BY APPOINTMENT TO
THE ROYAL DANISH COURT
HARBOE

COMPANY ANNOUNCEMENT

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ANNUAL REPORT OF HARBOES BRYGGERI A/S

For the period 1 May 2013 - 30 April 2014

To

NASDAQ OMX Copenhagen

The Board of Directors of Harboes Bryggeri A/S has today considered and adopted the annual report for the period 1 May 2013 – 30 April 2014.

The report is described on the following pages.

Skælskør, 3 July 2014

Anders Nielsen	Bernhard Griese
Chairman of the Board of Directors	CEO

BY APPOINTMENT TO
THE ROYAL DANISH COURT

HARBOE

ANNUAL REPORT
2013/2014

"We still have many important tasks to perform before we achieve the new momentum we are aiming for. But we are in a strong position to meet the challenges in the coming years – backed by solid financial resources and a cash flow that provides us with the necessary flexibility."

Bernhard Griese
CEO

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FOCUS ON INCREASED VALUE CREATION

Results in 2013/14 were primarily driven by the continued growth in the international markets. However, the results also reflect intense efforts in a number of strategic focus areas which, in years to come, are to contribute to more robust value creation at Harboe.

As anticipated, the results for the year show a small improvement on the top and bottom lines. It is satisfactory to see that Harboe's products are enjoying increasing recognition and acceptance among our customers and partners – and, ultimately, among the consumers in the many markets where we sell our products. The results reflect the fact that we are moving in the right direction. But we have only taken the first steps on a journey to bring us to a new level of value creation based on stable growth and more robust earnings on a permanent basis. The objectives have been formulated, and we have set out the course for accomplishing them. In the past year, we also continued our targeted efforts within the strategic focus areas which are to help us achieve our objectives.

RECOGNITION OF BRANDS

In Harboe Nordic, activities were characterised by intensifying competition, which puts prices under continued massive pressure and constantly challenges our position in the Northern European markets. However, this does not shake our conviction that high quality and appealing products are the right path towards lasting recognition of our brands and also that this is of vital importance to our retail-sector customers. We refuse to compromise on these priorities, but instead seek to constantly adapt our product mix and introduce new, innovative products to ensure optimum exploitation of the market opportunities on our own terms. Sometimes this means losing contracts – but it also results in strong and value creating relations with customers that appreciate the importance of offering quality products in the competition in the long term. We have therefore also managed to maintain our position in the Northern European markets, although the overall earnings margin has been negatively affected by the price competition.

FOUNDATION FOR CONTINUED GROWTH

In Harboe International, we have benefited from an increasing demand for drinks products in a large number of the international markets in which we operate. We are doing our best to exploit this trend through intense sales efforts in collaboration with regional distributors with deep insights into the markets and the special demand patterns characterising them. This allows us to target our product offerings and identify segments where we can play a role in the competition with our own brands and in price segments that generate sound earnings margins. The development in the activities is still extremely positive – despite the fact that we have suffered setbacks in a number of markets in Africa and the Middle East due to political turmoil and armed conflicts. We continuously consider the risk factors to which we are exposed in the context of the continued geographical expansion, and adapt our activities accordingly as best we can. However, we are still seeing a very attractive potential for growth in the international markets and expect that these markets will drive an increasing portion of both growth and earnings in Harboe in the coming years.

DEVELOPMENT IN COLLABORATION WITH CUSTOMERS

Harboe Ingredients, where sales of our traditional malt extract is the primary driver, has supplied many European food producers with malt extract for more than sixty years. The activities are developing positively, and we are working hard to further stimulate the demand and create a basis for new growth through continued product development. This has resulted in a number of new ingredients products with new interesting applications in the drinks and food industry. In the course of the year, we have intensified these development activities, which are carried out in close collaboration with customers. Through targeted sales efforts, we are also seeking to attract new customers to our ingredients products, both directly and in collaboration with selected distributors seeing an interesting potential for our products. We expect that this will pave the way for an increased activity level which, over the next 2-3 years, to an increasing extent will contribute to the group's results.

STRENGTHENING THE PLATFORM

The increased value creation we want to achieve through the development of our strategic focus areas in the coming years requires that we are also able to adapt our management capacity and infrastructures to ensure that we are able to handle the ever-increasing complexity of the business. In the past year, we have therefore worked hard to strengthen coordination and capacity utilisation among our production units and in the distribution with a view to realising further operational synergies in the entire value chain – from purchasing to sales. This work will continue in the coming years, and we expect that the initiatives will support our continued growth as well as contributing to improved utilisation of resources across the entire group.

WELL-EQUIPPED FOR NEW CHALLENGES

There is intense focus everywhere in the company on creating progress and results – and the high level of commitment displayed and the targeted efforts made by our managers and employees in the organisation every single day is a source of great pleasure and pride. We still have many important tasks to perform before we achieve the new momentum we are aiming for. But we are in a strong position to meet and solve the challenges in the coming years – backed by solid financial resources and a cash flow that provides us with the necessary flexibility. The coming year will continue to offer challenges, but we expect to take new important steps on our strategic journey, which will contribute to the new growth and continued improved earnings.

Bernhard Griese
CEO

"We do not compromise on quality. Sometimes this means losing contracts – but it also results in strong and value creating relations with customers that appreciate the importance of offering quality products in the competition in the long term"


HARBOE
PURE
SOMMER
JUICE
MED FRUGTKØD
100% frugt
ikke fra koncentrat

THE FINANCIAL YEAR FOR THE GROUP IN OUTLINE

GROWTH IN REVENUE DRIVEN BY NEW MARKETS

- RESULTS IN LINE WITH THE OUTLOOK

- Harboe's revenue increased by 5.7% to DKK 1,420 million. A total of 5.93 million hectolitres of beer, water, soft drinks and malt wort products were sold compared with 5.74 million hectolitres last year, up 3.3%.

- This development is driven by continued growth in the international markets outside Northern Europe. Particularly Africa and Asia deliver nice growth rates, and the position is continually expanded in close collaboration with regional distributors. In Northern Europe, the fierce competition and a declining demand for drinks products put growth under pressure.

- Harboe's strategic activities within malt-based ingredients have developed at a slower pace than anticipated, but new contracts and interesting development opportunities create the basis for positive expectations for the coming years.

Strengthened earnings despite investments in sales and development

- EBITDA was DKK 106.6 million against DKK 90.9 million last year, while EBIT increased to DKK 16.7 million against DKK 9.4 million last year.

- The results were achieved as part of the continued expansion of the group's presence outside Northern Europe, where Harboe's products are marketed under their own brands in more attractive price segments. The results were achieved despite additional resources being invested, in the course of the year, in strengthening the group's international sales and marketing platform as well as the development activities within malt extract. These investments are expected to create the foundation for continued improved earnings in the years to come.

- Consolidated profit before tax of DKK 10.4 million was posted against a profit of DKK 4.1 million the year before.

- Investments during the financial year totalled DKK 36.5 million. The return on invested capital is 1.6%.

- Cash flows from operating activities and changes in cash and cash equivalents amounted to DKK 46.6 million and DKK 73.2 million, respectively.

OUTLOOK 2014/15

- Harboe expects all the group's business units to contribute to growth in group revenue in 2014/15.

- For the 2014/15 financial year, the outlook is for EBITDA in the range of DKK 100-110 million and profit before tax in the range of DKK 15-25 million.

FINANCIAL HIGHLIGHTS[3]

	2013/14 DKKm	2012/13 DKKm	2011/12 DKKm	2010/11* DKKm	2009/10* DKKm
KEY FIGURES					
EARNINGS					
Gross revenue	1,626.9	1,588.4	1,677.4	1,584.1	1,804.0
Taxes on beer and soft drinks	(206.8)	(244.7)	(267.0)	(263.5)	(279.3)
Revenue	1,420.1	1,343.6	1,410.5	1,320.6	1,524.7
EBITDA	106.6	90.9	141.0	217.7	188.9
Operating profit/(loss) (EBIT)	16.7	9.4	59.5	74.2	64.3
Net financials	(6.3)	(5.3)	(8.4)	(5.9)	(6.2)
Profit/(loss) before tax	10.4	4.1	51.1	68.3	58.1
Net profit/(loss) for the year from continuing activities	10.6	3.1	38.4	51.1	43.0
BALANCE SHEET					
Total assets	1,383.7	1,501.4	1,575.9	1,685.5	1,645.6
Equity	706.6	780.6	790.0	753.4	730.3
Net interest-bearing debt	196.8	115.5	146.6	140.6	152.3
INVESTMENTS ETC.					
Investments in intangible assets[1]	2.4	26.5	1.9	5.7	8.2
Investments in property, plant and equipment[2]	34.1	93.2	60.1	141.8	166.0
Depreciation, amortisation, impairment losses and write-downs	89.9	81.4	81.5	130.7	124.6
CASH FLOWS					
Cash flows from operating activities	46.6	51.1	91.3	192.2	94.2
Cash flows from investing activities	125.4	(20.7)	6.8	(148.4)	(152.7)
Cash flows from financing activities	(98.9)	(6.4)	(48.6)	(63.8)	22.9
Changes in cash and cash equivalents	73.2	24.0	49.5	(20.0)	(35.7)

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

[1]Excluding plant under construction
[2]Excluding spare parts and plant under construction

	2013/14	2012/13	2011/12	2010/11*	2009/10*
RATIOS IN %					
Profit margin	1.2	0.7	4.2	5.6	4.3
Solvency ratio	51.1	52.0	50.1	44.7	44.4
EBITDA margin	7.5	6.8	10.1	14.0	12.4
Gearing	27.9	14.8	18.6	18.7	20.9
Acid test ratio	151.0	118.1	107.1	85.5	91.4
Return on invested capital (ROIC)	1.6	1.0	6.0	10.2	8.2
SHARE-RELATED RATIOS					
Earnings per DKK 10 share, DKK (EPS)	2.1	0.6	6.9	10.6	7.3
Cash flow per DKK 10 share, DKK (CFPS)	9.1	9.1	13.1	33.7	16.1
Equity value per DKK 10 share, DKK	117.7	130.1	131.6	125.6	123.8
Share price, end of year	93.5	77.0	89.5	127.0	112.0
Price/earnings ratio	45.2	139.7	13.0	12.0	15.4
Dividend per DKK 10 share, DKK	2.0	1.5	1.5	1.5	1.5
EMPLOYEES					
Average number of full-time employees	603	559	562	572	543

[3]The financial highlights have been prepared in accordance with the ‘Recommendations and Financial Ratios’ issued by the Danish Society of Financial Analysts; see the description in note 1.

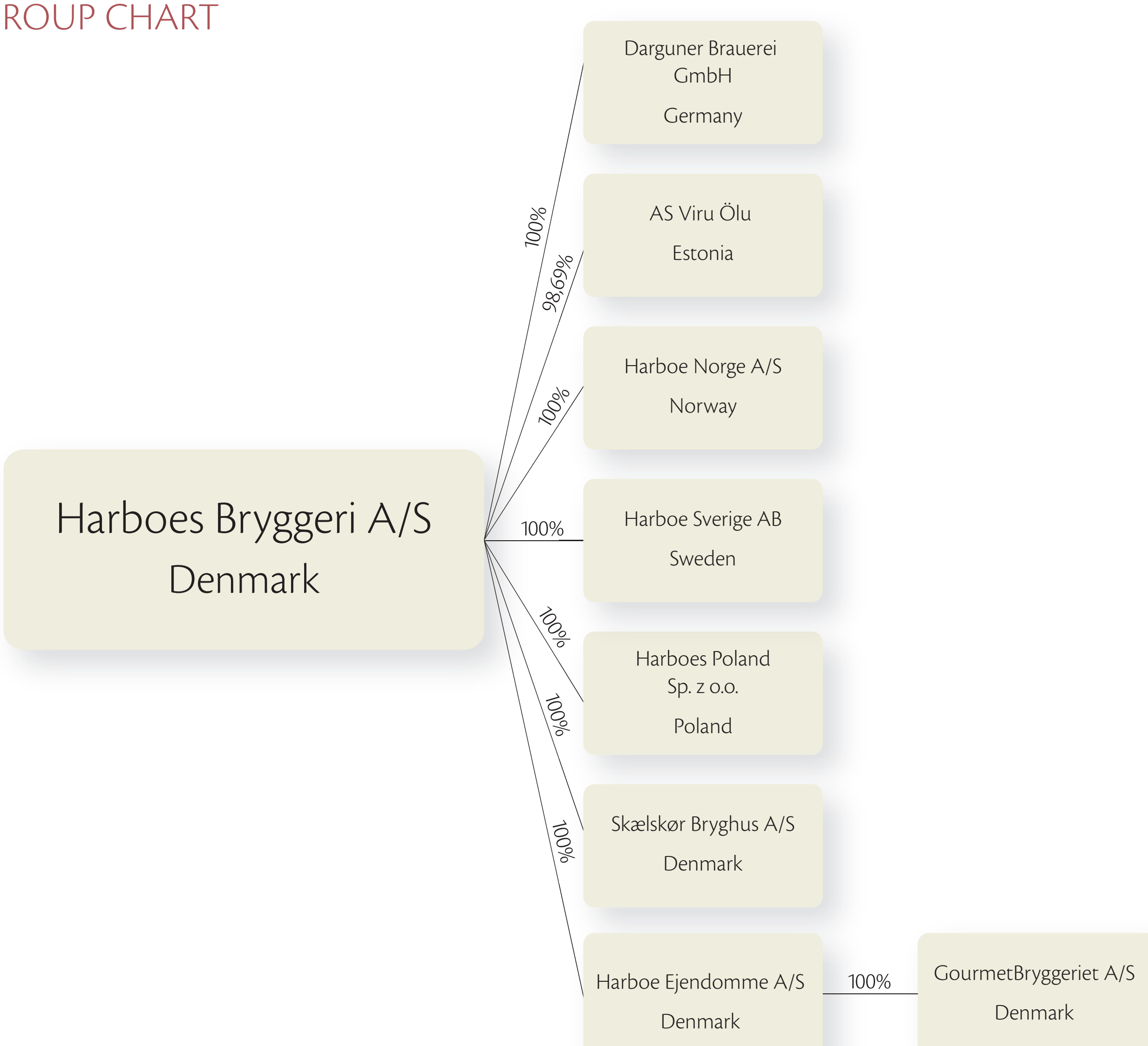
MANAGEMENT'S REVIEW

CORE BUSINESS

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

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

GROUP CHART



MANAGEMENT'S REVIEW

THE GROUP'S BUSINESS DEVELOPMENT – FINANCIAL REPORT

REVENUE

Consolidated revenue totalled DKK 1,420 million in the 2013/14 financial year against DKK 1,344 million the year before. This corresponds to an increase of 5.7%.

The increase in revenue is primarily attributable to continued growth in the international activities outside Northern Europe, which are developing positively overall in spite of particularly challenging market conditions with turmoil and conflicts in a number of the markets in both the Middle East and Africa. Developments in the activities in Northern Europe and in the sale of malt-based ingredients, however, were slightly weaker than expected.

Read more about developments in the business units in the relevant sections in this report.

EARNINGS

EBITDA was DKK 106.6 million against DKK 90.9 million last year.

The earnings improvement reflects the increasing revenue, driven by the international markets outside Northern Europe where earnings margins are more attractive. Earnings in the group's largest business unit, Harboe Nordic, are increasingly challenged by fierce competition and pressure on prices. This trend is further intensified by changes in the product mix over the period. However, Harboe takes pride in never letting the massive price pressure affect the quality of the group's products and their presentation, which are decisive for the continued positioning and for maintaining the recognition enjoyed by our products among consumers.

Earnings are also affected by the continued investments in Harboe Ingredients where the strategic development and marketing activities are being expanded. Also, the work continues to further develop the sales organisation in Harboe International, which is primarily targeted at the markets outside Europe. Both these strategic focus areas are targeted at growth markets and offer an attractive earnings potential, which is expected to make an increasingly positive contribution to the earnings performance in the coming years.

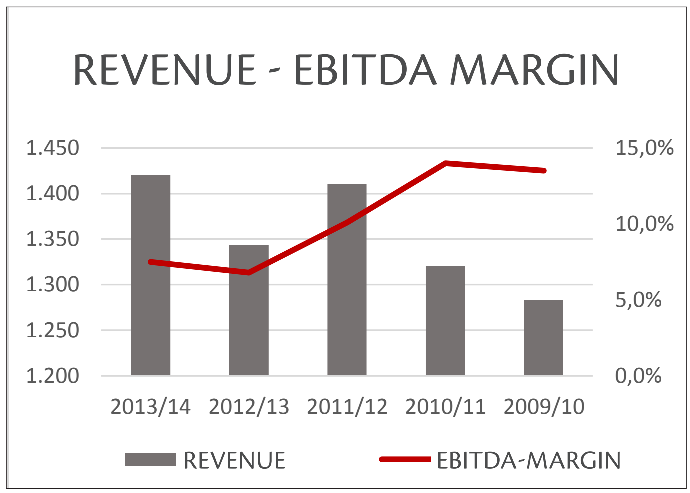
During the period, Harboe continued to adapt its production facilities to ensure additional efficiency improvements and savings. Special focus has been on optimising capacity utilisation at and between the group's production units and logistics in connection with inventory management.

Depreciation and amortisation of intangible assets and property, plant and equipment in the amount of DKK 89.9 million are recognised in operating profit against DKK 81.4 million the year before.

Operating profit (EBIT) amounted to DKK 16.7 million against DKK 9.4 million last year.

A profit before tax of DKK 10.4 million was posted against DKK 4.1 million the year before.

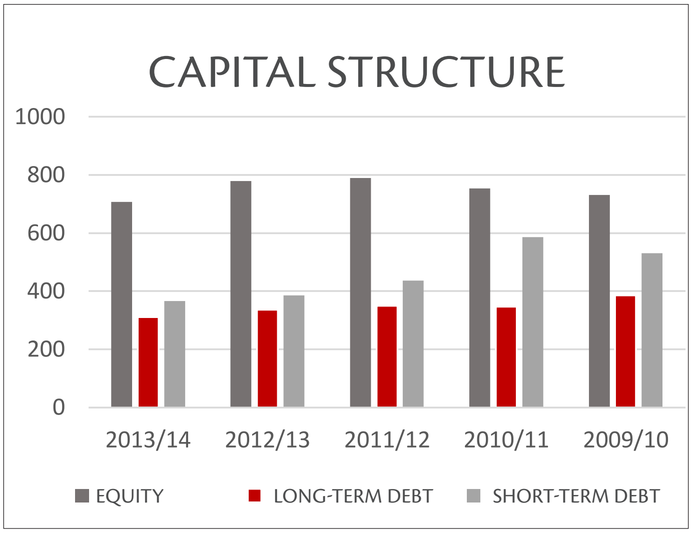
Net profit for 2013/14 amounted to DKK 10.6 million compared to DKK 3.1 million the year before.



EQUITY

As at 30 April 2014, equity amounted to DKK 706.6 million against DKK 780.7 million the year before.

Equity is affected by the results for the period, foreign currency translation adjustments in respect of foreign subsidiaries, the acquisition of treasury shares and adjustments of the reserve for adjustment to fair value of financial assets available for sale as well as the distribution of dividend. Purchase of treasury shares amounted to DKK 76.8 million during the period.



INVESTMENTS

Total investments for the year were DKK 36.5 million, including investments of DKK 34.1 million in property, plant and equipment.

Investment grants received for the financial year totalled DKK 1.8 million.

The capital investments made in recent years have created an efficient foundation for the continued expansion of the group's activities.

In the coming years, the investment strategy will therefore primarily be focused on the continuous optimisation of the group's resource utilisation through continued efficiency improvements and adaptation of capacity.

LIQUIDITY AND NET INTEREST-BEARING DEBT

Cash flows from operating activities amounted to DKK 46.6 million in 2013/14 against DKK 51.1 million the year before. The decrease is due primarily to increased capital being tied up in working capital.

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

Moreover, liquidity is affected by proceeds from bonds drawn for redemption in the amount of DKK 169 million and from the acquisition of treasury shares in the amount of DKK 76.8 million.

Free cash flow – changes in cash and cash equivalents – amounted to DKK 73.2 million against DKK 24.0 million the year before.

CASH RESOURCES

The group's cash resources, which are composed of cash and credit facilities granted but not yet activated, amounted to DKK 237.8 million as at 30 April 2014.

Added to this is the holding of 1,311,190 Class B treasury shares, corresponding to DKK 122.6 million stated at the market price as at 30 April 2014.

The aggregate cash resources thus total DKK 360.4 million.

As at 30 April 2014, the group's net interest-bearing debt amounted to DKK 295 million against DKK 301 million the year before.

Adjusted for cash deposits of DKK 98 million, the group's net interest-bearing debt amounted to DKK 197 million as at 30 April 2014 against DKK 116 million the year before.

The company acquired treasury shares during the financial year in the amount of DKK 76.8 million.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

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


Puls
TIKRI-
MAITSELINE SIIDER
Puls
ÕUNASIIDER
Puls
PIRNI-
MAITSELINE SIIDER
Puls
MARJA-
MAITSELINE SIIDER

MANAGEMENT'S REVIEW

STRATEGY AND FINANCIAL TARGETS

ON THE WAY TO A NEW MOMENTUM

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

MAINTAINING MARKET SHARE IN HARBOE NORDIC

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

INCREASING MOMENTUM IN HARBOE INTERNATIONAL

Harboe International markets beers, soft drinks, energy drinks and non-alcoholic malt beverages in more than 70 markets in the Middle East, Africa, South East Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe. Harboe's strategy is to increase Harboe International's relative share of the group's revenue and EBITDA through a focused strengthening of its position in international markets where economic and demographic developments support increasing purchasing power and a demand for quality products.

NEW BUSINESS OPPORTUNITIES IN HARBOE INGREDIENTS

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

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

LONG-TERM GROWTH AND VALUE CREATION

Efficient and flexible production facilities capable of supplying high quality and handling the expected growth in volume are a prerequisite for maintaining the group's market position in Northern Europe, while at the same time realising the international and commercial growth strategy. In addition to general maintenance and constant efficiency improvements, Harboe will continuously assess the need for investments in new production capacity and technology.

> "Harboe is continually focusing on maintaining a solid cash flow and an effective balance between working capital and liquidity that ensures the necessary flexibility in operations"

In step with the increasing activity levels, Harboe also focuses intensively on continuously optimising coordination and capacity utilisation among the group's production units and in the distribution with a view to realising further operational synergies in the entire value chain.

In line with the strategy of achieving momentum in the activities outside Northern Europe, Harboe also invests in the continued strategic expansion and streamlining of the international sales organisation. In the coming years, resources will also be allocated to the targeted malt extract development activities, which are to form the basis for new value-adding business opportunities.

GRADUAL REALISATION OF FINANCIAL TARGETS

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

Harboe's long-term aim is to achieve annual revenue growth of 5-10% and a profit margin of more than 6-8%. The ongoing investments in establishing the strategic platform and the relatively long market penetration time for the new malt-based ingredients in particular will mean, however, that the financial targets will be realised gradually over the next two to five years. In step with the earnings optimisation, it will also be possible to maintain an attractive return on the invested capital of 8-10%. Harboe will continually focus on maintaining a solid cash flow and an effective balance between working capital and liquidity that ensures the necessary flexibility in operations.


Darguner Brauerei
Darguner
Pilsener
Original Brauerei
Abfüllung
Darguner Pilsener
PREMIUM PILSNER 5%
DARGUN·GERMANY
12

MANAGEMENT'S REVIEW

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

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

OUTLOOK 2014/15

Market conditions in the Northern European markets are expected to remain extremely challenging in the coming year with intense competition across the markets and massive pressure on prices. Harboe will focus on maintaining its position in these markets as a solid supplier to the retail sector based on a targeted, high-quality product range that supports a positive perception of Harboe's brands.

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

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

At group level, focus will be on the continued optimisation of the processes in the entire value chain with a view to ensuring efficient operations and a solid cash flow that can support the group's growth initiatives and a gradual improvement in earnings.

All in all, Harboe expects all the group's business units to contribute to growth in revenue, which is expected to be higher than in 2013/14.

In the next year, earnings will be affected by a general pressure on margins and continued investments in the development of the strategic business areas. Seasonal fluctuations may also have a significant impact on the group's results. Harboe expects improved earnings, however, with an EBITDA of approx. DKK 100-110 million and a profit before tax of approx. DKK 15-25 million in 2014/15.


ORIGINAL TASTE
HARBOE
Hindbær
Light
ORIGINAL TASTE
HARBOE
Squash
MED DRUESUKKER
HARBOE
Topform
ORIGINAL TASTE
HARBOE
Cola
33 CL
ORIGINAL TASTE
HARBOE
cola
Light
33 CL

HARBOE NORDIC

FIERCE COMPETITION IN THE NORTHERN EUROPEAN MARKETS

The brewery sector operates in a number of geographical markets. Planning and production take place centrally for the overall brewery sector.

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

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

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

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

Total beer sales have been falling in the past ten years in the Northern European markets. Sales of soft drinks continue to grow, but at moderate growth rates. Sales of soft drinks are driven by continued product development within this segment, including energy and sports drinks, which are advancing in the market. Most recently, flavoured mineral water and vitamin drinks have penetrated especially the German market as new products that may drive continued growth in the segment.

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

VALUE CREATION AND STRATEGY

The business model for Harboe Nordic is based on the supply of high volumes of an attractive range of drinks products to the major retail chains in Northern Europe, where Harboe has established a strong position. Harboe maintains this position by providing customers with a high level of quality, reliable deliveries and a flexible response to fluctuations in demand. The business activities are based on close collaboration with customers, which


HARBOE
Premium
PILSNER
4,6
PROCENT ALC.
FOLKETS ØL
SIDEN 1883
NYDES AFKØLET
4,6% ALKOHOL VOL.
HARBOES BRYGGERI
SKÆLSKØR · DANMARK
HARBOE
Jubilæum
110
FOLKETS ØL
SIDEN 1883
SKÆLSKØR · DANMARK

HARBOE NORDIC

also ensures that the product range, packaging and ongoing marketing meet and continue to drive demand among the Northern European consumers.

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

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

STRATEGIC MEASURES AND RESULTS IN 2013/14

Developments in the Harboe Nordic activities in the financial year were slightly weaker than expected. Especially H2 2013/14 was affected by continued fierce competition and further falls in the prices of beer and soft drinks, resulting in further pressure on earnings margins. Demand for beer in the Northern European markets is still declining, while the markets for soft drinks and other non-alcoholic beverages develop positively. Harboe continuously tailors its product mix to match the demand and has, among other things, increased volumes of mineral water and sparkling water, which are growth segments. The changes in the product mix had a positive impact on revenue, but have a negative impact on the total EBITDA margin.

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

The activities in Harboe Nordic still represent a significant part of the group's total sales and are of strategic importance to the effective utilisation of the group's production capacity. Through continued development and further strengthening of its strategically based customer relations, Harboe seeks to maintain its position in the Northern European markets.

SPECIAL RISKS AND PRIORITIES IN 2013/14

During the financial year, Harboe Nordic had a particular focus on the risk exposure to which sales of the group's products are exposed due to the increasing competition from both national drinks manufacturers and regional and international competitors operating across the borders in the Northern European countries. Combined with a general decline in the consumption of beer in all Northern European markets, this poses a challenge to the entire drinks industry, and Harboe is working hard to adapt its product mix and introduce new, innovative products which can drive new demand and ensure that Harboe maintains its position in these markets.

> "Continuous adaptation and innovation of the product range as well as development of new, strong packaging solutions which make a positive contribution to collaboration with retail customers and the positioning of Harboe's products vis-à-vis consumers"

Maintaining the positioning of Harboe's products and underpinning a generally positive perception of the quality of the brands are strategic priorities for Harboe. Harboe has therefore chosen to prioritise maintaining high product quality, variation in the offering and attractive sales-promoting packaging solutions rather than entering into further price competition based on a lower level of quality and where increased market share does not at the same time contribute acceptably to earnings. The prioritisation will be decided on the basis of the specific contract negotiations and taking into account the best possible capacity utilisation, including in relation to the group's other activities outside Northern Europe, which contribute to value creation to a higher degree.

Harboe continuously seeks to optimise the use of capital in the group, for example by negotiating terms in contracts concluded with partners at all levels of the value chain. Generally, there has been an increasing demand for extended credits from especially large customers in the retail sector during the financial year. Harboe is aware of the consequences of the increasing amount tied up in working capital this will result in and is targeting its efforts on optimising group cash flows and ensuring the necessary liquidity through credit facilities and by maintaining its own flexible financial resources.

OUTLOOK 2014/15

In line with the strategy, Harboe Nordic will focus on maintaining its solid position in the Northern European markets in the coming year. The decline in demand for beer is expected to continue, whereas the markets for soft drinks and other non-alcoholic beverages are expected to develop positively. As usual, however, the weather during the high season across the first two quarters of the financial year will have a significant impact on total demand and sales. Competition is expected to remain fierce, which will put earnings under constant pressure, but Harboe's strategic focus will be consistently on maintaining its strong foothold in the Northern European markets, with the activities in Harboe Nordic continuing to contribute positively to the group's results.

HARBOE INTERNATIONAL

POTENTIAL IN THE INTERNATIONAL GROWTH MARKETS

Harboe International is the framework for the marketing of the group's drinks products in markets outside the core Northern European markets. Today, Harboe International markets Harboe's products in more than 70 markets in the Middle East, Africa, South East Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe.

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

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

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

VALUE CREATION AND STRATEGY

Harboe International pursues a diversified growth strategy based on markets in which economic and demographic developments support increasing purchasing power and a demand for quality products.
The geographical expansion and product strategy are targeted at regional and cultural demand patterns where Harboe can utilise its existing product range and packaging solutions and create a strong position for itself relative to competitors under its own brands.

The strategic expansion takes place through the continued development of the sales organisation and by establishing collaboration with experienced, local distributors.

Harboe's branded products are typically marketed in a price segment between the most expensive, imported premium brands and the locally manufactured products in the mid-price segment. The products are thus targeted at a rapidly growing segment of middle-class consumers who are increasingly demanding imported brands at attractive prices. In close col-

laboration with distributors, Harboe plans its product mix to suit local demand, while stimulating further growth in the market.

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

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

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

STRATEGIC MEASURES AND RESULTS IN 2013/14

Harboe International is experiencing continued positive developments in the demand for the whole range of drinks products which Harboe mainly markets under its own brands. The intense sales efforts and the further strengthening of the sales organisation were continued during the financial year with positive results and overall double-digit growth in sales. Furthermore, participation in targeted sales and marketing activities in close and mutually value-adding collaboration with large regional distributors is the catalyst for the continued growth. As part of the development of the organisation, Harboe is also seeking to further optimise its structures and business processes in close collaboration with the group's production units.

Total growth in sales is, however, affected by political turmoil and armed conflicts in a number of the group's markets, notably in the Middle East and Africa. Harboe focuses at all times on making the most of the existing market potential while taking account of the political situation and the economic risk exposure.

MIDDLE EAST

In the Middle East, Harboe mainly markets non-alcoholic beverages, including a wide range of non-alcoholic malt beverages and traditional soft drinks, which are both growth categories. In the past five years, the activities have been expanded in collaboration with distributors and customers.

The political turmoil and civil war-like conflicts in several places have impacted sales, and the business climate in the region is affected by a number of logistic and commercial challenges in the form of general delays in the supply chain and other operational irregularities. Harboe has continued its sales efforts in the more stable markets in the Middle East and continues to cultivate new markets in the region in close collaboration with local distributors. However, total sales in the Middle East were not at the expected level.

AFRICA

Harboe sells a broad range of beer, soft drinks, malt beverages and non-alcoholic malt beverages in a growing number of African countries, primarily under own brands. Harboe's expansion in the African countries is driven by an increasing demand for strong beer and malt-based products, in particular, but the energy drinks segment is also large and growing strongly. Sales are supported by demographic and economic developments in the form of a rapidly growing middle class and the continued development and consolidation of the retail sector.

Sales in Africa developed positively during the financial year with two-digit growth rates in all categories. The growth is driven by a strong demand and continued intensified sales efforts in collaboration with distributors and partners that contribute solid knowledge about demand, market conditions and methods of distribution. However, business conditions are still extremely difficult with unstable political situations in some African markets, but Harboe is continuously looking to tailor its activities to the prevailing business conditions and risks.

SOUTH EAST ASIA AND OCEANIA

As part of Harboe's strategy of continued international expansion of its activities, the group has carried out systematic sales efforts in South East Asia


BEAR BEER 5% alc. vol.
BY APPOINTMENT TO THE ROYAL DANISH COURT
HARBOE
IMPORTED
BEAR BEER
PREMIUM LAGER
BEAR BEER 7.7% alc. vol. BEAR BEER
BY APPOINTMENT TO THE ROYAL DANISH COURT
HARBOE
BEAR BEER
HARBOE
BEAR BEER

HARBOE INTERNATIONAL

and in selected markets in Oceania over the last few years. Collaboration has been established with several distributors across the region, and particularly Harboe's lager and strong beer products attract interest in the South East Asian markets.
The collaboration with key distributors and the execution of the targeted sales strategy aimed at large retail chains continued in the financial year, and demand underpins continued positive developments within all product categories, although the beer segment saw particularly strong growth. New agreements with large retail chains in, for example, South Korea were concluded during the financial year, and a general growth in sales is seen in the major markets. Sales activities targeted at major chains in the restaurant segment also showed positive results. The systematic sales activities in South East Asia and Oceania are contributing positively to the group's total sales, although still at a modest level due to the relative size of the business and the continued investments in sales and marketing.

AMERICAS

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

SPECIAL RISKS AND PRIORITIES IN 2013/14

Harboe's international activities outside Northern Europe are particularly exposed to risks in markets where political regimes are less stable and where general business conditions may be affected by various forms of political turmoil and lack of public control. During the financial year, Harboe therefore ensured close follow-up and continuously adjusted its efforts in respect of activities in the areas in the Middle East and Africa which have been particularly affected by political turmoil. Assessments of the development in specific operating and debtor risks and the management of these risks are reported regularly to the Board of Directors.

> "Participation in focused sales and marketing activities in close and mutually value-adding collaboration with large regional distributors is the catalyst for the continued growth"

The production, distribution and delivery of agreed deliveries on time are critical factors for customer satisfaction and for maintaining long-term customer relations. Harboe is therefore constantly focusing on ensuring optimum efficiency in the value chain in step with the increasing sales to the international markets and the growing complexity of the business activities. During the financial year, Harboe continued working to strengthen the management coordination of the operating processes between the individual links in the entire delivery system.

Harboe's currency risk is increasing gradually in step with the continued internationalisation to new markets outside Europe, although the majority of the group's sales and purchases are still settled in EUR. Harboe will continuously assess the development in the group's exposure to currency risks, and the need for increased currency hedging may be revised.

OUTLOOK 2014/15

Harboe's international activities are still expected to contribute increasingly to the group's revenue and earnings. Focused marketing activities and the cultivation of markets are expected to lead to high double-digit growth in the coming financial year. Harboe also expects to continue strengthening the international sales organisation and the systems for the management follow-up on strategic initiatives, developments and results in the individual markets.

The market conditions are expected to remain challenging with constant competition, and the prospects for a stabilisation of the political situation are limited, particularly in the Middle East and some African countries. The outlook is thus subject to great uncertainty in relation to these markets, but Harboe expects that the activities overall will create a basis for positive developments.

HARBOE INGREDIENTS

NEW PLATFORM FOR GROWTH

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

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

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

Harboe's product development has, among other things, resulted in a clear malt extract with excellent applications within drinks production. Compared with the existing products in the market, the clear malt extract has been processed even further and is now marketed as part of a compound which can eliminate several steps in the usual manufacturing process for drinks manufacturers. Harboe markets the product to large drinks manufacturers, which are showing huge interest in the product.

The clear malt extract also forms part of several of Harboe's own drinks products, including the non-alcoholic malt beverages marketed by the group in several international markets.

Harboe Ingredients is also working on developing a number of other promising ingredient applications which can be used in drinks and food products. Based on the positive development results and the interest that the new products have generated among customers and partners in the food industry, Harboe has invested additional resources in its malt extract development activities in recent years.

A dedicated international sales organisation is marketing the products to a selected segment of players in the drinks and the food industry. The development activities are linked closely with test procedures involving potential customers, and partnerships have been established with external research institutions.

VALUE CREATION AND STRATEGY

Harboe is a leading Nordic manufacturer of malt extract for the food indus-

> "Developing new applications takes several years, with ongoing tests and adaptations in close collaboration with customers, before you have the finished, marketable product"

try, and it is the primary objective of Harboe Ingredients' business model to ensure optimum utilisation of the group's competencies and market opportunities within this segment.

The market for traditional malt extract continues to offer growth potential in Europe which the group wants to utilise through the consistent and focused strengthening of the product portfolio and further expansion of the sales organisation.

The additional processing of the products has paved the way for more potential uses, with opportunities for a strategic expansion of the business – both geographically and industrially. The development activities are driven by an increasing demand for better, healthier and competitive alternatives to existing food components. This trend is supported by the ever-stricter international regulation of the food industry. And while the traditional malt extract is traded as a raw material, the new processed products can be sold in higher price segments and with more attractive margins.

The sales and marketing activities are targeted at major customers in the food industry. Moreover, collaboration has been established with leading regional distributors of food ingredients.

In the European markets, focus will still be on activities involving traditional malt extract, while the marketing of the new applications will also be targeted at customers outside Europe. Further marketing of the malt-based ingredients will thus be a central element in the strategic development of the group's activities.

The ambition is for Harboe Ingredients to achieve double-digit annual growth rates over the next three to five years, and to increasingly make a positive contribution to the group's EBITDA.

STRATEGIC MEASURES AND RESULTS IN 2013/14

Sales of traditional malt extract developed positively through a continued good collaboration with existing customers and several agreements with new customers, which were concluded at the beginning of the calendar year.

However, Harboe's clear malt extract, which is primarily sold to customers in the food industry in the Middle East, was still affected by the political turmoil in the region, resulting in somewhat lower sales than in the same period last year. However, Harboe is working to cultivate new and more stable markets, and new agreements have been concluded which are expected to have a positive effect in the coming financial year.

The development and marketing of other new applications continued in the financial year. Partnerships were, for example, established with new customers in the food industry on using several of Harboe's applications as alternatives to existing flavouring and colouring ingredients in, among other things, chocolate and other confectionery products.

The strategic sales efforts and the development work in collaboration with customers in the food industry were further intensified during the financial year. Developing new applications takes several years, with ongoing tests and adaptations in close collaboration with customers, before you have the finished, marketable product. The resources allocated to these development programmes consequently affect Harboe's financial statements at the moment, but this investment is expected to start generating positive returns in step with the product development being completed and the products becoming marketable over the next two to three years.

SPECIAL RISKS AND PRIORITIES IN 2013/14

Harboe's malt extract activities are exposed to a number of special risks, which are partly associated with the product development phase itself and partly with the subsequent launch and marketing of the products.


Hyper Malt
MALT BEVERAGE
BOISSON MALTÉE
Hyper
Malt
330 ml
11.2 fl oz
PREMIUM IMPORTED
NON-ALCOHOLIC · MADE IN GERMANY
MALT BEVERAGE
HARBOE

HARBOE INGREDIENTS

It is crucial to ensure that the new products comply with the specific functionality requirements in order to be included in the customers' production process. Harboe therefore focuses strongly on ensuring quality standards, progress and ongoing control in the test procedures carried out in collaboration with the customers.

Harboe's clear malt extract has already been incorporated in a number of the group's own products, and the current test procedures involving external partners are showing promise. New applications and product variants will be developed according to the same quality control procedures, and investments are made on the basis of preceding market and profitability analyses.

Harboe Ingredients is also exposed to the risk that the market acceptance and the actual breakthrough for the group's new ingredients products cannot be realised to the extent expected or within the estimated time frame. As part of the management of this risk, Harboe further intensified its marketing efforts in the past financial year by allocating additional management resources, making targeted sales efforts and establishing a presence at international food fairs. Internally, there is also a close collaboration between the sales and development teams to ensure that the ongoing market intelligence is integrated optimally in the development activities. Value-adding collaboration with established international ingredients distributors also contributes to targeting the products at the current and expected future demand.

OUTLOOK 2014/15

The activities in Harboe Ingredients are expected to develop positively in the coming financial year.

Moderate growth in sales of traditional malt extract is expected, driven, among other things, by sales of new malt extract variants based on other grain types.

New agreements concluded at the end of the financial year and a promising pipeline of new customers in both the Middle East and Asia are expected to translate into gradually increasing revenue.

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

MANAGEMENT'S REVIEW

PRODUCTION AND CAPACITY

INCREASED EFFICIENCY IN THE SUPPLY CHAIN

The group's three breweries have a total capacity of 10 million hectolitres. In 2013/14, a total of 5.93 million hectolitres of beer, soft drinks and malt wort products were sold, corresponding to an increase of 3.3% compared to the year before. The increase was especially driven by increased sales in the international markets outside Northern Europe, while sales in the Northern European markets were lower than last year.

High capacity and flexibility are strategic focus areas in the ongoing operational management and production development across all production units – among other things with a view to optimising the handling of seasonal fluctuations and general order intake. During the financial year, further efforts were made to strengthen the coordination of the group's purchasing, planning, production and logistics as well as the link with the sales organisation, in order to ensure better and more efficient utilisation of resources, speed up the entire supply chain and increase its efficiency. The aim is to create both operational synergies and improved customer service, and Harboe is expecting to see positive results due to these efforts, for example in connection with the high season in the coming financial year.

DKK 34.1 million was invested in the production facilities in 2013/14.

The investments were focused on ongoing maintenance and continued efficiency improvements in production. Investments were also made in new cooling towers and compressors, which are expected to significantly reduce energy costs as early as in the coming financial year.

In the past five years, Harboe has invested DKK 495 million in the expansion and strengthening of the brewery sector's production facilities. The investments have proved decisive in the competition for large-volume contracts in the main markets in Northern Europe. At the same time, the capacity of our modern and efficient production facilities forms a solid basis for realising the group's strategy and further value creation within the strategic development areas and the continued geographical expansion of the activities.

> "Investments were made in new cooling towers and compressors, which are expected to significantly reduce energy costs already in the coming financial year"

Harboe will also in future assess the need for further investments in efficiency and capacity – not least in step with the continued development of the activities in the international markets outside Northern Europe. The investments planned in 2014/15 are targeted mainly at ongoing maintenance and efficiency improvements. Further major investments decisions, if any, will be made on the basis of the group's strategy and requirements laid down for return and value creation.

EMPLOYEES AND COMPETENCIES

FOCUS ON SALES AND DEVELOPMENT

In the group's more than 100-year history, the management of Harboe has been based on fundamental values such as responsibility, cooperation, quality and performance. These values have become the pillars of the group's strong corporate culture, and maintaining and pursuing these values across national borders and organisational units in step with Harboe's continued expansion has been an important strategic priority.

Harboe's management philosophy and HR strategy are based on the group's focus on realising value-adding business results as well as on preserving the ambition of running an attractive business that fosters pride and a high degree of employee satisfaction. As part of this strategy, Harboe focuses on having the necessary competencies and resources at all times, to enable the group to efficiently carry on its activities while at the same time seizing new opportunities for growth and value creation.

It is therefore vital that Harboe is able to recruit motivated managers and employees with the right qualifications for all parts of the group. Harboe seeks to offer competitive pay and employment conditions as well as ongoing training and continued improvement of employee skills.

Harboe is also committed to ensuring that the group's organisation and management reflect a wish for diversity, and Harboe aims to create equal conditions and opportunities for supplementary training and career development for all employee groups, regardless of gender, nationality, religion or age.

ORGANISATION FOR STRATEGY IMPLEMENTATION

During the financial year, focus has been on the continued consolidation of the international sales organisation, which was strengthened by the allocation of dedicated resources especially targeted at the development of growth markets in Asia, Africa and South America, where the group expects to further expand its activities in the years to come. During the financial year, the malt extract activities were also strengthened with new special competencies within product development as well as sales and marketing.

The recruitment of new employees is mainly based on the candidates' professional and personal qualifications matching the job description. However, Harboe also seeks to ensure that the group's diversity policy is taken into account in the recruitment process. Overall, the people employed during the financial year thus included various nationalities and representatives of both genders.

Focus is still on strengthening and updating competencies at all levels in the group, and a number of educational activities were carried out in the course of the financial year. Harboe continued its strategic management development programme, which is to create strengthened competencies and a shared frame of reference for the operational management of the group. The programme also ensures the effective anchoring of the strategy processes among key managers in the group, among other things through an annual strategy seminar for the entire international corporate management team.

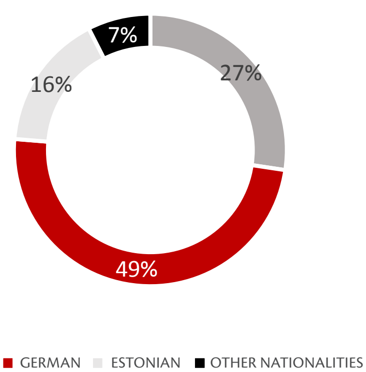
The operational part of the group also implemented a number of training activities during the year. The team leader training programme, which Harboe set up in Denmark a few years back with a view to ensuring effective and close follow-up on quality and efficiency in the individual production processes,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

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

DEVELOPMENT AND SATISFACTION AMONG EMPLOYEES

As part of the competency development of each employee, Harboe conducts performance interviews which follow up on goals and results and at which performance plans are defined for the coming year based on the group strategy and the individual employee's professional competencies and ambitions. The performance interviews also follow up on the employee's satisfaction with the general conditions and the opportunities for personal development. The qualitative feedback is predominantly positive, and this is reflected in both a very low staff turnover rate and high seniority of both production staff and specialists. This contributes to ensuring continuity and to retaining the valuable knowledge accumulated in the company. At the same time, it is extremely satisfactory that the number of employees with very few or no days off sick is very high.

NATIONALITY



DIVERSITY AT HARBOE

Harboe aims to promote diversity through a number of focus areas in the group's recruitment processes and management practice:

- When recruiting for ordinary positions as well as management positions in the group, everyone with the right competencies and ambitions is encouraged to apply – regardless of gender, nationality, religion or age.
- It is a priority in the recruitment process that the wish for diversity is taken into account once candidates with the right professional competencies and personal qualifications have been identified.
- Harboe's staff and management policy aims to create the framework for a proper work-life balance.
- Harboe conducts annual performance interviews with managers and employees in the organisation, with responsibility and personal career development as integrated elements.
- Harboe follows up on employee satisfaction in the organisation at appropriate intervals, including on the satisfaction with the possibilities for personal, professional and career development.

MANAGEMENT'S REVIEW

Harboe does not have a formal policy on the underrepresented gender at other management levels, but Harboe places great focus on diversity at all management levels.

TARGET FOR WOMEN ON THE BOARD OF DIRECTORS

With a view to ensuring a more equal distribution of men and women on Harboe's supreme governing body, Harboe's Board of Directors has fixed a target for one-third of the members of the Board of Directors to be women. This target must be realised in connection with the company's annual general meeting in 2017 at the latest.

On the current Board of Directors, the board members elected by the general meeting consist of five men (83%) and one woman (17%).

> "Harboe wants to create equal conditions and opportunities for supplementary training and career development for all employee groups, regardless of gender, nationality, religion or age"

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

VALUE CHAIN OPTIMISATION

Sustainability is a central element in Harboe's strategy for the group's continued growth and development. Effective utilisation of resources and positive relations with the company's stakeholders are essential to Harboe's future value creation. Harboe's corporate social responsibility activities are rooted in a CSR policy based on a commercial prioritisation of value creation and risk mitigation. The policy has been approved by the company's Board of Directors and can be found on the group's website at http://files.shareholder.com/downloads/AMDA-EBDFV/3076608782x0x766455/59b09d32-9624-473c-844d-6c7dc81a4cbb/CSR_-_2014_-_UK.pdf

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

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

CLIMATE AND ENVIRONMENT

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

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

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

The subsidiary Darguner Brauerei GmbH has also obtained energy certification.

Investments were made in the past financial year to maintain and optimise the group's production facilities. New cooling towers and compressors, among other things, were installed at the production unit in Skælskør, which are expected to result in significant annual reductions in energy consumption. The group's ERP system is being developed further and will form the basis for more effective planning and control of production processes across all the group's production units. The further development of the ERP system is expected to be fully implemented in the course of the coming financial year and will result in a number of process optimisations as well as both energy savings and financial savings.

Concurrently with the strengthening of the IT platform, a dedicated, international management committee made further efforts to strengthen the coordination of the group's purchasing, planning, production and logistics as well as the link with the sales organisation, in order to ensure better and more efficient utilisation of resources, speed up the entire supply chain and increase its efficiency. The aim is to create both operational synergies and improved customer service, and Harboe is expecting to see positive results due to these efforts, for example in connection with the high season in the coming financial year.

EMPLOYEES AND OCCUPATIONAL HEALTH AND SAFETY

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

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

As part of Harboe's focus on human rights, the group also supports the health and well-being of its employees, among other things through a healthy and balanced offering in the group's canteen. In addition, the group offers personal advice and a number of activities in connection with the health-promoting initiatives, including offers of personal health checks and subsequent advice on lifestyle changes.

Harboe is dedicated to ensuring a safe working environment that seeks to prevent absence due to illness and injury. Harboe is constantly investing in training and development activities to ensure that its employees are optimally geared to carrying out their duties in a safe and efficient manner. Further training programmes for employees were also completed this year in all the group's units.

The group's production unit in Skælskør has got occupational health and safety certification, and the preparations for a similar certification of the group's German production unit are under way. Several processes were optimised in connection with these preparations, and in future the certification will enable more structured, ongoing follow-up in this area. The launch of preliminary preparations for a similar occupational health and safety certification of the brewery in Estonia will be planned in the coming year.

QUALITY AND HEALTH

As an international drinks manufacturer and supplier to food companies worldwide, product quality and safety are paramount. Harboe will meet the highest food safety standards by using raw materials that ensure a high and uniform quality throughout the entire value chain – from raw material to the finished product. Harboe's requirements for the quality of the raw materials purchased from suppliers follow this ambition and are evaluated systematically.

Investments in quality improvements and optimisation of production facilities are made to ensure that Harboe meets new requirements and expectations for quality and hygiene at all times. All the group's production units are certified in accordance with international quality standards, including ISO 22000, BRC Global Standards and IFS FOOD. Harboe also produces halal-certified products, kosher-certified products and organic drinks. Systematic follow-up and control are performed as part of the maintenance of the certifications.

The market is seeing a growing consumer demand for healthier products. Harboe continues to focus intensively on innovation in order to meet this demand, and the product development within ingredients based on malt extract supports this strategy. In the financial year, further development took place on new variants of malt-based ingredients which can replace flavourings and colourings in both drinks and food products.

Finally, Harboe supports the industry's standards for responsible marketing of alcohol and, in the financial year, participated in relevant information activities carried out via the Danish Brewers' Association.

"Several processes were optimised in connection with the preparations for obtaining occupational health and safety certification for Harboe's German production unit, and in future the certification will enable more structured, ongoing follow-up in this area"

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

EXTERNAL RELATIONS

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

Harboe's relations with its suppliers and other partners are also based on agreements and contracts being drafted in accordance with international standards. The group has developed a number of standard requirements which are incorporated into the supplier agreements. The requirements concern quality and the reliability of deliveries, but also corporate social responsibility, including environmental issues and human rights. In the past year, Harboe has worked to optimise contract formats and further strengthen the procedures applied when concluding agreements, not least in the new markets where social conditions, regulation and business practice may deviate from EU standards.

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

In the coming year, Harboe will continue its efforts to consolidate and expand its relations with the outside world. Special focus will remain on underpinning the framework for the collaboration with suppliers and other business partners. In addition, Harboe will prioritise its active presence in the communities in which the group operates, through planned sponsorship activities and by participating in relevant social and local contexts.

MANAGEMENT'S REVIEW

CORPORATE GOVERNANCE

VALUE-ADDING MANAGEMENT SYSTEMS

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

Most of Harboe's management is thus carried out in accordance with the current recommendations on corporate governance.

The full review of the individual recommendations can be seen at the group's website: http://files.shareholder.com/downloads/AMDA-EBDFV/3076608782x0x768012/14773b85-d996-4885-a314-83ead14497c6/Corporate_Governance_UK_2014.pdf

COMMUNICATION AND INTERACTION BY THE COMPANY WITH ITS INVESTORS AND OTHER STAKEHOLDERS

Harboe places considerable emphasis on the company's shareholders being able to monitor the company's development. The group's website provides easy access to current information about the company's strategy, policies, business and results. The group's management maintains an active dialogue with the share market, holding a number of meetings with potential and existing investors and analysts in the course of the year.

Harboe has laid down a policy for the relations with the company's investors, and, as part of the company's general corporate social responsibility activities, Harboe also seeks to maintain a good relationship with other key stakeholders.

Harboe publishes quarterly reports and, in the planning of its activities vis-à-vis the shareholders, generally seeks to promote active ownership in accordance with the recommendations. Harboe has thus also set up formal contingency procedures which ensure that the shareholders get the opportunity to decide on a potential takeover bid at a general meeting. In the event of a takeover bid, Harboe's Board of Directors will endeavour to assess the significance of the bid for all the company's shareholders and for the company in general.

TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors organises its tasks in accordance with the recommendations and updates the company's strategy once a year as well as evaluates the company's capital and share structures. These considerations and evaluations are described in the group's annual report.

As part of the continued growth and internationalisation of the group's activities, the Board of Directors also focuses on the continued adaptation of the management organisation within the strategic focus areas – also with a view to the more long-term management of the group.

In the opinion of the Board of Directors, Harboe's organisation and management follow the recommendation on diversity and equal opportunities for both genders. These considerations are addressed in the company's HR strategy and in the company's policy on ensuring diversity at all levels. Harboe's Board of Directors has fixed a target for one-third of the members of the Board of Directors to be women. This target must be realised in connection with the company's annual general meeting in 2017 at the latest.

At the end of the financial year, Harboe's Board of Directors had a total of six members elected by the general meeting, consisting of five men and one woman.

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

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

COMPOSITION AND ORGANISATION OF THE BOARD OF DIRECTORS

In the process of identifying new candidates for the Board of Directors, emphasis is placed on adding relevant competencies within international strategic management, product innovation and sales to Harboe's management. The members of the Board of Directors and their competencies are described in more detail in the company's annual report and on the website.

The Chairman of the Board of Directors and the company's principal shareholder are in charge of selecting and nominating new candidates for the Board of Directors and subsequently recommending candidates for the approval of the entire Board of Directors. In this process, emphasis is placed on the Board of Directors being composed such that its members match each other in the best possible way in terms of experience, age, gender etc. in order to ensure a competent and versatile contribution to Harboe's management. The Board of Directors does not find that it is necessary to have a retirement age for members of the Board of Directors.

Harboe otherwise complies with the recommendations concerning the composition and independence of the Board of Directors, the number of other executive functions and the information provided thereon.


COLA TASTE
SUGAR FREE
ORIGINAL
STRAWBERRY/
X
RAY
ENERGY
DRINK
25 cl
TASTE OF POWER

An audit committee has been set up by the Board of Directors in accordance with the recommendations. However, the Board of Directors finds it natural that the Chairman of the Board of Directors, who has in-depth knowledge of the group's financial and accounting issues, is also the chairman of the audit committee.

The Board of Directors has not set up a nomination committee, but assesses the need for this at regular intervals. The Board of Directors regularly discusses the company's management resources and the management competencies which should be available in both the short and long term. Similarly, the Board of Directors has not established a remuneration committee, but the need for one is assessed on a regular basis. Important contracts are approved by the Chairman of the Board of Directors.

In the opinion of the Board of Directors, there is no need for a formal evaluation procedure for the Board of Directors and the Board of Executives. The Chairman of the Board of Directors ensures that meetings are characterised by constructive dialogue and that individual members contribute in line with their competencies.

Once a year, Harboe's Board of Directors evaluates its composition going forward, based on the company's strategic objectives and current position. At regular intervals, the Board of Directors also evaluates the Board of Executives' work and performance in connection with the ongoing financial and business reporting, based on the objectives and expectations formulated at the beginning of the year.

In the opinion of the Board of Directors, there is no need for a formal procedure for the evaluation of the cooperation between the Chairman of the Board of Directors and the CEO. The Chairman of the Board of Directors and the CEO have an ongoing, close and constructive dialogue, the results of which form part of the reporting at the board meetings.

REMUNERATION OF MANAGEMENT

Harboe's Board of Directors emphasises that the company should offer competitive terms of employment to the members of the Board of Executives and the rest of the management and regularly assesses elements which can help motivate and retain skilled and performance-oriented managers. The Board of Directors has, for the time being, decided not to introduce share-related incentive schemes. The group's key managers are covered by a performance-related bonus programme.

> "Harboe strives to create as much transparency as possible in all management and decision-making processes across the group through efficient reporting and control systems"

The remuneration policy is described in detail in the Chairman's report and approved at the annual general meeting. Other particulars of the remuneration paid to the Board of Directors and the Board of Executives are in accordance with the recommendations; however, the Board of Directors does not find it relevant to disclose the remuneration granted to each member.

FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS

Harboe analyses and considers the business and financial risks affecting the company's development and results at regular intervals and at least once a year. The risks and the handling thereof are described in the company's annual report.

Harboe strives to create as much transparency as possible in all management and decision-making processes across the group through efficient reporting and control systems. No whistleblower scheme has been established at present, but the Board of Directors assesses the need for this at regular intervals.

Harboe's Board of Directors and audit committee have an ongoing dialogue with the company auditors, and the relations have been structured in accordance with the recommendations. However, the company's CEO is also a member of the Board of Directors and therefore participates in all meetings with the auditors.


HARBOE
BEAR BEER
STRONG LAGER DENMARK
Darguner
Pilsener
12
Puls
CLASSIC
EXPORT
ORIGINAL TASTE
CLASSIC
110
PILSNER
4,6
Cola
Light
33 CL
Lemon
Cloudy


Puls
MARIA SIDER
TIKRI SIDER
HARBOE
PURE
GRAPEFRUKT
JUICE
APPELSIN
JUICE
ÆBLE
JUICE
UFILTRERET
Hyper Malt
MALT BEVERAGE
PREMIUM IMPORTED
ORIGINAL TASTE
Exotic
Cola
Lemon
STRAWBERRY/
BANANA TASTE
SUGAR FREE
COLA TASTE
LEMON/MINT TASTE
X
RAY
ENERGY
DRINK
TASTE OF POWER

MANAGEMENT'S REVIEW

RISKS, FINANCIAL REPORTING AND CONTROLS

CHANGING RISK EXPOSURE

Harboe is constantly analysing and considering the business and financial risks affecting the company's development and results. The Board of Directors and the Board of Executives are generally responsible for the risk assessment, risk management and internal controls of the group in connection with the financial reporting. During the year, the focus has been on the continued optimisation of business processes and IT systems supporting the ongoing controls and reporting across the group.

The Board of Directors of Harboe has set up an audit committee consisting of the externally elected, independent members of the Board of Directors. The audit committee is responsible for laying down policies and procedures and for the continuous monitoring of the internal control systems. The annual tasks and areas of responsibility of the committee have been defined in close collaboration with the company's external auditors. Prior to the adoption of the annual report, the committee considers the reporting with the company's external auditors and subsequently reports to the Board of Directors on accounting policies, significant accounting estimates, transactions with related parties, uncertainties and risks.

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

IMPORTANT BUSINESS RISKS

Below follows an outline of the most important risks to which Harboe is exposed in its business activities. The list is not exhaustive, nor are the risks listed in any order of priority. The review of the individual business activities contains a detailed description of the current risk exposure, the risk management and the risk expectations for the coming year.

PRODUCTION, CAPACITY AND QUALITY

Harboe's production of drinks products is exposed to a risk of errors or accidents happening which may affect the quality of the end product. This can result in losses because products must be rejected or recalled from the market, which, in the long term, may undermine consumer confidence in the group's products. To minimise the risk of this happening, Harboe is very focused on the quality assurance of its production processes. Consequently, all the group's production facilities are certified in accordance with international quality standards and apply established operating and maintenance procedures. Furthermore, Harboe's production facilities are subject to regular unannounced inspections initiated by customers.

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

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

SUPPLIERS

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

COMPETITION, PRICES AND TAXES

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

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

MARKET CONDITIONS AND REGULATION

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

SEASON AND CAPACITY

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

CUSTOMERS AND AGREEMENTS

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

> "Harboe is working to strengthen its internal communication and business processes in relation to the group's business practices and ethical standards to ensure that the employees are given the best possible guidance on how to handle deviations from normal standards"

PRODUCT DEVELOPMENT AND SALES

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

FINANCIAL RISKS

Harboe's solid capital structure limits the risk associated with the developments in market interest rates. At the end of the financial year, the company's net interest-bearing debt amounted to DKK 197 million.

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

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


ORIGINAL TASTE
Cola
Lemon
ORIGINAL TASTE
HARBOE
Exotic
33 CL
ORIGINAL TASTE
HARBOE
Lemon
Cloudy
33 CL

MANAGEMENT'S REVIEW

SHAREHOLDER INFORMATION

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

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

Harboe's IR activities are constantly being developed, and communication centres on the company's interim reports and annual report in Danish and English, presentations and meetings with stakeholders as well as the company website at www.harboe.com.

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

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

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

IR CONTACT:

Ruth Schade, President
Tel.: +45 58 16 88 88
Email: rs@harboes.dk

OWNERSHIP

At the end of the financial year, Harboes Bryggeri A/S had 4,916 registered shareholders. The registered shareholders represent DKK 56.1 million of the total share capital, corresponding to 93.4%.

As at 30 April 2014, the following shareholders have registered a shareholding exceeding 5% of the share capital in accordance with Section 29 of the Danish Securities Trading Act (*Værdipapirhandelsloven*):

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

As at 30 April 2014, members of the Board of Directors and the Board of Executives held a total of 937,310 shares.

Members of the Board of Directors and the Board of Executives and the company's executive officers are registered as insiders, and their trading in the company's shares must be reported. According to Harboe's internal rules, insiders may only trade in the company's shares for a period of six weeks after the publication of preliminary announcements of financial statements.

MANAGEMENT'S REVIEW

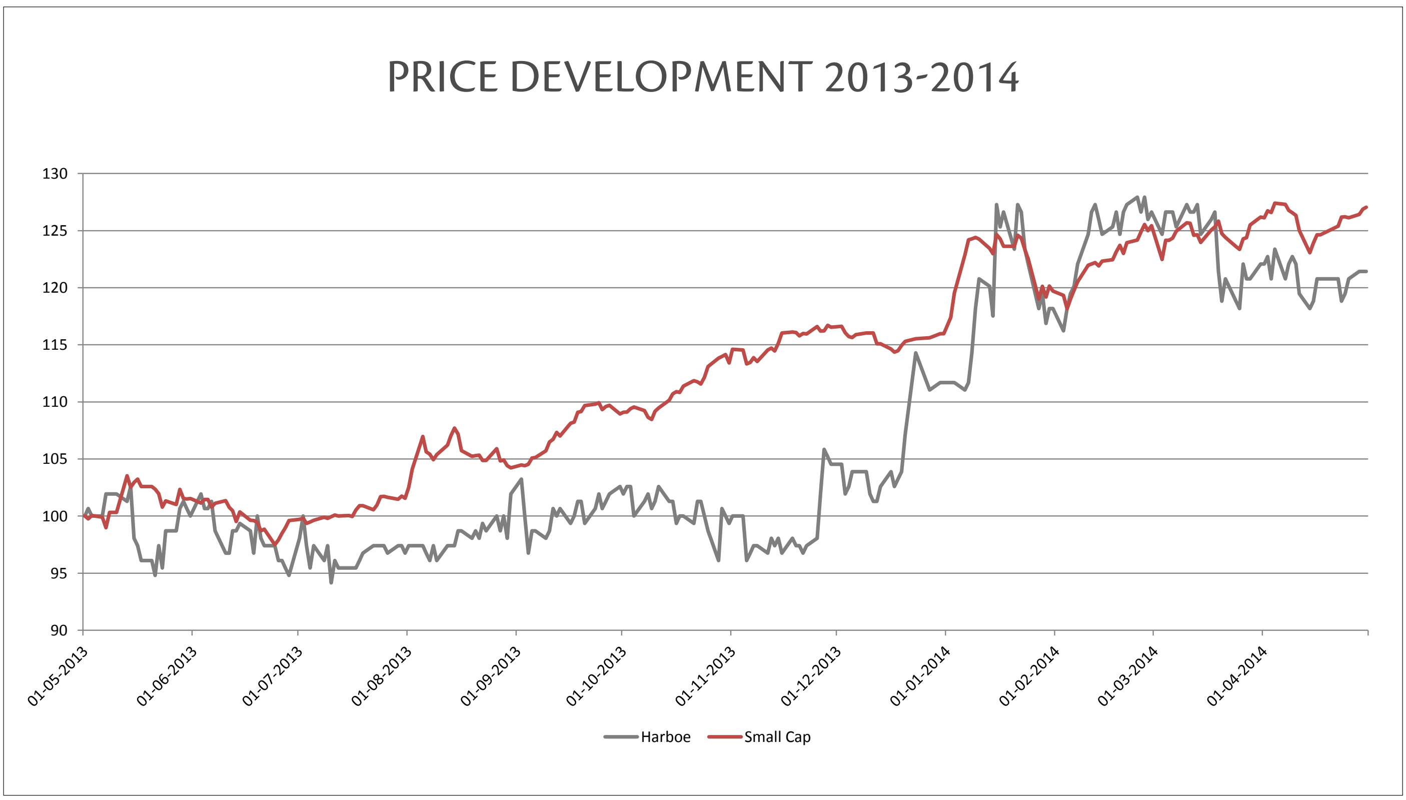
THE SHARE

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

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

Only the company's Class B shares are listed on NASDAQ OMX Copenhagen. Trading for the period amounted to DKK 255 million, corresponding to average trading per day of DKK 1,024k.

The Harboe share went up 21.4% in the course of the year, closing at a price of 93.5 against a price of 77.0 at the end of the last financial year. During the same period, the price in the SmallCap index increased by 27.1%.



ANALYSTS

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

Danske Bank	Tobias Cornelius Björklund

AUTHORISATION TO ACQUIRE TREASURY SHARES

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

During the financial year, the company acquired 859,622 Class B shares at a total value of DKK 76.8 million. At the end of the financial year, the company had a holding of 1,311,190 Class B treasury shares, corresponding to DKK 122.6 million stated at the market price as at 30 April 2014.

The Board of Directors will regularly assess how the holding of treasury shares can be used as part of the value creation for the company's shareholders. Treasury shares are also purchased for the purpose of establishing strategic financial resources which will allow the group, as part of the continued development of its activities, to conclude strategic partnerships, and also as part of the group's general capital resources.

IMPORTANT CONTRACTS OR CHANGES IN CONTROL

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

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

DIVIDEND

The Board of Directors recommends to the annual general meeting on 25 August 2014 that a dividend be paid in the amount of DKK 2.00 per share, corresponding to a total of DKK 12.0 million.

FINANCIAL CALENDAR

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

25 August 2014	Annual general meeting
25 September 2014	Interim report, Q1 2014/15
17 December 2014	Interim report, H1 2014/15
19 March 2015	Interim report, Q3 2014/15
2 July 2015	Annual report 2014/15

COMPANY ANNOUNCEMENTS

Company announcements issued in the period 1 May 2013 to 30 April 2014:

21 May 2013	Financial calendar for 2013/14
14 June 2013	Announcement concerning electronic annual report
27 June 2013	Annual report 2012/13
27 June 2013	Financial calendar for 2013
27 June 2013	Notice of annual general meeting 2013
9 July 2013	Financial calendar for 2013
9 July 2013	Financial calendar for 2013/14
25 July 2013	Notice of annual general meeting 2013
25 July 2013	Annual report 2013
29 August 2013	Minutes of annual general meeting 2013
3 September 2013	Interim report, Q1 2013/14
3 September 2013	Financial calendar for 2013/14
9 September 2013	Notice of extraordinary general meeting
2 October 2013	Minutes of extraordinary general meeting
18 December 2013	Interim report, H1 2013/14
8 January 2014	Announcement in accordance with Section 29 of the Danish Securities Trading Act
8 January 2014	Announcement in accordance with Section 28 of the Danish Securities Trading Act
13 January 2014	Announcement in accordance with Section 29 of the Danish Securities Trading Act
15 January 2014	Announcement in accordance with Section 29 of the Danish Securities Trading Act
15 January 2014	Announcement in accordance with Section 28 of the Danish Securities Trading Act
19 March 2014	Interim report, Q3 2013/14
31 March 2014	Financial calendar for 2014/15


HARBOE
PURE
APPELSIN
JUICE
HARBOE
PURE
ÆBLE
JUICE
UFILTRERET
HARBOE
PURE
5 x FRUGT
JUICE
MED FRUGTKØD
100% frugt
ikke fra koncentrat
HARBOE
PURE
ANANAS
JUICE
UFILTRERET
HARBOE
PURE
GRAPEFRUGT
JUICE
MED FRUGTKØD
100% frugt
ikke fra koncentrat

MANAGEMENT'S STATEMENT

Today, the Board of Directors and Board of Executives have reviewed and approved the annual report of Harboes Bryggeri A/S for the financial year 1 May 2013 to 30 April 2014.

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

We believe that the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2014 as well as of the results of their operations and cash flows for the financial year 1 May 2013 to 30 April 2014.

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

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

Skælskør, 3 July 2014

BOARD OF EXECUTIVES

Bernhard Griese
CEO

BOARD OF DIRECTORS

Anders Nielsen, Chairman	Bernhard Griese	Mads O. Krage
Mette Kirstine Agger	Thøger Thøgersen	Carl Erik Kjærsgaard

Jens Bjarne Søndergaard Jensen *
* Staff representative


ÅRGANGSBRYG 10% ÅRGANGSBRYG
KONGELIG HOFLEVERANDØR
HARBOE
ÅRGANGSBRYG
2014
HARBOES BRYGGERI A/S

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HARBOES BRYGGERI A/S

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

We have audited the consolidated financial statements and financial statements of Harboes Bryggeri A/S for the financial year 1 May 2013 to 30 April 2014, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies applied, for the group and the company, respectively. The consolidated financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

THE BOARD OF DIRECTORS AND BOARD OF EXECUTIVES' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENTS

The Board of Directors and the Board of Executives are responsible for the preparation and fair presentation of the consolidated financial statements and financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. In addition, the Board of Directors and the Board of Executives are responsible for the internal control which they consider as being necessary to prepare consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

THE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements set out in Danish regulations on auditors and audit firms. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the consolidated financial statements and financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and financial statements. The audit procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the consolidated financial statements and financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the enterprise's preparation and fair presentation of the consolidated financial statements and financial statements. The purpose is to design audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the enterprise's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as the overall presentation of the consolidated financial statements and financial statements.

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

Our audit did not give rise to any qualifications.

OPINION

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2014 as well as of the results of their activities and cash flows for the financial year 1 May 2013 to 30 April 2014 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON THE MANAGEMENT'S REVIEW

We have read the management's review in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). We have not performed any services other than the audit of the consolidated financial statements and financial statements.

Against this background, we believe that the information contained in the management's review is in accordance with the consolidated financial statements and financial statements.

Slagelse, 3 July 2014

Deloitte

Statsautoriseret Revisionspartnerselskab

Søren Stampe	Lars Hillebrand
State-Authorised Public Accountant	State-Authorised Public Accountant

MEMBERS OF THE BOARD OF DIRECTORS

AGGER, METTE KIRSTINE
Managing Partner (1964)

Member of the audit committee.
Independent member of the Board of Directors since 2008. Term of service expires in 2014.

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

DIRECTORSHIPS

Allocure
Klifo A/S (Chairman)
PsiOxus Ltd.
Institutrådet, Statens Serum Institut
Veloxis Pharmacenticals A/S

SHAREHOLDING

2013/14	2012/13
400 shares	400 shares

NIELSEN, ANDERS
Lawyer, Chairman (1950)

Chairman of the audit committee.
Independent member of the Board of Directors since 2001. Re-elected in 2005 and 2009. Term of service expires in 2014.

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

DIRECTORSHIPS

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

EXECUTIVE POSTS

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

SHAREHOLDING

2013/14	2012/13
18,270 shares	18,270 shares

GRIESE, BERNHARD

CEO (1941)

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

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

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

DIRECTORSHIPS

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

EXECUTIVE POSTS

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

SHAREHOLDING

2013/14	2012/13
908,820 shares	908,820 shares

KJÆRSGAARD, CARL ERIK

CEO (1958)

Member of the audit committee.
Independent member of the Board of Directors since 2008 and re-elected in 2012. Term of service expires in 2014.

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

DIRECTORSHIPS

Blackwood Seven A/S (Chairman)
Computer Camp A/S
Møller & Rothe A/S
Any.cloud A/S (Chairman)
Anymac A/S (Chairman)
Ocean Agency A/S (Chairman)
Frankly Web A/S

EXECUTIVE POSTS

Carl Erik Kjærsgaard Consulting ApS
Nauta ApS

SHAREHOLDING

2013/14	2012/13
1,410 shares	1,410 shares

MEMBERS OF THE BOARD OF DIRECTORS

KRAGE, MADS O.
Executive Officer (1944)

Member of the audit committee.
Independent member of the Board of Directors since 2007 and re-elected in 2011. Term of service expires in 2014.

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

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

SHAREHOLDING

2013/14	**2012/13**
7,499 shares	7,499 shares

THØGERSEN, THØGER
CEO (1953)

Member of the audit committee.
Independent member of the Board of Directors since 2008 and re-elected in 2012. Term of service expires in 2014.

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

DIRECTORSHIPS
House of Spirit – children's clothes
Purchasing department Mr. – menswear
Holmsland Klit Golf A/S
Spirit Wholesale ApS
Indkøbsforeningen af 1964 AMBA (Chairman)
MR WEB A/S (Chairman)
A/S PSE NR: 2147 (Chairman)

SHAREHOLDING

2013/14	**2012/13**
800 shares	800 shares

JENSEN, JENS BJARNE SØNDERGAARD
Staff representative (1955)

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

SHAREHOLDING

2013/14	**2012/13**
111 shares	111 shares

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

BY APPOINTMENT TO
THE ROYAL DANISH COURT
HARBOE

INCOME STATEMENT

GROUP

DKK '000	Note	2013/14	2012/13
Gross revenue		1,626,919	1,588,362
Taxes on beer and soft drinks		(206,807)	(244,715)
Revenue		**1,420,112**	**1,343,647**
Production costs	4, 5, 6, 7	(1,177,552)	(1,118,036)
Gross profit/(loss)		**242,560**	**225,611**
Other operating income	8	28,206	20,675
Distribution costs		(190,704)	(175,567)
Administrative expenses		(49,628)	(45,457)
Other operating expenses		(13,739)	(15,819)
Operating profit/(loss) (EBIT)		**16,695**	**9,443**
Financial income	9	2,627	4,263
Financial expenses	10	(8,919)	(9,602)
Profit/(loss) before tax		**10,403**	**4,104**
Tax on profit/(loss) for the year	11	(2,121)	(1,150)
Adjustment of tax regarding previous years and effect of change in Danish tax rate	11	2,309	137
Net profit/(loss) for the year from continuing operations		**10,591**	**3,091**
Distribution of net profit/(loss) for the year:			
Shareholders of the parent		10,627	3,127
Minority interests		(36)	(36)
		10,591	**3,091**
Earnings per share (DKK per DKK 10 share):	12		
Earnings per share and diluted earnings per share (DKK)		**2.02**	**0.56**

STATEMENT OF COMPREHENSIVE INCOME

GROUP DKK '000	Note	2013/14	2012/13
Net profit/(loss) for the year from continuing activities		**10,591**	**3,091**
Other comprehensive income			
Items which may be reclassified to the income statement:			
Foreign currency translation adjustment regarding foreign enterprises		441	1,126
Adjustment to fair value of financial assets available for sale		70	(123)
Recirculation to the income statement of fair value adjustment upon disposal of financial assets available for sale		22	0
Tax on other comprehensive income	11	(22)	42
Other comprehensive income		**511**	**1,045**
Comprehensive income		**11,102**	**4,136**
Distribution of comprehensive income for the year:			
Shareholders of the parent		11,138	4,172
Minority interests		(36)	(36)
		11,102	**4,136**

BALANCE SHEET AS AT 30 APRIL

GROUP DKK '000	Note	2014	2013
Goodwill		3,573	3,573
Development projects		5,460	6,884
Rights		5,724	5,718
Software		18,664	21,302
Intangible assets under construction		80	153
Intangible assets	**14**	**33,501**	**37,630**
Land and buildings		235,185	245,130
Plant and machinery		442,164	474,568
Other plant		23,858	27,937
Spare parts for own machinery		3,619	4,458
Property, plant and equipment under construction		14,789	5,577
Property, plant and equipment	**15**	**719,615**	**757,670**
Investment properties	**16**	**60,475**	**63,909**
Financial assets available for sale	17	8,706	180,600
Deposits, leases		2,423	2,403
Financial assets		**11,129**	**183,003**
Deferred tax assets	**27**	**5,804**	**3,806**
Non-current assets		**830,524**	**1,046,018**
Inventories	**18**	**161,489**	**133,391**
Trade receivables	19	278,670	287,725
Other receivables	20	6,030	11,534
Prepayments		8,568	6,537
Receivables		**293,268**	**305,796**
Cash	**22**	**96,235**	**13,780**
Assets held for sale	**21**	**2,200**	**2,400**
Current assets		**553,192**	**455,367**
Assets		**1,383,716**	**1,501,385**

BALANCE SHEET AS AT 30 APRIL

GROUP DKK '000	Note	2014	2013
Share capital	23	60,000	60,000
Share premium		0	51,000
Other reserves	26	(4,072)	(4,567)
Retained earnings		650,487	673,985
Equity owned by shareholders of the parent		**706,415**	**780,418**
Equity owned by minority interests	**25**	**143**	**179**
Equity		**706,558**	**780,597**
Mortgage debt	29	200,470	216,155
Deferred tax liabilities	27	49,534	52,335
Deferred recognition of income	32	60,882	66,868
Non-current liabilities		**310,886**	**335,358**
Mortgage debt	29	15,772	15,671
Other credit institutions	30	78,480	69,216
Trade payables	31	172,008	172,341
Repurchase obligation, returnable packaging	28	8,030	10,278
Other payables	33	81,488	105,365
Deferred recognition of income	32	7,874	10,036
Deferred income		311	263
Income tax		2,309	2,260
Current liabilities		**366,272**	**385,430**
Liabilities		**677,158**	**720,788**
Equity and liabilities		**1,383,716**	**1,501,385**

CASH FLOW STATEMENT

GROUP DKK '000	Note	2013/14	2012/13
Operating profit/(loss)		**16,695**	**9,443**
Depreciation, amortisation, impairment losses and write-downs etc.	7	90,052	82,709
Grants recognised as income	8	(10,023)	(7,021)
Changes in net working capital	36	(37,958)	(19,454)
Cash flows from primary operating activities		**58,766**	**65,677**
Financial income received		2,580	4,648
Financial expenses paid		(8,930)	(10,119)
Income tax paid		(5,818)	(9,085)
Cash flows from operating activities		**46,598**	**51,121**
Purchase of intangible assets		(2,330)	(6,966)
Purchase of property, plant and equipment		(43,564)	(34,058)
Sale of property, plant and equipment		2,085	12,067
Dividend received from financial assets available for sale		54	72
Purchase of financial assets		(20)	(172,801)
Sale of financial assets		169,222	181,027
Cash flows from investing activities		**125,447**	**(20,659)**
Dividend paid to shareholders of the parent		(8,323)	(8,328)
Repayment of mortgage debt		(15,569)	(17,943)
Investment grant received		1,803	25,035
Purchase of treasury shares		(76,802)	(5,190)
Cash flows from financing activities		**(98,891)**	**(6,426)**
Change in cash and cash equivalents		**73,154**	**24,036**
Cash and cash equivalents as at 1 May		(55,436)	(79,640)
Translation adjustment, beginning of year	37	37	168
Cash and cash equivalents as at 30 April	**37**	**17,755**	**(55,436)**

STATEMENT OF CHANGES IN EQUITY

GROUP

DKK '000

	Share capital	Share premium	Other reserves	Retained earnings	Equity owned by shareholders of the parent	Equity owned by minority interests	Total equity
Equity as at 1 May 2012	**60,000**	**51,000**	**(5,612)**	**684,376**	**789,764**	**215**	**789,979**
Changes in equity 2012/13							
Net profit/(loss) for the year	0	0	0	3,127	3,127	(36)	3,091
Other comprehensive income after tax for the financial year	0	0	1,045	0	1,045	0	1,045
Comprehensive income for the financial year	**0**	**0**	**1,045**	**3,127**	**4,172**	**(36)**	**4,136**
Distributed dividend, cf. note 13	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	672	672	0	672
Purchase of treasury shares	0	0	0	(5,190)	(5,190)	0	(5,190)
Total changes in equity	**0**	**0**	**1,045**	**(10,391)**	**(9,346)**	**(36)**	**(9,382)**
Equity as at 30 April 2013	**60,000**	**51,000**	**(4,567)**	**673,985**	**780,418**	**179**	**780,597**
Equity as at 1 May 2013	**60,000**	**51,000**	**(4,567)**	**673,985**	**780,418**	**179**	**780,597**
Changes in equity 2013/14							
Net profit/(loss) for the year	0	0	0	10,627	10,627	(36)	10,591
Other comprehensive income after tax for the financial year	0	0	511	0	511	0	511
Comprehensive income for the financial year	**0**	**0**	**511**	**10,627**	**11,138**	**(36)**	**11,102**
Transfer	0	(51,000)	0	51,000	0	0	0
Distributed dividend, cf. note 13	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	677	677	0	677
Purchase of treasury shares	0	0	0	(76,802)	(76,802)	0	(76,802)
Other adjustments	0	0	(16)	0	(16)	0	(16)
Total changes in equity	**0**	**(51,000)**	**495**	**(23,498)**	**(74,003)**	**(36)**	**(74,039)**
Equity as at 30 April 2014	**60,000**	**0**	**(4,072)**	**650,487**	**706,415**	**143**	**706,558**

NOTES OVERVIEW

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1. ACCOUNTING POLICIES

The 2013/14 consolidated financial statements and financial statements of the parent, Harboes Bryggeri A/S, are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of Class D companies (listed); see the IFRS Executive Order issued in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Harboes Bryggeri A/S is a public limited company domiciled in Denmark.

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

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

IMPLEMENTATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The 2013/14 consolidated financial statements and financial statements have been prepared in accordance with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) that apply to financial years starting on 1 April 2013 or later.

The implementation of the new or revised standards and interpretations which have become effective in the 2013/14 financial year did not result in any changes in the accounting policies.

STANDARDS AND INTERPRETATIONS WHICH HAVE NOT YET BECOME EFFECTIVE:

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

BASIS OF CONSOLIDATION

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

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

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

MINORITY INTERESTS

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

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

BUSINESS COMBINATIONS

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

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

Non-current assets which are acquired with the intention of selling them are, however, measured at fair value less expected selling costs. The restructuring costs are recognised in the pre-acquisition balance sheet only if they constitute an obligation to the enterprise acquired. The tax effect of the revaluations has been taken into account.

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

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

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

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

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

TRANSLATION OF FOREIGN CURRENCY

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

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

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

TAX

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

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

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

Deferred tax is recognised according to the balance sheet liability method

1. ACCOUNTING POLICIES, CONTINUED

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

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

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

INCOME STATEMENT

REVENUE

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

Revenue is measured at the fair value of the received or receivable fee. If any interest-free credit has been agreed for payment of the receivable fee that exceeds the usual credit period, the fair value of the fee is calculated by discounting future payments. The difference between the fair value and the nominal value of the fee is recognised as financial income in the income statement using the effective interest method.
Revenue is calculated exclusive of VAT, taxes on beer and soft drinks etc. levied on behalf of a third party.

PRODUCTION COSTS

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

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

DISTRIBUTION COSTS

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

ADMINISTRATIVE EXPENSES

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

OTHER OPERATING INCOME AND EXPENSES

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

GOVERNMENT GRANTS

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

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

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

NET FINANCIALS

Net financials include interest income and interest expenses, realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, amortisation premiums/deductions on mortgage debt etc., as well as supplementary payments and allowances under the Danish On-Account Tax Prepayment Scheme (*Acontoskatteordningen*).

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

Dividend from equity investments is recognised when a conclusive right to the dividend has been obtained. This will typically be at the time of the general meeting's approval of the distribution from the company in question.

BALANCE SHEET

INTANGIBLE ASSETS

Goodwill

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

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

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

OTHER INTANGIBLE ASSETS

Intellectual property rights acquired in the form of software are measured at cost less accumulated amortisation and impairment losses. Software is amortised according to the straight-line method over the expected useful life, which is usually 3-8 years.

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

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

On initial recognition, development projects are recognised at cost. The cost of development projects comprises costs which are directly attributable to the development projects and which are necessary to complete the project, calculated from the time when the development project meets the criteria for recognition as an asset for the first time.

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

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

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

INTANGIBLE ASSETS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

1. ACCOUNTING POLICIES, CONTINUED

Interest expenses which have arisen in connection with the construction of assets are recognised in the cost of the asset. Other borrowing costs are recognised in the income statement.
If the acquisition or use of the asset obliges the group to incur costs for the demolition or re-establishment of the asset, the estimated costs for such demolition or re-establishment are recognised as a provision and a part of the cost of the asset in question, respectively. If the obligation occurred in connection with the production of inventories, the obligation is recognised as a part of the cost of the goods in question; see below.

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

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

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

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

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

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

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

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

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

Buildings	10-50 years

IMPAIRMENT AND DEPRECIATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND EQUITY INVESTMENTS IN SUBSIDIARIES
The carrying amounts of intangible assets and property, plant and equipment with definable useful lives as well as equity investments in subsidiaries and associates are reviewed at the balance sheet date to determine whether there are any indications of impairment. If this is the case, the recoverable amount of the asset is assessed to determine the need for impairment, if any, and the extent of such impairment.

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

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

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

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

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

EQUITY INVESTMENTS IN SUBSIDIARIES IN THE FINANCIAL STATEMENTS OF THE PARENT
Equity investments in subsidiaries are measured at cost in the parent's financial statements.

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

INVENTORIES

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

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

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

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

RECEIVABLES

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

PREPAYMENTS

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

FINANCIAL ASSETS AVAILABLE FOR SALE

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

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

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

NON-CURRENT ASSETS HELD FOR SALE

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

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

DIVIDEND

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

TREASURY SHARES

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

PENSION OBLIGATIONS ETC.

The group has entered into defined-contribution plan agreements with a significant number of the group's employees. Except for a pension plan created for a single employee, which is insignificant in relation to the group's total obligations, the group has not entered into any defined-benefit plans.

For defined-contribution plans, the group pays regular, fixed contributions to independent pension providers and the like. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contribution. Payments due are recognised in the balance sheet as liabilities.

PROVISIONS

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

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

1. ACCOUNTING POLICIES, CONTINUED

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

MORTGAGE DEBT

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

LEASE COMMITMENTS

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

OTHER FINANCIAL LIABILITIES

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

DEFERRED INCOME

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

CASH FLOW STATEMENT

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

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

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

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

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

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

SEGMENT INFORMATION

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

FINANCIAL HIGHLIGHTS

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

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

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

The calculation of earnings per share and diluted earnings per share is specified in note 12.

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

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

SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

In connection with the application of the accounting policies described in note 1, the management has made a number of accounting estimates on the recognition and measurement of certain assets and liabilities. The recognition and measurement of assets and liabilities often depend on future events involving a certain amount of uncertainty. In this context, a course of events or the like, reflecting the management's assessment of the most probable course of events must be assumed. In the 2013/14 annual report, special attention should be drawn to assumptions and uncertainties which are associated with accounting estimates on impairment tests of property, plant and equipment and financial assets, specification of repurchase obligation concerning returnable packaging as well as an assessment of contingent liabilities as these assumptions and uncertainties have had a considerable impact on the assets and liabilities recognised in the annual report and may require that corrections be made in subsequent financial years provided that the anticipated events do not occur as expected.

CHANGES TO USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT

As from 1 May 2011, the group has changed the estimated useful lives of non-current technical plant and investment properties.

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

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

In total, the group's depreciation has decreased by approx. DKK 29 million in 2013/14 due to changed useful lives.

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

	DKKm
FY 2014/15	27

CHANGE IN DANISH INCOME TAX RATE

A decision was made in June 2013 to lower the Danish income tax rate from 25% to 22% over the period 2014 to 2016. As a consequence of this, the obligation concerning deferred tax has been reduced by DKK 2,309k, which is recognised in the income statement and has had a positive effect on the results for the period.

3. SEGMENT INFORMATION FOR THE GROUP

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

REVENUE AND NON-CURRENT ASSETS DISTRIBUTED ON GEOGRAPHICAL AREAS
The group's activities are mainly distributed on Denmark, Germany and other geographical areas.

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

	Revenue from external customers		**Non-current assets**	
GROUP DKK '000	**2013/14**	**2012/13**	**2013/14**	**2012/13**
Denmark	335,252	338,411	349,844	372,561
Germany	610,862	585,760	375,213	392,499
Other countries (Africa, Asia, Middle East and the rest of Europe)	473,998	419,476	24,486	26,667
	1,420,112	**1,343,647**	**749,543**	**791,727**

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

4. PRODUCTION COSTS

GROUP DKK '000	2013/14	2012/13
Cost of sales	959,934	916,580
Write-down of inventories	1,120	868
Research and development costs; see note 5	2,174	324
Depreciation, amortisation, impairment losses and write-downs; see note 7	67,811	61,647
Other production costs	146,513	138,617
	1,177,552	**1,118,036**

5. RESEARCH AND DEVELOPMENT COSTS

Research and development costs incurred	2,174	1,490
Development costs recognised as intangible assets, note 14	0	(1,166)
	2,174	**324**

6. STAFF COSTS

GROUP DKK '000	2013/14	2012/13
Remuneration for the Board of Directors	720	803
Wages and salaries	167,544	162,825
Defined-contribution plans	7,409	7,480
Other social security costs	16,008	15,369
Other staff costs	2,830	3,194
Refunds from public authorities	(248)	(216)
	194,263	**189,455**
Staff costs comprise:		
Production costs	128,119	123,339
Distribution costs	45,300	44,177
Administrative expenses	20,844	20,773
Included in cost of development projects; see note 5	0	1,166
	194,263	**189,455**
Average number of employees	**603**	**559**

	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
DKK '000	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
Remuneration paid to members of the management						
Remuneration for the Board of Directors	720	803	0	0	0	0
Wages and salaries etc.	0	0	4,999	4,883	11,185	10,702
Pension	0	0	0	291	879	951
	720	**803**	**4,999**	**5,174**	**12,064**	**11,653**

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

PENSION PLANS

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

Except for one pension plan concerning a single employee, the group has not entered into any defined benefit plan agreements. The pension obligation, which has been actuarially determined by Longial GmbH as at 30 April 2014, has been recognised at DKK 1,796k under liabilities in the balance sheet.

7. DEPRECIATION, AMORTISATION, IMPAIRMENT LOSSES AND WRITE-DOWNS

GROUP

DKK '000	2013/14	2012/13
Intangible assets; see note 14	6,460	4,663
Buildings; see note 15	13,335	13,556
Plant and machinery; see note 15	55,652	47,284
Other plant etc.; see note 15	10,781	12,231
Investment properties; see note 16	3,696	3,693
Impairment of assets held for sale	200	0
Profit/(loss) from the sale of property, plant and equipment	(72)	1,282
	90,052	**82,709**
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	67,811	60,990
Distribution costs	8,153	9,462
Administrative expenses	10,392	6,842
Other operating expenses	3,696	5,415
	90,052	**82,709**

8. OTHER OPERATING INCOME

GROUP DKK '000	2013/14	2012/13
Government grants	10,023	7,021
Rental income	7,578	8,056
Insurance compensation	2,743	0
Other operating income	7,862	5,598
	28,206	**20,675**

9. FINANCIAL INCOME

Interest on bank deposits etc.	2,458	3,861
Interest on investment – assets available for sale	115	175
Interest income from financial assets not measured at fair value via net profit/(loss) for the year	**2,573**	**4,036**
Dividend from financial assets available for sale	54	72
Adjustment to fair value of liabilities in respect of assets held for sale	0	114
Foreign exchange gains	0	41
	2,627	**4,263**

10. FINANCIAL EXPENSES

Interest on mortgage debt	2,492	3,641
Interest on bank debt etc.	3,694	3,500
Financial expenses of financial liabilities not measured at fair value via net profit/(loss) for the year	**6,186**	**7,141**
Translation adjustment, liabilities in respect of assets held for sale	0	259
Foreign exchange loss	2,733	2,202
	8,919	**9,602**

11. TAX ON PROFIT/LOSS FOR THE YEAR

GROUP DKK '000	2013/14	2012/13
Current tax	4,648	45
Change in deferred tax	(2,527)	1,105
	2,121	**1,150**
Adjustment of deferred tax, previous years	0	(1,972)
Adjustment of current tax, previous years	0	1,835
Effect of change in Danish tax rate	(2,309)	0
	(2,309)	**(137)**
	(188)	**1,013**

Current income tax for the financial year for the Danish consolidated enterprises has been calculated on the basis of a tax rate of 24.5% (2012/13: 25%). For foreign consolidated enterprises, the tax rate applicable to the country in question has been used.

	2013/14 DKK '000	2013/14 %	2012/13 DKK '000	2012/13 %
Profit/(loss) before tax	**10,403**		**4,104**	
Calculated tax thereon	2,548	24.5	1,026	25.0
Effect of change in Danish tax rate	(2,309)	(22.2)	0	0.0
Non-deductible income and expenses	(1,768)	(17.0)	(1,053)	(25.7)
Effect of differences in the tax rates of foreign subsidiaries	1,341	12.9	1,177	28.7
Effect of adjustments, previous years	0	0.0	(137)	(3.3)
	(188)		**1,013**	
Effective tax rate		**(1.8)**		**24.7**

GROUP DKK '000	2013/14	2012/13
Tax on income and expenses recognised in other comprehensive income can be specified as follows:		
Changes in current tax on adjustment to fair value of financial assets available for sale	22	(42)
	22	**(42)**

12. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

GROUP DKK '000	2013/14	2012/13
Earnings per share and diluted earnings per share are identical as the company has not issued equity instruments with dilution effect.		
Earnings per share (DKK)	2.02	0.56
The basis of calculation of earnings per share from continuing and discontinued activities is as follows:		
Profit distributed to shareholders of the parent used in connection with the calculation of earnings per share	**10,627**	**3,127**

NO. OF SHARES OF DKK 10	2013/14	2012/13
Average number of shares	6,000,000	6,000,000
Average number of treasury shares	(737,472)	(434,862)
Number of shares used to calculate earnings per share (no.)/diluted	**5,262,528**	**5,565,138**

13. DIVIDEND

On 24 August 2013, the company distributed ordinary dividend of DKK 9,000k to its shareholders, corresponding to DKK 1.50 per DKK 10 share. (2011/12: DKK 9,000k, corresponding to DKK 1.50 per DKK 10 share).

For FY 2013/14, the Board of Directors recommends to the annual general meeting that dividend in the amount of DKK 2.00 per share be paid, corresponding to a total of DKK 12,000k.

14. INTANGIBLE ASSETS

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

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

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

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

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

The calculation of the recoverable amount is based on a discount rate of 7% (30 April 2013: 7%).

No amortisation of goodwill has been made as at 30 April 2014.

RIGHTS (BRANDS)
Rights which have an indefinable useful life and therefore cannot be amortised are recognised as at 30 April 2014 by 5,724k (2013: DKK 5,718k).

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

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

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

The calculation of the recoverable amount is based on a discount rate of 15%. (30 April 2013: 15%).

No amortisation of rights has been made as at 30 April 2014.

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

14. INTANGIBLE ASSETS, CONTINUED

GROUP DKK '000	GOODWILL	DEVELOPMENT PROJECTS	RIGHTS	SOFTWARE	INTANGIBLE ASSETS UNDER CONSTRUCTION
Cost as at 1 May 2013	3,573	7,121	5,718	38,310	153
Foreign currency translation adjustment	0	0	6	12	0
Transferred from property, plant and equipment	0	0	0	0	(10)
Transfers	0	0	0	64	(64)
Other additions	0	0	0	2,330	1
Cost as at 30 April 2014	**3,573**	**7,121**	**5,724**	**40,716**	**80**
Amortisation and impairment losses as at 1 May 2013	0	237	0	17,008	0
Foreign currency translation adjustment	0	0	0	8	0
Transferred from property, plant and equipment	0	0	0	0	0
Amortisation for the year	0	1,424	0	5,036	0
Amortisation and impairment losses as at 30 April 2014	**0**	**1,661**	**0**	**22,052**	**0**
Carrying amount as at 30 April 2014	**3,573**	**5,460**	**5,724**	**18,664**	**80**
Cost as at 1 May 2012	3,573	3,628	5,705	19,012	20,502
Foreign currency translation adjustment	0	0	13	25	0
Transferred from property, plant and equipment	0	0	0	0	(861)
Transfers	0	5,806	0	15,108	(20,914)
Other additions	0	1,315	0	4,227	1,426
Disposals	0	(3,628)	0	(62)	0
Cost as at 30 April 2013	**3,573**	**7,121**	**5,718**	**38,310**	**153**
Amortisation and impairment losses as at 1 May 2012	0	3,628	0	12,629	0
Foreign currency translation adjustment	0	0	0	15	0
Transferred from property, plant and equipment	0	0	0	0	0
Amortisation for the year	0	237	0	4,426	0
Reversal in connection with disposals	0	(3,628)	0	(62)	0
Amortisation and impairment losses as at 30 April 2013	**0**	**237**	**0**	**17,008**	**0**
Carrying amount as at 30 April 2013	**3,573**	**6,884**	**5,718**	**21,302**	**153**

15. PROPERTY, PLANT AND EQUIPMENT

GROUP DKK '000	LAND AND BUILDINGS	PRODUCTION PLANT AND MACHINERY	OTHER PLANT ETC.	SPARE PARTS FOR OWN MACHINERY	PLANT UNDER CONST.
Cost as at 1 May 2013	463,437	1,180,592	101,778	4,458	5,577
Reclassification	0	0	0	0	10
Foreign currency translation adjustment	225	689	41	0	3
Transfers	122	3,140	367	0	(3,629)
Other additions	3,130	20,220	7,136	0	12,828
Disposals	(7)	(2,221)	(5,081)	(839)	0
Cost as at 30 April 2014	**466,907**	**1,202,420**	**104,241**	**3,619**	**14,789**
Depreciation and impairment losses as at 1 May 2013	218,309	706,024	73,841	0	0
Foreign currency translation adjustment	78	413	32	0	0
Depreciation for the year	13,335	55,652	10,781	0	0
Reversal in connection with disposals	0	(1,833)	(4,271)	0	0
Depreciation and impairment losses as at 30 April 2014	**231,722**	**760,256**	**80,383**	**0**	**0**
Carrying amount as at 30 April 2014	**235,185**	**442,164**	**23,858**	**3,619**	**14,789**
Cost as at 1 May 2012	460,300	1,263,860	126,334	5,297	64,872
Reclassification	1,964	(5,129)	3,165	0	861
Foreign currency translation adjustment	496	1,389	83	0	125
Transfers	1,170	61,388	1,411	0	(63,969)
Other additions	2,789	16,918	9,558	0	3,867
Disposals	(3,282)	(157,834)	(38,773)	(839)	(179)
Cost as at 30 April 2013	**463,437**	**1,180,592**	**101,778**	**4,458**	**5,577**
Depreciation and impairment losses as at 1 May 2012	205,134	818,180	94,478	0	0
Reclassification	167	(2,852)	2,685	0	0
Foreign currency translation adjustment	158	866	61	0	0
Depreciation for the year	13,556	47,284	12,231	0	0
Reversal in connection with disposals	(706)	(157,454)	(35,614)	0	0
Depreciation and impairment losses as at 30 April 2013	**218,309**	**706,024**	**73,841**	**0**	**0**
Carrying amount as at 30 April 2013	**245,130**	**474,568**	**27,937**	**4,458**	**5,577**

16. INVESTMENT PROPERTIES

GROUP DKK '000	2014	2013
Cost as at 1 May	194,684	237,784
Reclassification	242	(50)
Additions in the period	261	277
Disposals	0	(43,327)
Cost as at 30 April	**195,187**	**194,684**
Depreciation and impairment losses as at 1 May	130,775	164,865
Reclassification	242	(50)
Depreciation for the period	3,695	3,693
Depreciation and impairment losses in respect of disposals	0	(37,733)
Depreciation and impairment losses as at 1 April	**134,712**	**130,775**
Carrying amount as at 30 April	**60,475**	**63,909**

At the balance sheet date, the fair value (level 3) amounted to DKK 72.8 million (30 April 2013: DKK 81.9 million) and exceeded the carrying amount by DKK 12.3 million.

The fair values are determined on the basis of the value in use of the assets based on future lease of buildings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an estimated market-specific discount rate of 7% (30 April 2013: 7%).

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

Rent income from the group's investment properties recognised under Other operating income amounted to DKK 7,578k (2012/13: DKK 8,056k).

Operating expenses and depreciation on the group's investment properties recognised under Other operating expenses amounted to DKK 11,713k (2012/13: DKK 13,570k). A loss before net financials and tax of DKK 3,360k was returned (2012/13: a loss of DKK 3,659k).

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

All leases include provisions on rent adjustment.

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

Future minimum rent for non-terminable leases	**2014 DKK '000**	**2013 DKK '000**
Within one year from the balance sheet date	7,551	6,834
Between one and five years from the balance sheet date	18,551	21,324
After five years from the balance sheet date	7,186	1,098
	33,288	**29,256**

17. FINANCIAL ASSETS AVAILABLE FOR SALE

GROUP DKK '000	2014	2013
Cost as at 1 May	185,101	195,454
Adjustment, beginning of year	16	(147)
Additions	0	173,020
Disposals	(171,973)	(183,226)
Cost as at 30 April	**13,144**	**185,101**
Revaluation and impairment losses as at 1 May	(4,501)	(4,493)
Adjustment, beginning of year	(16)	318
Reversal in connection with disposals	(14)	(203)
Adjustments for the year	93	(123)
Revaluation and impairment losses as at 30 April	**(4,438)**	**(4,501)**
Carrying amount as at 30 April	**8,706**	**180,600**
Financial assets available for sale comprise:		
Listed shares	272	180
Listed bonds	0	171,727
Unlisted shares and securities	8,434	8,693
	8,706	**180,600**

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

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

18. INVENTORIES

GROUP DKK '000	2014	2013
Raw materials, intermediates and non-returnable packaging	73,465	64,718
Finished goods and goods for resale	88,024	68,673
	161,489	**133,391**

19. TRADE RECEIVABLES

Trade receivables	**278,670**	**287,725**
Write-downs for expected losses	**2,046**2,779	
Provisions account as at 1 May	2,779	1,369
Foreign currency translation adjustment	(5)	0
Ascertained losses and payments received concerning claims previously written off for the year	(1,632)	(1,924)
Reversed write-downs	(151)	(15)
Write-downs for bad debts for the year	1,055	3,349
Provisions account as at 30 April	**2,046**	**2,779**
Write-downs for the year recognised in the income statement	**728**	**3,334**

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

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

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

Overdue receivables not written off:		
Overdue by up to one month	25,905	17,973
Overdue by between one and three months	2,873	3,680
Overdue by between three and six months	1,780	155
Overdue by more than six months	10,194	33,337
	40,752	**55,145**

20. OTHER RECEIVABLES

GROUP DKK '000	2014	2013
Other receivables	6,030	11,534
	6,030	**11,534**

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

21. ASSETS HELD FOR SALE

The Board of Directors of Harboes Bryggeri A/S has decided to sell one of its residential properties. The property is expected to sell within 12 months. The property is leased on a fixed-term contract with a pre-emption right.

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

Property, plant and equipment	2,400	2,400
Impairment losses for the year	(200)	0
Assets held for sale	**2,200**	**2,400**
Liabilities in respect of assets held for sale	0	0
Net assets held for sale	**2,200**	**2,400**

22. CASH

Cash and bank deposits	**96,235**	**13,780**

Please refer to note 37 for further information about the group's undrawn credit facilities.

23. SHARE CAPITAL

The share capital amounts to DKK 60,000k, divided into Class A shares with a nominal value of DKK 6,400k and Class B shares with a nominal value of DKK 53,600k. Each Class A share of DKK 10 carries 10 votes, and each Class B share of DKK 10 carries 1 vote.

The Class B shares are listed on NASDAQ OMX Copenhagen.

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

24. TREASURY SHARES

	2014	2013	NOMINAL VALUE		SHARE OF SHARE CAPITAL	
	NO. OF SHARES OF DKK 10	NO. OF SHARES OF DKK 10	2014 DKK '000	2013 DKK '000	2014 %	2013 %
Treasury shares as at 1 May	451,568	393,882	4,516	3,939	7.5	6.5
Purchase of treasury shares	859,622	57,686	8,596	577	14.4	1.0
Sale of treasury shares	0	0	0	0	0.0	0.0
Treasury shares as at 30 April	**1,311,190**	**451,568**	**13,112**	**4,516**	**21.9**	**7.5**

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

According to a decision made by the general meeting on 5 November 2010, the company can acquire up to 50% of the share capital until the company's annual general meeting in 2015.

In 2013/14, the company acquired treasury shares with a nominal value of DKK 8,596k at an average price of 89.34, corresponding to DKK 76.8 million (2012/13: purchased shares with a nominal value of DKK 577k, average price of 89.98).

In 2013/14, the company did not sell any treasury shares (2012/13: no sale of shares).

25. MINORITY INTERESTS

GROUP DKK '000	2014	2013
Minority interests as at 1 May	179	215
Share of net profit/(loss) for the year	(36)	(36)
Share of other comprehensive income	0	0
Minority interests as at 30 April	**143**	**179**

26. OTHER RESERVES

GROUP DKK '000	2013/14	2012/13
Reserve for foreign currency translation adjustments	536	95
Reserve for adjustment to fair value of financial assets available for sale	(4,608)	(4,662)
	(4,072)	**(4,567)**

	Reserve for foreign currency translation adjustments	Reserve for value adjustment of financial assets available for sale	Total
Other reserves as at 1 May 2013	95	(4,662)	(4,567)
Foreign currency translation adjustment regarding foreign enterprises	441	0	441
Adjustment to fair value of financial assets available for sale	0	70	70
Adjustment to fair value of financial assets available for sale, recirculation to income statement in connection with disposal	0	22	22
Tax on income and expenses recognised in other comprehensive income	0	(22)	(22)
Other adjustments	0	(16)	(16)
Other reserves as at 30 April 2014	**536**	**(4,608)**	**(4,072)**
Other reserves as at 1 April 2012	(1,031)	(4,581)	(5,612)
Foreign currency translation adjustment regarding foreign enterprises	1,126	0	1,126
Adjustment to fair value of financial assets available for sale	0	(123)	(123)
Tax on income and expenses recognised in other comprehensive income	0	42	42
Other reserves as at 30 April 2013	**95**	**(4,662)**	**(4,567)**

27. DEFERRED TAX LIABILITIES

GROUP DKK '000	Deferred tax assets	Deferred tax liabilities
Deferred tax liabilities and tax assets as at 1 May 2013	3,806	52,335
Change in deferred tax recognised in the income statement	1,998	(2,838)
Change in deferred tax recognised in other comprehensive income	0	0
Change in deferred tax offset against current tax	0	37
Deferred tax liabilities and tax assets as at 30 April 2014	**5,804**	**49,534**
Deferred tax liabilities and tax assets as at 1 May 2012	3,275	52,780
Change in deferred tax recognised in the income statement	531	(336)
Change in deferred tax recognised in other comprehensive income	0	(42)
Change in deferred tax offset against current tax	0	(67)
Deferred tax liabilities and tax assets as at 30 April 2013	**3,806**	**52,335**

	2014	2013
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	(5,804)	(3,806)
Deferred tax liabilities	49,534	52,335
Deferred tax liabilities and tax assets as at 30 April	**43,730**	**48,529**
Distribution of the distributable reserves in AS Viru Õlu, Haljala, Estonia, will trigger tax not provided or of	**0**	**95**

GROUP DKK '000	1 May	Recognised in the income statement	Recognised in other comprehensive income	Transferred to current tax	30 April
Non-current assets	52,895	(3,760)	0	0	49,135
Current assets	2,007	948	0	0	2,955
Liabilities	(4,188)	(2,209)	0	0	(6,397)
Tax losses carried forward	(1,936)	60	0	36	(1,840)
Temporary differences	**48,778**	**(4,961)**	**0**	**36**	**43,853**
Unutilised tax losses	(248)	125	0	0	(123)
Unutilised tax losses	**(248)**	**125**	**0**	**0**	**(123)**
Deferred tax liabilities 2014	**48,530**	**(4,836)**	**0**	**36**	**43,730**
Non-current assets	53,621	1,354	(42)	(2,038)	52,895
Current assets	1,855	152	0	0	2,007
Liabilities	(3,760)	(428)	0	0	(4,188)
Tax losses carried forward	(1,751)	(2,157)	0	1,972	(1,936)
Temporary differences	**49,965**	**(1,079)**	**(42)**	**(66)**	**48,778**
Unutilised tax losses	(460)	212	0	0	(248)
Unutilised tax losses	**(460)**	**212**	**0**	**0**	**(248)**
Deferred tax liabilities 2013	**49,505**	**(867)**	**(42)**	**(66)**	**48,529**

28. REPURCHASE OBLIGATION, RETURNABLE PACKAGING

GROUP DKK '000	2014	2013
Repurchase obligation as at 1 May	10,278	13,928
Applied and reversed during the financial year, net	(2,248)	(3,650)
Repurchase obligation as at 30 April	**8,030**	**10,278**
Provisions are recognised in the balance sheet as follows:		
Current liabilities	8,030	10,278
Non-current liabilities	0	0
	8,030	**10,278**

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

In consequence of Harboes Bryggeri A/S's continued phasing out of the 50 cl. REF/PET bottle, the company's repurchase obligation has been further reduced in 2013/14.

29. MORTGAGE DEBT

GROUP DKK '000	2014	2013
Mortgage debt secured on real property and securities	**216,242**	**231,826**
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	15,772	15,671
Between two and five years from the balance sheet date	63,857	63,062
After five years from the balance sheet date	136,613	153,093
	216,242	**231,826**
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	15,772	15,671
Non-current liabilities	200,470	216,155
	216,242	**231,826**

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR-TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Mortgage debt	DKK	2026	Floating	2,063	2,136	2,244
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,742
Mortgage debt	DKK	2027	Floating	159,641	159,641	159,740
Mortgage debt	DKK	2028	Floating	51,830	51,830	51,862
30 April 2014				**216,242**	**216,315**	**216,588**
Mortgage debt	DKK	2026	Floating	2,220	2,299	2,408
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,735
Mortgage debt	DKK	2027	Floating	171,485	171,485	171,727
Mortgage debt	DKK	2028	Floating	55,413	55,413	55,470
30 April 2013				**231,826**	**231,905**	**232,340**

The fair value (level 2) has been determined at the present value of expected future instalments and interest payments using the current market interest rate as the discount rate.

30. OTHER CREDIT INSTITUTIONS

GROUP DKK '000	2014	2013
Overdraft facility	**78,480**	**69,216**
Bank debt recognised in the balance sheet as follows:		
Current liability	**78,480**	**69,216**
The bank debt falls due as follows:		
On demand within one year from the balance sheet date	**78,480**	**69,216**

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR-TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Overdraft facility	DKK	2015	Floating	77,359	77,359	77,359
Overdraft facility	EUR	2015	Floating	1,121	1,121	1,121
30 April 2014				**78,480**	**78,480**	**78,480**
Overdraft facility	DKK	2014	Floating	27,182	27,182	27,182
Overdraft facility	EUR	2014	Floating	42,034	42,034	42,034
30 April 2013				**69,216**	**69,216**	**69,216**

The fair value (level 2) has been determined at the present value of expected future instalments and interest payments using the current market interest rate as the discount rate.

31. TRADE PAYABLES

GROUP DKK '000	2014	2013
Trade payables	172,008	172,341
	172,008	**172,341**

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

32. DEFERRED RECOGNITION OF INCOME

Deferred recognition of income from investment grants	**68,756**	**76,904**

Deferred recognition of income is recognised in the balance sheet as follows:

Long-term deferral of recognition of income	60,882	66,868
Short-term deferral of recognition of income	7,874	10,036
	68,756	**76,904**

Repayment obligation; see note 35.

33. OTHER PAYABLES

Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	13,422	11,793
Holiday pay obligations etc.	13,313	12,565
VAT and taxes payable	19,715	34,738
Other costs payable	35,038	46,269
Other short-term payables	**81,488**	**105,365**

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

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

34. OPERATING LEASE COMMITMENTS

GROUP DKK '000	2014	2013

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

	2014	2013
Minimum lease payments recognised in the income statement	**10,489**	**9,830**
The minimum lease payments comprise:		
Production	2,439	2,119
Distribution	1,073	622
Administration	769	677
Other operating expenses	6,208	6,412
	10,489	**9,830**

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

	2014	2013
Within one year from the balance sheet date	5,006	9,484
Between two and five years from the balance sheet date	8,044	11,696
After five years from the balance sheet date	0	293
	13,050	**21,473**

The group has entered into leases in respect of land and buildings. The leases have been entered into with companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The leases (registered on the individual properties) cannot be terminated by the lessor or the lessee until 2020. The annual rent amounts to DKK 6,478k (2012/13: DKK 6,680k). The total future minimum lease payments in the period of non-terminability amount to DKK 8,904k. The amount is contained in the figures above.

Lease and sublease

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

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

	2014	2013
Within one year from the balance sheet date	5,826	5,774
Between two and five years from the balance sheet date	11,652	17,322
After five years from the balance sheet date	0	0
	17,478	**23,096**

35. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

GROUP DKK '000	2014	2013

Security

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

Carrying amount of mortgaged properties	**134,566**	**137,306**
Carrying amount of pledged mortgage credit bonds	**0**	**171,727**

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

As security for mortgage debt, a mortgage deed registered to the owner with a nominal value of EUR 16,362k or DKK 121,124k over foreign properties and plant has been deposited.

Carrying amount of mortgaged properties and plant	**359,118**	**376,048**

Contingent liabilities

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

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

36. CHANGES IN NET WORKING CAPITAL

GROUP DKK '000	2014	2013
Change in inventories	(28,010)	3,693
Change in trade receivables	9,205	(9,562)
Change in other receivables	3,490	(5,049)
Change in trade payables etc.	(451)	(17,545)
Change in other payables	(22,192)	9,009
	(37,958)	**(19,454)**

37. CASH AND CASH EQUIVALENTS

Cash and bank deposits	96,235	13,780
Overdraft facilities	(78,480)	(69,216)
	17,755	**(55,436)**

The carrying amount of cash and cash equivalents corresponds to the fair value of such cash and cash equivalents. The group has undrawn credit facilities totalling DKK 141.5 million as at 30 April 2014 (2012/13: DKK 150.8 million).

38. FEE TO THE AUDITORS OF THE PARENT APPOINTED BY THE GENERAL MEETING

GROUP DKK '000	2013/14	2012/13
Deloitte		
Statutory audit	1,866	1,728
Other assurance engagements	145	226
Tax advice	198	15
Other services	60	205
	2,269	**2,174**
Other		
Statutory audit	557	570
Other assurance engagements	0	199
Tax advice	53	122
Other services	178	26
	788	**917**

39. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

GROUP DKK '000	2014	2013
Categories of financial instruments		
Trade receivables	278,670	287,725
Other receivables	6,030	11,534
Deposits, leases	2,423	2,403
Cash	96,235	13,780
Loans and receivables	**383,358**	**315,442**
Financial assets available for sale	8,706	180,600
Financial assets available for sale	**8,706**	**180,600**
Mortgage debt	216,242	231,826
Other credit institutions	78,480	69,216
Trade payables	172,008	172,341
Repurchase obligation, returnable packaging	8,030	10,278
Other payables	81,489	105,365
Financial liabilities measured at amortised cost	**556,249**	**589,026**

Risk policy of the group

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

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

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

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

No changes were seen in the group's risk exposure and risk management relative to 2012/13.

Currency risks concerning recognised assets and liabilities

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

GROUP

DKK '000	CASH AND CASH EQUIVALENTS	RECEIVABLES	LIABIL-ITIES	NET POSITION
EUR	63,770	217,102	(487,046)	(206,174)
SEK	24,740	3,889	(819)	27,810
NOK	6,121	179	(10)	6,290
Other currencies	1,191	625	(145)	1,671
30 April 2014	**95,822**	**221,795**	**(488,020)**	**(170,403)**
EUR	978	385,875	(338,662)	50,148
SEK	4,402	4,497	(686)	8,213
NOK	1,006	1,770	(1,238)	1,538
Other currencies	507	99	(57)	549
30 April 2013	**6,893**	**392,241**	**(340,643)**	**60,448**

39. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

Sensitivity analysis concerning foreign exchange

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

GROUP DKK '000	2013/14	2012/13
Equity's sensitivity to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	1,557	24
Effect if the USD exchange rate was 5% lower than the actual exchange rate	(14)	3
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,050)	(1,639)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(237)	0
Effect if other exchange rates were 5% lower than the actual exchange rate	(3)	(384)
	253	**(1,996)**
Sensitivity of net profit/loss to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	(1,067)	400
Effect if the USD exchange rate was 5% lower than the actual exchange rate	2	2
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(955)	(1,331)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(218)	(350)
Effect if other exchange rates were 5% lower than the actual exchange rate	(49)	24
	(2,287)	**(1,255)**

Currency risks concerning future cash flows

The group's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future. The transactions are expected to be at the level realised in 2013/14.

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

Interest rate risks

Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The group's net interest-bearing debt as at 30 April 2014 was DKK 196.8 million (2013: DKK 115.5 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit/loss for the year before tax negatively by approx. DKK 2.0 million (2012/13: approx. DKK 1.2 million).

Liquidity risks

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

GROUP DKK '000	2013/14	2012/13
The liquidity reserve comprises:		
Cash	96,235	13,780
Undrawn credit facilities	141,520	150,784
Bond portfolio	0	171,727
	237,755	**336,291**
In addition, the company has treasury shares with a fair value of	**122,596**	**34,771**

Credit risks

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

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

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

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

39. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

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

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

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

The group's financial gearing appears from the financial highlights on page 8.

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

Methods and assumptions for the determination of fair values
Listed bonds
The portfolio of listed mortgage credit bonds is measured at listed prices (level 1).

Listed shares
The portfolio of listed shares is measured at listed prices (level 1).

Unlisted shares and securities
Unlisted shares (level 2) are measured on the basis of an active market for trade in unlisted shares. Unlisted shares and securities (level 3) comprised by industry-related investments etc. measured at cost where the fair value is roughly considered to be identical to the carrying amount.

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

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

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

2013/14	LEVEL 1 DKK '000	LEVEL 2 DKK '000	LEVEL 3 DKK '000	TOTAL DKK '000
Listed shares	272	0	0	272
Unlisted shares and securities	0	2,400	6,034	8,434
Financial assets available for sale	**272**	**2,400**	**6,034**	**8,706**

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

2012/13				
Listed mortgage credit bonds	171,727	0	0	171,727
Listed shares	180	0	0	180
Unlisted shares and securities	0	2,400	6,293	8,693
Financial assets available for sale	**171,907**	**2,400**	**6,293**	**180,600**

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

39. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

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

GROUP DKK '000	FINANCIAL ASSETS AVAILABLE FOR SALE
Carrying amount as at 1 May 2012	**5,357**
Gains/(losses) in net profit/(loss) for the year	(130)
Gains/(losses) in other comprehensive income	0
Purchase	1,307
Sale	(241)
Carrying amount as at 30 April 2013	**6,293**
Gains/(losses) in net profit/(loss) for the year	0
Gains/(losses) in other comprehensive income	0
Purchase	0
Sale	(259)
Carrying amount as at 30 April 2014	**6,034**

40. RELATED PARTIES

Related parties with a controlling influence

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

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

TRANSACTIONS WITH RELATED PARTIES

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

2013/14 **DKK '000**	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
Sale of goods	2,210	0	0	2,210
Purchase of goods	22,935	0	0	22,935
Sale of services	1,388	0	0	1,388
Purchase of services	955	396	343	1,694
Sale of leases	1,726	0	0	1,726
Purchase of leases	6,477	0	0	6,477
Fees etc.	5,386	12,791	420	18,597
Deposits, leases	2,423	0	0	2,423
Trade receivables etc.	2,235	0	0	2,235
Trade payables etc.	480	0	0	480
Distribution of dividend	1,363	55	46	1,464

40. RELATED PARTIES, CONTINUED

2012/13 DKK '000	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
Sale of goods	1,072	0	0	1,072
Purchase of goods	14,462	0	0	14,462
Sale of services	977	0	0	977
Purchase of services	1,092	544	336	1,972
Sale of leases	1,401	0	0	1,401
Purchase of leases	6,682	0	0	6,682
Fees etc.	5,284	12,457	420	18,161
Deposits, leases	2,403	0	0	2,403
Trade receivables etc.	793	0	0	793
Trade payables etc.	285	85	0	370
Distribution of dividend	1,363	66	34	1,463

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

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

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

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

The leases, which are registered on the individual properties, cannot be terminated by the lessor until 2020 and by the lessee until 2017. The annual rent amounts to DKK 6,478k (2012/13: DKK 6,680k). The total future minimum lease payments in the period of non-terminability amount to DKK 8,904k; see note 34.

Remuneration etc. to the Board of Directors, the Board of Executives and other key staff members
Please refer to note 6 for information on remuneration paid to the Board of Directors, the Board of Executives and other key staff members. The remuneration is included in the above.

41. ADOPTION OF ANNUAL REPORT FOR PUBLICATION

At the board meeting on 3 July 2014, the Board of Directors adopted the present annual report for publication.

The annual report is presented to the shareholders of Harboes Bryggeri A/S for adoption at the annual general meeting on 25 August 2014.

FINANCIAL STATEMENTS OF THE PARENT 2013/14

INCOME STATEMENT

PARENT DKK '000	NOTE	2013/14	2012/13
Gross revenue		727,635	713,698
Taxes on beer and soft drinks		(109,546)	(153,267)
Revenue		**618,089**	**560,431**
Production costs	3, 4, 5, 6	(514,655)	(459,835)
Gross profit/(loss)		**103,434**	**100,596**
Other operating income		736	576
Distribution costs		(81,161)	(76,183)
Administrative expenses		(33,529)	(30,819)
Operating profit/(loss) (EBIT)		**(10,520)**	**(5,830)**
Income from equity investments in subsidiaries	7	155	453
Financial income	8	2,027	2,063
Financial expenses	9	(4,999)	(4,310)
Profit/(loss) before tax		**(13,337)**	**(7,624)**
Tax on profit/(loss) for the year	10	5,628	2,296
Net profit/(loss) for the year		**(7,709)**	**(5,328)**
Proposal for the distribution of net profit/loss			
Dividend for the financial year	11	12,000	9,000
Retained earnings		(19,709)	(14,328)
		(7,709)	**(5,328)**

STATEMENT OF COMPREHENSIVE INCOME

PARENT DKK '000	NOTE	2013/14	2012/13
Net profit/(loss) for the year		**(7,709)**	**(5,328)**
Other comprehensive income:			
Items which may be reclassified to the income statement:			
Adjustment to fair value of financial assets available for sale		92	34
Tax on other comprehensive income	10	(22)	0
Other comprehensive income		**70**	**34**
Total comprehensive income		**(7,639)**	**(5,294)**

BALANCE SHEET AS AT 30 APRIL

PARENT DKK '000	NOTE	2014	2013
Development projects		5,460	6,884
Software		16,533	17,680
Intangible assets under construction		80	153
Intangible assets	**12**	**22,073**	**24,717**
Land and buildings		101,223	107,311
Plant and machinery		196,362	214,178
Other plant		16,093	19,589
Spare parts for own machinery		3,619	4,458
Property, plant and equipment under construction		10,474	2,308
Property, plant and equipment	**13**	**327,771**	**347,844**
Equity investments in subsidiaries	14	109,475	109,963
Financial assets available for sale	15	8,601	8,768
Receivable from subsidiary	15	24,245	23,895
Financial assets		**142,321**	**142,626**
Non-current assets		**492,165**	**515,187**
Inventories	**16**	**64,702**	**50,139**
Trade receivables	17	93,393	128,600
Receivables from subsidiaries		131	13,859
Other receivables	18	1,765	2,867
Joint taxation contribution receivable	10	12	0
Income tax receivable	10	771	619
Prepayments		3,605	2,230
Receivables		**99,677**	**148,175**
Cash	**19**	**32,188**	**6,372**
Assets held for sale	**20**	**2,200**	**2,400**
Current assets		**198,767**	**207,086**
Assets		**690,932**	**722,273**

BALANCE SHEET AS AT 30 APRIL

PARENT DKK '000	NOTE	2014	2013
Share capital	21	60,000	60,000
Share premium		0	51,000
Reserves	23	(4,608)	(4,678)
Retained earnings		171,917	213,752
Equity		**227,309**	**320,074**
Mortgage debt	26	4,613	4,771
Deferred tax liabilities	24	23,782	29,955
Deferred recognition of income	29	3,454	2,688
Non-current liabilities		**31,849**	**37,414**
Deferred recognition of income	29	877	576
Mortgage debt	26	158	157
Other credit institutions	27	78,129	69,216
Trade payables	28	67,619	81,577
Repurchase obligation, returnable packaging	25	8,030	10,278
Payables to subsidiaries		229,012	122,857
Other payables	30	45,924	71,622
Joint taxation contribution payable	10	2,025	8,502
Current liabilities		**431,774**	**364,785**
Liabilities		**463,623**	**402,199**
Equity and liabilities		**690,932**	**722,273**

CASH FLOW STATEMENT

PARENT DKK '000	NOTE	2013/14	2012/13
Operating profit/(loss) (EBIT)		(10,520)	(5,830)
Depreciation, amortisation, impairment losses and write-downs	6	41,204	39,684
Grants recognised as income		(736)	(576)
Change in net working capital	33	(21,533)	2,813
Cash flows from primary operating activities		**8,415**	**36,091**
Financial income received		1,973	1,991
Financial expenses paid		(4,999)	(4,310)
Income tax paid		(7,207)	728
Cash flows from operating activities		**(1,818)**	**34,500**
Purchase of intangible assets		(1,821)	(6,092)
Purchase of property, plant and equipment		(18,317)	(18,863)
Sale of property, plant and equipment		1,849	7,397
Purchase of financial assets		0	(1,291)
Sale of financial assets		259	241
Dividend received from subsidiaries		643	56,533
Dividend received from financial assets available for sale		54	72
Change in loan to subsidiary/capital reduction		2,281	1,156
Cash flows from investing activities		**(15,052)**	**39,153**
Dividend paid to shareholders of the parent		(8,323)	(8,328)
Purchase/sale of treasury shares		(76,802)	(5,190)
Investment grant received		1,803	0
Repayment of mortgage debt		(157)	(3,245)
Cash flows from financing activities		**(83,479)**	**(16,763)**
Change in cash and cash equivalents		**(100,349)**	**56,890**
Cash and cash equivalents as at 1 May		(174,604)	(231,494)
Cash and cash equivalents as at 30 April	**34**	**(274,953)**	**(174,604)**

STATEMENT OF CHANGES IN EQUITY

PARENT DKK ’000	SHARE CAPITAL	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
Equity as at 1 May 2012	**60,000**	**51,000**	**(4,712)**	**232,598**	**338,886**
Net profit/(loss) for the year	0	0	0	(5,328)	(5,328)
Other comprehensive income after tax	0	0	34	0	34
Comprehensive income for the financial year	**0**	**0**	**34**	**(5,328)**	**(5,294)**
Purchase of treasury shares	0	0	0	(5,190)	(5,190)
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	672	672
	0	**0**	**0**	**(13,518)**	**(13,518)**
Equity as at 30 April 2013	**60,000**	**51,000**	**(4,678)**	**213,752**	**320,074**
Equity as at 1 May 2013	60,000	51,000	(4,678)	213,752	320,074
Net profit/(loss) for the year	0	0	0	(7,709)	(7,709)
Other comprehensive income after tax	0	0	70	0	70
Comprehensive income for the financial year	**0**	**0**	**70**	**(7,709)**	**(7,639)**
Transfer	0	(51,000)	0	51,000	0
Purchase of treasury shares	0	0	0	(76,802)	(76,802)
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	677	677
	0	**(51,000)**	**0**	**(34,125)**	**(34,125)**
Equity as at 30 April 2014	**60,000**	**0**	**(4,608)**	**171,918**	**227,310**

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1. ACCOUNTING POLICIES

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

2. SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

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

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

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

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

	DKKm
FY 2014/15	6

Change in Danish income tax rate
A decision was made in June 2013 to lower the Danish income tax rate from 25% to 22% over the period 2014 to 2016. As a consequence of this, the obligation concerning deferred tax has been reduced by DKK 2,631k, which is recognised in the income statement and has had a positive effect on the results for the period.

3. PRODUCTION COSTS

PARENT DKK '000	2013/14	2012/13
Cost of sales	441,751	399,832
Research and development costs; see note 4	2,174	324
Depreciation, amortisation, impairment losses and write-downs; see note 6	31,878	32,313
Other production costs	38,852	27,366
	514,655	**459,835**

4. RESEARCH AND DEVELOPMENT COSTS

Research and development costs incurred	2,174	1,490
Development costs recognised as intangible assets, note 12	0	(1,166)
	2,174	**324**

5. STAFF COSTS

Remuneration to the Board of Directors	727	803
Wages and salaries	86,740	84,733
Defined-contribution plans	7,409	7,365
Other social security costs	1,822	1,952
Other staff costs	2,609	2,989
Refunds from public authorities	(184)	(210)
	99,123	**97,632**
Staff costs comprise:		
Production costs	55,404	53,699
Distribution costs	30,185	29,003
Administrative expenses	13,534	13,764
Included in cost of development projects	0	1,166
	99,123	**97,632**
Average number of employees	**218**	**192**

PARENT
DKK '000

	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
	2013/14 DKK '000	2012/13 DKK '000	2013/14 DKK '000	2012/13 DKK '000	2013/14 DKK '000	2012/13 DKK '000
Remuneration paid to members of the management						
Remuneration for the Board of Directors	727	803	0	0	0	0
Wages and salaries etc.	0	0	4,396	4,031	8,311	7,964
Pension	0	0	0	291	879	951
	727	**803**	**4,396**	**4,322**	**9,190**	**8,915**

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

Pension plans

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

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

PARENT DKK '000	2013/14	2012/13
Intangible assets; see note 12	4,455	3,024
Buildings; see note 13	6,547	6,732
Plant and machinery; see note 13	24,642	23,863
Other plant etc.; see note 13	5,440	6,641
Profit/(loss) from the sale of property, plant and equipment	(80)	(576)
Impairment of assets held for sale	200	0
	41,204	**39,684**
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	31,878	32,313
Distribution costs	2,533	2,689
Administrative expenses	6,793	4,682
	41,204	**39,684**

7. INCOME FROM EQUITY INVESTMENTS IN SUBSIDIARIES

Dividend	643	56,533
Value adjustment/impairment	(488)	(56,080)
	155	**453**

8. FINANCIAL INCOME

PARENT DKK '000	2013/14	2012/13
Interest on bank deposits etc.	7	9
Interest on receivables from subsidiaries	1,851	1,652
Interest on investment – assets available for sale	115	175
Interest income from financial assets not measured at fair value via net profit/(loss) for the year	**1,973**	**1,836**
Dividend from financial assets available for sale	54	72
Adjustment to fair value of liabilities in respect of assets held for sale	0	114
Net foreign exchange gains and losses	0	41
	2,027	**2,063**

9. FINANCIAL EXPENSES

Interest on mortgage debt	77	145
Interest on bank debt etc.	3,486	3,165
Interest on payables to subsidiaries	20	741
Financial expenses of financial liabilities not measured at fair value via net profit/(loss) for the year	**3,583**	**4,051**
Translation adjustment, liabilities in respect of assets held for sale	0	259
Net foreign exchange gains and losses	1,416	0
	4,999	**4,310**

10. TAX ON PROFIT/LOSS FOR THE YEAR

PARENT DKK '000	2013/14	2012/13
Current tax	543	1,454
Change in deferred tax	(3,540)	(3,233)
	(2,997)	**(1,779)**
Adjustment of deferred tax regarding previous financial years	0	(1,072)
Adjustment of current tax regarding previous financial years	0	1,455
Effect of change in income tax rate	(2,631)	0
	(2,631)	**(517)**
	(5,628)	**(2,296)**

The current income tax for the financial year has been calculated on the basis of a tax rate of 24.5% (2012/13: 25%).

	2013/14 DKK '000	2013/14 %	2012/13 DKK '000	2012/13 %
Profit/(loss) before tax	**(13,337)**		**(7,624)**	
Calculated tax thereon	(3,267)	24.5	(1,906)	25.0
Non-deductible income and expenses as well as depreciation, amortisation, impairment losses and write-downs	270	(2.2)	(390)	5.1
Effect of change in income tax rate	(2,631)	19.7	0	0
	(5,628)		**(2,296)**	
Effective tax rate		**42.2**		**30.1**

10. TAX ON PROFIT/LOSS FOR THE YEAR, CONTINUED

PARENT DKK '000	2013/14	2012/13
Tax on other comprehensive income		
Adjustment to fair value of financial assets available for sale	22	0
	22	**0**
Income tax payable		
Income tax payable and receivable in the jointly taxed enterprises	0	0
Joint taxation contribution payable to jointly taxed enterprises with tax losses	**2,025**	**8,502**
Joint taxation contribution receivable from jointly taxed enterprises with tax profits	12	0
Income tax receivable	**771**	**619**

11. DIVIDEND

For a description of paid dividend and proposed dividend payments, please refer to note 13 of the consolidated financial statements.

12. INTANGIBLE ASSETS

PARENT DKK '000	DEVELOPMENT PROJECTS	SOFTWARE	PLANT UNDER CONSTRUCTION
Cost as at 1 May 2013	7,121	25,871	153
Reclassification to property, plant and equipment	0	0	(10)
Transfer	0	58	(58)
Additions	0	1,826	(5)
Cost as at 30 April 2014	**7,121**	**27,755**	**80**
Amortisation and impairment losses as at 1 May 2013	237	8,191	0
Amortisation for the year	1,424	3,031	0
Amortisation and impairment losses as at 30 April 2014	**1,661**	**11,222**	**0**
Carrying amount as at 30 April 2014	**5,460**	**16,533**	**80**
Cost as at 1 May 2012	3,628	7,474	20,502
Reclassification to property, plant and equipment	0	0	(861)
Transfer	5,806	15,108	(20,914)
Additions	1,315	3,351	1,426
Disposals	(3,628)	(62)	0
Cost as at 30 April 2013	**7,121**	**25,871**	**153**
Amortisation and impairment losses as at 1 May 2012	3,628	5,466	0
Amortisation for the year	237	2,787	0
Reversal in connection with disposals	(3,628)	(62)	0
Amortisation and impairment losses as at 30 April 2013	**237**	**8,191**	**0**
Carrying amount as at 30 April 2013	**6,884**	**17,680**	**153**

13. PROPERTY, PLANT AND EQUIPMENT

PARENT DKK '000	LAND AND BUILDINGS	PRODUCTION PLANT AND MACHINERY	OTHER PLANT ETC.	SPARE PARTS FOR OWN MACHINERY	PLANT UNDER CONSTRUCTION
Cost as at 1 May 2013	251,456	523,749	59,476	4,458	2,308
Reclassification from intangible assets	0	0	0	0	10
Transfers	122	1,741	10	0	(1,873)
Other additions	337	5,247	2,704	0	10,029
Disposals	0	(556)	(4,858)	(839)	0
Cost as at 30 April 2014	**251,915**	**530,181**	**57,332**	**3,619**	**10,474**
Depreciation and impairment losses as at 1 May 2013	144,145	309,571	39,889	0	0
Depreciation for the year	6,547	24,642	5,440	0	0
Reversal in connection with disposals	0	(394)	(4,090)	0	0
Depreciation and impairment losses as at 30 April 2014	**150,692**	**333,819**	**41,239**	**0**	**0**
Carrying amount as at 30 April 2014	**101,223**	**196,362**	**16,093**	**3,619**	**10,474**
Cost as at 1 May 2012	251,487	662,957	84,491	5,297	11,965
Reclassification from intangible assets	0	(3,108)	3,108	0	861
Transfers	614	8,403	1,391	0	(10,408)
Other additions	2,637	10,284	5,873	0	69
Disposals	(3,282)	(154,787)	(35,387)	(839)	(179)
Cost as at 30 April 2013	**251,456**	**523,749**	**59,476**	**4,458**	**2,308**
Depreciation and impairment losses as at 1 May 2012	138,119	443,065	62,836	0	0
Reclassification	0	(2,643)	2,643	0	0
Depreciation for the year	6,732	23,863	6,641	0	0
Reversal in connection with disposals	(706)	(154,714)	(32,233)	0	0
Depreciation and impairment losses as at 30 April 2013	**144,145**	**309,571**	**39,887**	**0**	**0**
Carrying amount as at 30 April 2013	**107,311**	**214,178**	**19,589**	**4,458**	**2,308**

14. EQUITY INVESTMENTS IN SUBSIDIARIES

PARENT DKK '000	2014	2013
Cost as at 1 May	375,419	375,353
Capital increase through cash contribution	0	66
Cost as at 30 April	**375,419**	**375,419**
Impairment as at 1 May	(265,456)	(209,376)
Impairment for the year	(488)	(56,080)
Impairment as at 30 April	**(265,944)**	**(265,456)**
Carrying amount as at 30 April	**109,475**	**109,963**

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

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

Impairment for the year can be specified as follows:

Harboe Norge AS	400	1,000
Harboe Sverige AB	0	80
Harboe Ejendomme A/S	0	55,000
Harboes Poland Z.O.O	88	0
	488	**56,080**

The carrying amounts of equity investments in subsidiaries are reviewed at the balance sheet date to determine whether there are any indications of impairment. If this is the case, the recoverable amount of the asset is assessed to determine the need for any impairment and the extent of such impairment.

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

The fair values are determined on the basis of the value in use of the assets based on future earnings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an estimated market-specific discount rate of 7-15% (30 April 2013: 7-12.5%).

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

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

15. FINANCIAL ASSETS AVAILABLE FOR SALE AND RECEIVABLES FROM SUBSIDIARIES

PARENT DKK '000	ASSETS AVAILABLE FOR SALE	RECEIVABLE FROM SUBSID-IARIES
Cost as at 1 May 2013	13,299	23,895
Adjustment, beginning of year	0	25
Additions	0	4,106
Disposals	(260)	(3,781)
Cost as at 30 April 2014	**13,039**	**24,245**
Revaluation and impairment losses as at 1 May 2013	(4,531)	0
Adjustments for the year	93	0
Revaluation and impairment losses as at 30 April 2014	**(4,438)**	**0**
Carrying amount as at 30 April 2014	**8,601**	**24,245**
Cost as at 1 May 2012	12,509	22,960
Adjustment, beginning of year	(147)	54
Additions	1,307	1,491
Disposals	(370)	(610)
Cost as at 30 April 2013	**13,299**	**23,895**
Revaluation and impairment losses as at 1 May 2012	(4,712)	0
Adjustment, beginning of year	147	0
Adjustments for the year	34	0
Revaluation and impairment losses as at 30 April 2013	**(4,531)**	**0**
Carrying amount as at 30 April 2013	**8,768**	**23,895**
Financial assets available for sale are measured at fair value at the balance sheet date.		
Listed shares	272	180
Unlisted shares and securities	8,329	8,588
	8,601	**8,768**
Receivable from subsidiary	**24,245**	**23,895**

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

Receivable from subsidiary is stated in EUR. No due date has been set for the receivable. The receivable carried a floating rate of interest of approx. 2.0% in 2013/14.

16. INVENTORIES

PARENT DKK '000	2014	2013
Raw materials, semi-manufactures and non-returnable packaging	24,921	24,359
Finished goods and goods for resale	39,781	25,780
	64,702	**50,139**

17. TRADE RECEIVABLES

Trade receivables	**93,393**	**128,600**
Write-downs for expected losses	**754**	**850**

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

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

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

Provisions account as at 1 May	850	400
Ascertained losses and payments received concerning claims previously written off for the year	(312)	(125)
Reversed write-downs	(116)	0
Write-downs for bad debts for the year	332	575
Provisions account as at 30 April	**754**	**850**
Write-downs for the year recognised in the income statement	**96**	**575**
Overdue receivables not written off:		
Overdue by up to one month	3,889	2,015
Overdue by between one and three months	2,120	2,070
Overdue by between three and six months	387	0
Overdue by more than six months	573	24,255
	6,969	**28,340**

18. OTHER RECEIVABLES

PARENT DKK '000	2014	2013
Other receivables	**1,765**	**2,867**

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

19. CASH

Cash and bank deposits	**32,188**	**6,372**

The group has undrawn credit facilities of DKK 141.5 million (2012/13: DKK 150.8 million).

20. ASSETS HELD FOR SALE

PARENT DKK '000	2014	2013

The Board of Directors of Harboes Bryggeri A/S has decided to sell one of its residential properties. The property is expected to sell within 12 months. The property is leased on a fixed-term contract with a pre-emption right.
Proceeds from the sale are expected to correspond to the carrying amount of assets and liabilities.

	2014	2013
Property, plant and equipment	2,400	2,400
Impairment losses for the year	(200)	0
Assets held for sale	**2,200**	**2,400**
Liabilities in respect of assets held for sale	0	0
Net assets held for sale	**2,200**	**2,400**

21. SHARE CAPITAL

The share capital amounts to DKK 60,000k, divided into Class A shares with a nominal value of DKK 6,400k and Class B shares with a nominal value of DKK 53,600k.
Each Class A share of DKK 10 carries 10 votes, and each Class B share of DKK 10 carries 1 vote.

The Class B shares are listed on NASDAQ OMX Copenhagen.

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

22. TREASURY SHARES

	2014 NO. OF SHARES OF DKK 10	2013 NO. OF SHARES OF DKK 10	NOMINAL VALUE 2014 DKK '000	NOMINAL VALUE 2013 DKK '000	SHARE OF SHARE CAPITAL 2014 %	SHARE OF SHARE CAPITAL 2013 %
Treasury shares as at 1 May	451,568	393,882	4,516	3,939	7.5	6.5
Purchase of treasury shares	859,622	57,686	8,596	577	14.4	1.0
Sale of treasury shares	0	0	0	0	0	0.0
Treasury shares as at 30 April	**1,311,190**	**451,568**	**13,112**	**4,516**	**21.9**	**7.5**

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

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

In 2013/14, the company acquired treasury shares with a nominal value of DKK 8,596k at an average price of 89.34, corresponding to DKK 76.8 million (2012/13: purchased shares with a nominal value of DKK 577k, average price of 89.98).

In 2013/14, the company did not sell any treasury shares (2012/13: no sale of shares).

23. OTHER RESERVES

PARENT DKK '000	2014	2013
Reserve for adjustment to fair value of financial assets available for sale	**(4,608)**	**(4,678)**

	Reserve for value adjustment of financial assets available for sale
Other reserves as at 1 May 2013	(4,678)
Adjustment to fair value of financial assets available for sale	92
Tax on income and expenses recognised in other comprehensive income	(22)
Other reserves as at 30 April 2014	**(4,608)**
Other reserves as at 1 May 2012	(4,712)
Adjustment to fair value of financial assets available for sale	34
Other reserves as at 30 April 2013	**(4,678)**

24. DEFERRED TAX LIABILITIES

PARENT DKK '000	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Deferred tax assets and tax liabilities as at 1 May 2012	0	35,160
Change in deferred tax recognised in the income statement	0	(5,205)
Deferred tax assets and tax liabilities as at 30 April 2013	**0**	**29,955**
Change in deferred tax recognised in the income statement	0	(6,173)
Deferred tax assets and tax liabilities as at 30 April 2014	**0**	**23,782**

	2014	2013
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax liabilities	**23,782**	**29,955**

	1 MAY	RECOGNISED IN INCOME STATEMENT	RECOGNISED IN OTHER COMPREHENSIVE INCOME	TRANSFERRED TO CURRENT TAX	30 APRIL
Non-current assets	33,720	(5,174)	0	0	28,546
Current assets	1,721	(61)	0	0	1,660
Liability	(1,030)	215	0	0	(815)
Unutilised tax losses	749	(185)	0	0	564
Deferred tax liabilities 2013	**35,160**	**(5,205)**	**0**	**0**	**29,955**
Non-current assets	28,546	(6,688)	0	0	21,858
Current assets	1,660	806	0	0	2,466
Liability	(815)	(147)	0	0	(962)
Unutilised tax losses	564	(144)	0	0	420
Deferred tax liabilities 2014	**29,955**	**(6,173)**	**0**	**0**	**23,782**

25. REPURCHASE OBLIGATION, RETURNABLE PACKAGING

PARENT DKK '000	2014	2013
Repurchase obligation as at 1 May	10,278	13,928
Changes during the financial year, net	(2,248)	(3,650)
Repurchase obligation as at 30 April	**8,030**	**10,278**
Provisions are recognised in the balance sheet as follows:		
Current liabilities	8,030	10,278
Non-current liabilities	0	0
	8,030	**10,278**

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

In consequence of Harboes Bryggeri's continued phasing out of the 50 cl. REF/PET bottle, the company's repurchase obligation has been further reduced in 2013/14.

26. MORTGAGE DEBT

PARENT DKK '000	2014	2013
Mortgage debt secured on real property	**4,771**	**4,928**
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	158	157
Between two and five years from the balance sheet date	812	681
After five years from the balance sheet date	3,801	4,090
	4,771	**4,928**
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	158	157
Non-current liabilities	4,613	4,771
	4,771	**4,928**

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR-TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
30 April 2014						
Mortgage debt	DKK	2026	Floating	2,063	2,136	2,244
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,742
				4,771	**4,844**	**4,986**
30 April 2013						
Mortgage debt	DKK	2026	Floating	2,220	2,299	2,408
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,735
				4,928	**5,007**	**5,143**

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

27. OTHER CREDIT INSTITUTIONS

PARENT DKK '000	2014	2013
Overdraft facility	**78,129**	**69,216**
Bank debt recognised in the balance sheet as follows:		
Current liability	**78,129**	**69,216**
The bank debt falls due as follows:		
On demand within one year from the balance sheet date	**78,129**	**69,216**

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR-TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Overdraft facility	DKK	2015	Floating	77,008	77,008	77,008
Overdraft facility	EUR	2015	Floating	1,121	1,121	1,121
30 April 2014				**78,129**	**78,129**	**78,129**
Overdraft facility	DKK	2014	Floating	27,182	27,182	27,182
Overdraft facility	EUR	2014	Floating	42,034	42,034	42,034
30 April 2013				**69,216**	**69,216**	**69,216**

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

28. TRADE PAYABLES

PARENT DKK ’000	2014	2013
Trade payables	**67,619**	**81,577**

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

29. DEFERRED RECOGNITION OF INCOME

Deferred recognition of income from investment grants	**4,331**	**3,264**

Deferred recognition of income is recognised in the balance sheet as follows:

Long-term deferral of recognition of income	3,454	2,688
Short-term deferral of recognition of income	877	576
	4,331	**3,264**

Repayment obligation; see note 32.

30. OTHER PAYABLES

Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	4,890	4,170
Holiday pay obligations etc.	8,141	7,475
VAT and taxes payable	6,048	21,365
Other costs payable	26,845	38,612
Other short-term payables	**45,924**	**71,622**

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

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

31. OPERATING LEASE COMMITMENTS

PARENT DKK '000	2014	2013

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

Minimum lease payments recognised in the income statement	**1,901**	**2,783**
The minimum lease payments comprise:		
Production costs	652	491
Distribution costs	862	1,820
Administrative expenses	387	472
	1,901	**2,783**
The total future minimum lease payments for non-terminable leases fall due as follows:		
Within one year from the balance sheet date	896	1,104
Between two and five years from the balance sheet date	1,280	1,204
After five years from the balance sheet date	167	293
	2,343	**2,601**

The company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The annual rent amounts to DKK 269k (2012/13: DKK 268k).

32. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

PARENT DKK '000	2014	2013
Security		
Carrying amount of mortgaged properties	**6,979**	**7,150**

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

Contingent liabilities
The parent has provided a guarantee for the mortgage debt of its subsidiaries.
The guarantee has been maximised at DKK 211.5 million (30 April 2013: DKK 226.9 million).

Debt of subsidiaries	**211,471**	**226,877**

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

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

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

Contingent liability
The parent has issued a declaration of support to the subsidiary AS Viru Õlu, Estonia, with a view to securing the subsidiary's liquidity. The declaration is effective for 12 months as from the balance sheet date.

33. CHANGES IN NET WORKING CAPITAL

PARENT DKK '000	2014	2013
Change in inventories	(14,563)	(1,156)
Change in trade receivables	35,207	(281)
Change in other receivables	(273)	(352)
Change in trade payables etc.	(13,958)	2,329
Change in other payables	(27,946)	2,273
	(21,533)	**2,813**

34. CASH AND CASH EQUIVALENTS

Cash and bank deposits	32,188	6,372
Overdraft facilities	(78,129)	(69,216)
Intercompany balance, payables	(229,012)	(111,760)
	(274,953)	**(174,604)**

The group has undrawn credit facilities totalling DKK 141.5 million.

35. FEE TO THE AUDITORS APPOINTED BY THE GENERAL MEETING

Statutory audit	1,695	1,439
Other assurance engagements	95	206
Tax advice	198	15
Other services	60	205
	2,048	**1,865**

36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

PARENT DKK '000	2013/14	2012/13
Categories of financial instruments		
Trade receivables	93,393	128,600
Receivables from subsidiaries (long-term)	24,245	23,895
Receivables from subsidiaries (short-term)	131	13,859
Other receivables	1,765	2,867
Cash	32,188	6,372
Loans and receivables	**151,722**	**175,593**
Financial assets available for sale	**8,601**	**8,768**
Mortgage debt	4,771	4,928
Other credit institutions	78,129	69,216
Trade payables	67,672	81,577
Repurchase obligation regarding returnable packaging	8,030	10,278
Payables to subsidiaries	229,009	122,857
Other payables	45,924	71,622
Financial liabilities measured at amortised cost	**433,535**	**360,478**

Financial risk management policy

Please refer to the risk section in the management's review, page 40 and note 39 in the consolidated financial statements

PARENT
DKK ’000

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

	CASH AND CASH EQUIVALENTS	RECEIVABLES	PAYABLES	NET POSITION
EUR	69	54,709	(268,128)	(213,350)
SEK	24,686	3,889	(856)	27,719
NOK	6,072	179	(863)	5,388
Other currencies	972	92	0	1,064
30 April 2014	**31,800**	**58,869**	**(269,847)**	**(179,179)**
EUR	69	80,652	(204,742)	(124,021)
SEK	4,402	4,497	(686)	8,213
NOK	1,006	1,770	(1,238)	1,538
Other currencies	507	99	(57)	549
30 April 2013	**5,984**	**87,018**	**(206,723)**	**(113,721)**

36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

PARENT DKK '000	2013/14	2012/13
Sensitivity analysis concerning foreign exchange		

Sensitivity analysis concerning foreign exchange

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

Equity's sensitivity to exchange rate fluctuations

	2013/14	2012/13
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	1,600	2,081
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,039)	(1,639)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(202)	(408)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	(14)	3
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	0	24
Effect if the GBP exchange rate was 5% lower than the actual exchange rate	(26)	0
	319	**61**

Sensitivity of net profit/loss to exchange rate fluctuations

	2013/14	2012/13
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	93	1,151
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(956)	(1,331)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(185)	(350)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	3	1
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	0	24
Effect if the GBP exchange rate was 5% lower than the actual exchange rate	(41)	0
	(1,086)	**(505)**

Currency risks concerning future cash flows

The parent's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future. The transactions are expected to be at the level realised in 2013/14.

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

PARENT DKK '000	2014	2013

Interest rate risks
Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The parent's net interest-bearing debt as at 30 April 2014 was DKK 284.7 million (2013: DKK 181.1 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit/loss for the year before tax negatively by approx. DKK 2.9 million (2012/13: approx. DKK 1.8 million).

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

The liquidity reserve comprises:		
Cash	32,188	13,780
Undrawn credit facilities (group)	141,520	150,784
	173,708	**164,564**

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

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

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

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

36. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

Capital structure
Reference is made to the section on financial objectives on page 15 of the management's review and note 39 to the consolidated financial statements.

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

Methods and assumptions for the determination of fair values
Listed bonds
The portfolio of listed mortgage credit bonds is measured at listed prices (level 1).

Listed shares
The portfolio of listed shares is measured at listed prices (level 1).

Unlisted shares and securities
Unlisted shares (level 2) are measured on the basis of an active market for trade in unlisted shares. Unlisted shares and securities (level 3) comprised by industry-related investments etc. measured at cost where the fair value is roughly considered to be identical to the carrying amount.

Fair value hierarchy of financial instruments measured at fair value in the balance sheet
Below is a classification of financial instruments measured at fair value based on the fair value hierarchy.
- Listed prices in an active market for the same type of instrument (level 1)
- Listed prices in an active market for similar assets or liabilities or other methods of measurement according to which all significant inputs are based on observable market data (level 2)
- Methods of measurement according to which significant inputs are not based on observable market data (level 3)

2013/14	LEVEL 1 DKK '000	LEVEL 2 DKK '000	LEVEL 3 DKK '000	TOTAL DKK '000
Listed shares	272	0	0	272
Unlisted shares and securities	0	2,400	5,929	8,329
Financial assets available for sale	**272**	**2,400**	**5,929**	**8,601**

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

2012/13				
Listed shares	180	0	0	180
Unlisted shares and securities	0	2,400	6,188	8,588
Financial assets available for sale	**180**	**2,400**	**6,188**	**8,768**

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

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

PARENT

DKK '000	FINANCIAL ASSETS AVAILABLE FOR SALE
Carrying amount as at 1 May 2012	**5,252**
Gains/(losses) in net profit/(loss) for the year	(130)
Gains/(losses) in other comprehensive income	0
Purchase	1,307
Sale	(241)
Carrying amount as at 30 April 2013	**6,188**
Gains/(losses) in net profit/(loss) for the year	0
Gains/(losses) in other comprehensive income	0
Purchase	0
Sale	(259)
Carrying amount as at 30 April 2014	**5,929**

37. RELATED PARTIES

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

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

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

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

PARENT DKK '000	Subsidiaries	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
2013/14					
Sale of goods	90,837	2,210	0	0	93,047
Purchase of goods	65,126	127	0	0	65,253
Sale of non-current assets	25	0	0	0	25
Purchase of non-current assets	0	0	0	0	0
Sale of services	7,919	1,110	0	0	9,029
Purchase of services	1,654	955	396	343	3,348
Sale of leases	386	141	0	0	527
Purchase of leases	143	269	0	0	412
Dividend received	643	0	0	0	643
Fees etc.	0	4,784	9,917	420	15,121
Trade receivables etc.	34,639	688	0	0	35,327
Trade payable etc.	239,275	164	0	0	239,439
Security; see note 32	211,471	0	0	0	211,471
Distribution of dividend	0	1,363	55	46	1,464
2012/13					
Sale of goods	44,863	1,072	0	0	45,935
Purchase of goods	28,702	619	0	0	29,321
Sale of non-current assets	0	0	0	0	0
Purchase of non-current assets	981	0	0	0	981
Sale of services	9,512	977	0	0	10,489
Purchase of services	2,319	1,092	544	336	4,291
Sale of leases	0	512	0	0	512
Purchase of leases	1,602	270	0	0	1,872
Dividend received	56,533	0	0	0	56,533
Fees etc.	0	4,932	9,718	420	15,070
Trade receivables etc.	50,838	172	0	0	51,010
Trade payables etc.	123,507	250	85	0	123,842
Security; see note 32	226,877	0	0	0	226,877
Distribution of dividend	0	1,363	66	34	1,463

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

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

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

The company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The annual rent amounts to DKK 269k (2012/13: DKK 268k). The total future minimum lease payments in the period of non-terminability amount to DKK 269k. The payments are included in the above.

Remuneration etc. to the Board of Directors, the Board of Executives and other key staff members
Please refer to note 5 for information on remuneration paid to the parent's Board of Directors, Board of Executives and other key staff members. The remuneration is included in the above.

COMPANY INFORMATION

COMPANY
Harboes Bryggeri A/S
Spegerborgvej 34, 4230 Skælskør, Denmark
CVR no.: DK 43 91 05 15
Registered in: Municipality of Slagelse, Denmark
Financial year: 1 May 2013 - 30 April 2014
www.harboes.dk

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

BOARD OF EXECUTIVES
Bernhard Griese

AUDIT
Deloitte Statsautoriseret Revisionspartnerselskab

GENERAL MEETING
The annual general meeting will be held on 25 August 2014
at 10.00 am at Harboes Bryggeri A/S, Skælskør, Denmark


BEAR BEER
5% alc. vol.
BY APPOINTMENT TO THE ROYAL DANISH COURT
HARBOE
IMPORTED
BEAR BEER
PREMIUM LAGER
DENMARK