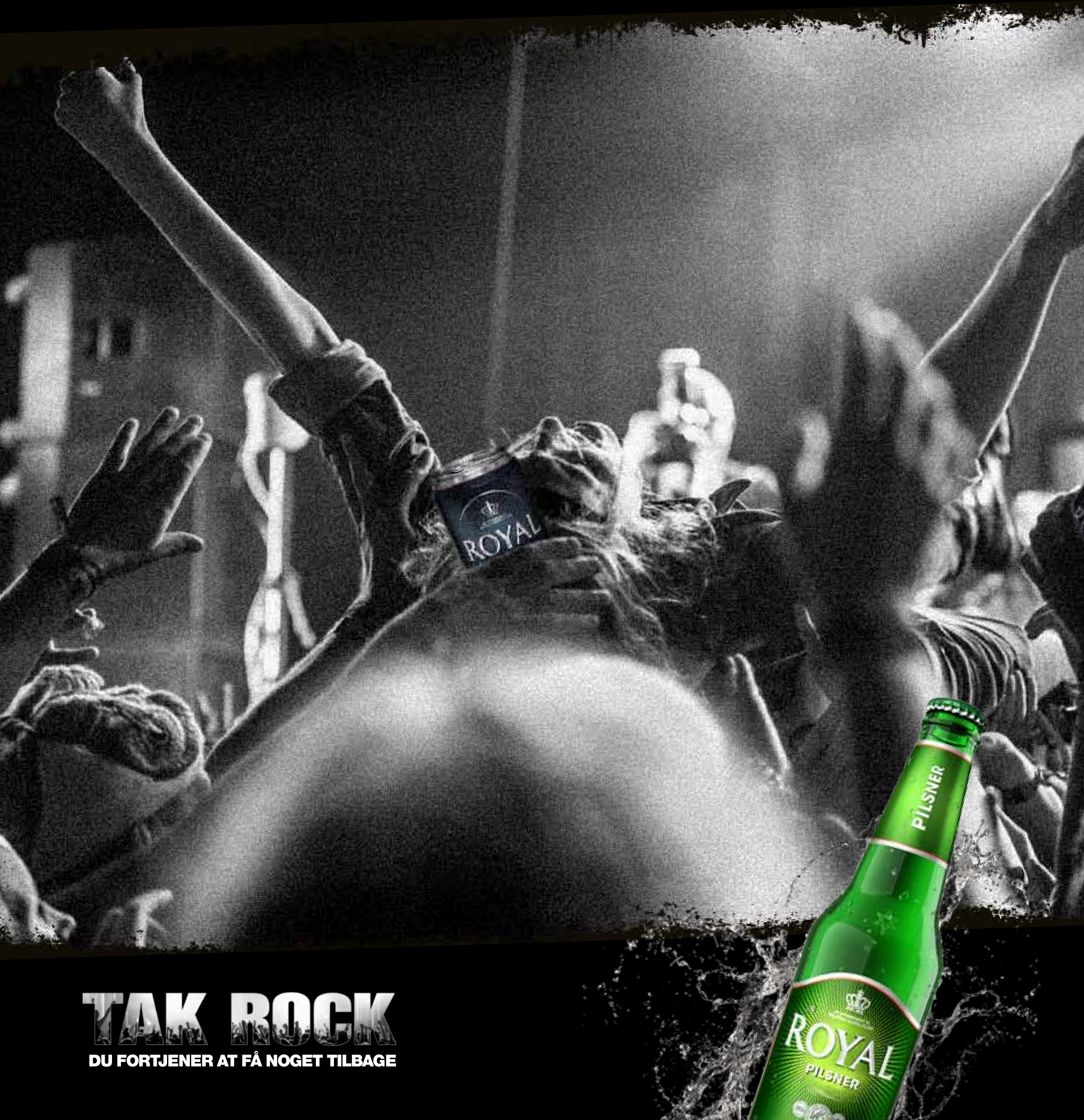
Royal Unibrew A/S

Annual Report 2013



Royal Unibrew produces, markets, sells and distributes quality beverages. We focus on branded products within beer, malt beverages and soft drinks, including soda water, mineral water and fruit juices as well as cider and long drinks (RTD).

Royal Unibrew is as a leading regional player in a number of markets in Western and Eastern Europe and in the international malt beverages markets.

Our main markets comprise primarily Denmark, Finland, Italy and Germany as well as Latvia, Lithuania and Estonia. The international malt beverages markets comprise a number of established markets in the Caribbean and major cities in Europe and North America with high concentration of inhabitants from the Caribbean and African areas in which malt beverages are popular as well as emerging markets in Africa, Central America and South America.

In Denmark we are a leading supplier of beer and soft drinks with a number of strong brands.

In Finland Royal Unibrew is a leading beverage player through the acquisition of Hartwall with a number of strong brands within primarily beer, soft drinks, long drinks and cider.

In Italy we are among the market leaders in the super premium segment with Ceres Strong Ale.

In both Latvia and Lithuania, we are among the two leading beverage businesses holding considerable market positions within beer and soft drinks, including fruit juices. Our activities in Estonia are being developed organically.

In the international malt beverages markets, we are among the market leaders in the premium segment with Vitamalt, Supermalt and Powermalt.

Contents

The Annual Report has been prepared in Danish and English. In case of discrepancy the Danish version shall prevail.

Royal Unibrew's position significantly strengthened

"2013 was a good and important year to Royal Unibrew, in which we succeeded in realising an attractive acquisition. Over the past years, we have implemented comprehensive changes, including strategic refocusing, restructuring, simplification and debt reduction. Our many initiatives have resulted in strong cash flow, paving the way for an attractive distribution policy and a healthy capital structure – and thus considerable financial and strategic flexibility. This, combined with continued momentum in 2013, enabled us to acquire Hartwall in Finland with moderate borrowing and significantly expand our position as the second-largest brewery group in the Nordic and Baltic countries – thus creating a broader and stronger earnings base."

I am pleased with the strong results that we have delivered in 2013. Our continued focus on further developing market and segment positions, products and brands as well as a high efficiency and a good summer are the reasons that – in spite of still challenging market conditions – we strengthened our market positions and market shares. We realised better results – in organic terms – than expected at the beginning of the year and considerably better results than in 2012. We maintained a high organic EBIT margin of 14.1% while achieving continued high cash flow from our operations.

OUR STRATEGY AS A REGIONAL BEVERAGE PLAYER

It is our strategy to be a regional beverage player with strong local brands – preferably supplemented by international brands through strategic bottling agreements – and strong local customer relations. Through strong local leadership we will develop this position with continuous focus on consumers, good customer partnerships, agility and innovative initiatives.

In Europe where several market segments are showing a flat development or a structural decline, it is important to achieve a significant position in the local markets when operating in the mainstream segment. The flat to negative market development also implies a need for continuous improvements across our business.

ROYAL UNIBREW STRATEGICALLY AND FINANCIALLY STRENGTHENED THROUGH THE HARTWALL ACQUISITION

In July 2013 we acquired the Finnish beverage business Hartwall. This was an important step for Royal Unibrew. Hartwall is a multi-beverage business with a broad, attractive product range holding a clear runner-up position in Finland. Hartwall has a strong local brand portfolio and international brands within beer, soft drinks, mineral water, RTD, cider and energy drinks and furthermore operates agencies for a number of well-known wine and spirits brands. Hartwall operates two production facilities – a modern brewery constructed in 2002 and a mineral water plant.

The Hartwall acquisition further consolidated our relationship with PepsiCo since for a number of years both Hartwall and Royal Unibrew have been licence-producing Pepsi, which holds a strong market position in both Denmark and Finland. Also the partnership with Heineken was strengthened since, as part of the agreement, we entered into a long-term bottling agreement for the Heineken brand in both Finland and the Baltic countries.

In connection with the acquisition, we entered into new long-term credit agreements on satisfactory terms to fund the acquisition, and in the context of the directed issue we were pleased to welcome the Hartwall family as a Royal Unibrew shareholder with an equity interest of just below 10%. Accordingly, we will have a shareholder with unique knowledge of Hartwall, the local market as well as the Finnish business sector in a broad sense. Our new Finnish member of the Board of Directors as well as our Finnish Advisory Board will also support us in our efforts to operate Hartwall successfully.

We see a number of opportunities of strengthening Hartwall's business and operations and expect the Hartwall acquisition to result in higher earnings per share (before integration costs) already in 2014.

FINANCIAL TARGETS AND CAPITAL STRUCTURE

It is our aim to quickly reduce the debt from the Hartwall acquisition; it was therefore announced in connection with the acquisition that the Board of Directors recommends that dividend distribution and share buy-backs to be temporarily put on hold. It is our intention to resume dividend distribution in 2015 from a stronger earnings and cash flow base. Our policy for dividend and share buy-back remains unchanged.

Our policy for debt and capital structure also remains unchanged; our targets are, however, temporarily exceeded until the debt reduction has taken place.

Our earnings target of a medium-term EBIT margin of 14% was changed due to the acquisition and replaced by an EBIT margin target of 13% compared to a pro forma EBIT margin of 12% in 2013. The target of 13% remains ambitious comparing to the performance of international and regional breweries in Europe.

GROWTH AND REINFORCED MARKET POSITIONS DESPITE CHALLENGING MARKETS

2013 was a challenging year for the European beverage industry with a general market decline driven by changed consumption habits, consumer restraint and fiscal measures. The decline was partly offset by a really good summer in the North Western European markets.

At Royal Unibrew (excluding Hartwall) we achieved, however, organic growth in all of our market areas, and our market positions and market shares were in general significantly reinforced. This is the result of considerable investments in our commercial activities, in innovation and in our brand portfolios. Trading challenges for certain competing products in the off-trade channel in Denmark from the spring to the end of 2013 contributed temporarily and extraordinarily to our revenue growth.

We give high priority to strengthening the partnerships with our customers through an understanding of joint value creation, and it is therefore with great pleasure that we note again in 2013 the high score of our North Western European business in third-party measurements of customer satisfaction with their suppliers – across categories. We will continue our focus on joint value creation and our aspiration of being a preferred business partner.

GROWTH STRATEGY FOR THE MALT AREA BEGINNING TO BEAR FRUIT

The dark malt market is a small and fragmented market with pockets of opportunities in Africa, the Caribbean as well as Central and South America. These areas are generally characterised by an increasing population and rising living standards, but in 2013, however, the markets were affected by the global growth pause.

Whereas the vast majority of our markets in Europe are mature, the malt business constitutes our exposure against Emerging Markets. We have worked in these markets for 40-50 years and thus accumulated considerable knowledge of the product area and the markets. At the same time, we have a strong premium brand portfolio comprising Vitamalt, Supermalt and Powermalt. In 2013 we decided to focus on this business area and to invest considerably in sales and marketing as well as in organisational expansion. At the same time, we established a target of average annual organic revenue growth of 10-15% in the medium term with an average EBIT margin of 20%.

In that respect, 2013 was a satisfactory year for us. We reinforced our position in existing markets and penetrated new markets, and the foundations for the realisation of our growth strategy are being laid.

CONSUMER SENTIMENT IN EUROPE STILL REQUIRES STRONG LEADERSHIP AND FLEXIBILITY OF PLANS

Continued consumer restraint in Europe, especially in Finland and Italy, combined with general, structural declines in certain segments of the beverage industry requires strong leadership, flexible plans and an organisation ready to embrace changes.

In 2014 we will therefore still need to manage Royal Unibrew with flexibility and great adaptability, while retaining the focus and the momentum developed. To that end, our leadership values play a very important part, and the focus of our leadership is to manage an organisation driven by consumer and customer insight. A clear strategy, a holistic mindset, simplification and constant learning are crucial to us. In 2014 we will also focus strongly on the continued integration of Hartwall, and we are looking forward to strengthening Hartwall commercially and operationally in cooperation with our employees.

I would like to thank everyone at Royal Unibrew for their great performance in a very busy year. Through great market and customer insight, commitment, energy and persistent efforts our employees have created results of which we can be proud. I also take the opportunity to thank profoundly our customers for another year of good partnership and, finally, our shareholders for supporting our plans in 2013.

Henrik Brandt
CEO

Financial Highlights and Ratios

	2013	2012	2011	2010	2009
Sales (million hectolitres)	7.0	5.4	5.7	6.6	6.6
INCOME STATEMENT (MDKK)					
Net revenue	4,481	3,430	3,431	3,775	3,816
EBITDA before special items	732	611	601	601	461
Operating profit before special items	560	485	474	417	243
Profit margin (%)	12.5	14.1	13.8	11.0	6.4
Special items (expenses)	0	0	0	0	-50
EBITDA	732	611	601	601	411
Special items (depr./amort. and impair.; profit/loss)	0	0	0	0	15
Nedskrivning for impairment	0	0	0	0	0
Earnings before interest and tax (EBIT)	560	485	474	417	208
EBIT margin (%)	12.5	14.1	13.8	11.0	5.5
Income after tax from investments in associates	0	0	0	0	0
Income after tax from investments in associates	34	34	14	31	26
Other financial income and expenses, net	-46	-38	-27	-73	-157
Profit/loss before tax	548	481	461	375	77
Net profit/loss for the year	480	373	351	278	53
Parent Company shareholders' share of profit/loss	480	371	348	278	47
BALANCE SHEET (MDKK)					
Non-current assets	5,810	1,992	2,291	2,375	2,674
Total assets	6,925	2,848	2,890	3,057	3,490
Equity	2,133	1,348	1,321	1,281	995
Net interest-bearing debt	2,379	321	631	770	1,416
Net working capital	-834	-179	-149	-134	-85
CASH FLOWS (MDKK)					
Operating activities	653	497	398	492	513
Investing activities	-2,945	192	3	160	-112
Free cash flow	598	476	384	463	374
SHARE RATIOS (DKK)					
Parent Company shareholders' share of earnings per share	46.0	35.6	31.8	25.1	5.8
Parent Company shareholders' diluted share of earnings per share	46.0	35.6	31.8	25.1	5.8
Cash flow per share	62.6	44.2	36.4	44.4	62.0
Diluted cash flow per share	62.6	44.2	36.4	44.4	62.0
Dividend per share	0.0	24.0	17.0	12.5	0.0
Year-end price per share	736.0	492.0	321.5	332.0	139.0
EMPLOYEES					
Average number of employees	1,935	1,635	1,785	2,210	2,498
FINANCIAL RATIOS (%))					
Return on invested capital (ROIC)	13	21	18	14	6
Free cash flow as a percentage of net revenue	13	14	11	12	10
Cash conversion	125	128	110	167	714
Net interest-bearing debt/EBITDA before special items	2.3*	0.5	1.0	1.3	3.1
Equity ratio	31	47	46	42	29
Return on equity (ROE)	28	28	27	24	5
Dividend payout ratio (DPR)	0	68	55	50	0

* calculated pro forma with Hartwall's realised full-year EBITDA

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.

Highlights 2013

DEVELOPMENTS IN 2013

- Royal Unibrew increased its market shares on branded beer as well as soft drinks and malt beverages in all markets except for the Finnish market, where its market share was lower than in 2012.
- Net revenue went up by DKK 1,051 million to DKK 4,481 million. Adjusted for the acquisition of Hartwall in 2013 and the divestment of Impec in 2012, net revenue increased by 11% in organic terms.
- EBITDA increased by DKK 121 million and amounted to DKK 732 million. In organic terms, EBITDA increased by DKK 32 million.
- Earnings before interest and tax (EBIT) went up by DKK 75 million and amounted to DKK 560 million, including DKK 38 million attributable to Hartwall. In organic terms, EBIT went up by DKK 43 million.
- As expected, the EBIT margin of 12.5% was due to the acquisition of Hartwall lower than the margin of 14.1% in 2012.
- Profit before tax amounted to DKK 548 million compared to DKK 481 million in 2012.
- Free cash flow went up by DKK 122 million and amounted to DKK 598 million compared to DKK 476 million in 2012.
- In 2013 dividend of DKK 352 million was distributed to shareholders (2012: DKK 379 million), including DKK 110 million through share buy-backs (2012: DKK 200 million).
- The equity ratio was 31% at the end of 2013, and NIBD was 2.3 times pro forma EBITDA.
- Net revenue increased by 88% in Q4 and amounted to DKK 1,425 million. In organic terms, net revenue increased by 9% over 2012.
- EBIT for Q4 amounted to DKK 111 million compared to DKK 85 million in 2012. In organic terms, EBIT was DKK 2 million below the 2012 figure, and EBIT margin was 7.8% compared to 11.2% in 2012.

ROYAL UNIBREW SIGNIFICANTLY REINFORCED ITS MARKET POSITION IN 2013

NET REVENUE WENT UP BY 31%, 11 PERCENTAGE POINTS ATTRIBUTABLE TO ORGANIC GROWTH

EBIT INCREASED BY DKK 75 MILLION, HARTWALL CONTRIBUTING DKK 38 MILLION

CASH FLOW FROM OPERATING ACTIVITIES WENT UP BY DKK 156 MILLION

THE HARTWALL ACQUISITION ON 23 AUGUST 2013 REINFORCED ROYAL UNIBREW'S POSITION SIGNIFICANTLY

DEBT REDUCTION FOLLOWING THE HARTWALL ACQUISITION PROGRESSING AS PLANNED

HARTWALL INTEGRATION PROGRESSING AS PLANNED

OUTLOOK FOR 2014

Calculated on a pro forma basis with Hartwall's realised net revenue and results for all of 2013, net revenue amounted to DKK 6,050 million, EBITDA to DKK 1,015 million and EBIT margin was 12.0%.

In consequence of the expectations of the development in consumption and Royal Unibrew's market shares, including the normalisation of volumes and the termination of a private label contract in North Western Europe, net revenue for 2014 is expected to show a low one-digit percentage point decline as compared to the pro forma net revenue calculated for 2013.

EBITDA is expected realised slightly higher than the pro forma EBITDA calculated for 2013. The outlook for 2014 will be updated when the restructuring negotiations with the employees at Hartwall and the conclusions have been completed in accordance with the procedures laid down.

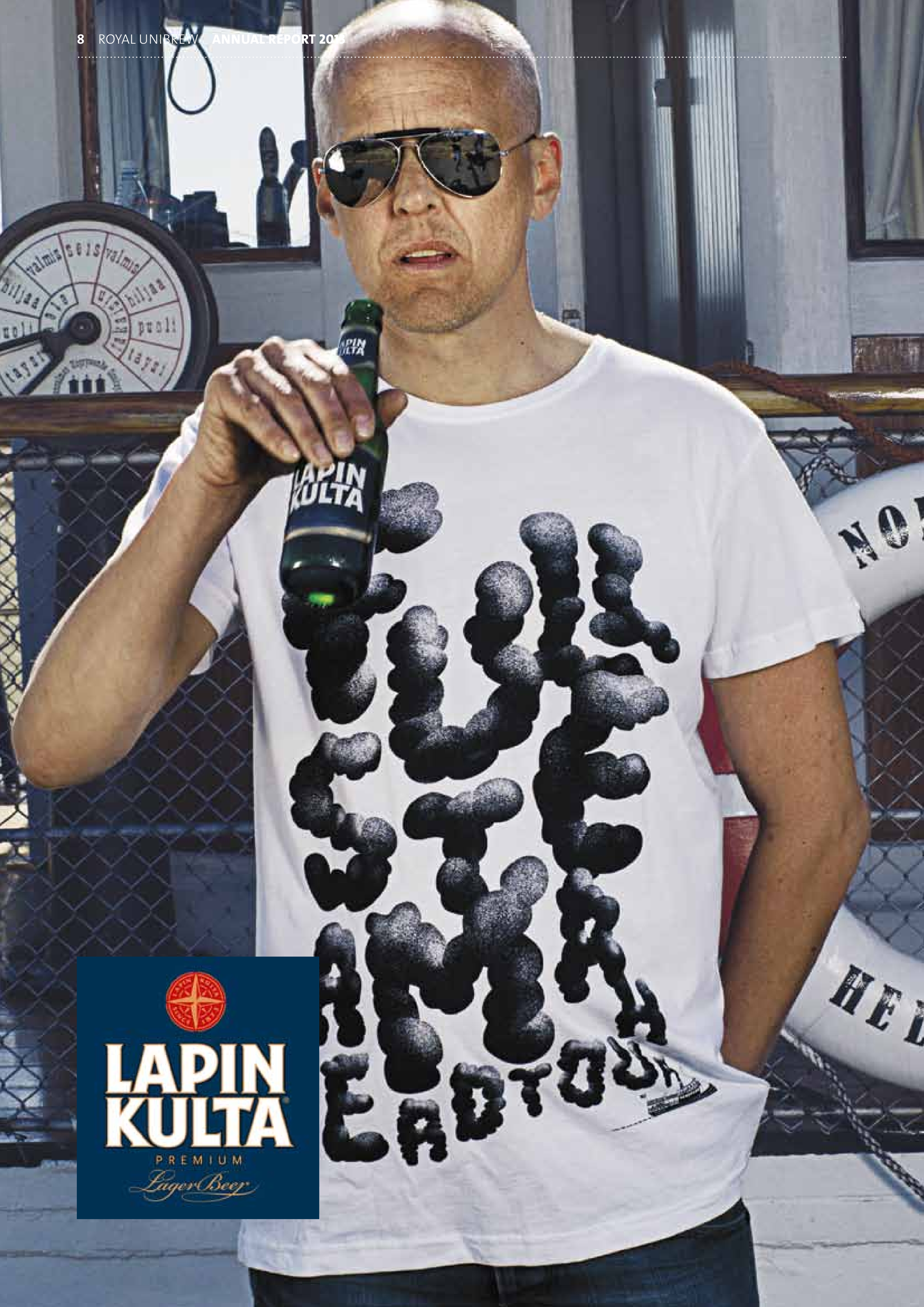
It remains the Group's target to increase EBIT margin to 13% in the medium term.

Due to the priority given to debt reduction, the Board of Directors recommends that no dividend be distributed in 2014; moreover, the Board of Directors does not expect to initiate any share buy-backs in 2014.

	Actual 2013*	Proforma realised 2013**
Net revenue (mDKK)	4,481	6,050
EBITDA (mDKK)	732	1,015
EBIT (mDKK)	560	730

* In 2013, Hartwall was included in results for the period 23 August – 31 December with net revenue of DKK 787 million, EBITDA of DKK 94 million and EBIT of DKK 38 million after deducting transaction costs of DKK 15 million.

** Pro forma realised 2013 is calculated with Hartwall's realised net revenue and full-year results before deducting transaction costs.


LAPIN KULTA
LAPIN KULTA
PREMIUM
Lager Beer

Strategy

Royal Unibrew's overall strategy and medium-term financial targets remain unchanged after being updated in August 2013 in connection with the acquisition of Hartwall. The medium-term financial target is to achieve an EBIT margin of approx 13%. The capital structure target also remains unchanged and in the coming year focus will be on debt reduction.

MAIN PRIORITIES FOR 2013

The main priorities for 2013 were:

- Focus on markets and segments in which Royal Unibrew holds or may achieve a considerable position.
- Focus on innovation and development of Royal Unibrew's products and local brand positions.
- Focus on operational efficiency.
- Focus on maintaining Royal Unibrew's financial flexibility, competitive power and scope for strategic manoeuvrability through an appropriate capital structure.

A number of growth initiatives were implemented in 2013, including the launching of new products and campaigns with a view to maintaining and expanding Royal Unibrew's market positions. However, the most significant growth initiative was the Hartwall acquisition. At the same time, continuous improvements were pursued in all parts of the business, which has supported the ambition of reducing resource consumption in the business in a broad sense. Financially, cash flow generation remained a high priority, and strong cash flows were created through earnings improvement, tight management and control of working capital elements, a balanced investment level as well as divestment of non-strategic assets.

Royal Unibrew's efforts in respect of the main priorities established resulted in achievement of the targets set for 2013 as expected.

	Actual	**Outlook November 2013 incl. Hartwall 23/8 – 31/12**	**Outlook March 2013 excl. Hartwall**
Net revenue (mDKK)	4,481	4,340-4,425	3,325-3450
EBITDA (mDKK)	732	695-735	575-625
EBIT (mDKK)	560	510-550	450-500
Profit before tax (mDKK)	548		
Net interest-bearing debt (mDKK)	2,379		
NIBD/EBITDA (pro forma)	2.3x		
Distribution to shareholders (mDKK)	352		

* calculated with Hartwall's realised EBITDA of EUR 51 million for the full year 2013. In 2013 Hartwall was included in results for the period 23 August – 31 December with net revenue of DKK 787 million, EBITDA of DKK 94 million and EBIT of DKK 38 million after deducting transaction costs of DKK 15 million.

OVERALL STRATEGY

It is Royal Unibrew's strategy to be a focused, strong regional brewer within beer, malt beverages and soft drinks, including soda water, mineral water and fruit juices as well as cider and long drinks (RTD) holding leading positions in the markets or the segments in which we operate. This overall strategy was defined in connection with the capital increase at the end of 2009.

Our medium-term financial targets were updated in August 2013 in connection with the acquisition of Hartwall. The medium-term financial target is to achieve an EBIT margin of 13%. The target remains ambitious in a European industry context and in light of the expected economic situation in Europe in future years, but also in light of the planned investments in creating long-term organic growth, including particularly in the malt segment.

Royal Unibrew operates in markets that are characterised by different dynamics. This has been taken into account when determining the strategy market by market.

The Danish consumer market is expected generally and continuously to be affected by a minor structural consumption decline in the coming years. The beer category will be the primary driver of the structural decline resulting from consumers increasing consuming other alcoholic beverages. Within the classic soft drinks and mineral water categories new product sub-categories are still expected to be developed driven by, among other things, health trends and the need for functional beverages.

In Finland the total beverage market in which Hartwall operates is expected to show a slight structural decline in the coming years, eg due to increasing indirect taxes shifting sales to the tax-free and cross-border trade. The Finnish macroeconomy is challenged, which will affect the mix between on-trade, expected to decline, and off-trade, expected to maintain volumes, in the coming years. Innovation will continue to be an important element in developing the overall beverage market.

The Italian beer market has a low per capita consumption since, historically, consumers also have a number of other beverage preferences. In the long term, the beer market is expected to show a slight increase generally and structurally; however, in the near future it will be affected by the economic challenges faced by Italy and Italian consumers.

The market for beer, fruit juices, soft drinks and mineral water in the Baltic countries is expected to have a stronger potential, structurally, in the long term than today as macroeconomic conditions and spending power improve and unemployment is reduced.

The market for dark malt beverages is geographically fragmented, and consumer preference for dark malt drinks is rooted in tradition. The markets for dark malt beverages in established economies like Europe and the Caribbean are expected to be stable generally and structurally, whereas the markets in a number of development and growth economies in eg Africa and Central and South America are generally growing driven by improved macroeconomic conditions and population growth.

The overall strategy has the following main elements:

- **Focus on markets and segments in which Royal Unibrew holds or may achieve a considerable position.** Royal Unibrew will focus on further developing established market and segment positions where the Company holds either a leading position, such as in Denmark or the Baltic countries, or considerable and leading niche positions, such as in Italy or in the international malt beverages markets. Mainstream market positions in consolidated markets must lead to, or hold prospects of leading to, a role as a leading player to create attractive profitability. Mainstream market positions in smaller markets may often be reinforced through focus on a broader beverage portfolio to leverage customer relations and the entire infrastructure.

  Royal Unibrew's natural market area is characterised by considerable industry concentration. To the extent that structural growth opportunities might reinforce existing market positions or create new market positions, these will be assessed provided that there is a clear strategic match and that long-term shareholder value can be created.

- **Focus on innovation and development of Royal Unibrew's products and local brand positions.** Royal Unibrew's strong position as a regional brewer builds on strong local market positions established on the basis of well-known local brands subject to continuous further development. The product portfolio development includes the Group's own development of new taste varieties, products and brands for existing and new beverage categories as well as the conclusion of new licence agreements both as a licensee and a licensor. For example, Royal Unibrew benefits from a long-standing co-operation with PepsiCo and Heineken as a licensee in Denmark and Finland – a cooperation through which the local brand portfolios are expanded with well-known international brands.

- **Focus on operational efficiency.** Royal Unibrew will continue its focus on pursuing all opportunities of enhancing the efficiency of all links in the Company's value chain.

- **Focus on maintaining Royal Unibrew's financial flexibility, competitive power and scope for strategic manoeuvrability through an appropriate capital structure.**

MAIN PRIORITIES FOR 2014

In North Western Europe Royal Unibrew holds a number two market position approaching the market with a broad beverage portfolio. In light of the minor structural market decline, innovation and value management are essential to creating growth – and are key elements in developing and maintaining Royal Unibrew's position in the individual markets and in extending customer cooperation. At the same time, our broad beverage portfolio supports high operational efficiency at all organisational levels. Our continuous improvement work will continue determinedly at all organisational levels, including through investment-driven initiatives, which will also contribute positively to improvements.

To secure Hartwall's continued position as a market-leading beverage provider in Finland where consumption is declining and competition has intensified due to, among other things, increasing indirect taxes and increased private import, our main priority in 2014 will be to create a more flexible and customer- and market-oriented business. The integration of the export business will be implemented during the first months of the year, while the IT integration will continue throughout the year. Efforts will be directed at continuous improvements with focus on creating a competitive business with strong local brands. Commercially, value management and development of the business-to-business cooperation will have high priority.

In Italy Royal Unibrew has invested in building up an innovative and engaging communication platform to ensure a high presence in the social media and on TV. This market approach has been satisfactory, and in 2014 marketing through this platform will be further embedded. We plan to intensify our cooperation with the many distributors and cash & carry customers, and our cooperation with off-trade customers will be supported by consumer-activating activities.

In Eastern Europe, Royal Unibrew operates with a broad brand portfolio, primarily within beer, fruit juices, soft drinks and mineral water. The development and continued strengthening of the beverage portfolio are necessary to create a basis for growth, including for extending customer cooperation. With the investment in both capacity and competences within cans, a solid basis for leveraging the new commercial initiatives has been created.

In the Malt Beverages area, we focus on establishing a strong growth platform. We will focus on both a deeper presence in already established markets and on establishment in new markets through cooperation with distributors in the case of exports, or through breweries in the case of licence sales. Great emphasis is placed on selecting and retaining our business partners and on supporting our cooperation through customer- and consumer-oriented marketing investments with a view to establishing and reinforcing brand positions. Continued reinforcement of the field organisation is key to realising our growth strategy for the business area.

FINANCIAL TARGETS AND CAPITAL STRUCTURE

In 2013 cash flows and net interest-bearing debt were positively affected, extraordinarily, by the sale of parts of the brewery site in Aarhus and the Hartwall acquisition. In the coming years cash flows are expected to be further positively affected, extraordinarily, by the sale of the remaining part of the brewery site in Aarhus.

The starting point for Royal Unibrew's further development and achievement of the financial targets is an effort that will be characterised by business development through continued focus on growth opportunities, innovation, sales and marketing, and by continuous efforts to improve, optimise and enhance the efficiency of Royal Unibrew. Against this background the framework for realising the financial targets is considered intact.

EBIT MARGIN

The medium-term EBIT margin target is about 13%.

INDEBTEDNESS

It remains Royal Unibrew's objective to maintain its indebtedness at a level which, on the one hand, satisfies the request for flexibility with respect to acting on business opportunities and maintaining independence in relation to the Group's bankers, and, on the other hand, ensures that Royal Unibrew is not heavily overcapitalised.

It remains Royal Unibrew's target that net interest-bearing debt should not exceed 2.5 times EBITDA and that an equity ratio of at least 30% should be maintained at year end.

Royal Unibrew's annual investments are still expected to be at the level of 4-6% of net revenue depending on the need for maintenance and efficiency-enhancing investments or capacity investments.

DISTRIBUTION POLICY

ORDINARY DISTRIBUTION

As Royal Unibrew is still expected to generate a rather significant liquidity surplus going forward, it remains the intention currently to make distributions to shareholders through a combination of annual dividend and share buy-backs taking into account the mentioned targets for equity ratio and indebtedness, annual earnings and cash flows as well as Royal Unibrew's strategic position in general.

It remains Royal Unibrew's intention to distribute dividend of 40-60% of net profit for the year and to launch share buy-back programmes if it is considered appropriate to optimise the Company's capital structure. It is the intention that shares bought back will be cancelled.
In addition to adjusting the Company's capital structure, share buy-backs are also expected to increase the liquidity of the Royal Unibrew share to the benefit of all shareholders.

Royal Unibrew gives high priority to realising the NIBD/EBITDA ratio target and thus to reducing debt. Therefore, the Board of Directors will recommend to the AGM in 2014 that no dividend be distributed for 2013, and no share buy-backs are expected to be made in 2014.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Financial Review

Continued focus on further developing market and segment positions, products and brands as well as a high efficiency and a good summer resulted in a performance above expectations at the beginning of the year and significantly above that of 2012 in spite of continuously challenging market conditions in 2013. Moreover, the Hartwall acquisition is expected already as of 2014 to lead to increased earnings per share before integration costs.

BUSINESS CHANGES

The acquisition of the Finnish brewery business Oy Hartwall Ab was realised on 23 August 2013 (see Company Announcement No 38/2013 of 23 August 2013). At the same time, Royal Unibrew A/S carried out a directed issue and sold 37,500 treasury shares to the Finnish investment company Hartwall Capital (HC 7 Holding Oy Ab) (see Company Announcement No 36/2013 of 23 August 2013).

At Royal Unibrew's extraordinary general meeting on 26 September 2013, Karsten M. Slotte was elected to the Board of Directors of Royal Unibrew A/S in order to add to the Board competences relating to Finnish FMCG business.

In December 2013 additionally 19,600 square metres of the total 140,000 square metres of building rights relating to the brewery site in Aarhus were sold, after which 55,100 square metres of building rights in total have been sold (see Company Announcement No 57/2013 of 2 December 2013). The sale was made in accordance with the option-based cooperation agreement entered into with A. Enggaard Entreprenør- og Byggefirma A/S, and cash flow after tax from the sale amounted to approx DKK 60 million. The selling price corresponds to the carrying amount of the building rights; therefore, Royal Unibrew's profit and equity are not affected by the sale.

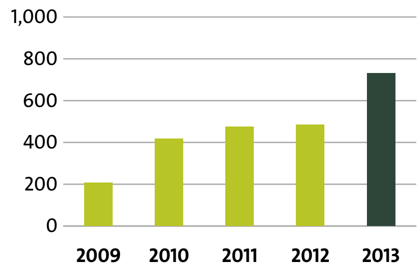
BUSINESS DEVELOPMENT

Royal Unibrew has acquired the Finnish brewery business Hartwall, thus significantly reinforcing its market position in the North East European region and expanding its position as the second-largest brewery group in the Nordic and Baltic countries. The acquisition is part of the realisation of Royal Unibrew's overall strategy, including the focus on markets and segments in which Royal Unibrew may achieve a considerable position.
In addition to the Hartwall acquisition, Royal Unibrew reinforced its market position in 2013, and generally the Group's branded products increased their market shares in the main markets.

In 2013 Royal Unibrew improved its earnings considerably over 2012. Earnings before interest and tax (EBIT) amounted to DKK 560 million, which is DKK 75 mil-

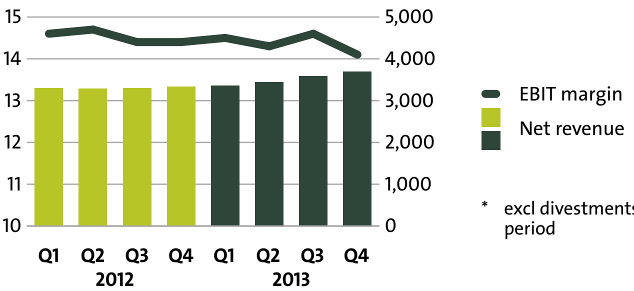
EBITDA

(mDKK)



CURRENT 12-MONTH DEVELOPMENT*

(%) (mDKK)



* excl divestments and acquisitions in the period

DEVELOPMENTS IN ACTIVITIES IN 2013 BROKEN DOWN ON MARKET SEGMENTS

	Western Europe	North East Europe	Malt Beverages	Un-allocated	Group	
					2013	**2012**
Sales (thousand hectolitres)	3,680	2,791	562	-	7,033	5,443
Growth (%)	10.7	67.7	23.2		29.2	-4.0
Share of sales (%)	52	40	8	-	100	-
Net revenue (mDKK)	2,650	1,450	381	-	4,481	3,430
Growth (%)	9.1	147.9	-8.3		30.6	-0.0
Share of net revenue (%)	59	32	9	-	100	-
EBIT (mDKK)	424.0	101.6	81.3	-46.8	560.1	485
EBIT margin (%)	16.0	7.0	21.4		12.5	14.1

lion above the 2012 figure. Profit before tax for the year amounted to DKK 548 million, which is DKK 67 million above the 2012 figure. Free cash flow of DKK 598 million showed a DKK 122 million improvement on 2012, to which Hartwall contributed DKK 83 million. Deducting the proceeds from the share issue and the sale of treasury shares relating to the Hartwall acquisition, the acquisition increased net interest-bearing debt by DKK 2,302 million. Net interest-bearing debt at the end of 2013 amounted to DKK 2,379 million.

INCOME STATEMENT

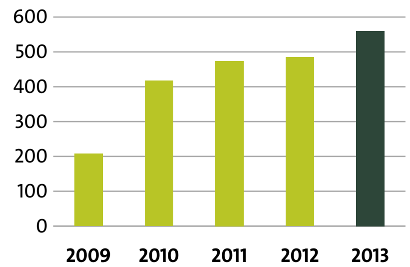
Beer and soft drinks consumption in Royal Unibrew's markets in Western Europe and North East Europe continued to decline in 2013 due to consumer restraint. On the other hand, a good summer in North Western Europe and the Baltic countries resulted in increased consumption as compared to 2012. Royal Unibrew's branded products generally increased their market shares in the main markets.

Sales for 2013 aggregated 7.0 million hectolitres of beer, malt beverages and soft drinks, which is 29% above the 2012 figure. In organic terms (adjusted for divestment of Impec in 2012 and the Hartwall acquisition in 2013), sales were 12% higher. Q4 2013 sales showed organic growth of 15%.

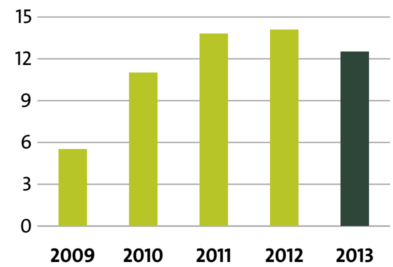
Net revenue for 2013 showed a 30% increase over 2012 and amounted to DKK 4,481 million (2012: DKK 3,430 million). In organic terms, net revenue was 11% above the 2012 figure. Net revenue was positively affected by the higher sales in the summer season and by value management measures, and trading challenges in the Danish off-trade sales channel for a number of competing products from May to the end of 2013 contributed to the net revenue growth. On the other hand, consumer restraint affected net revenue development negatively. Q4 2013 net revenue showed organic growth of 15%.

Gross profit amounted to DKK 2,285 million compared to DKK 1,716 million in 2012. In organic terms, gross profit increased by DKK 193 million. The higher gross profit relates to the net revenue increase and to an improved gross margin. Gross margin went up by 0.9 percentage point from 50.0% to 50.9%. In organic terms, gross margin went up by 0.1 percentage point. Gross profit was positively affected by higher efficiency at the breweries. The average net selling price per volume unit increased in 2013 due

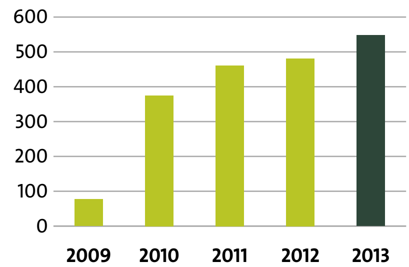
EBIT
(mDKK)



EBIT MARGIN
(%)



RESULT BEFORE TAX
(mDKK)



to, among other factors, the Hartwall acquisition, whereas an additional sales channel shift from on-trade towards off-trade affected net selling price and thus gross margin negatively.

Sales and distribution expenses for 2013 amounted to DKK 1,449 million, which is DKK 386 million above the 2012 figure (in organic terms, DKK 120 million above the 2012 figure). The greater part of the increase is directly related to the increased sales. Investments in the market in 2013 remained at a high level by way of increased sales and marketing expenses for both new and existing brands. Oppositely, higher efficiency in distribution reduced distribution expenses per volume unit.

Administrative expenses for 2013 were DKK 91 million higher amounting to DKK 264 million compared to DKK 173 million in 2012. In organic terms, expenses were DKK 26 million higher due to, among other factors, expenses for consulting assistance and performance-related bonus schemes for 2013.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by DKK 121 million in 2013 amounting to DKK 732 million compared to DKK 611 million in 2012. As expected, EBITDA relating to Hartwall amounted to DKK 94 million in the period from the acquisition on 23 August 2013. In organic terms, EBITDA increased by DKK 32 million over 2012. Q4 2013 EBITDA amounted to DKK 187 million, whereas, in organic terms, EBITDA was marginally lower than in 2012.

Earnings before interest and tax (EBIT) were DKK 75 million above the 2012 figure and amounted to DKK 560 million, including DKK 38 million relating to Hartwall, which was DKK 13 million above expectations. As expected, transaction costs amounted to DKK 15 million. In organic terms, EBIT for 2013 amounted to DKK 522 million, which was as expected. Q4 2013 EBIT amounted to DKK 111 million compared to DKK 85 million in 2012.

As expected, the 2013 EBIT margin of 12.5% was lower than in 2012 due to the Hartwall acquisition and the related amortisation of intangible assets of Hartwall. Excluding Hartwall, EBIT margin was 14.1% as in 2012. The unchanged EBIT margin comprises a lower margin in Western Europe due to a sales shift towards the off-trade sales channel, whereas EBIT margins in the Baltic countries and in the malt beverages segment increased. Q4 2013 EBIT margin was 7.8% and as expected lower than in 2012, partly for the same reasons as for the full year and partly due to a shift in 2013, as compared to 2012, of maintenance, sales and marketing activities towards Q4.

Net financials for 2013 showed a net expense of DKK 12 million, which is a DKK 8 million improvement on 2012. Net financials in the period were DKK 7 million higher. DKK 13 million related to the funding of the Hartwall acquisition. Income after tax from investments in associates was DKK 1 million below the 2012 figure, which was positively affected by a non-recurring income of DKK 8 million.

Profit before tax increased by DKK 67 million in 2013 amounting to DKK 548 million compared to DKK 481 million in 2012.

Tax on the profit for 2013 was an expense of DKK 68 million, corresponding to a tax rate of approx 13% of profit before tax. The tax expense for the year is positively affected by an adjustment of the provision for deferred tax of DKK 60 million due to changed corporation tax rates primarily at Hartwall. Eliminated for this and calculated net of income from associates, the tax rate was 25% as expected. The tax recognised in other comprehensive income was an expense of DKK 4 million in 2013 (2012: DKK 0 million).

Net profit for the year amounted to DKK 480 million, which is a DKK 107 million improvement on the profit of DKK 373 million realised in 2012.

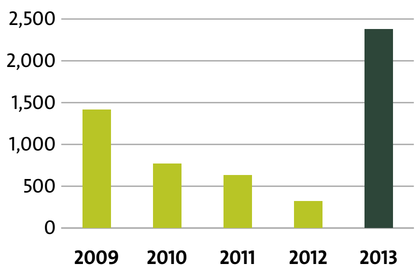
The Parent Company's profit for the year amounted to DKK 462 million compared to DKK 383 million in 2012. Dividend income from subsidiaries and associates amounted to DKK 153 million compared to DKK 65 million in 2012.

BALANCE SHEET

Royal Unibrew's balance sheet amounted to DKK 6,925 million at 31 December 2013, which is DKK 4,077 million above the figure at 31 December 2012. The Hartwall acquisition increased the balance sheet by DKK 4 billion, comprising intangible assets of DKK 2.6 billion,

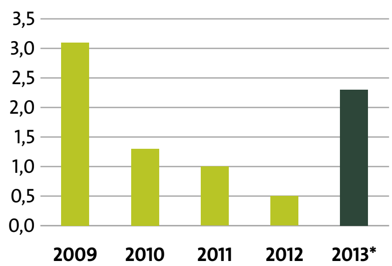
NET INTEREST-BEARING DEBT

(mDKK)



NET INTEREST-BEARING DEBT / EBITDA

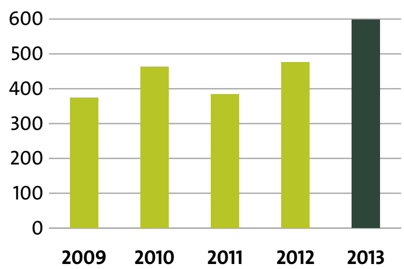
(Times)



* Calculated pro forma with Hartwalls realised full-year EBITDA.

FREE CASH FLOW

(mDKK)



property, plant and equipment of DKK 1.2 billion, and inventories and receivables of DKK 0.2 billion.

Through tight inventory and trade receivables control, the increase in funds tied up in working capital was kept at only approx DKK 40 million in spite of higher raw materials prices and higher net revenue than in 2012.

The equity ratio represented 30.8% at 31 December 2013 compared to 47.3% at the end of 2012. The reduced equity ratio is related to the Hartwall acquisition. Equity at the end of December 2013 amounted to DKK 2,133 million compared to DKK 1,348 million at the end of 2012 and was increased in 2013 by the proceeds from the share issue and the sale of treasury shares of DKK 582 million in connection with the Hartwall acquisition, by the positive comprehensive income of DKK 548 million for the period and by DKK 3 million relating to the share-based bonus scheme, whereas distribution of dividend of DKK 242 million and net share buy-backs of DKK 106 million reduced equity. The comprehensive income comprised the profit for the period of 480 million, revaluation of the brewery site in Aarhus of DKK 71 million (after tax), a positive development in the value of hedging instruments of DKK 10 million (after tax) and negative exchange rate adjustments of foreign group enterprises of DKK 13 million.

Net interest-bearing debt increased by DKK 2,058 million in 2013 to DKK 2,379 million. The Hartwall acquisition less proceeds from the share issue and the sale of treasury shares increased interest-bearing debt by DKK 2,302 million; moreover, DKK 352 million was distributed to shareholders by way of dividend and share buy-backs (2012: DKK 379 million). On the other hand, free cash flow for the year reduced net interest-bearing debt by DKK 598 million, including additional sale of parts of the brewery site in Aarhus of approx DKK 60 million (2012: approx DKK 110 million).

Funds tied up in working capital showed a negative DKK 834 million at the end of 2013, including a negative amount of DKK 619 million attributable to Hartwall. Hartwall's funds tied up in working capital are positively affected by large parts of the trade receivables being realised at the time of invoicing. Excluding Hartwall, funds tied up in working capital showed a negative DKK 215 million, which is a DKK 36 million improvement from the end of 2012 when working capital amounted to a negative DKK 179 million. Funds tied up in inventories, trade receivables and trade payables were DKK 12 million higher in 2013, whereas the other elements of working capital were DKK 48 million lower than at the end of 2012. All entities continue their strong focus on managing inventories, trade receivables and trade payables.

CASH FLOW STATEMENT

Cash flow from operating activities showed a DKK 156 million improvement on 2012 amounting to DKK 653 million for 2013 (2012: DKK 497 million). Cash flow comprised the profit for the period adjusted for non-cash operating items of DKK 735 million (2012: DKK 611 million), positive working capital cash flow of DKK 91 million (2012: DKK 22 million), net interest paid of DKK 55 million (2012: DKK 31 million) and taxes paid of DKK 118 million (2012: DKK 105 million). Interest paid in 2013 was affected by loans raised to fund the Hartwall acquisition of DKK 13 million and by prepayments on these of DKK 11 million. Hartwall contributed DKK 98 million to cash flow from operating activities, including DKK 81 million attributable to profit for the period and DKK 41 million attributable to the positive development in working capital less interest paid of DKK 15 million and tax payments of DKK 9 million.

Free cash flow amounted to DKK 598 million for 2013 compared to DKK 476 million for 2012. The DKK 122 million increase in free cash flow comprised DKK 83 million relating to Hartwall, a DKK 64 million improvement of operating cash flow and dividend from associates with deduction of DKK 25 million higher net investments in property, plant and equipment. Gross investments in property, plant and equipment for 2013 amounted to DKK 143 million, including DKK 15 million relating to Hartwall, compared to DKK 154 million in 2012, whereas sale of property, plant and equipment net of tax amounted to DKK 68 million compared to DKK 119 million in 2012. The key part, approx DKK 60 million, of the cash flow from the sale of assets in 2013 related to the sale of an additional part of the brewery site in Aarhus.

BREWERY SITE IN AARHUS

In accordance with the cooperation agreement, A. Enggaard Entreprenør- og Byggefirma A/S has options to purchase building rights for a total of 140,000 square metres at the brewery site in Aarhus in the period to the end of 2016. At the end of 2013 building rights for a total of 55,100 square metres have been sold, and at the end of 2013 A. Enggaard Entreprenør- og Byggefirma A/S notified Royal Unibrew that he wishes to acquire additionally 8,775 square metres. This sale is expected realised in Q2 2014, after which an option for 76,125 square metres of building rights will remain. The realisation and timing of the total sale of the brewery site in Aarhus are subject to uncertainty. In Royal Unibrew's opinion – given market conditions – the cooperation model adopted creates a good basis for realising the value of the total brewery site. The carrying amount of the remaining building rights at 31 December 2013 was DKK 291 million, which corresponds to the estimated fair value calculated by applying unchanged assumptions as compared to 30 June 2013 in respect of estimated selling prices and milestone dates under the cooperation agreement, estimated costs up until the date of sale (property taxes, project and selling costs) and the discount rate. A sale at carrying amount will trigger a tax payment of approx DKK 60 million.

Outlook

The outlook for Royal Unibrew's financial development in 2014 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by general economic activity, fiscal measures and the consumer uncertainty which is directly affected by the macroeconomic sentiment and development. Moreover, the outlook has been prepared taking into account the development in material expense categories as well as the effect of initiatives initiated.

Management's financial performance outlook for 2014 is based on the following main assumptions:

- Consumption in the North Western European market is expected to show a slight decline, partly due to a structural market decline, partly due to the expectation of a normal summer. In the Finnish market and for the premium/super premium category in Italy, a low single-digit percentage consumption decline is expected. Both Finland and Italy are generally expected to see a volatile and declining market due to negative economic growth, low consumer confidence and fiscal measures implemented and expected. Consumption in the Baltic markets is expected to be stable, but with a market and product mix in which the beer market is expected to decline slightly, whereas the fruit juice/soft drinks market is expected to increase slightly. The market for malt beverages in Europe and the Caribbean is expected to remain unchanged, whereas moderately increasing markets are expected in a number of African and Central American countries driven by slightly improved macroeconomic conditions and population growth.

- Royal Unibrew's market shares on branded products in Europe are generally expected to be maintained or increased for the key brands in main markets, except for the market targeting Danish consumers. This market is expected to normalise as parts of 2013 were characterised by temporarily high market shares due to trading challenges in the Danish off-trade sales channel for a number of competing products. The previously mentioned private label agreement in Denmark which Royal Unibrew has held for the past two years has not been extended, which is expected to affect both revenue and sales negatively. Royal Unibrew's market shares in the Malt Beverages segment are expected to increase due to increased market penetration in existing markets and expansion into new markets.

- The main focus of the integration work at Hartwall is to strengthen competitive power in both the short and long term. These efforts are pursued against the backdrop of a challenging macroeconomic situation in Finland, increased competitive pressures which have caused Hartwall to lose market shares for several years as well as increasing indirect taxes and, consequently, increased private import. In the efforts to improve Hartwall's competitive power, restructuring negotiations have been conducted with the employees since mid-January in accordance with procedures laid down. The negotiations and conclusions are expected completed within a short time. The restructuring topics comprise both staff reduction and an organisational change – with the aim of increasing market and customer focus and creating greater organisational agility and flexibility. Independently of the staff-related restructuring negotiations, cross-organisational efforts are directed at increasing efficiency and integrating the export and IT functions.

- Unchanged net selling price increases are assumed.

- It is estimated that the cost development in a number of indirect cost categories noted during 2013 will continue in 2014.

- The continuous efficiency improvement in all parts of the business will continue in 2014.

- As in 2013, increased investments are expected in organisation, sales and marketing in the Malt Beverages segment with a view to strengthening the business area in the medium term.

- The prices of the key raw materials categories are expected to show a stable to slightly declining in 2014. In 2013 Royal Unibrew entered into hedging agreements covering the greater part of estimated consumption in 2014. The development comprises geographic as well as product-related differences, with some categories being expected to increase whereas others are expected to decline.
- The Malt Beverages segment is still expected in the medium term (measured at unchanged exchange rates) to hold potential for an average annual revenue growth of 10-15%, whereas, with the existing market mix, EBIT margin is expected to be at the level of 20%.
- Exchange rates between DKK and other currencies are expected to remain unchanged as compared to the end of 2013.
- Gross investments are expected to amount to DKK 230-250 million.
- Tax is expected to amount to approx 23% of profit before tax excluding income after tax from investments in associates.

OUTLOOK FOR 2014

Calculated on a pro forma basis with Hartwall's realised net revenue and results for all of 2013, net revenue amounted to DKK 6,050 million, EBITDA to DKK 1,015 million and EBIT margin was 12.0%.

In consequence of the above-mentioned expectations of the development in consumption and Royal Unibrew's market shares, including the normalisation of volumes and the termination of a private label contract in North Western Europe, net revenue for 2014 is expected to show a low one-digit percentage point decline as compared to the pro forma net revenue calculated for 2013. EBITDA is expected realised slightly higher than the pro forma EBITDA calculated for 2013. The outlook for 2014 will be updated when the restructuring negotiations with the employees at Hartwall and conclusions have been completed in accordance with the procedures laid down.

It remains the Group's target to increase EBIT margin to 13% in the medium term.

Due to the priority given to debt reduction, the Board of Directors recommends that no dividend be distributed in 2014; moreover, the Board of Directors does not expect to initiate any share buy-backs in 2014.

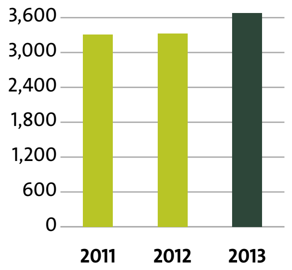
	Actual 2013*	Proforma realised 2013**
Net revenue (mDKK)	4,481	6,050
EBITDA (mDKK)	732	1,015
EBIT (mDKK)	560	730

* In 2013, Hartwall was included in results for the period 23 August – 31 December with net revenue of DKK 787 million, EBITDA of DKK 94 million and EBIT of DKK 38 million after deducting transaction costs of DKK 15 million.

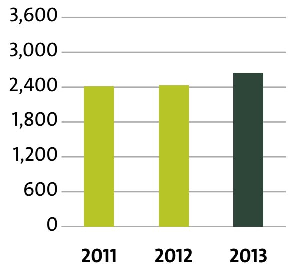
** Pro forma realised 2013 is calculated with Hartwall's realised net revenue and full-year results before deducting transaction costs.


HARTWALL
Novelle®

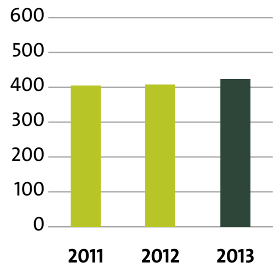
SALES
(thousand hectolitres)



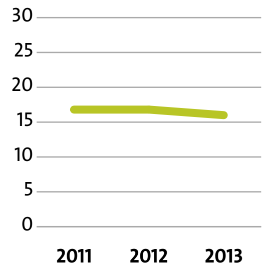
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



Western Europe

Royal Unibrew's market shares increased both in Northern Europe and in Italy in 2013. Focus on value management and a good summer ensured increasing net revenue and earnings in spite of consumer restraint.

The **Western Europe** segment comprises the markets for beer and soft drinks in North Western Europe (Denmark, other Nordic countries and Germany) as well as in Italy. In 2013 Western Europe accounted for 59% of the Group's net revenue and for 76% of EBIT (2012: 71% and 84%, respectively).

Sales in Western Europe for the full year as well as in Q4 2013 were significantly higher than in 2012. Royal Unibrew generally increased its market shares on branded beer and soft drinks. The positive sales development is due to a good summer in North Western Europe and to the market situation in the Danish off-trade channel in the last eight months of the year. These factors more than offset the continued consumer restraint. Net revenue for the full year went up by 9% and for Q4 by 15% as compared to 2012. Other than the effect of higher sales, net revenue was positively affected by value management measures, whereas shifts in market and channel mix and intensified competition in North Western Europe affected net revenue negatively.

Earnings before interest and tax (EBIT) increased by DKK 16 million in 2013 amounting to DKK 424 million. EBIT margin was 16.0% compared to 16.8% in 2012. Q4 2013 EBIT was DKK 12 million lower than in 2012, and EBIT margin was 4 percentage points lower. EBIT was positively affected by the higher sales, whereas both EBIT and EBIT margin were negatively affected by the shift from on-trade towards off-trade, a shift in maintenance expenses as well as increased investments in sales and marketing activities to create future earnings. This was especially the case in Q4.

WESTERN EUROPE

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	3,680	3,323	10%	924	787	17%
Net revenue (mDKK)	2,650	2,430	9%	635	550	15%
EBIT (mDKK)	424.0	408.2		76.6	88.5	
EBIT margin (%)	16.0	16.8		12.1	16.1	

North Western Europe

Profile

Royal Unibrew is the number two provider of beer and soft drinks to Danish consumers in terms of size.

Within beer, Royal Unibrew offers a combination of strong international, national and local brands. Royal Beer and the international licence brand Heineken are offered to the entire Danish market, whereas other brands are offered in areas with strong local rooting.

Within soft drinks, Royal Unibrew offers its own brands as well as licence-based brands of the Pepsi Group. Own brands comprise Faxe Kondi, which is the leading brand in the lemon/lime segment, as well as Nikoline. The Pepsi products include Pepsi, Pepsi Max, 7UP and Mirinda.

Within spring water and natural mineral water, Egekilde is marketed in a number of taste varieties, still as well as sparkling.

Within related categories, Royal Unibrew offers Faxe Kondi Booster in the energy drink segment as well as a number of products in the cider and ready-to-drink segments.

Sales take place business-to-business, whereas the Group's products are primarily distributed through the Group's own distribution system to the individual business-to-business customer within both on-trade and off-trade.

DEVELOPMENTS IN 2013

It is estimated that **North Western Europe** has seen unchanged consumption of beer and soft drinks among Danish consumers in 2013. Different summer weather and indirect tax changes – increase in 2012 and reduction in 2013 -, however, make it difficult to make a valid comparison of market developments from 2012 to 2013.

Royal Unibrew's sales for 2013 increased by 12% over 2012, and net revenue increased by 11%. The good summer weather and temporary trading challenges for a number of competing products with a major Danish retail chain in 2013 affected sales and net revenue positively as compared to 2012. It is estimated that the market share for branded beer and soft drinks products increased in 2013. In early 2013 selective net selling price increases were introduced to compensate partly for the higher raw materials prices, which also affected net revenue positively.

In 2013 Royal Unibrew continued focusing on value management, commercial innovation, including campaigns/product activation and product development as well as marketing investments. Therefore, expenses have gone up. New taste varieties of Faxe Kondi Booster, Nikoline, Egekilde and within the RTD segment with Tempt Blue Desire were launched, which have already contributed towards reinforcing Royal Unibrew's market position. And with the investment in a new canning unit, Royal Unibrew continued its strong focus on innovation of container and packaging varieties. Through sponsoring of the SMUK Festival attended by more than 50,000 people, "Tak Rock" (Thank you, Rock) concerts at Tivoli as well as a major joint "bottle top hunt" campaign for all of Royal Unibrew's soft drinks products, Royal Unibrew continued its focus on consumer-engaging activities.

In Germany Faxe sales continued to increase.

NORTH WESTERN EUROPE

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	3,271	2,919	12%	853	718	19%
Net revenue (mDKK)	2,043	1,833	11%	528	442	19%

Italy

DEVELOPMENTS IN 2013

The market situation in **Italy** remains characterised by economic uncertainty, consumer restraint and downtrading, which, as expected, affected total beer consumption negatively. Consumption declined in the off-trade channel as well as in the on-trade channel, whereas the premium and super premium segment maintained its market share.

Royal Unibrew's sales and net revenue which primarily relate to the super premium brand Ceres Strong Ale increased in 2013. Net revenue increased by 2% partly due to increased Ceres Strong Ale sales, partly due to an improved channel mix. Isolated in Q4 2013 the product mix shifted as compared to 2012 towards products with a lower net selling price per volume unit. It is assessed that Royal Unibrew has increased its market share in the premium and super premium segment.

Investments in the consumer communication platform for Ceres Strong Ale, with a broad coverage from social media to TV commercials, continue. With more than 600,000 fans on facebook, Ceres Strong Ale has proved its appeal to the younger consumer segment. Investment in marketing of Ceres Strong Ale is a key priority and was at a high level also in 2013.

Profile

Ceres Strong Ale is among the market leaders in the beer super premium segment and holds a considerable market share in this segment

It is assessed that about 75% of Ceres Strong Ale is consumed out of home, whereas the rest is consumed at home, which is the opposite of the general beer market in Italy. Ceres Strong Ale has achieved a very high distribution in the on-trade channel, where the product has one of the broadest distributions across categories.

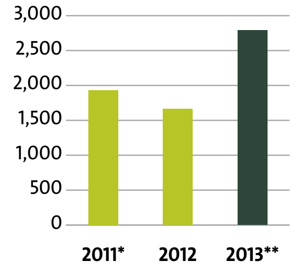
Moreover, Royal Unibrew sells Ceres Red Erik in the super premium segment as well as the lager types Ceres Top Pilsner and Faxe in the premium segment.

Distribution takes place through wholesalers who service and supply customers in the on-trade channel, to a number of cash & carry customers where on-trade customers themselves pick up the goods and to retail customers where Royal Unibrew delivers the goods directly through third-party suppliers. Sales efforts in the on-trade channel are primarily directed at business-to-business as well as at selected outlets.

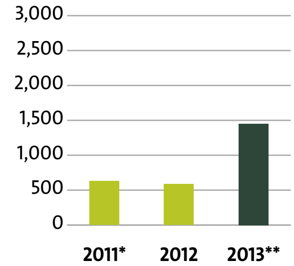
ITALY

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	409	404	1%	71	69	3%
Net revenue (mDKK)	607	597	2%	107	108	-1%

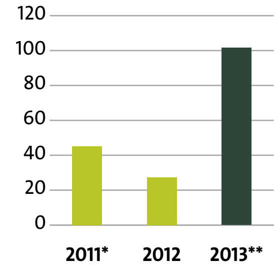
SALES
(thousand hectolitres)



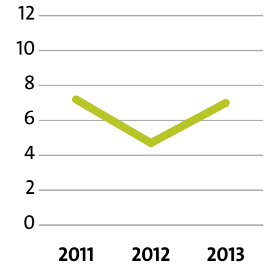
NET REVENUE
(mDKK)



EBIT
(mDKK)



EBIT MARGIN
(%)



* Including the Polish subsidiary sold in March 2011.
** Including Hartwall acquired on 23 August 2013.

North East Europe

The Hartwall acquisition significantly reinforced Royal Unibrew's market position in the region. Hartwall's sales and net revenue for 2013 were as expected. A consumption decline in the Baltic countries due to continued consumer restraint was offset by higher market shares and a favourable development in the consumption of branded products.

The **North East Europe** segment primarily comprises the markets for beer, fruit juices and soft drinks in the Baltic countries (Lithuania, Latvia and Estonia) and with the acquisition of Hartwall as of 23 August 2013 also Finland. In 2013 North East Europe accounted for 32% of the Group's net revenue and for 18% of EBIT (2012: 17% and 6%, respectively).

The summer was better in 2013 than in 2012 in the North East European region, which affected beer, fruit juice and soft drinks consumption positively, whereas consumer restraint in Royal Unibrew's North East European markets resulted in lower consumption than in 2012 in both the Baltic countries and Finland.

Sales and net revenue increased by 68% and 148%, respectively, in 2013. The Hartwall acquisition in August 2013 increased sales by 58% and net revenue by 135%. In organic terms (in the Baltic countries), sales thus increased by 10%, whereas net revenue increased by 13% over 2012. Q4 2013 sales increased by 11% and net revenue by 12% in organic terms. Royal Unibrew increased its market shares.

Earnings before interest and tax (EBIT) for 2013 were DKK 74 million above the 2012 figure and amounted to DKK 102 million. In organic terms (in the Baltic countries), EBIT increased by DKK 22 million to DKK 49 million. The favourable development is caused by a combination of higher supply chain efficiency, a favourable development towards branded products and increased market shares. EBIT margin increased by 2.6 percentage points from 4.7% to 7.3% in organic terms (in the Baltic countries).

NORTH EAST EUROPE

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	2,791	1,664	68%	1.094	361	204%
Net revenue (mDKK)	1,450	585	148%	708	128	454%
EBIT (mDKK)	101.6	27.3		32.1	-5.5	
EBIT margin (%)	7.0	4.7		4.5	-4.3	

The Baltic countries

DEVELOPMENTS IN 2013

In spite of a continued positive development in the Baltic economies, total consumption of beer, fruit juices and soft drinks declined in the Baltic markets due to consumer restraint. A good summer partly compensated for the effect of the continued consumer restraint.

Sales and net revenue increased by 10% and 13%, respectively, in 2013. Q4 2013 sales increased by 10% and net revenue by 12%. Net revenue per volume unit increased as Royal Unibrew has concentrated its activities on the market for branded products. The total Baltic market for branded products grew in 2013, whereas the economy segment declined. The start-up of activities in Estonia and of the distribution of Heineken in the Baltic countries contributed to the market share development to a smaller extent and progressed as planned. The net revenue increase is thus caused by a combination of favourable product mix and increased market shares.

The level of innovation has been high in 2013 for beer products with the launch in Lithuania and Latvia of new Kalnapilis and Lacplesis product varieties with new taste and in exclusive profile bottles, as well as for soft drinks products with the launch of a new strawberry-flavoured variety of Cido Enjoy and SunSet Cranberry, a soft drink for adults.

Profile

In the Baltic countries, Royal Unibrew offers a combination of its own strong national and regional brands as well as international Heineken brands.

Royal Unibrew's brewery business Kalnapilio-Tauro Grupe is the second largest in Lithuania. Within beer, the national brands are Kalnapilis and Taurus, and Faxe is a leading international brand. Cido is the number two fruit juice brand in terms of size.

In Latvia Royal Unibrew's Cido Grupa is the largest provider of fruit juices and soft drinks as well as the number three provider of beer. Within beer, the national brands Lacplesa Alus and Livu Alus are offered, and within soft drinks a complete portfolio of fruit juice products is offered under the Cido brand. Mineral water is sold under the Mangali brand and nectar drinks are sold under the Fruts brand.

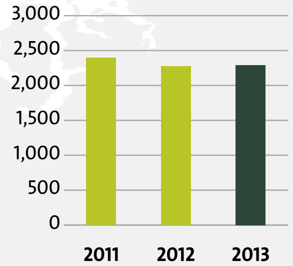
The primary brands in Estonia are Cido in the soft drinks category and Meistriti Gildi and Faxe in the beer category.

BALTIC COUNTRIES

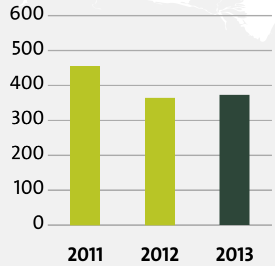
	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	1,830	1,664	10%	398	361	10%
Net revenue (mDKK)	663	585	13%	144	128	12%

Finland

NET REVENUE
(mDKK)



EBITDA
(mDKK)



Hartwall's historical development

Profile

In Finland Royal Unibrew offers a combination of its own strong national brands, international Pepsi and Heineken brands as well as a number of international wine and spirits brands.

Royal Unibrew's activities are carried out through Hartwall, a multi-beverage business with a broad product range holding a clear runner-up position in Finland. With its own brands such as the Karjala and Lapin Kulta beer brands, Jaffa (soft drinks), Original (RTD), Upcider (cider), ED (energy drink) and Novelle (mineral water) as well as international brands such as Fosters, Heineken and Pepsi, Hartwall is the market leader in the categories of mineral water, cider and ready-to drink (RTD) and a strong runner-up in the categories of branded beer, soft drinks and energy drinks. The trading company Hartwa-Trade operates agencies for a number of international wine and spirits brands and contributes 13% of Hartwall's revenue.

Hartwall is headquartered in Helsinki and operates two modern production facilities in Lahti (produces all products but mineral water) and Karijoki (produces mineral water). A distribution network of 21 terminals supplies approx 15,000 off-trade and on-trade Hartwall customers directly. Hartwall sells about 90% of its production in its domestic market and the rest is exported, especially for cross-border trade in the Baltic countries.

DEVELOPMENTS IN 2013

Prior to the Hartwall acquisition on 23 August 2013, Royal Unibrew did not operate in the Finnish market.

As expected, the Finnish market for beer, soft drinks, wine and spirits products was characterised by consumer restraint due to negative economic growth in 2013.

Sales and net revenue in the period from Royal Unibrew's acquisition of Hartwall in August 2013 were as expected and at the level of the results realised by Hartwall in the same period of 2012. Indirect tax increases per 1 January 2014 affected sales in fourth quarter positively.

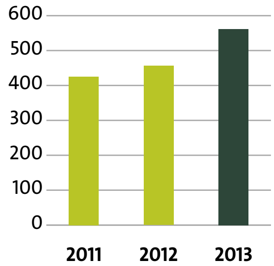
The integration of Hartwall into the Group was commenced immediately after the acquisition when an activity plan and timetable were prepared. Integration is progressing as planned. A key element of the integration plan is to ensure Hartwall's continued position as a market-leading beverage business in Finland. Therefore, the market conditions and the business were thoroughly analysed in 2013 with a view to identifying the need for organisational changes and for adjustment of the existing competences of Hartwall. In January 2014 negotiations on organisational restructuring of Hartwall were initiated. The negotiations and conclusions are expected completed within a short time in accordance with the procedures laid down. At the time of the acquisition, Hartwall's IT platform was integrated in Heineken's IT platform; as part of the integration plan, migration to Royal Unibrew's IT platform has commenced. Similarly, export sales and the purchasing function, which have so far been handled by Heineken, will be insourced.

FINLAND

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	961	-	-	696	-	-
Net revenue (mDKK)	787	-	-	564	-	-

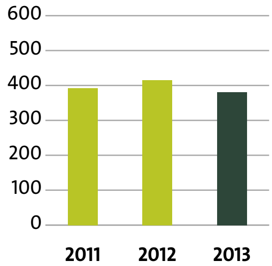
SALES

(thousand hectolitres)



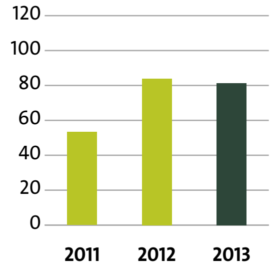
NET REVENUE

(mDKK)



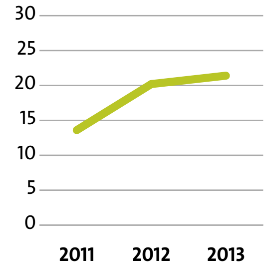
EBIT

(mDKK)



EBIT MARGIN

(%)



Malt Beverages

Higher sales in existing markets and market coverage expansion resulted in a considerable sales increase in 2013. As expected, net revenue and earnings developments were affected by the sale of Impec in November 2012 and by investment in developing new markets and sales organisation.

The **Malt Beverages** segment comprises the export and licence business for malt beverages and beer exports to other markets. In 2013 malt beverages accounted for 9% of the Group's net revenue and for 15% of EBIT (2012: 12% and 17%, respectively).

Sales increased by 23% in 2013, whereas net revenue declined by 8%. Q4 sales increased by 13% and net revenue by 1%. In organic terms (eliminated for divestment of the Group's Caribbean distribution company in November 2012), sales increased by 25% and net revenue by 21%

MALT BEVERAGES

	2013 Q1-Q4	2012 Q1-Q4	Change	2013 Q4	2012 Q4	Change
Sales (thousand hectolitres)	562	456	23%	118	105	13%
Net revenue (mDKK)	381	415	-8%	83	82	1%
EBIT (mDKK)	81.3	83.9		13.2	14.8	
EBIT margin (%)	21.4	20.2		15.9	18.2	

Profile

The business area Malt Beverages comprises an export and licence business, primarily relating to non-alcoholic malt beverages but also to beer exports under the Faxe brand.

Royal Unibrew has several internationally strong malt beverages brands, which are sold in the premium segment. Vitamalt is assessed to be the malt brand with the broadest global distribution, whereas Supermalt and Powermalt hold strong regional positions.

The key market areas for Royal Unibrew's malt beverages are countries in the Americas region and Africa as well as among ethnic groups from these areas living in and around major cities in Europe and the USA.

The malt beverages markets are primarily supplied by exports from Royal Unibrew's Danish breweries, but also in certain cases on the basis of licence agreements with local breweries.

The sales organisation, which is to a large extent located in the individual markets, cooperates closely with our partners on commercial priorities and marketing initiatives.

in 2013. Q4 2013 sales and net revenue increased by 15% and 16%, respectively, in organic terms.

Sales in the segment are characterised by large volumes being exported to distributors at a time, which means that inventory changes should be taken into account when comparing periods.

Earnings before interest and tax (EBIT) for 2013 amounted to DKK 81 million, which is DKK 3 million below the 2012 figure. EBIT margin was 21.4% in 2013 compared to 25% for the continuing operations in 2012. Lower USD and GBP rates affected EBIT negatively by approx DKK 5 million as compared to 2012. Moreover, as planned, investments were made in marketing in existing and new markets as well as in the development of the sales organisation in 2013.

The business in the Americas comprising the Caribbean, Central America, the USA and Canada developed positively in 2013 with double-digit sales and net revenue growth. The positive development is due to a combination of increased sales in existing markets and market expansion.

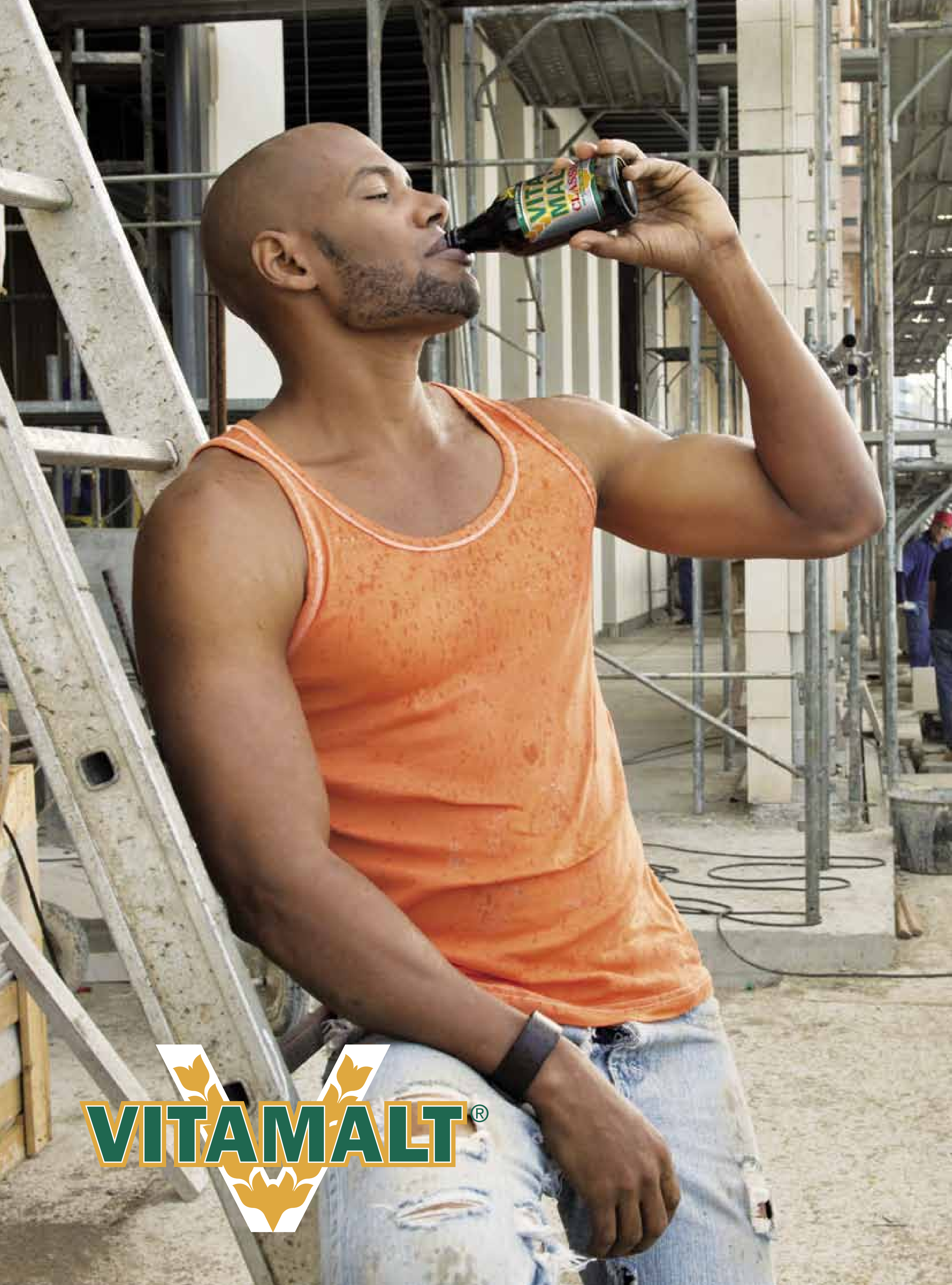
As expected, the business in EMEAA comprising Europe, the Middle East, Africa and Asia also developed satisfactorily in 2013 recording double-digit sales and net revenue growth. The highest growth was achieved in the markets in Africa and Asia, whereas growth in the European markets was lower as expected.

The Most Important Brands

WESTERN EUROPE

MALT BEVERAGES

NORTH EAST EUROPE


VITAMALT®
VITA MALT CLASSIC

Shareholder Information

Royal Unibrew wants to keep its shareholders continuously up-to-date on the Company's development and also to increase interest in the Company on the stock market. Therefore, Royal Unibrew emphasises providing timely and adequate information on its objectives and strategy, business activities and the development in the Company's markets.

Share capital, DKK	110,985,000
Number of shares	11,098,500
Denomination	DKK 10
Number of share classes	1
Restriction of voting right	None
Place of listing	NASDAQ OMX Copenhagen A/S
Short name	RBREW
ISIN code	DK10242999
Bloomberg code	RBREW DC
Reuter code	RBREW.CO
Index	MidCap

SHARE INFORMATION

The Board of Directors has been authorised to increase the Company's share capital on one or several occasions by up to a nominal amount of DKK 915,000 in the period to 30 April 2017 following a share capital increase of DKK 10,085,000 in 2013.

The Board of Directors cannot without prior adoption at the general meeting decide to acquire shares for treasury. At the AGM in 2013, the Board of Directors was authorised to acquire shares for treasury of up to 10% of the share capital in the period to the AGM in 2014.

Each share of DKK 10 carries one vote. Any shareholder registered in the Company's register of shareholders is entitled to vote.

The shares are listed on NASDAQ OMX Copenhagen A/S, and Royal Unibrew is included in the Midcap index.

At the end of 2013, the price of the Royal Unibrew share was 736 compared to 492 at the end of 2012. Royal Unibrew's market capitalisation amounted to DKK 8,168 million at the end of 2013 compared to DKK 5,200 million at the end of 2012.

CHANGE OF CONTROL

The realisation of a takeover bid resulting in change of control of the Company will entitle a few trading partners and lenders to terminate trading agreements made. For a description of agreements with Company Management, reference is made to the section Remuneration.

TREASURY SHARES IN 2013

At the AGM on 29 April 2013, the Board of Directors was authorised to acquire shares for treasury of up to 10% of the total share capital.

At the end of April 2013, the Board of Directors of Royal Unibrew initiated a share buy-back of up to a market value of DKK 210 million in the period to 25 April 2014. However, in connection with the acquisition of Hartwall the Board of Directors of Royal Unibrew A/S decided in July 2013 to close the ongoing share buy-back programme. In September 2013 the Board of Directors initiated a new share buy-back programme with a view to buying back 21,988 of the Company's shares in the period from 17 September 2013 to 20 November 2013 for the purpose of covering an incentive programme for the Executive Board.

The share buy-back programmes were established and structured in accordance with the so-called Safe Harbour method,

DEVELOPMENT IN ROYAL UNIBREW'S SHARE CAPITAL

DKK '000	2013	2012	2011	2010	2009
Share capital 1/1	105,700	111,865	111,865	111,865	56,000
Capital reduction	-4,800	-6,165			
Capital increase	10,085				55,865
Share capital 31/12	**110,985**	**105,700**	**111,865**	**111,865**	**111,865**

which ensures that the Company is protected against violation of insider legislation during the buy-back process.

Royal Unibrew's total share buy-back in 2013 comprised 206,638 shares of a total market value of DKK 110 million. The Company's AGM in April 2013 resolved to reduce the share capital by DKK 4.8 million by cancellation of 480,000 shares.

In relation to option schemes concerning 2007, 12,086 treasury shares were sold in 2013 for DKK 4 million, and 37,500 treasury shares were sold to HC 7 Holding Oy Ab (wholly-owned subsidiary of Hartwall Capital Oy Ab) for DKK 21 million.

Royal Unibrew now holds a total of 60,000 treasury shares of a nominal value of DKK 10 each, corresponding to 0.5% of the Company's share capital. The total number of shares of the Company is 11,098,500 including treasury shares.

OWNERSHIP

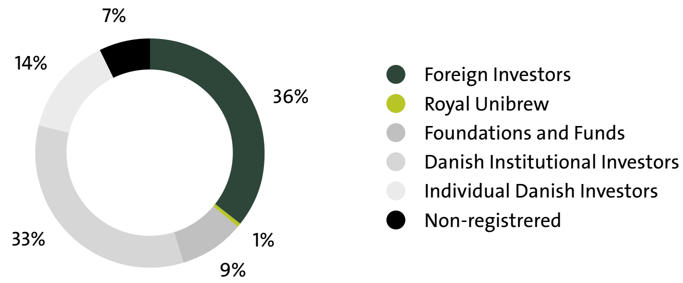
At the end of 2013, Royal Unibrew had approx 15,500 registered shareholders holding together 93% of the total share capital.

According to the latest Company Announcements or other public announcements, the following shareholders hold more than 5% of the share capital:

Shareholder	End of February 2014	End of February 2013
Chr. Augustinus Fabrikker, Denmark	11.5 %	11.0 %
HC 7 Holding Oy Ab, Finland	9.4 %	-
SKAGEN Fondene AS, Norway	7.5 %	8.9 %
ATP, Denmark	5.0 %	5.2 %

Members of the Board of Directors and the Executive Board are governed by Royal Unibrew's insider rules, and their share transactions are subject to a notification requirement. Individuals with inside information as well as their spouses and children below the age of 18 may trade Royal Unibrew shares only when the Board of Directors has announced that the window for trading shares is open (and provided that they do not have inside information). This normally applies for a period of four weeks following an announcement of financial results.

BREAK-DOWN OF SHAREHOLDERS AT THE END OF 2013



At 31 December 2013, directors held 2,755 shares of the Company, and members of the Executive Board held 103,694 shares, corresponding to a total of 1% of the share capital.

GENERAL MEETING

The Company's AGM will be held on 29 April 2014, at 4 pm at NRGi Arena in Aarhus.

The AGM will be convened electronically, and information on the registration for electronic communication is provided at Royal Unibrew's website www.royalunibrew.com under investor.

Registration of shareholder's name is effected by contacting the bank holding the shares in safe custody.

BOARD OF DIRECTORS RESOLUTIONS AND PROPOSED RESOLUTIONS FOR THE AGM

The Board of Directors will propose that the AGM authorise the Board of Directors to acquire shares for treasury corresponding to up to 10% of the share capital, such authorisation being in force for the period up until the next AGM. The Board will also propose that the AGM authorise the Board of Directors to realise capital increases up to a nominal amount of DKK 11 million corresponding to approx 10% of the share capital in the period to 30 April 2019, and that the Company's Articles of Association be amended accordingly.

Moreover, the Board of Directors will propose that no dividend be distributed for the financial year 2013.

INVESTOR RELATIONS ACTIVITIES

Royal Unibrew aims at ensuring open and timely information to its shareholders and other stakeholders.

A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. In 2013 Royal Unibrew held five audio casts in connection with the publication of the Annual Report 2012, the Q1 Report, H1 Report and Q3 Report 2013, respectively, and in connection with the Hartwall acquisition. Moreover, Royal Unibrew holds analyst and investor meetings in both Denmark and abroad in connection with the publication of Interim and Annual Reports. Furthermore, X individual meetings were held with investors and analysts in 2013.

Among other events, Royal Unibrew participated in January 2013 in SEB Enskilda's Annual Nordic Seminar in Copenhagen, in June 2013 in Handelsbanken's Mid & Small Cap Seminar in Stockholm and in December 2013 in Danske Bank's Winter Seminar in Copenhagen, Nordea's Investor Meeting, "Brewing & Retail Field Trip 2013" in London and SEB Enskilda's Investor Meeting "The Best of Denmark" in London, respectively.

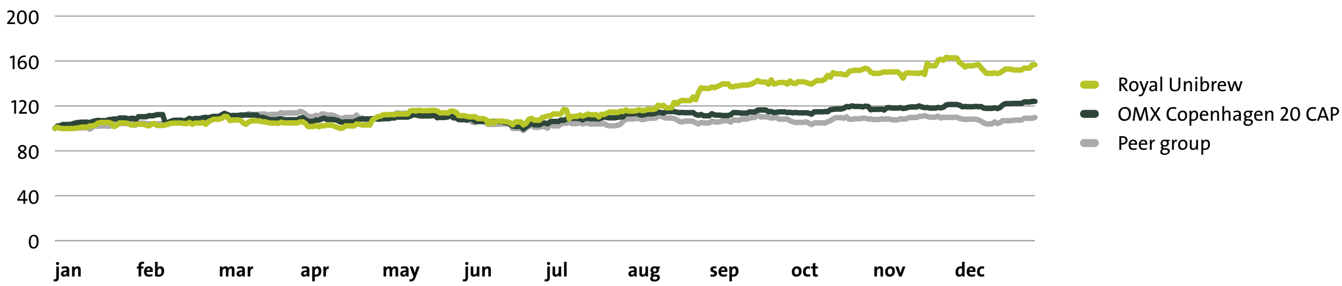
Audio casts and presentations from audio casts and seminars are accessible at Royal Unibrew's website, www.royalunibrew.com under investor.

SHARE RATIOS

Per share – DKK	2013	2012	2011	2010	2009
Parent Company shareholders' share of earnings per share	45.9	35.6	31.8	25.1	5.8
Parent Company shareholders' diluted share of earnings per share	45.8	35.6	31.8	25.1	5.8
Cash flow per share	62.4	44.2	36.4	44.4	62.0
Diluted cash flow per share	62.2	44.2	36.4	44.4	62.0
Year-end price per share	736.0	492.0	321.5	332.0	139.0
Dividend per share	0.00	24.0	17.0	12.5	0.0
Number of shares	11,098,500	10,570,000	11,186,498	11,186,498	11,186,498

SHARE PERFORMANCE

(index)



Note: The peer group consists of Carlsberg, Heineken, SABMiller and Anheuser-Busch InBev.
Source: Bloomberg

THE ROYAL UNIBREW SHARE IS FOLLOWED BY:

Company	Analyst
ABG Sundal Collier	Michael K. Rasmussen
Carnegie	Jonas Guldborg Hansen
Danske Bank	Tobias C. Björklund
Handelsbanken	Casper Blom
Nordea Bank	Hans Gregersen
SEB Enskilda	Søren Samsøe
Sydbank	Morten Imsgard

FINANCIAL CALENDAR FOR 2014

11 March 2014	Annual Report 2013
29 April 2014	Interim Report for the period 1 January – 31 March 2014
29 April 2014	Annual General Meeting in Aarhus
29 August 2014	Interim Report for the period 1 January – 30 June 2014
27 November 2014	Interim Report for the period 1 January – 30 September 2014

SHARE TRADING AT NASDAQ OMX

In 2013 a total of 5,210,232 shares were traded at NASDAQ OMX Copenhagen, corresponding to 47% of the total number of shares (source: Bloomberg). The trading value amounted to DKK 3,034 million (2012: DKK 1,744 million).

IR CONTACTS

Shareholders, analysts, investors, stockbrokers and other stakeholders who have questions concerning Royal Unibrew may contact:

Royal Unibrew A/S
Faxe Alle 1
DK-4640 Faxe

CONTACTS

CFO Lars Jensen (responsible for IR)
Lars.jensen@royalunibrew.com

Ginette Maasbøl (daily IR contact)
Ginette.maasbol@royalunibrew.com
Telephone +45 56 77 15 12


— PREMIUM —
ENGLISH STYLE CIDER
Happy Joe

Corporate Governance

Royal Unibrew Management emphasises corporate governance, and the Company's management systems are continuously assessed and developed. The objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

In 2013 NASDAQ OMX Copenhagen incorporated the recommendations of the Committee on Corporate Governance in "Rules for Issuers of Shares". The Corporate Governance Recommendations, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's corporate governance.

Royal Unibrew complies with the Corporate Governance Recommendations with very few exceptions which are described below.

The Company's website http://investor.royalunibrew.com/governance.cfm provides a detailed description of the Board of Directors' approach to the Corporate Governance Recommendations issued by the Committee on Corporate Governance.

Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen with the following few exceptions:

BOARD COMMITTEES (RECOMMENDATION 3.4):
The Committee **recommends** that the board of directors establish an actual audit committee composed so that the chairman of the board of directors is not the chairman of the audit committee.

- The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. As a result of this, the chairman of the supreme governing body is also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors finds no need for a separate audit committee.

DISCLOSURE OF THE REMUNERATION POLICY, (RECOMMENDATION 4.2):
The Committee **recommends** that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.

- The remuneration of members of the Board of Directors is disclosed in the section "Remuneration". Disclosure of the remuneration of the individual members of the Executive Board is not at present considered material to stakeholders' assessment. The total remuneration of the Executive Board is disclosed in note 4. The remuneration of the Executive Board is considered in line with that of peer companies. The remuneration of the Executive Board is in accordance with the remuneration policy.

DIVERSITY

Statement is in accordance with the Danish Financial Statements Act, Article 99B.

Royal Unibrew aims at promoting diversity, which includes achieving a reasonable representation of both genders, both on the Board of Directors and on the top management team, based on a wish to strengthen the versatility and total competences of the business and to improve decision-making processes.

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – comprises 59% (2012: 63%) men and 41% (2012:37%) women, which is an increase in the share of women compared to 2012. When new executives are recruited, emphasis is placed on identifying candidates of both genders without discrimination, and Royal Unibrew is seeking to encourage female candidates' interest in taking on managerial tasks.

At present, six of the directors of Royal Unibrew elected by the general meeting are men and one is a woman, while the directors elected by the employees are two men and one woman. Two of the directors elected by the general meeting are foreigners.

It is the Board of Directors' objective that its members should, to the widest extent possible, complement each other in terms of age, background, nationality, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew. These matters are assessed when the nomination committee identifies new candidates for the Board of Directors, and it is an objective of the committee to identify both male and female candidates. However, recommendation of candidates will always be based on an assessment of the individual candidates' competences and how they match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

The target is that the share of women on the management team will be 40% and on the Board of Directors 20%.

SHAREHOLDER AND STAKEHOLDER RELATIONS

Royal Unibrew's Management wants and works actively to maintain good and open communication and dialogue with its shareholders and other stakeholders. The Company believes that a high level of openness in the communication of information on the Company's development supports the Company's work and a fair valuation of the Company's shares. The Group's openness is limited only by the duties of disclosure of NASDAQ OMX Copenhagen and by competitive considerations.

The dialogue with and communication to shareholders and other stakeholders take place by the issuing of Interim Reports and other announcements by the Company, via audio casts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and audio casts.

According to the Articles of Association of the Company, general meetings shall be convened not more than five weeks and not less than three weeks prior to the general meeting. It is an objective to formulate the notice convening the meeting and the agenda so as to give shareholders an adequate presentation of the business to be transacted at the general meeting. Proxies are limited to a specific general meeting and are formulated in such a way as to allow absent shareholders to give specific proxies for individual items of the agenda. All documents relating to general meetings are published at Royal Unibrew's website.

Each share denomination of DKK 10 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has only one class of shares.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors handles overall strategic management, financial and managerial supervision of the Company as well as continuous evaluation of the work performed by the Executive Board on behalf of the shareholders.

The Board of Directors performs its work in accordance with the Rules of Procedure of the Company governing the Board of Directors and the Executive Board. These Rules of Procedure are reviewed and updated regularly by the full Board of Directors.

The directors usually meet for five annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the directors meet when required. In 2013 twelve board meetings were held and three absentees were noted. The number of meetings held in 2013 was higher than usual due to the Hartwall acquisition.

The Board of Directors has established the following committees:

NOMINATION COMMITTEE

The nomination committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2013 the primary activity of the nomination committee was the assessment of the composition of the Board of Directors, including recruitment of two new members for the Board. The committee members meet on an ad hoc basis and held one meeting in 2013.

REMUNERATION COMMITTEE

The remuneration committee consists of the Chairman and Deputy Chairman of the Board of Directors. In 2013 the primary activities of the remuneration committee were the assessment and recommendation of remuneration of the Board of Directors and the Executive Board. The committee members meet on an ad hoc basis and held four meetings in 2013.

AUDIT COMMITTEE

The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. This should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors finds no need for a separate audit committee. It is the Board of Directors' objective to secure quality and integrity in the Company's presentation of Financial Statements, audit and financial reporting. At the same time, the Board of Directors monitors accounting and reporting processes, the audit of the Company's financial reporting, risk issues and the external auditors' performance and independence.

EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS

Annual evaluation of the work of the Board of Directors is performed. The evaluation is made by the Chairman of the Board of Directors. For this purpose the Chairman receives written replies to a questionnaire distributed to all members of the Board. The findings of the evaluation are presented and discussed at a meeting of the Board of Directors. The evaluation in 2013 gave rise to changing the composition of the Board of Directors with a view to strengthening competences within FMCG (Fast Moving Consumer Goods) and knowledge of the Finnish market. The evaluation did not give rise to changing the working method of the Board of Directors.

The Executive Board and the cooperation between the Board of Directors and the Executive Board are evaluated on an annual basis as a minimum.

COMPOSITION OF THE BOARD OF DIRECTORS

When composing the Board of Directors, we emphasise that the members have the competences required to solve the tasks. The Board of Directors assesses its composition annually, including ensuring that the combined competences and diversity of the members match the Company's activities. The Board of Directors strives to achieve a composition so that its members, to the widest extent possible, complement each other in terms of age, background, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew.

Candidates for the Board of Directors are recommended for election by the general meeting supported by motivation in writing by the Board of Directors as well as a description of the recruiting criteria. The individual members' competences are described in the below section on the Board of Directors and the Executive Board. When joining Royal Unibrew, new members of the Board of Directors are given an introduction to the Company and to the markets in which it operates.

At present, the Board of Directors consists of seven members elected by the general meeting and three members elected by the employees. Before the AGM in 2014, the employees will elect another member to the Board of Directors. Election of members by the employees takes place in compliance with the company law rules described at the Company's website. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.

All members of the Board of Directors elected by the general meeting are considered independent in accordance with the Corporate Governance Recommendations included in the "Rules for Issuers of Shares" of NASDAQ OMX Copenhagen.

Risk Management

Risk management plays a key role at Royal Unibrew, and policies and procedures have been determined to ensure efficient management, to the widest extent possible, of the identified risks.

At Royal Unibrew risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Group's strategic objectives being met.

The key risks are summarised by the following main areas:

- Industry and market risks
- Exposure hazard and third-party risks
- Financial risks (currency, interest rates, liquidity)
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company's risks is provided in note 2.

RISK MANAGEMENT STRUCTURE

Royal Unibrew's risk management structure is based on a systematic process of risk identification, risk analysis and risk assessment. This structure provides a detailed overview of the key risks relating to the realisation of strategies in the short and long term and enables the taking of required measures to address the risks.

RISK MANAGEMENT AND MANAGEMENT STRUCTURE

The full Board of Directors, which also performs the function of audit committee, has ultimate risk management responsibility. The audit committee monitors the total strategic risk exposure and the individual risk factors relating to Royal Unibrew's activities. The Board of Directors adopts guidelines for the key risk areas, monitors developments and ensures the existence of plans to manage the individual risk factors, including commercial and financial risks.

EFFICIENT RISK MANAGEMENT

At least once a year the Board of Directors assesses the overall risk factors relating to Royal Unibrew's activities. Risks are assessed under a two-dimensional "heat map" assessment system which estimates the significance of the risk in relation to EBITDA, damage to Royal Unibrew's reputation, violation of legislation or environmental implications as well as the probability of the risk resulting in an incident. Based on this assessment, the existing "heat map" is updated so as to reflect changes in the understanding of business risks. Following this registration of risks relating to Royal Unibrew's activities, the risks which may materially impact the strategic objectives in the short and long term are identified.

Local entities (staff functions and business units) are responsible for identifying, assessing, quantifying and recording risks as well as for reporting how risks are managed locally. The local-level risk assessment follows the same principles as the group-level assessment based on the "heat map" assessment system described above. Local risk owners have been appointed with responsibility for currently monitoring and/or reducing risks through risk-mitigating activities. Changes to risks and incidents related to the individual risks are reported quarterly to the Company's Executive Board, which also monitors the development in market-related risks on a current basis.

Royal Unibrew's Group Accounting is responsible for facilitating and following up on risk-mitigating activities/action plans for the key risks in accordance with the decisions made by the Board of Directors and the Executive Board.

RISK ASSESSMENT IN 2013

In 2013 Royal Unibrew's Executive Board closely monitored the development in market-related risks and made the necessary changes to risk-mitigating activities to secure planned earnings. Moreover, as in 2012, local risk management workshops were held with participation by risk owners and other executives. Centrally, the identified risks and proposed action plans were reviewed and assessed by the Company's Executive Board. Based on this, the Executive Board presented the key risks to the Board of Directors and recommended the necessary risk-mitigating activities/action plans for approval by the Board of Directors. The

Board of Directors then resolved at a meeting in November 2013 to implement the necessary risk-mitigating measures with a view to ensuring optimum realisation of Royal Unibrew's strategic objectives.

KEY RISK FACTORS IN 2014

In addition to financial risks, the following risk factors are considered key risks in 2014:

MACROECONOMIC UNCERTAINTY

DESCRIPTION

Royal Unibrew's product portfolio is sold in markets and market areas where market developments are usually determined by long-cycle trends. However, in connection with the financial crisis and the resulting economic effects, markets have been more volatile than previously experienced. Thus, considerable market fluctuations have been seen for certain product categories and in certain markets. At the beginning of 2014, several of Royal Unibrew's markets are still affected by consumer restraint, see the Outlook 2014 section on page 17.

The acquisition of the Finnish brewery Hartwall has increased Royal Unibrew's exposure against Europe, and therefore macroeconomic uncertainty and low growth of long duration may affect earnings negatively. This could happen due to declining consumption or shifts in product mix towards products with lower earnings.

RISK MITIGATION

By focusing on flexibility in its actions plans, Royal Unibrew is seeking to secure leeway for reducing the effect of macroeconomic uncertainty.

INDUSTRY AND MARKET

DESCRIPTION

In most markets, the product category beer and soft drinks is characterised by tough price competition and intensive marketing from a number of suppliers. At the same time, continuous customer consolidation is seen, which secures distribution of products to consumers. Furthermore, Royal Unibrew's market area is characterised by considerable industry concentration on the supplier side.

RISK MITIGATION

Royal Unibrew's earnings and competitiveness are ensured through constant focus on markets and segments in which Royal Unibrew holds or may achieve a significant position. Moreover, the Company focuses on value management through the development of products, containers and packaging, cooperation with customers and communication with consumers.

WEATHER

DESCRIPTION

Usually, the consumption of Royal Unibrew's products is high in the summer months. However, this presupposes dry and fair weather. In 2013 - unlike in 2011 and 2012 - the weather in the summer months in Royal Unibrew's main markets in Western and Eastern Europe was favourable to the usually high consumption of beer and soft drinks. This affected the Group's sales and net revenue, and thus earnings, positively.

RISK MITIGATION

Through focus on flexibility of action plans, Royal Unibrew aims at securing leeway in responding to lower earnings caused by unfavourable weather conditions in the summer months.

COMMODITY PRICES

DESCRIPTION

The prices of a large number of key commodities fluctuate in line with world market prices. To the extent that higher unit cost cannot be compensated for by higher selling prices per unit or in other ways increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. In order to maintain EBIT margin, selling prices per unit must increase more than the unit cost increase.

RISK MITIGATION

Royal Unibrew monitors the trend in commodity prices hedging against short-term price increases through agreements with suppliers and through commodity hedges if considered essential and economical. The Group's policy for hedging commodity risks involves a smooth and time-differentiated effect of commodity price increases. Moreover, there is systematic focus throughout the Group on streamlining the production and distribution process and on increasing net selling prices per unit.

INDIRECT TAXES

DESCRIPTION

Royal Unibrew's products are subject to considerable consumer taxes in all markets. Consumer taxes are still being imposed by regulators for the purpose of regulating consumption or changing tax revenue mix. Indirect taxes on beer and soft drinks products are generally increasing as, through increasing consumer prices, regulators want both to limit the consumption of beverages containing alcohol and sugar and to compensate for lower direct taxes through higher indirect taxes. Increasing indirect taxes affect Royal Unibrew's sales and earnings negatively.

RISK MITIGATION

The risk of changes in the indirect tax area is monitored and the implications to Royal Unibrew's earnings and possible measures to minimise any negative effect are assessed. Royal Unibrew participates actively in local brewers' associations' efforts to encourage a responsible approach among consumers to consumption of beverages containing alcohol and sugar and to influence political decision makers to ensure that consumer taxes are applied in a balanced manner.

STATUTORY RESTRICTIONS

DESCRIPTION

Royal Unibrew's activities are subject to national legislation in the markets in which Royal Unibrew operates. Any legislative changes may impact the ability to operate, eg restrictions in respect of the sale and marketing of Royal Unibrew's products or their production. Such restrictions may affect the Group's sales and earnings significantly.

RISK MITIGATION

Royal Unibrew participates in local and international cooperation with customers within the brewery industry with a view to influencing legislative decision makers to ensure that conditions for producing and marketing beer and soft drinks do not deteriorate.

CONTROL AND RISK MANAGEMENT ACTIVITIES RELATING TO THE FINANCIAL REPORTING PROCESS

Royal Unibrew's internal control and risk management systems relating to the financial reporting process are described below.

CONTROL ACTIVITIES

Royal Unibrew has established a formalised group reporting process comprising monthly reporting, including budget follow-up, assessment of performance and achievement of established targets.

Moreover, a central corporate function is responsible for controlling the financial reporting from the subsidiaries, which also includes a statement from each reporting group entity in relation to compliance with adopted group policies and internal control measures. In 2013 controlling visits were paid to the key subsidiaries. The Board of Directors has assessed that establishment of an actual internal audit department is not required at this time considering the moderate complexity of the Group.

INFORMATION AND COMMUNICATION

The Board of Directors emphasises that the Group communicates openly, with due regard to the confidentiality required for listed companies, and that the individual knows his/her role with respect to internal control.

The individual business areas of the Group have been established as business units with responsibility for their own strategies, action plans and budgets. This division results in efficient follow-up and distribution of responsibilities in the Group.

Royal Unibrew's accounting manual as well as other reporting instructions are continuously updated and are available at Royal Unibrew's intranet, where they can be accessed by all relevant employees. The instructions include account coding instructions and procedures for financial reconciliation and analyses, verifying the existence of assets as well as policy for credit granting and approval of fixed asset investments. In the event of major changes, all responsible finance officers of the group enterprises are informed in writing of the key changes. Moreover, internal update courses are organised for accounting staff.

Royal Unibrew's information systems are designed with a view to continuously, with due regard to the confidentiality required for listed companies, identifying, capturing and communicating at relevant levels relevant information, reports, etc which enable the individual to perform tasks and controls efficiently and reliably.

MONITORING

Monitoring is effected by continuous assessments and controls at all group levels. The scope and frequency of the periodic assessments depend primarily on a risk assessment and the efficiency of the continuous controls.

The auditors elected by the general meeting report in the Auditor's Long-form Report to the Board of Directors material weaknesses in the Group's internal control systems in connection with the financial reporting process. Less material issues are reported in management letters to the Executive Board.

The Board of Directors meets annually with the auditors without the Executive Board being present.

CERES

Remuneration

The remuneration policy applying to Royal Unibrew's Board of Directors and Executive Board has been formulated so as to reflect shareholder and company interests. Moreover, the remuneration policy is intended to support the realisation of the Company's long-term objectives.

The following is a brief description of the elements of the remuneration, pension plans and severance programmes as well as other benefits offered to the Board of Directors and the Executive Board.

The complete remuneration policy for the Board of Directors and the Executive Board is disclosed at the Company's website http://investor.royalunibrew.com/documentdisplay.cfm?DocumentID=11831.

For a description of incentive pay, reference is made to the Overall Guidelines for Incentive Pay adopted at the Company's general meeting, which may be downloaded from http://investor.royalunibrew.com/payprogram.cfm.

BOARD OF DIRECTORS REMUNERATION

Efforts are made to ensure that the Board of Directors remuneration matches the level of peer companies and to accommodate the requirements relating to members' competences, performance and scope of board work, including the number of meetings.

The annual remuneration paid to ordinary board members amounts to DKK 250,000. The Chairman and Deputy Chairman receive remuneration of 2.5 times (DKK 625,000) and 1.75 times (DKK 437,500) the remuneration paid to ordinary members. The total remuneration paid to the Board of Directors in 2013 amounted to DKK 2.9 million.

The Board of Directors remuneration is fixed and no remuneration is paid for participation in the committees set up by the Board of Directors. The remuneration for the financial year in progress is submitted for approval at the AGM. The Board of Directors does not participate in any incentive schemes.

EXECUTIVE BOARD REMUNERATION

The Board of Directors believes that a combination of fixed and performance-driven remuneration to the Executive Board contributes towards ensuring that Royal Unibrew can attract and retain the right employees. At the same time, the Executive Board is given an incentive to create shareholder value through partially incentive-based remuneration.

The Executive Board members are employed on individual service contracts, and the terms are fixed by the remuneration committee within the framework laid down in the contracts, see below.

The remuneration committee assesses the Executive Board remuneration annually to ensure that the remuneration matches the situation at peer companies.

The Executive Board is remunerated by a market-conforming and competitive remuneration package comprising four elements:

- **Fixed salary** based on market level;
- **Ordinary bonus**, see overall guidelines for incentive pay;
- **Long-term bonus**, see overall guidelines for incentive pay;
- **Extraordinary bonus**, see overall guidelines for incentive pay.

As part of Royal Unibrew's continued efforts to focus on adding value for shareholders, the Board of Directors decided in August 2013 to offer the Executive Board conditional shares for no consideration. The programme replaces the previous cash-based, long-term bonus scheme and entered into force on 1 September 2013. A conditional share entitles the holder to receive one Royal Unibrew share of a nominal value of DKK 10 for no consideration when the Company's Annual Report for 2016 has been published in March 2017. The receipt of shares is conditional on continued employment in the period up to the Board of Directors' adoption of the Annual Report for 2016 and on the employee not having handed in notice. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved in the vesting period. The maximum number of conditional shares is 60,000 shares, corresponding to a value of DKK 33 million at the time of granting, 28 August 2013.

The total remuneration of the three members of the Executive Board amounted to DKK 28 million in 2013. See also note 4. The Board of Directors considers the information on the total remuneration of the Executive Board sufficient for shareholders to be able to assess the level of remuneration.

In addition a number of work-related benefits are made available to the Executive Board, including a company car, and the Executive Board members are covered by Royal Unibrew's standard insurance schemes such as accident and life insurance.

Royal Unibrew A/S may terminate the employment at up to 24 months' notice. A member of the Executive Board may terminate the employment with Royal Unibrew A/S at six months' notice. Severance pay agreed upon cannot exceed two years' salary according to the remuneration policy.

In case of a full or partial takeover of Royal Unibrew A/S, the Executive Board will receive no compensation. However, two members of the Executive Board may choose to consider themselves dismissed in such event.

Board of Directors and Executive Board

Board of Directors

KÅRE SCHULTZ
Chairman of the nomination committee and the remuneration committee

POSITION
President and COO of Novo Nordisk A/S since January 2014

SPECIAL COMPETENCES
Special expertise in strategic management as well as experience of production, sales and marketing of brands on a global scale

INDEPENDENCE
Considered independent

MEMBER OF THE BOARD OF DIRECTORS
LEGO A/S

WALTHER THYGESEN
Deputy Chairman of the nomination committee and the remuneration committee

POSITION
CEO of Thrane & Thrane A/S since September 2007 and Senior Vice President of Cobham plc since 2012 when Cobham acquired Thrane & Thrane

SPECIAL COMPETENCES
Special expertise in general management with experience from both Denmark and abroad as well as sales and marketing expertise, especially in the business to business market

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD OF DIRECTORS
Alectia A/S

MEMBER OF THE BOARD OF DIRECTORS
Thrane og Thrane A/S

INGRID JONASSON BLANK

POSITION
Professional board member in a number of Nordic enterprises since 2010

SPECIAL COMPETENCES
Special expertise in general management, including of international enterprises in the convenience goods and retail areas as well as FMCG (Fast Moving Consumer Goods)

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD OF DIRECTORS
Musti ja Mirri Grp Oy, Finland

MEMBER OF THE BOARD OF DIRECTORS
Ambea, Finland
Orkla ASA, Norway
Fiskars Oyj, Finland
Scandinavian Studios AB, Sweden
ZetaDisplay AB, Sweden
Travel Support & Services Nordic AB, Sweden
Bilia AB, Sweden

LARS POUL CHRISTIANSEN
Brewery Hand, elected by the employees

KIRSTEN WENDELBOE LIISBERG
Brewery Hand, elected by the employees

SØREN LORENTZEN
Brewery Hand, elected by the employees

JENS DUE OLSEN

POSITION
Professional board member in a number of Danish enterprises since 2008

SPECIAL COMPETENCES
Special expertise in economic, financial and capital market aspects as well as general management with experience from a variety of industries

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD OF DIRECTORS
NKT Holding A/S
AtchikRealtime A/S
Kompan A/S
Pierre.dk A/S
Amrop A/S
Auriga Industries A/S

DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS
Bladt Industries A/S

MEMBER OF THE BOARD OF DIRECTORS
Cryptomathic A/S
Gyldendal A/S
Industriens Pensionsforsikring A/S
Heptagon Advanced Micro Optics Inc.

OTHER OFFICES HELD
Member of investment committee of LD Equity 2 K/S

KARSTEN MATTIAS SLOTTE

POSITION
Professional board member in a number of enterprises, primarily in Finland, since 2013. President and CEO of Oy Karl Fazer Ab, Finland until 2013, holding in the period 1997-2013 a number of executive positions

SPECIAL COMPETENCES
Special expertise in general management, including of international enterprises within FMCG (Fast Moving Consumer Goods)

INDEPENDENCE
Considered independent

MEMBER OF THE BOARD OF DIRECTORS
Onninen Oy, Finland
Onvest Oy, Finland
Fiskars Oyj, Finland
Varma Mutual Pension Insurance Company, Finland
Registered Association Finnish-Russian Chamber of Commerce (FRCC)
Oriola-KD Oyj, Finland

JAIS VALEUR

POSITION
Executive Vice President Global Categories & Operations with Arla Foods, holding, since being employed in 2000, leading roles at home and abroad

SPECIAL COMPETENCES
Special expertise in general management of international enterprises within FMCG (Fast Moving Consumer Goods)

INDEPENDENCE
Considered independent

CHAIRMAN OF THE BOARD OF DIRECTORS
SFK Food A/S

MEMBER OF THE BOARD OF DIRECTORS
FOSS A/S
Mejeriforeningen Amba

HEMMING VAN

POSITION
CEO of Daloon A/S

SPECIAL COMPETENCES:
Special expertise in retailing and marketing as well as production and general management

INDEPENDENCE
Considered independent

EXECUTIVE BOARD SERVICE
CEO of Easy Holding A/S
Director of HV Invest ApS
Director of HV Holding Aps, Chri Van Aps, Ka Van Aps, Se Van Aps, The Van Aps

CHAIRMAN OF THE BOARD OF DIRECTORS
Easyfood A/S
FHØ af 27.05.2011 A/S
GOG Holding A/S
Halberg A/S
MacBaren Tobacco Co. A/S
MacBaren Production A/S
Harald Halberg Export A/S

MEMBER OF THE BOARD OF DIRECTORS
Daloon A/S
Easy Holding A/S
HV Invest ApS

BOARD MEMBERS IN ROYAL UNIBREW

Name	Year of birth	Initially elected	Term of office	Position	Number of Royal Unibrew shares held at 1 Januar 2014	Change from 1 Januar 2013
Kåre Schultz	1961	2010	2013	Chairman	-	-
Walther Thygesen	1950	2010	2013	Deputy Chairman	1,100	-
Ingrid Jonasson Blank	1962	2013	2013	Board member	-	-
Lars Poul Christiansen	1964	2010	2010-2014	Board member elected by the employees	-	-
Kirsten Wendelboe Liisberg	1956	2006	2010-2014	Board member elected by the employees	162	-
Søren Lorentzen	1964	2010	2010-2014	Board member elected by the employees	172	-
Jens Due Olsen	1963	2010	2013	Board member	-	-
Karsten Mattias Slotte	1953	2013	2013	Board member	-	-
Jais Valeur	1962	2013	2013	Board member	-	-
Hemming Van	1956	2004	2013	Board member	1,321	-

Executive Board

HENRIK BRANDT
CEO as of November 2008

QUALIFICATIONS
MSc (Economics and Business Administration), MBA Stanford University, California

EXECUTIVE BOARD SERVICE
Brandt Equity ApS
Brandt Equity 2 ApS
Uno Equity ApS

CHAIRMAN OF THE BOARD OF DIRECTORS
Brandt Equity ApS
Brandt Equity 2 ApS
Uno Equity ApS

DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS
Toms Gruppen A/S

MEMBER OF THE BOARD OF DIRECTORS
Ferd Holding AS, Norway
Hansa Borg Holding AS including subsidiaries, Norway

OTHER OFFICES HELD
Member of the Corporate Governance Committee
Chairman of the corporate law committee of the Confederation of Danish Industry

LARS JENSEN
CFO as of November 2011

QUALIFICATIONS
Diploma in business economics, informatics and management accounting, Copenhagen Business School

JOHANNES F.C.M. SAVONIJE
COO as of September 2008

QUALIFICATIONS
BA Business Administration

MEMBER OF THE BOARD OF DIRECTORS
Dansk Retursystem Holding A/S including subsidiaries
Hansa Borg Holding AS including subsidiaries, Norway
Global Sports Marketing S.A., Zürich, Switzerland
Globalpraxis S.A., Barcelona, Spain

EXECUTIVE BOARD IN ROYAL UNIBREW

Name	Year of birth	Position	Number of Royal Unibrew shares held at 1 Januar 2014	Change from 1 Januar 2013
Henrik Brandt	1955	CEO	76,800	-
Lars Jensen	1973	CFO	4,194	-
Johannes F.C.M. Savonije	1956	COO	22,700	-


2013
JAUNO APYNIŲ DERLIAUS ALUS
JAU ANTRĄ RUDENĮ IŠ EILĖS
JAUNO DERLIAUS ALUS
Lygiai prieš metus Jums išvirėme alaus iš šviežio lietuviškų apynių derliaus. Taip, kaip tai darydavo senieji Vilkmergės aludariai dar XVIII amžiuje. Pernai atgaivintą tradiciją tęsiame ir šiemet. Proginio „Jauno derliaus“ alaus patiekiame nedaug – tik tiek, kad užtektų atšvęsti šios vasaros derlių.
Vilkmergės
JAUNO
DERLIAUS
2013 METŲ APYNIŲ DERLIAUS
Jau antrą rudenį iš eilės
RIBOTAS KIEKIS

Organisation and Employees

Royal Unibrew has focus on recruiting and retaining talent and on continuously developing employee and management competences. In 2013 Royal Unibrew continued a number of development initiatives to strengthen employees' and management's – and thus the Company's – ability to operate in competitive markets subject to continuous change.

Staement is in accordance with the Danish Financial Statements Act, Article 99A.

The employees of Royal Unibrew possess crucial knowledge of consumers, markets and customers serviced by the Group, including supply and distribution issues within the product categories. This knowledge secures and expands our competitive position and forms the basis of realising the Group's strategies and objectives.

Entities across the Group focus on developing and retaining existing employees and managers with the right competences and on attracting and developing new talent. Moreover, being a business with activities in many countries, it is important that Royal Unibrew has a strong corporate culture that unites the business. The corporate culture of Royal Unibrew is embedded in a results-oriented and holistic approach and our employees show a high level of commitment through ambitious, creative and open dialogue across the organisation.

When attracting and employing new employees, Royal Unibrew emphasises the importance of presenting the Company as an attractive workplace where the individual employee is able to influence an interesting development.

TARGETED COMPETENCE AND CAREER DEVELOPMENT

Royal Unibrew works in a targeted and structured manner to develop employee and management competences and knowledge.

Optimisation and integration of the total organisation are also high on Royal Unibrew's agenda. This requires managers who are able to manage and implement strategies across countries and cultures. Royal Unibrew managers receive continuous management training, and the fundamental management principles of the business are adjusted currently to match business developments and changes in external demands. This ensures that the management culture is always based on the principles that can take the business further. In 2013 a management development programme was launched across the Danish organisation with focus on good management, a common management language as well as motivation and communication.

Royal Unibrew focuses on creating career development and career paths for the individual employee. As part of these efforts, emphasis is on, among other things, job rotation and internal recruiting for key positions. This ensures rooting of knowledge of activities as well as optimisation of cooperation across the business.

Furthermore, in 2013 a number of development activities were launched for various groups of employees based on the annual job appraisal interviews, including IT courses, language courses and coaching.

In 2011 Royal Unibrew in Faxe signed up for the project "Medarbejdere i Verdensklasse" (World-class employees), which is an EU-backed 3-year cooperation between six enterprises on skills development of employees at all organisational levels. In 2013 Royal Unibrew of its own accord expanded the project to include the rest of the Danish employees in distribution and at Albani. The purpose of the project is general development of employees' skills to increase the individual's ability to handle several job functions, to provide both the individual and Royal Unibrew with tools to meet future requirements and to create increased incentive and participation among employees. The project focuses on professional, personal as well as cross-organisational competence development. 265 Royal Unibrew employees have attended courses in improvement culture, business sense, professional management, communication, innovation and other subjects. Since project start-up employees from Royal Unibrew in Denmark have been offered 3,800 course days, and the course evaluations show that our employees benefited through increased motivation and job satisfaction. Royal Unibrew is seeing a more stable, flexible and mobile workforce and an improved working climate, which has reflected on the Company's employee survey.

The other group entities also work continuously to develop competences, and a number of local activities have been launched in the individual countries. In 2013 Royal Unibrew's subsidiary in Italy implemented a major management development project with focus on team development and awareness as well as individual development through coaching. In the Baltic countries, activities in 2013 concentrated on follow-up on the employee survey in 2012, including employee interviews and management training. As an element in the integration plan for Hartwall, focus is directed at supporting and further equipping managers for managing change in Finland.

EMPLOYEE SURVEY

At the end of 2012 Royal Unibrew carried out an employee survey among employees throughout the Group. 92% of all employees participated in the survey. The survey results are very positive as the results for all countries and regions are on or above benchmark. The survey also shows that Royal Unibrew employees exceed the employees of peer companies when it comes to loyalty, pride in being an employee of the company and the inclination to recommend the company as a workplace to others. Moreover, good customer service, diversified tasks and departmental cooperation are areas emphasised by employees in the survey. Royal Unibrew's focus areas in continuation of the survey are personal development and support from the immediate superior. In 2013 a number of initiatives were taken based on the survey, including a general management development programme. Furthermore, the individual subsidiaries and departments have worked locally with a number of initiatives.

IT SYSTEMS

Royal Unibrew has continuous focus on implementing new and improving existing IT systems to increase the efficiency and to align business processes across the Group. In 2013, among other things, new sales management systems were implemented in Denmark and the Baltic countries, and the logistics process in the Baltic countries was optimised by implementing a shared IT platform.

As an element in Royal Unibrew's IT strategy and the integration plan launched for Hartwall, a project was launched in 2013 with a view to consolidating and optimising the total IT operations of the Group. According to plan, Hartwall will then be integrated fully in the Group's shared SAP platform over the next couple of years.

Corporate Social Responsibility

At Royal Unibrew, corporate social responsibility (CSR) work is an integrated part of our business approach. The CSR efforts are also an important element in developing the Company's brands and maintaining good relations with the Company's key stakeholders.

FOCUS AREAS OF OUR CORPORATE SOCIAL RESPONSIBILITY WORK

Royal Unibrew's corporate social responsibility work is based on our values and the ten principles of the United Nations Global Compact in respect of human rights, labour standards, environment and anti-corruption.

Royal Unibrew has prepared a set of ethical guidelines providing the overall framework for the corporate social responsibility work.

IT ALSO APPLIES THAT:

- Royal Unibrew's products and production should always meet consumer expectations and customer requirements and must, from time to time, comply with international standards for quality, food safety, environment, working environment and human rights.
- Royal Unibrew engages in open dialogue with customers and consumers on its corporate social responsibility.
- There is focus on the efforts made by Royal Unibrew suppliers to improve quality, the environment, etc, see related UN Global Compact principles.
- Royal Unibrew generally follows and supports The Brewers of Europe's efforts to advocate responsible beer and soft drinks consumption.

Royal Unibrew's CSR efforts are an important element in protecting the Company's brands as consumers must be given certainty that Royal Unibrew's products have been manufactured in a satisfactory manner using materials from suppliers who also operate responsibly and meet the Company's requirements with respect to the Global Compact elements.

The CSR efforts support a good dialogue with consumers, customers and suppliers that contributes towards increasing production efficiency and decreasing wastage and towards reducing non-financial risks and strengthening the Company's identity and culture.

OCCUPATIONAL HEALTH & SAFETY

Royal Unibrew aims at creating a safe and healthy working environment for its employees.

Royal Unibrew's health policy focuses on preventive measures to avoid employees being worn out and incurring work-related injuries and on actively promoting job satisfaction and efficiency.

Our preventive measures in 2013 included the following:

- In Denmark and Finland, the interdisciplinary cooperation within the safety organisations was further strengthened by including the retail area in the safety organisation. This enables best-practice and experience sharing.

- The supply chain in Denmark has increased focus on occupational health and safety, including focus on near-accidents and employees' own responsibility for accidents. This is done to sustain the positive development recorded in recent years. In order to further induce employees to take occupational health and safety seriously, daily target monitoring has been introduced to track and draw attention to days without any accidents.

- In 2013 Hartwall was certified under OHSAS 1800, the international standard for occupational health and safety. Work performed include causal analyses with a view to reducing occupational health and safety risks; moreover, sales employees were trained in prevention of occupational accidents, eg fall and slip accidents in the winter.

- In the Baltic countries, several automation projects were implemented to improve the working environment and prevent occupational injuries. The projects comprise modernisation of malt and barley handling at Lacplesis's brewhouse and establishment of a new canning unit at Kalnapilis.

TARGETS FOR 2014

- In Denmark efforts will be directed at behavioural safety, and in Finland focus will be on risk analyses and safety culture.

- Reduction of accident frequency at the Danish breweries.

- In Finland a senior policy will be actively pursued to ensure that senior employees may continue to contribute positively to the Company's development with due regard to their physical capacity.

- The Baltic entities will continue their efforts to increase occupational safety and to develop ergonomic workplaces through automation. It is the target that 30% of the warehouse equipment should be upgraded to more modern, safe and ergonomically correct equipment, eg by replacing trucks. Another target is that 80% of all palletisation should be automatic.

RESPONSIBLE ALCOHOLIC BEVERAGE AND SOFT DRINKS CONSUMPTION

Royal Unibrew wants to contribute to the responsible and prudent consumption of its products.

As a beer and alcoholic beverage maker, Royal Unibrew has a special responsibility in relation to the social and health aspects of alcohol consumption.

Royal Unibrew supports The Brewers of Europe campaigns on responsible alcohol consumption.

Royal Unibrew employees engaged in product marketing are currently trained and instructed in compliance with existing marketing legislation. In Italy and Denmark, employees also learn about local industry codes, eg the guidelines of the Danish advertising standards authority for soft drinks and alcoholic beverages (Læskedrik- og Alkoholreklamenævnet), and zero tolerance is pursued when it comes to non-compliance with the guidelines.

Moreover, in the Baltic countries Royal Unibrew has also participated in campaigns on a balanced diet, healthy life style and responsible beer consumption.

In addition to complying with marketing legislation and the above-mentioned guidelines, Royal Unibrew gets involved in customers' communication on consumption of the Company's products in relation to advertising, sponsorships and campaigns. Compliance with marketing legislation and certain guidelines are included in Royal Unibrew's cooperation agreements with customers in Denmark and abroad.

Moreover, Royal Unibrew cooperates with and supports the work performed by "Natteravnene" (Night Owls) in Denmark.

Royal Unibrew also has a responsibility for preventing any abuse problems among its employees.

In Denmark a number of key individuals across the organisation have been trained in supporting colleagues with a potential over-consumption of alcohol/intoxicants, including encouraging treatment, and in helping their colleagues get back to work again as easily as possible following treatment. In February 2013 a workshop was held focusing on the onwards process of ensuring that these key individuals come more into play in the organisation, and how colleagues may to a higher extent make use of their knowledge. All things considered, this programme has been successful and contributes towards our ability to make a proactive effort.

In Latvia Royal Unibrew along with other soft drinks producers supported the preparation of a joint code for responsible marketing of soft drinks, and in 2013 campaigns on balanced consumption of beverages were prepared. In the Baltic countries Royal Unibrew supports training in health and a balanced diet in cooperation with fruit and vegetable producers. There is a "5-a-day" organisation which promotes the benefits of including fruit, vegetables and fruit juices in your daily diet.

As an element in Royal Unibrew's responsibility with respect to reducing the consumption of soft drinks containing sugar, efforts are continuously directed at promoting calorie-reducing products such as Nikoline with 30% less sugar or sugar-free alternatives such as Faxe Kondi Free and Pepsi Max.

TARGETS FOR 2014

- Participation in and development of "Responsible beer and soft drinks consumption" in cooperation with local industry organisations and The Brewers of Europe.
- Annual training of all relevant employees in responsible marketing of beverages.
- Workshop for in-house "alcohol and drug consultants".
- Continued participation in the Baltic countries in educating young people on the importance of a balanced diet as well as participation in the "5-a-day" programme.

COMPETENCE DEVELOPMENT

Royal Unibrew works in a targeted and structured manner to develop employee competences. These efforts are further described in the section "Organisation and Employees".

VALUES AND ETHICAL GUIDELINES

Royal Unibrew's values and ethical guidelines are included as an integrated part of the employment of Royal Unibrew people. Our ethical guidelines imply, among other things, that Royal Unibrew does not tolerate discrimination of its employees due to gender, race or religion.

Royal Unibrew accedes to the principles of human rights and labour standards including eg the principles on child labour laid down by UNICEF, the UNGC and Save the Children.

It is also Royal Unibrew's aim that suppliers and partners should comply with the ethical guidelines, and that these should be incorporated into the Company's terms of trading with key suppliers.

In 2013 Royal Unibrew's production in Faxe was certified under a customer-specific, international ethical standard. In connection with this work, Danish managers and employees were trained in Royal Unibrew's ethical guidelines, describing, among other things, rules on human rights, responsible alcohol consumption, bribery, gifts, conflicts of interests, confidentiality, competition and environmental responsibility.

TARGETS FOR 2014

- As part of our cooperation with key suppliers, Royal Unibrew's ethical guidelines are reviewed at annual status meetings.
- Maintenance of certification under the customer-specific ethical standard.

ENVIRONMENT

All Royal Unibrew production units focus on continuously limiting the environmental impacts of the Company's production. The result of the various initiatives in recent years has been a very positive development in key areas.

Environmental efforts are still primarily targeted at:

- Reduction of energy consumption
- Reduction of water consumption and of waste water discharge
- Waste recycling and reduction of consumption of materials
- CO_2-neutral production of all Egekilde products
- Food safety and quality

ENERGY

In 2013 all Royal Unibrew production units saw higher production output than in 2012, which contributed to a favourable development in all environmental ratios. Total energy consumption per unit produced decreased by 7.5% to 95.1 MJ/hl, to which the two Danish breweries contributed a reduction of 9.8% from 2012. Energy consumption at the Danish breweries was 74.7 MJ/hl in 2013.

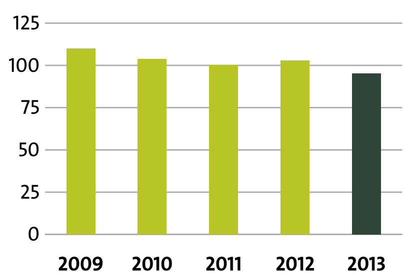
The targeted 8% energy consumption reduction in 2013 was thus more or less achieved at group level, whereas both of the Danish breweries achieved the target.

At the Albani brewery in Denmark, efforts were directed in 2013 at optimising wort boiling resulting in less and more homogeneous evaporation when boiling wort at the brewhouse. Moreover, the Albani brewery installed an air preheater on the gas boiler to the effect that the energy in the hot exhaust waste gas is transferred to the air intake for the combustion process.

In the Baltic countries, a brewhouse optimisation project reduced energy consumption at the Lacplesis brewery, whereas a new cooling system at the Cido soft drinks factory had the same effect. At the end of 2013, the Kalnapilis brewery implemented an energy management system to monitor and reduce energy consumption, which will have full effect in 2014.

ENERGY CONSUMPTION

(Mega Joules per produced hectoliter)



The Finnish Karijoki water bottling plant implemented a ventilation system automation project in 2013 to the effect that ventilation is automatically adapted to needs. Furthermore, the Lahti brewery in Finland installed new filters with lower pressure drop in the ventilation system, which reduce energy consumption for ventilation.

The Faxe brewery worked with insulation of both buildings and processing plant in order to minimise energy loss; moreover, cleaning process optimisation was realised.

The Albani and Faxe breweries as well as the Finnish Lahti brewery installed energy-efficient LED lights in production areas, which will have full effect on the energy ratio in 2014.

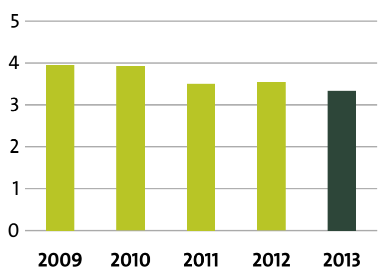
WATER CONSUMPTION AND WASTE WATER DISCHARGE

Water consumption per hectolitre produced decreased in 2013 by 5.6% at group level to 3.3 hectolitres per hectolitre produced.

In 2013 the Faxe brewery increased its use of a so-called CIP Diagnostic System (CDS) which monitors cleaning processes and facilitates process optimisation. The system has now been put into operation both at the brewhouse and the bottling plant. CDS contributed towards a 4.0% water consumption reduction per unit produced at the Faxe brewery in 2013. Moreover, the system reduces the loss of cleaning materials and thus contributes towards reducing waste water discharge.

WATER CONSUMPTION

(Hectoliter per produced hectoliter)



In 2013 waste water discharge was 2.3 hectolitres per hectolitre produced at group level. Less than 2 hectolitres of waste water per hectolitre produced were discharged from the Danish breweries.

RECYCLING AND REDUCTION OF CONSUMPTION OF RESOURCES

All production sites give high priority to ensuring the best possible utilisation of the raw materials and resources used in order to avoid unnecessary wastage. This applies to production as well as to the other parts of the supply chain.

There is great focus on recycling, including sorting of all waste and materials to enable the highest recycling percentage possible. At the Danish breweries the waste recycling share in 2013 represented more than 90% of total waste volumes.

The Finnish Lahti brewery worked with the ”No drop to drain” project in 2013 focusing on minimising production wastage and on creating higher awareness of responsible behaviour among employees. The efforts to optimise CIP processes will continue in 2014.

In Latvia Cido management participated in the work of establishing a return system for beverage containers in Latvia.

TARGETS FOR 2014

- All production sites will in 2014 continue working at identifying and implementing environmental improvement measures. Targets and improvements will be realised locally at the production sites to ensure the most optimum implementation. Efforts are focused on:

  - Optimum utilisation of raw materials
  - Minimisation of wastage from all process levels
  - Energy and water consumption reductions
  - Increased rate of waste recycling

- Indirect environmental impacts are to be reduced through choice of raw materials, eg by using thinner plastic materials for packaging purposes.

- Continuous efforts are also directed at reducing consumption of materials for glass bottles, cans and plastic containers.

- The Baltic entities have decided to start using sustainable cardboard for packaging materials.

- In Denmark CDS systems are being launched at the bottling plant in Faxe and the brewhouse at the Albani brewery. Moreover, Faxe is establishing recycling of rinsing water in the crate washer for recyclable crates.

CO_2 NEUTRAL PRODUCTION OF ALL EGEKILDE PRODUCTS

In 2012 the carbon footprint of the Egekilde products was mapped throughout the chain from raw materials to delivery to Royal Unibrew’s customers, and the Egekilde brand was launched as the first Danish CO2 neutral mineral water product. CO2 neutrality was achieved by investment in environmentally sound energy through UN-certified carbon credits. Moreover, the weight of the bottle was reduced, and the plastic contains up to 50% recycled material. Furthermore, continuous efforts are directed at reducing energy and resource consumption with suppliers and within production and logistics.

The launch of the CO2-neutral Egekilde offers consumers the option of making a climate-friendly purchasing choice. Information on Egekilde’s CO2 neutrality is updated at Royal Unibrew’s website.

TARGETS FOR 2014

- Updating of carbon footprint of packaging, containers and resources in the Egekilde production.

- Reduction of consumption of packaging materials. For example, the PET line is being reconstructed so as to match bottles with shorter bottle tops.

- The Egekilde range to be extended with more CO2 neutral varieties.

FOOD SAFETY AND QUALITY

Royal Unibrew's breweries have certification under the international standards. The efforts within quality and food safety also comprise requirements from customers and licensors. Applicable HACCP (Hazard Analysis and Critical Control Points) rules have been implemented.

Brewery	Certification
Cido	ISO22000
Lacplesis	ISO22000
Kalnapilis	Preparing for ISO22000
Faxe	ISO22000/FSSC, ISO9001, ISO14001
Albani	ISO22000, ISO9001, ISO14001
Lahti	ISO22000, ISO9001, ISO14001, OHSAS 18001
Karijoki	ISO22000, ISO9001, ISO14001, OHSAS 18001

New intensified quality management requirements from licensors include traceability and prevention of sabotage. Therefore, efforts were directed at enhancing the effectiveness of traceability in 2013. Moreover, testing of new raw materials and packaging materials was extended so as to be implemented throughout the supply chain to ensure efficiency and the prevention of errors.

In 2013 production and distribution at Faxe were certified under a Supply Chain Security standard. In that connection, the Danish supply chain was reviewed in terms of product safety; several improvements were made, eg access control with photo ID, systematic screening of employees before their employment in terms of background, checking of subsuppliers operating in critical areas as well as IT security verification.

Due to the development and interest in food safety and quality among consumers, customers and the media, new "critical" topics to be addressed by Royal Unibrew emerge continuously. Royal Unibrew assesses on a current basis how most appropriately to take responsibility for preventing risks and how to communicate this. The priorities set are aligned with those of industry associations and Royal Unibrew's licensors. Royal Unibrew aims at communicating openly and honestly and has, as an element in these efforts, prepared a list of frequently asked questions and Royal Unibrew's replies to these (FAQ). This FAQ list covers areas such as GMO, allergenes, caramel colouring agents, Bisphenol A, etc.

In 2013 Royal Unibrew contributed, through the Danish Brewers' Association and The Brewers of Europe, to legislative work and review in relevant areas, eg product contact materials, caramel colouring agents and Bisphenol A.

TARGETS FOR 2014

- ISO 22000 certification of the Kalnapilis brewery and FSSC certification of the Albani, Lahti and Karijoki breweries.

- Implementation of new requirements from licensors with respect to prevention of sabotage at all levels and quality assurance of the quality analysis process.

- Development and testing of crisis management.

ANTI-CORRUPTION

Royal Unibrew works against all forms of corruption including extortion and bribery and the Company's business practice must always be in full compliance with anti-corruption legislation irrespective of the place of operation.

According to Royal Unibrew's ethical guidelines our employees are not allowed to offer or accept bribes or any improper payments for personal or corporate gain. Disciplinary actions will be taken if an employee is involved in bribery. The sales staff in all sales areas are trained annually in this aspect.

TARGETS FOR 2014

- Position on anti-corruption to be stated in all contexts, internally in the supply chain and in the cooperation with Royal Unibrew's customers and suppliers.

- Anti-corruption training of new sales staff and follow-up training of other employees.

COMPETITION

Royal Unibrew's business practice should always comply fully with applicable competition regulation irrespective of the place of operation. To ensure this, Royal Unibrew has implemented a competition compliance programme comprising a manual and guidelines as well as regular training and follow-up in the area. Moreover, internal controls are carried out regularly in the area.

TARGET FOR 2014

- Competition law training of all new sales staff.

- Competition law updating of other sales staff.

Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Royal Unibrew A/S for 1 January - 31 December 2013.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2013 as well as of the results of the Group and Company operations and cash flows for the financial year 1 January – 31 December 2013.

In our opinion, Management's Review gives a true and fair account of the development in the activities and financial circumstances of the Group and the Parent Company, of results of operations for the year, of the Parent Company's financial position and of the overall financial position of the enterprises comprised by the Consolidated Financial Statements, as well as a description of the key risks and uncertainties facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Faxe, 10 March 2014

EXECUTIVE BOARD

Henrik Brandt
CEO

Lars Jensen
CFO

Johannes F.C.M. Savonije
COO

BOARD OF DIRECTORS

Kåre Schultz
Chairman

Walther Thygesen
Deputy Chairman

Ingrid Jonasson Blank

Lars P. Christiansen

Kirsten Liisberg

Søren Lorentzen

Jens Due Olsen

Karsten Mattias Slotte

Jais Valeur

Hemming Van

Independent Auditor's Report

TO THE SHAREHOLDERS OF ROYAL UNIBREW A/S

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND PARENT COMPANY FINANCIAL STATEMENTS

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Royal Unibrew A/S for the financial year 1 January – 31 December 2013, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company 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 THE PARENT COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company 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 whether the Consolidated Financial Statements and the Parent Company 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 the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company 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 Company'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 evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

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

The audit has not resulted in any qualification.

OPINION

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2013 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON MANAGEMENT'S REVIEW

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Faxe, 10 March 2014

ERNST & YOUNG
Godkendt Revisionspartnerselskab

Henrik O. Larsen
State Authorised Public Accountants

Eskild N. Jakobsen
State Authorised Public Accountants

Financial Statements

Income Statement for 1 January - 31 December

PARENT COMPANY 2012	PARENT COMPANY 2013	Note	DKK '000	GROUP 2013	GROUP 2012
2,608,354	**2,906,378**		**Net revenue**	**4,480,998**	**3,430,008**
-1,294,022	-1,426,457	4,5	Production costs	-2,195,788	-1,714,265
1,314,332	**1,479,921**		**Gross profit**	**2,285,210**	**1,715,743**
-738,801	-839,316	4,5	Sales and distribution expenses	-1,448,530	-1,062,453
-136,681	-165,445	4,5	Administrative expenses	-264,090	-173,136
4,843	2,642		Other operating income	2,642	4,843
	-15,161	23	Other operating expenses	-15,161	
443,693	**462,641**		**EBIT**	**560,071**	**484,997**
		15	Income after tax from investments in associates	33,552	34,263
65,079	153,189		Dividend from subsidiaries and associates		
9,885	11,629	6	Financial income	4,345	6,195
-36,768	-46,341	7	Financial expenses	-49,685	-44,434
481,889	**581,118**		**Profit before tax**	**548,283**	**481,021**
-99,288	-119,435	8	Tax on the profit for the year	-68,707	-108,217
382,601	**461,683**		**Net profit for the year**	**479,576**	**372,804**
			distributed as follows:		
			Parent Company shareholders' share of net profit	479,576	371,192
			Minority shareholders' share of net profit		1,612
			Net profit for the year	**479,576**	**372,804**
		16	Parent Company shareholders' share of earnings per share (DKK)	45.9	35.6
		16	Parent Company shareholders' share of diluted earnings per share (DKK)	45.8	35.6

Statement of Comprehensive Income for 1 January - 31 December

PARENT COMPANY 2012	PARENT COMPANY 2013	Note	DKK '000	GROUP 2013	GROUP 2012
382,601	**461,683**		**Net profit for the year**	**479,576**	**372,804**
			Other comprehensive income		
			Items that may be reclassified to the income statement		
			Exchange adjustment of foreign group enterprises	-11,638	29,853
73,806	56,886		Value adjustment of hedging instruments, beginning of year	59,239	76,995
-56,886	-42,678		Value adjustment of hedging instruments, end of year	-46,039	-59,239
-209	-4,429	8	Tax on hedging instruments, (interest-rate hedging)	-4,105	-209
16,711	**9,779**		**Total**	**-2,543**	**47,400**
			Items that may not be reclassified to the income statement		
	90,000		Revaluation of non-current assets	90,000	
	-19,000		Tax on equity entries	-19,000	
0	**71,000**		**Total**	**71,000**	**0**
16,711	**80,779**	9	**Other comprehensive income after tax**	**68,457**	**47,400**
399,312	**542,462**		**Total comprehensive income**	**548,033**	**420,204**
			distributed as follows:		
			Parent Company shareholders' share of comprehensive income	548,033	418,549
			Minority shareholders' share of comprehensive income		1,655
				548,033	**420,204**

Assets at 31 December

PARENT COMPANY				GROUP	
2012	**2013**	**Note**	**DKK '000**	**2013**	**2012**
			NON-CURRENT ASSETS		
80,645	80,645	11	Goodwill	1,430,378	244,882
2,990	2,990	11	Trademarks	1,236,102	124,069
1,672	489		Distribution rights	214,592	1,672
			Customer relations	62,970	
85,307	**84,124**	10	**Intangible assets**	**2,944,042**	**370,623**
330,291	326,532		Land and buildings	1,261,505	559,200
276,338	290,539	14	Project development properties	290,539	276,338
275,556	338,344		Plant and machinery	880,267	433,369
121,858	119,648		Other fixtures and fittings, tools and equipment	238,466	142,903
64,839	26,485		Property, plant and equipment in progress	38,164	67,531
1,068,882	**1,101,548**	12	**Property, plant and equipment**	**2,708,941**	**1,479,341**
701,533	3,476,657		Investments in subsidiaries		
75,931	77,374	15	Investments in associates	132,523	129,782
155,414	155,428		Receivables from subsidiaries		
2,510	2,521		Other investments	15,731	2,620
9,454	8,173		Other receivables	8,354	9,645
944,842	**3,720,153**	13	**Fixed asset investments**	**156,608**	**142,047**
2,099,031	**4,905,825**		**Non-current assets**	**5,809,591**	**1,992,011**
			CURRENT ASSETS		
45,919	38,045		Raw materials and consumables	106,709	65,208
15,704	13,943		Work in progress	24,016	21,062
58,309	62,938		Finished goods and purchased finished goods	199,734	94,072
119,932	114,926		Inventories	330,459	180,342
185,693	220,696		Trade receivables	449,228	365,286
135,930	243,229		Receivables from subsidiaries		
1,444			Receivables from associates		1,444
3,299	9,209		Corporation tax	11,754	8,855
8,804	9,816		Other receivables	56,496	12,138
13,470	21,196		Prepayments	23,022	14,253
348,640	**504,146**		**Receivables**	**540,500**	**401,976**
263,226	**107,272**		**Cash at bank and in hand**	**243,962**	**273,775**
731,798	**726,344**		**Current assets**	**1,114,921**	**856,093**
2,830,829	**5,632,169**		**Assets**	**6,924,512**	**2,848,104**

Liabilities and Equity at 31 December

PARENT COMPANY				GROUP	
2012	**2013**	**Note**	**DKK '000**	**2013**	**2012**
			EQUITY		
105,700	110,985	16	Share capital	110,985	105,700
319,205	855,839		Share premium account	855,839	319,205
112,320	136,505		Revaluation reserves	136,505	112,320
			Translation reserve	-18,970	-5,719
-56,886	-42,678		Hedging reserve	-46,039	-59,239
744,023	1,197,202		Retained earnings	1,094,657	621,648
253,680	0		Proposed dividend	0	253,680
1,478,042	**2,257,853**		**Equity**	**2,132,977**	**1,347,595**
144,192	166,072	17	Deferred tax	457,571	144,795
591,680	747,742	2	Mortgage debt	747,742	591,680
	1,036,326	2	Credit institutions	1,097,291	
9,121	17,318		Other payables	17,318	9,121
744,993	**1,967,458**		**Non-current liabilities**	**2,319,922**	**745,596**
2,010	14,159	2	Mortgage debt	14,159	2,010
634	717,275	2	Credit institutions	763,978	634
34,841	31,998	18	Repurchase obligation, returnable packaging	103,938	36,211
320,545	340,614		Trade payables	807,486	430,852
6,999	6,928		Payables to subsidiaries		
53,380	84,004		VAT, excise duties, etc	370,737	65,115
189,385	211,880		Other payables	411,315	220,091
607,794	**1,406,858**		**Current liabilities**	**2,471,613**	**754,913**
1,352,787	**3,374,316**		**Liabilities**	**4,791,535**	**1,500,509**
2,830,829	**5,632,169**		**Liabilities and equity**	**6,924,512**	**2,848,104**

Cash Flow Statement for 1 January - 31 December

PARENT COMPANY				GROUP	
2012	2013	Note	DKK '000	2013	2012
382,601	461,683		Net profit for the year	479,576	372,804
150,677	88,611	19	Adjustments for non-cash operating items	255,576	238,280
533,278	**550,294**			**735,152**	**611,084**
			Change in working capital:		
-22,348	-139,567		+/- change in receivables	-176	1,692
-23,407	5,006		+/- change in inventories	34,518	-43,167
42,678	91,153		+/- change in payables	56,587	63,531
530,201	**506,886**		**Cash flows from operating activities before financial income and expenses**	**826,081**	**633,140**
7,139	11,629		Financial income	4,345	1,069
-32,989	-56,298		Financial expenses	-59,635	-31,713
504,351	**462,217**		**Cash flows from operating activities**	**770,791**	**602,496**
-96,224	-107,726		Corporation tax paid	-117,976	-105,097
408,127	**354,491**		**Cash flows from operating activities**	**652,815**	**497,399**
65,079	153,189		Dividends received from subsidiaries and associates	20,474	13,442
151,031	86,049		Sale of property, plant and equipment	87,546	152,565
-33,172	-19,168		Corporation tax paid	-19,168	-33,172
-121,151	-111,885		Purchase of property, plant and equipment	-143,394	-154,376
469,914	**462,676**		**Free cash flow**	**598,273**	**475,858**
33,559			Sale of subsidiary		15,701
202,353			Sale of associates		202,353
-7,460	-2,775,124	23	Increase of capital/acquisition of subsidiaries	-2,775,124	
-4,915	1,281		Acquisition/sale of intangible assets and fixed asset investments	-7,023	-4,519
285,324	**-2,665,658**		**Cash flows from investing activities**	**-2,836,689**	**191,994**
	1,589,928		Proceeds from non-current borrowing	1,589,928	
-2,281	-195,338		Repayment of non-current debt	-195,338	-2,281
-15,086	526,588		Change in current debt to credit institutions	525,546	-52,990
-80,834	-14		Change in financing of subsidiaries		
-179,328	-242,107		Dividends paid to shareholders	-242,107	-179,328
-200,405	-110,189		Acquisition of shares for treasury	-110,189	-200,405
	561,214		Proceeds from share issue	561,214	
463	25,131		Sale of treasury shares	25,131	463
-477,471	**2,155,213**		**Cash flows from financing activities**	**2,154,185**	**-434,541**
215,980	-155,954		Change in cash and cash equivalents	-29,689	254,852
47,246	263,226		Cash and cash equivalents at 1 January	273,775	18,773
			Exchange adjustment	-124	150
263,226	**107,272**		**Cash and cash equivalents at 31 December**	**243,962**	**273,775**

Statement of Changes in Equity for 1 January - 31 December

GROUP

DKK '000	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend for the year	Minority interests' share	Total
Equity at 31 December 2011	**111,865**	**337,825**	**180,000**	**-31,811**	**-76,995**	**597,262**	**190,170**	**12,869**	**1,321,185**
Changes in equity in 2012									
Profit for the year						371,192		1,612	372,804
Other comprehensive income				26,092	17,756	3,509		43	47,400
Revaluation reserves realised			-67,680			67,680			0
Total comprehensive income	**0**	**0**	**-67,680**	**26,092**	**17,756**	**442,381**	**0**	**1,655**	**420,204**
Minority shareholders' share of subsidiaries sold								-14,524	-14,524
Proposed dividend						-253,680	253,680		0
Dividends paid to shareholders							-179,328		-179,328
Dividend on treasury shares						10,842	-10,842		0
Acquisition of shares for treasury						-200,405			-200,405
Sale of treasury shares						463			463
Reduction of capital	-6,165	-18,620				24,785			0
Total shareholders	**-6,165**	**-18,620**	**0**	**0**	**0**	**-417,995**	**63,510**	**-14,524**	**-393,794**
Total changes in equity in 2012	**-6,165**	**-18,620**	**-67,680**	**26,092**	**17,756**	**24,386**	**63,510**	**-12,869**	**26,410**
Equity at 31 December 2012	**105,700**	**319,205**	**112,320**	**-5,719**	**-59,239**	**621,648**	**253,680**	**0**	**1,347,595**
Changes in equity in 2013									
Profit for the year						479,576			479,576
Other comprehensive income			71,000	-13,251	13,200	-2,492			68,457
Revaluation reserves realised			-46,815			46,815			0
Total comprehensive income	**0**	**0**	**24,185**	**-13,251**	**13,200**	**523,899**	**0**	**0**	**548,033**
Increase of capital	10,085	551,129							561,214
Proposed dividend						0	0		0
Dividends paid to shareholders							-242,107		-242,107
Dividend on treasury shares						11,573	-11,573		0
Acquisition of shares for treasury						-110,189			-110,189
Sale of treasury shares						25,131			25,131
Share-based payments						3,300			3,300
Reduction of capital	-4,800	-14,495				19,295			0
Total shareholders	**5,285**	**536,634**	**0**	**0**	**0**	**-50,890**	**-253,680**	**0**	**237,349**
Total changes in equity in 2013	**5,285**	**536,634**	**24,185**	**-13,251**	**13,200**	**473,009**	**-253,680**	**0**	**785,382**
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-18,970**	**-46,039**	**1,094,657**	**0**	**0**	**2,132,977**

The share capital at 31 December 2013 amounts to DKK 110,985,000 and is distributed on shares of DKK 10 each.

Statement of Changes in Equity for 1 January - 31 December

PARENT COMPANY

DKK '000	Share capital	Share premium account	Revaluation reserves	Hedging reserve	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2011	**111,865**	**337,825**	**180,000**	**-73,806**	**711,947**	**190,170**	**1,458,001**
Changes in equity in 2012							
Profit for the year					382,601		382,601
Other comprehensive income				16,920	-210		16,710
Revaluation reserves realised			-67,680		67,680		0
Total comprehensive income	**0**	**0**	**-67,680**	**16,920**	**450,071**	**0**	**399,311**
Dividends paid to shareholders						-179,328	-179,328
Dividend on treasury shares					10,842	-10,842	0
Acquisition of shares for treasury					-200,405		-200,405
Sale of treasury shares					463		463
Reduction of capital	-6,165	-18,620			24,785		0
Proposed dividend					-253,680	253,680	0
Total shareholders	**-6,165**	**-18,620**	**0**	**0**	**-417,995**	**63,510**	**-379,270**
Total changes in equity in 2012	**-6,165**	**-18,620**	**-67,680**	**16,920**	**32,076**	**63,510**	**20,041**
Equity at 31 December 2012	**105,700**	**319,205**	**112,320**	**-56,886**	**744,023**	**253,680**	**1,478,042**
Changes in equity in 2013							
Profit for the year					461,683		461,683
Other comprehensive income			71,000	14,208	-4,429		80,779
Revaluation reserves realised			-46,815		46,815		0
Total comprehensive income	**0**	**0**	**24,185**	**14,208**	**504,069**	**0**	**542,462**
Increase of capital	10,085	551,129					561,214
Dividends paid to shareholders						-242,107	-242,107
Dividend on treasury shares					11,573	-11,573	0
Acquisition of shares for treasury					-110,189		-110,189
Sale of treasury shares					25,131		25,131
Share-based payments					3,300		3,300
Reduction of capital	-4,800	-14,495			19,295		0
Total shareholders	**5,285**	**536,634**	**0**	**0**	**-50,890**	**-253,680**	**237,349**
Total changes in equity in 2013	**5,285**	**536,634**	**24,185**	**14,208**	**453,179**	**-253,680**	**779,811**
Equity at 31 December 2013	**110,985**	**855,839**	**136,505**	**-42,678**	**1,197,202**	**0**	**2,257,853**

Share premium account, hedging reserve and retained earnings may be distributed as dividends to the Parent Company's shareholders.

The share capital at 31 December 2013 amounts to DKK 110,985,000 and is distributed on shares of DKK 10 each.

Contents

Descriptive notes

NOTE 1 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with the preparation of the Parent Company and Consolidated Financial Statements, Management makes estimates and judgements as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

CRITICAL ACCOUNTING ESTIMATES

Management's estimates are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2013, the following critical estimates have been made.

Recognition of acquisition of subsidiary
In 2013 Royal Unibrew acquired Oy Hartwall Ab by purchasing 100% of the outstanding shares. Hartwall's assets, liabilities and contingent liabilities have been recognised under the purchase method in the Financial Statements of Royal Unibrew. The key assets of Hartwall are goodwill, trademarks, distribution rights, customer relations, property, plant and equipment, inventories and trade receivables. Especially with regard to the intangible assets acquired, there are no efficient markets to be used to determine fair value. Management has therefore made an estimate in connection with the calculation of the fair value of the acquired assets and liabilities at the date of acquisition and has allocated the purchase price on that basis, see note 23. The fair value calculation is subject to uncertainty and may be adjusted subsequently. The unallocated part of the purchase price has been recognised as goodwill related to synergies and the development potential of the activities acquired.

Intangible assets
In relation to trademarks, Management assesses annually whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past assessments of an indefinite useful life may be maintained.

An annual impairment test is made of the values of goodwill and trademarks recognised in the Financial Statements which are based on an indefinite useful life and are therefore not amortised. As regards the discount and growth rates applied in connection with impairment tests of goodwill and trademarks as well as other assumptions underlying the impairment tests, reference is made to the description in note 11 and to note 24 "Significant accounting policies".

Property, plant and equipment
When estimating whether project development properties, see below, should be revalued, Management has also in 2013 based its fair value estimate on a calculation of the present value of the cash flow expected under the agreements made. Reference is made to note 14 for a detailed description of Management's method of estimating fair value in connection with the preparation of the Financial Statements for 2013.

Note 24 "Significant accounting policies" describes the estimated useful lives applied when calculating depreciation of property, plant and equipment.

Management updates its estimate of the useful lives of property, plant and equipment on an annual basis.

Other equity investments
When presenting the Financial Statements for 2011, Management estimated the fair value of its investments in the Polish brewery company Perla Browary Lubelskie at DKK 0 due to governance issues arisen. In 2012 and 2013 Management has maintained its fair value estimate of DKK 0 as these issues have not subsequently been resolved. The measurement of the fair value of the equity investments in Perla Browary Lubelskie has been classified in level 3 of the fair value hierarchy.

Trade receivables
Provisions for bad debts are made on the basis of an individual assessment of the risk of incurring losses on the receivables or groups of receivables, including the maturity profile of the receivables and debtors' current credit rating. Reference is made to note 2 for a summary of trade receivables due.

Deferred tax
Deferred tax assets, including the value of tax losses to be carried forward for set-off against positive taxable income in later years, are recognised if, based on Management's assessment, utilisation of the assets is considered possible. The assessment is made annually, see note 17.

Repurchase obligation, returnable packaging
The repurchase obligation in respect of returnable packaging in circulation has been recognised in the Financial Statements on the basis of the estimated total volumes of packaging less packaging in inventory, see note 18.

JUDGEMENTS AS AN ELEMENT IN SIGNIFICANT ACCOUNTING POLICIES

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how assets and liabilities should be classified in the Financial Statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2013, the following judgments have been made materially affecting the related items.

Derivative financial instruments
When entering into derivative financial instruments, Management assesses whether the instrument qualifies as effective hedging of recognised assets or liabilities or expected future cash flows. Derivative financial instruments recognised are tested for effectiveness at least quarterly, and any ineffectiveness identified is recognised in the income statement.

Recognition of project development property
With a view to ensuring adequate disclosures on the value of the brewery site in Aarhus, Management chose to apply the exemption provision of IAS 16 which allows separate recognition of an item of property, plant and equipment as well as revaluation of the asset to fair value. The basis of Management's fair value estimate and revaluation, if any, is described in note 14.

Disclosures on divestments
When activities are divested, Management assesses whether the divested entities constitute a significant business or geographic area and should therefore be presented separately in the Financial Statements. In connection with the divestment in 2012 of the Caribbean distribution company Impec, it was Management's assessment that this was not a significant divestment as net revenue in 2012 amounted to DKK 116 million (3.4%) and EBIT to DKK 5 million (1.0%).

Leases
"When leases are entered into, an assessment is made based on the factors mentioned below in order to determine whether the agreements should be classified as finance or operating leases.

- The characteristics of the assets to which the agreements relate;
- The term of the agreements measured against the useful life of the assets;
- The amount of minimum lease payments over the term of the agreements;
- Matters relating to purchase obligations and ownership of the assets in question.

At this time, Royal Unibrew has both finance and operating leases."

Pension obligations
In connection with the acquisition of Hartwall, defined benefit liabilities were acquired relating to a pension scheme which has not been offered to new employees for a number of years. At 31 December 2013, the net liability amounted to approx DKK 13 million. Taking into account the amount of the liability, that it has been at the same level in recent years and that it is being phased out, Management does not consider it material to provide the disclosures on the composition of the liability required by IAS 19.

Descriptive notes

NOTE 2 – FINANCIAL RISK MANAGEMENT

The Group's financial risks are managed centrally according to the Treasury Policy approved by the Board of Directors, which includes guidelines for the handling of currency, interest rate, liquidity and credit risks. Commodity risks are also managed under a commodity risk policy approved by the Board of Directors.

CURRENCY RISK

Royal Unibrew is exposed to currency risks through the geographic spread of the Group's activities. This currency exposure is particularly reflected through the Parent Company's export activities where cash flows are earned in foreign currencies, and in connection with the purchase of raw materials, which involves an indirect USD risk on the part of the purchase price related to the raw material element. Purchases are in all materiality made in the currencies in which the Group has income, which results in a total reduction of the currency risk. Furthermore, the translation of loans to/from subsidiaries as well as the Group's net debt is subject to currency risk where these are not established in DKK.

The above describes Royal Unibrew's transaction risks, which are hedged actively according to the Treasury Policy. EUR is not hedged. The objective is to reduce negative effects on the Group's profit and cash flows. The risk is therefore monitored and hedged continually. The Group's cash flows are primarily in CAD, EUR, GBP, LTL and USD. The key currency risks are related to GBP, LTL and USD.

The total gross currency risk (before hedging) on the balance sheet items was calculated at 31 December 2013. The following table shows the sensitivity to a positive change in the cross rates at 31 December 2013 with all other variables remaining unchanged. A negative change has a corresponding effect merely with the sign reversed.

Moreover, Royal Unibrew has a translation risk primarily related to Finland, Latvia and Lithuania. The translation risk related to Royal Unibrew's investments in foreign subsidiaries is, as a general rule, not hedged.

Financial risks such as the loss of competitive strength due to long-term exchange rate changes are not hedged by financial instruments but are included in Royal Unibrew's strategic considerations.

INTEREST RATE RISK

Royal Unibrew's interest rate risk is substantially related to the Group's loan portfolio. Interest rate changes will affect the market value of fixed-interest loans as well as interest payments on floating-rate liabilities. Debt is established only in currencies in which the Group has commercial activities.

In Royal Unibrew's assessment, the key interest rate risk is related to the immediate effect of interest rate changes on the Group's interest payment flows and Royal Unibrew focuses only secondarily on changes in the market value of the debt. It is group policy to limit the effect of interest rate changes on profit and cash flows while, within this framework, also achieving the lowest possible financing cost. At the end of 2013, mortgage debt amounted to DKK 762 million with an average term to maturity of 15 years. 72% is fixed-interest through the Group's hedging of interest rate risk with a fixed-interest period of up to 4 years. Bank debt comprises committed bank credit facilities with an agreed term to maturity of up to 54 months. A one percentage point interest rate change will affect the Group's interest expenses by approx +/- DKK 20 million (Parent Company: +/- DKK 19 million).

CREDIT RISKS

The Group's credit risks relate primarily to trade receivables and counterparty risks.

The Group's counterparty risks comprise both commercial and financial counterparty risk. The commercial counterparty risk relates primarily to business agreements with a built-in element of firm rate/price. The financial counterparty risk relates to hedging agreements as well as net bank deposits. The financial counterparty risk is actively reduced by distributing net bank deposits on banks in accordance with the credit rating criteria determined in the Treasury Policy.

DKK '000	Change	Earnings impact before tax 2013	Earnings impact before tax 2012	Equity impact 2013	Equity impact 2012
EUR	0.1 %	-1,861	57	-1,124	75
GBP	10 %	1,350	140	3,060	1,850
LTL	0.5 %	142	647	313	995
USD	10 %	1,870	1,470	2,490	2,790

Descriptive notes

NOTE 2 – FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade receivables fall due as follows:

DKK '000		31/12 2013		31/12 2012
Not due		357,240		284,478
Due:				
From 1-15 days	84,076		72,180	
From 16-90 days	18,680		11,794	
More than 90 days	19,566	122,322	27,270	111,244
Provisions for bad debts, not due	-6,177		-1,976	
Provisions for bad debts, 1-15 days	-4,263		-325	
Provisions for bad debts, 16-90 days	-2,256		-865	
Provisions for bad debts, more than 90 days	-17,638	-30,334	-27,270	-30,436
Total		**449,228**		**365,286**
Provisions for bad debts, beginning of year		-30,436		-40,955
Additions on acquisition		-2,490		
Bad debts realised during the year		560		5,044
Adjustment upon sale of subsidiaries		0		8,313
Provision for the year		2,032		-2,838
Total		**-30,334**		**-30,436**

Royal Unibrew seeks to limit risks relating to credit granting to customers in export markets through extensive use of insurance cover and other types of hedging of payments. Where effective hedges cannot be established, Royal Unibrew has established procedures for approval of such risks. There are no material credit risks on individual customers. Credit risks relating to trade receivables are reduced by setting off accrued bonus. At 31 December 2013 accrued bonus amounts to DKK 169 million (31/12 2012: DKK 78 million) set off against trade receivables.

Current receivables, other than trade receivables, all fall due for payment in 2014.

The total receivables of DKK 541 million (Parent: DKK 504 million) belong to the category "assets measured at amortised cost".

The maximum credit risk corresponds to the carrying amount of the financial assets.

LIQUIDITY RISKS

It is group policy that its cash resources should be adequate to meet the expected liquidity requirements in the current and next financial year. The cash resources may be bank deposits, short-term bonds and unutilised credit facilities.

CAPITAL MANAGEMENT

Royal Unibrew wants to ensure structural and financial flexibility as well as competitive power. To ensure this, continuous assessment is made to determine the appropriate capital structure of Royal Unibrew. At the end of 2013, it is assessed that the Group's net interest-bearing debt should not exceed 2.5 times EBITDA and that the equity ratio at year end should be 30%.

At the operational level, continuous efforts are directed at optimising working capital investments. Subject to adequate capacity, investments in production facilities will be limited to replacement of individual components, related to specific products or to optimisation of selected processes as well as maintenance.

COMMODITY RISKS

The commodity risk relates primarily to the purchasing of cans (aluminium), malt (barley), hops and packaging materials (cardboard) as well as energy. The commodity risk is actively hedged commercially and financially in accordance with the Group's Treasury Policy.

The objective of managing Royal Unibrew's commodity risk is to achieve a smooth and time-differentiated effect of commodity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers. As regards the Group's purchase of cans, financial contracts have been made to hedge the risk of aluminium price increases. Exchange rate changes with respect to the settlement currency of aluminium (USD) are an element of the overall currency risk management.

Descriptive notes

NOTE 2 – FINANCIAL RISK MANAGEMENT (CONTINUED)

The most significant part of purchases for the next 12 months has, in accordance with Royal Unibrew's policy, been hedged by entering into supplier agreements and financial contracts. A +/-1% change in the price of aluminium would have a P/L effect at group level of approx +/- DKK 0.5 million.

OTHER RISKS

Market risks have in 2013 affected Royal Unibrew's results materially, which may also be the case in future years. Currently, the economic development in many of the Group's markets and the resulting consumer reluctance have affected volume sales of the Group's products, and thus also earnings, negatively. Furthermore, competition has intensified resulting in limited possibilities of realising sales price increases.

For quite a number of years, Royal Unibrew has recorded significant revenue in the Danish and Italian markets and with the acquisition of Hartwall, Finland will be the single key market. In 2013 these markets accounted for 63 % (2012: 53 %) of consolidated revenue and going forward the three markets combined are expected to account for more than 75 % of consolidated revenue. Changes to consumption patterns or the competitive situation in these markets could therefore influence Royal Unibrew's results materially. Changes to consumption patterns in the Group's other markets, eg changed views on alcohol consumption and consumption of soft drinks, may also affect Royal Unibrew's development and results materially.

As a producer of alcoholic products, Royal Unibrew is sensitive to changes in the public alcohol policy - including indirect tax policies in the Group's respective markets. For example, a change of the Danish and Finish indirect tax policy as compared to those of neighbouring countries could lead to a change of cross-border trading patterns. This applies primarily to Germany, Norway, Sweden and Estonia.

Legislative changes with respect to permitted types of containers and returning of containers could also result in significant changes to consumption patterns. In Germany large parts of the Group's products are sold in cans, whereas sales in Italy are primarily related to products in non-returnable glass bottles.

The Group's Insurance Guidelines determine the framework of covering risks in general insurance areas (buildings, movables and trading losses) The risks are covered through insurance. The total risks are assessed by the Board of Directors on an annual basis and external specialists review the breweries for relevant risks on a regular basis.

Currency and interest rate risks and use of derivative financial instruments

Derivative financial instruments entered into to hedge expected future transactions and qualifying as hedge accounting under IAS 39:

GROUP AND PARENT COMPANY

		2013			2012		
	Period	**Contract amount**	**Market value**	**Deferred gain (+) / loss (-)**	**Contract amount**	**Market value**	**Deferred gain (+) / loss (-)**
Forward contracts:							
GBP	0 - 1 år	16,936	17,105	-169	20,026	19,586	440
CAD	0 - 1 år				6,169	5,896	273
SEK	0 - 1 år	7,451	7,488	-37			
Total		**24,387**	**24,593**	**-206**	**26,195**	**25,482**	**713**

Descriptive notes

NOTE 2 – FINANCIAL RISK MANAGEMENT (CONTINUED)

		2013			2012		
	Maturity	**Contract amount**	**Market value**	**Deferred gain (+) / loss (-)**	**Contract amount**	**Market value**	**Deferred gain (+) / loss (-)**
Interest rate swaps:							
Nykredit	2015	271,117	-16,792	-16,792	271,117	-25,339	-25,339
Nykredit	2015	194,970	-11,361	-11,361	194,970	-17,283	-17,283
Nykredit	2017	84,064	-10,302	-10,302	84,064	-14,036	-14,036
Nykredit	2013				384,670	488	488
		550,151	**-38,455**	**-38,455**	**934,821**	**-56,170**	**-56,170**

The derivative financial instruments applied in 2013 and 2012 may all be classified as level-2 instruments in the IFRS fair value hierarchy.

The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

GROUP

Financial liabilities

	31/12 2013				
	Contractual cash flows	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Carrying amount**
Non-derivative financial instruments:					
Financial debt, gross	2,623,170	778,137	967,790	877,243	2,623,170
Interest expenses	183,349	37,948	76,275	69,126	
Trade payables and repayment obligation re packaging	911,424	911,424			911,424
Other payables	799,370	782,052	17,318		799,370
Total	**4,517,313**	**2,509,561**	**1,061,383**	**946,369**	**4,333,964**

The debt breaks down on the categories "debt at amortised cost" with DKK 4,296 million and "debt at fair value" with DKK 38 million. The fair value of the total debt is assessed to equal carrying amount.

	31/12 2012				
	Contractual cash flows	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Carrying amount**
Non-derivative financial instruments:					
Financial debt, gross	594,324	2,644	12,606	579,074	594,324
Interest expenses	331,506	29,948	119,361	182,197	
Trade payables and repayment obligation re packaging	467,063	467,063			467,063
Other payables	294,327	285,206	9,121		294,327
Total	**1,687,220**	**784,861**	**141,088**	**761,271**	**1,355,714**

The debt breaks down on the categories "debt at amortised cost" with DKK 1,298 million and "debt at fair value" with DKK 58 million. The fair value of the total debt is assessed to equal carrying amount.

Descriptive notes

NOTE 2 – FINANCIAL RISK MANAGEMENT (CONTINUED)

PARENT COMPANY

Financial liabilities

31/12 2013	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	2,515,502	731,434	942,729	841,339	2,515,502
Interest expenses	181,923	37,400	75,397	69,126	
Trade payables and repayment obligation re packaging	372,612	372,612			372,612
Other payables	320,130	302,812	17,318		320,130
Total	**3,390,167**	**1,444,258**	**1,035,444**	**910,465**	**3,208,244**

The debt breaks down on the categories “debt at amortised cost” with DKK 3,170 million and “debt at fair value” with DKK 38 million. The fair value of the total debt is assessed to equal carrying amount.

31/12 2012	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Non-derivative financial instruments:					
Financial debt, gross	594,324	2,644	12,606	579,074	594,324
Interest expenses	331,308	30,050	119,061	182,197	
Trade payables and repayment obligation re packaging	355,386	355,386			355,386
Other payables	258,885	249,764	9,121		258,885
Total	**1,539,903**	**637,844**	**140,788**	**761,271**	**1,208,595**

The debt breaks down on the categories “debt at amortised cost” with DKK 1,150 million and “debt at fair value” with DKK 58 million. The fair value of the total debt is assessed to equal carrying amount.

Descriptive notes

NOTE 3 – SEGMENT REPORTING

The Group's results, assets and liabilities break down as follows on segments:

mDKK	Western Europe	North East Europe	Malt Beverages	Unallocated	Total
2013					
Net revenue	2,650.3	1,450.2	380.5		4,481.0
Earnings before interest and tax (EBIT)	424.0	101.6	81.3	-46.8	560.1
Net financials	-0.2	-9.9	-0.4	-34.8	-45.3
Share of income from associates	33.5				33.5
Profit/loss before tax	457.3	91.7	80.9	-81.6	548.3
Tax				-68.7	-68.7
Profit/loss for the year	457.3	91.7	80.9	-150.3	479.6
Assets *	1,472.5	4,986.2	42.8	290.5	6,792.0
Associates	132.5				132.5
Total assets	**1,605.0**	**4,986.2**	**42.8**	**290.5**	**6,924.5**
Purchase of property, plant and equipment	111.9	31.5			143.4
Purchase of property, plant and equipment on acquisition		1,245.4			1,245.4
Purchase of intangible assets on acquisitiion		2,582.9			2,582.9
Liabilities**	**898.0**	**1,371.4**	**6.2**	**2,515.9**	**4,791.5**
Sales (million hectolitres)	3.6	2.8	0.6		7.0

* Unallocated assets include project development properties.
** Unallocated liabilities include the Parent Company's interest-bearing debt.

Descriptive notes

NOTE 3 – SEGMENT REPORTING (CONTINUED)

The Group's results, assets and liabilities break down as follows on segments:

mDKK	Western Europe	North East Europe	Malt Beverages	Unallocated	Total
2012					
Net revenue	2,429.9	585.1	415.0		3,430.0
Earnings before interest and tax (EBIT)	408.2	27.3	83.9	-34.4	485.0
Net financials	-0.6	-5.0	-0.2	-32.4	-38.2
Share of income from associates	32.1	2.1			34.2
Profit/loss before tax	439.7	24.4	83.7	-66.8	481.0
Tax				-108.2	-108.2
Profit/loss for the year	439.7	24.4	83.7	-175.0	372.8
Assets *	1,845.1	559.4	37.5	276.3	2,718.3
Associates	129.8				129.8
Total assets	**1,974.9**	**559.4**	**37.5**	**276.3**	**2,848.1**
Purchase of property, plant and equipment	121.2	32.9	0.3		154.4
Liabilities**	**791.4**	**106.1**	**8.7**	**594.3**	**1,500.5**
Sales (million hectolitres)	3.3	1.6	0.5		5.4

* Unallocated assets include project development properties.

** Unallocated liabilities include the Parent Company's interest-bearing debt.

Geographically, revenue and non-current assets break down as follows:

	2013		2012	
mDKK	**Net revenue**	**Non-current assets**	**Net revenue**	**Non-current assets**
Denmark	1,450.8	905.8	1,237.2	889.8
Finland	786.6	3,800.1		
Italy	606.6	26.4	596.9	26.4
Germany	564.9		571.4	
Other countries	1,072.1	786.7	1,024.5	799.5
Unallocated		290.5		276.3
Total	**4,481.0**	**5,809.6**	**3,430.0**	**1,992.0**

The geographic breakdown is based on the geographic location of the Group's external customers and comprises countries that individually account for more than 10% of the Group's net revenue as well as the country in which the Group is headquartered.

No single customer accounts for revenue in excess of 10% of the Group's net revenue.

Descriptive notes

NOTE 3 – SEGMENT REPORTING (CONTINUED)

SEGMENT REPORTING 2009 - 2013

The Group's activities break down as follows on segments:

mDKK	Western Europe	North East Europe	Malt Beverages	Unallocated	Group
2013					
Net revenue	2,650.3	1,450.2	380.5		4,481.0
Operating profit/loss	424.0	101.6	81.3	-46.8	560.1
Assets	1,605.0	4,986.2	42.8	290.5	6,924.5
Liabilities	898.0	1,371.4	6.2	2,515.9	4,791.5
Sales (million hectolitres)	3.6	2.8	0.6		7.0
2012					
Net revenue	2,429.9	585.1	415.0		3,430.0
Operating profit/loss	408.2	27.3	83.9	-34.4	485.0
Assets	1,731.1	799.9	40.8	276.3	2,848.1
Liabilities	791.4	106.1	8.7	594.3	1,500.5
Sales (million hectolitres)	3.3	1.6	0.5		5.4
2011					
Net revenue	2,410.1	629.1	391.4		3,430.6
Operating profit/loss	405.0	45.1	53.3	-29.2	474.2
Assets	1,688.1	701.0	89.7	411.5	2,890.3
Liabilities	790.2	133.9	33.3	611.7	1,569.1
Sales (million hectolitres)	3.3	2.0	0.4		5.7
2010					
Net revenue	2,424.5	941.7	409.2		3,775.4
Operating profit/loss	365.3	45.9	48.2	-42.5	416.9
Assets	1,503.3	996.9	150.2	406.4	3,056.8
Liabilities	742.8	217.6	38.9	770.0	1,769.3
Sales (million hectolitres)	3.2	2.9	0.5		6.6
2009					
Net revenue	2,418.2	909.3	488.9		3,816.4
Operating profit/loss	274.6	-5.2	37.5	-63.6	243.3
Assets	1,657.4	1,058.2	370.5	403,6	3,489.7
Liabilities	781.8	414.2	113.9	1,184.6	2,494.5
Sales (million hectolitres)	3.3	2.8	0.5		6.6

Notes to Income Statement

NOTE 4 – STAFF EXPENSES

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses and break down as follows:

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
13,641	17,668	Salary and short-term bonus scheme for Executive Board	17,668	13,641
7,245	6,981	Long-term bonus scheme for Executive Board	6,981	7,245
	3,300	Share-based payments to Executive Board (restricted shares)	3,300	
20,886	27,949	Remuneration of Executive Board	27,949	20,886
2,813	2,875	Remuneration of Board of Directors	2,875	2,813
23,699	30,824		30,824	23,699
357,274	385,551	Wages and salaries	590,374	459,207
29,721	30,025	Contributions to pension schemes	53,207	52,227
386,995	415,576		643,581	511,434
6,703	6,845	Other social security expenses	8,193	10,252
19,716	21,773	Other staff expenses	27,042	24,864
437,113	**475,018**	**Total**	**709,640**	**570,249**
876	884	Average number of employees	1,935	1,635

The share-based payments to the Executive Board comprise a maximum of 60,000 no-consideration conditional shares vesting in the period 1 September 2013 to 31 December 2016. The receipt of the shares is conditional on continued employment in the period up to the Board of Directors' adoption of the Annual Report for 2016 and on the employee not having handed in notice. The number of shares depends on the extent to which the EBIT and free cash flow targets for the financial years 2013-2016 defined by the Board of Directors are achieved. The market value at the beginning of the vesting period has been calculated under the Black-Scholes model at DKK 550 per share corresponding to DKK 33 million for the maximum number of shares. The market value is expensed on a straight-line basis over the vesting period corresponding to the rate at which the conditions for the share grant are met. At 31 December 2013 the conditions are expected to be fully met.

Notes to Income Statement

NOTE 4 – STAFF EXPENSES (CONTINUED)

The following share option scheme was established until 2008 for the Executive Board and certain employees.
Each option carried a right to acquire 1 share of DKK 10.

	Executive Board number	Certain other employees number	Total number	Exercise price	Exercise period
Unexercised at 31 December 2012					
Granted re 2007		13,219	13,219	350	4/2011-4/2013
Exercised in 2013		-12,086	-12,086	350	
Expired in 2013		-1,133	-1,133		
Unexercised at 31 December 2013	**0**	**0**	**0**		
Market value at 31 December 2013		**0**	**0**		
Market value at 31 December 2012		**1.9 million**	**1.9 million**		

Based on a share price of the Royal Unibrew share of 492.0 at 31 December 2012, the market value of the options was calculated by means of the Black-Scholes model.

The calculation was based on an assumption of 15% volatility, a risk-free interest rate of 0.2-0.5% and annual dividend per share of DKK 150%.

Notes to Income Statement

NOTE 5 – EXPENSES BROKEN DOWN BY TYPE

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
		Aggregated		
1,294,022	1,426,457	production costs	2,195,788	1,714,265
738,801	839,316	Sales and distribution expenses	1,448,530	1,062,453
136,681	165,445	Administrative expenses	264,090	173,136
2,169,504	**2,431,218**	**Total**	**3,908,408**	**2,949,854**
		break down by type as follows:		
1,001,404	1,129,828	Raw materials and consumables	1,777,950	1,351,568
437,113	475,018	Wages, salaries and other staff expenses	709,640	570,249
125,490	127,859	Operating and maintenance expenses	203,274	166,309
98,286	110,660	Distribution expenses and carriage	276,552	176,209
348,931	424,399	Sales and marketing expenses	617,801	468,749
-538	1,383	Bad trade debts	8,004	2,673
70,860	77,718	Office supplies etc	143,407	89,912
87,958	84,353	Depreciation and profit from sale of property, plant and equipment	171,780	124,185
2,169,504	**2,431,218**	**Total**	**3,908,408**	**2,949,854**

Total depreciation and impairment losses as well as profit from sale of property, plant and equipment are included in the following items in the income statement:

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
57,964	54,025	Production costs	104,358	87,268
19,639	18,541	Sales and distribution expenses	54,039	22,214
10,355	11,787	Administrative expenses	13,383	14,703
87,958	**84,353**	**Total**	**171,780**	**124,185**

Notes to Income Statement

NOTE 6 – FINANCIAL INCOME

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
		Interest income		
103	220	Cash at bank and in hand	242	68
73	42	Trade receivables	318	73
6,035	7,087	Receivables from subsidiaries		
928	2,611	Other financial income	2,614	928
		Exchange adjustments		
		Cash at bank and in hand and external loans		
	308	Trade payables	363	
979		Trade receivables		972
	617	Intercompany loans		
		Ineffective portion of hedge contracts		
367	744	Forward contracts	808	2,754
1,400		Profit on sale of investments		1,400
9,885	**11,629**	**Total**	**4,345**	**6,195**

NOTE 7 – FINANCIAL EXPENSES

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
		Interest expenses		
27,359	25,457	Mortgage credit institutes	25,457	27,359
550	11,607	Credit institutions	12,121	756
152	157	Payables to subsidiaries		
604		Other payables	225	493
		Exchange adjustments		
676	527	Cash at bank and in hand and external loans	989	836
655		Trade payables		586
993		Intercompany loans		993
	1,692	Trade receivables	1,698	
650	100	Forward contracts	507	653
1,083		Loss on sale of investments		8,075
4,046	6,801	Other financial expenses	8,688	4,683
36,768	**46,341**	**Total**	**49,685**	**44,434**

Notes to Income Statement

NOTE 8 – TAX ON THE PROFIT FOR THE YEAR

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
121,429	121,351	Tax on the taxable income for the year	133,056	131,256
-5,916	-367	Adjustment of previous year	-443	-7,070
-16,016	2,880	Adjustment of deferred tax	-59,801	-15,760
99,497	**123,864**	**Total**	**72,812**	**108,426**
		which breaks down as follows:		
99,288	119,435	Tax on profit for the year	68,707	108,217
209	4,429	Tax on equity entries	4,105	209
99,497	**123,864**	**Total**	**72,812**	**108,426**
25.0	25.0	Current Danish tax rate	25.0	25.0
-3.4	-6.3	Dividends from subsidiaries and associates		
		Income from associates after tax	-1.5	-1.8
0.3	4.9	Effect on tax rate of permanent differences	4.9	0.3
-1.3	-0.1	Adjustment of previous year		-1.5
	-2.9	Changes to tax rates, primarily related to Finland	-11.8	
		Differences in effective tax rates of foreign subsidiaries	-4.1	0.5
20.6	**20.6**	**Effective tax rate**	**12.5**	**22.5**

NOTE 9 – COMPREHENSIVE INCOME

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
		Recirculated exchange rate adjustment of subsidiaries and associates sold is included in financial income and expenses at		-6,859
0	**0**	**Total**	**0**	**-6,859**
		Realised hedging transactions are included in the income statement as follows:		
-9,373	1,065	Net revenue includes currency hedges of	1,065	-9,373
-8,901	-8,430	Production costs include foreign currency and commodity hedges of	-9,437	-10,934
-15,781	-17,045	Financial income and expenses include currency, commodity and interest rate hedges of	-17,170	-14,801
-34,055	**-24,410**	**Total**	**-25,542**	**-35,108**

Notes to Balance Sheet

NOTE 10 – INTANGIBLE ASSETS

GROUP

DKK '000	Goodwill	Trademarks	Distribution rights	Customer relations	Total
Cost at 1 January 2012	263,733	127,436	13,236		404,405
Exchange adjustment	768	49	5		822
Disposals on sale/reclassification	-19,619		-1,410		-21,029
Cost at 31 December 2012	**244,882**	**127,485**	**11,831**	**0**	**384,198**
Amortisation and impairment losses at 1 January 2012	0	-3,250	-10,061		-13,311
Exchange adjustment		-166	-5		-171
Amortisation for the year			-1,311		-1,311
Disposals			1,218		1,218
Amortisation and impairment losses at 31 December 2012	**0**	**-3,416**	**-10,159**	**0**	**-13,575**
Carrying amount at 31 December 2012	**244,882**	**124,069**	**1,672**	**0**	**370,623**
Cost at 1 January 2013	244,882	127,485	11,831		384,198
Exchange adjustment	64	130	41	13	248
Additions on acquisition	1,185,432	1,111,823	217,904	67,734	2,582,893
Cost at 31 December 2013	**1,430,378**	**1,239,438**	**229,776**	**67,747**	**2,967,339**
Amortisation and impairment losses at 1 January 2013	0	-3,416	-10,159		-13,575
Exchange adjustment		80	-1	-1	78
Amortisation for the year			-5,024	-4,776	-9,800
Disposals					0
Amortisation and impairment losses at 31 December 2013	**0**	**-3,336**	**-15,184**	**-4,777**	**-23,297**
Carrying amount at 31 December 2013	**1,430,378**	**1,236,102**	**214,592**	**62,970**	**2,944,042**

Trademarks are not amortised as they are all well-established, old and profitable trademarks which customers are expected to continue demanding unabatedly, other things being equal, and which Management is not planning to stop selling and marketing.

Goodwill and trademarks with an indefinite useful life related to Hartwall (Finland) and to Cido and Kalnapilis (Baltic countries) each represents more than 10% of the total value of goodwill and trademarks.

Reference is made to note 11 for impairment tests.

Notes to Balance Sheet

NOTE 10 – INTANGIBLE ASSETS (CONTINUED)

PARENT COMPANY

DKK '000	Goodwill	Trademarks	Distribution rights	Total
Cost at 1 January 2012	80,645	2,990	11,828	95,463
Cost at 31 December 2012	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2012	0	0	-8,972	-8,972
Amortisation for the year			-1,184	-1,184
Amortisation and impairment losses at 31 December 2012	**0**	**0**	**-10,156**	**-10,156**
Carrying amount at 31 December 2012	**80,645**	**2,990**	**1,672**	**85,307**
Cost at 1 January 2013	80,645	2,990	11,828	95,463
Cost at 31 January 2013	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2013	0	0	-10,156	-10,156
Amortisation for the year			-1,183	-1,183
Amortisation and impairment losses at 31 December 2013	**0**	**0**	**-11,339**	**-11,339**
Carrying amount at 31 December 2013	**80,645**	**2,990**	**489**	**84,124**

Trademarks are not amortised as they are all well-established, old and profitable trademarks which customers are expected to continue demanding unabatedly, other things being equal, and which Management is not planning to stop selling and marketing.

Reference is made to note 11 for impairment tests.

Notes to Balance Sheet

NOTE 11 – IMPAIRMENT TESTS

Impairment tests of goodwill and trademarks

Annual impairment tests are carried out of the carrying amount of goodwill and trademarks with indefinite useful lives. The impairment test in 2013 did not give rise to recognising any impairment losses.

The carrying amount of goodwill and trademarks at 31 December is related to the cash-generating operational units and breaks down as follows:

DKK '000	Goodwill	Trademarks	Total	Share
2013				
Western Europe	80,645	2,990	83,635	3%
North East Europe	1,342,466	1,233,112	2,575,578	97%
Malt Beverages	7,267		7,267	0%
Total	**1,430,378**	**1,236,102**	**2,666,480**	**100%**

The recoverable amount is based on value in use, which is calculated by means of expected net cash flows on the basis of budgets and forecasts for 2014-2016 approved by Management as well as estimated market driven discount rates and growth rates.

Generally only limited revenue growth is expected. Gross margins are assumed to remain stable. The key assumptions underlying the calculation of recoverable amount are as indicated below.

	Western Europe	North East Europe	Malt Beverages
Growth rate 2017-2020	1%	0-4%	2%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	6.0%	5,7-9,5%	15.5%

The forecasted results approved by Management are based on results achieved previously and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. In North East Europe, the lowest point of the ranges indicated for growth rate 2017-2020 and discount rate relates to Finland. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

Notes to Balance Sheet

NOTE 11 – IMPAIRMENT TESTS (CONTINUED)

DKK '000	Goodwill	Trademarks	Total	Share
2012				
Western Europe	80,645	2,990	83,635	23%
North East Europe	156,796	121,079	277,875	74%
Malt Beverages	7,441		7,441	2%
Total	**244,882**	**124,069**	**368,951**	**100%**

The key assumptions underlying the calculation of recoverable amount in 2012 were:

	Western Europe	North East Europe	Malt Beverages
Growth rate 2016-2019	1%	4%	2%
Growth rate on terminal value	1%	1%	2%
Discount rate (WACC)	5.5%	9.2-9.5%	16%

The forecasted results approved by Management are based on results achieved previously and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

Notes to Balance Sheet

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

GROUP

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2012	967,609	203,714	1,521,981	542,445	30,623	3,266,372
Exchange adjustment	307		539	227	4	1,077
Additions		4,444	32,965	38,499	78,468	154,376
Disposals	-9,137	-49,332	-56,322	-53,715		-168,506
Disposals on sale of activities				-5,692		-5,692
Transfers for the year	9,704	16	13,007	18,837	-41,564	0
Cost at 31 December 2012	**968,483**	**158,842**	**1,512,170**	**540,601**	**67,531**	**3,247,627**
Depreciation and impairment losses at 1 January 2012	-383,489	207,736	-1,079,198	-410,147	0	-1,665,098
Exchange adjustment	-80		101	-170		-149
Reversal of depr. and impairment on sale				5,205		5,205
Depreciation for the year	-32,547		-48,447	-40,409		-121,403
Depreciation and impairment of assets sold and discontinued	6,833	-90,240	48,743	47,823		13,159
Depreciation and impairment losses at 31 December 2012	**-409,283**	**117,496**	**-1,078,801**	**-397,698**	**0**	**-1,768,286**
Carrying amount at 31 December 2012	**559,200**	**276,338**	**433,369**	**142,903**	**67,531**	**1,479,341**

Land and buildings and Plant and machinery at a carrying amount of DKK 605,9 million have been provided as security for mortgage debt of DKK 593.7 million.

Notes to Balance Sheet

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2013	968,483	158,842	1,512,170	540,601	67,531	3,247,627
Exchange adjustment	312		340	-4	3	651
Additions	2,882	2,901	57,271	44,432	35,908	143,394
Additions on acquisition	720,988		402,974	112,487	8,901	1,245,350
Disposals	-52	-16,040	-14,243	-56,525		-86,860
Transfers for the year	9,033		60,271	4,875	-74,179	0
Cost at 31 December 2013	**1,701,646**	**145,703**	**2,018,783**	**645,866**	**38,164**	**4,550,162**
Depreciation and impairment losses at 1 January 2013	-409,283	117,496	-1,078,801	-397,698	0	-1,768,286
Exchange adjustment	-9		-42	-224		-275
Depreciation for the year	-30,901		-71,219	-58,523		-160,643
Revaluations for the year		90,000				90,000
Depreciation and impairment of assets sold and discontinued	52	-62,660	11,546	49,045		-2,017
Depreciation and impairment losses at 31 December 2013	**-440,141**	**144,836**	**-1,138,516**	**-407,400**	**0**	**-1,841,221**
Carrying amount at 31 December 2013	**1,261,505**	**290,539**	**880,267**	**238,466**	**38,164**	**2,708,941**
Finance lease assets included above						
Cost			117,774			117,774
Depreciation and impairment losses			-4,430			-4,430
Carrying amount at 31 December 2013			**113,344**			**113,344**

Land and buildings and Plant and machinery at a carrying amount of DKK 656,5 million have been provided as security for mortgage debt of DKK 761.9 million.

Leased assets at a carrying amount of DKK 113.3 million have been provided as security for lease commitments totalling DKK 109 million.

Notes to Balance Sheet

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

PARENT COMPANY

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2012	653,951	203,714	1,096,621	433,079	26,947	2,414,312
Additions		4,444	13,509	33,736	69,463	121,152
Disposals	-9,116	-49,332	-50,373	-42,265		-151,086
Transfers for the year	7,884	16	4,733	18,938	-31,571	0
Cost at 31 December 2012	**652,719**	**158,842**	**1,064,490**	**443,488**	**64,839**	**2,384,378**
Depreciation and impairment losses at 1 January 2012	-308,616	207,736	-799,763	-326,854	0	-1,227,497
Depreciation for the year	-20,635		-31,329	-33,751		-85,715
Depreciation and impairment of assets sold and discontinued	6,823	-90,240	42,158	38,975		-2,284
Depreciation and impairment losses at 31 December 2012	**-322,428**	**117,496**	**-788,934**	**-321,630**	**0**	**-1,315,496**
Carrying amount at 31 December 2012	**330,291**	**276,338**	**275,556**	**121,858**	**64,839**	**1,068,882**

Land and buildings and Plant and machinery at a carrying amount of DKK 605,9 million have been provided as security for mortgage debt of DKK 593.7 million.

DKK '000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2013	652,719	158,842	1,064,490	443,488	64,839	2,384,378
Additions	2,124	2,901	47,534	33,978	25,348	111,885
Disposals	-52	-16,040	-13,582	-45,266		-74,940
Transfers for the year	8,945		51,296	3,461	-63,702	0
Cost at 31 December 2013	**663,736**	**145,703**	**1,149,738**	**435,661**	**26,485**	**2,421,323**
Depreciation and impairment losses at 1 January 2013	-322,428	117,496	-788,934	-321,630	0	-1,315,496
Revaluation for the year		90,000				90,000
Depreciation for the year	-14,828		-33,454	-34,312		-82,594
Depreciation and impairment of assets sold and discontinued	52	-62,660	10,994	39,929		-11,685
Depreciation and impairment losses at 31 December 2013	**-337,204**	**144,836**	**-811,394**	**-316,013**	**0**	**-1,319,775**
Carrying amount at 31 December 2013	**326,532**	**290,539**	**338,344**	**119,648**	**26,485**	**1,101,548**

Land and buildings and Plant and machinery at a carrying amount of DKK 656,5 million have been provided as security for mortgage debt of DKK 761.9 million.

Notes to Balance Sheet

NOTE 13 – FIXED ASSET INVESTMENTS

GROUP

DKK '000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2012	230,681	58,279	5,235	294,195
Reclassification, beginning of year		-7,309		-7,309
Exchange adjustment	17,963	4,891	-1	22,853
Additions		40	6,302	6,342
Disposals	-202,026	-83	-1,527	-203,636
Cost at 31 December 2012	**46,618**	**55,818**	**10,009**	**112,445**
Value adjustments at 1 January 2012	60,031	-55,666	-121	4,244
Reclassification, beginning of year		7,309		7,309
Exchange adjustment	3,614	-4,891	-1	-1,278
Disposals	-326			-326
Dividend	-13,442			-13,442
Share of profit for the year	41,469			41,469
Other comprehensive income	-976			-976
Impairment losses for the year	-7,206	50	-242	-7,398
Value adjustments at 31 December 2012	**83,164**	**-53,198**	**-364**	**29,602**
Carrying amount at 31 December 2012	**129,782**	**2,620**	**9,645**	**142,047**

DKK '000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2013	46,618	55,818	10,009	112,445
Reclassification, beginning of year	1,444			1,444
Exchange adjustment	-3,374	-873	-5	-4,252
Additions		8,683		8,683
Additions on acquisition		4,875		4,875
Disposals			-1,286	-1,286
Cost at 31 December 2013	**44,688**	**68,503**	**8,718**	**121,909**
Value adjustments at 1 January 2013	83,164	-53,198	-364	29,602
Exchange adjustment	-9,187	874		-8,313
Dividend, net	-20,474			-20,474
Share of profit for the year	33,552			33,552
Other comprehensive income	780			780
Revaluations and impairment losses for the year		-448		-448
Value adjustments at 31 December 2013	**87,835**	**-52,772**	**-364**	**34,699**
Carrying amount at 31 December 2013	**132,523**	**15,731**	**8,354**	**156,608**

Notes to Balance Sheet

NOTE 13 – FIXED ASSET INVESTMENTS (CONTINUED)

PARENT COMPANY

DKK '000	Investments in subsidiaries	Investments in associates	Receivables from subsidiaries	Other investments	Other receivables	Total
Cost at 1 January 2012	811,161	284,873	0	51,943	4,538	1,152,515
Reclassification, beginning of year				-1,126		-1,126
Exchange adjustment				4,891		4,891
Additions	7,460		155,414		6,302	169,176
Disposals	-28,053	-208,942			-1,386	-238,381
Cost at 31 December 2012	**790,568**	**75,931**	**155,414**	**55,708**	**9,454**	**1,087,075**
Revaluations and impairment losses at 1 January 2012	-89,035	0	0	-49,483	0	-138,518
Reclassification, beginning of year				1,126		1,126
Exchange adjustment				-4,891		-4,891
Revaluations and impairment losses for the year				50		50
Revaluations and impairment losses at 31 December 2012	**-89,035**	**0**	**0**	**-53,198**	**0**	**-142,233**
Carrying amount at 31 December 2012	**701,533**	**75,931**	**155,414**	**2,510**	**9,454**	**944,842**

DKK '000	Investments in subsidiaries	Investments in associates	Receivables from subsidiaries	Other investments	Other receivables	Total
Cost at 1 January 2013	790,568	75,931	155,414	55,708	9,454	1,087,075
Reclassification, beginning of year		1,443				1,443
Exchange adjustment			14	-875		-861
Disposals	2,775,124					2,775,124
Additions					-1,281	-1,281
Cost at 31 December 2013	**3,565,692**	**77,374**	**155,428**	**54,833**	**8,173**	**3,861,500**
Revaluations and impairment losses at 1 January 2013	-89,035	0	0	-53,198	0	-142,233
Exchange adjustment				875		875
Revaluations and impairment losses for the year				11		11
Revaluations and impairment losses at 31 December 2013	**-89,035**	**0**	**0**	**-52,312**	**0**	**-141,347**
Carrying amount at 31 December 2013	**3,476,657**	**77,374**	**155,428**	**2,521**	**8,173**	**3,720,153**

Notes to Balance Sheet

NOTE 14 – NON-CURRENT ASSETS MEASURED AT FAIR VALUE

PROJECT DEVELOPMENT PROPERTIES (BREWERY SITE IN AARHUS)

In 2011 the Company entered into a co-operation agreement based on an option model under which the purchaser may acquire the brewery site piece by piece in the period to the end of 2016. It remains Management's assessment as stated in connection with the presentation of the Financial Statements for the period 1 January - 31 December 2012 that the potential cash flow under the said cooperation agreement provides the best basis for estimating the fair value of the brewery site. Building rights for 55,100 square metres of the total 140,000 square metres of building rights at the brewery site were sold in 2012 and 2013 at carrying amount. In 2008 and 2013 the carrying amount was revalued by DKK 240 million and DKK 90 million, respectively. The revaluation is less deferred tax recognised in revaluation reserves in equity. The carrying amount of the remaining 84,900 square metres of building rights amounts to DKK 291 million at 31 December 2013 and does not differ materially from the currently estimated fair value. The purchaser has notified Royal Unibrew that he wishes to acquire building rights for additionally 8,775 square metres. The acquisition will be made at a value corresponding to the carrying amount at 31 December 2013.

The key elements of the calculation of the fair value of the brewery site are estimated selling prices and milestone dates under the cooperation agreement, estimated costs up until the date of sale (property taxes, project and selling costs) and the discount rate. The fair value measurement is classified in level 3 of the fair value hierarchy. At 31 December 2013 Management estimates the fair value per square metre of building rights at nominally approx DKK 4,200 (2012: DKK 4,000) based on average sales proceeds (selling price less costs), an average vacancy period of 2-3 years (2012: 3-4 years) and a discount rate of 6.5% (2012: 6.5%) for the 84,900 square metres of building rights comprised by the unsold part of the site according to the existing local plan.

As the agreement is an option-based agreement, the disposal of the brewery site, including the related timing, is subject to uncertainty, and the value at the time of disposal may differ materially from the currently estimated fair value, which does not differ materially from carrying amount at 31 December 2013.

The currently estimated fair value changes by approx DKK 6 million (2012: DKK 9 million) per DKK 100 change of the square metre price, by approx DKK 13 million (2012: DKK 18 million) per yearly change of the average vacancy period and by approx DKK 5 million (2012: DKK 8 million) per percentage point change of the discount rate.

Notes to Balance Sheet

NOTE 15 – INVESTMENTS IN ASSOCIATES

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
284,873	75,931	Balance at 1 January	129,782	290,712
		Exchange adjustment	-12,561	21,577
	1,443	Reclassification	1,444	
-208,942		Disposals		-202,352
		Share of profit for the year	33,552	41,469
		Other comprehensive income	780	-976
		Impairment losses		-7,206
		Dividend, net	-20,474	-13,442
75,931	**77,374**	**Balance at 31 December**	**132,523**	**129,782**

Stated on a pro rata basis, the Parent Company's and the Group's shares of assets, liabilities, revenue and profit basis break down on segments as follows:

2012	**Revenue**	**Profit**	**Assets**	**Liabilities**
Western Europe	450,026	21,587	325,701	323,959
North East Europe	143,798	9,342		
Parent Company and Group	**593,824**	**30,929**	**325,701**	**323,959**

2013	**Revenue**	**Profit**	**Assets**	**Liabilities**
Western Europe	461,113	33,552	303,106	190,486
Parent Company and Group	**461,113**	**33,552**	**303,106**	**190,486**

Notes to Balance Sheet

NOTE 16 – PORTFOLIO OF TREASURY SHARES AND BASIS OF EARNINGS/CASH FLOW PER SHARE

Treasury shares held by the Parent Company:

DKK '000	Number	Nom. value	% of capital
Portfolio at 1 January 2012	500,820	5,008	4.5
Additions	499,950	4,999	4.7
Reduction of capital	-616,498	-6,165	-5.6
Disposals	-1,324	-13	0.0
Portfolio at 31 December 2012	**382,948**	**3,829**	**3.6**
Portfolio at 1 January 2013	382,948	3,829	3.6
Additions	206,638	2,067	1.9
Reduction of capital	-480,000	-4,800	-4.1
Disposals	-49,586	-496	-0.4
Portfolio at 31 December 2013	**60,000**	**600**	**0.5**

The Group holds no other treasury shares.

Basis of calculation of earnings and cash flow per share

The Parent Company shareholders' share of profit for the year amounts to DKK 479,576k (2012: DKK 371,192k).

The average number of treasury shares amounted to 203,812 shares (2012: 335,693).

The average number of shares in circulation amounted to 10,458,688 shares (2012: 10,419,806).

The average number of shares in circulation incl conditional shares amounted to 10,478,688 shares (2012: 10,444,724).

Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company shareholders' share of profit/loss for the year.

Notes to Balance Sheet

NOTE 17 – DEFERRED TAX

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
166,192	144,192	Deferred tax at 1 January	144,795	166,539
		Additions on acquisition	353,180	
17,156	34,841	Change in deferred tax for the year	38,565	17,412
-33,172	-19,168	Change sale of project development property	-19,168	-33,172
	6,207	Changes to tax rates	-59,801	
-5,984		Adjustment of previous year		-5,984
144,192	**166,072**	**Deferred tax at 31 December**	**457,571**	**144,795**
3,882	7,866	Due within 1 year	-36,134	1,657
		Deferred tax relates to:		
418	131	Intangible assets	272,446	418
142,368	143,003	Property, plant and equipment	207,971	145,196
1,903	9,468	Current assets	7,521	286
-497	-5,526	Current liabilities	-49,363	-1,105
0	18,996	Non-current assets	18,996	
144,192	**166,072**	**Total 457,571**	**144,795**	

The utilisation of unutilised tax losses in one of the Group's foreign enterprises is not certain. Therefore, the tax asset corresponding to approx DKK 2.5 million (2012: approx DKK 2.5 million) has not been capitalised.

NOTE 18 – REPURCHASE OBLIGATION, RETURNABLE PACKAGING

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
39,429	34,841	Balance at 1 January	36,211	42,241
		Additions on acquisition	68,612	
-4,588	-2,843	Adjustment for the year	-885	-6,030
34,841	**31,998**	**Balance at 31 December**	**103,938**	**36,211**

The change in the repurchase obligation for the year reflects net sales of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

The reduction in the repurchase obligation is primarily due to beer and soft drinks in Denmark now to a greater extent being sold in recyclable disposable containers whereas previously they were sold in returnable containers.

Notes to Cash Flow Statement

NOTE 19 – CASH FLOW STATEMENT

Adjustments for non-cash operating items:

PARENT COMPANY			GROUP	
2012	2013	DKK '000	2013	2012
-65,079	-153,189	Dividends from subsidiaries and associates		
-9,885	-11,629	Financial income	-4,345	-6,195
36,768	46,341	Financial expenses	49,685	44,434
86,899	83,777	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	170,443	122,956
99,288	119,435	Tax on the profit for the year	68,707	108,217
		Income from investments in associates	-33,552	-34,263
2,337	576	Profit and loss from sale of property, plant and equipment	1,338	2,782
	3,300	Share-based payments and remuneration	3,300	
349		Other adjustments		349
150,677	**88,611**	**Total**	**255,576**	**238,280**

Other notes

NOTE 20 – FEE TO AUDITORS

PARENT COMPANY 2012	PARENT COMPANY 2013	DKK '000	GROUP 2013	GROUP 2012
		Fee for the audit of the Annual Report:		
760	775	Ernst & Young	1,988	1,334
760	**775**	**Total**	**1,988**	**1,334**
		Ernst & Young fee for non-audit services:		
144	221	Tax assistance	221	144
60	277	Other assurance assistance	277	60
199	341	Other assistance	717	283
403	**839**	**Total**	**1,215**	**487**

NOTE 21 – CONTINGENT LIABILITIES, SECURITY AND OTHER LIABILITIES

PARENT COMPANY 2012	PARENT COMPANY 2013	DKK '000	GROUP 2013	GROUP 2012
		Guarantees		
86.5	253.3	Guarantees relating to subsidiaries		
86.5	**253.3**	**Total**	**0.0**	**0.0**
		Rental and operating lease commitments		
		Total future payments:		
19.6	18.5	Within 1 year	40.8	31.5
33.6	24.1	Between 1 and 5 years	42.5	42.0
		Beyond 5 years		
53.2	**42.6**	**Total**	**83.3**	**73.5**
		The operating lease commitments relate to operating leases of production machinery, operating equipment and IT equipment.		
		Rental obligations		
4.3	4.2	Within 1 year	19.6	5.1
8.0	5.6	Between 1 and 5 years	28.7	11.1
		Beyond 5 years		1.6
12.3	**9.8**	**Total**	**48.3**	**17.8**
		Finance lease commitments		
		Total future payments:		
		Within 1 year	46.8	
		Between 1 and 5 years	61.8	
		Beyond 5 years		
0.0	**0.0**	**Total**	**108.6**	**0.0**

The finance lease commitments relate to finance leases of production machinery.

Security
No security has been provided in respect of the Group's loan agreements with credit institutions other than the Parent Company's liability for the amounts drawn by subsidiaries on group credit facilities.

The outcome of pending legal actions is not expected to have any material impact on the financial position of the Parent Company or the Group.

Other notes

NOTE 22 – RELATED PARTIES

Related parties comprise the Board of Directors and the Executive Board as well as subsidiaries and associates, see the sections on Board of Directors and Executive Board on page X and Group Structure on page X. No shareholder exercises control.

All transactions, including lending, are carried out on an arm's length basis.

The following transactions have been made with related parties:

PARENT COMPANY			GROUP	
2012	**2013**	**DKK '000**	**2013**	**2012**
		Revenue		
626,436	555,389	Sales to subsidiaries		
12,847	6,056	Sales to associates	6,056	12,847
		Costs		
4,959	18,036	Purchases from subsidiaries		
		Financial income and expenses		
13,442	20,474	Dividends from associates	20,474	13,442
51,637	132,715	Dividends from subsidiaries		
6,035	7,087	Interest received from subsidiaries		
152	157	Interest paid to subsidiaries		
		Executive Board		
20,886	22,541	Remuneration	22,541	20,886
		Board of Directors		
2,813	2,875	Remuneration	2,875	2,813
		Intercompany balances at 31 December		
226,983	336,472	Loans to subsidiaries		
65,798	62,061	Receivables from subsidiaries		
1,444		Receivables from associates		1,444
8,256	6,804	Loans from subsidiaries		
1,645		Debt to subsidiaries		
		Property, plant and equipment		
3,283		Sales to subsidiaries		
7,460		**Capital contributed to subsidiaries**		
		Guarantees and security		
86,500	253,300	Guarantee for subsidiaries		

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements in accordance with the accounting policies applied.

Other notes

NOTE 23 – ACQUISITIONS AND SALES OF SUBSIDIARIES

Acquisition of subsidiary
On 23 August 2013, Royal Unibrew acquired control of Oy Hartwall Ab by acquiring all outstanding shares from Heineken International B.V.

The acquisition creates a broader and stronger earnings base, which is in line with Royal Unibrew's strategy of being a focused and strong regional player in the brewery industry. Moreover, Royal Unibrew significantly reinforces its market position in the North East European region, and the acquisition allows Royal Unibrew to expand its position as the second-largest brewery group in the Nordic and Baltic countries.

A multi-beverage business with a broad product range, Hartwall holds a clear runner-up position in Finland. With its own brands such as the Karjala and Lapin Kulta beer brands, Jaffa (soft drinks), Original (RTD), Upcider (cider), ED (energy drink) and Novelle (mineral water) as well as international brands such as Fosters, Heineken and Pepsi, Hartwall is the market leader in the categories of mineral water, cider and Ready To Drink (RTD) and a strong runner-up in the categories of branded beer, soft drinks and energy drinks. Non-alcoholic beverages account for 43% of revenue, whereas beer, cider and RTD make up 44%. The trading company Hartwa-Trade operates agencies for a number of international wine and spirits brands and contributes 13% of Hartwall's revenue.

Hartwall is headquartered in Helsinki and operates two modern and well-invested production facilities in Lahti (produces all products but mineral water) and Karijoki (produces mineral water). A distribution network of 21 terminals supplies approx 15,000 off-trade and on-trade Hartwall customers directly. Hartwall sells about 90% of its production in its domestic market and the rest is exported, especially for cross-border trade in the Baltic countries.

The acquisition price amounted to DKK 2,775 million, which was paid in cash.

Royal Unibrew A/S has incurred transaction costs of approx DKK 15 million in connection with the acquisition for legal, financial and commercial advisers to realise the transaction. The costs have been recognised as other operating expenses.

Hartwall has been included in the Consolidated Financial Statements of Royal Unibrew as of the date of acquisition, 23 August 2013.

Royal Unibrew has made the following provisional calculation of the fair values of the acquired net assets and of goodwill at the date of acquisition:

	mDKK
Intangible assets	1,398
Other non-current assets	1,250
Current assets	311
Deferred tax	-353
Current liabilities	-907
Acquired net assets	1,699
Goodwill	1,185
Provisionally estimated fair value of the business	2,884
Acquired net interest-bearing debt	109
Cash consideration	**2,775**

Acquired receivables include trade receivables of a fair value of DKK 97 million. The contractually receivable gross amount is DKK 99 million, DKK 2 million of which has been assessed as irrecoverable at the date of acquisition. Goodwill relates to synergies and the potential for developing the acquired assets and is not deductible for tax purposes.

On a full-year basis (2013), the Hartwall acquisition will affect consolidated net revenue and earnings before interest and tax (EBIT) by approx DKK 2.3 billion and approx DKK 200 million, respectively.

Other notes

NOTE 23 – ACQUISITIONS AND SALES OF SUBSIDIARIES (CONTINUED)

Sales

Royal Unibrew has not sold any subsidiaries in 2013.

At 1 November 2012, Royal Unibrew A/S sold its shares of the Caribbean subsidiary Impec Holding SAS and relating subsidiaries. The companies are included in the Consolidated Financial Statements until the end of October 2012.

	Carrying amount at date of sale
DKK '000	**2012**
Assets	
Non-current assets	20,297
Current assets	71,407
Liabilities	
Provisions	
Current liabilities	-42,446
Minority interests	-14,524
	34,734

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES

GENERAL

The Financial Statements of Royal Unibrew for 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements, cf the reporting requirements for listed companies laid down by NASDAQ OMX Copenhagen A/S and the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Financial Statements are presented in Danish kroner (DKK).

New and amended standards and interpretations that have taken effect
Royal Unibrew has during the year implemented all new IFRSs, amendments to existing standards and IFRICs adopted by the EU which take effect for the financial year 2013. These comprise:

- Amendment of IAS 1 concerning grouping of comprehensive income items
- IFRS 13, Fair Value Measurement

Standards and interpretations adopted by the IASB and the EU which take effect for the financial year 2013 have not impacted the Annual Report other than in the form of a few additional disclosures.

New and amended standards and interpretations that have not yet taken effect
The IASB has adopted a number of new standards and amendments to existing standards and interpretations which have not yet taken effect but will take effect in the financial year 2014 or later. The following standards, amendments and interpretations are relevant for Royal Unibrew:

- IFRS 9, Financial Instruments
- IFRS 10, Consolidated Financial Statements
- Amendment of IFRS 11, Joint Arrangements, to the effect that joint ventures are recognised at equity value
- Amendment of IFRS 12 concerning additional disclosures of interests in other entities

The above standards, amendments and interpretations are not expected to impact recognition and measurement, only the extent of disclosures in the Annual Report.

Royal Unibrew expects to implement the above when they take effect. Where the effective date of the EU differs from that of the IASB, Royal Unibrew will follow the effective date of the EU.

Moreover, the IASB has adopted a number of other new and amended standards and interpretations which are not relevant to the Company and are not expected to impact future Financial Statements.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account gains, losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates in the income statement.

Consolidated Financial Statements
The Consolidated Financial Statements comprise Royal Unibrew A/S (the Parent Company) and enterprises in which the Parent Company exercises control (subsidiaries).

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The Consolidated Financial Statements are prepared on the basis of Financial Statements of all group enterprises prepared under the Group's accounting policies by combining accounting items of a uniform nature. Elimination is made of intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Enterprises acquired are recognised as of the date of acquisition. Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal.

Business combinations
On acquisition of new enterprises the purchase method is applied, under which the identifiable assets and liabilities of newly acquired enterprises are measured at fair value at the time of acquisition.

Upon business combinations, positive differences between cost and fair value of identifiable assets and liabilities acquired are recognised as goodwill in intangible assets. At the time of acquisition, goodwill is allocated to the cash-generating units that subsequently form the basis of impairment tests. Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a functional currency that differs from the presentation currency of the Group are treated as assets and liabilities belonging to the foreign entity and are translated to the functional currency of the foreign entity at the exchange rates at the dates of transaction.

Gains or losses on disposal of subsidiaries and associates are calculated as the difference between the sales sum and the carrying amount of net assets at the time of sale (including the carrying amount of

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

goodwill) net of expected expenses and adjusted for exchange adjustments previously recognised in equity.

Minority interests
Minority interests are initially recognised on the basis of fair values of the assets, liabilities and contingent liabilities of the acquired enterprise at the time of acquisition.

The accounting items of subsidiaries are recognised fully in the Consolidated Financial Statements. Minority interests' proportionate share of results of subsidiaries is shown as a separate item under distribution of profit. In the balance sheet, minority interests are recognised as part of equity but are shown separately from Parent Company shareholders' share of equity.

Translation policies
For each of the reporting entities of the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the reporting entity operates. Transactions in other currencies than the functional currency are transactions in foreign currencies.

Transactions in other currencies than the functional currency are initially translated into Danish kroner at the exchange rates at the dates of transaction. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment or the rates at the balance sheet date, respectively, are recognised in financial income and expenses in the income statement. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured at historical cost are translated at the transaction date rates.

On recognition in the Consolidated Financial Statements of enterprises with another functional currency than Danish kroner (DKK), income statements are translated at average annual exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening balance sheet items of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognised in other comprehensive income.

On recognition in the Consolidated Financial Statements of associates with a functional currency that differs from the presentation currency of the Parent Company, the share of results for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the share of the opening equity of foreign associates at exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income and classified in equity under a separate translation reserve.

Derivative financial instruments
Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realisation of the hedged item and are recognised in the same entry as the hedged item.

For derivative financial instruments which do not meet the criteria for hedge accounting, changes in fair values are recognised on a current basis in financial income and expenses in the income statement.

Leases
For accounting purposes, lease obligations are classified as either financial or operating lease obligations. A lease is classified as a finance lease if it substantially transfers the risks and rewards of ownership of the leased asset. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Share-based payments
The Group only has schemes classified as equity-settled schemes. Conditional shares are measured at fair value at the time of granting and are recognised in staff expenses in the income statement over the vesting period. The counter item is recognised directly in equity.

At the initial recognition of the conditional shares, the number of shares expected to vest is estimated. Subsequently, the estimate of the number of conditional shares is revised so that the total recognition is based on the actual share grant expected.

The fair value of the actual conditional share grant expected is estimated on the basis of the Black-Scholes model. In determining fair value, conditions and terms related to the conditional shares are taken into account. In the event of an increase or

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

reduction of capital, the allocated, unexercised options are adjusted with a view to eliminating the effect of the Company's capital transaction.

Impairment
The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether impairment has incurred other than that expressed by normal amortisation and depreciation. If so, the asset is written down to the higher of net selling price and value in use. Goodwill and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets (cash-generating units) to which they are attributable.

The carrying amount of goodwill and trademarks with indefinite useful lives is tested for impairment at least on an annual basis, together with the other non-current assets of the cash-generating unit to which goodwill has been allocated, and is written down to recoverable amount in the income statement if the carrying amount exceeds the recoverable amount.

The carrying amount of financial assets measured at cost or amortised cost is written down for impairment if, due to changed expected net payments, the net present value is lower than the carrying amount.

Assets held for sale
Assets held for sale comprise assets held for sale. Assets are classified as "held for sale" if their carrying amount will principally be recovered through a sales transaction within 12 months according to a formalised plan.

Assets held for sale are measured at the date of classification at the lower of carrying amount and fair value less costs to sell. Subsequently, the assets are measured at fair value less costs to sell; however, any subsequent unrealised gain cannot exceed the accumulated impairment loss. Depreciation of assets ceases as of the date when they are classified as "held for sale".

Impairment losses arising on the initial classification as "held for sale" and subsequent losses or reversal of losses are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes. Assets held for sale are shown in a separate line in the balance sheet.

INCOME STATEMENT

Revenue
Net revenue from the sale of goods is recognised in the income statement if delivery has been made before year end, and if revenues can be measured reliably and are expected to be received.

Net revenue is measured exclusive of VAT and net of discounts as well as excise duties on beer and mineral water. All types of discounts granted are recognised in net revenue.

Production costs
Production costs comprise direct and indirect expenses incurred to manufacture the finished goods representing revenue for the year, including expenses for raw materials and consumables purchases, salaries and wages, renting and leasing as well as depreciation of and impairment losses on plant and machinery.

Production costs also include development costs that do not meet the criteria for capitalisation.

Sales and distribution expenses
Sales and distribution expenses comprise expenses for distribution and sales campaigns relating to goods sold during the year, including expenses for sales personnel, marketing, depreciation and amortisation as well as losses on trade receivables.

Administrative expenses
Administrative expenses comprise expenses for management and administration of the Group, including expenses for administrative personnel, management, office supplies, insurance, depreciation and amortisation.

Other operating income and other operating expenses
Other operating income and other operating expenses comprise income or expenses of a secondary nature compared to the core activities of the Company, including renting of property, plant and equipment, acquisition costs, etc.

Special income and expenses
Special income and expenses comprise material non-recurring income and expenses. These items are presented separately with a view to comparability in the income statement.

Income from investments in associates in the Consolidated Financial Statements
The proportionate share of the results of associates is recognised in the income statement of the Group after adjusting for impairment losses on goodwill and eliminating the proportionate share of unrealised intercompany gains and losses.

Dividend on investments in subsidiaries and associates in the Parent Company Financial Statements
Dividend on investments in subsidiaries and associates is recognised in the Parent Company's income statement in the financial year in which dividend is declared.

Financial income and expenses
Financial income and financial expenses comprise interest, costs of factoring, capital gains and losses on investments, balances and transactions in foreign currencies, amortisation of financial assets and liabilities, fair value adjustments of derivative financial instruments that do not qualify as hedge accounting as well as extra payments and repayment under the on-account taxation scheme, etc.

Tax
Tax for the year consists of current tax for the year and movements in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

attributable to equity entries is recognised directly in equity.

The Parent Company is jointly taxed with its Danish subsidiaries. The Danish current tax for the year is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes (full allocation with credit for tax losses).

BALANCE SHEET

Intangible assets

Goodwill
Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The determination of cash-generating units is based on management structure and internal financial management.

Trademarks, distribution rights and customer relations
Trademarks, distribution rights and customer relations are initially recognised in the balance sheet at cost. Subsequently, they are measured at cost less accumulated amortisation and less any accumulated impairment losses. Trademarks and distribution rights are amortised on a straight-line basis over their estimated useful lives, maximum 20 years. Customer relations are amortised on a straight-line basis over their estimated useful life, maximum 5 years.

Trademarks with indefinite useful lives are, however, not amortised but are tested annually for impairment. It is the Group's strategy to maintain trademarks and their value.

Property, plant and equipment
Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Borrowing costs relating to the acquisition of property, plant and equipment are expensed.

Depreciation is calculated on a straight-line basis over the following useful lives of the assets, which are unchanged from 2012:

Buildings and installations,	25-40 years
Leasehold improvements over the term of the lease, maximum	10 years
Plant and machinery,	5-15 years
Other fixtures and fittings, tools and equipment,	3-8 years
Returnable packaging,	3-10 years

Profits and losses on the disposal of property, plant and equipment are calculated as the difference between the sales sum less the expenses necessary to make the sale and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation in production costs, sales or distribution expenses or administrative expenses, respectively.

Project development properties
Project development properties are measured at revalued amount based on Management's updated estimate.

If the carrying amount is increased because it differs materially from fair value, the increase is recognised directly in equity in revaluation reserves. The increase is, however, recognised in the income statement if it offsets an impairment previously recognised in the income statement as a result of revaluation of the same property.

If the carrying amount is impaired as a result of revaluation, the impairment is recognised in the income statement. The impairment is, however, recognised directly in equity in revaluation reserves if a reserve has been made for the property in question under revaluation reserves.

Fixed asset investments

Investments in associates in the Consolidated Financial Statements
Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the enterprises calculated under the accounting policies of the Group with deduction or addition of the proportionate share of unrealised intercompany profits and losses and with addition of the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this obligation is recognised in liabilities.

Investments in subsidiaries and associates in the Parent Company Financial Statements
Investments in subsidiaries and associates are measured at cost and tested in the event of indication of impairment. Where cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

Other investments
Other investments not included in the Group's trading portfolio (available for sale) are recognised in non-current assets at cost at the trading date and are subsequently measured at fair value equal to the market price as regards listed securities and at estimated fair value calculated on the basis of market data and recognised valuation methods as regards unlisted securities. Unrealised value adjustments are recognised in other comprehensive income except for impairment losses and reversal of impairment losses which are recognised in financial income and expenses in the income statement. Upon realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financial income and expenses in the income statement. Other investments may be classified as level-3 instruments.

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other receivables
Other receivables under fixed asset investments held to maturity are initially recognised at cost and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date.

Current assets

Inventories
Inventories are measured at the lower of cost under the FIFO method and net realisable value of individual product groups. The net realisable value of inventories is calculated at the amount of future sales revenues expected to be generated by inventories at the balance sheet date in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum with deduction of calculated selling expenses.

The cost of raw materials, consumables, goods for resale and purchased finished goods comprises invoiced price plus expenses directly attributable to the acquisition.

The cost of work in progress and finished goods comprises the cost of materials and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of and impairment losses on the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables
Receivables are initially measured at cost and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date. This lower value is calculated where there is an objective indication that an individual receivable or a portfolio of receivables has been impaired.

Receivables with no objective indication of impairment on an individual basis are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Group's policy for credit risk management. The objective indicators used in connection with portfolios are determined based on Management's assessment and knowledge of the individual portfolios.

If there is an objective indication of impairment of a portfolio, an impairment test is made in connection with which the expected future cash flows are estimated based on the historical loss record adjusted for current market conditions and individual factors relating to the portfolio in question.

Write-downs are calculated as the difference between the carrying amount of the receivable and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Prepayments
Prepayments recognised in assets comprise expenses incurred in respect of subsequent financial years.

Equity
Proposed dividend
Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend distribution for the year proposed by Management is disclosed as a separate equity item.

Treasury shares
Treasury shares acquired by the Parent Company or subsidiaries are recognised at cost directly in equity under retained earnings. Where treasury shares are subsequently sold, any consideration is also recognised directly in equity. Dividend on treasury shares is recognised directly in equity under retained earnings.

Translation reserve
The translation reserve in the Consolidated Financial Statements comprises exchange adjustments arising on the translation of the Financial Statements of foreign enterprises from their functional currencies into the presentation currency of the Group (DKK).

Upon full or part realisation of the net investment in the foreign enterprises, exchange adjustments are recognised in the income statement.

The translation reserve was reset at 1 January 2004 in accordance with IFRS 1.

Hedging reserve
The hedging reserve comprises changes to fair values of derivative financial instruments that are designated and qualify as cash flow hedges.

On realisation, the hedging instrument is recognised in the income statement in the same item as the hedged transaction.

Deferred tax
Deferred tax is recognised in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities except for temporary differences arising at the time of acquisition that do not affect the profit for the year or the taxable income and temporary differences concerning goodwill. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates expected under the legislation at the balance sheet date to be effective when the deferred tax crystallises as current tax.

In the balance sheet, set-off is made between deferred tax assets and deferred tax liabilities within the same legal tax entity and jurisdiction.

Other notes

NOTE 24 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Repurchase obligation relating to packaging in circulation
Plastic crates, bottles and kegs in circulation and held in inventory are recognised in property, plant and equipment, and the obligation to repurchase returnable packaging in circulation for which a deposit has been paid is recognised in provisions.

The repurchase obligation relating to packaging in circulation is calculated on the basis of estimated total volumes of packaging less packaging held in inventory.

Corporation tax
Current tax liabilities are recognised in the balance sheet as calculated tax on the expected taxable income for the year adjusted for tax on taxable incomes for previous years and for tax paid on account.

Debts
Mortgage loans and loans from credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial obligations are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value is recognised in financial income and expenses in the income statement over the loan period.

Other debts, comprising trade payables, payables to subsidiaries and associates, VAT, excise duties, etc as well as other payables, are measured at amortised cost, substantially corresponding to the nominal debt.

CASH FLOW STATEMENT

The consolidated cash flow statement is presented under the indirect method based on the net profit for the year. The statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, changes in working capital, financial income and financial expenses, and corporation tax paid.

Cash flows from investing activities comprise acquisitions and disposals of property, plant and equipment and fixed asset investments as well as dividend received from associates. Cost is measured inclusive of expenses necessary to make the acquisition and sales prices after deduction of transaction expenses.

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital, payment of dividend as well as borrowing and repayment of interest-bearing debt.

Cash and cash equivalents include securities with a maturity of less than 3 months that can readily be turned into cash and are only subject to an insignificant risk of value changes.

SEGMENT REPORTING

The Group's business segment is beer and soft drinks sales. Reporting on the business segment is by geographical markets. Segment reporting is based on the Group's returns and risks and its internal financial reporting system.

Items included in net profit for the year, including income from investments in associates and financial income and expenses, are allocated to the extent that the items are directly or indirectly attributable to the markets.

Items allocated both by direct and indirect computation comprise "production costs" and "administrative expenses", which are allocated by indirect computation based on allocation keys determined on the basis of the market's drain on key resources. Administrative expenses incurred in the group functions of the Parent Company are partly allocated.

Non-current assets comprise the non-current assets that are directly or indirectly used in connection with activities in the markets.

Segment liabilities comprise liabilities derived from activities in the market, including provisions, trade payables, VAT, excise duties and other payables.

FINANCIAL HIGHLIGHTS AND RATIOS

The Group's key figures and ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts where comprised by the "Recommendations and Financial Ratios 2010".

Definitions of financial highlights and ratios are provided on page 107.

Quarterly Financial Highlights and Ratios

	Q1		Q2		Q3		Q4	
mDKK (unaudited)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Sales (million hectolitres)	**1.2**	**1.2**	**1.7**	**1.5**	**2.0**	**1.5**	**2.1**	**1.2**
Income Statement								
Net revenue	751	753	1,042	980	1,263	937	1,425	760
Production costs	-384	-383	-501	-469	-593	-465	-718	-397
Gross profit	367	370	541	511	670	472	707	363
Gross margin ratio (%)	48.9	49.2	51.9	52.5	53.1	50.3	49.6	47.8
Sales and distribution expenses	-259	-267	-329	-306	-377	-262	-484	-228
Administrative expenses	-49	-48	-49	-46	-56	-29	-110	-50
Other income	2	1	1	1	2	3	-2	0
Other expenses					-15		0	
EBITDA	88	86	189	192	268	212	187	121
Earnings before interest and tax (EBIT)	61	56	164	160	224	184	111	85
EBIT margin (%)	8.2	7.5	15.7	16.3	17.7	19.7	7.8	11.2
Income from associates	-1	-1	12	12	8	8	14	15
Financial income and expenses	-6	-9	-7	-8	-9	-5	-23	-16
Profit before tax	54	46	169	164	223	187	102	84
Profit for the period	41	34	142	122	173	143	124	74
Parent Company shareholders' share of profit	41	34	142	121	173	142	124	74
Balance Sheet								
Non-current assets	1,972	2,300	2,073	2,291	5,926	2,166	5,810	1,992
Total assets	2,873	3,031	3,058	3,101	7,235	3,063	6,925	2,848
Equity	1,338	1,332	1,277	1,224	2,025	1,336	2,133	1,348
Net interest-bearing debt	401	633	440	623	2,604	404	2,379	321
Net working capital	-87	-145	-158	-230	-583	-171	-834	-179
Cash Flows								
From operating activities	-19	74	262	240	177	158	233	26
From investing activities	-10	-29	-26	-15	-2,910	117	1	118
Free cash flow	-30	46	236	225	151	280	241	-76
Financial Ratios (%)								
Free cash flow as a percentage of net revenue	-4	6	23	23	12	30	17	-10
Cash conversion	-72	134	167	185	87	196	194	-103
Equity ratio	47	44	42	39	28	44	31	47

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.

Definitions of Financial Highlights and Ratios

Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Net working capital	Inventories + receivables - current liabilities except for corporation tax receivable/payable as well as mortage debt and debt to credit institutions.
Free cash flow	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates.
Dividend per share	Proposed dividend per share.
Earnings per share	Parent Company shareholders' share of profit for the year/average number of shares in circulation.
Cash flow per share	Cash flow from operating activities/average number of shares in circulation.
Diluted earnings and cash flow per share	Parent Company shareholders' share of earnings and cash flow from operating activities/ average number of shares in circulation including share options "in-the-money".
EBITDA before special items	Earnings before special income and expenses, interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets.
EBIT	Earnings before interest and tax.
Return on invested capital after tax including goodwill (ROIC)	Operating profit before special items net of tax as a percentage of average invested capital (equity + minority interests + non-current provisions + net interest-bearing debt - fixed asset investments).
Profit margin	Operating profit before special items as a percentage of net revenue.
EBIT margin	EBIT as a percentage of net revenue.
Free cash flow as a percentage of net revenue	Free cash flow as a percentage of net revenue.
Cash conversion	Free cash flow as a percentage of net profit for the year.
Net interest-bearing debt/EBITDA before special items	The ratio of net interest-bearing debt at year end to EBITDA before special items.
Equity ratio	Equity at year end as a percentage of total assets.
Return on equity (ROE)	Consolidated profit after tax as a percentage of average equity.
Dividend payout ratio (DPR)	Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of net profit for the year.

Group Structure

Segment	Ownership	Currency	Capital
Parent Company			
Royal Unibrew A/S, Denmark		DKK	110,985,000
WESTERN EUROPE			
Subsidiaries			
Aktieselskabet Cerekem International Ltd., Denmark	100%	DKK	1,000,000
Albani Sverige AB, Sweden	100%	SEK	305,000
Ceres S.p.A., Italy	100%	EUR	206,400
The Curious Company A/S, Denmark	100%	DKK	550,000
Associates			
Hansa Borg Holding AS, Norway	25%	NOK	54,600,000
Nuuk Imeq A/S, Nuuk, Greenland	32%	DKK	38,000,000
Grønlandskonsortiet I/S, Denmark	50%	DKK	
NORTH EAST EUROPE			
Subsidiaries			
AB Kalnapilio-Tauro Grupe, Lithuania	100%	LTL	23,752,553
UAB Vilkmerges Alus, Lithuania	100%	LTL	3,570,000
Royal Unibrew Services UAB, Lithuania	100%	LTL	150,000
SIA "Cido Grupa", Latvia	100%	LVL	785,074
OÜ Royal Unibrew Eesti, Estonia	100%	EUR	1,000,000
Oy Hartwall Ab	100%	EUR	13,240,140
Hartwa-Trade Oy Ab	100%	EUR	168,188
Helepark Oy	100%	EUR	6,761
Lapin Kulta Oy	100%	EUR	16,819
MALT BEVERAGES			
Subsidiaries			
Centre Nordique d'Alimentation EURL, France	100%	EUR	131,000
Supermalt UK Ltd., the UK	100%	GBP	9,700,000
Vitamalt (West Africa) Ltd., the UK	100%	GBP	10,000
The Danish Brewery Group Inc., USA	100%	USD	100,000
Royal Unibrew Caribbean Ltd., Puerto Rico	100%	USD	200,000

Activity

- Production, sales and distribution
- Sales and distribution
- Holding company
- Other

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