expansion.

The international markets on which Harboe has chosen to focus hold attractive potential, which offers the opportunity to realise higher earnings margins than in the core markets in Northern Europe within a number of product categories and geographical segments.

The international activities are expected to make an increasing contribution to the group's revenue and EBITDA over the coming years.

## STRATEGIC MEASURES AND RESULTS IN 2012/13

Overall, the activities in Harboe International developed positively with consistent double-digit growth in sales. However, activities in a number of markets, notably in Africa and the Middle East, were affected by significant challenges brought on by political turmoil, changes of regime and armed conflicts, which means that, despite the growth, the results did not reach the expected level. The development of the sales organisation continued and contributed to further strengthening the platform. Investments were made in continued sales activities with Harboe attending international drink fairs, and Harboe regularly participates in sales and marketing activities with local partners and distributors as part of the development of Harboe's brands in a number of markets. Several new agreements and partnerships have also been entered into, all of which are expected to contribute positively to developments in the coming years.





## HARBOE INTERNATIONAL

### THE MIDDLE EAST

In the Middle East, Harboe mainly markets non-alcoholic drinks, including a wide range of non-alcoholic malt beverages and traditional soft drinks, which are both growth categories.

In the past five years, Harboe has pursued a focused geographical expansion strategy in the region, and the group now has a strong foothold in several markets. The activities are being expanded continuously in collaboration with customers and distributors in both existing and new markets.

However, developments in 2012/13 were marked by continued political turmoil in the region, which had a significant impact on sales and, in some markets, brought sales to a complete standstill. The turmoil also resulted in general delays in supplies and caused widespread trading challenges. Continued positive developments in the more stable markets in the region to some extent offset the negative market forces. Harboe focuses at all times on making the most of the existing market potential while taking account of the political situation and the financial risk exposure.

The underlying demand in the region continues to increase, however, and the marketing of Harboe's own brands continues in close collaboration with customers and distributors. As part of the continued cultivation of the market, Harboe embarked on the launch of a range of new non-alcoholic malt beverages in various flavours under the 'White Bear' brand. Developed and manufactured with a compound based on Harboe's own clear malt extract, the product has generated considerable interest from both customers and distributors. White Bear is now marketed in a number of countries in the region, where non-alcoholic drinks constitute a large, growing segment, but European retail customers have also shown an interest. The new product is expected to gradually contribute positively to sales in the course of the coming financial year.

### AFRICA

Harboe sells a broad range of beer, soft drinks, malt beverages and non-alcoholic malt beverages in a growing number of African countries, primarily under own brands. Harboe's expansion in the African countries is driven by an increasing demand for strong beer and malt-based products, in particular, but the energy drinks segment is also large and strongly growing. Market developments support sales with a rapidly growing middle class and the continued development and consolidation of the retail sector. Participation in focused sales and marketing activities in close and mutually beneficial collaboration with large regional distributors is the catalyst for the group's continued positive development. The sales organisation is still being expanded and is continuously generating new results.

Total sales in the African markets showed double-digit growth within all categories. The growth is driven partly by new distributor agreements and partly by the continued expansion of the group's market positions through successful collaboration with existing distributors and partners on the African continent. However, political turmoil and armed conflicts in several

African countries considerably impacted general business conditions and had a negative spillover effect on sales, resulting in total growth in Africa being somewhat lower than expected.

### SOUTH EAST ASIA AND OCEANIA

As part of Harboe's strategy of continued international expansion of its activities, the group has launched a systematic sales effort in South East Asia and in selected markets in Oceania where collaboration has been established with a number of distributors across the region. In particular, Harboe's lager and strong beer products have gained a foothold in the South East Asian markets.

The collaboration with key distributors and the execution of the targeted sales strategy aimed at large retail chains continued in the financial year. The exposure of Harboe's products in a growing number of retail chains contributes to rendering the products visible to the consumers in these markets. Systematic work is going into developing and marketing Harboe's brands in the region in close collaboration with both local and regional distributors, with satisfactory growth in total sales. The positive development is seen within all product categories, but particularly the beer segment is seeing strong growth. In addition to Harboe's positioning in the retail sector, marketing efforts aimed at the restaurant segment are also generating positive results. The systematic sales activities in South East Asia and Oceania are contributing positively to the group's total sales, although still at a modest level due to the relative size of the business and the continued investments in sales and marketing.

### AMERICAS

The latest step in the geographical expansion has been targeted at selected markets in North and South America. Initially, the activities were targeted at special consumer segments in which the dark, non-alcoholic malt beverages are seeing a strong demand – particularly in the Caribbean. In the past year, focus has also been on cultivating a number of other markets in both North and South America, identifying distributors and concluding collaboration agreements with local partners. Direct contact has also been established with retail chains in a number of countries where beer, in particular, makes up a growing category. Sales in the Americas remain modest, but the potential for establishing a stronger presence in these markets is believed to be attractive.

### OUTLOOK 2013/14

Harboe's international activities are still expected to contribute increasingly to the group's revenue and earnings. The continued development of the sales organisation, focused marketing activities and the cultivation of markets are expected to lead to satisfactory double-digit growth in the coming financial year. The market conditions are expected to remain challenging, and the prospects for a stabilisation of the political situation are limited, particularly in the Middle East and some African countries. The outlook is thus subject to great uncertainty in relation to these markets, but Harboe expects the continued strengthening of its activities in the rest of the organisation to create a basis for overall positive developments.

# HARBOE INGREDIENTS



## NEW BUSINESS OPPORTUNITIES WITH MALT EXTRACT

Harboe Ingredients develops, produces and markets malt-based food ingredients which are used as a natural alternative to sugars, flavourings and colourings in the food industry. Harboe's traditional malt extract is marketed in Europe, where sales are driven by rising demand and Harboe's continued product development in this category. The development activities focus on ensuring optimum utilisation of the group's competencies and the market opportunities within malt-based food ingredients. This has, for

example, resulted in new compounds based on clear malt extract, which have attracted strong interest among international drinks manufacturers. And Harboe has more malt-based product variants in the pipeline. The group's strategy is to exploit the international market potential for the unique products through continued cooperation with partners in the food industry and intense strategic sales efforts.

## SALES AND DEVELOPMENT GO HAND IN HAND

Harboe's innovative malt extract products are aimed at an international food industry which is constantly on the lookout for ingredients that can improve the quality of their products – and at an attractive price. Harboe's compound based on clear malt extract is a good example of an ingredient that, in addition to its strong product profile and positive nutritional properties, can contribute to a more efficient production process at the food producer. Intense preparations are being undertaken for the actual market breakthrough for Harboe's malt-based food ingredients. An important part of these strategic sales efforts is taking place in cooperation with a number of international drinks manufacturers, which are participating in close development programmes involving product testing in their own production. As a part of the market cultivation, Harboe has also entered into cooperation and close dialogue with regional distributors with specialised competencies within food ingredients and a broad network of customers in the food industry.

"The ability to anticipate the new opportunities within food production and thus offer our customers in the food industry an optimum product range at all times is absolutely vital to us. We are therefore very interested in developing new products, and we maintain a close dialogue with our customers on the prospects of utilising the new products."

## HARBOE INGREDIENTS

Harboe Ingredients is the framework for Harboe's sales and development activities within malt extract.

For more than 60 years Harboe has marketed traditional malt extract as an ingredient for the European food industry in a number of targeted products. Malt extract is used as a natural alternative to sugars, flavourings and colourings used in the production of many different foods, including bread, cereal and chocolate. In addition to the natural colourings and sweeteners, malt extract has a number of good properties in terms of nutrition and quality, and the attractive product profile is an important asset when marketing the product to selected production industries, including in particular bakeries and other food producers.

The development in Harboe's malt extract activities over the past few years has been particularly positive. Sales are driven by rising demand and a general recognition of Harboe's products and certified production processes in an industry where food safety and quality are paramount. This is further supported by Harboe's continued product development in this category.

One important result of this product development has been the development of a unique clear malt extract with wide applications within drinks production. Compared with the existing products in the market, the clear malt extract has been processed even further and is now marketed as part of a compound which can eliminate several steps in the usual manufacturing process for drinks manufacturers.

## INTERNATIONAL SALES

Our new products are the result of intensive development work with the clear focus that they must make a positive difference. We are a recognised player in the market, but genuine success for our business is conditional upon a very high level of awareness and documented results. Consequently, our international sales efforts are at the very top of the agenda.

Harboe's compound based on clear malt extract thus has an attractive marketing profile vis-à-vis large drinks manufacturers, which are showing considerable interest in the product. In the past year, this has resulted in new strategic collaboration agreements and orders.

Harboe's compound will also form part of the further development of Harboe's own drinks products, including in particular the non-alcoholic malt beverages marketed by the group in a growing number of export markets.

The development activities focus on the continued development of new malt extract product variants which can be used as attractive and natural alternatives to ingredients in the food industry. Most recently, this also resulted in the development of a sweet and a dark malt extract, both of which can be used as attractive alternatives to traditional sweeteners and colourings.

Based on the positive development results and the considerable interest and recognition enjoyed by the new products among customers and partners in the food industry, Harboe has invested additional resources in its malt extract development activities in recent years. A focused development and sales unit has been established, which is working hard to make the most of the opportunities. Development efforts have been further strengthened with special competencies, and partnerships have been established with external research institutions. The sales organisation has also been strengthened regularly with new resources.

## VALUE CREATION AND STRATEGY

Harboe is a leading Nordic manufacturer of malt extract for the food industry, and it is the primary objective of Harboe Ingredients' business model to ensure optimum utilisation of the group's competencies and market opportunities within this segment. The market for traditional malt extract continues to offer attractive growth potential in Europe which the group wants to utilise through the consistent and focused strengthening of the product portfolio and further expansion of the sales organisation.

However, the additional processing of the products has paved the way for more potential uses and has thus created opportunities for an interesting strategic expansion of the business – both geographically and industrially. In addition, the new processed products can be sold with higher earnings margins than the traditional malt products.





## HARBOE INGREDIENTS

The development activities take place in close collaboration with customers in the food industry, and the products are adapted and optimised following customer test productions. The sales and marketing activities are targeted at major customers in the food industry that are expressing considerable interest in the new opportunities. Collaboration has also been established with leading regional distributors of food ingredients.

The market for Harboe's malt-based food ingredients holds considerable potential, which the group wants to make the most of. In the European markets, focus will still be on activities involving traditional malt extract, while the marketing of the clear malt extract and other new products will also be targeted at customers outside Europe. Initially, the focus has been on the Middle East, but opportunities in Asia and Africa are currently being explored. Further marketing of the clear malt extract will thus be a central element in the strategic development of the group's activities. The ambition is for Harboe Ingredients to achieve double-digit annual growth rates over the next three to five years, and to increasingly make a positive contribution to the group's EBITDA.

### STRATEGIC MEASURES AND RESULTS IN 2012/13

Sales of traditional malt extract developed positively in the course of the year through continued good collaboration with existing customers and several agreements with new customers, which were concluded at the beginning of the calendar year. Harboe has continued its product development efforts, for example through the launch of new malt extract variants based on grain types other than barley.

Harboe sells its clear malt extract to a number of customers in the food industry in the Middle East, and the difficult market conditions in the region have also impacted developments in this segment. Sales are thus also considerably lower than expected in the financial year. However, Harboe continues to cultivate new and more stable markets in the region, and several of these are showing great promise.

During the year, Harboe continued the strategic development activities within malt extract with positive results. The development activities take place in several areas: Work is going into expanding the use of clear malt extract in close collaboration with partners in the drinks industry, and this work is generating satisfactory results. Furthermore, the sales and marketing activities in respect of clear malt extract have continued. Harboe has attended several international food fairs, where the product has attracted increasing interest. In the course of the year, collaboration was also established with new customers and regional distributors with a view to identify-

ing new market opportunities, for example in a number of Asian markets. The activities are progressing positively, and the product is attracting considerable interest, although no actual breakthrough has been achieved in the form of large-volume sales.

Concurrently, work has been going into the product development of sweet malt extract, which has now entered the last phase of the development process after having been tested in collaboration with partners in the food industry. In addition, Harboe's development department has continued its work on other malt projects, which are all aimed at meeting the increasing demand for better, healthier and competitive alternatives to existing food components. This trend is supported by the ever-stricter international regulation of the foodstuff sector. During the period, Harboe concluded a new contract concerning the delivery of a malt-based ingredient to a leading Nordic food manufacturer.

### OUTLOOK 2013/14

The positive development in the activities in Harboe Ingredients is expected to continue in the coming financial year. Moderate growth in sales of traditional malt extract is expected, driven, among other things, by sales of new malt extract variants based on other grain types.

It is also expected that the lower than anticipated revenue from clear malt extract, which resulted from a number of market challenges in 2012/13, can be replaced by new agreements in other and more stable markets in the Middle East and Asia. Harboe thus expects the business unit to realise increasing revenue in 2013/14.

The growth must, among other things, be driven by the further strengthening of the sales organisation with strategic focus on the international markets.

In the coming financial year, focus will also be on continued development activities in close collaboration with customers, with a view to further processing and adapting product profiles and conducting test productions. The collaboration with research institutions will also continue in the coming year, for example in connection with planned Master's theses and PhD dissertations.

Harboe also expects the European markets for traditional malt extract to develop positively, and continued product development within this segment will contribute to maintaining Harboe's position in this market.

# MANAGEMENT'S REVIEW

## PRODUCTION AND CAPACITY

The group's three breweries have a total capacity of 10 million hectolitres. In 2012/13, a total of 5,74 million hectolitres of beer, soft drinks and malt wort products were sold, corresponding to a decrease of 12,0 % compared to the year before. The decrease is mainly attributable to the discontinuation of a major customer relationship, the non-acceptance of orders generating low earnings and lower than expected sales in both the Northern European and international markets.

In its ongoing operations and production development, Harboe focuses on achieving a high capacity and flexibility – also between the production units – in order to ensure that seasonal fluctuations and order intake are handled in the most optimum way. A strategic task force was established during the financial year, the objective of which is to further strengthen the coordination between the group's production, planning and logistics functions as well as the link with the sales organisation with a view to ensuring better and more efficient utilisation of resources and speeding up the entire supply chain. The aim is for the project to create both operational synergies and improved customer service.

DKK 28,3 million was invested in the production facilities in 2012/13. The investments have been focused on continued strengthening of capacity, including the establishment and commissioning of a new canning unit at the group's German brewery. In addition, investments were made in the continued adaptation of the production facilities to ensure additional efficiency improvements and savings. Special focus has been on optimising capacity utilisation at and between the group's production units and logistics in connection with inventory management.

In recent years, Harboe has made a number of investments aimed at improving efficiency and environmental profiles with extremely good results. Among other things, the investments in CO<sub>2</sub> capture systems in both Denmark and Germany have contributed to savings which have paid for the investments in less than two years. The systems are maintained on an ongoing basis and continue to contribute to optimising the utilisation of resources.

In the past five years, Harboe has invested DKK 577,0 million in the expansion and strengthening of the brewery sector's production facilities. The



investments have proved decisive in the competition for large-volume contracts in the main markets in Northern Europe. At the same time, the capacity of our modern and efficient production facilities forms a solid basis for realising the group's strategy and further value creation within the strategic development areas and the continued geographical expansion of the activities.

Harboe will also in future assess the need for further investments in efficiency and capacity. In 2013/14, investments are expected to be targeted mainly at ongoing maintenance and efficiency improvements.

## EFFICIENCY

A broad and versatile product portfolio and massive international sales efforts are putting the entire value chain in the company to the test. We have therefore launched a project which will strengthen coordination in the group, from production and planning to logistics and sales.

## EMPLOYEES AND COMPETENCIES

For 130 years, Harboe has based its business on the fundamental values of responsibility, cooperation, quality and performance. These values are at the core of the group's management philosophy and are at the same time pillars of the group's strong corporate culture. As Harboe has continued its expansion, it has been an important strategic priority to maintain and pursue these values across national borders and organisational units.

Harboe's HR strategy is based on the group's focus on creating value-adding business results as well as on preserving the ambition of running an attractive business that fosters pride and a high degree of employee satisfaction.

As part of this strategy, Harboe focuses on having the necessary competencies and resources at all times, to enable the group to efficiently carry on its activities while at the same time seizing new opportunities for growth and value creation. It is therefore vital that Harboe is able to recruit motivated managers and employees with the right qualifications for the production units as well as for the sales and development functions. Harboe seeks to offer competitive pay and employment conditions as well as ongoing training and continued improvement of employee skills. Harboe also focuses on the need for diversity and endeavours in its management philosophy to create equal opportunities for supplementary training and career development for all employee groups.

### STRENGTHENED ORGANISATION

During the financial year, considerable focus has been on the continued development of the international sales organisation, which was further strengthened with new, strong competencies. Harboe's international growth strategy is thus underpinned by dedicated sales resources targeted particularly at growth regions in Asia, Africa and South America, where the group expects to accelerate developments in the coming years. Regional sales offices have been established, and the development of the sales organisation will continue in step with the unfolding of the market opportunities.

During the financial year, the malt extract development activities were also strengthened with new special competencies. At the same time, Harboe's development organisation has established closer partnerships with a number of research and educational institutions for the purpose of ongoing knowledge sharing and collaboration on thesis and PhD projects.

Educational activities have also been carried out with the aim of strengthening and updating competencies at other levels in the group. At the strategic management level, Harboe has organised a formalised development programme which is to create a strengthened, shared frame of reference for the operational management of the group. The programme is tailored to the

group's commercial challenges and focuses on relevant management issues and tools. The programme also ensures the effective anchoring of the strategy processes among key managers in the group. For this purpose, a number of activities were undertaken during the financial year, including a three-day strategy seminar in 2013.

The operational part of the group also implemented a number of training activities during the year. The team leader training programme, which Harboe set up a few years back with a view to ensuring effective and close follow-up on quality and efficiency in the individual production processes, was continued in this financial year. The programme still yields positive results in the form of continuous optimisation and efficiency improvements in operations. At the same time, the increased level of responsibility is a strong motivational factor for both the individual team leaders and the employees in the organisation who are now closer to where decisions are being made.

Concurrently with these activities, Harboe offers specialised internal and external courses and competency development programmes for managers and employees.

### EMPLOYEE SATISFACTION

As part of the competency development of each employee, Harboe conducts annual performance interviews which follow up on goals and results, and performance plans are defined for the coming year. The performance interviews also provide an opportunity to follow up on employee satisfaction. Work is going into establishing an interdisciplinary system for development and follow-up on employee satisfaction in the group.

Harboe has a low staff turnover rate, and the high seniority of both production staff and specialists ensures continuity and retains the valuable knowledge accumulated in the company. At the same time, it is extremely satisfactory that the number of employees with very few or no days off sick is at an extremely attractive level.

## ACCOUNTABILITY

The best results are created by an organisation in which everybody is conscious of their own targets and their importance in the greater context. Therefore, we stress the accountability of individual employees and an attentive management style that instils, recognises and strengthens a sense of togetherness.



# MANAGEMENT'S REVIEW

## REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Sustainability is a central element in Harboe's strategy for the group's continued growth and development. Effective utilisation of resources and positive relations with the company's stakeholders are essential to Harboe's future value creation. Harboe's corporate social responsibility activities are rooted in a policy based on a commercial prioritisation of value creation and risk mitigation. The policy has been approved by the company's Board of Directors and can be found on the group's website at:

[http://files.shareholder.com/downloads/AMDA-EBDFV/1941228922x0x584948/9f89ea52-5d9b-4692-9a5e-bd92891306c6/CSR\\_-\\_2012\\_UK.pdf](http://files.shareholder.com/downloads/AMDA-EBDFV/1941228922x0x584948/9f89ea52-5d9b-4692-9a5e-bd92891306c6/CSR_-_2012_UK.pdf)

The group has decided to focus on the following four focus areas within business-driven corporate social responsibility: climate and environment, employees and occupational health and safety, quality and health, and community relations.

As a member of the Danish Brewers' Association, Harboe supports the industry's responsibility initiatives and participates in the ongoing reporting within the industry's focus areas.

### CLIMATE AND ENVIRONMENT

Harboe's objective is to minimise the resources used in the production process as much as possible relative to the overall production volume, thereby reducing the environmental impact of its activities.

Harboe's production facilities are optimised at regular intervals to ensure an up-to-date, efficient and flexible production process. All investments in new production technology, optimisation of existing production facilities and all product and packaging development take into account resource use and general environmental impact.

All the group's units are certified according to international quality and environmental standards.

Harboe prepares green accounts for its production unit in Skælskør containing information about raw material, water and energy consumption as well as emissions, waste water discharge and waste disposal.

Optimisation efforts continued in the logistics area, and last year's changes in the warehouse facilities' infrastructure led to permanently improved efficiency and significant reductions in internal warehouse transport.

Investments were made in the past financial year to maintain and optimise the group's production facilities. Moreover, a strategic task force has been appointed with a view to creating additional operational synergies in the

entire value chain. Expectations are that, in the coming years, the efforts will be able to further strengthen processes and resource utilisation in production, among other things through the more efficient organisation of individual productions.

### EMPLOYEES AND OCCUPATIONAL HEALTH AND SAFETY

Harboe wants to be an attractive workplace that is able to attract, retain and develop the talents necessary to ensure the group's continued development.

Harboe's corporate culture is based on responsibility, cooperation, quality and results. Harboe's employees are offered competitive pay and employment conditions in accordance with applicable collective agreements, good practice and relevant international standards. Furthermore, the employees are offered regular training to ensure the continued upgrading of skills and qualifications.

The health and well-being of its employees is important to Harboe. In addition to attractive canteen arrangements, the group's health-promoting initiatives include personal advice and activities for employees, including offers of personal health checks and subsequent advice on lifestyle changes.

Harboe is dedicated to ensuring a safe working environment that seeks to prevent absence due to illness and injury. Harboe is constantly investing in training and development activities to ensure that its employees are optimally geared to carrying out their duties in a safe and efficient manner. Further training programmes for employees were also completed this year. In accordance with the strategy, the group's production unit in Skælskør received occupational health and safety certification last year. Several processes were optimised in connection with the certification, and in future the certification will enable a more structured, ongoing follow-up in this area. Preparations for a similar certification of the group's other two production units in Germany and Estonia have started, and this is expected to be completed in the course of 2013.

### QUALITY AND HEALTH

As an international drinks manufacturer and supplier to food companies worldwide, product quality and safety are paramount. Harboe will meet the highest food safety standards by using raw materials that ensure a high and uniform quality throughout the entire value chain – from raw material to the finished product.

Harboe's requirements for the quality of the raw materials purchased from suppliers follow this ambition and are evaluated systematically. Investments in quality improvements and optimisation of production facilities are made to ensure that Harboe meets new requirements and expectations for quality and hygiene at all times. All the group's production units are certified in accordance with international quality standards, and systematic follow-up and control are carried out.

The market is seeing a growing consumer demand for healthier products. Harboe continues to focus intensively on innovation in order to meet this demand, and product development within malt extract is one of the efforts that support this strategy.

Finally, Harboe supports the industry's standards for responsible marketing of alcohol and the information activities carried out under the auspices of the Danish Brewers' Association.

Harboe will continue to focus on quality and health in the coming year as well. In this context, the implementation of the ERP system is expected to contribute to optimised control of the quality standards. At the same time, the further development activities within malt extract and the development of own drinks products will focus on meeting the demand for more natural and nutritious products.

### EXTERNAL RELATIONS

It is an integral part of Harboe's management philosophy and fundamental values that the company has a good and constructive relationship with its stakeholders, based on professionalism, open dialogue and mutual respect. The group's business-ethical policies regulate the relations with its business partners.

Harboe's relations with its suppliers and other partners are also based on agreements and contracts being drafted in accordance with international standards, and the group has developed a number of standard requirements regarding quality, the reliability of deliveries and CSR which are incorporated into the supplier agreements.

Harboe is strongly rooted in the local community, and being aware of the responsibility that naturally comes from being an integral part of the communities in which the company operates is a key element of the group's values. This year, Harboe thus again supported many relevant local sports activities, cultural events and charities. The activities have a positive impact on the group's relations with the outside world, just as they contribute to strengthening company culture and a sense of togetherness.

In the coming year, Harboe will work on further strengthening and expanding the professional and mutually value creating collaboration with suppliers and other partners. The process will focus particularly on the continued internationalisation of the business and provision of the formal framework for the relations and business activities established in new markets where social conditions, regulation and business practice deviate from EU standards.



# MANAGEMENT'S REVIEW

## CORPORATE GOVERNANCE

Harboe's Board of Directors places considerable emphasis on ensuring that the fundamental values which have been created and developed by the Harboe family-owned business through five generations are combined in the best possible way with efficient and dynamic business management, the primary objective being to create value for the company's shareholders, employees and customers. The Board of Directors and the Board of Executives are working hard to ensure that the management and control systems of the group are efficient and in line with relevant standards.

Most of Harboe's management is thus carried out in accordance with the current recommendations on corporate governance. In the coming year, Harboe's Board of Directors will review and update the company's corporate governance report based on the most recently published recommendations.

The full review of the individual recommendations can be seen at the group's website:

[http://files.shareholder.com/downloads/AMDA-EBDFV/1941228922x0x584949/6f84d2a4-99a5-416e-a025-0b8cfc0418d2/Corporate\\_Governance\\_-\\_2011-12\\_UK.pdf](http://files.shareholder.com/downloads/AMDA-EBDFV/1941228922x0x584949/6f84d2a4-99a5-416e-a025-0b8cfc0418d2/Corporate_Governance_-_2011-12_UK.pdf)

## ROLE OF THE SHAREHOLDERS AND THEIR INTERACTION WITH THE MANAGEMENT OF THE COMPANY

Harboe places considerable emphasis on the company's shareholders being able to monitor the company's development. The group's management maintains an active dialogue with the share market, holding a number of meetings with potential and existing investors and analysts in the course of the year. Harboe wishes to promote active ownership, and the company's general meeting is held in accordance with the recommendations.

Harboe's Board of Directors assesses the group's capital structure at appropriate intervals, accounting for their assessment in the strategy section of the annual report.

In the event of a potential takeover bid, Harboe would find it natural to offer its shareholders the opportunity to decide on the specific bid. Based on the most recent recommendations on corporate governance, which take effect for the coming financial year, Harboe's Board of Directors will set up formal contingency procedures in the event of takeover bids which ensure that the shareholders are involved in the decision.

## ROLE OF STAKEHOLDERS AND IMPORTANCE TO THE COMPANY AS WELL AS CORPORATE SOCIAL RESPONSIBILITY

It is an integral part of Harboe's management philosophy and fundamental values that the company has a good and constructive relationship with its stakeholders, based on open dialogue and mutual respect. Harboe has laid

down a policy for the relations with the company's investors, which is included in the shareholder information section of the annual report.

Harboe has also laid down a corporate social responsibility policy and reports on developments in the prioritised focus areas in the annual report.

## OPENNESS AND TRANSPARENCY

Harboe has adopted a policy for the company's external communication. Harboe's financial reporting and company announcements are published in accordance with the recommendations.

## TASKS AND RESPONSIBILITIES OF THE SUPREME AND THE CENTRAL GOVERNING BODIES

Once a year, the Board of Directors of Harboe lays down and updates the company's strategy. The Board of Directors follows up on the strategic initiatives and the realisation of the targets set at appropriate intervals and assesses the company's management competencies and financial resources with a view to ensuring a strong business development, both in the short term and in the long term. The Board of Directors' tasks and responsibilities have also been determined in accordance with the recommendations. In the opinion of the Board of Directors, Harboe's organisation and management follow the recommendation on diversity and equal opportunities for men and women. These considerations are addressed in the company's HR strategy, which, however, primarily aims at ensuring that the relevant competencies are in place in the organisation. Harboe's Board of Directors has fixed a target for one third of the members of the Board of Directors to be women. This target must be realised in connection with the company's annual general meeting in 2017 at the latest. Harboe's policy for increasing the share of women at the other management levels has been approved by the Board of Directors.

In the opinion of the Board of Directors, there is no need for a deputy chairman at present, but the Board of Directors considers the need at appropriate intervals and in step with developments in the company's strategic challenges.

The Board of Directors' work on rules of procedure, descriptions of responsibilities and the organisation of the work of the Board of Directors in general takes place in accordance with the recommendations.

## COMPOSITION AND ORGANISATION OF THE SUPREME GOVERNING BODY

The members of the Board of Directors and their individual competencies and other memberships of boards of executives, boards of directors, supervisory boards etc. are described in more detail in the annual report. The information is also provided in notices of general meetings in connection with the election of members to the Board of Directors. Emphasis is placed on the Board of Directors having competencies within international strategic management, product innovation and sales. The Board of Directors







## MANAGEMENT'S REVIEW

finds it important that the board be composed such that its members match each other in the best possible way in terms of experience, age, gender etc. The introduction and supplementary training of the board members as well as the size of the board, considerations regarding independence and information thereon follow the recommendations.

Harboe has not defined an upper age limit for members of the Board of Directors, as the Board of Directors believes that the ongoing assessment of the individual members' work and contribution to the work of the Board forms a sufficient basis for assessing whether the individual member should continue to sit on the Board of Directors.

Members of the Board of Directors are elected for a term of four years, and at least one member is up for election every year. The Board of Directors believes that a term of service of four years contributes positively to ensuring continuity in the company's management and that the shareholders' influence on the composition of the Board of Directors is ensured by an annual election. The time of each individual board member joining the Board of Directors and of the possible re-election of the member is stated in the annual report.

The Board of Directors of Harboe recommends to the annual general meeting that the election period for members of the Board of Directors be changed to one year.

In the opinion of the Board of Directors, there is no need at present for setting up board committees, but the Board of Directors considers the need at appropriate intervals. An audit committee has been set up by the Board of Directors. The composition of the committee and the special qualifications of its members are described in more detail in the section on risks and in the section on management in the annual report. The chairman of the audit committee is a member of the Board of Directors.

The Board of Directors has not established a formal evaluation procedure for the Board of Directors and the Board of Executives. The Chairman of the Board of Directors ensures that meetings are characterised by constructive dialogue and that individual members contribute in line with their competencies. Furthermore, the Board of Directors regularly assesses the work and results of the management in connection with the financial and business reporting.

The composition and organisation of the Board of Directors are also determined in accordance with the recommendations.

In 2012/13, 4 board meetings and one strategy seminar were held.

### REMUNERATION TO THE MANAGEMENT

In accordance with the remuneration policy, Harboe's Board of Directors emphasises that the company should offer competitive terms of employment to the members of the Board of Executives and the rest of the man-

### STRATEGIC MANAGEMENT

We need a strong operational management capable of making the right decisions efficiently. However, it is also essential that we maintain our focus on the long-term strategic objectives. Consequently, we are continuously looking to optimise and adapt the framework of the daily management through close follow-up and dialogue at board level.

agement and regularly assesses elements which can help motivate and retain skilled and performance-oriented managers. The Board of Directors has, for the time being, decided not to introduce share-related incentive schemes. The group's key managers are covered by a performance-related bonus programme. The remuneration policy is described in detail in the Chairman's report and approved at the annual general meeting.

The remuneration paid to the Board of Executives and the Board of Directors is specified in the annual report. The Board of Directors does not find it relevant to specify the remuneration granted to each member. The Board of Directors is not comprised by any defined-benefit schemes. The Board of Directors does not find it relevant to specify the pension scheme of the Board of Executives or the value thereof. Other particulars of the remuneration paid to the Board of Directors and Board of Executives are reconciled with the recommendations.

### PRESENTATION OF THE ANNUAL REPORT (FINANCIAL REPORT-ING)

Harboe's annual report is presented in accordance with IFRS and the recommendations.

### RISK MANAGEMENT AND INTERNAL CONTROLS

Harboe analyses and considers the business and financial risks affecting the company's development and results at regular intervals and at least once a year. The Board of Executives reports to the Board of Directors on developments in the main risk areas on an ongoing basis.

The Board of Directors will consider whether a whistleblower scheme should be established.

Harboe's risk management and internal controls are described in more detail in the relevant section of the annual report.

### AUDIT

The Board of Directors and the audit committee of Harboe have an ongoing dialogue with the company auditors. Every year, the audit committee submits a proposal for an audit engagement letter and for the auditors' remuneration to the Board of Directors. The audit committee meets with the auditors in connection with the presentation of the annual report. The auditors also attend the board meeting at which the annual report is considered.





BY APPOINTMENT TO  
THE ROYAL DANISH COURT

# HARBOE

HARBOE'S BREWERY A/S





# MANAGEMENT'S REVIEW

## RISKS, FINANCIAL REPORTING AND CONTROLS

Harboe is constantly analysing and considering the business and financial risks affecting the company's development and results. The Board of Directors and the Board of Executives are generally responsible for the risk assessment, risk management and internal controls of the group in connection with the financial reporting. The Board of Directors of Harboe has set up an audit committee consisting of the externally elected, independent members of the Board of Directors. The audit committee is responsible for laying down policies and procedures and for the continuous monitoring of the internal control systems. The annual tasks and areas of responsibility of the committee have been defined in close collaboration with the company's external auditors. Prior to the adoption of the annual report, the committee considers the reporting with the company's external auditors and subsequently reports to the Board of Directors on accounting policies, significant accounting estimates, transactions with related parties, uncertainties and risks.

The framework for the ongoing risk assessment is laid down by the Board of Directors. A standardised programme with minimum requirements for documentation and follow-up has been established with a view to reducing recorded reporting risks. Reporting and follow-up for the individual units form part of the reporting to the Board of Directors. The ongoing monitoring and controls are carried out both in the individual units of specialised control functions and at group level.

### IMPORTANT BUSINESS RISKS

Below follows an outline of the most important risks to which Harboe is exposed in its business activities. The list is not exhaustive, nor are the risks listed in any order of priority.

### PRODUCTION, CAPACITY AND QUALITY

Harboe's production of beverages is exposed to a risk of errors or accidents happening which may affect the quality of the end-product. This can result in losses because products must be rejected or recalled from the market, which, in the long term, may undermine consumer confidence in the group's produ-

cts. To minimise the risk of this happening, Harboe is very focused on the quality assurance of its production processes. Consequently, all the group's production facilities are certified in accordance with international quality standards and apply established operating and maintenance procedures. Furthermore, Harboe's production facilities are subject to regular unannounced inspections initiated by customers.

The required efficiency and speed of the production and delivery systems increase in step with the group's continued geographical expansion. In order to optimise the group's operating processes, Harboe has increased its strategic focus on strengthening the coherent management of the individual parts of the value chain.

In addition, Harboe invests in quality improvements and optimisation of its production facilities on an ongoing basis with a view to complying with new requirements and living up to expectations for quality and hygiene at all times.

### SUPPLIERS

It is decisive that the raw materials and consumables which Harboe uses for its products meet the highest food safety standards and quality requirements. At the same time, Harboe is dependent on the raw materials and consumables being delivered on time and in the agreed quantities. The majority of Harboe's sub-suppliers are based in the EU. The collaboration with suppliers is often based on long-term relations and agreements which are adjusted and renegotiated for one to two years at a time. Harboe evaluates the quality and reliability of deliveries of its suppliers at regular intervals and also conducts unannounced inspections. For all primary raw materials, Harboe has two suppliers to ensure the highest possible reliability of delivery.

### COMPETITION, PRICES AND TAXES

In all the group's main markets, the beer and soft drinks segments are characterised by intense competition, leading to a constant pressure on prices. Harboe is therefore very sensitive to market fluctuations in the prices of raw materials and consumables, as increasing production costs cannot simply be added to the sales prices. This is true, in particular, of the group's main markets in Northern Europe. To counter such fluctuations as much as possible, Harboe is systematically seeking to conclude long-term contracts with sub-suppliers and regularly analyses the scope for additional efficiency improvements in production. Moreover, Harboe focuses on strengthening sales of its own brands and new products within malt extract in the growth markets outside of Europe, which offer higher earnings margins and thus less sensitivity.

Harboe's beer and soft drinks are, to a varying extent, subject to sales taxes in the group's markets, and marked changes in these taxes may affect Harboe's earnings and, ultimately, the sales of the group's products. Consequently, it is assessed regularly how the brewery sector can counter this risk in the best possible way through diversification of the group's product strategy and development activities.

### MARKET CONDITIONS AND REGULATION

In step with the group's continued geographical expansion outside of the EU-regulated markets in Europe, the group is increasingly being exposed to risks related to new and changing political and regulatory regimes and business practices, which may affect trading conditions and approvals, import regulation, financial transactions, logistics etc. For this reason, Harboe continuously weighs these risks against the concrete market opportunities and will generally start cultivating new geographical markets in cooperation with experienced and local distributors and partners. Harboe is also working to strengthen its internal communication and business processes in relation to the handling of the group's business practices and ethical standards to ensure that the employees involved in business relations within sales, marketing, purchasing etc. are given the best possible guidance and support on how to handle deviations from normal standards, including the risk of corruption.

### SEASON AND CAPACITY

Sales of beer and soft drinks are characterised by seasonal and weather-dependent fluctuations. The summer is normally the high season in the Northern European business when demand is very high, but a cold and wet summer can change this picture considerably and thus significantly affect the group's operating profit. Fluctuations in demand entail a strong demand for flexible capacity utilisation. The group is constantly seeking to optimise this through further efficiency improvements and investments in expanding capacity, just as systematic coordination of production between the group's production units is a strategic focus area under constant development.

### CUSTOMERS AND AGREEMENTS

Harboe's sales are to a large extent effected through agreements with major retail-sector customers. Harboe's revenue is thus dependent on these agreements being renewed, and the company is therefore focusing on cultivating and further developing its collaboration with customers and on ensuring that product offerings, prices and capacity are in line with customer demand and expectations at all times, based on fundamental principles of competition. All deliveries entail a debtor risk, which increases concurrently with the continued internationalisation of the group and the establishment of new customer relations. Harboe seeks to safeguard the company against bad debts through ongoing assessment of the need to take out credit insurance and open letters of credit where appropriate and possible.

### PRODUCT DEVELOPMENT AND SALES

The successful introduction of new products is an important precondition for Harboe's continued growth. It is therefore decisive that the market comes to accept the new products and that the products meet or can help drive demand in the markets. Harboe's product development strategy is therefore based on a close and ongoing dialogue with customers, detailed market analyses combined with the targeted exploitation of new production technologies and innovative product and packaging design.

### FINANCIAL RISKS

Harboe's solid capital structure limits the risk associated with the develop-

ments in market interest rates. At the end of the financial year, the company's net interest-bearing debt amounted to DKK 115,5 million.

As Harboe's sales and purchases in foreign currencies in respect of most of the group's activities are still denominated in EUR, currency risks for the group are considered limited. In step with the continued growth in the group's international activities, Harboe will assess the need for currency hedging on a regular basis.

The financial risks to which Harboe is exposed are described in more detail in the notes to the consolidated financial statements, which also include sensitivity analyses in connection with such financial risks.





## MANAGEMENT'S REVIEW

### SHAREHOLDER INFORMATION

With its IR policy, Harboes Bryggeri A/S wants to ensure a high level of information to shareholders and other stakeholders.

Harboe aims to communicate actively and openly with a view to providing a basis for the pricing of the company's share which best reflects the value of the company and its future earnings potential.

Harboe's IR activities are constantly being developed, and communication centres on the company's interim reports and annual report in Danish and English, presentations and meetings with stakeholders as well as the company website at [www.harboes.com](http://www.harboes.com).

Harboe communicates its shareholder information electronically via the InvestorPortal, which offers shareholders quick and easy access to relevant information about the company.

Moreover, Harboes Bryggeri A/S holds regular meetings with investors and analysts in Denmark. The management will also in future allocate resources to such activities with a view to maintaining an active dialogue with existing and potential investors.

Harboes Bryggeri A/S does not comment on results or developments for a period of four weeks leading up to the publication of preliminary announcements of financial statements.

Shareholders, analysts and other interested parties are welcome to contact Harboe's IR contact, and the company is always pleased to receive suggestions as to the further development of its investor relations.

### IR CONTACT

Ruth Schade, CFO  
Tel.: +45 58 16 88 88  
Email: [rs@harboes.dk](mailto:rs@harboes.dk)

### OWNERSHIP

At the end of the financial year, Harboes Bryggeri A/S had 4,985 registered shareholders. The registered shareholders represent DKK 56.7 million of the total share capital, corresponding to 94.5 %.

As at 30 April 2013, the following shareholders have registered a shareholding exceeding 5% of the share capital in accordance with Section 29 of the Danish Securities Trading Act:

Kirsten and Bernhard Griese  
Spegerborgvej 4, 4230 Skælskør, Denmark  
Equity investment: 15.2%, voting share: 53.2%

Den Professionelle Forening LD  
Strategiske Danske Aktier – Mandat  
c/o LD, Dirch Passers Allé 27, 2000 Frederiksberg, Denmark  
Equity investment: 20%, voting share: 10.2 %

As at 30 April 2013, members of the Board of Directors and the Board of Executives held a total of 937,310 shares. Of these, 908,820 shares were owned by the Board of Executives. Members of the Board of Directors and the Board of Executives and the company's executive officers are registered as insiders, and their trading in the company's shares must be reported. According to Harboe's internal rules, insiders can only trade in the company's shares for a period of six weeks after the publication of preliminary announcements of financial statements.



# MANAGEMENT'S REVIEW

## THE SHARE

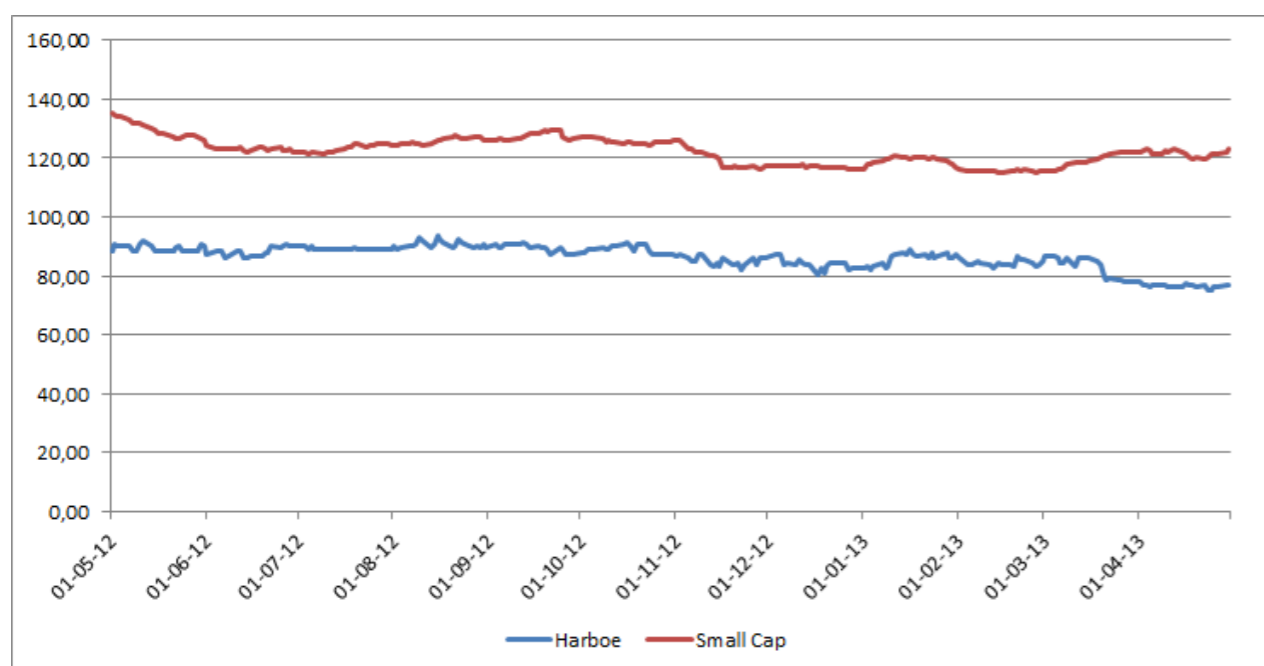
Harboes Bryggeri A/S has a share capital of DKK 60,000,000 corresponding to 6,000,000 shares of DKK 10 each. The share capital is divided into 640,000 Class A shares with a combined nominal value of DKK 6,400,000 and 5,360,000 Class B shares with a combined nominal value of DKK 53,600,000.

In connection with votes at the company's general meetings, each Class A share of DKK 10 carries ten votes, while each Class B share of DKK 10 carries one vote.

Only the company's Class B shares are listed on NASDAQ OMX Copenhagen. Trading for the period amounted to DKK 53.8 million, corresponding to average trading per day of DKK 206.

The Harboe share went down 14.0 % in the course of the year, closing at a price of 77.0 against a price of 89.5 at the end of the last financial year. During the same period, the SmallCap index increased by 6.8%.

## PRICE DEVELOPMENT 2012 - 2013



## ANALYSTS

The following analysts monitor developments in Harboes Bryggeri A/S:

Danske Equities Tobias Cornelius Björklund

## AUTHORISATION TO ACQUIRE TREASURY SHARES

At the extraordinary general meeting held on 5 November 2010, the Board of Directors was authorised to acquire treasury shares with a nominal value of up to 50% of the share capital at a price corresponding to the listed price plus/minus 10%. This authorisation is valid until the company's annual general meeting in 2015.

As at 30 April 2013, the company has a holding of 451,568 Class B treasury shares.

During the financial year, Harboe acquired 57,686 Class B shares at a total value of DKK 5,2 million. As at today, the company has a holding of 451,568 Class B shares.

## IMPORTANT CONTRACTS OR CHANGES IN CONTROL

It is part of Harboe's business model and strategy that contracts with customers are, as a general rule, long-term. In some of these contracts, it is a standard provision that the contract can be terminated at shorter notice if the control of the company should change. Moreover, agreements with banks concerning borrowing facilities typically contain provisions to the effect that the agreements can be terminated in case of a takeover of the company. However, Harboe does not view these risks as being critical.

Termination benefits of a maximum of two years' remuneration have been agreed for key management employees in the event of dismissal in connection with a change in the control in the company.

## DIVIDEND

The Board of Directors recommends to the annual general meeting on 28 August 2013 that a dividend be paid in the amount of DKK 1.50 per share, corresponding to a total of DKK 9.0 million.

## FINANCIAL CALENDAR

Harboes Bryggeri A/S expects to publish preliminary announcements of financial statements as follows:

Annual report 2012/13	27 June 2013
Annual general meeting	28 August 2013
Interim report, Q1 2013/14	3 September 2013
Interim report, H1 2013/14	5 December 2013
Interim report, Q3 2013/14	19 March 2014

## COMPANY ANNOUNCEMENTS

Company announcements issued in the period 1 May 2012 to 30 April 2013:

DATE	ANNOUNCEMENT
1 May 2012	Insider trading
14 May 2012	Financial calendar
12 June 2012	Updated financial calendar
25 June 2012	Notice of annual general meeting
26 June 2012	Preliminary announcement of financial statements 2011/12
24 July 2012	Notice of annual general meeting
30 July 2012	Annual report 2011/12
22 August 2012	Annual general meeting 2013
18 September 2012	Interim report, Q1 2012/13
13 December 2012	Interim report, H1 2012/13
20 March 2013	Interim report, Q3 2012/13



## MANAGEMENT'S STATEMENT

Today, the Board of Directors and Board of Executives have reviewed and approved the annual report of Harboes Bryggeri A/S for the financial year 1 May 2012 - 30 April 2013.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

We believe that the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2013 as well as of the results of their operations and cash flows for the financial year 1 May 2012 to 30 April 2013.

We believe that the management's statement gives a fair review of the development in the group's and the company's activities and financial affairs, their results for the year and the company's financial position and the general financial position for the companies comprised by the consolidated financial statements as well as a description of the most important risks and uncertainty factors to which the group and the company are exposed.

The annual report is submitted for adoption by the annual general meeting.

Skælskør, 27 June 2013

### BOARD OF EXECUTIVES

Bernhard Griese  
CEO

### BOARD OF DIRECTORS

Anders Nielsen formand

Bernhard Griese

Mads O. Krage

Mette Kirstine Agger

Thøger Thøgersen

Carl Erik Kjærsgaard

Jens Bjarne Søndergaard Jensen \*  
\* Staff representative





## INDEPENDENT AUDITOR'S REPORTS

### TO THE SHAREHOLDERS OF HARBOES BRYGGERI A/S

#### REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT FINANCIAL STATEMENTS

We have audited the consolidated financial statements and parent financial statements of Harboes Bryggeri A/S for the financial year 1 May 2012 - 30 April 2013, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including the accounting policies, for the Group as well as for the Parent. The consolidated financial statements and parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as Management determines is necessary to enable the preparation and fair presentation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

#### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and parent financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and parent financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and parent financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the consolidated financial statements and parent financial statements, whether due to fraud or error. In making those risk assessments, the

auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the consolidated financial statements and parent financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

#### OPINION

In our opinion, the consolidated financial statements and parent financial statements give a true and fair view of the Group's and the Parent's financial position at 30 April 2013, and of the results of their operations and cash flows for the financial year 1 May 2012 - 30 April 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### STATEMENT ON THE MANAGEMENT COMMENTARY

Pursuant to the Danish Financial Statements Act, we have read the management commentary. We have not performed any further procedures in addition to the audit of the consolidated financial statements and parent financial statements.

On this basis, it is our opinion that the information provided in the management commentary is consistent with the consolidated financial statements and parent financial statements.

Slagelse, 27-06-2013

Deloitte

Statsautoriseret Revisionspartnerselskab

Jens Jørgen Simonsen  
State-Authorised  
Public Accountant

Jørgen Holm Andersen  
State-Authorised  
Public Accountant

# MEMBERS OF THE BOARD OF DIRECTORS



**AGGER, METTE KIRSTINE**  
Managing Partner (1964)

Member of the audit committee.  
Independent member of the Board of Directors since 2008 and re-elected in 2012. Term of service expires in 2016.

Mette Kirstine Agger is Managing Partner of Lundbeckfond Ventures, which invests in life science companies on an international basis. Mette Kirstine Agger is a qualified biologist from the University of Copenhagen and holds an MBA. Since 1996, Mette has held several executive positions and directorships in a number of biotech companies. In 2000, Mette Kirstine Agger co-founded 7TM Pharma. Mette Kirstine Agger's considerable and combined technical and business experience constitutes a valuable strategic contribution to the continued development of Harboe's products and production technology.

## DIRECTORSHIPS

Allocure  
Klifo A/S (Chairman)  
Psi Oxus Ltd.  
Veloxis Pharmaceuticals A/S  
Institutrådet, Statens Serum Institut

## SHAREHOLDING

2012/13	2011/12
400 shares	400 shares



**NIELSEN, ANDERS**  
Lawyer, Chairman (1950)

Chairman of the audit committee.  
Independent member of the Board of Directors since 2001. Re-elected in 2005 and 2009. Term of service expires in 2013.

Anders Nielsen is a qualified supreme-court lawyer and has been a partner in Lett Advokatfirma since 2006. In the course of his career, Anders Nielsen has gained solid experience within business and company law, including negotiations and preparation of contracts in connection with the acquisition and divestment of enterprises. As the Chairman of Harboe's Board of Directors, Anders Nielsen also draws on his experience from his directorships in other companies.

## DIRECTORSHIPS

Danfrugt Invest A/S (Chairman)  
Budde Schou A/S (Chairman)  
Budde Schou Int. A/S (Chairman)  
Harboe Ejendomme A/S (Chairman)  
Skælskør Bryghus A/S  
Copenhagen DesignByg A/S (Chairman)  
Ejendomsselskabet  
Holger Danskes Vej ApS (Chairman)  
Holger Danskes Vej Holding ApS  
EDC Poul Erik Bech Allerød A/S

## EXECUTIVE POSTS

Holger D. Invest ApS  
Advokatanpartsselskabet Troelsen & Nielsen  
Trijac Invest ApS  
Trijac Holding ApS

## SHAREHOLDING

2012/13	2011/12
18,270 shares	18,270 shares



**GRIESE, BERNHARD**  
CEO (1941)

Member of the Board of Directors since 1968. Re-elected in 2010. Term of service expires in 2014.

Bernhard Griese is a qualified electrical engineer, and, prior to being employed with Harboes Bryggeri, he was in charge of the construction of a number of major projects, including a power plant in Jamaica. Bernhard Griese joined Harboes Bryggeri in 1973, where he came into contact with all parts of the company during the following years. He was appointed manager in 1981 and CEO in 1984. Bernhard Griese's broad experience within production and management combined with strong innovative and entrepreneurial skills makes him a valuable asset to the group.

Bernhard Griese personally holds 15.2% of the share capital and 53.2% of the votes in Harboes Bryggeri A/S.

## DIRECTORSHIPS

Harboe Ejendomme A/S  
Skælskør Bryghus A/S  
Copenhagen DesignByg A/S  
FCS 2008 A/S  
Danfrugt Invest A/S  
Visbjerggården A/S (Chairman)  
Keldernæs A/S (Chairman)  
Lundegård A/S (Chairman)  
Buskysminde A/S (Chairman)  
Rugbjerggård A/S (Chairman)  
Danfrugt Skælskør A/S (Chairman)  
Bernd Griese Holding ApS  
Vejrmøllegården ApS

## EXECUTIVE POSTS

Harboes Bryggeri A/S  
Harboe Ejendomme A/S  
Skælskør Bryghus A/S  
Danfrugt Invest A/S  
Copenhagen DesignByg A/S  
Vejrmøllegården II af 1. oktober 2005 ApS  
Bernd Griese Holding ApS  
Agrar Niendorf GmbH, Germany

## SHAREHOLDING

2012/13	2011/12
908,820 shares	908.820 shares



**KJÆRSGAARD, CARL ERIK**  
CEO (1958)

Member of the audit committee.  
Independent member of the Board of Directors since 2008. Re-elected in 2012. Term of service expires in 2016.

Since 1985, Carl Erik Kjærsgaard has primarily worked in the advertising industry. Carl Erik Kjærsgaard's extensive marketing experience and talent constitute a valuable contribution to the implementation of Harboe's marketing strategy and continued strategic growth.

## DIRECTORSHIPS

Trunk Images A/S (Chairman)  
Computer Camp A/S  
Møller & Rothe A/S  
Happy Kebab Danmark A/S  
Any.Cloud A/S (Chairman)  
Anymac A/S (Chairman)  
Moving Food A/S  
Blackwood Seven A/S (Chairman)  
Oceanagency A/S (Chairman)  
Frankly Web A/S  
XYZ September 2012 A/S

## EXECUTIVE POSTS

Carl Erik Kjærsgaard Consulting ApS

## SHAREHOLDING

2012/13	2011/12
1,410 shares	1,410 shares



# MEMBERS OF THE BOARD OF DIRECTORS



**KRAGE, MADIS O.**  
Executive Officer (1944)

Member of the audit committee.  
Independent member of the Board of Directors since 2007. Re-elected in 2011.  
Term of service expires in 2015.

Mads O. Krage has long-term experience within the retail sector, e.g. as CEO of the retail chain Netto from 1980 to 2005, during which time the company implemented an ambitious growth strategy. Mads O. Krage provides valuable insight into the retail sector's development, terms and expectations for its suppliers – also seen from an international/European perspective. The Board of Directors also benefits from Mads O. Krage's vast experience within the strategic development of markets, sales and marketing.

## DIRECTORSHIPS

IMERCO A/S  
IMERCO Holding A/S  
FA. Thiele A/S  
Thiele Partner A/S  
Hans Just A/S  
Holdingselskabet af 17. december 2004 A/S  
Plast Team A/S  
Holberg Fenger Holding A/S  
Investeringsforeningen Maj Invest (Chairman)  
Fair Trade Mærket Danmark Fonden (Chairman)  
Tulip Food Company A/S  
Indertoften ApS  
Gruppen Service A/S  
Holberg Fenger Administration A/S  
Holberg Fenger Gruppen A/S  
Holberg Fenger Invest A/S  
Emmerys ApS (Chairman)

## SHAREHOLDING

2012/13	2011/12
7,499 shares	7,499 shares



**JENSEN, JENS BJARNE SØNDERGAARD**  
Staff representative (1955)

Member of the Board of Directors since 1997. Re-elected in 2008 and 2012.  
Term of service expires in 2016.

## SHAREHOLDING

2012/13	2011/12
111 shares	91 shares

## HARBOE'S AUDIT COMMITTEE

Harboe's audit committee was set up in 2009. During the past financial year, the committee held two meetings at which the committee's responsibilities and future work were defined and initiated. The committee's work and areas of responsibility are described in more detail in the section on risks in the annual report.



**THØGERSEN, THØGER**  
CEO (1953)

Member of the audit committee.  
Independent member of the Board of Directors since 2008. Term of service expires in 2016.

Thøger Thøgersen holds an MSc in Business Administration (marketing/finance) and has, in the course of his career, worked with many different aspects of the retail sector, including, among others, in Dansk Supermarked, Netto and later on Magasin du Nord/Illum, where he headed the purchasing department for seven years. Given his extensive sales knowledge and experience, Thøger Thøgersen makes a competent contribution to Harboe's continued strategic development.

## DIRECTORSHIPS

**BESTYRELSESPØST**  
House of Spirit - Children's clothes  
Purchasing department Mr. - Menswear  
Holmsland Klit Golf A/S

## SHAREHOLDING

2012/13	2011/12
800 shares	800 shares



BY APPOINTMENT TO  
THE ROYAL DANISH COURT

# HARBOE

HARBOE'S BREWERY A/S





# INCOME STATEMENT

GROUP		2012/13	2011/12
DKK '000	Note		
Gross revenue		1,588,362	1,677,438
Taxes on beer and soft drinks		(244,715)	(266,958)
<b>Revenue</b>		<b>1,343,647</b>	<b>1,410,480</b>
Production costs	5, 6, 7, 8	(1,118,036)	(1,122,185)
<b>Gross profit/(loss)</b>		<b>225,611</b>	<b>288,295</b>
Other operating income	9	20,675	23,116
Distribution costs		(175,567)	(186,750)
Administrative expenses		(45,457)	(49,313)
Other operating expenses		(15,819)	(15,838)
<b>Operating profit/(loss) (EBIT)</b>		<b>9,443</b>	<b>59,510</b>
Financial income	10	4,720	5,728
Financial expenses	11	(10,059)	(14,163)
<b>Profit/(loss) before tax from continuing activities</b>		<b>4,104</b>	<b>51,075</b>
Tax on profit/(loss) for the year from continuing activities	12	(1,150)	(12,565)
Adjustment of tax regarding previous years	12	137	(141)
<b>Profit/(loss) for the year from continuing activities</b>		<b>3,091</b>	<b>38,369</b>
<b>Discontinued activities</b>			
Profit/(loss) for the year from discontinued activities	4	0	303
<b>Net profit/(loss) for the year</b>		<b>3,091</b>	<b>38,672</b>
<b>Distribution of net profit/(loss) for the year</b>			
Shareholders of parent		3,127	38,666
Minority interests		(36)	6
		<b>3,091</b>	<b>38,672</b>
Earnings per share (DKK per DKK 10 share)	13		
Continuing and discontinued activities (DKK)		0.56	6.87
Continuing activities (DKK)		0.56	6.81

## STATEMENT OF COMPREHENSIVE INCOME

GROUP DKK '000	Note	2012/13	2011/12
<b>Net profit/(loss) for the year</b>		<b>3,091</b>	<b>38,672</b>
<b>Other comprehensive income</b>			
<i>Items which may be reclassified to the income statement:</i>			
Foreign currency translation adjustment regarding foreign enterprises		1,126	(1,276)
Adjustment to fair value of financial assets available for sale		(123)	495
Adjustment to fair value of financial assets available for sale, recirculation upon disposal		0	14,609
Tax on other comprehensive income	12	42	(3,751)
<b>Other comprehensive income</b>		<b>1,045</b>	<b>10,077</b>
<b>Comprehensive income</b>		<b>4,136</b>	<b>48,749</b>
Distribution of comprehensive income for the year			
Shareholders of parent		4,172	48,743
Minority interests		(36)	6
		<b>2,136</b>	<b>48,749</b>

## BALANCE SHEET AS AT 30 APRIL

GROUP DKK '000	Note	2013	2012
Goodwill		3,573	3,573
Development projects		6,884	0
Rights		5,718	5,705
Software		21,302	6,383
Intangible assets under construction		153	20,502
<b>Intangible assets</b>	<b>15</b>	<b>37,630</b>	<b>36,163</b>
Land and buildings		245,130	255,166
Plant and machinery		474,568	445,680
Other plant		27,937	31,856
Spare parts for own machinery		4,458	5,297
Property, plant and equipment under construction		5,577	64,872
<b>Property, plant and equipment</b>	<b>16</b>	<b>757,670</b>	<b>802,871</b>
<b>Investment properties</b>	<b>17</b>	<b>63,909</b>	<b>72,919</b>
Financial assets available for sale	18	180,600	190,961
Deposits, leases		2,403	2,367
<b>Financial assets</b>		<b>183,003</b>	<b>193,328</b>
<b>Deferred tax assets</b>	<b>28</b>	<b>3,806</b>	<b>3,275</b>
<b>Non-current assets</b>		<b>1,046,018</b>	<b>1,108,556</b>
<b>Inventories</b>	<b>19</b>	<b>133,391</b>	<b>136,878</b>
Trade receivables	20	287,725	277,803
Other receivables	21	11,534	20,947
Deferred income		6,537	5,199
<b>Receivables</b>		<b>305,796</b>	<b>303,949</b>
<b>Cash</b>	<b>23</b>	<b>13,780</b>	<b>24,140</b>
<b>Assets held for sale</b>	<b>22</b>	<b>2,400</b>	<b>2,400</b>
<b>Current assets</b>		<b>455,367</b>	<b>467,367</b>
<b>Assets</b>		<b>1,501,385</b>	<b>1,575,923</b>



## BALANCE SHEET AS AT 30 APRIL

GROUP DKK '000	Note	2013	2012
Share capital	24	60,000	60,000
Share premium		51,000	51,000
Other reserves	27	(4,567)	(5,612)
Retained earnings		673,985	684,376
<b>Equity owned by shareholders of the parent</b>		<b>780,418</b>	<b>789,764</b>
<b>Equity owned by minority interests</b>	<b>26</b>	<b>179</b>	<b>215</b>
<b>Equity</b>		<b>780,597</b>	<b>789,979</b>
Mortgage debt	30	216,155	231,941
Deferred tax liabilities	28	52,335	52,780
Deferred recognition of income	33	66,868	65,283
<b>Non-current liabilities</b>		<b>335,358</b>	<b>350,004</b>
Mortgage debt	30	15,671	14,844
Other credit institutions	31	69,216	103,780
Trade payables	32	172,341	189,625
Repurchase obligation, returnable packaging	29	10,278	13,928
Other payables	34	105,365	94,786
Deferred recognition of income	33	10,036	9,133
Prepayments		263	0
Income tax		2,260	6,635
<b>Current liabilities</b>		<b>385,430</b>	<b>432,731</b>
<b>Liabilities in respect of assets held for sale</b>	<b>22</b>	<b>0</b>	<b>3,209</b>
<b>Liabilities</b>		<b>720,788</b>	<b>785,944</b>
<b>Equity and liabilities</b>		<b>1,501,385</b>	<b>1,575,923</b>

## CASH FLOW STATEMENT

GROUP DKK '000	Note	2012/13	2011/12
Operating profit/(loss) (EBIT) from continuing activities		9,443	59,510
Operating profit/(loss) (EBIT) from discontinued activities	4	0	404
<b>Operating profit/(loss) (EBIT)</b>		<b>9,443</b>	<b>59,914</b>
Depreciation, amortisation, impairment losses and write-downs etc.	8	82,709	79,881
Grants recognised as income	9	(7,021)	(7,968)
Changes in net working capital	37	(19,454)	(14,263)
<b>Cash flows from primary operating activities</b>		<b>65,677</b>	<b>117,564</b>
Financial income received		4,648	5,657
Financial expenses paid		(10,119)	(13,863)
Income tax paid		(9,085)	(18,085)
<b>Cash flows from operating activities</b>		<b>51,121</b>	<b>91,273</b>
Purchase of intangible assets		(6,966)	(16,606)
Purchase of property, plant and equipment		(34,058)	(89,810)
Disposal of property, plant and equipment		12,067	11,409
Dividend received from financial assets available for sale		72	71
Purchase of financial assets		(172,801)	(186,346)
Disposal of financial assets		181,027	288,146
<b>Cash flows from investing activities</b>		<b>20,659</b>	<b>6,864</b>
Dividend paid to shareholders of the parent		(8,328)	(8,474)
Repayment of mortgage debt		(17,943)	(218,999)
Raising of mortgage debt		0	182,658
Investment grant received		25,035	0
Purchase of treasury shares		(5,190)	(3,734)
<b>Cash flows from financing activities</b>		<b>(6,426)</b>	<b>(48,549)</b>
<b>Changes in cash and cash equivalents</b>		<b>24,036</b>	<b>49,588</b>
Cash and cash equivalents as at 1 May		(79,640)	(129,211)
Translation adjustment, beginning of year		168	(17)
<b>Cash and cash equivalents as at 30 April</b>	<b>38</b>	<b>55,436</b>	<b>(79,640)</b>

# STATEMENT OF CHANGES IN EQUITY

## GROUP

DKK '000

	Share capital	Share premium	Other reserves	Retained earnings	Equity owned by shareholders of the parent	Equity owned by minority interests	Total equity
<b>Equity as at 1 May 2011</b>	<b>60,000</b>	<b>51,000</b>	<b>(15,689)</b>	<b>657,918</b>	<b>753,229</b>	<b>209</b>	<b>753,438</b>
<b>Changes in equity 2011/12</b>							
Net profit/(loss) for the year	0	0	0	38,666	38,666	6	38,672
Other comprehensive income after tax for the financial year	0	0	10,077	0	10,077	0	10,077
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>10,077</b>	<b>38,666</b>	<b>48,743</b>	<b>6</b>	<b>48,749</b>
Distributed dividend, cf. note 14	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	526	526	0	526
Purchase of treasury shares	0	0	0	(3,734)	(3,734)	0	(3,734)
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>10,077</b>	<b>26,458</b>	<b>36,535</b>	<b>6</b>	<b>37,541</b>
<b>Equity as at 30 April 2012</b>	<b>60,000</b>	<b>51,000</b>	<b>(5,612)</b>	<b>684,376</b>	<b>789,764</b>	<b>215</b>	<b>789,979</b>
<b>Equity as at 1 May 2012</b>	<b>60,000</b>	<b>51,000</b>	<b>(5,612)</b>	<b>684,376</b>	<b>789,764</b>	<b>215</b>	<b>789,979</b>
<b>Changes in equity 2012/13</b>							
Net profit/(loss) for the year	0	0	0	3,127	3,127	(36)	3,091
Other comprehensive income after tax for the financial year	0	0	1,045	0	1,045	0	1,045
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>1,045</b>	<b>3,127</b>	<b>4,172</b>	<b>(36)</b>	<b>4,136</b>
Distributed dividend, cf. note 14	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	672	672	0	672
Purchase of treasury shares	0	0	0	(5,190)	(5,190)	0	(5,190)
<b>Total changes in equity</b>	<b>0</b>	<b>0</b>	<b>1,045</b>	<b>(10,391)</b>	<b>(9,346)</b>	<b>(36)</b>	<b>(9,382)</b>
<b>Equity as at 30 April 2013</b>	<b>60,000</b>	<b>51,000</b>	<b>(4,567)</b>	<b>673,985</b>	<b>780,418</b>	<b>179</b>	<b>780,597</b>

# NOTES OVERVIEW

- Accounting policies
- Significant accounting estimates, assumptions and uncertainties
- Segment information for the group
- Discontinuing activities
- Production costs
- Research and development costs
- Staff costs
- Depreciation, amortisation, impairment losses and write-downs
- Other operating income
- Financial income
- Financial expenses
- Tax on profit/loss for the year
- Earnings per share and diluted earnings per share
- Dividend
- Intangible assets
- Property, plant and equipment
- Investment properties
- Financial assets available for sale
- Inventories
- Trade receivables
- Other receivables
- Assets held for sale
- Cash
- Share capital
- Treasury shares
- Minority interests
- Other reserves
- Deferred tax liabilities
- Repurchase obligation, returnable packaging
- Mortgage debt
- Other credit institutions
- Trade payables
- Deferred recognition of income
- Other payables
- Operating lease commitments
- Contingent liabilities, security and contractual obligations
- Changes in net working capital
- Cash and cash equivalents
- Fee to the auditors appointed by the general meeting
- Financial risks and financial instruments
- Related parties
- Adoption of annual report for publication



# 1. ACCOUNTING POLICIES

The 2012/13 consolidated financial statements and financial statements of the parent, Harboes Bryggeri A/S, are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of Class D companies (listed); see the IFRS Executive Order issued in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Harboes Bryggeri A/S is a public limited company domiciled in Denmark.

The consolidated financial statements and the parent's financial statements are presented in Danish kroner (DKK), which is the main currency of the group's activities and the functional currency of the parent.

The consolidated financial statements and the parent's financial statements have been prepared on the basis of historic cost, except for derivative financial instruments and financial assets classified as available for sale, which are measured at fair value.

## IMPLEMENTATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The 2012/13 consolidated financial statements and financial statements have been prepared in accordance with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) that apply to financial years starting on 1 April 2012 or later.

The implementation of the new or revised standards and interpretations which have become effective in the 2012/13 financial year did not result in any changes in the accounting policies.

## STANDARDS AND INTERPRETATIONS WHICH HAVE NOT YET BECOME EFFECTIVE:

At the time of publication of this annual report, a number of new or revised standards and interpretations exist, which have not yet become effective and have thus not been incorporated in the annual report.

The management estimates that the implementation of new and revised standards and interpretations which have not yet become effective will not have any significant impact on the consolidated financial statements and the financial statements for the coming financial years.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise Harboes Bryggeri A/S (the parent) and the enterprises (subsidiaries) in which the parent has a controlling interest. Control is achieved when the parent, directly or indirectly, holds more than 50% of the voting rights or in any other way can or does exercise a controlling influence.

Enterprises in which the parent, directly or indirectly, holds between 20 and 50% of the voting rights and exercises a significant, but not controlling, influence, are considered to be associates.

## BASIS OF CONSOLIDATION

The consolidated financial statements are prepared on the basis of financial statements of Harboes Bryggeri A/S and its subsidiaries. The consolidated financial statements are prepared by adding items of a similar nature. The financial statements used for the consolidation are prepared in accordance with the accounting policies of the group.

The consolidation involves the elimination of intercompany income and expenses, intercompany balances, dividends as well as profits and losses on transactions between the consolidated enterprises.

The items of the subsidiaries are recognised wholly in the consolidated financial statements. The minority interests' proportionate share of the net profit or loss forms part of the consolidated net profit or loss for the year and a separate part of the consolidated equity.

## MINORITY INTERESTS

On initial recognition, minority interests are measured at fair value or at their proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the enterprise acquired. The method applied depends on the individual transaction. Subsequently, minority interests are adjusted for their proportionate share of changes in the equity of the subsidiaries. The comprehensive income is allocated to the minority interests, irrespective of such minority interests thereby becoming negative.

The acquisition of minority interests in a subsidiary and the divestment of minority interests in a subsidiary which does not result in a discontinuation of control are treated as equity transactions in the consolidated financial statements, and the difference between the consideration and the carrying amount is allocated to the parent's share of equity.

## BUSINESS COMBINATIONS

Newly acquired or newly formed enterprises are recognised in the consolidated financial statements from the date of acquisition and the date of formation, respectively. The date of acquisition is the date on which the buyer actually takes control of the enterprise. Enterprises divested or wound up are recognised in the consolidated income statement up until the date of divestment or winding-up. The date of divestment is the date on which control of the enterprise actually passes to a third party.

The acquisition method is used in connection with the acquisition of new enterprises after which the newly acquired enterprises' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition.

Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. The restructuring costs are recognised in the pre-acquisition balance sheet only if they

constitute an obligation to the enterprise acquired. The tax effect of the revaluations has been taken into account.

The acquisition price of an enterprise consists of the fair value of the consideration paid for such enterprise. If the final determination of the acquisition price is conditional upon one or more future events, these adjustments are recognised in the cost only if the event in question is likely to occur and the effect on the cost can be measured reliably. Costs which are directly attributable to the acquisition are recognised directly in the net profit or loss upon payment.

Positive differences (goodwill) between the cost of the acquired enterprise and the fair value of the assets, liabilities and contingent liabilities taken over are recognised as an asset under intangible assets and tested at least once a year for impairment. If the carrying amount of the asset exceeds its recoverable amount, impairment is made to the lower recoverable amount.

If there are negative differences (negative goodwill), the calculated fair values and the calculated cost of the enterprise are revalued. If the fair value of the assets, liabilities and contingent liabilities taken over continues to exceed the cost after the revaluation, the difference is recognised as income in the income statement.

## PROFIT OR LOSS FROM THE DIVESTMENT OR WINDING-UP OF SUBSIDIARIES

Profit or loss from the divestment or winding-up of subsidiaries is calculated as the difference between the selling price or the price of winding-up and the carrying amount of the net assets at the time of divestment or winding-up, including goodwill, accumulated foreign currency translation adjustments recognised directly in other comprehensive income and estimated divestment or winding-up costs. The selling price is measured at fair value of the consideration received.

## TRANSLATION OF FOREIGN CURRENCY

On initial recognition, transactions in currencies other than the group's functional currency are translated at the exchange rate applicable at the date of transaction. Receivables, liabilities or other monetary items denominated in foreign currencies that have not been settled at the balance sheet date, are translated at the exchange rate at the balance sheet date. Exchange rate differences arising between the exchange rate at the date of transaction and the exchange rate at the date of payment and the balance sheet date, respectively, are recognised in the income statement as net financials. Property, plant and equipment, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historic cost are translated at the exchange rate applicable at the date of transaction. Non-monetary items which are reassessed at fair value are translated using the exchange rate at the time of reassessment.

When recognising enterprises that prepare their financial statements in a

functional currency other than Danish kroner (DKK) in the consolidated financial statements, the income statements are translated at average exchange rates unless these deviate significantly from the actual exchange rates at the time of the transactions. In the latter case, the actual exchange rates are used. Balance sheet items are translated using the exchange rates applicable at the balance sheet date.

Exchange rate differences arising from the translation of foreign enterprises' balance sheet items at the beginning of the year using the exchange rates applicable at the balance sheet date and the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in other comprehensive income. Similarly, exchange rate differences which have occurred as a result of changes made directly in the foreign enterprise's equity, are also recognised directly in other comprehensive income.

## TAX

Tax for the year, which is made up of current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the net profit or loss for the year, and directly in equity or in other comprehensive income with the portion attributable to amounts recognised directly in equity and in other comprehensive income, respectively. Foreign currency translation adjustments of deferred tax are recognised as part of the adjustments of deferred tax for the year.

Current tax liabilities and current tax receivable are recognised in the balance sheet as tax calculated on the basis of the taxable income for the year, adjusted for tax paid on account.

The tax rates and rules in force on the balance sheet date are used to calculate the current tax for the year.

Deferred tax is recognised according to the balance sheet liability method of all temporary differences between the carrying amount and tax base of assets and liabilities, except for deferred tax on temporary differences arising from either the first recognition of goodwill or from the first recognition of a transaction, which is not a business combination, and where the temporary difference established at the time of the first recognition neither affects the net profit or loss nor the taxable income.

Deferred tax on temporary differences associated with equity investments in subsidiaries and associates is recognised unless the parent is able to check when the deferred tax is realised, and it is likely that the deferred tax will not materialise as current tax within a foreseeable future.

Deferred tax is calculated on the basis of the planned use of the individual asset and the settlement of the individual liability, respectively.

Deferred tax is measured by using the tax rates and rules applying in the

# 1. ACCOUNTING POLICIES, CONTINUED

countries concerned which – based on passed or effectively passed legislation at the balance sheet date – are expected to be in force when the deferred tax is expected to materialise as current tax. Changes in deferred tax due to changes in tax rates or rules are recognised in the income statement unless the deferred tax can be attributed to items that have previously been recognised in other comprehensive income. In the latter case, the changes are also recognised in other comprehensive income.

Deferred tax assets, including the tax base of tax losses to be carried forward, are recognised in the balance sheet at the expected realisable value of the asset, either by offsetting against deferred tax liabilities or as net tax assets for offsetting against future positive taxable incomes. At each balance sheet date, it is reassessed whether it is probable that enough taxable income will be generated in future to utilise the deferred tax asset.

The parent is taxed jointly with all the Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed Danish enterprises in proportion to their taxable incomes.

## DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at fair value at the settlement date.

Subsequently, derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively. Changes in the fair value of derivative financial instruments classified as and complying with the requirements for efficient hedging of future transactions are recognised in other comprehensive income. The inefficient part is recognised immediately in the income statement. When the hedged transactions are carried out, the accumulated changes are recognised as part of the cost of the transactions in question.

## INCOME STATEMENT

### REVENUE

Revenue from the sale of finished products and goods for resale is recognised in the income statement on delivery and when risk has passed to the buyer.

Revenue is measured at the fair value of the received or receivable fee. If any interest-free credit has been agreed for payment of the receivable fee that exceeds the usual credit period, the fair value of the fee is calculated by discounting future payments. The difference between the fair value and the nominal value of the fee is recognised as financial income in the income statement using the effective interest method.

Revenue is calculated exclusive of VAT, taxes on beer and soft drinks etc. levied on behalf of a third party.

### PRODUCTION COSTS

Production costs comprise costs incurred to generate revenue. In production costs, trading companies recognise the cost of sales, while production companies recognise the costs of raw materials, consumables, production staff, maintenance, depreciation and impairment losses on the property, plant and equipment used in the production process as well as returnable packaging and adjustments of the obligation to repurchase own packaging.

Production costs also include costs pertaining to research and development projects which do not meet the criteria for recognition in the balance sheet.

### DISTRIBUTION COSTS

Distribution costs represent costs incurred for the distribution of goods sold and for marketing campaigns, including pay for sales and distribution staff, advertising expenses and depreciation and impairment losses on the property, plant and equipment used in the distribution process.

### ADMINISTRATIVE EXPENSES

Administrative expenses include expenses incurred to manage and administer the group, including administrative staff costs, management costs and office expenses as well as depreciation and impairment losses on the property, plant and equipment used to administer the group.

### OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include income and expenses of a secondary nature in relation to the group's main activities, including grants for plants and rental income as well as gains and losses from the sale of non-current assets (property, plant and equipment) if the selling price of the assets exceeds the original cost.

### GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the conditions for receiving the grant have been met and that the grant will be received.

Grants for covering costs incurred are recognised in the income statement proportionately over the periods in which the associated costs are recognised in the income statement. The grants are recognised under the item Other operating income.

Government grants which are linked to an asset are recognised as deferred income under non-current and current liabilities, respectively, and amortised over the amortisation period.

### NET FINANCIALS

Net financials include interest income and interest expenses, realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, amortisation premiums/deductions on mortgage

debt etc., as well as supplementary payments and allowances under the Danish On-Account Tax Prepayment Scheme (*Acontoskatteordningen*).

Interest income and interest expenses are accrued on the basis of the principal and the effective interest rate. The effective interest rate is the discount rate that is to be used to discount expected future payments which are linked to the financial asset or the financial liability to make sure that their current values correspond to the carrying amount of the asset and the liability, respectively.

Dividend from equity investments is recognised when a conclusive right to the dividend has been obtained. This will typically be at the time of the general meeting's approval of the distribution from the company in question. However, in the consolidated financial statements, this does not apply to equity investments in associates which are measured according to the equity method; see below.

## BALANCE SHEET

### INTANGIBLE ASSETS

#### Goodwill

On initial recognition, goodwill is recognised and measured at cost as described under 'Business combinations'.

On the recognition of goodwill, the goodwill amount is distributed on the independent cash-generating units of the group. The identification of cash-generating units follows the management structure, internal financial management and reporting of the group.

Goodwill is not amortised, but is tested at least once a year for impairment.

### OTHER INTANGIBLE ASSETS

Intellectual property rights acquired in the form of software are measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful life, which is usually 3-5 years.

Development projects in respect of clearly defined and identifiable products and processes are recognised as intangible assets if it is probable that future economic benefits will flow to the group and the development costs of the individual asset can be measured reliably.

Other development costs are recognised as costs in the income statement as incurred.

On initial recognition, development projects are recognised at cost. The cost of development projects comprises costs which are directly attributable to the development projects and which are necessary to complete the

project, calculated from the time when the development project meets the criteria for recognition as an asset for the first time.

Completed development projects are amortised on a straight-line basis over the expected useful life, which is usually 3-5 years. For development projects protected by intellectual property rights, the maximum amortisation period equals the remaining term of the rights in question.

Development projects are impaired to a lower recoverable amount, if any; see the section on impairment below.

Development projects in progress are tested at least once a year for impairment.

### INTANGIBLE ASSETS

Intangible assets with indefinable useful lives, including rights, are not amortised but tested at least once a year for impairment. If the carrying amount of the assets exceeds their recoverable amount, impairment is made to the lower recoverable amount.

### PROPERTY, PLANT AND EQUIPMENT

Land and buildings, plant and machinery together with other plant, fixtures and fittings, tools and equipment and spare parts for own machinery are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly related to the acquisition and costs of preparing the asset up until such time as the asset is ready for use. For own-manufactured assets, cost includes costs which can be related directly to the production of the asset, including materials, components, sub-suppliers, wages and salaries.

Interest expenses which have arisen in connection with the construction of assets are recognised in the cost of the asset. Other borrowing costs are recognised in the income statement.

If the acquisition or use of the asset obliges the group to incur costs for the demolition or re-establishment of the asset, the estimated costs for such demolition or re-establishment are recognised as a provision and a part of the cost of the asset in question, respectively. If the obligation occurred in connection with the production of inventories, the obligation is recognised as a part of the cost of the goods in question; see below.

The cost of the asset less the residual value constitutes the basis of depreciation. The residual value is the expected amount that could be obtained by selling the asset today less selling costs if the asset had already reached the age and the condition that is to be expected at the end of its useful life. The cost of a total asset is divided into smaller components, which are depreciated separately if they have different useful lives.



# 1. ACCOUNTING POLICIES, CONTINUED

Depreciation is according to the straight-line method on the basis of the following assessment of the expected useful lives of the assets:

Buildings .....	10-50 years
Plant and machinery .....	5-25 years
Other plant, fixtures and fittings, tools and equipment .....	3-15 years
Returnable packaging .....	3-8 years

Depreciation methods, useful lives and residual values are reassessed on an annual basis.

Property, plant and equipment are impaired to the lower of recoverable amount and carrying amount; see below.

## INVESTMENT PROPERTIES

Investment properties are properties owned for the purpose of receiving rent income or capital gains.

On initial recognition, investment properties are measured at cost, which comprises the purchase price of the property and any direct costs related thereto.

Subsequently, investment properties are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Depreciation is according to the straight-line method on the basis of the following assessment of the expected useful lives of the assets:

Buildings .....	10-50 years
-----------------	-------------

## IMPAIRMENT AND DEPRECIATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND EQUITY INVESTMENTS IN SUBSIDIARIES

The carrying amounts of intangible assets and property, plant and equipment with definable useful lives as well as equity investments in subsidiaries and associates are reviewed at the balance sheet date to determine whether there are any indications of impairment. If this is the case, the recoverable amount of the asset is assessed to determine the need for impairment, if any, and the extent of such impairment.

For intangible assets with indefinable useful lives, the recoverable amount is calculated once a year regardless of whether there are indications of impairment.

If the asset does not generate cash flows independently of other assets, the recoverable amount of the smallest cash-generating unit of which the asset is a part is assessed.

The recoverable amount is calculated as the higher of the fair value of the

asset and the cash-generating unit less selling costs and the value in use. When the value in use is calculated, estimated future cash flows are discounted to present value by using a discount rate which reflects both current market assessments of the time value of money and the special risks that are linked to the asset or the cash-generating unit, and for which there have been no adjustments in estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than the carrying amount, the carrying amount is impaired to the recoverable amount. For cash-generating units, the impairment is distributed so that goodwill is impaired first, then any remaining need for impairment is distributed on the other assets in the unit, the individual asset, however, not being impaired to a value which is lower than its fair value less estimated selling costs.

Impairment is recognised in the income statement. Upon any subsequent reversals of impairment due to changed preconditions for the determined recoverable amount, the carrying amount of the asset or the cash-generating unit is increased to a corrected estimate of the recoverable amount, the maximum being, however, the carrying amount which the asset or the cash-generating unit would have had if there had been no impairment.

## EQUITY INVESTMENTS IN SUBSIDIARIES IN THE FINANCIAL STATEMENTS OF THE PARENT

Equity investments in subsidiaries are measured at cost in the parent's financial statements.

If the cost exceeds the recoverable amount of the equity investments, it is impaired to the lower amount. If more dividend is distributed than has been earned overall by the enterprise since the acquisition, this is considered to be an indication of impairment; see the section on impairment above.

## INVENTORIES

Inventories are measured at the lower of cost applying the FIFO method and net realisable value.

The cost of goods for resale, raw materials and consumables comprises the acquisition price plus landing costs. The cost of manufactured goods and work in progress includes costs of raw materials, consumables and direct labour costs as well as fixed and variable production overheads. This includes costs for the demolition or re-establishment of property, plant and equipment if such costs have occurred due to the production of goods.

Variable production overheads include indirect materials and pay and are distributed on the basis of precalculations for the produced goods. Fixed production overheads include costs for maintaining and depreciating machinery, factory buildings and equipment used in the production process

and general costs for factory administration and management. Fixed production costs are distributed on the basis of the normal capacity of the plant.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sales.

## RECEIVABLES

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to the nominal value less write-downs for expected losses. Write-downs are made on an individual level.

## PREPAYMENTS

Prepayments recognised under assets comprise costs incurred in respect of the coming financial year. Prepayments are measured at cost.

## FINANCIAL ASSETS AVAILABLE FOR SALE

Securities recognised under non-current assets comprise listed securities and equity interests available for sale in enterprises that are not subsidiaries or associates.

On initial recognition, securities are measured at fair value on the trading day plus costs directly attributable to the purchase. Securities are subsequently measured at fair value at the balance sheet date, and any changes in the fair value are recognised in other comprehensive income. When the securities are sold or settled, the accumulated fair value adjustments are recognised in the income statement.

The fair value is determined at the market price of listed securities and at an estimated fair value determined on the basis of market information.

## NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and groups of assets held for sale are presented separately in the balance sheet as current assets. Liabilities directly related to the assets in question are presented as current liabilities in the balance sheet.

Non-current assets held for sale are not depreciated, but impaired to the lower of fair value less expected selling costs and the carrying amount.

## DIVIDEND

Dividend is recognised as a payable at the time of adoption by the general meeting.

## TREASURY SHARES

Acquisition and selling prices of treasury shares and dividend obtained from them are recognised directly in equity under retained earnings.

## PENSION OBLIGATIONS ETC

The group has entered into defined-contribution plan agreements with a significant number of the group's employees. Except for a pension plan created for a single employee, which is insignificant in relation to the group's total obligations, the group has not entered into any defined-benefit plans. For defined-contribution plans, the group pays regular, fixed contributions to independent pension providers and the like. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contribution. Payments due are recognised in the balance sheet as liabilities.

## PROVISIONS

Provisions are recognised when the group has a legal or actual obligation as a result of events occurring in the financial year or previous years, and when it is likely that the fulfilment of this obligation will impact the company's financial resources.

Provisions are measured as the best possible estimate of the costs required to settle the obligation at the balance sheet date. Provisions expected to fall due more than one year after the balance sheet date are measured at present value.

The obligation to repurchase own packaging in circulation is measured at the deposit price on the basis of the estimated volume of circulating bottles, cans, crates and trays and is recognised as a repurchase obligation under current liabilities.

## MORTGAGE DEBT

Mortgage debt is measured at cost at the time of borrowing, corresponding to the fair value of the proceeds received less transaction costs incurred. Subsequently, mortgage debt is measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the amount to be repaid is recognised in the income statement over the term of the loan as a financial expense using the effective interest method.

## LEASE COMMITMENTS

Lease payments in respect of operating leases are recognised according to the straight-line method in the income statement over the term of the lease.

## OTHER FINANCIAL LIABILITIES

On initial recognition, other financial liabilities, including bank debt and trade payables, are measured at fair value less transaction costs incurred. Subsequently, such liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised as a financial expense in the income statement over the term of the loan.

# 1. ACCOUNTING POLICIES, CONTINUED

## DEFERRED INCOME

Deferred income recognised under liabilities comprises income received in respect of subsequent financial years as well as asset-related government grants. Deferred income is measured at cost.

## CASH FLOW STATEMENT

The cash flow statement is presented using the indirect method, showing cash flows from operating, investing and financing activities as well as the cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are determined as the operating profit/loss, adjusted for non-cash operating items and changes in working capital less income tax paid in the financial year which is attributable to the operating activities.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of enterprises and financial assets as well as the purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment. Furthermore, cash flows from assets held under finance leases are recognised in the form of lease payments.

Cash flows from financing activities comprise changes in the share capital of the parent and costs incidental thereto as well as the raising and repayment of loans, repayment of interest-bearing debt, purchase of treasury shares and distribution of dividend.

Cash flows denominated in currencies other than the functional currency are recognised in the cash flow statement by applying average exchange rates unless such rates deviate materially from the actual exchange rates applicable at the time of transaction. In the latter case, the exchange rates applicable at the individual dates are used.

Cash and cash equivalents comprise cash and short-term securities involving insignificant price risks less any overdraft facilities and intercompany balances which are an integrated part of the cash management.

## SEGMENT INFORMATION

Based on the internal reporting, which is used by the management to assess results and for the allocation of profit and resources, the company has identified one operating segment, the brewery sector, which is in line with the way in which activities are organised and controlled.

## FINANCIAL HIGHLIGHTS

The financial highlights have been defined and calculated in accordance with 'Recommendations and Ratios 2010' issued by the Danish Society of Financial Analysts, the specific definitions being:

Investments:	The year's additions of intangible assets and property, plant and equipment, excl. property, plant and equipment under construction and spare parts
Gross margin:	Gross profit/loss in per cent of revenue
Profit margin:	Operating profit/loss (EBIT) in per cent of revenue
EBITDA margin:	Earnings before interest, tax, depreciation and amortisation in per cent of revenue
Return on net assets:	Operating profit/loss (EBIT) in per cent of average operating assets
Operating assets:	Balance sheet total at the end of the year less financial assets and cash
Return on invested capital:	Operating profit/loss (EBIT) less tax thereon in per cent of average invested capital (equity + minority interests + net interest-bearing debt + provisions - financial assets)
Net interest-bearing debt:	Interest-bearing liabilities less interest-bearing assets, including cash and cash equivalents
Interest-bearing debt, net:	Mortgage debt and debt to credit institutions less cash and cash equivalents
Return on equity:	Net profit/loss for the year in per cent of average equity
Solvency ratio:	Equity at the end of the year in per cent of the balance sheet total at the end of the year
Financial gearing:	Net interest-bearing debt at the end of the year in per cent of equity at the end of the year
Earnings per share (EPS):	Net profit/loss for the year in relation to the average number of shares
Cash flow per share:	Cash flows from operating activities in relation to the average number of shares
Price/earnings ratio:	Share price at the end of the year in relation to earnings per share
Current ratio:	Current assets in per cent of current liabilities

The ratios have been calculated on the basis of the net profit/loss for the year along with the balance sheet total and equity at the end of the year.

The calculation of earnings per share and diluted earnings per share is specified in note 13.



## 2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

Many items cannot be reliably measured, but can only be estimated. Such estimates include assessments made on the basis of the most recent information available at the time of presenting the financial statements. It may be necessary to change previously made estimates due to changes in the circumstances on which the estimate was based, or due to additional information, additional experience or subsequent events.

### SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

In connection with the application of the accounting policies described in note 1, the management has made a number of accounting estimates on the recognition and measurement of certain assets and liabilities. The recognition and measurement of assets and liabilities often depend on future events involving a certain amount of uncertainty. In this context, a course of events or the like reflecting the management's assessment of the most probable course of events must be assumed. In 2012/13 annual report should be given special attention drawn to the assumptions and uncertainties associated with accounting and financial estimates of impairment testing of property, plant and equipment, specification of repurchase obligation concerning returnable packaging as well as an assessment of contingent liabilities as they have had a considerable impact on the assets and liabilities recognised in the annual report and may require that corrections be made in subsequent financial years provided that the anticipated events do not occur as expected.

**CHANGES TO USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT**  
As from 1 May 2011, the group has changed the estimated useful lives of non-current technical plant and investment properties.

The changed estimate of the useful lives of technical plant has resulted in longer depreciation periods. The changed estimate is based on experience as regards the actual useful lives of the plant in question, the depreciation periods estimated so far having proved to deviate significantly from the actual useful lives of the relevant plant.

The changed useful lives of investment properties should be seen in light of changes in use and improvements implemented.

In total, the group's depreciation decreased by approx. DKK 30 million in 2012/13 due to changed useful lives (2011/12: approx. DKK 31 million).

The reassessed useful lives will reduce the group's production costs over the next few years in the form of reduced depreciation as stated below, provided that the assets are held until the end of their useful lives:

	<b>DKK million</b>
FY 2013/14	29
FY 2014/15	27

## 3. SEGMENT INFORMATION FOR THE GROUP

Based on the internal reporting, which is used by the management to assess results and for the allocation of profit and resources, the company has identified one operating segment, the brewery sector, which is in line with the way in which activities are organised and controlled.

### REVENUE AND NON-CURRENT ASSETS DISTRIBUTED ON GEOGRAPHICAL AREAS

The group's activities are mainly distributed on Denmark, Germany and other geographical areas.

The group's revenue from external customers and the distribution of non-current assets on these geographical areas are specified below, where revenue is distributed on the basis of the domicile of the customers, and non-current assets are distributed on the basis of their physical location.

<b>GROUP</b> DKK '000	<b>Revenue from external customers</b>		<b>Non-current assets</b>	
	<b>2012/13</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2011/12</b>
Denmark	338,411	405,346	372,561	394,687
Germany	585,760	572,207	392,499	411,795
Other countries (Africa, Asia, Middle East and the rest of Europe)	419,476	432,927	26,667	26,057
	<b>1,343,647</b>	<b>1,410,480</b>	<b>791,727</b>	<b>832,539</b>

### INFORMATION ABOUT IMPORTANT CUSTOMERS

Out of the group's total revenue, sales to a single customer account for approx. 25% of revenue.

## 4. DISCONTINUED ACTIVITIES

At the end of 2010/11, Harboe decided to initiate a shutdown of its foodstuff sector. Harboe has assessed the continued strategic potential of this segment, which was experiencing fierce competition and heavy price pressure. As a result of this assessment, Harboe has decided to focus solely on its main activities in the brewery sector where the future potential is more attractive.

GROUP DKK '000	2012/13	2011/12
Revenue	0	2,535
Production costs	0	(1,812)
<b>Gross profit/(loss)</b>	<b>0</b>	<b>723</b>
Distribution costs	0	(225)
Administrative expenses	0	(94)
<b>Operating profit/(loss) (EBIT)</b>	<b>0</b>	<b>404</b>
Financial income	0	0
Financial expenses	0	0
<b>Profit/(loss) before tax</b>	<b>0</b>	<b>404</b>
Tax on profit/loss for the period	0	(101)
<b>Net profit/(loss) for the period</b>	<b>0</b>	<b>303</b>
The discontinued activity has impacted the cash flow statement for the period as follows:		
Cash flows from operating activities	0	10,828
Cash flows from investing activities	0	5,055
Cash flows from financing activities	0	0
The divestment of the discontinued activity can be specified as follows:		
Carrying amount of net assets	0	4,488
Goodwill attributed to the activity	0	0
	<b>0</b>	<b>4,488</b>
Proceeds from the divestment	0	582
<b>Selling price</b>	<b>0</b>	<b>5,070</b>

## 5. PRODUCTION COSTS

GROUP DKK '000	2012/13	2011/12
Cost of sales	963,784	996,797
Write-down of inventories	868	0
Research and development costs; see note 6	324	116
Depreciation, amortisation, impairment losses and write-downs; see note 8	61,647	61,473
Other production costs	91,413	63,799
	<b>1,118,036</b>	<b>1,122,185</b>

## 6. RESEARCH AND DEVELOPMENT COSTS

	2012/13	2011/12
Research and development costs incurred	1,490	5,202
Development costs recognised as intangible assets, note 15	(1,166)	(5,086)
	<b>324</b>	<b>116</b>



## 7. STAFF COSTS

GROUP DKK '000	2012/13	2011/12
Remuneration for the Board of Directors	803	788
Wages and salaries	162,825	165,299
Defined-contribution plans	7,480	10,232
Other social security costs	15,369	21,264
Other staff costs	3,194	7,630
Refunds from public authorities	(216)	(573)
	<b>189,455</b>	<b>204,640</b>
Staff costs comprise:		
Production costs	123,339	131,655
Distribution costs	44,177	41,862
Administrative expenses	20,773	26,037
Included in cost of development projects; see note 6	1,166	5,086
	<b>189,455</b>	<b>206,640</b>
<b>Average number of employees</b>	<b>559</b>	<b>562</b>

DKK '000	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
<b>Remuneration paid to members of the management</b>						
Remuneration for the Board of Director	803	788	0	0	0	0
Wages and salaries etc.	0	0	4,883	5,177	10,702	11,496
Pension	0	0	291	450	951	810
	<b>803</b>	<b>788</b>	<b>5,174</b>	<b>5,627</b>	<b>11,653</b>	<b>12,306</b>

The group's key staff are covered by a performance-related bonus programme. Termination payments for managers constitute a maximum of two years' remuneration. The programmes are unchanged relative to last year.

### PENSION PLANS

The group has entered into defined-contribution plan agreements with a significant number of the group's employees. For defined contribution plans, the employer pays regular contributions to an independent pension provider, pension fund etc., but does not assume any risk in respect of future developments in interest rates, inflation, mortality, disablement etc. as concerns the amount to be disbursed to the employee upon retirement.

Except for one pension plan concerning a single employee, the group has not entered into any defined benefit plan agreements. The pension obligation, which has been actuarially determined by Longial GmbH as at 30 April 2013, has been recognised at DKK 1,873k under payables in the balance sheet.

## 8. DEPRECIATION, AMORTISATION, IMPAIRMENT LOSSES AND WRITE-DOWNS

GROUP DKK '000	2012/13	2011/12
Intangible assets; see note 15	4,663	3,825
Buildings; see note 16	13,556	13,683
Plant and machinery; see note 16	47,284	46,026
Other plant etc.; see note 16	12,231	13,599
Investment properties; see note 17	3,693	3,824
Impairment of assets held for sale	0	592
Profit/(loss) from the sale of property, plant and equipment	1,282	(1,668)
	<b>82,709</b>	<b>79,881</b>
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	60,990	61,472
Distribution costs	9,462	7,319
Administrative expenses	6,842	6,878
Other operating income	0	0
Other operating expenses	5,415	4,794
	<b>82,709</b>	<b>80,463</b>
Discontinued activities	0	(582)
	<b>82,709</b>	<b>79,881</b>

## 9. OTHER OPERATING INCOME

GROUP DKK '000	2012/13	2011/12
Government grants	7,021	7,968
Rental income	8,056	7,751
Other operating income	5,598	7,397
	<b>20,675</b>	<b>23,116</b>

## 10. FINANCIAL INCOME

Interest on bank deposits etc.	3,861	5,347
Interest on investment – assets available for sale	175	50
<b>Interest income from financial assets not measured at fair value via the net profit/loss for the year</b>	<b>4,036</b>	<b>5,397</b>
Dividend from financial assets available for sale	72	70
Adjustment to fair value of liabilities in respect of assets held for sale	114	0
Exchange gains	498	261
	<b>4,720</b>	<b>5,728</b>

## 11. FINANCIAL EXPENSES

Interest on mortgage debt	5,947	7,960
Interest on bank debt etc.	3,500	5,903
<b>Financial expenses of financial liabilities not measured at fair value via the net profit/loss for the year</b>	<b>9,447</b>	<b>13,863</b>
Translation adjustment, liabilities in respect of assets held for sale	259	300
Foreign exchange loss	353	0
	<b>10,059</b>	<b>14,163</b>

## 12. TAX ON PROFIT/LOSS FOR THE YEAR

GROUP DKK '000	2012/13	2011/12
Current tax	45	8,725
Change in deferred tax	1,105	3,840
	<b>1,150</b>	<b>12,565</b>
Adjustment of deferred tax, previous years	(1,972)	(1,411)
Adjustment of current tax, previous years	1,835	1,552
	<b>(137)</b>	<b>141</b>
	<b>1,013</b>	<b>12,706</b>

The current income tax for the financial year for the Danish consolidated enterprises has been calculated on the basis of a tax rate of 25% (2011/12: 25%). For foreign consolidated enterprises, the tax rate applicable to the country in question has been used.

	2012/13 DKK '000	2012/13 %	2011/12 DKK '000	2011/12 %
<b>Profit before tax</b>	<b>4,104</b>		<b>51,075</b>	
Calculated tax thereon	1,026	25.0	12,769	25.0
Non-deductible income and expenses	(1,053)	(25.7)	(736)	(1.4)
Effect of differences in the tax rates of foreign subsidiaries	1,177	28.7	532	1.0
Effect of adjustments, previous years	(137)	(3.3)	141	0.3
	<b>1,013</b>		<b>12,706</b>	
<b>Effective tax rate</b>		<b>24.7</b>		<b>24.9</b>

GROUP DKK '000	2012/13	2011/12
Tax on income and expenses recognised in other comprehensive income can be specified as follows:		
Changes in deferred tax on adjustment to fair value of financial assets available for sale	(42)	(3,751)
	<b>(42)</b>	<b>(3,751)</b>



## 13. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

GROUP DKK '000	2012/13	2011/12
Earnings per share and diluted earnings per share are identical as the company has not issued equity instruments with dilution effect.		
Earnings per share of continuing and discontinued activities (DKK)	0.56	6.87
Earnings per share of continuing activities (DKK)	0.56	6.81
Earnings per share of discontinued activities (DKK)	0	0.06
The basis of calculation of earnings per share of continuing and discontinued activities is as follows:		
Net profit/(loss) distributed to the shareholders of the parent	3,127	38,666
Net profit/(loss) from discontinued activities	0	(303)
<b>Net profit/(loss) distributed to the shareholders of the parent used in connection with the calculation of earnings per share</b>	<b>3,127</b>	<b>38,363</b>
	<b>2012/13</b>	<b>2011/12</b>
	<b>NO. OF SHARES</b>	<b>NO. OF SHARES</b>
	<b>OF DKK 10</b>	<b>OF DKK 10</b>
Average number of shares	6,000,000	6,000,000
Average number of treasury shares	(434,862)	(370,424)
<b>Number of shares used to calculate earnings per share (no.)/diluted</b>	<b>5,565,138</b>	<b>5,629,576</b>

## 14. DIVIDEND

On 24 August 2012, the company distributed ordinary dividend of DKK 9,000k to its shareholders, corresponding to DKK 1.50 per DKK 10 share. (2010/11: DKK 9,000k, corresponding to DKK 1.50 per DKK 10 share).

For FY 2012/13, the Board of Directors recommends to the annual general meeting that dividend in the amount of DKK 1.50 per share be paid, corresponding to a total of DKK 9,000k.

## 15. INTANGIBLE ASSETS

### GOODWILL

Goodwill which has occurred in connection with the acquisition of an enterprise is distributed at the date of acquisition to the cash-generating units which are expected to obtain economic benefits from the business combination.

Goodwill is tested for impairment at least once a year or more often if indications of impairment exist. The annual impairment test is carried out on 30 April.

The recoverable amount is calculated on the basis of calculations of the value in use. The most material uncertainty in this context is related to the determination of the discount rates and growth rates as well as the expected changes in selling prices and production costs in the budget and terminal periods.

The discount rates determined reflect market assessments of the time value of money, expressed through a risk-free interest rate and the specific risks associated with the individual cash-generating units.

Estimated changes in selling prices and production costs in the budget and terminal periods are based on historical experience and expectations for future market changes.

The calculation of the recoverable amount is based on a discount rate of 7%.

No amortisation of goodwill has been made as at 30 April 2013.  
RIGHTS (BRANDS)

Rights which have an indefinable useful life and therefore cannot be amortised are recognised as at 30 April 2013 by 5,718k (2012: DKK 5,705k).

The recoverable amount is calculated on the basis of calculations of the value in use. The most material uncertainty in this context is related to the determination of the discount rates and growth rates as well as the expected changes in selling prices and production costs in the budget and terminal periods.

The discount rates determined reflect market assessments of the time value of money, expressed through a risk-free interest rate and the specific risks associated with the individual cash-generating units.

Estimated changes in selling prices and production costs in the budget and terminal periods are based on historical experience and expectations for future market changes.

The calculation of the recoverable amount is based on a discount rate of 15%.

No amortisation of rights has been made as at 30 April 2013.

### DEVELOPMENT PROJECTS AND SOFTWARE

Development projects and software are considered to have definable useful lives over which the assets are amortised; see the description of accounting policies in note 1.

## 15. INTANGIBLE ASSETS

GROUP DKK '000	GOODWILL	DEVELOPMENT PROJECTS	RIGHTS	SOFTWARE	INTANGIBLE ASSETS UNDER CONSTRUCTION
Cost as at 1 May 2012	3,573	3,628	5,705	19,012	20,502
Foreign currency translation adjustment	0	0	13	25	0
Transferred from property, plant and equipment	0	0	0	0	(861)
Transfers	0	5,806	0	15,108	(20,914)
Other additions	0	1,315	0	4,227	1,426
Disposals	0	(3,628)	0	(62)	0
<b>Cost as at 30 April 2013</b>	<b>3,573</b>	<b>7,121</b>	<b>5,718</b>	<b>38,310</b>	<b>153</b>
Depreciation and impairment losses as at 1 May 2012	0	3,628	0	12,629	0
Foreign currency translation adjustment	0	0	0	15	0
Transferred from property, plant and equipment	0	0	0	0	0
Amortisation for the year	0	237	0	4,426	0
Reversal in connection with disposals	0	(3,628)	0	(62)	0
<b>Amortisation and impairment losses as at 30 April 2013</b>	<b>0</b>	<b>237</b>	<b>0</b>	<b>17,008</b>	<b>0</b>
<b>Carrying amount as at 30 April 2013</b>	<b>3,573</b>	<b>6,884</b>	<b>5,718</b>	<b>21,302</b>	<b>153</b>
Cost as at 1 May 2011	3,573	3,628	5,719	12,724	5,764
Foreign currency translation adjustment	0	0	(14)	(12)	0
Transferred from property, plant and equipment	0	0	0	4,431	0
Transfers	0	0	0	0	0
Other additions	0	0	0	1,869	14,738
Disposals	0	0	0	0	0
<b>Cost as at 30 April 2012</b>	<b>3,573</b>	<b>3,628</b>	<b>5,705</b>	<b>19,012</b>	<b>20,502</b>
Amortisation and impairment losses as at 1 May 2011	0	3,195	0	4,804	0
Foreign currency translation adjustment	0	0	0	2	0
Transferred from property, plant and equipment	0	0	0	4,431	0
Amortisation for the year	0	433	0	3,392	0
Reversal in connection with disposals	0	0	0	0	0
<b>Amortisation and impairment losses as at 30 April 2012</b>	<b>0</b>	<b>3,628</b>	<b>0</b>	<b>12,629</b>	<b>0</b>
<b>Carrying amount as at 30 April 2012</b>	<b>3,573</b>	<b>0</b>	<b>5,705</b>	<b>6,383</b>	<b>20,502</b>

## 16. PROPERTY, PLANT AND EQUIPMENT

GROUP DKK '000	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER PLANT ETC.	SPARE PARTS FOR OWN MACHINERY	PLANT UNDER CON- STRUCTION
Cost as at 1 May 2012	460,300	1,263,860	126,334	5,297	64,872
Reclassification	1,964	(5,129)	3,165	0	861
Foreign currency translation adjustment	496	1,389	83	0	125
Transfers	1,170	61,388	1,411	0	(63,969)
Other additions	2,789	16,918	9,558	0	3,867
Disposals	(3,282)	(157,834)	(38,773)	(839)	(179)
<b>Cost as at 30 April 2013</b>	<b>463,437</b>	<b>1,180,592</b>	<b>101,778</b>	<b>4,458</b>	<b>5,577</b>
Depreciation and impairment losses as at 1 May 2012	205,134	818,180	94,478	0	0
Reclassification	167	(2,852)	2,685	0	0
Foreign currency translation adjustment	158	866	61	0	0
Depreciation for the year	13,556	47,284	12,231	0	0
Reversal in connection with disposals	(706)	(157,454)	(35,614)	0	0
<b>Depreciation and impairment losses as at 30 April 2013</b>	<b>218,309</b>	<b>706,024</b>	<b>73,841</b>	<b>0</b>	<b>0</b>
<b>Carrying amount as at 30 April 2013</b>	<b>245,130</b>	<b>474,568</b>	<b>27,937</b>	<b>4,458</b>	<b>5,577</b>
Cost as at 1 May 2011	638,143	1,370,240	198,376	3,993	36,083
Reclassification	3,249	(3,379)	60	0	70
Transferred to intangible assets	0	0	(4,431)	0	0
Foreign currency translation adjustment	(522)	(1,532)	(108)	0	(40)
Transfers	126	27,226	372	0	(27,724)
Other additions	5,580	16,257	8,001	1,559	58,244
Transferred to investment property	(186,276)	(48,984)	0	0	(1,761)
Disposals	0	(95,968)	(75,936)	(255)	0
<b>Cost as at 30 April 2012</b>	<b>460,300</b>	<b>1,263,860</b>	<b>126,334</b>	<b>5,297</b>	<b>64,872</b>
Depreciation and impairment losses as at 1 May 2011	300,984	914,167	159,711	0	0
Reclassification	2,680	(2,740)	60	0	0
Transferred to intangible assets	0	0	(4,431)	0	0
Foreign currency translation adjustment	(155)	(961)	(99)	0	0
Depreciation for the year	13,683	46,026	13,599	0	0
Transferred to investment property	(112,058)	(48,983)	0	0	0
Reversal in connection with disposals	0	(89,329)	(74,362)	0	0
<b>Depreciation and impairment losses as at 30 April 2012</b>	<b>205,134</b>	<b>818,180</b>	<b>94,478</b>	<b>0</b>	<b>0</b>
<b>Carrying amount as at 30 April 2012</b>	<b>255,166</b>	<b>445,680</b>	<b>31,856</b>	<b>5,297</b>	<b>64,872</b>

## 17. INVESTMENT PROPERTIES

GROUP DKK '000	2013	2012
Cost as at 1 May	237,784	0
Reclassification	(50)	0
Transferred from property, plant and equipment	0	237,021
Additions in the period	277	763
Disposals	(43,327)	0
<b>Cost as at 30 April</b>	<b>194,684</b>	<b>237,784</b>
Depreciation and impairment losses as at 1 May	164,865	0
Reclassification	(50)	0
Transferred from property, plant and equipment	0	161,041
Depreciation for the period	3,693	3,824
Depreciation and impairment losses in respect of disposals	(37,733)	0
<b>Depreciation and impairment losses as at 1 April</b>	<b>130,775</b>	<b>164,865</b>
<b>Carrying amount as at 30 April</b>	<b>63,909</b>	<b>72,919</b>

At the balance sheet date, the fair value exceeded the carrying amount by DKK 18.0 million.

The fair values are determined on the basis of the value in use of the assets based on future letting of buildings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an estimated market-specific discount rate of 7%.

Investment properties comprise farm and storage buildings as well as production facilities with related administrative offices which the group no longer uses for its own purposes.

Rent income from the group's investment properties recognised under Other operating income amounted to DKK 9,664k (2011/12: DKK 7,551k).

Operating expenses and depreciation on the group's investment properties recognised under Other operating expenses amounted to DKK 13,570k (2011/12: DKK 13,856k). A loss before net financials and tax of DKK 3,659k was returned (2011/12: a loss of DKK 6,105k). The loss was adversely influenced by an extraordinary loss of DKK 1.7 million incurred in connection with the disposal of a property.

Leases on the group's investment properties normally include non-terminable lease periods of 5-10 years with an option for further renewal.

All leases include provisions on rent adjustment.

There is no option for the lessee to buy properties at the end of the lease period.

	2013 DKK '000	2012 DKK '000
<b>Future minimum rent for non-terminable leases</b>		
Within one year from the balance sheet date	6,834	7,426
Between one and five years from the balance sheet date	21,324	25,304
After five years from the balance sheet date	1,098	0
	<b>29,256</b>	<b>32,730</b>

## 18. FINANCIAL ASSETS AVAILABLE FOR SALE

GROUP DKK '000	2013	2012
Cost as at 1 May	195,454	305,339
Adjustment, beginning of year	(147)	(379)
Additions	173,020	186,544
Disposals	(183,226)	(296,050)
<b>Cost as at 30 April</b>	<b>185,101</b>	<b>195,454</b>
Revaluation and impairment losses as at 1 May	(4,493)	(19,557)
Adjustment, beginning of year	318	308
Reversal in connection with disposals	(203)	0
Adjustments for the year	(123)	14,756
<b>Revaluation and impairment losses as at 30 April</b>	<b>(4,501)</b>	<b>(4,493)</b>
<b>Carrying amount as at 30 April</b>	<b>180,600</b>	<b>190,961</b>
Financial assets available for sale comprise:		
Listed shares	180	145
Listed bonds	171,727	183,059
Unlisted shares and securities	8,693	7,757
	<b>180,600</b>	<b>190,961</b>

Financial assets available for sale are measured at fair value at the balance sheet date.

Harboes Bryggeri A/S holds more than 20% of the share capital in FCS 2008 A/S. The management believes that the ownership interest does not give Harboe a significant influence in the company as the company is controlled by another major shareholder. The capital is therefore considered a financial asset available for sale.



## 19. INVENTORIES

GROUP DKK '000	2013	2012
Raw materials, intermediates and non-returnable packaging	64,718	68,009
Finished goods and goods for resale	68,673	68,869
	<b>133,391</b>	<b>136,878</b>

## 20. TRADE RECEIVABLES

<b>Trade receivables</b>	<b>287,725</b>	<b>277,803</b>
<b>Write-downs for expected losses</b>	<b>2,779</b>	<b>1,369</b>
Provisions account as at 1 May	1,369	1,585
Foreign currency translation adjustment	0	0
Ascertained losses and payments received concerning claims previously written off for the year	(1,924)	237
Reversed write-downs	(15)	(216)
Write-downs for bad debts for the year	3,349	(237)
<b>Provisions account as at 30 April</b>	<b>2,779</b>	<b>1,369</b>
<b>Write-downs for the year recognised in the income statement</b>	<b>3,334</b>	<b>21</b>

A provisions account is used to reduce the carrying amount of receivables which have been written down due to a loss risk.

Direct write-downs of receivables are made if the value, based on an individual assessment of the individual debtor's ability to pay, is reduced, e.g. as a result of a suspension of payments etc. Write-downs are made to the calculated net realisable value.

All major overdue receivables have been written off as at the balance sheet date.

<b>Overdue receivables not written off:</b>		
Overdue by up to one month	17,973	23,164
Overdue by between one and three months	3,680	10,779
Overdue by between three and six months	155	504
Overdue by more than six months	33,337	3,436
	<b>55,145</b>	<b>37,885</b>

After the end of the financial year, DKK 8.6 million has been received in respect of receivables overdue by more than six months.

## 21. OTHER RECEIVABLES

GROUP DKK '000	2013	2012
Other receivables	11,534	20,947
	<b>11,534</b>	<b>20,947</b>

Other receivables are not associated with any special credit risks, and like last year, no write-downs of these are included. None of the receivables are overdue.

## 22. ASSETS HELD FOR SALE

The Board of Directors of Harboes Bryggeri A/S has decided to sell one of its residential properties. The property is expected to sell within 12 months.

Proceeds from the sale are expected to correspond to the carrying amount of assets and liabilities.

Property, plant and equipment	2,400	2,992
Impairment losses for the year	0	(592)
<b>Assets held for sale</b>	<b>2,400</b>	<b>2,400</b>
Payables in respect of assets held for sale	0	(3,209)
<b>Net assets held for sale</b>	<b>2,400</b>	<b>(809)</b>

## 23. CASH

<b>Cash and bank deposits</b>	<b>13,780</b>	<b>24,140</b>
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Please refer to note 38 for further information about the group's undrawn credit facilities.

## 24. SHARE CAPITAL

The share capital amounts to DKK 60.0 million, divided into Class A shares with a nominal value of DKK 6.4 million and Class B shares with a nominal value of DKK 53.6 million.

Each Class A share of DKK 10 carries 10 votes, and each Class B share of DKK 10 carries 1 vote.

The Class B shares are listed on NASDAQ OMX Copenhagen.

The past four years have not seen any changes to the share capital.

## 25. TREASURY SHARES

	2013		2012		SHARE OF SHARE CAPITAL	
	NO. OF SHARES OF DKK 10	NO. OF SHARES OF DKK 10	NOMINAL VALUE 2013 DKK '000	NOMINAL VALUE 2012 DKK '000	2013 %	2012 %
Treasury shares as at 1 May	393,882	350,585	3,939	3,506	6.5	5.8
Purchase of treasury shares	57,686	43,297	577	433	1.0	0.7
Sale of treasury shares	0	0	0	0	0	0
<b>Treasury shares as at 30 April</b>	<b>451,568</b>	<b>393,882</b>	<b>4,516</b>	<b>3,939</b>	<b>7.5</b>	<b>6.5</b>

Harboes Bryggeri A/S holds treasury Class B shares which have been purchased to ensure optimum investment of cash funds.

According to a decision made by the general meeting on 5 November 2011, the company can acquire up to 50% of the share capital until the company's annual general meeting in 2015.

In 2012/13, the company acquired treasury shares with a nominal value of DKK 577k at an average price of 89.98, corresponding to DKK 5.2 million (2011/12: purchased shares with a nominal value of DKK 433k, average price 86.20).

In 2012/13, the company did not sell any treasury shares (2011/12: no sale of shares).

## 26. MINORITY INTERESTS

GROUP DKK '000	2013	2012
Minority interests as at 1 May	215	209
Share of net profit/loss for the year	(36)	6
Share of other comprehensive income	0	0
<b>Minority interests as at 30 April</b>	<b>179</b>	<b>215</b>

## 27. OTHER RESERVES

GROUP DKK '000	2012/13	2011/12
Reserve for foreign currency translation adjustments	95	(1,031)
Reserve for adjustment to fair value of financial assets available for sale	(4,662)	(4,581)
	<b>(4,567)</b>	<b>(5,612)</b>

	Reserve for foreign currency translation adjustments	Reserve for value adjustment of financial assets available for sale	Total
Other reserves as at 1 May 2012	(1,031)	(4,581)	(5,612)
Foreign currency translation adjustment regarding foreign enterprises	1,126	0	1,126
Adjustment to fair value of financial assets available for sale	0	(123)	(123)
Tax on income and expenses recognised in other comprehensive income	0	42	42
<b>Other reserves as at 30 April 2013</b>	<b>95</b>	<b>(4,662)</b>	<b>(4,567)</b>
Other reserves as at 1 May 2011	16	(15,705)	(15,689)
Reclassification	229	(229)	0
Foreign currency translation adjustment regarding foreign enterprises	(1,276)	0	(1,276)
Adjustment to fair value of financial assets available for sale	0	495	495
Adjustment to fair value of financial assets available for sale, recirculation to income statement upon disposal	0	14,609	14,609
Tax on income and expenses recognised in other comprehensive income	0	(3,751)	(3,751)
<b>Other reserves as at 30 April 2012</b>	<b>(1,031)</b>	<b>(4,581)</b>	<b>(5,612)</b>

## 28. DEFERRED TAX LIABILITIES

GROUP DKK '000	Deferred tax assets	Deferred tax liabilities
Deferred tax liabilities and tax assets as at 1 May 2012	3,275	52,780
Change in deferred tax recognised in the income statement	531	(336)
Change in deferred tax recognised in other comprehensive income	0	(42)
Change in deferred tax offset against current tax	0	(67)
<b>Deferred tax liabilities and tax assets as at 30 April 2013</b>	<b>3,806</b>	<b>52,335</b>
Deferred tax liabilities and tax assets as at 1 May 2011	886	37,861
Change in deferred tax recognised in the income statement	2,389	4,919
Change in deferred tax recognised in other comprehensive income	0	3,751
Change in deferred tax offset against tax receivable	0	6,249
<b>Deferred tax liabilities and tax assets as at 30 April 2012</b>	<b>3,275</b>	<b>52,780</b>
	<b>2013</b>	<b>2012</b>
<b>Deferred tax is recognised in the balance sheet as follows:</b>		
Deferred tax assets	(3,806)	(3,275)
Deferred tax liabilities	52,335	52,780
<b>Deferred tax liabilities and tax assets as at 30 April</b>	<b>48,529</b>	<b>49,505</b>
<b>Distribution of the distributable reserves of AS Viru Õlu, Haljala, Estonia will trigger tax not provided for of</b>	<b>95</b>	<b>700</b>

GROUP DKK '000	1 May	Recognised in the income statement	Recognised in other comprehensive income	Transferred to current tax	30 April
Non-current assets	53,621	1,354	(42)	(2,038)	52,895
Current assets	1,855	152	0	0	2,007
Liabilities	(3,760)	(428)	0	0	(4,188)
Tax losses carried forward	(1,751)	(2,157)	0	1,972	(1,936)
<b>Temporary differences</b>	<b>49,965</b>	<b>(1,079)</b>	<b>(42)</b>	<b>(66)</b>	<b>48,778</b>
Unutilised tax losses	(460)	212	0	0	(248)
<b>Unutilised tax losses</b>	<b>(460)</b>	<b>212</b>	<b>0</b>	<b>0</b>	<b>(248)</b>
<b>Deferred tax liabilities 2013</b>	<b>49,505</b>	<b>(867)</b>	<b>(42)</b>	<b>(66)</b>	<b>48,530</b>
Non-current assets	38,267	6,206	0	9,148	53,621
Current assets	(1,537)	3,392	3,751	(3,751)	1,855
Liabilities	7	(3,767)	0	0	(3,760)
Tax losses carried forward	1,124	(2,875)	0	0	(1,751)
<b>Temporary differences</b>	<b>37,861</b>	<b>2,956</b>	<b>3,751</b>	<b>5,397</b>	<b>49,965</b>
Unutilised tax losses	(886)	(426)	0	852	(460)
<b>Unutilised tax losses</b>	<b>(886)</b>	<b>(426)</b>	<b>0</b>	<b>852</b>	<b>(460)</b>
<b>Deferred tax liabilities 2012</b>	<b>36,975</b>	<b>2,530</b>	<b>3,751</b>	<b>6,249</b>	<b>49,505</b>

A lowering of the income tax rate in Denmark to 22% had been proposed and was adopted after the end of the financial year. The group's deferred tax will be reduced by DKK 3.3 million over the next three years.



## 29. REPURCHASE OBLIGATION, RETURNABLE PACKAGING

GROUP DKK '000	2013	2012
Repurchase obligation as at 1 May	13,928	27,958
Applied and reversed during the financial year, net	(3,650)	(14,030)
<b>Repurchase obligation as at 30 April</b>	<b>10,278</b>	<b>13,928</b>
Provisions are recognised in the balance sheet as follows:		
Current liabilities	10,278	13,928
Non-current liabilities	0	0
	<b>10,278</b>	<b>13,928</b>

The repurchase obligation has been adjusted on the basis of the net sale of returnable packaging for the year less an estimated wastage in the volume of returnable packaging in circulation.

In consequence of Harboes Bryggeri A/S's continued phasing out of the 50 cl. REF PET bottle, the repurchase obligation has been further reduced in 2012/13.

## 30. MORTGAGE DEBT

GROUP DKK '000	2013	2012
<b>Mortgage debt secured upon real property and securities</b>	<b>231,826</b>	<b>246,785</b>
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	15,671	14,844
Between two and five years from the balance sheet date	63,062	61,302
After five years from the balance sheet date	153,093	170,639
	<b>231,826</b>	<b>246,785</b>
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	15,671	14,844
Non-current liabilities	216,155	231,941
	<b>231,826</b>	<b>246,785</b>

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Mortgage debt	DKK	2028	Floating	2,220	2,299	2,408
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,735
Mortgage debt	DKK	2027	Floating	171,485	171,485	171,727
Mortgage debt	DKK	2028	Floating	55,413	55,413	55,470
<b>30 April 2013</b>				<b>231,826</b>	<b>231,905</b>	<b>232,340</b>
Mortgage debt	DKK	2028	Floating	2,369	2,456	2,535
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,706
Mortgage debt	DKK	2027	Floating	182,898	182,765	183,064
Mortgage debt	DKK	2028	Floating	58,810	58,810	58,851
<b>30 April 2012</b>				<b>246,785</b>	<b>246,739</b>	<b>247,156</b>

The fair value has been determined at the present value of expected future instalments and interest payments using the current market rate as the discount rate.

## 31. OTHER CREDIT INSTITUTIONS

<b>GROUP</b> DKK '000	<b>2013</b>	<b>2012</b>
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<b>Overdraft facility</b>	<b>69,216</b>	<b>103,780</b>
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Bank debt recognised in the balance sheet as follows:

<b>Short-term payable</b>	<b>69,216</b>	<b>103,780</b>
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The bank debt falls due as follows:

<b>On demand within one year from the balance sheet date</b>	<b>69,216</b>	<b>103,780</b>
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	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Overdraft facility	DKK	2014	Floating	27,182	27,182	27,182
Overdraft facility	EUR	2014	Floating	42,034	42,034	42,034
<b>30 April 2013</b>				<b>69,216</b>	<b>69,216</b>	<b>69,216</b>
Overdraft facility	DKK	2013	Floating	2,162	2,162	2,162
Overdraft facility	EUR	2013	Floating	101,618	101,618	101,618
<b>30 April 2012</b>				<b>103,780</b>	<b>103,780</b>	<b>103,780</b>

The fair value has been determined at the present value of expected future instalments and interest payments using the current market rate as the discount rate.

## 32. TRADE PAYABLES

<b>GROUP</b> DKK '000	<b>2013</b>	<b>2012</b>
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Trade payables	172,341	189,625
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	<b>172,341</b>	<b>189,625</b>
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The carrying amount corresponds to the fair value of the liabilities.

## 33. DEFERRED RECOGNITION OF INCOME

<b>Deferred recognition of investment grants as income</b>	<b>76,904</b>	<b>74,416</b>
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Deferred recognition of income is included in the balance sheet as follows:

Long-term deferral of recognition of income	66,868	65,283
Short-term deferral of recognition of income	10,036	9,133

	<b>76,904</b>	<b>74,416</b>
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Repayment obligation; see note 36.

## 34. OTHER PAYABLES

Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	11,793	7,971
Holiday pay obligations etc.	12,565	10,815
VAT and taxes payable	34,738	26,870
Other costs payable	46,269	49,130

<b>Other short-term payables</b>	<b>105,365</b>	<b>94,786</b>
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Holiday pay obligations etc. cover obligations to pay wages and salaries during holidays which employees, as at the balance sheet date, have earned a right to take in the following financial year.

The carrying amount of payables concerning wages and salaries, income tax deducted at source, social contributions, holiday pay etc., derivative financial instruments, VAT and taxes as well as other costs payable corresponds to the fair value of such liabilities.

## 35. OPERATING LEASE COMMITMENTS

GROUP DKK '000	2013	2012
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For the years 2012-2017, operating leases concerning the lease of properties, machinery and other plant have been entered into. The leases have been concluded for a minimum of 3-10 years with fixed lease payments to be indexed annually. The leases are cannot be terminated within the period stated, after which they may be renewed for periods of five years.

Minimum lease payments recognised in the income statement	9,830	9,760
The minimum lease payments comprise:		
Production	2,119	2,529
Distribution	622	589
Administration	677	288
Other operating expenses	6,412	6,354
	<b>9,830</b>	<b>9,760</b>

The total future minimum lease payments for non-terminable leases fall due for payment as follows:

Within one year from the balance sheet date	9,484	9,059
Between two and five years from the balance sheet date	11,696	20,641
After five years from the balance sheet date	293	428
	<b>21,473</b>	<b>30,128</b>

The group has entered into leases in respect of land and buildings. The leases have been entered into with companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The leases (registered on the individual properties) cannot be terminated by the lessor or the lessee until 2017. The annual rent amounts to DKK 6,680k (2011/12: DKK 6,720k). The total future minimum lease payments in the period of non-terminability amount to DKK 15,172k. The amount is contained in the figures above.

### Lease and sublease

Effective from 1 May 2007, the group has entered an agreement on the lease and sublease of properties for a period of ten years, covering both investment properties and leased properties. The agreement cannot be terminated by any of the parties for the term of the lease.

The total future minimum lease payments for non-terminable leases and subleases fall due as follows:

Within one year from the balance sheet date	5,774	5,734
Between two and five years from the balance sheet date	17,322	22,936
After five years from the balance sheet date	0	0
	<b>23,096</b>	<b>28,670</b>

## 36. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

GROUP DKK '000	2013	2012
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### Security

Mortgage debt has been secured by way of mortgage over properties with associated plant and machinery (mortgaged fixtures and fittings (*tilbehørspant*)).

Carrying amount of mortgaged properties	137,306	143,260
Carrying amount of pledged mortgage credit bonds	171,727	183,059

Mortgage deed registered to the owner with a nominal value of DKK 750k over Danish properties is kept in own depository.

As security for mortgage debt, a mortgage deed registered to the owner with a nominal value of EUR 16,362k or DKK 121,995k over foreign properties and plant has been deposited.

Carrying amount of mortgaged properties and plant	386,371	358,583
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Harboes Bryggeri A/S has provided a guarantee for the bank debt of a third party. The guarantee has been maximised at DKK 1.7 million (30 April 2012: no guarantees provided).

### Contingent liabilities

Government grants received have been used to purchase property, plant and equipment. Some grants are subject to certain conditions being fulfilled, and repayment of the grants may be requested within a period of five years if the assets are disposed of or production is discontinued. No current repayment obligation exists.

No pending court cases etc. exist which are deemed by the management to have a serious negative impact on the financial standing of the parent and the group apart from what has already been disclosed in the annual report.

### Contingent asset

As described in the management's review, there is a case pending in connection with a recall of damaged products. Negotiations aimed at clarifying liability and insurance issues are in progress. As the technical investigations have not yet been completed, it is not possible to assess the extent to which the group's costs will be covered.



## 37. CHANGES IN NET WORKING CAPITAL

GROUP DKK '000	2013	2012
Changes in inventories	3,693	1,159
Changes in trade receivables	(9,562)	21,945
Changes in other receivables	(5,049)	3,554
Changes in trade payables etc.	(17,545)	(26,430)
Changes in other payables	9,009	(14,491)
	<b>(19,454)</b>	<b>(14,263)</b>

## 38. CASH AND CASH EQUIVALENTS

Cash and bank deposits	13,780	24,140
Overdraft facilities	(69,216)	(103,780)
	<b>(55,436)</b>	<b>(79,640)</b>

The carrying amount of cash and cash equivalents corresponds to the fair value of such cash and cash equivalents. The group has undrawn credit facilities totalling DKK 150.8 million as at 30 April 2013 (2011/12: DKK 96.2 million).

## 39. FEE TO THE AUDITORS OF THE PARENT APPOINTED BY THE GENERAL MEETING

GROUP DKK '000	2012/13	2011/12
<b>Deloitte</b>		
Statutory audit	1,439	1,530
Other assurance engagements	281	175
Tax advice	15	348
Other services	205	325
	<b>2,040</b>	<b>2,578</b>
<b>Other</b>		
Statutory audit	570	275
Other assurance engagements	199	409
Tax advice	122	121
Other services	26	275
	<b>917</b>	<b>1,080</b>

## 40. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

GROUP DKK '000	2013	2012
<b>Categories of financial instruments</b>		
Trade receivables	287,725	277,803
Other receivables	11,534	20,947
Cash	13,780	24,140
<b>Loans and receivables</b>	<b>313,039</b>	<b>322,890</b>
Financial assets available for sale	180,600	190,961
Deposits, leases	2,403	2,367
<b>Financial assets</b>	<b>183,003</b>	<b>193,328</b>
Mortgage debt	231,826	246,785
Other credit institutions	69,216	103,780
Trade payables	172,341	189,625
Repurchase obligation, returnable packaging	10,278	13,928
Other payables	105,365	94,786
Financial liabilities in respect of assets held for sale	0	3,209
<b>Financial liabilities measured at amortised cost</b>	<b>589,026</b>	<b>652,113</b>

### Risk policy of the group

Due to its operations, investments and financing, the group is exposed to a number of financial risks, including market risks (currency, interest rate and raw material risks), credit risks and liquidity risks.

The financial risks of the group are managed centrally. The general framework for the financial risk management is defined in the group's financial policy. The financial policy comprises the group's currency policy, investment policy, financing policy and policy on credit risks in relation to financial counterparties and includes a description of approved financial instruments and risk frameworks.

It is group policy not to engage in active financial risk speculation. The financial management of the group is thus only aimed at managing and reducing the financial risks that are a direct consequence of the group's operations, investments and financing.

The group uses a fully integrated financial management system for managing financial positions related to financial instruments. The management monitors the group's risk concentration in areas such as customers, geographical areas and currency etc. on a monthly basis. In addition, the management monitors changes in the group's risk concentration.

No changes were seen in the group's risk exposure and risk management relative to 2011/12.

### Currency risks concerning recognised assets and liabilities

The group's sale and purchase of goods in foreign currencies primarily takes place in EUR and, to a lesser extent, SEK, CHF, USD, NOK and PLN. No forward exchange contracts or similar have been concluded as at the balance sheet date as the management estimates that the group's currency risk is limited. The company's unhedged currency positions as at the balance sheet date can be specified as follows:

GROUP DKK '000	CASH AND CASH EQUIVALENTS	RECEIVABLES	PAYABLES	NET POSITION
EUR	978	385,875	(338,662)	50,148
SEK	4,402	4,497	(686)	8,213
NOK	1,006	1,770	(1,238)	1,538
Other currencies	507	99	(57)	549
<b>30 April 2013</b>	<b>6,893</b>	<b>392,241</b>	<b>(340,643)</b>	<b>60,448</b>
EUR	17,797	187,575	(262,847)	(57,475)
CHF	0	0	(191)	(191)
SEK	3,168	6,136	(782)	8,522
NOK	980	1,289	(11)	2,258
Other currencies	351	751	(159)	943
<b>30 April 2012</b>	<b>22,296</b>	<b>195,751</b>	<b>(263,990)</b>	<b>(45,943)</b>

## 40. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

### Sensitivity analysis concerning foreign exchange

The table below shows the effect it would have had on equity and the net profit/loss for the year, respectively, if the exchange rate had been 1% (EUR) and 5% (other) lower than the actual exchange rate applied. If the exchange rate had been higher, it would have had a similar opposite effect on equity and the net profit/loss for the year, respectively.

GROUP DKK '000	2012/13	2011/12
<b>Equity's sensitivity to exchange rate fluctuations</b>		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	24	575
Effect if the USD exchange rate was 5% lower than the actual exchange rate	3	0
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,639)	(426)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	0	(113)
Effect if other exchange rates were 5% lower than the actual exchange rates	(384)	(47)
	<b>1,996</b>	<b>(11)</b>
<b>Sensitivity of net profit/loss to exchange rate fluctuations</b>		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	400	(637)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	2	(7)
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,331)	(1,181)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(350)	(935)
Effect if other exchange rates were 5% lower than the actual exchange rates	24	3
	<b>(1,255)</b>	<b>(2,757)</b>

### Currency risks concerning future cash flows

The group's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future. The transactions are expected to be at the level realised in 2012/13.

No financial contracts in the form of forward exchange contracts or similar have been concluded as at the balance sheet date as the management estimates that there are no significant risks associated with future cash flows in foreign currencies.

### Interest rate risks

Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The group's net interest-bearing debt as at 30 April 2013 was DKK 115.5 million (2012: DKK 146.6 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit/loss for the year before tax negatively by approx. DKK 1.2 million (2011/12: approx. DKK 1.4 million).

### Liquidity risks

The due dates of financial liabilities exclusive of interest are specified in the notes for the individual categories of liabilities. The group and the parent's liquidity reserve consists of cash and undrawn credit facilities.

GROUP DKK '000	2012/13	2011/12
<b>The liquidity reserve comprises:</b>		
Cash	13,780	24,140
Undrawn credit facilities	150,784	96,220
Bond portfolio	171,727	183,059
	<b>336,291</b>	<b>303,419</b>
<b>In addition, the company has treasury shares with a fair value of</b>		
	<b>34,771</b>	<b>35,252</b>

### Credit risks

The group's primary credit risk concerns non-prepaid trade receivables. The group's customers are mainly large retail chains in Scandinavia, Germany and Estonia. The group has no significant credit risks relating to a single customer or partner.

The group is seeking to limit risks related to customers outside these countries by hedging receivables through letters of credit, bank guarantees and similar, which are included in the assessment of the necessary write-down for bad debts.

In the event that such hedging is not made or is exceeded, the group has laid down procedures for the approval of such risks.

The maximum credit risk associated with trade receivables corresponds to the carrying amount of such receivables.



## 40. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

### Capital structure

The company's management estimates, on a regular basis, whether the group's capital structure matches the interests of the company and its shareholders. The group's overall objective is to ensure a capital structure that maintains a high level of financial resources at all times to enable investments in continued organic growth and value creation by constantly adapting to market developments and meeting customer requirements.

The group aims for its financial resources to be made up of its own funds and for them to be flexible enough to allow for growth through acquisitions or participation in large partnerships. The group's general strategy is consistent with previous years.

See also the section in the management's review on financial objectives, page 15.

The group's financial gearing appears from the financial highlights on page 9.

### Breach of loan agreement terms

During the financial year and the year of comparison, the group has not acted negligently in respect of or failed to observe loan agreements.

### Methods and assumptions for the determination of fair values

#### Listed bonds

The portfolio of listed mortgage credit bonds is measured at listed prices.

#### Listed shares

The portfolio of listed shares is measured at listed prices.

#### Unlisted shares and securities

Unlisted shares are measured on the basis of observable information or at cost.

### Fair value hierarchy of financial instruments measured at fair value in the balance sheet

Below is a classification of financial instruments measured at fair value based on the fair value hierarchy.

- Listed prices in an active market for the same type of instrument (level 1)
- Listed prices in an active market for similar assets or liabilities or other methods of measurement according to which all significant inputs are based on observable market data (level 2)
- Methods of measurement according to which significant inputs are not based on observable market data (level 3)

2012/13	LEVEL 1 DKK '000	LEVEL 2 DKK '000	LEVEL 3 DKK '000	TOTAL DKK '000
Listed mortgage credit bonds	171,727	0	0	171,727
Listed shares	180	0	0	180
Unlisted shares and securities	0	2,400	6,293	8,693
<b>Financial assets available for sale</b>	<b>171,907</b>	<b>2,400</b>	<b>6,293</b>	<b>180,600</b>

No transfers between level 1 and level 2 have occurred during the financial year.

#### 2011/12

Listed mortgage credit bonds	183,059	0	0	183,059
Listed shares	145	0	0	145
Unlisted shares and securities	0	2,400	5,357	7,757
<b>Financial assets available for sale</b>	<b>183,204</b>	<b>2,400</b>	<b>5,357</b>	<b>190,961</b>

No transfers between level 1 and level 2 have occurred during the financial year.

## 40. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

Financial instruments measured at fair value in the balance sheet based on methods of measurement according to which significant inputs are not based on observable market data (level 3):

GROUP DKK '000	FINANCIAL ASSETS AVAILABLE FOR SALE
<b>Carrying amount as at 1 May 2011</b>	<b>1,668</b>
Gains/(losses) in net profit/loss for the year	0
Gains/(losses) in other comprehensive income	0
Purchase	3,689
Sale	0
<b>Carrying amount as at 30 April 2012</b>	<b>5,357</b>
Gains/(losses) in net profit/loss for the year	(130)
Gains/(losses) in other comprehensive income	0
Purchase	1,307
Sale	(241)
<b>Carrying amount as at 30 April 2013</b>	<b>6,293</b>

## 41. RELATED PARTIES

### Related parties with a controlling influence

The following parties have a controlling influence in the parent and the group:

Name	Domicile	Basis of control
Kirsten and Bernhard Griese	Spegerborgvej 4, 4230 Skælskør, Denmark	Shareholder with the majority of the voting rights

### TRANSACTIONS WITH RELATED PARTIES

During the financial year, the group has engaged in the following transactions with its related parties:

2012/13 DKK '000	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
Sale of goods	1,072	0	0	1,072
Purchase of goods	14,462	0	0	14,462
Sale of non-current assets	0	0	0	0
Sale of services	977	0	0	977
Purchase of services	1,092	544	336	1,972
Sale of leases	1,401	0	0	1,401
Purchase of leases	6,682	0	0	6,682
Fees etc.	5,534	12,457	420	18,411
Deposits, leases	2,403	0	0	2,403
Trade receivables etc.	793	0	0	793
Trade payables etc.	285	85	0	370
Distribution of dividend	1,363	66	34	1,463

## 41. RELATED PARTIES, CONTINUED

2011/12 DKK '000	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
Sale of goods	2,562	0	0	2,562
Purchase of goods	3,465	0	0	3,465
Sale of non-current assets	20	0	0	20
Sale of services	524	0	0	524
Purchase of services	421	649	372	1,442
Sale of leases	1,149	0	0	1,149
Purchase of leases	6,745	0	50	6,795
Fees etc.	5,994	13,026	412	19,432
Deposits, leases	2,345	0	0	2,345
Trade receivables etc.	857	0	0	857
Trade payables etc.	1,929	0	35	1,964
Distribution of dividend	1,363	66	34	1,463

\*) Including transactions with other companies having Bernhard Griese, CEO, as the main shareholder.

The purchase and sale of goods to related parties have been conducted at the normal selling prices of the group.

No security was provided and no guarantees were given in respect of outstanding balances as at the balance sheet date. Both receivables and payables will be settled in cash. During the financial year, no bad debts in respect of related parties were realised and no write-downs were made for probable losses.

The group has entered into leases in respect of land and buildings. The leases have been entered into with companies having Bernhard Griese, CEO, and his close relatives as main shareholders.

The leases, which are registered on the individual properties, cannot be terminated by the lessor until 2020 and by the lessee until 2017. The annual rent amounts to DKK 6,680k (2011/12: DKK 6,720k). The total future minimum lease payments in the period of non-terminability amount to DKK 15,172k; see note 35.

### Remuneration etc. to the Board of Directors, the Board of Executives and other key staff members

Please refer to note 7 for information on remuneration paid to the Board of Directors, the Board of Executives and other key staff members. The remuneration is included in the above.

## 42. ADOPTION OF ANNUAL REPORT FOR PUBLICATION

At the board meeting on 27 June 2013, the Board of Directors adopted the present annual report for publication.

The annual report is presented to the shareholders of Harboes Bryggeri A/S for adoption at the annual general meeting on 28 August 2013.



## INCOME STATEMENT

PARENT DKK '000	NOTE	2012/13	2011/12
Gross revenue		713,698	842,447
Taxes on beer and soft drinks		(153,267)	(169,188)
<b>Revenue</b>		<b>560,431</b>	<b>673,259</b>
Production costs	3, 4, 5, 6	(459,835)	(521,726)
<b>Gross profit/(loss)</b>		<b>100,596</b>	<b>151,533</b>
Other operating income		576	576
Distribution costs		(76,183)	(95,054)
Administrative expenses		(30,819)	(32,940)
<b>Operating profit/(loss) (EBIT)</b>		<b>(5,830)</b>	<b>24,115</b>
Income from equity investments in subsidiaries	7	453	5,344
Financial income	8	2,063	1,487
Financial expenses	9	(4,310)	(7,277)
<b>Profit/(loss) before tax</b>		<b>(7,624)</b>	<b>23,669</b>
Tax on profit/loss for the year	10	2,296	(5,740)
<b>Net profit/(loss) for the year</b>		<b>(5,328)</b>	<b>17,929</b>
Proposal for the distribution of net profit/loss			
Dividend for the financial year	11	9,000	9,000
Retained earnings		(14,328)	8,929
		<b>(5,328)</b>	<b>17,929</b>

## STATEMENT OF COMPREHENSIVE INCOME

PARENT DKK '000	NOTE	2012/13	2011/12
<b>Net profit/(loss) for the year</b>		<b>(5,328)</b>	<b>17,929</b>
<b>Other comprehensive income:</b>			
<i>Items which may be reclassified for the income statement:</i>			
Adjustment to fair value of financial assets available for sale		34	271
Adjustment to fair value of financial assets available for sale, recirculation upon disposal		0	271
Tax on other comprehensive income	10	0	111
<b>Other comprehensive income</b>		<b>34</b>	<b>653</b>
<b>Total comprehensive income</b>		<b>(5,294)</b>	<b>18,582</b>

## BALANCE SHEET AS AT 30 APRIL

PARENT DKK '000	NOTE	2012/13	2011/12
Development projects		6,884	0
Software		17,680	2,008
Intangible assets under construction		153	20,502
<b>Intangible assets</b>	<b>12</b>	<b>24,717</b>	<b>22,510</b>
Land and buildings		107,311	113,368
Plant and machinery		214,178	219,892
Other plant		19,589	21,655
Spare parts for own machinery		4,458	5,297
Property, plant and equipment under construction		2,308	11,965
<b>Property, plant and equipment</b>	<b>13</b>	<b>347,844</b>	<b>372,177</b>
Equity investments in subsidiaries	14	109,963	165,977
Financial assets available for sale	15	8,768	7,797
Receivables from subsidiaries	15	23,895	22,960
<b>Financial assets</b>		<b>142,626</b>	<b>196,734</b>
<b>Non-current assets</b>		<b>515,187</b>	<b>591,421</b>
<b>Inventories</b>	<b>16</b>	<b>50,139</b>	<b>48,983</b>
Trade receivables	17	128,600	128,319
Receivables from subsidiaries		13,859	4,918
Other receivables	18	2,867	2,401
Prepayments		2,230	2,344
<b>Receivables</b>		<b>147,556</b>	<b>137,982</b>
<b>Cash</b>	<b>19</b>	<b>6,372</b>	<b>5,822</b>
<b>Assets held for sale</b>	<b>20</b>	<b>2,400</b>	<b>2,400</b>
<b>Current assets</b>		<b>206,467</b>	<b>195,187</b>
<b>Assets</b>		<b>721,654</b>	<b>786,608</b>

## BALANCE SHEET AS AT 30 APRIL

PARENT DKK '000	NOTE	2013	2012
Share capital	21	60,000	60,000
Share premium		51,000	51,000
Reserves	23	(4,678)	(4,712)
Retained earnings		213,752	232,598
<b>Equity</b>		<b>320,074</b>	<b>338,886</b>
Mortgage debt	26	4,771	4,931
Deferred tax liabilities	24	29,955	35,160
Deferred recognition of income	29	2,688	3,264
<b>Non-current liabilities</b>		<b>37,414</b>	<b>43,355</b>
Deferred recognition of income	29	576	576
Mortgage debt	26	157	146
Other credit institutions	27	69,216	101,618
Trade payables	28	81,577	79,248
Repurchase obligation, returnable packaging	25	10,278	13,928
Payables to subsidiaries		122,857	135,698
Other payables	30	71,622	65,697
Income tax payable		7,883	4,247
<b>Current liabilities</b>		<b>364,166</b>	<b>401,158</b>
<b>Liabilities in respect of assets held for sale</b>		<b>0</b>	<b>3,209</b>
<b>Liabilities</b>		<b>401,580</b>	<b>447,722</b>
<b>Equity and liabilities</b>		<b>721,654</b>	<b>786,608</b>

## CASH FLOW STATEMENT

PARENT DKK '000	NOTE	2013	2012
Operating profit/(loss) (EBIT)		(5,830)	24,115
Depreciation, amortisation, impairment losses and write-downs	6	39,684	44,703
Grants recognised as income		(576)	(576)
Changes in net working capital	33	2,813	(10,883)
<b>Cash flows from primary operating activities</b>		<b>36,091</b>	<b>57,359</b>
Financial income received		1,991	1,482
Financial expenses paid		(4,310)	(6,664)
Income tax paid		728	(7,291)
<b>Cash flows from operating activities</b>		<b>34,500</b>	<b>44,886</b>
Purchase of intangible assets		(6,092)	(14,959)
Purchase of property, plant and equipment		(18,863)	(19,487)
Sale of property, plant and equipment		7,397	5,122
Purchase of financial assets, net		(1,050)	(3,688)
Dividend received from subsidiaries		56,533	10,344
Dividend received from financial assets available for sale		72	70
Change in loan to subsidiary/capital reduction		1,156	474
<b>Cash flows from investing activities</b>		<b>39,153</b>	<b>(22,124)</b>
Dividend paid to shareholders of parent		(8,328)	(8,474)
Purchase/sale of treasury shares		(5,190)	(3,734)
Repayment of mortgage debt		(3,245)	(140)
<b>Cash flows from financing activities</b>		<b>(16,763)</b>	<b>(12,348)</b>
<b>Change in cash and cash equivalents</b>		<b>56,890</b>	<b>10,414</b>
Cash and cash equivalents as at 1 May		(231,494)	(241,908)
<b>Cash and cash equivalents as at 30 April</b>	<b>34</b>	<b>(174,604)</b>	<b>(231,494)</b>

## STATEMENT OF CHANGES IN EQUITY

PARENT DKK '000	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
<b>Equity as at 1 May 2011</b>	<b>60,000</b>	<b>51,000</b>	<b>(5,365)</b>	<b>226,877</b>	<b>332,512</b>
Net profit/(loss) for the year	0	0	0	17,929	17,929
Other comprehensive income after tax	0	0	653	0	653
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>653</b>	<b>17,929</b>	<b>18,582</b>
Purchase of treasury shares	0	0	0	(3,734)	(3,734)
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	526	526
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(12,208)</b>	<b>(12,208)</b>
<b>Equity as at 30 April 2012</b>	<b>60,000</b>	<b>51,000</b>	<b>(4,712)</b>	<b>232,598</b>	<b>338,886</b>
Equity as at 1 May 2012	60,000	51,000	(4,712)	232,598	338,886
Net profit/(loss) for the year	0	0	0	(5,328)	(5,328)
Other comprehensive income after tax	0	0	34	0	34
<b>Comprehensive income for the financial year</b>	<b>0</b>	<b>0</b>	<b>34</b>	<b>(5,328)</b>	<b>(5,294)</b>
Purchase of treasury shares	0	0	0	(5,190)	(5,190)
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	672	672
	<b>0</b>	<b>0</b>	<b>0</b>	<b>(13,518)</b>	<b>(13,518)</b>
<b>Equity as at 30 April 2013</b>	<b>60,000</b>	<b>51,000</b>	<b>(4,678)</b>	<b>213,752</b>	<b>320,074</b>



# NOTES OVERVIEW

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## 1. ACCOUNTING POLICIES

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For a description of the parent's accounting policies and of the implementation of new and revised standards and interpretations, please refer to note 1 in the consolidated financial statements. The implementation of the new and revised standards and interpretations did not result in any changes to the accounting policies.

## 2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

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For a description of significant accounting estimates, assumptions and uncertainties, please refer to note 2 in the consolidated financial statements.

### Changes to useful lives of property, plant and equipment

As from 1 May 2011, the parent has changed the estimated useful lives of non-current technical plant.

The changed estimate of the useful lives of technical plant has resulted in longer depreciation periods. The changed estimate is based on experience as regards the actual useful lives of the plant in question, the depreciation periods estimated so far having proved to deviate significantly from the actual useful lives of the relevant plant.

In total, the parent's depreciation decreased by approx. DKK 9 million in 2012/13 due to changed useful lives (2011/12: approx. DKK 11 million).

The reassessed useful lives will reduce the parent's production costs over the next few years in the form of reduced depreciation as stated below, provided that the assets are held until the end of their useful lives:

	DKK million
FY 2013/14	9
FY 2014/15	6

### 3. PRODUCTION COSTS

PARENT DKK '000	2012/13	2011/12
Cost of sales	399,569	459,974
Research and development costs; see note 4	324	116
Depreciation, amortisation, impairment losses and write-downs; see note 6	32,313	35,781
Other production costs	27,629	25,855
	<b>459,835</b>	<b>521,726</b>

### 4. RESEARCH AND DEVELOPMENT COSTS

Research and development costs incurred	1,490	5,202
Development costs recognised as intangible assets, note 12	(1,166)	(5,086)
	<b>324</b>	<b>116</b>

### 5. STAFF COSTS

Remuneration to the Board of Directors	803	788
Wages and salaries	84,733	94,310
Defined-contribution plans	7,365	10,173
Other social security costs	1,952	6,923
Other staff costs	2,989	7,630
Refunds from public authorities	(210)	(521)
	<b>97,632</b>	<b>119,303</b>
Staff costs comprise:		
Production costs	53,699	67,621
Distribution costs	29,003	28,919
Administrative expenses	13,764	17,677
Included in cost of development projects	1,166	5,086
	<b>97,632</b>	<b>119,303</b>
<b>Average number of employees</b>	<b>192</b>	<b>208</b>

### PARENT DKK '000

	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
	2012/13 DKK '000	2011/12 DKK '000	2012/13 DKK '000	2011/12 DKK '000	2012/13 DKK '000	2011/12 DKK '000
<b>Remuneration paid to members of the management</b>						
Remuneration for the Board of Directors	803	788	0	0	0	0
Wages and salaries etc.	0	0	4,281	4,575	7,964	8,612
Pension	0	0	291	450	951	810
	<b>803</b>	<b>788</b>	<b>4,572</b>	<b>5,025</b>	<b>8,915</b>	<b>9,422</b>

The company's key staff are covered by a performance-related bonus programme. Termination payments for managers constitute a maximum of two years' remuneration. The programmes are unchanged relative to last year.

#### Pension plans

The group has entered into defined-contribution plan agreements with a significant number of the group's employees. For defined contribution plans, the employer pays regular contributions to an independent pension provider, pension fund etc., but does not assume any risk in respect of future developments in interest rates, inflation, mortality, disablement etc. as concerns the amount to be disbursed to the employee upon retirement.

## 6. DEPRECIATION, AMORTISATION, IMPAIRMENT LOSSES AND WRITE-DOWNS

PARENT DKK '000	2012/13	2011/12
Intangible assets; see note 12	3,024	2,398
Buildings; see note 13	6,732	7,074
Plant and machinery; see note 13	23,863	25,564
Other plant etc.; see note 13	6,641	10,161
Profit/(loss) from the sale of property, plant and equipment	(576)	(1,086)
Impairment of assets held for sale	0	592
	<b>39,684</b>	<b>44,703</b>
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	32,313	35,781
Distribution costs	2,689	4,148
Administrative expenses	4,682	4,774
	<b>39,684</b>	<b>44,703</b>

## 7. INCOME FROM EQUITY INVESTMENTS IN SUBSIDIARIES

	2012/13	2011/12
Dividend	56,533	10,344
Value adjustment/impairment	(56,080)	(5,000)
	<b>453</b>	<b>5,344</b>

## 8. FINANCIAL INCOME

PARENT DKK '000	2012/13	2011/12
Interest on bank deposits etc.	9	444
Interest on receivables from subsidiaries	1,652	662
Interest on investment – assets available for sale	175	50
<b>Interest income from financial assets not measured at fair value via the net profit/loss for the year</b>	<b>1,836</b>	<b>1,156</b>
Dividend from financial assets available for sale	72	70
Adjustment to fair value of liabilities in respect of assets held for sale	114	0
Net foreign exchange gains and losses	41	261
	<b>2,063</b>	<b>1,487</b>

## 9. FINANCIAL EXPENSES

	2012/13	2011/12
Interest on mortgage debt	145	227
Interest on bank debt etc.	3,165	4,755
Interest on payables to subsidiaries	741	1,995
<b>Financial expenses of financial liabilities not measured at fair value via the net profit/loss for the year</b>	<b>4,051</b>	<b>6,977</b>
Translation adjustment, liabilities in respect of assets held for sale	259	300
	<b>4,310</b>	<b>7,277</b>



## 10. TAX ON PROFIT/LOSS FOR THE YEAR

PARENT DKK '000	2012/13	2011/12
Current tax	1,454	5,075
Change in deferred tax	(3,233)	290
	<b>(1,779)</b>	<b>5,365</b>
Adjustment of deferred tax regarding previous financial years	(1,972)	(1,312)
Adjustment of current tax regarding previous financial years	1,455	1,687
	<b>(517)</b>	<b>375</b>
	<b>(2,296)</b>	<b>5,740</b>

The current income tax for the financial year has been calculated on the basis of a tax rate of 25% (2011/12: 25%).

	2012/13 DKK '000	2012/13 %	2011/12 DKK '000	2011/12 %
<b>Profit/(loss) before tax</b>	<b>(7,624)</b>		<b>23,669</b>	
Calculated tax thereon	(1,906)	25.0	5,917	25.0
Non-deductible income and expenses as well as depreciation, amortisation, impairment losses and write-downs (390)	(390)	5.1	(177)	(0.8)
	<b>(2,296)</b>		<b>5,740</b>	
<b>Effective tax rate</b>		<b>30.1</b>		<b>24.2</b>
Tax on income and expenses recognised in other comprehensive income may be specified as follows:				
Adjustment to fair value of financial assets available for sale	0		111	
	<b>0</b>		<b>111</b>	
<b>Tax on other comprehensive income</b>				
Adjustment to fair value of financial assets available for sale	0		111	
	<b>0</b>		<b>111</b>	

## 11. DIVIDEND

For a description of paid dividend and proposed dividend payments, please refer to note 14 of the consolidated financial statements.

## 12. INTANGIBLE ASSETS

PARENT DKK '000	DEVELOPMENT PROJECTS	SOFTWARE	PLANT UNDER CON- STRUCTION
Cost as at 1 May 2012	3,628	7,474	20,502
Reclassification for property, plant and equipment	0	0	(861)
Transfer	5,806	15,108	(20,914)
Additions	1,315	3,351	1,426
Disposals	(3,628)	(62)	0
<b>Cost as at 30 April 2013</b>	<b>7,121</b>	<b>25,871</b>	<b>153</b>
Amortisation and impairment losses as at 1 May 2012	3,628	5,466	0
Amortisation for the year	237	2,787	0
Reversal in connection with disposals	(3,628)	(62)	0
<b>Amortisation and impairment losses as at 30 April 2013</b>	<b>237</b>	<b>8,191</b>	<b>0</b>
<b>Carrying amount as at 30 April 2013</b>	<b>6,884</b>	<b>17,680</b>	<b>153</b>
Cost as at 1 May 2011	3,628	7,253	5,764
Transfer	0	0	0
Additions	0	221	14,738
Disposals	0	0	0
<b>Cost as at 30 April 2012</b>	<b>3,628</b>	<b>7,474</b>	<b>20,502</b>
Amortisation and impairment losses as at 1 May 2011	3,195	3,501	0
Amortisation for the year	433	1,965	0
<b>Amortisation and impairment losses as at 30 April 2012</b>	<b>3,628</b>	<b>5,466</b>	<b>0</b>
<b>Carrying amount as at 30 April 2012</b>	<b>0</b>	<b>2,008</b>	<b>20,502</b>

## 13. PROPERTY, PLANT AND EQUIPMENT

PARENT DKK '000	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER PLANT ETC.	SPARE PARTS FOR OWN MACHINERY	PLANT UNDER CONSTRUCTION
Cost as at 1 May 2012	251,487	662,957	84,491	5,297	11,965
Reclassification from intangible assets	0	(3,108)	3,108	0	861
Transfers	614	8,403	1,391	0	(10,408)
Other additions	2,637	10,284	5,873	0	69
Disposals	(3,282)	(154,787)	(35,387)	(839)	(179)
<b>Cost as at 30 April 2013</b>	<b>251,456</b>	<b>523,749</b>	<b>59,476</b>	<b>4,458</b>	<b>2,308</b>
Depreciation and impairment losses as at 1 May 2012	138,119	443,065	62,836	0	0
Reclassification	0	(2,643)	2,643	0	0
Depreciation for the year	6,732	23,863	6,641	0	0
Reversal in connection with disposals	(706)	(154,714)	(32,233)	0	0
<b>Depreciation and impairment losses as at 30 April 2013</b>	<b>144,145</b>	<b>309,571</b>	<b>39,887</b>	<b>0</b>	<b>0</b>
<b>Carrying amount as at 30 April 2013</b>	<b>107,311</b>	<b>214,178</b>	<b>19,589</b>	<b>4,458</b>	<b>2,308</b>
Cost as at 1 May 2011	248,150	691,273	148,945	3,993	18,751
Transfers	0	14,515	372	0	(14,887)
Other additions	3,337	6,603	1,242	1,559	8,101
Disposals	0	(49,434)	(66,068)	(255)	0
<b>Cost as at 30 April 2012</b>	<b>251,487</b>	<b>662,957</b>	<b>84,491</b>	<b>5,297</b>	<b>11,965</b>
Depreciation and impairment losses as at 1 May 2011	131,045	463,909	116,632	0	0
Depreciation for the year	7,074	25,564	10,161	0	0
Reversal in connection with disposals	0	(46,408)	(63,957)	0	0
<b>Depreciation and impairment losses as at 30 April 2012</b>	<b>138,119</b>	<b>443,065</b>	<b>62,836</b>	<b>0</b>	<b>0</b>
<b>Carrying amount as at 30 April 2012</b>	<b>113,368</b>	<b>219,892</b>	<b>21,655</b>	<b>5,297</b>	<b>11,965</b>

## 14. EQUITY INVESTMENTS IN SUBSIDIARIES

PARENT DKK '000	2013	2012
Cost as at 1 May	375,353	375,353
Capital increase through cash contribution	66	0
Additions through the purchase of equity investments	0	0
Dividend received (capital reduction)	0	0
<b>Cost as at 30 April</b>	<b>375,419</b>	<b>375,353</b>
Impairment as at 1 May	(209,376)	(204,376)
Impairment for the year	(56,080)	(5,000)
<b>Impairment as at 30 April</b>	<b>(265,456)</b>	<b>(209,376)</b>
<b>Carrying amount as at 30 April</b>	<b>109,963</b>	<b>165,977</b>

### Equity investments in subsidiaries comprise:

Darguner Brauerei GmbH, Dargun, Germany, ownership interest of 100.00%, voting share of 100.00%  
AS Viru Ölu, Haljala, Estonia, ownership interest of 98.69%, voting share of 98.69%  
Harboe Norge AS, Moss, Norway, ownership interest of 100.00%, voting share of 100.00%  
Harboe Ejendomme A/S, Slagelse, Denmark, ownership interest of 100.00%, voting share of 100.00%  
Skælskør Bryghus, Slagelse, Denmark, ownership interest of 100.00%, voting share of 100.00%  
Harboe Sverige AB, Mölnlycke, Sweden, ownership interest of 100.00%, voting share of 100.00%  
Harboe Poland sp. Z O.O., Warsaw, Poland, ownership interest of 100.00%, voting share of 100.00%

New capital of DKK 66k was injected into Harboe Sverige AB in the period.

The composition of other ownership interests etc. in the group enterprises is consistent with that of last year.

Impairment for the year can be specified as follows:

Harboe Norge AS	1,000	5,000
Harboe Sverige AB	80	0
Harboe Ejendomme A/S	55,000	0
	<b>56,080</b>	<b>5,000</b>

The impairment is based on impairment testing occasioned by a marked decline in the company's cash-generating activities following changes in the underlying market conditions.

The fair values are determined on the basis of the value in use of the assets based on future earnings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an estimated market-specific discount rate of 7% - 12.5%.

Darguner Brauerei GmbH and Harboe Poland sp. Z O.O. are audited by the audit firm AWADO Deutsche Audit GmbH, Germany.

The annual reports of the other subsidiaries are audited by Deloitte Statsautoriseret Revisionspartnerselskab.

## 15. FINANCIAL ASSETS AVAILABLE FOR SALE AND RECEIVABLES FROM SUBSIDIARIES

PARENT DKK '000	ASSETS AVAILABLE FOR SALE	RECEIVABLES FROM SUBSID- IARIES
Cost as at 1 May 2012	12,509	22,960
Adjustment, beginning of year	(147)	54
Additions	1,307	1,491
Disposals	(370)	(610)
<b>Cost as at 30 April 2013</b>	<b>13,299</b>	<b>23,895</b>
Revaluation and impairment losses as at 1 May 2012	(4,712)	0
Adjustment, beginning of year	147	0
Adjustments for the year	34	0
Reversal in connection with disposals	0	0
<b>Revaluation and impairment losses as at 30 April 2013</b>	<b>(4,531)</b>	<b>0</b>
<b>Carrying amount as at 30 April 2013</b>	<b>8,768</b>	<b>23,895</b>
Cost as at 1 May 2011	9,399	23,434
Adjustment, beginning of year	(379)	0
Additions	3,688	0
Disposals	(199)	(474)
<b>Cost as at 30 April 2012</b>	<b>12,509</b>	<b>22,960</b>
Revaluation and impairment losses as at 1 May 2011	(5,519)	0
Adjustment, beginning of year	308	0
Adjustments for the year	242	0
Reversal in connection with disposals	257	0
<b>Revaluation and impairment losses as at 30 April 2012</b>	<b>(4,712)</b>	<b>0</b>
<b>Carrying amount as at 30 April 2012</b>	<b>7,797</b>	<b>22,960</b>
Financial assets available for sale are measured at fair value at the balance sheet date.		
Listed shares	180	145
Unlisted shares and securities	8,588	7,652
	<b>8,768</b>	<b>7,797</b>
<b>Receivables from subsidiaries</b>	<b>23,895</b>	<b>22,960</b>

Harboes Bryggeri A/S holds more than 20 % of the share capital in FCS 2008 A/S. The management believes that the ownership interest does not give Harboe a significant influence in the company as the company is controlled by another major shareholder. The capital is therefore considered a financial asset available for sale. Receivables from subsidiary are stated in EUR. No due date has been set for the receivables. Receivables carried a floating rate of interest at the rate of 2% in 2012/13.

## 16. INVENTORIES

PARENT DKK '000	2013	2012
Raw materials, semi-manufactures and non-returnable packaging	24,359	22,977
Finished goods and goods for resale	25,780	26,006
	<b>50,139</b>	<b>48,983</b>

## 17. TRADE RECEIVABLES

<b>Trade receivables</b>	<b>128,600</b>	<b>128,319</b>
<b>Write-downs for expected losses</b>	<b>850</b>	<b>400</b>

A provisions account is used to reduce the carrying amount of receivables which have been written down due to a loss risk.

Direct write-downs of receivables are made if the value, based on an individual assessment of the individual debtors' ability to pay, is reduced, e.g. as a result of a suspension of payments etc. Write-downs are made to the calculated net realisable value.

All major overdue receivables have been written off as at the balance sheet date.

Provisions account as at 1 May	400	400
Ascertained losses and payments received concerning claims previously written off for the year	(125)	19
Reversed write-downs	0	0
Write-downs for bad debts for the year	575	(19)
<b>Provisions account as at 30 April</b>	<b>850</b>	<b>400</b>
<b>Write-downs for the year recognised in the income statement</b>	<b>575</b>	<b>(19)</b>

Overdue receivables not written off:		
Overdue by up to one month	2,015	0
Overdue by between one and three months	2,070	2,143
Overdue by between three and six months	0	79
Overdue by more than six months	24,255	2,704
	<b>28,340</b>	<b>4,926</b>

After the end of the financial year, DKK 8.6 million has been received in respect of receivables overdue by more than six months.



## 18. OTHER RECEIVABLES

PARENT DKK '000	2013	2012
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Other receivables	2,867	2,401
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Other receivables are not associated with any special credit risks, and like last year, no write-downs of these are included. None of the receivables are overdue.

## 19. CASH

Cash and bank deposits	6,372	5,822
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The group has undrawn credit facilities of DKK 150.8 million (2011/12: DKK 96.2 million).

## 20. ASSETS HELD FOR SALE

PARENT DKK '000	2013	2012
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The Board of Directors of Harboes Bryggeri A/S has decided to sell one of its residential properties. The property is expected to sell within 12 months. Proceeds from the sale are expected to correspond to the carrying amount of assets and liabilities.

Property, plant and equipment	2,400	2,992
Impairment for the year	0	(592)

<b>Assets held for sale</b>	<b>2,400</b>	<b>2,400</b>
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Payables in respect of assets held for sale	0	(3,209)
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<b>Net assets held for sale</b>	<b>2,400</b>	<b>(809)</b>
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## 21. SHARE CAPITAL

The share capital amounts to DKK 60.0 million, divided into Class A shares with a nominal value of DKK 6.4 million and Class B shares with a nominal value of DKK 53.6 million.

Each Class A share of DKK 10 carries 10 votes, and each Class B share of DKK 10 carries 1 vote.

The Class B shares are listed on NASDAQ OMX Copenhagen.

The past four years have not seen any changes to the share capital.

## 22. TREASURY SHARES

	2013		2012		SHARE OF SHARE CAPITAL	
	NO. OF SHARES OF DKK 10	NO. OF SHARES OF DKK 10	NOMINAL VALUE 2013 DKK '000	NOMINAL VALUE 2012 DKK '000	2013 %	2012 %
Treasury shares as at 1 May	393,882	350,585	3,939	3,506	6.5	5.8
Purchase of treasury shares	57,686	43,297	577	433	1.0	0.7
Sale of treasury shares	0	0	0	0	0.0	0.0
<b>Treasury shares as at 30 April</b>	<b>451,568</b>	<b>393,882</b>	<b>4,516</b>	<b>3,939</b>	<b>7.5</b>	<b>6.5</b>

Harboes Bryggeri A/S holds treasury Class B shares which have been purchased to ensure optimum investment of cash funds.

According to a decision made by the general meeting on 5 November 2011, the company can acquire up to 50% of the share capital until the company's annual general meeting in 2015.

In 2012/13, the company acquired treasury shares with a nominal value of DKK 577k at an average price of 89.98, corresponding to DKK 5.2 million (2011/12: purchased shares with a nominal value of DKK 433k, average price 86.20).

In 2012/13, the company did not sell any treasury shares (2011/12: No sale of shares).

## 23. OTHER RESERVES

PARENT DKK '000	2012/13	2011/12
Reserve for adjustment to fair value of financial assets available for sale	(4,678)	(4,712)
Other reserves as at 1 May 2012		(4,712)
Adjustment to fair value of financial assets available for sale		(34)
Adjustment to fair value of financial assets available for sale, recirculation to income statement in connection with disposal		0
Tax on income and expenses recognised in other comprehensive income		0
<b>Other reserves as at 30 April 2013</b>	<b>(4,678)</b>	
Other reserves as at 1 May 2011		(5,365)
Adjustment to fair value of financial assets available for sale		271
Adjustment to fair value of financial assets available for sale, recirculation to income statement in connection with disposal		271
Tax on income and expenses recognised in other comprehensive income		111
<b>Other reserves as at 30 April 2012</b>		<b>(4,712)</b>

Reserve for value adjustment of financial assets available for sale

## 24. DEFERRED TAX LIABILITIES

PARENT DKK '000	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Deferred tax assets and tax liabilities as at 1 May 2011	0	36,182
Change in deferred tax recognised in the income statement	0	(1,022)
<b>Deferred tax assets and tax liabilities as at 30 April 2012</b>	<b>0</b>	<b>35,160</b>
Change in deferred tax recognised in the income statement	0	(5,205)
<b>Deferred tax assets and tax liabilities as at 30 April 2013</b>	<b>0</b>	<b>29,955</b>
	<b>2013</b>	<b>2012</b>

Deferred tax is recognised in the balance sheet as follows:

Deferred tax liabilities	29,955	35,160
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	1 MAY	RECOGNISED IN INCOME STATEMENT	RECOGNISED IN OTHER COMPREHENSIVE INCOME	TRANSFERRED TO CURRENT TAX	30 APRIL
Non-current assets	32,824	896	0	0	33,720
Current assets	2,234	(513)	0	0	1,721
Liability	0	(1,030)	0	0	(1,030)
Unutilised tax losses	1,124	(375)	0	0	749
<b>Deferred tax liabilities 2012</b>	<b>36,182</b>	<b>(1,022)</b>	<b>0</b>	<b>0</b>	<b>35,160</b>
Non-current assets	33,720	(5,174)	0	0	28,546
Current assets	1,721	61	0	0	1,660
Liability	(1,030)	215	0	0	(815)
Unutilised tax losses	749	(185)	0	0	564
<b>Deferred tax liabilities 2013</b>	<b>35,160</b>	<b>(5,205)</b>	<b>0</b>	<b>0</b>	<b>29,955</b>

A lowering of the income tax rate to 22% had been proposed and was adopted after the end of the financial year. The company's deferred tax will be reduced by DKK 3.6 million over the next three years.

## 25. REPURCHASE OBLIGATION, RETURNABLE PACKAGING

PARENT DKK '000	2013	2012
Repurchase obligation as at 1 May	13,928	27,719
Changes during the financial year, net	(3,650)	(13,791)
<b>Repurchase obligation as at 30 April</b>	<b>10,278</b>	<b>13,928</b>
Provisions are recognised in the balance sheet as follows:		
Current liabilities	10,278	13,928
Non-current liabilities	0	0
	<b>10,278</b>	<b>13,928</b>

The repurchase obligation has been adjusted on the basis of the net sale of returnable packaging for the year less an estimated wastage in the volume of returnable packaging in circulation.

In consequence of Harboes Bryggeri A/S's continued phasing out of the 50 cl. REF PET bottle, the company's repurchase obligation has been further reduced in 2012/13.



## 26. MORTGAGE DEBT

PARENT DKK '000	2013	2012
Mortgage debt secured on real property	4,928	5,077
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	157	146
Between two and five years from the balance sheet date	681	619
After five years from the balance sheet date	4,090	4,312
	4,928	5,077
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	157	146
Non-current liabilities	4,771	4,931
	4,928	5,077

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
<b>30 April 2013</b>						
Mortgage debt	DKK	2026	Floating	2,220	2,299	2,408
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,735
				4,928	5,007	5,143
<b>30.04.2012</b>						
Mortgage debt	DKK	2026	Floating	2,369	2,456	2,535
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,706
				5,077	5,164	5,241

The fair value has been determined at the present value of expected future instalments and interest payments using the current market interest rate as the discount rate.

## 27. OTHER CREDIT INSTITUTIONS

PARENT DKK '000	2013	2012
Overdraft facility	69,216	101,618
Bank debt recognised in the balance sheet as follows:		
Short-term payable	69,216	101,618
The bank debt falls due as follows:		
On demand within one year from the balance sheet date	69,216	101,618

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
<b>30 April 2013</b>						
Overdraft facility	DKK	2014	Floating	27,182	27,182	27,182
Overdraft facility	EUR	2014	Floating	42,034	42,034	42,034
				69,216	69,216	69,216
<b>30 April 2012</b>						
Overdraft facility	EUR	2013	Floating	101,618	101,618	101,618

The fair value has been determined at the present value of expected future instalments and interest payments using the current market interest rate as the discount rate.

## 28. TRADE PAYABLES

PARENT DKK '000	2013	2012
Trade payables	81,577	79,248

The carrying amount corresponds to the fair value of the liabilities.

## 29. DEFERRED RECOGNITION OF INCOME

Deferred recognition of investment grants as income	3,264	3,840
Deferred recognition of income is included in the balance sheet as follows:		
Long-term deferral of recognition of income	2,688	3,264
Short-term deferral of recognition of income	576	576
	3,264	3,840

Repayment obligation; see note 32.

## 30. OTHER PAYABLES

Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	4,170	4,128
Holiday pay obligations etc.	7,475	6,352
VAT and taxes payable	21,365	16,828
Other costs payable	38,612	38,389
<b>Other short-term payables</b>	<b>71,622</b>	<b>65,697</b>

Holiday pay obligations etc. cover obligations to pay wages and salaries during holidays which employees, as at the balance sheet date, have earned a right to take in the following financial year.

The carrying amount of payables concerning wages and salaries, income tax deducted at source, social contributions, holiday pay etc., derivative financial instruments, VAT and taxes as well as other costs payable corresponds to the fair value of such liabilities.

## 31. OPERATING LEASE COMMITMENTS

PARENT DKK '000	2013	2012
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For the years 2012-2021, operating leases concerning the lease of properties, machinery and other plant have been entered into. The leases have been concluded for a minimum of 3-10 years with fixed lease payments to be indexed annually. The leases cannot be terminated within the period stated, after which they may be renewed for periods of one year.

<b>Minimum lease payments recognised in the income statement</b>	<b>2,783</b>	<b>3,810</b>
The minimum lease payments comprise:		
Production costs	491	575
Distribution costs	1,820	3,000
Administrative expenses	472	235
	<b>2,783</b>	<b>3,810</b>

The total future minimum lease payments for non-terminable leases fall due as follows:

Within one year from the balance sheet date	1,104	2,099
Between two and five years from the balance sheet date	1,204	1,876
After five years from the balance sheet date	293	428
	<b>2,601</b>	<b>4,403</b>

The company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The annual rent amounts to DKK 268k (2011/12: DKK 366k).

## 32. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

PARENT DKK '000	2013	2012
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### Security

Carrying amount of mortgaged properties	7,150	9,725
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Mortgage deed registered to the mortgagor with a nominal value of DKK 750k over Danish properties is kept in own depository.

### Contingent liabilities

The parent has provided a guarantee for the mortgage debt of its subsidiaries.

The guarantee has been maximised at DKK 226.9 million (30 April 2012: DKK 241.7 million).

Debt of subsidiaries	226,877	241,709
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Harboes Bryggeri A/S has provided a guarantee for the bank debt of a third party. The guarantee has been maximised at DKK 1.7 million (30 April 2012: no guarantees provided).

Government grants received have been used to purchase property, plant and equipment. The grants are subject to certain conditions being fulfilled, and repayment of the grants may be requested within a period of five years if the assets are disposed of or production is discontinued. No current repayment obligation exists.

No pending court cases etc. exist which are deemed by the management to have a serious negative impact on the financial standing of the parent and the group apart from what has already been disclosed in the annual report.

### Joint taxation

The company is the administration company in a joint taxation scheme in Denmark. Pursuant to the rules set out thereon in the Danish Corporation Tax Act (*Selskabsskatteloven*), the company is therefore liable as from 1 July 2012 for any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

## 33. CHANGES IN NET WORKING CAPITAL

PARENT DKK '000	2013	2012
Changes in inventories	(1,156)	4,676
Changes in trade receivables	(281)	6,765
Changes in other receivables	(352)	(3,853)
Changes in trade payables etc.	2,329	(7,892)
Changes in other payables	2,273	(10,579)
	<b>2,813</b>	<b>(10,883)</b>

## 34. CASH AND CASH EQUIVALENTS

Cash and bank deposits	6,372	5,822
Overdraft facilities	(69,216)	(101,618)
Intercompany balance, payables	(111,760)	(135,698)
	<b>(174,604)</b>	<b>(231,494)</b>

The group has undrawn credit facilities totalling DKK 150.8 million.

## 35. FEE TO THE AUDITORS APPOINTED BY THE GENERAL MEETING

Statutory audit	1,439	1,722
Other assurance engagements	206	125
Tax advice	15	128
Other services	205	188
	<b>1,865</b>	<b>2,163</b>

## 36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT  
DKK '000

	2012/13	2011/12
<b>Categories of financial instruments</b>		
Trade receivables	128,600	128,319
Receivables from subsidiaries (long-term)	23,895	22,960
Receivables from subsidiaries (short-term)	13,859	4,918
Other receivables	2,867	2,401
Cash	6,372	5,822
<b>Loans and receivables</b>	<b>175,593</b>	<b>164,420</b>
<b>Financial assets available for sale</b>	<b>8,768</b>	<b>7,797</b>
Mortgage debt	4,928	5,077
Other credit institutions	69,216	101,618
Trade payables	81,577	79,248
Repurchase obligation regarding returnable packaging	122,857	135,698
Other payables	71,622	65,697
Financial liabilities in respect of assets held for sale	0	3,209
<b>Financial liabilities measured at amortised cost</b>	<b>360,478</b>	<b>404,475</b>

### Financial risk management policy

Please refer to the section on risks in the management's review on page 41 and note 40 in the consolidated financial statements

Leverandører af varer og tjenesteydelser  
Tilbagekøbsforpligtelse af returemballage

PARENT  
DKK '000

### Currency risks concerning recognised assets and liabilities

The parent's sale and purchase of goods in foreign currencies primarily takes place in EUR and, to a lesser extent, NOK and SEK. No forward exchange contracts or similar have been concluded as at the balance sheet date as the management estimates that the parent's currency risk is limited. The company's unhedged currency positions as at the balance sheet date can be specified as follows:

	CASH AND CASH EQUIVALENTS	RECEIVABLES	PAYABLES	NET POSITION
EUR	69	80,652	(204,742)	(124,021)
SEK	4,402	4,497	(686)	8,213
NOK	1,006	1,770	(1,238)	1,538
CHF	0	0	0	0
Other currencies	507	99	(57)	549
<b>30 April 2013</b>	<b>5,984</b>	<b>87,018</b>	<b>(206,723)</b>	<b>(113,721)</b>
EUR	0	49,911	(210,909)	(160,998)
SEK	3,106	6,136	(770)	8,472
NOK	895	1,289	(1,898)	286
CHF	0	0	(191)	(191)
Other currencies	3	0	0	3
<b>30 April 2012</b>	<b>4,004</b>	<b>57,336</b>	<b>(213,768)</b>	<b>(152,428)</b>



## 36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

PARENT  
DKK '000

2012/13    2011/12

### Sensitivity analysis concerning foreign exchange

The parent's most significant exchange rate exposure concerns EUR, SEK and NOK. The table below shows the effect it would have had on equity and the net profit/loss for the year, respectively, if the exchange rate had been 1% (EUR) and 5% (other) lower than the actual exchange rate applied. If the exchange rate had been higher, it would have had a similar opposite effect on equity and the net profit/loss for the year, respectively.

### Equity's sensitivity to exchange rate fluctuations

Effect if the EUR exchange rate was 1% lower than the actual exchange rate	2,081	1,610
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,639)	(424)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(408)	(14)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	3	(0)
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	24	10

**61            1,182**

### Sensitivity of net profit/loss to exchange rate fluctuations

Effect if the EUR exchange rate was 1% lower than the actual exchange rate	1,151	(250)
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,331)	(1,575)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(350)	(1,241)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	1	(10)
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	24	14

**(505)            (3,062)**

### Currency risks concerning future cash flows

The parent's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future. The transactions are expected to be at the level realised in 2012/13.

No financial contracts in the form of forward exchange contracts or similar have been concluded as at the balance sheet date as the management estimates that there are no significant risks associated with future cash flows in foreign currencies.

PARENT  
DKK '000

2013            2012

### Interest rate risks

Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The parent's net interest-bearing debt as at 30 April 2013 was DKK 67.8 million (2012: DKK 104.1 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit/loss for the year before tax negatively by approx. DKK 678k (2011/12: approx. DKK 1.0 million).

### Liquidity risks

The due dates of financial liabilities are specified in the notes for the individual categories of liabilities. The parent's liquidity reserve consists of cash, and undrawn credit facilities.

### The liquidity reserve comprises:

Cash	13,780	5,822
Undrawn credit facilities (group)	150,784	96,220

**157,156            102,042**

### Credit risks

The group's primary credit risk in the parent concerns non-prepaid trade receivables. The parent's customers are mainly large companies in Denmark and Sweden. The parent has no significant credit risks relating to a single customer or partner.

The group is seeking to limit risks related to customers outside these countries by hedging receivables through letters of credit, bank guarantees and similar, which are included in the assessment of the necessary write-down for bad debts.

In the event that such hedging is not made or is exceeded, the company has laid down procedures for the approval of such risks.

The maximum credit risk associated with trade receivables corresponds to the carrying amount of such receivables.

## 36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

### Capital structure

Reference is made to the section on financial objectives on page 15 of the management's review.

### Non-fulfilment of loan agreements

The company has not failed to fulfil its loan agreements in either the financial year or the comparative year.

### Methods and assumptions for the determination of fair values

#### Listed bonds

The portfolio of listed mortgage credit bonds is measured at listed prices.

#### Listed shares

The portfolio of listed shares is measured at listed prices.

#### Unlisted shares and securities

Unlisted shares are measured on the basis of observable information or at cost.

### Fair value hierarchy of financial instruments measured at fair value in the balance sheet

Below is a classification of financial instruments measured at fair value based on the fair value hierarchy.

- Listed prices in an active market for the same type of instrument (level 1)
- Listed prices in an active market for similar assets or liabilities or other methods of measurement according to which all significant inputs are based on observable market data (level 2)
- Methods of measurement according to which significant inputs are not based on observable market data (level 3)

2012/13	LEVEL 1 DKK '000	LEVEL 2 DKK '000	LEVEL 3 DKK '000	TOTAL DKK '000
Listed shares	180	0	0	180
Unlisted shares and securities	0	2,400	6,188	8,588
<b>Financial assets available for sale</b>	<b>180</b>	<b>2,400</b>	<b>6,188</b>	<b>8,768</b>

No transfers between level 1 and level 2 have occurred during the financial year.

### 2011/12

Listed shares	145	0	0	145
Unlisted shares and securities	0	2,400	5,252	7,652
<b>Financial assets available for sale</b>	<b>145</b>	<b>2,400</b>	<b>5,252</b>	<b>7,797</b>

No transfers between level 1 and level 2 have occurred during the financial year.

Financial instruments measured at fair value in the balance sheet based on methods of measurement according to which significant inputs are not based on observable market data (level 3):

PARENT DKK '000	FINANCIAL ASSETS AVAILABLE FOR SALE
<b>Carrying amount as at 1 May 2011</b>	<b>1,563</b>
Gains/(losses) in net profit/loss for the year	0
Gains/(losses) in other comprehensive income	0
Purchase	3,689
Sale	0
<b>Carrying amount as at 30 April 2012</b>	<b>5,252</b>
Gains/(losses) in net profit/loss for the year	(130)
Gains/(losses) in other comprehensive income	0
Purchase	1,307
Sale	(241)
<b>Carrying amount as at 30 April 2013</b>	<b>6,188</b>

## 37. RELATED PARTIES

### Related parties with a controlling influence

The following parties have a controlling interest in Harboes Bryggeri A/S:

Name	Domicile	Basis of control
Kirsten and Bernhard Griese	Spegerborgvej 4, 4230 Skælskør, Denmark	Shareholder with the majority of the voting rights

For an overview of subsidiaries, please refer to note 14.

### Transactions with related parties

During the financial year, the parent has engaged in the following transactions with its related parties:

PARENT DKK '000	Subsidiaries	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
<b>2012/13</b>					
Sale of goods	44,863	1,072	0	0	45,935
Purchase of goods	28,702	619	0	0	29,321
Sale of non-current assets	0	0	0	0	0
Purchase of non-current assets	981	0	0	0	981
Sale of services	9,512	977	0	0	10,489
Purchase of services	2,319	1,092	544	336	4,291
Sale of leases	0	512	0	0	512
Purchase of leases	1,602	270	0	0	1,872
Dividend received	56,533	0	0	0	56,533
Fees etc.	0	4,932	9,718	420	15,070
Trade receivables etc.	50,838	172	0	0	51,010
Trade payables etc.	10,223	250	85	0	10,558
Security; see note 32	226,877	0	0	0	226,877
Distribution of dividend	0	1,363	66	34	1,463
<b>2011/12</b>					
Sale of goods	72,831	359	0	0	73,190
Purchase of goods	29,379	248	0	0	29,627
Sale of non-current assets	1,941	0	0	0	1,941
Purchase of non-current assets	0	0	0	0	0
Sale of services	3,560	484	0	0	4,044
Purchase of services	3,876	421	459	372	5,128
Sale of leases	0	96	0	0	96
Purchase of leases	2,746	336	0	50	3,132
Dividend received	10,344	0	0	0	10,344
Fees etc.	0	5,392	10,142	412	15,946
Trade receivables etc.	28,266	330	0	0	28,596
Trade payables etc.	135,704	369	0	35	136,108
Security; see note 32	241,709	0	0	0	241,709
Distribution of dividend	0	1,363	66	34	1,463

\*) Including transactions with other companies having Bernhard Griese, CEO, as the main shareholder.

The purchase and sale of goods to related parties have been conducted at the normal selling prices of the parent.

No security has been provided and no guarantees have been given in respect of outstanding balances as at the balance sheet date. Both receivables and trade payables will be settled in cash. During the financial year, no bad debts in respect of related parties were realised and no write-downs were made for probable losses.

The company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The annual rent amounts to DKK 268k (2011/12: DKK 366k). The total future minimum lease payments in the period of non-terminability amount to DKK 266k. The payments are included in the above.

### Remuneration etc. to the Board of Directors, the Board of Executives and other key staff members

Please refer to note 7 for information on remuneration paid to the Board of Directors, the Board of Executives and other key staff members. The remuneration is included in the above.

## COMPANY INFORMATION

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### COMPANY

Harboes Bryggeri A/S  
Spegerborgvej 34, 4230 Skælskør, Denmark  
CVR no.: 43 91 05 15  
Registered in: Municipality of Slagelse, Denmark  
Financial year: 1 May - 30 April  
Internet: [www.harboes.dk](http://www.harboes.dk)

### BOARD OF DIRECTORS

Anders Nielsen, Chairman, Lawyer  
Bernhard Griese, CEO  
Mads O. Krage, Executive Officer  
Mette Kirstine Agger, CEO  
Thøger Thøgersen, CEO  
Carl Erik Kjærsgaard, CEO  
Jens Bjarne Søndergaard Jensen, Brewery Worker \*  
\*) Staff representative

### BOARD OF EXECUTIVES

Bernhard Griese

### AUDIT

Deloitte Statsautoriseret Revisionspartnerselskab

### GENERAL MEETING

The annual general meeting will be held on 28 August 2013,  
at 10.00 at Harboes Bryggeri A/S, Skælskør, Denmark





