Harboe Annual Report 2006-2007

Harboe

The group's financial performance

Focusing on innovation and efficiency

The past financial year provided both progress and setbacks for Harboe.

Our brewery business generated an increase in revenue, and we are confident that this is very much the product of our dedicated efforts to nurture and develop relations with our customers. At Harboe, being more than just a supplier is a fundamental part of our business philosophy. We want to be a strategic business partner to our customers, always at the forefront of new trends in demand and able to guarantee that our product portfolio, quality and supplies always meet expectations. For that reason, I am very pleased to note that, in spite of the fiercer competition, we have successfully maintained a diversified and attractive customer portfolio across our geographical markets and have increased our overall production volumes.

Unfortunately, earnings did not match growth due to the sharp increase in prices of important raw materials and consumables and because of the costs of recalling a large shipment of soft drinks from the market. As a result, we have had to lower our expectations for Harboe's profit before tax.

The highly competitive markets in which we operate make it difficult for us to pass on rising production costs to our customers because raising prices automatically results in losing market shares. That is why our strategy is to retain the strong position we have successfully built with retail chains in each of our markets. This position is Harboe's strategic bedrock. We aim to keep our growth profitable by building onto these strategic customer relations and by expanding our product portfolio. We have identified a number of attractive products that target a market segment undergoing strong growth, and during the past financial year, we took the important next steps towards being able to supply these new products. We have initiated a strategically important investment in a new bottling plant in Germany that will enable Harboe to produce cold-bottled products based on fresh fruit and raw materials in an aseptic and sterile environment, making it possible to manufacture products without the use of preservatives. In addition, the facility will be able to produce the full existing product portfolio, so it will also strengthen our overall capacity and output flexibility.

The facility is ready and requires only the final quality validation. We have spent the first half of 2007 working the market by participating in exhibitions, trade fairs and presenting to our customers our new product potential, and the reactions have been extremely positive.

Concurrently with these activities, we have made a dedicated effort to strengthen our organisation further, both through the training of existing employees and by recruiting new, talented managers for key positions in our company. We have completed a number of efficiency improvements in production, and we have relentlessly continued the work to optimise and further develop our existing product categories, including the development of new malt products which have the potential to become an attractive growth area.

After what was in many ways a challenging year, we now stand well prepared to embark on a new one. Production and sales of the first new product is waiting to be started up, and we will continue to work on the other new products already in our pipeline. We need to continue to optimise our production and make it more efficient so that we can stay focused on nurturing and developing the strong business relations with our customers.

In other words, we are about to take the next important steps towards achieving our strategy.

Results do not just happen. They require a continuously strong and dedicated commitment from all our managers and employees, but I am sure that we will succeed in fulfilling the goals we have set for ourselves. Harboe's employees are an incredibly strong and motivated team which I am really proud to lead – and that is the most important prerequisite for success.

Bernhard Griese,
CEO

Contents

Highlights

Revenue increased by 1.6% to DKK 1.38 billion.
- Revenue in the brewery business increased by 2.4% to DKK 1.19 billion.
- Revenue in the foodstuff business fell by 3.5% to DKK 193.7 million.

Sales of beer and soft drinks, including malt beverages and malt wort products increased by 7.3% to 5.7 million hectolitres from 5.31 million hectolitres last year.

Operating profit (EBIT) was DKK 88.3 million.
- Operating profit (EBIT) for the brewery business was down DKK 4.7 million to DKK 88.5 million.
- The foodstuff business recorded an operating loss (EBIT) of DKK 0.1 million, compared to an operating profit of DKK 5.7 million last year.

Consolidated profit before tax amounted to DKK 85.5 million against DKK 94.6 million last year.

The profit before tax did not meet expectations in the range of DKK 90-100 million provided in the Q3 quarterly report.

The group made investments of DKK 178.3 million during the financial year, of which DKK 121.4 million is recognised as assets under construction.

Cash flows from operating activities amounted to DKK 86.6 million, and the free cash flow amounted to DKK -69 million.

The Board of Directors proposes a dividend of DKK 1.50 per share, equivalent to DKK 9 million, equal to a pay-out ratio of 15.

Financial highlights

(DKKm)	2006/07	2005/06	2004/05	2003/04*)	2002/03*)
Earnings					
Gross revenue	**1,649.4**	1,633.5	1,753.7	1,671.5	1,583.1
Taxes on beer and soft drinks	**(266.6)**	(272.2)	(302.0)	(312.7)	(311.0)
Revenue	**1,382.8**	1,361.3	1,451.7	1,358.8	1,272.1
Operating profit (EBIT)	**88.3**	98.8	136.7	105.1	63.7
Profit before tax	**85.5**	94.6	130.2	97.3	52.0
Net profit for the year	**56.5**	65.5	86.1	64.4	32.7
Balance sheet					
Non-current assets	**840.9**	777.2	803.0	697.4	663.8
Current assets	**374.0**	366.4	391.6	326.5	296.1
Non-current liabilities	**124.0**	133.3	149.3	119.0	133.9
Current liabilities	**405.1**	332.8	425.8	303.9	286.8
Equity	**685.8**	677.4	619.4	486.7	398.1
Balance sheet total	**1,214.9**	1,143.6	1,194.6	1,023.9	959.9
Interest-bearing debt	**73.5**	70.4	86.3	137.3	173.6
Net interest-bearing debt	**46.1**	0	0	104.2	148.0
Investments etc.					
Investments in property, plant and equipment	**73.5**	96.4	187.2	124.0	132.0
Depreciation, amortisation and impairment losses	**103.0**	100.9	95.6	95.6	90.0
Cash flows					
Cash flows from operating activities	**86.6**	124.8	197.4	129.4	153.0
Cash flows from investing activities	**(111.0)**	(118.4)	(153.4)	(127.0)	(130.6)
Cash flows from financing activities	**(44.6)**	(17.1)	44.5	22.0	(14.5)
Changes in cash and cash equivalents	**(69.0)**	(10.7)	88.5	24.4	8.0

(DKKm)	2006/07	2005/06	2004/05	2003/04*)	2002/03*)
Ratios in %					
Profit margin	**6.4**	7.3	9.4	7.7	5.0
Return on capital employed	**7.9**	9.2	13.1	10.9	7.0
Return on equity	**8.3**	10.1	15.6	14.5	8.6
Solvency ratio	**56.4**	59.2	51.9	47.5	41.5
Gearing	**6.7**	0.0	0.0	28.2	43.6
Current ratio	**92.3**	110.1	92.0	107.4	103.9
Return on invested capital	**8.6**	9.9	14.7	10.8	6.0
Market-related ratios **					
Earnings per share of DKK 10, DKK	**9.5**	11.0	14.8	10.7	5.4
Cash flow per share of DKK 10, DKK	**14.6**	21.0	34.0	21.6	25.1
Equity value per share of DKK 10, DKK	**114.2**	112.9	103.2	86.0	73.7
Share price, year-end	**218.2**	222.1	207.1	142.0	59.0
Price/earnings	**23.0**	20.2	14.0	12.5	9.8
Dividend per share of DKK 10, DKK	**1.5**	8.0	1.5	1.0	-
Employees					
Average number of employees (FTE)	**486**	531	624	694	697

*) The financial highlights for 2006/07, 2005/06 and 2004/05 have been prepared in accordance with IFRS, cf. the description in note 1 to the financial statements. Comparative figures for 2003/04 and 2002/03 have not been restated to reflect the change in accounting policies on the transition to IFRS reporting, but have been stated in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act *(Årsregnskabsloven)* and Danish Accounting Standards.
** Comparative figures have been restated to reflect the redenomination of the nominal value of the shares from DKK 100 to DKK 10.

The financial highlights have been prepared in accordance with the guidelines issued by the Danish Society of Financial Analysts *(Den Danske Finansanalytikerforening)* applying the following definitions:

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 expressed as a percentage of revenue
Profit margin	=	Operating profit/loss (EBIT) expressed as a percentage of revenue
Return on capital employed	=	Operating profit/loss (EBIT) expressed as a percentage of average operating assets
Operating assets	=	Balance sheet total at year-end less financial assets and cash and cash equivalents
Return on invested capital	=	Operating profit/loss less tax thereon in per cent of average invested capital (equity + minority interests + net interest-bearing debt + provisions - financial assets)
Interest-bearing debt	=	Mortgage debt and other credit institutions
Net interest-bearing debt	=	Mortgage debt and other credit institutions less cash and cash equivalents
Return on equity	=	Net profit/loss for the year expressed as a percentage of average equity
Solvency ratio	=	Equity at year-end expressed as a percentage of balance sheet total at year-end
Gearing	=	Net interest-bearing debt at year-end expressed as a percentage of equity at year-end
Earnings per share (EPS)	=	Net profit/loss for the year after tax divided by the average number of shares
Cash flow per share	=	Cash flows from operating activities average number of shares
Price/earnings	=	Share price at year-end divided by the earnings per share
Current ratio	=	Current assets as a percentage of current liabilities

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


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Management's review

Core business

Harboes Bryggeri A/S is listed on the Copenhagen Stock Exchange and is the parent of the Harboe Group.

The group's core business, constituting more than 88 per cent of the total gross revenue of the group, is the production and sale of beer, soft drinks, malt beverages and malt wort products.

The Harboefarm A/S foodstuff company and its sale of centrally packaged fresh and processed meat for the retail sector contribute the remaining 12 per cent of the revenue.

The brewery business

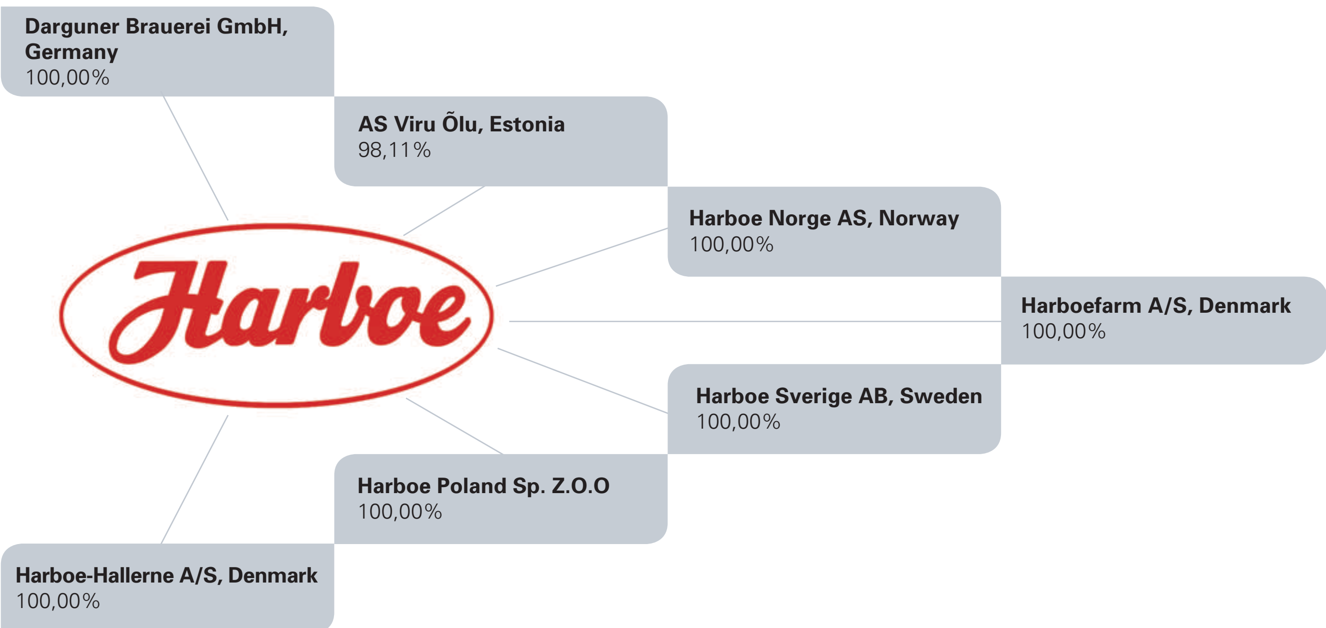
For all three of our breweries – Harboes Bryggeri A/S in Denmark, Darguner Brauerei GmbH in Germany and AS Viru Õlu in Estonia – the retail sector is their primary market segment.

Recent years' major investments in the expansion of the production facilities of our breweries have strengthened our position in the primary markets and have given us flexibility in terms of both production and sales and enabled us to optimise our capacity utilisation.

The large investments made in recent years give us an opportunity to expand our organic growth.

The foodstuff business

Our foodstuff business, Harboefarm A/S, completed additional restructurings in the 2006/07 financial year, and the company's average number of employees fell by another 8 to 19.



The group

Gross revenue

Consolidated gross revenue for the 2006/07 financial year was DKK 1.65 billion, a 1.2% increase from DKK 1.63 billion last year.

Earnings

Operating profit (EBIT) was DKK 88.3 million, a DKK 10.5 million or 10.6% drop from DKK 98.8 million last year.

Depreciation of property, plant and equipment etc. of DKK 102.9 million was charged against the operating profit (EBIT). The corresponding amount last year was DKK 101.0 million.

Profit before tax amounted to DKK 85.5 million, a DKK 9.1 million or 9.6% drop from DKK 94.6 million in 2005/06.

The profit before tax did not meet expectations in the range of DKK 90-100 million provided in the Q3 quarterly report (see Stock Exchange Announcement of 15 March 2007).

Net profit for the 2006/07 financial year was DKK 56.5 million, compared with DKK 65.5 million in 2005/06.

Income tax

The tax rate was 33.7%, compared with 32.9% last year.

Equity

Equity stood at DKK 685.8 million at 30 April 2007, compared with DKK 677.4 million at 1 May 2006.

Equity has been increased by the profit for the reporting period less dividends distributed.

Investments

The year's total investments in property, plant and equipment amounted to DKK 178.3 million. Investments made cover, in addition to maintenance investments, a large proportion of the investment in new production facilities at Darguner Brauerei GmbH.

Cash flows and net interest-bearing debt

Cash flows from operating activities amounted to DKK 86.6 million against DKK 124.8 million last year.

The free cash flow (changes in cash and cash equivalents) amounted to DKK -69.0 million against DKK -10.8 million last year.

The cash resources are composed of cash and committed, undrawn credit facilities and amounted to DKK 86.7 million at 30 April 2007. To this should be added the holding of treasury shares of DKK 10.9 million calculated using the official market price at 30 April 2007.

The interest-bearing debt was DKK 73.4 million at 30 April 2007.

Less cash at 30 April 2007 of DKK 27.4 million, the net interest-bearing debt amounted to DKK 46.0 million.

The group retains the objective of meeting its expansionary targets through organic growth financed primarily through own funds.

Events after the balance sheet date

No events have occurred in the period from the balance sheet date until today's date which change the evaluation of the annual report.

Objectives and strategy

Strategy and financial targets

Harboe produces and sells beer, soft drinks, malt beverages and malt wort products, primarily in the geographical region of Germany, Scandinavia and the other countries of the Baltic region.

Beer sales in Europe have generally declined in recent years, while sales of soft drinks have continued to grow. A key driver of the growth in soft drink sales has been product development in the segment, which also includes energy and sports drinks, iced tea and iced coffee, fruit juices, milk beverages etc. Since 2000, the market for these products has reported double-digit growth rates. As this is still a rather new trend with a relatively low starting point, we believe that it has a great potential based on experience from the US market.

Harboe's products are sold primarily to the retail sector, the main focus being on the private label segment, i.e. products marketed under individual brands and adapted to each individual supermarket chain.

In 2005, the European market for private label products accounted for 23% of total retail sales. The segment has continued to grow since then, driven by, among other things, the continuing consolidation and growth of the European retail sector and the growth of the discount retail sector, in which private label products play a major role. Private label products represent as much as 30% of the sector in Germany. In Denmark, it is estimated to make up around 17%, while it is lower in Sweden and Norway.

However, all of the group's geographical markets for beer, soft drinks, malt beverages and malt wort products are also very price competitive. Accordingly, our potential for cashing in on the continued growth in the group's core products is subject to our earnings margins coming under additional pressure.

Strategic focus

In order to sustain the attractive earnings, we have chosen a strategy for Harboe that centres on maintaining high volumes for our core products and on retaining the market shares of these products in the existing core markets.

Retention does not imply stagnation. Harboe plans to continue to drive developments of these core markets and to provide our customers with quality, reliability in supply as well as an attractive and contemporary product portfolio. On the other hand, it does imply that we plan to sustain growth primarily by way of new products and by penetrating new and not-so-price-sensitive product segments. Harboe enjoys an established position among the large retail chains. They have traditionally welcomed new products from Harboe, and that creates a platform for a number of obvious sales and distribution synergies. We also plan to sustain the profitable growth by strengthening the existing production facilities and continuing to making them more efficient.

Investing in growth

As part of this strategy, Harboe launched the initial phase of a DKK 300 million investment in a new factory section with a cold sterile bottling plant (aseptic) at the group's German brewery during the 2006/07 financial year.

The plant will enable Harboe to produce cold-bottled products based on fresh fruit and raw materials in an aseptic (basic) and sterile environment, making it possible to manufacture products without the use of preservatives. At the same time, the plant will contribute to an overall capacity increase, also in respect of existing products. This opens up for new growth opportunities and will give us greater flexibility in respect of seasonal fluctuations.

With this new production technology, Harboe will be able to produce a number of new quality products targeted at the fast-growing segment of consumers demanding innovative products within the beverages segment. Today, this segment comprises a wide range of different beverage products based on fruit juices, vegetable juices, different mixes of dairy products and fruit and variations of iced coffee and iced tea. The new bottling plant can produce the full range of product variations.

Initially, Harboe will focus on the fresh juice segment. However, ensuring top quality as well as gentle handling and transportation of our raw materials is essential for our end products and for maintaining optimum taste and vitamin content. Accordingly, freshly squeezed juice will be sourced mainly from Spanish and Italian fruit producers that already cooperate with Harboe and for which we have documented quality assurance in all parts of the production and transport chains.

Harboe's new juice products will be marketed in specially designed PET packaging usable across geographical markets. In addition to the efficiency advantages offered by PET packaging, it will also position the products in an attractive niche on the European fruit juice market, which is otherwise dominated by products in cartons without the same application flexibility. We have already contracted with existing customers for the sale of a significant portion of the new plant's production capacity.

The positioning of the new production facilities in connection with Harboe's subsidiary Darguner Brauerei in Germany was due to logistics considerations and the market potential. Moreover, Harboe has received a commitment for an investment grant of 35%, implying a grant of DKK 52.5 million in the first phase of this DKK 150 million investment, which will be initiated in the current financial year.

Final quality validation was being performed on the new production facility at the end of the financial year, and it is expected to be in operation by the end of July 2007.

Foodstuff business

Harboefarm A/S, our foodstuff business, pursues the strategic aim of retaining the company's high level of quality assurance and food safety and of ensuring that the business is a contributor to consolidated earnings.

Financial targets

The very competitive markets and the current trends in prices of Harboe's key raw materials will put our operating margins under some pressure in the coming financial year. The launch of new products is expected to help retain and improve Harboe's customer relations, but 2007/08 will be a start-up year that will also involve substantial costs related to marketing and to developing markets.

Accordingly, the group projects continued revenue growth in 2007/08 and profit in line with the 2006/07 figure.

In the following period, we will work to further strengthen customer relations, develop our production and make it more efficient and continue our dedicated product innovation with a view to achieving average organic growth rates of more than 5% per year and an operating margin of more than 8%.

The group's objective for its capital structure is based on a wish to maintain a consistently high level of financial resources that facilitate investments in the ongoing organic growth and value creation by adapting to market developments and meeting customer requirements.

The group retains its objective of maintaining financial resources that to a great extent are made up of own funds and that provide sufficient flexibility to allow for value-creating acquisitions and for participating in major business collaborations. The financial resources should also be sufficient to allow the group to meet its objective of providing a current return to shareholders through the payment of dividends or share buyback programmes.

Core markets and market conditions

The principal core markets of the brewery business continue to be Denmark, Norway, Sweden, the Baltic States and Germany, which includes the Danish-German cross-border trade.

The business sells its products to the retail sector, mainly to the private label segment which continues to grow in most of Europe.

With the continuing growth of discount retailing in the European markets, private labels are attracting more and more attention and strategic importance, which provides a basis for innovation and development.

This generally gives private labels large market shares in discount retailing. Overall, private labels are estimated to generate more than 23% of total retail sales in Europe.

Germany continues to have the second-highest share of private labels in Europe at more than 30% in 2006. In the Nordic region, Sweden recorded the strongest growth in 2006.
In Denmark, the share of private labels was estimated at 17.4% in 2006, while it was 16.5% in Sweden and 9.7% in Norway.

Denmark
Beer consumption has been declining in Denmark over the last ten years. A market shift has occurred in recent years, as premium label brands have been sold at discount prices. As a result, retail chains have experienced a drop in their private label sales and Harboes Bryggeri A/S has suffered a drop in beer sales to the Danish market. The soft drink market has expanded in recent years, and Harboes soft drink products have outperformed the market sales growth.

Germany
In May 2006, Germany introduced container deposit legislation for beer, carbonated soft drinks, spring water and still products. The effects and consequences of the deposit legislation were monitored closely, but it has not had a negative impact on sales in the categories mentioned.

The deposit legislation has been subject to special conditions in respect of cross-border retail trade between Denmark and Germany. No decision has been made as to whether these special conditions will remain in force.

The downward trend in beer sales in Germany is believed to continue. The soft drink market continues to expand with growth estimated at 10%, driven by the discount retail sector. Year-on-year growth in 2006 was 21.3%. Growth is driven by innovation and new products. Spotlighting new product areas and new trends makes demands on the company, but it also provides opportunities for expanding into new areas. Darguner Brauerei GmbH expanded its overall sales to the German market in the 2006/2007 financial year, attracting new customers as well as generating growth and expanding the product portfolio to existing customers.
Retail sector developments of strong growth in the private label segment provide attractive growth opportunities, even though the German market is also experiencing fiercer price competition.

Sweden

The Swedish market also recorded a drop in beer sales in 2006, whereas the soft drink market continued to grow.

Driven by the increasing share of private label products, the brewery business improved growth rates of beer and soft drink revenue.

Backed by an inflow of new customers and extended collaboration with existing customers, Harboe further strengthened its position in the Swedish market. By working with skilled distributors and our own sales organisation, we plan to generate additional growth and expansion by developing the existing platform.

The Baltic States

The Baltic beer markets expanded slightly. The soft drink market is also growing and offers opportunities for new products. The retail sector is dominated by a large number of small shops, and that creates a challenge in terms of distribution. Viru Õlu has concluded business partnerships with skilled local distributors, providing good coverage throughout the country. The chain shop structure continues to grow, and Viru Õlu is reporting a good performance. The growing market in Finland, where the structure of excise duties will be revised on 1 January 2008, is expected to provide a positive potential for Viru Õlu.

Production and capacity

Harboe's three breweries in Denmark, Germany and Estonia produced and sold a total of 5.7 million hectolitres of beer and beverages in the financial year. It is of utmost strategic importance that breweries run modern production facilities capable of delivering quality products, flexible capacity and the highest possible efficiency in order to keep production costs at a competitive level.

Thus, the group spent DKK 40 million on improving, optimising and expanding the production facilities in Denmark, Germany and Estonia.

The largest single project was the establishment of the new factory section next to our German brewery, which accounts for an investment of DKK 117 million in the current financial year. The remaining phase 1 investments amount to DKK 33 million.

The establishment of the new factory section progressed as planned, but due to the complexity of the product portfolio involving both juice and milk products, the final quality validation has been more time-consuming than initially expected.

The facility was originally expected to be ready for use in May but is now expected to begin operations in July 2007. The new factory will increase the total production capacity by 1-1.2 million hectolitres.
Within all three breweries, the company is still working on new efficiency improvements that will also ensure a high supply capacity.

The marketing opportunities are evaluated regularly and will also be secured through the necessary investments in the future. We plan to review the launch of phase 2 of the announced strategic investment over the next couple of months and will report on this not later than in connection with the presentation our half-year report for 2007/08.

Customers

Sales of beer and soft drinks by the brewery business are mainly concentrated around the core markets set out above. In addition, we export specialty products to a large number of countries where we have generated growth in recent years.

Trends in the retail sector are towards bigger units and larger chains. Some of these chains are present in several countries and some participate in a large European retailers' cooperative. This requires suppliers in the private label sector to have a clearly-defined concept that offers a profitable partnership provided the job is carried out satisfactorily.

These opportunities require a broad and attractive product range in which quality is a top priority.

Capacity must be adequate, also during the peak season, and the delivery rate is expected to be first class. The focus on purchasing and efficiency maintains the competitive strength in a market where small details can make all the difference.

Innovation and product development

The brewery business has invested a total of DKK 686 million over the last five years.

Investments are an important means of pursuing the company's strategy of maintaining high volume sales of beer and soft drinks, while at the same time focusing on developments and new trends in the segment in terms of product types, quality as well as container and packaging solutions.

Thanks to investments made, Harboes Bryggeri A/S, Darguner Brauerei GmbH and Viru Õlu all offer a wide product portfolio in terms of returnable and non-returnable packaging.
The greatest innovation has occurred in the production of beer and soft drinks in non-returnable containers, such as various non-returnable PET bottles as well as cans.
During the 2006/07 financial year, the business developed a large number of new products with flexible packaging solutions that meet customer demands for an optimum assortment width in this category.
Growth in the soft drink segment has been stimulated by the launch of a number of new products in new trend-setting product categories.
The Aqua Plus series, which covers a wide range of flavoured spring water (including apple, pear, peach, blueberry and others) have performed extremely well in both the German and the Swedish markets.
The beverage category of which the Aqua Plus series is a part grew by 77.9% in the German market.
The diet soft drink category continues to grow.

In the beer category, the company has developed a large number of specialty products. Especially the dark varieties have proven popular.
Additional varieties of beer-mix products have been launched on the German market, which continues to evolve.
Also, a lot of work went into defining the conceptual framework of the company's new strategic investment in the production of aseptic (cold sterile) bottled products.
In light of consumer demands for healthy and pure products, the company resolved in the second half of 2006 to invest in a new factory section with advanced processing facilities for the production of aseptic products. With this new production technology, Harboe will be able to produce a large number of new quality products targeted at a fast growing segment of consumers demanding, among other things, the following:

- innovative products with a high frequency of new product launches
- pure products without preservatives
- products with longer shelf lives – as close to the natural product as can be produced using modern technology
- convenience products
- products in new, alternative container sizes and shapes.

The investment in the new factory section supports the company's ambitions of being at the forefront of the most innovative production technology with a view to meeting growing consumer and market demands for healthy and pure products. Concurrently with developing the technical facilities, the company has worked to develop products, containers, labels and packaging, and we have presented the overall concept to customers in the principal core markets.

The company has chosen to focus on four product categories: Juices – Smoothies – Iced coffee – Milk-based beverages.

These are all categories that have generated double-digit growth rates in Europe in recent years.

The products are expected to be launched in July/August 2007, and sales efforts will be supported by communication and marketing in collaboration with customers.

The brewery business – highlights

(DKKm)	**2006/07**	2005/06	2004/05	2003/04*)	2002/03*)
Volume (millions of hectolitres)					
Beer, soft drinks and malt wort products	**5.70**	5.31	5.15	4.46	3.96
Earnings					
Gross revenue	**1,455.8**	1,432.9	1,501.4	1,416.1	1,306.0
Taxes on beer and soft drinks	**(266.6)**	(272.2)	(302.0)	(312.7)	(310.9)
Revenue	**1,189.2**	1,160.7	1,199.4	1,103.4	995.1
Operating profit (EBIT)	**88.5**	93.2	127.2	113.0	92.2
Profit before tax	**86.6**	91.1	124.0	110.0	86.7
Tax on profit for the year	**(29.3)**	(27.0)	(42.3)	(36.8)	(29.9)
Net profit for the year	**57.3**	64.2	81.7	73.2	57.0
Balance sheet					
Non-current assets	**737.7**	662.1	670.6	534.3	509.6
Current assets	**314.8**	335.7	343.9	306.7	247.2
Equity	**572.8**	563.6	498.3	378.6	281.2
Non-current liabilities	**112.5**	117.6	131.0	81.9	92.2
Current liabilities	**367.2**	316.5	385.1	266.2	242.2
Total assets	**1,052.5**	997.8	1,014.5	841.0	756.8
Investments etc.					
Investments	**72.6**	96.3	182.4	103.0	129.2
Depreciation and amortisation	**90.7**	86.9	81.0	81.0	74.5
Cash flows					
Cash flows from operating activities	**66.5**	110.8	171.4	95.5	160.3
Cash flows from investing activities	**(110.8)**	(120.8)	(150.7)	(100.6)	(129.0)
Cash flows from financing activities	**(39.1)**	(11.6)	46.4	17.7	(23.4)
Change in cash and cash equivalents	**(83.4)**	(21.5)	67.1	13.5	7.9
Ratios in %					
Profit margin	**7.4**	8.0	10.6	10.2	9.3
Return on capital employed	**9.1**	10.1	14.6	14.7	13.5
Return on equity	**10.1**	12.3	19.6	22.2	22.5
Solvency ratio	**54.4**	56.5	49.1	45.0	37.2
Current ratio	**85.7**	106.0	89.3	115.2	102.0
Return on invested capital	**10.3**	10.8	16.9	15.2	14.3
Employees					
Number of employees	**467**	504	540	560	470

The brewery business

Total sales of beer and soft drinks, including malt beverages and malt wort products, amounted to 5.7 million hectolitres during the financial year, a 7.3% increase relative to last year. Of the total volume, 78.3% was sold outside Denmark.

Gross revenue contributed by the brewery business in the 2006/07 financial year was DKK 1.46 billion, a DKK 23 million increase, or 1.6%, from DKK 1.43 billion last year.

Depreciation and amortisation for the year was DKK 88.9 million, up by DKK 2.0 million from DKK 86.9 million in 2005/06.

The breweries made investments totalling DKK 177.4 million to expand and extend the production facilities, mainly involving the new aseptic bottling plant in Germany. Maintenance investments amounted to approximately DKK 40 million.

The brewery business' principal core markets became more competitive during the 2006/07 financial year, as reflected in revenue, and a further shift in the product mix occurred relative to the 2005/06 financial year.

In addition to the other events of the reporting period, the brewery business incurred costs in connection with recalling a large shipment of soft drinks from the market, and prices increased on important raw materials and consumables, such as malt, hops, aluminium cans and preforms.

The brewery business had an average of 467 employees during the 2006/07 financial year, against 504 last year. Revenue per employee increased from DKK 2.3 million to DKK 2.9 million during the period.

*) The financial highlights for 2006/07, 2005/06 and 2004/05 have been prepared in accordance with IFRS, cf. the description in note 1 to the financial statements. Comparative figures for 2003/04 and 2002/03 have not been restated to reflect the change in accounting policies on the transition to IFRS reporting, but have been stated in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish Accounting Standards.

The foodstuff business – highlights

(DKKm)	**2006/07**	2005/06	2004/05	2003/04*)	2002/03*)
Earnings					
Revenue	**193.7**	200.7	252.3	255.5	277.1
Operating profit/(loss) (EBIT)	**(0.1)**	5.7	9.5	(8.0)	(28.5)
Profit before tax	**(1.1)**	3.3	6.3	(12.7)	(34.7)
Tax on profit for the year	**(0.3)**	(1.0)	(1.9)	3.9	10.4
Net profit for the year	**(0.8)**	1.3	4.4	(8.8)	(24.3)
Balance sheet					
Non-current assets	**113.5**	126.3	146.2	163.0	154.3
Current assets	**59.2**	30.7	47.7	49.7	71.6
Equity	**113.0**	113.8	112.5	108.1	116.9
Non-current liabilities	**21.8**	26.9	32.1	37.1	41.7
Current liabilities	**37.9**	16.3	49.3	67.5	67.3
Total assets	**172.7**	157.0	193.9	212.7	225.9
Investments etc.					
Investments	**0.9**	0.1	4.8	29.9	2.8
Depreciation and amortisation	**12.3**	14.5	15.1	14.6	15.4
Cash flows					
Cash flows from operating activities	**20.1**	13.9	26.0	32.9	(7.2)
Cash flows from investing activities	**(0.2)**	2.4	(2.7)	(26.4)	(1.6)
Cash flows from financing activities	**(5.6)**	(5.5)	(1.9)	4.4	8.9
Change in cash and cash equivalents	**14.4**	10.7	21.4	10.9	0
Employees					
Number of employees	**19**	27	84	134	227

*) The financial highlights for 2006/07, 2005/06 and 2004/05 have been prepared in accordance with IFRS, cf. the description in note 1 to the financial statements. Comparative figures for 2003/04 and 2002/03 have not been restated to reflect the change in accounting policies on the transition to IFRS reporting, but have been stated in accordance with the previous accounting policies based on the provisions of the Danish Financial Statements Act and Danish Accounting Standards.

The foodstuff business

Revenue contributed by Harboefarm A/S in the 2006/07 financial year was DKK 193.7 million, against DKK 200.7 million last year.

Harboefarm A/S contributed an operating loss of DKK 0.1 million, as compared to a DKK 5.7 million operating profit last year.

The business recorded a loss before tax for the 2006/07 financial year of DKK 1.3 million, compared with a DKK 3.2 million profit before tax in 2005/06.

The business segment of fresh retail products, in which Harboefarm A/S operates, became increasingly competitive at the beginning of 2006, causing Harboefarm A/S to lose significant business volume.

The flexibility and positive approach of the staff subsequently facilitated a large degree of flexibility and efficiency, which contributed to making the business more competitive.

Work efforts in the 2006/07 financial year centred on restoring and expanding trading with customers and, having entered into new agreements, Harboefarm is expected to be a positive contributor to consolidated earnings in the future.

Due to the difficult conditions in the turkey farming business resulting from the occurrence of bird flu in Europe in 2006, Harboefarm A/S had to adjust the rent payable by the two companies renting Harboefarm's turkey pens.

In order to ensure stable future rental income, Harboefarm has leased the turkey pens to a new, large operator from Germany. The leases with the existing tenants will be taken over successively during the period from 30 April 2007 to August 2007, at which time all turkey pens, covering a total space of 73,600 sq.m., will have been leased to the new tenant.
The leases run for a number of years.

Outlook

Increasing globalisation contributes to the creation of major European retailers' cooperatives that demand large capacity, high quality, reliability of supply and optimum prices from their suppliers.

Recent years' investments in new production facilities and greater capacity in all three of our breweries have enabled the brewery business to expand its strategic platform as an attractive supplier to the retail trade in Denmark and other countries.

The brewery business plans to continue its dedicated concept in the private-label sector, which is the growth market of the retail trade throughout Europe.

The completed investment in a new aseptic plant has provided the brewery business with a stronger platform and the potential to generate sales of new products to existing as well as new customers and in an expectedly higher price segment. The 2007/08 financial year will be a start-up year, and the launch of new products will be supported by dedicated marketing.

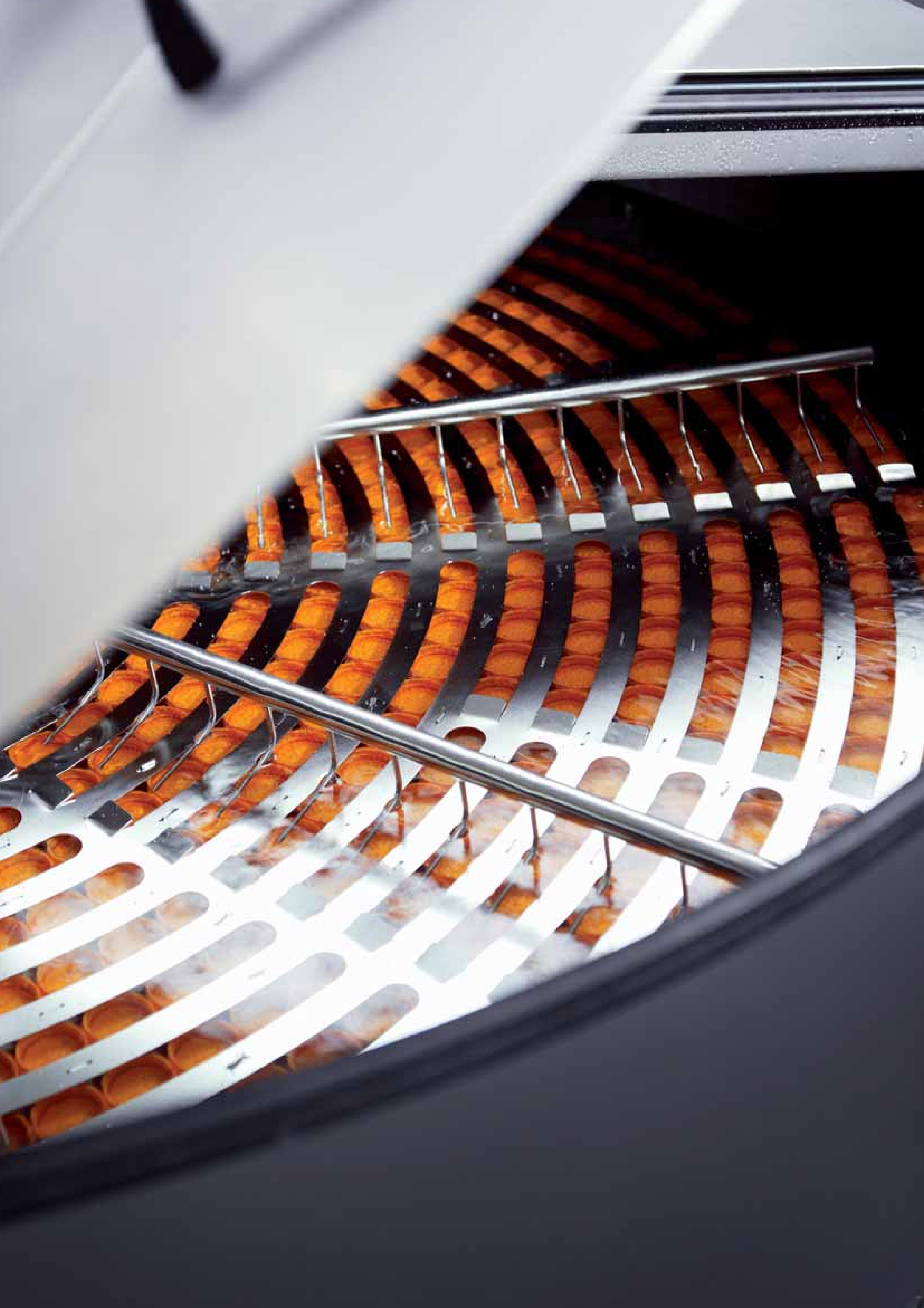
Based on the competitive situation of our foodstuff business in a market in which food safety is a key priority, Harboefarm A/S is expected to be a positive contributor to consolidated earnings.

Investments worth DKK 50-70 million are planned for the 2007/08 financial year. Given the company's target of staying abreast of developments in important product areas, investments will be reviewed on an ongoing basis and considered with a view to retaining market share or capitalising on growth opportunities, and this could lead to a decision to launch phase 2 of the overall DKK 300 million strategic investment.

With depreciation and amortisation charges rising to DKK 10 million, the consolidated profit before tax for the 2007/08 financial year is expected to be DKK 80-90 million. Cash flows from operating activities are expected to be DKK 160-180 million.

Due to the high level of investments in the 2006/07 financial year and the expectedly high level of investments in the coming financial year, the Board of Directors proposes a dividend of DKK 1.50 per share, equal to a pay-out ratio of 15 and total dividend payments of DKK 9 million.

In its capacity as a strategic business partner, the company is committed to monitoring developments and international trends. Accordingly, maintaining a high level of financial resources is essential, so that necessary investments can be implemented in order to ensure continued organic growth.



Risk factors

Harboe regularly analyses and considers the business and financial risks which impact the development and performance of the company. The relevant risk factors and the policy for managing such risk factors are discussed by the Board of Directors on an ongoing basis.

The material risks for Harboe's business are discussed in the following. The list is not exhaustive or set out in any order of priority.

Production and quality
Harboe's production of beverages is subject to the risk of errors or faults, which may impact the quality of the end product. This may result in losses since the products may have to be discarded or recalled from the market and could eventually undermine confidence in the group's products. In order to minimise the risk of such incidents, Harboe is focused on quality assurance in our production facilities. Thus, the group has international quality certifications for all production facilities in which the procedures for operation and maintenance are established.

Competition and prices
All of the group's main markets for beer and beverages are extremely competitive, resulting in constant price pressure. Thus, Harboe is very sensitive to movements in the prices of raw materials and consumables, since increasing production costs cannot be passed on to selling prices. In order to compensate for these movements, Harboe systematically aims to enter into long-term contracts with suppliers, and we continuously analyse opportunities for enhancing the efficiency of our production facilities.

Seasonal factors and capacity
The sale of beer and beverages is considerably influenced by seasonal and weather-related factors. Summer is usually our peak period, in which demand is very high, but cold and wet summers may significantly change demand patterns and thereby impact our results of operations. Changes in demand require highly flexible capacity utilisation. The group aims to optimise operations through additional efficiency improvements and investments in capacity expansion.

Customers and agreements
Harboe primarily generates sales through agreements with major retail customers. Harboe's revenue depends on the ability to maintain such agreements, and the company spends substantial resources on the maintenance and development of our partnerships with customers and to ensure that the product range, prices and capacity meet customer demands and expectations in terms of basic competitive principles.

Financial risks
Due to Harboe's capital structure, we face limited risks in relation to market interest rate movements. The company's net interest-bearing debt amounted to DKK 46.1 million. At this level, a 1 pp. change in market interest rates would impact our profit before tax by approximately DKK 500,000.

As Harboe's buying and selling in foreign currencies still primarily takes place in EUR, the currency risk is considered to be limited. The group is currently assessing the need to hedge other currencies.

Corporate Governance

Harboe's Board of Directors regularly reviews the governance of the company and emphasises that the fundamental values, which have been created and continuously developed through the family ownership of Harboe through five generations, are combined in the best way possible with an efficient and dynamic management of the business for the purpose of creating value for the company's shareholders, staff and customers.

Thus, Harboe complies with the majority of the recommendations for good corporate governance issued by OMX The Nordic Exchange Copenhagen. Based on the main areas of the recommendations, Harboe's corporate governance guidelines are reviewed in the following.

The role of the shareholders and their interaction with the management of the company

It is very important to Harboe that its shareholders have the opportunity of monitoring the company's performance, and the company, therefore, regularly maintains a website offering detailed and updated information on the strategy, business and results of the company. The company's financial results are presented via webcast in connection with the presentation of full-year and half-year financial statements.

The Board of Directors of Harboe regularly considers the capital structure of the group, and the considerations are included in the strategy section of the annual report.

The company convenes its annual general meetings by giving not less than one week's notice. The complete agenda and a printed version of the annual report are sent to all registered shareholders.

Harboe has not been subjected to any public takeover bids, but the Board of Directors believes that the shareholders should naturally be allowed to evaluate any such takeover bid on a general meeting.

The role of stakeholders and their importance to the company

Good and constructive relations with the company's stakeholders through dialogue and mutual respect form an integral part of Harboe's management philosophy and core values. Harboe's Board of Directors regularly reviews the relations with stakeholders.

Openness and transparency

Harboe's Board of Directors has adopted a policy for the company's external communications, and management follows fixed procedures for public announcement of material information. The company publishes all announcements in both Danish and English versions, and the announcements are available from the company's website.

Harboe maintains an ongoing dialogue with the market and organises a number of meetings with prospective and existing investors and analysts during the year. Presentations from such meetings are available from the company's website.

As prescribed by Danish law, Harboe's annual reports are presented in accordance with IFRS.

Moreover, the annual report includes non-financial information on staff, environment and other matters, which influence the performance of the company.

Harboe publishes quarterly financial statements.

The tasks and responsibilities of the Board of Directors

Harboe's Board of Directors determines the strategy of the group and regularly monitors strategic initiatives and the realisation of strategic targets.

The role of the chairman of the Board of Directors is governed by the company's rules of procedure, and when carrying out his managerial duties the chairman emphasises involving each individual board member based on his or her experience and competencies. At present, the Board of Directors has not appointed a deputy chairman, but considers the need for one in step with the development of the company's strategic challenges.

Harboe's Board of Directors reviews its rules of procedure once a year.

Prior to each board meeting, the Board of Executives submits a report on the developments and performance of the company to the Board of Directors.

The composition of the Board of Directors

Board members are elected for terms of four years, and shareholders receive a detailed presentation of candidates nominated prior to each general meeting. One member of the Board of Directors stands for election at each annual general meeting.

The members of the Board of Directors are presented in greater detail in the annual report.

New members of the Board of Directors receive a thorough introduction to the strategy and business of the company.

The size of the Board of Directors allows it to work and operate efficiently.

Harboe does not comply with the recommendation that the majority of the members of the Board of Directors should be independent or the recommendation that members of the Board of Executives should not serve on the Board of Directors. Harboe has decided to maintain a board structure that reflects the ownership and history of the company. So far, this has proved efficient since the Board of Directors has an understanding of the company and its corporate culture as well as a level of commitment which contributes significantly to the development of Harboe's business. The terms of members of the Boards of Directors and the composition of the Board of Directors also ensure continuity, which Harboe considers quite valuable. The optimum composition of the Board of Directors, however, is regularly under review.

Under the Articles of Association, up to three members elected by the employees serve on the Board of Directors.

Board meetings are scheduled in a pre-defined meeting schedule, and further meetings are held as and when needed, when relevant considerations or decisions require the involvement or position of the Board of Directors.

The company has not set an age limit for its board members, as it has not yet been relevant to consider this issue.

Harboe has not set up any board committees, but the Board of Directors will consider establishing such committees if situations which may increase the workload should arise.

The Board of Directors has not established any formal performance evaluation procedures, but the chairman ensures that board meetings are characterised by constructive dialogue and that board members contribute to the Board of Directors in accordance with their competencies.

Remuneration of the members of the Board of Directors and Board of Executives

The Board of Directors of Harboe emphasises that the company offers members of its Board of Executives and other managers competitive employment conditions and regularly assesses the steps required to motivate and retain result-oriented employees. The Board of Directors has not implemented any bonus or share-incentive schemes. Instead, Harboe offers key managers a number of benefits such as, for example, housing or other fringe benefits that make employment with Harboe attractive even though the company is located far from major cities. All Harboe employees are included in the company pension scheme.

This policy is described in the chairman's report to the annual general meeting.

The remuneration of the Board of Directors and the Board of Executives is disclosed in the annual report.

Members of the Board of Directors receive fixed remuneration only.

Harboe has no unusual severance scheme for members of the Board of Executives.

An assessment of material risks and risk management are included in the company's strategic targets defined by the Board of Directors. Harboe's material financial and business risks are discussed in a separate section of the annual report.

Audit

Harboe's Board of Directors and Board of Executives regularly evaluate the company's auditors and the audit agreement is made with the Board of Directors. Each year, the Board of Directors decides on the extent to which auditors should be used for additional advisory services, which currently comprise tax advice.

The Board of Directors regularly reviews the system of internal controls at its meetings. At the board meeting in connection with the adoption of the annual report, the auditor presents the results of the audit for further discussion.

Harboe has not set up an audit committee, but the Board of Directors will regularly consider the possibility of establishing such committee if complex audit or financial conditions requiring extra preparation should arise.

Shareholder information

The nominal share capital of Harboes Bryggeri A/S amounts to DKK 60,000,000 divided into 6,000,000 shares with a nominal value of DKK 10 each. The share capital consists of 640,000 A shares and 5,360,000 B shares.

At the company's general meeting, each A share of DKK 10 shall carry ten votes and each B share of DKK 10 shall carry one vote.

Only the company's B shares are listed on OMX The Nordic Exchange Copenhagen. The Harboe share continues to be a component of the mid-cap index. Becoming a part of this index has strengthened liquidity in the share, and trading in the share corresponded to a total of DKK 1.5 billion during the reporting period, equivalent to a daily turnover of DKK 6.2 million.

The Harboes Bryggeri share traded in a span between DKK 275 and DKK 210 during the 2006/07 financial year.

Shareholders
As at 30 April 2007, Harboe Bryggeri A/S had 4,294 registered shareholders, which is an increase of 469 shareholders over the previous year.
The registered shareholders represent DKK 56.2 million of the total share capital of DKK 60 million, equivalent to 93.6% of the share capital.

The following shareholders have notified the company, pursuant to Section 29 of the Danish Securities Trading Ac *(Værdipapirhandelsloven)*, that they hold more than 5% of the share capital as at 1 July 2007:

Kirsten and Bernhard Griese
Spegerborgvej 4, DK-4230 Skælskør
Ownership interest: 13.1%, Votes: 52.1%

LD Pensions
Vendersgade 28, DK-1363 Copenhagen K
Ownership interest: 20.0%, Votes: 10.2%

Julius Bär Investment Management LLC
NY 10017, USA
Ownership interest: 11.4%, Votes: 5.9%

The company's other shareholders can be divided into the following main groups:

Danish investors	74.2%
Foreign investors	18.6%
Harboes Bryggeri A/S, treasury shares	0.8%
Non-registered shareholders	6.4%

The members of the Board of Executives and the Board of Directors held a total of 815.930 shares as at 30 April 2007.

Members of the Board of Directors and the Board of Executives are comprised by the Harboe register of people with access to insider information, and trading by such members is subject to a notification requirement. Individuals with access to insider information may only trade the company's shares during a period of six weeks following the release of financial results or other equivalent releases.

Investor relations
In its investor relations, Harboes Bryggeri A/S aims to provide a high level of information to shareholders and other stakeholders of the company.

The company intends to establish an active dialogue and value-creating communication, which can form the basis for a pricing of the company's shares that reflects the value and future earnings potential of the company.

The company's investor relations will be gradually expanded and is currently based on:

- Quarterly reports (Danish/English)
- Annual reports (Danish/English)
- Individual presentations and meetings with stakeholders
- The Harboes Bryggeri A/S website www.harboes.dk and related links.

During the 2006/07 financial year, Harboes Bryggeri A/S made two webcasts, which can both be found on Harboes' website.

In addition, Harboes Bryggeri A/S also organised meetings with analysts and investors in Denmark during the 2006/07 financial year. The company intends to take part in similar arrangements and meetings in the current financial year in order to strengthen the relations with shareholders and investors.

Investors, analysts and other interested parties are welcome to contact the IR contact persons.

Please do not hesitate to contact us with ideas or suggestions on how to improve our investor relations.

Equity analysts

The following equity analysts follow Harboes Bryggeri A/S:

Danske Equities	Søren Samsøe
Carnegie	Carsten Leth
Enskilda Securities	Henrik K. Jeppesen
Gudme Raaschou	Michael K. Rasmussen.

The Board of Directors recommends to the shareholders that dividend be paid at the rate of DKK 1.5 per share of DKK 10, equivalent to DKK 9 million.

Financial calendar 2007/08

Harboes Bryggeri A/S expects to make the following announcements:

Quarterly report – Q1 2007/08,	23 August 2007
Half-year report –2007/2008,	6 December 2007
Quarterly report – Q3 2007/08,	12 March 2008.

The annual general meeting of Harboes Bryggeri A/S will be held on Tuesday, 23 August 2007 in Skælskør, Denmark.

Announcements to the Copenhagen Stock Exchange

Announcements to the OMX The Nordic Exchange Copenhagen for the period 1 May 2006 to 30 April 2007.

Date	Event
24 April 2007	Announcement regarding large shareholders
27 March 2007	Trading by insiders
15 March 2007	Quarterly report for Q3 2006/2007
13 January 2007	Trading by insiders
2 January 2007	Trading by insiders
22 December 2006	Trading by insiders
14 December 2006	Half-year report 2006/2007
13 September 2006	Trading by insiders
30 August 2006	Minutes of the annual general meeting
29 August 2006	Quarterly report for Q1 2006/2007
16 August 2006	Annual report 2005/2006
11 August 2006	Notice convening a general meeting
5 July 2006	Announcement of financial statements 2005/2006
8 July 2006	Financial calendar

The Harboe Group's staff culture

Organisation

Harboe has a very strong corporate culture focusing on responsibility, cooperation, quality and performance. Our corporate culture reflects the basic values established during almost 125 years of running a family-owned company, where the management cares about the employees, their working conditions and the local environment of which Harboe is an important part. This corporate culture has been retained in step with the company having developed its international activities.

It is of vital importance for Harboe to have skilled and dynamic managers who can ensure that strategic objectives are realised while ensuring that the organisation adapts to the market development at all times.

Consequently, Harboe devotes significant resources to attracting and retaining the right managers and employees. The recruitment of new people constitutes a special challenge as the company's activities are situated far away from the large cities. Therefore, new managers must be recruited from a larger geographical area, and Harboe is actively working to develop its employment conditions package to make it attractive to work with Harboe and settle down with one's family in the local area.

Harboe also attaches great importance to creating good and motivating conditions for its employees. The employees' well-being is an important precondition for the company's success, for which reason Harboe is constantly focusing on maintaining and strengthening its social and physical environment. At the end of 2006, Harboe thus opened its new administration building at the group headquarters in Skælskør. The building also houses a large shared staff restaurant for all administrative employees and brewery workers, which has further strengthened the joint corporate culture for the approx. 200 employees who work there.

Competence development

The development of the employees' competences is a strategic focus area in Harboe, and the group is working systematically with development programmes and the training of managers and employees to be at the forefront of developments in market conditions, product innovation and production technology at all times. In 2006/2007, a number of further training programmes were thus completed by approx. 30 of the group's German production employees with a view to preparing for the establishment of the group's new production facilities at the Darguner Brauerei. Furthermore, managers and employees from all over the organisation have participated in both internal and external training programmes during the financial year.

The competence development is supported by a formalised programme with follow-ups on each employee through yearly appraisal interviews and the establishment of development plans.

The Harboe Group has a winner culture where dedicated employees work as a team. Our culture is not based solely on single achievements, but is founded on dialogue and cooperation between people, departments and functions. We believe that this creates a good and sound foundation for motivation, development, respect and thereby also for obtaining the best and most sustainable results. We want to be the best at what we do by cooperating on many fronts. This involves the use of validated personal profiles which are used to obtain a better understanding of our own and other people's attitudes and priorities, and thus offer better opportunities for successful cooperation. This in itself provides greater certainty that we can achieve common goals.

We believe that by offering our employees the best possible conditions, we can create a successful workplace and the best

foundation for building a healthy and sustainable company. That is why we give high priority to employee development, among other things. An important part of this development is the employee appraisal interviews we have with all our employees. These interviews are used to create the best possible conditions for developing competencies based on the wishes and needs of each employee.

But we also place demands on our employees, as we must continue to grow and maintain our position as a major supplier. To do this, our employees must be capable, result-oriented and willing to become involved in the changes that a dynamic company brings about.

We want Harboe to be a visionary, attractive and healthy workplace to enable us to attract and retain the best people; ultimately, they are the ones that determine the company's success.

Environmental information

Within the brewery business as well as within the foodstuff business, we make consistent efforts to optimise resources and reduce the impact on the environment.

In all businesses, goals and plans for the environmental work are continuously being worked out, and the financial resources necessary for environmental improvements are set aside.

Water and energy saving measures form a natural part of capacity and production expansion projects, and when choosing suppliers and cooperation partners, their environmental responsibility is an important aspect.

Within all businesses of the group, systems are constructed to collect and report environmental data in order to focus on areas subject to the most substantial environmental impacts, including the reduction of noise, air let-out and wastewater.

Harboes Bryggeri A/S in Skælskør has its own biological wastewater treatment plant, which has been expanded during the financial year. The breweries in Germany and Estonia have contributed financially to the establishing of public local wastewater treatment plants.

Thus, the framework is created for future expansion – also as regards environmental objectives.

Statement by the Board of Directors and Board of Executives

Today, we have reviewed and approved the annual report of Harboes Bryggeri A/S for the financial year 1 May 2006 to 30 April 2007.

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

We consider the accounting policies applied to be appropriate. Accordingly, the annual report gives a true and fair view of the group's and the parent's financial position as at 30 April 2007 and of the results of their operations and cash flows for the financial year 1 May 2006 to 30 April 2007.

We recommend that the annual report be adopted at the annual general meeting.

Skælskør, 5 July 2007

Board of Executives
Bernhard Griese
CEO

Board of Directors
Anders Nielsen
Chairman

Bernhard Griese, Preben K. Nielsen, Vibeke Harboe Malling
Kirsten Griese, Karina Harboe Laursen, Jens Bjarne Jensen*

* *Staff representative*

Independent auditor's report

To the shareholders of Harboes Bryggeri A/S

We have audited the annual report of Harboes Bryggeri A/S for the financial year 1 May 2006 to 30 April 2007, which comprises the statement of the Board of Directors and Board of Executives on the annual report, management's review, income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies applied, for the group as well as for the parent. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

The Board of Directors and Board of Executives' responsibility for the annual report

The Board of Directors and Board of Executives are responsible for the preparation and fair presentation of this annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish and International Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report is free from material misstatement.

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

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

Our audit has not resulted in any qualifications.

Opinion

In our opinion, the annual report gives a true and fair view of the group's and the parent's financial position as at 30 April 2007 and of the results of their operations and cash flows for the financial year 1 May 2006 to 30 April 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Slagelse, 5 July 2007

Deloitte

Statsautoriseret Revisionsaktieselskab

Jens Jørgen Simonsen	*Freddi Nielsen*
State-Authorised Public Accountant	*State-Authorised Public Accountant*


HIGH CAFFEINE CONTENT (24mg/100m
Hustler
energizer
UNDERGROUND
CULT-DRINK
FOR HUSTLERS
25 cl

Income statement-group

(DKK '000)	Group 2006/07	2005/06	Note
Gross revenue	1,649,489	1,633,524	
Taxes on beer and soft drinks	(266,557)	(272,231)	
Revenue	**1,382,932**	**1,361,293**	
Production costs	(1,115,029)	(1,081,697)	4
Gross profit	**267,903**	**279,596**	
Other operating income	18,120	14,678	7
Distribution costs	(150,902)	(153,224)	
Administrative expenses	(35,393)	(31,216)	
Other operating expenses	(11,400)	(10,987)	
Operating profit (EBIT)	**88,328**	**98,847**	
Income from investments in associates	302	(365)	8
Financial income	865	504	9
Financial expenses	(3,964)	(4,436)	10
Profit before tax	**85,531**	**94,550**	
Tax on profit for the year	(28,809)	(31,079)	11
Adjustment of tax in respect of previous years	(219)	2,064	11
Net profit for the year	**56,503**	**65,535**	
Distribution of profit for the year			
Parent shareholders	56,511	65,554	
Minority interests	(8)	(19)	
	56,503	**65,535**	
Earnings per share and diluted earnings per share (DKK per share of DKK 10)	**9.5**	**11.0**	12

Balance sheet – assets

Group as at 30 April 2007

(DKK '000)	Group 2007	2006	Note
Land and buildings	301,666	300,995	
Plant and machinery	360,277	408,140	
Other plant, fixtures and fittings, tools and equipment	45,375	37,529	
Spare parts for own machinery	5,298	6,511	
Property, plant and equipment under construction	122,381	18,486	
Property, plant and equipment	**834,997**	**771,661**	14
Investments in associates	791	488	15
Financial assets available for sale	3,047	2,938	16
Deposits, leases	2,113	2,072	
Financial assets	**5,951**	**5,498**	
Non-current assets	**840,948**	**777,159**	
Inventories	**102,023**	**87,512**	17
Trade receivables	218,858	190,760	18
Receivables from associates	3,051	4,678	
Other receivables	19,604	1,609	19
Prepayments	3,104	4,241	
Receivables	**244,617**	**201,288**	
Cash	**27,360**	**77,556**	20
Current assets	**374,000**	**366,356**	
Assets	**1,214,948**	**1,143,515**	

Balance sheet – equity and liabilities

Group as at 30 April 2007

(DKK '000)	Group 2007	Group 2006	Note
Share capital	60,000	60,000	21
Share premium	51,000	51,000	
Reserves	1,569	1,802	
Retained earnings	572,836	564,179	
Equity owned by the shareholders of the parent	**685,405**	**676,981**	
Equity owned by minority interests	**414**	**422**	
Equity	**685,819**	**677,403**	
Mortgage debt	25,501	34,523	25
Other credit institutions	9,173	18,707	26
Deferred tax liabilities	51,081	48,881	23
Deferred income	38,275	31,155	
Non-current liabilities	**124,030**	**133,266**	
Mortgage debt	9,061	5,410	25
Other credit institutions	29,722	11,780	26
Trade payables	213,100	154,467	
Repurchase obligation, returnable packaging	31,489	42,933	24
Payables to associates	20,665	7,660	
Income tax	416	30,142	
Other payables	61,674	73,079	27
Deferred income	8,972	7,375	
Current liabilities	**405,099**	**332,846**	
Liabilities	**529,129**	**466,112**	
Equity and liabilities	**1,214,948**	**1,143,515**	

Cash flow statement-group

(DKK '000)	2006/07	2005/06	Note
Operating profit (EBIT)	88,328	98,847	
Depreciation, amortisation, impairment losses and write-downs	101,155	100,805	
Government grants recognised as income	(10,854)	(7,665)	
Changes in working capital	(62,956)	(34,598)	30
Cash flows from operating activities	**115,673**	**157,389**	
Financial income	865	504	
Financial expenses	(3,399)	(4,016)	
Income tax paid	(26,546)	(29,078)	
Cash flows from operating activities	**86,593**	**124,799**	
Purchase etc. of property, plant and equipment	(121,640)	(124,663)	
Sale of property, plant and equipment	10,543	5,950	
Changes in financial assets available for sale	121	284	
Cash flows from investing activities	**(110,976)**	**(118,429)**	
Dividend distributed to shareholders of the parent	(47,600)	(8,925)	
Repayment of mortgage debt	(16,662)	(17,017)	
Proceeds from the raising of financial liability	0	358	
Investment grant received	19,616	8,440	
Cash flows from financing activities	**(44,646)**	**(17,144)**	
Changes in cash and cash equivalents	**(69,029)**	**(10,774)**	
Cash and cash equivalents as at 1 May	77,556	88,044	
Translation adjustment, beginning of year	(314)	286	
Cash and cash equivalents as at 30 April	**8,213**	**77,556**	31

Statement of changes in equity-group

(DKK '000)	Share capital	Share premium	Reserve for foreign exchange translation adjust-ments	Reserve for net revaluation according to the equity method	Reserve for adjustment to fair value of financial assets available for sale	Retained earnings	Equity owned by the share-holders of the parent	Equity owned by minority interests	Total equity
Equity as at 1 May 2005	**60,000**	**51,000**	**137**	**316**	**309**	**507,234**	**618,996**	**441**	**619,437**
Foreign exchange translation adjustment of foreign subsidiaries	0	0	1,001	0	0	0	1,001	0	1,001
Adjustment to fair value of financial assets available for sale	0	0	0	0	355	0	355	0	355
Recognised directly in equity	**0**	**0**	**1,001**	**0**	**355**	**0**	**1,356**	**0**	**1,356**
Net profit/(loss) for the year	0	0	0	(316)	0	65,870	65,554	(19)	65,535
Total net income	**0**	**0**	**1,001**	**(316)**	**355**	**65,870**	**66,910**	**(19)**	**66,891**
Distributed dividend, cf. note 13	0	0	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	0	0	75	75	0	75
Equity as at 30 April 2006	**60,000**	**51,000**	**1,138**	**0**	**664**	**564,179**	**676,981**	**422**	**677,403**
Foreign exchange translation adjustment of foreign subsidiaries	0	0	(668)	0	0	0	(668)	0	(668)
Adjustment to fair value of financial assets available for sale	0	0	0	0	181	0	181	0	181
Recognised directly in equity	**0**	**0**	**(668)**	**0**	**181**	**0**	**(487)**	**0**	**(487)**
Net profit/(loss) for the year	0	0	0	254	0	56,257	56,511	(8)	56,503
Total net income	**0**	**0**	**(668)**	**254**	**181**	**56,257**	**56,024**	**(8)**	**56,016**
Distributed dividend, cf. note 13	0	0	0	0	0	(48,000)	(48,000)	0	(48,000)
Dividend from treasury shares	0	0	0	0	0	400	400	0	400
Equity as at 30 April 2007	**60,000**	**51,000**	**470**	**254**	**845**	**572,836**	**685,405**	**414**	**685,819**

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1. Accounting policies

The 2006/07 annual report for Harboes Bryggeri A/S, which includes both the financial statements of the parent and the consolidated financial statements, is prepared in accordance with the International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf. the disclosure requirements of the Copenhagen Stock Exchange for annual reports of listed companies and the IFRS Executive Order issued in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*).

Furthermore, the annual report complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The annual report is prepared in Danish kroner (DKK), which is regarded as the main currency of the group's activities and the functional currency of the parent.

The annual report is prepared on the basis of historic cost, except for certain financial assets and liabilities which are measured at fair value. Accounting policies are described in further detail below.

Standards and interpretations which have not yet become effective
The management estimates that the implementation of new and changed standards and interpretations which have not yet become effective will not have any significant impact on the annual report for the coming financial years, except for the additional disclosure requirements for financial instruments and business segments resulting from the implementation of IFRS 7 and IFRS 8.

Consolidated financial statements
The consolidated financial statements comprise Harboes Bryggeri A/S (the parent) and the companies (subsidiaries) in which the parent has a controlling interest. Control is achieved when the parent, directly or indirectly, holds more than 50 per cent 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 per cent 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 intra-group income and expenses, intra-group 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 profit/loss forms part of the consolidated net profit/loss for the year and a separate part of the consolidated equity.

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 settlement price and the carrying amount of the net assets at the time of divestment or winding-up, including goodwill, accumulated foreign exchange translation adjustments recognised directly in equity and estimated costs of divestment or winding-up. The selling price is measured at fair value of the fee received.

Translation of foreign currency
On initial recognition, transactions in currencies other than the group's functional currency are translated at the exchange rate of 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 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 equity. 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 equity.

Translation adjustments of receivables from or payables to subsidiaries, which are considered part of the parent's overall investment in the subsidiary in question, are recognised directly in equity.

Notes

1. Accounting policies, continued

Taxation
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/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity. Exchange rate 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 computed on the basis of the taxable income for the year, adjusted for tax paid on account.

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

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

Deferred tax on temporary differences associated with investments in subsidiaries and associates are 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 on 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 directly in equity. In the latter case, the changes are also recognised directly in equity.

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. On 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 companies in proportion to their taxable incomes.

Income statement
Revenue
Revenue from the sale of finished products and goods for resale are 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 rate method.

Revenue is calculated exclusive of VAT, taxes etc. which are 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 and depreciation and impairment of 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, depreciation and impairment of 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 of the property, plant and equipment used to administer the group.

Notes

1. Accounting policies, continued

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 present values correspond to the carrying amount of the asset and the liability, respectively.

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

Balance sheet
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.

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

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, cf. below.

The cost of the asset less the residual value shall constitute the basis of depreciation. The residual value is the expected amount that could be obtained by selling the asset today less sales 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 the recoverable amount and carrying amount, cf. below.

Notes

1. Accounting policies, continued

Impairment of property, plant and equipment as well as investments in subsidiaries and associates
The carrying amounts of property, plant and equipment with definable useful lives and investments in subsidiaries and associates are reviewed on the balance sheet date to determine whether there are any indications of impairment loss. 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.

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

The recoverable amount is calculated as the highest value of the fair value of the asset and the cash-generating unit less sales 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 amortised 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 sales costs.

Impairment losses are recognised in the income statement. Upon any subsequent reversals of impairment losses 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.

Investments in subsidiaries and associates in the parent's financial statements
Investments in subsidiaries and associates are measured at cost in the parent's financial statements.

If the cost exceeds the recoverable amount of the investments, it is impaired to the lower amount. The cost is also impaired if more dividend is distributed than has overall been earned by the enterprise since the acquisition.

Investments in associates in the consolidated financial statements
Investments in associates are recognised and measured in the consolidated financial statements according to the equity method. This means that the investments are measured at the proportionate share of the enterprise's determined equity value, calculated according to the group's accounting policies, deducting and adding proportionate intercompany profits and losses.

The proportionate share of the enterprises' profit/loss after tax and elimination of unrealised proportionate intercompany profits and losses are recognised in the income statement. The proportionate share of all transactions and events recognised directly in the associate's equity is recognised in the consolidated equity.

Investments in associates with a negative equity value are measured at DKK 0. Receivables and other non-current financial assets which are considered to be part of the overall investment in the associate are impaired by any remaining negative equity value. Trade receivables and other receivables are only impaired if they are deemed to be uncollectible.

Only a provision to cover the remaining negative equity value is recognised if the group has a legal or an actual obligation to fulfil the particular enterprise's obligations.

The acquisition method is used for making investments in associates.

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

The cost of goods for resale, raw materials and consumables comprise 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, 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 production facilities.

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

Notes

1. Accounting policies, continued

Receivables
On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to nominal value less write-downs for expected losses.

Prepayments
Prepayments 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 include listed securities available for sale.

On initial recognition, securities are measured at fair value on the day of trading plus directly attributable costs of the purchase. The securities are subsequently measured at fair value on the balance sheet date, and any changes in the fair value are recognised in equity. 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 share price of listed securities and at an estimated fair value determined on the basis of market information.

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 part of the employees of the group. Except for a pension plan created for a single employee, which is insignificant in relation to the group's total obligations, the group has entered into no defined benefit plans.

For defined contribution plans, the group pays regular, fixed contributions to independent pension companies 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 liabilities at the balance sheet date. Provisions expected to fall due more than one year after the balance sheet date are measured at present value.

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

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

Lease commitments
Lease commitments 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 rate 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.

Notes

1. Accounting policies, continued

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

Cash flows from investing activities comprise payments in connection with the purchase and sale 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 other currencies than the functional currency are recognised in the cash flow statement by applying average exchange rates, unless such rates deviate materially from the exchange rates applicable at the time of transaction. In the latter case, the exchange rates applicable at the individual dates are used.

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

Segment information
Segment information is stated for business segments (primary segmentation) and geographical markets (secondary segmentation). The segment information complies with the risks, accounting policies and internal financial management of the group.

Segment income and expenses as well as segment assets and liabilities comprise the items which are directly attributable to the individual segment, and the items which may reliably be distributed on the individual segments. Non-distributed items primarily concern assets and liabilities as well as income and expenses related to the administrative functions, investing activities, income taxes etc. of the group.

Non-current assets in the segments comprise assets which are used directly in the operation of the individual segment, including intangible assets and property, plant and equipment as well as investments in associates.

Current assets in the segments comprise assets which are directly related to the operation of the individual segment, including inventories, trade receivables, other receivables, prepayments and cash.

Liabilities related to the segments comprise liabilities arising from the operation of the individual segment, including trade payables, provisions and other payables.

Financial highlights
The financial highlights have been defined and calculated in accordance with "Recommendations and Ratios 2005" from 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
Return on capital employed:	Operating profit/loss (EBIT) in per cent of average operating assets
Operating assets:	Balance sheet total at year-end 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)
Interest-bearing debt:	Mortgage debt and other credit institutions
Net interest-bearing debt:	Mortgage debt and other 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 year-end in per cent of the balance sheet total at year-end
Gearing:	Interest-bearing debt at year-end in per cent of equity at year-end
Earnings per share (EPS):	Net profit/loss for the year divided by the average number of shares
Cash flow per share:	Cash flows from operating activities divided by the average number of shares
Price/earnings:	Share price at year-end divided by earnings per share
Current ratio:	Current assets in per cent of current liabilities

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

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

Notes

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 2006/07 annual report, especially assumptions and uncertainties related to accounting estimates of impairment tests of property, plant and equipment and financial assets, determination of the repurchase obligation concerning returnable packaging as well as assessment of contingent liabilities should be noted as they have had a significant influence on the assets and liabilities recognised in the annual report and may require corrections to be made in subsequent financial years if the assumed courses of events do not materialise as expected.

3. Segment information for the group

Primary segmentation
As regards management and reporting, the group is divided into two business segments. This is regarded as the primary segmentation of the group.

The activities of the two business segments comprise:

The brewery business: Production and sale of beer, soft drinks, malt beverages and malt wort products
The foodstuff business: Processing and sale of foodstuffs

Notes

3. Segment information for the group, continued

Group (DKK '000)	Brewery business 2006/07	Foodstuff business 2006/07	Elimination 2006/07	Group 2006/07	Brewery business 2005/06	Foodstuff business 2005/06	Elimination 2005/06	Group 2005/06
Income statement								
Gross revenue	1,455,792		-		1,432,856		-	
Taxes on beer and soft drinks	(266,557)		-		(272,231)		-	
Revenue	**1,189,235**	**193,697**	**-**	**1,382,932**	**1,160,625**	**200,668**	**-**	**1,361,293**
Operating profit/(loss) (EBIT)	88,450	(122)	-	88,328	93,193	5,654	-	98,847
Share of profit/(loss) in associates	0	302	-	302	0	(365)	-	(365)
Financial income	837	661	439	1,059	837	23	109	751
Financial expenses	(2,495)	(2,102)	(439)	(4,158)	(2,727)	(2,065)	(109)	(4,683)
Profit/(loss) before tax	**86,792**	**(1,261)**	**0**	**85,531**	**91,303**	**3,247**	**0**	**94,550**
Tax on profit/(loss) for the year	(29,490)	462	-	(29,028)	(26,972)	(2,043)	-	(29,015)
Net profit/(loss) for the year	**57,302**	**(799)**	**-**	**56,503**	**64,331**	**1,204**	**-**	**65,535**
Balance sheet								
Non-current segment assets	737,703	112,720	(10,266)	840,157	662,109	125,852	(11,290)	776,671
Associates	0	791	0	791	0	488	0	488
Current segment assets	341,495	59,225	(26,720)	374,000	339,264	30,704	(3,612)	366,356
Assets	**1,079,198**	**172,736**	**(36,986)**	**1,214,948**	**1,001,373**	**157,044**	**(14,902)**	**1,143,515**
Non-current segment liabilities	112,477	21,819	(10,266)	124,030	117,615	26,941	(11,290)	133,266
Current segment liabilities	393,892	37,927	(26,720)	405,099	320,144	16,314	(3,612)	332,846
Liabilities	**506,369**	**59,746**	**(36,986)**	**529,129**	**437,759**	**43,255**	**(14,902)**	**466,112**
Investments etc.								
Additions of property, plant and equipment	177,431	899	-	178,330	83,228	434	-	83,662
Depreciation (including profit/loss)	88,860	12,284	-	101,144	86,857	14,653	-	101,510
Cash flows								
Cash flows from operating activities	66,498	20,095	-	86,593	110,882	13,917	-	124,799
Cash flows from investing activities	(110,800)	(176)	-	(110,976)	(120,779)	2,350	-	(118,429)
Cash flows from financing activities	(39,089)	(5,557)	-	(44,646)	(11,597)	(5,547)	-	(17,144)
Changes in cash and cash equivalents	(83,391)	14,362	-	(69,029)	(21,494)	10,720	-	(10,774)

Reference is made to pages 2-25 of the management's review for a presentation of the five-year overview of the segments and comments on the developments in the financial year.

Secondary segmentation
The activities of the group are primarily located in Denmark and the rest of Northern Europe.

The table below shows the group's sale of goods etc. distributed on geographical markets. On distribution, account is taken of the market area.

Group (DKK '000)	2006/07	2005/06
Revenue, home market	489,771	511,278
Revenue, exports	893,161	850,015
	1,382,932	**1,361,293**

Notes

3. Segment information for the group, continued

The table below shows the carrying amounts and additions in the year of property, plant and equipment, distributed on geographical areas on the basis of the physical location of the assets.

	Carrying amounts of assets		Additions of non-current assets (property, plant and equipment)	
Group (DKK '000)	2006/07	2005/06	2006/07	2005/06
Home market	628,166	668,205	45,297	42,169
Exports	586,782	475,310	133,033	41,493
	1,214,948	**1,143,515**	**178,330**	**83,662**

4. Production costs

Group (DKK '000)	2006/07	2005/06
Cost of sales	968,327	938,835
Write-down of inventories	793	1,023
Depreciation, amortisation, impairment losses and write-downs, cf. note 6	91,714	90,692
Other production costs	54,195	51,147
	1,115,029	**1,081,697**

5. Staff expenses

Group (DKK '000)	2006/07	2005/06
Remuneration of the Board of Directors	243	260
Wages and salaries	122,991	140,359
Defined contribution plans	8,246	9,252
Other social security costs	15,205	14,535
Other staff expenses	6,233	5,621
Refunds from public authorities	(461)	(1,497)
	152,457	**168,530**
Staff expenses comprise:		
Production costs	105,027	115,470
Distribution costs	28,834	32,017
Administrative expenses	18,596	18,762
Non-current assets	0	2,281
	152,457	**168,530**
Average number of employees	**486**	**531**

	Board of Directors		Board of Executives		Other key staff members	
Group (DKK '000)	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Remuneration of members of the management						
Remuneration of the Board of Directors	243	260	0	0	0	0
Wages and salaries etc.	0	0	3,755	3,795	9,494	9,921
Pension	0	0	215	207	400	360
	243	**260**	**3,970**	**4,002**	**9,894**	**10,281**

No employee participates in bonus plans exceeding 20 per cent of the employee's base pay.

Notes

5. Staff expenses, continued

Pension plans
The group has entered into defined contribution plan agreements with a significant part of the employees of the group. Except for one pension plan concerning one employee, the group has not entered into any defined benefit plan agreements. The pension obligation, against which insurance has been taken out, has been recognised at DKK 0.612 million under other receivables and at DKK 0.882 million under liabilities, respectively, in the balance sheet. The figures are gross figures.

6. Depreciation, amortisation, impairment losses and write-downs

Group (DKK '000)	2006/07	2005/06
Buildings	19,148	18,740
Plant and machinery	67,283	66,451
Other plant, fixtures and fittings, tools and equipment	16,534	15,748
Profit/(loss) on the sale of property, plant and equipment	(1,821)	571
	101,144	**101,510**
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	91,714	90,692
Distribution costs	3,527	3,115
Administrative expenses	1,660	3,430
Other operating expenses	4,243	4,273
	101,144	**101,510**

7. Other operating income

Group (DKK '000)	2006/07	2005/06
Government grants	10,854	7,664
Rental income	7,266	7,014
	18,120	**14,678**

8. Income from investments in associates

Group (DKK '000)	2006/07	2005/06
Share of profit/(loss) before tax	487	(414)
Tax on profit/(loss) in associates	(185)	49
	302	**(365)**

9. Financial income

Group (DKK '000)	2006/07	2005/06
Interest income from bank deposit etc.	789	441
Changes in financial assets available for sale	76	63
	865	**504**

Notes

10. Financial expenses

Group (DKK '000)	2006/07	2005/06
Interest on mortgage debt	2,103	2,213
Interest on bank debt	1,809	2,035
Net foreign exchange gains and losses	52	188
	3,964	**4,436**

11. Tax on profit/loss for the year

Group (DKK '000)	2006/07	2005/06
Current tax	26,578	28,461
Changes in deferred tax	2,231	2,618
	28,809	**31,079**
Changes in deferred tax resulting from the lowering of the income tax rate from 30 per cent to 28 per cent	0	(1,693)
Adjustment in respect of previous financial years	219	(371)
	29,028	**29,015**

The current income tax for the financial year for the Danish consolidated enterprises has been calculated on the basis of a tax rate of 28 per cent (2005/06: 28 per cent). For foreign consolidated enterprises, the tax rate applicable to the country in question has been used.

Group	2006/07 DKK '000	2006/07 %	2005/06 DKK '000	2005/06 %
Profit before tax	85,531		94,550	
Calculated tax thereon	23,948	28.0	26,474	28.0
Non-deductible income and expenses	142	0.2	(1,625)	(1.7)
Effect of differences in the tax rates of foreign subsidiaries	4,803	5.6	6,128	6.5
Share of profit/(loss) in associates	(84)	(0.1)	102	0.1
	28,809	**33.7**	**31,079**	**32.9**

12. Earnings per share and diluted earnings per share

Group (DKK '000)	2006/07	2005/06
The basis of calculation of earnings per share and diluted earnings per share is as follows:		
Dividend distributed to the shareholders of the parent used in connection with the calculation of earnings per share	**56,511**	**65,554**

	No. of DKK 10 shares	No. of DKK 10 shares
Average number of shares	6,000,000	6,000,000
Average number of treasury shares	(50,000)	(50,000)
Number of shares used in connection with the calculation of earnings per share	**5,950,000**	**5,950,000**

Notes

13. Dividend

On 29 August 2006, the company distributed ordinary dividend of DKK 48.0 million to its shareholders, corresponding to DKK 8 per DKK 10 share (2005/06: DKK 9.0 million, corresponding to DKK 1.50 per DKK 10 share).

14. Property, plant and equipment

Group (DKK '000)	Land and buildings	Plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction
Cost as at 1 May 2006	497,178	987,721	139,141	6,511	18,486
Foreign exchange translation adjustment	(175)	(516)	(57)	0	(4)
Additions	27,919	20,448	25,111	953	121,416
Disposals	(9,223)	(3,282)	(7,354)	(2,166)	(17,517)
Cost as at 30 April 2007	**515,699**	**1,004,371**	**156,841**	**5,298**	**122,381**
Depreciation and impairment losses as at 1 May 2006	196,183	579,581	101,612	0	0
Foreign exchange translation adjustment	(39)	(268)	(38)	0	0
Depreciation in the year	19,148	67,283	16,534	0	0
Reversal on disposal	(1,259)	(2,502)	(6,642)	0	0
Depreciation and impairment losses as at 30 April 2007	**214,033**	**644,094**	**111,466**	**0**	**0**
Carrying amount as at 30 April 2007	**301,666**	**360,277**	**45,375**	**5,298**	**122,381**

The carrying amount of mortgaged land and buildings totals DKK 252.906 million.
Land and buildings include the carrying amount of buildings on leased land amounting to DKK 40.557 million.

Group (DKK '000)	Land and buildings	Plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction
Cost as at 1 May 2005	475,906	951,919	146,722	6,534	32,928
Regrouping	0	(1,802)	1,802	0	0
Foreign exchange translation adjustment	195	577	66	0	64
Additions	21,684	55,996	18,718	1,770	18,072
Disposals	(607)	(18,969)	(28,167)	(1,793)	(32,578)
Cost as at 30 April 2006	**497,178**	**987,721**	**139,141**	**6,511**	**18,486**
Depreciation and impairment losses as at 1 May 2005	177,699	529,057	109,867	0	0
Regrouping	0	(1,540)	1,540	0	0
Foreign exchange translation adjustment	43	288	49	0	0
Depreciation in the year	18,740	66,451	15,748	0	0
Reversal on disposal	(299)	(14,675)	(25,592)	0	0
Depreciation and impairment losses as at 30 April 2006	**196,183**	**579,581**	**101,612**	**0**	**0**
Carrying amount as at 30 April 2006	**300,995**	**408,140**	**37,529**	**6,511**	**18,486**

The carrying amount of mortgaged land and buildings totals DKK 253.293 million.
Land and buildings include the carrying amount of buildings on leased land amounting to DKK 44.446 million.

Notes

15. Investments in associates

Group (DKK '000)	2006/07	2005/06
Cost as at 1 May 2006	537	537
Cost as at 30 April 2007	**537**	**537**
Revaluation and impairment losses as at 1 May 2006	(49)	316
Share of net profit/(loss) for the year	303	(365)
Revaluation and impairment losses as at 30 April 2007	**254**	**(49)**
Carrying amount as at 30 April 2007	**791**	**488**

Investments in associates are measured in the consolidated financial statements according to the equity method.

Investments in associates comprise:
Best Poultry International A/S, Copenhagen, Denmark, share capital of DKK 0.5 million, ownership interest of 25.0 per cent.
Bartels-Farm A/S, Hashøj, Denmark, share capital of DKK 1.858 million, ownership interest of 10.0 per cent *).
The group's share of net loss for the year totals DKK 0.352 million, of which DKK 0.305 million has not be recognised.
The group's share of the accumulated loss carried forward as at 30 April 2007 totals DKK 0.352 million, of which DKK 0.305 million has not been recognised.
Velisco Farm A/S, Skælskør, Denmark, share capital of DKK 1.115 million, ownership interest of 20.3 per cent.
The group's share of net loss for the year totals DKK 1,091 million, of which DKK 0.975 million has not be recognised.
The group's share of the accumulated loss carried forward as at 30 April 2007 totals DKK 1.091 million, of which DKK 0.975 million has not been recognised.

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

*) The company has been included under associates due to its managerial and financial structure.

Key figures for associates:

	2006/07	2005/06
Assets	48,480	45,749
Liabilities	(53,175)	(43,407)
Net assets as at 30 April 2007	**(4,695)**	**2,342**
Share of net assets as at 30 April 2007	**791**	**488**
Net profit/(loss) for the year	**1,696**	**(2,458)**
Share of net profit/(loss) for the year	**302**	**(365)**

16. Financial assets available for sale

Group (DKK '000)	2007	2006
Listed shares	1,556	1,374
Unlisted shares	1,489	1,504
Mortgage deeds	2	60
	3,047	**2,938**

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

Notes

17. Inventories

Group (DKK '000)	2007	2006
Raw materials, intermediates and non-returnable packaging	56,689	48,851
Finished goods and goods for resale	45,334	38,661
	102,023	**87,512**

18. Trade receivables

Group (DKK '000)	2007	2006
Trade receivables	218,858	190,760
Write-downs made for expected losses	**1,462**	**1,061**

Write-downs are made at net realisable value, corresponding to the sum of the future net payments which the receivable is expected to yield.

19. Other receivables

Group (DKK '000)	2007	2006
Receivable from the sale of non-current assets	9,289	0
Other receivables	10,315	1,609
	19,604	**1,609**

20. Cash

Group (DKK '000)	2007	2006
Cash and bank deposit	**27,360**	**77,556**

Cash comprises deposits in esteemed banks in the form of variable-interest demand deposits.

21. Share capital

The share capital totals DKK 60.0 million, distributed on DKK 6.4 million of A shares and DKK 53.6 million of B shares.
Each A share amount of DKK 10 carries 10 votes, and each B share amount of DKK 10 carries 1 vote.

The B shares are listed on the Copenhagen Stock Exchange.

The past four years have not seen any movements in the share capital.

Notes

22. Treasury shares

	2007 No. of DKK 10 shares	2006 No. of DKK 10 shares	Nominal value 2007 DKK '000	Nominal value 2006 DKK '000	Share of share capital 2007 %	Share of share capital 2006 %
Treasury shares as at 1 May 2006	50,000	50,000	500	500	0.8	0.8
Purchase of treasury shares	0	0	0	0	0.0	0.0
Sale of treasury shares	0	0	0	0	0.0	0.0
Treasury shares as at 30 April 2007	**50,000**	**50,000**	**500**	**500**	**0.8**	**0.8**

Harboes Bryggeri A/S holds treasury B shares which have been purchased to ensure optimal investment of cash funds.
According to a decision made by the general meeting held on 29 August 2006, the company can acquire treasury shares at a maximum nominal value of DKK 6.0 million, corresponding to 10 per cent of the share capital, until the next annual general meeting.

23. Deferred tax liabilities

Group (DKK '000)	Deferred tax assets	Deferred tax liabilities
Deferred tax as at 1 May 2006	0	47,907
Foreign exchange translation adjustment	0	48
Changes in deferred tax recognised in the income statement	0	926
Deferred tax as at 30 April 2006	**0**	**48,881**
Foreign exchange translation adjustment	0	(31)
Changes in deferred tax recognised in the income statement	0	2,231
Deferred tax as at 30 April 2007	**0**	**51,081**
Deferred tax has been recognised in the balance sheet as follows:		
Deferred tax liabilities	**51,081**	**48,881**

After the end of the financial year, the Danish income tax rate will be lowered from 28 per cent to 25 per cent. Consequently, the deferred tax liability determined as at 30 April 2007 of DKK 51.081 million will be reduced by DKK 3.047 million to DKK 48.034 million as at 1 May 2007. The DKK 3,047 million will be recognised as income in the consolidated income statement for 2007/08.

Distribution of the distributable reserves of AS Viru Õlu, Haljala, Estonia, will trigger tax not provided for of	**2,081**	**2,186**

Group (DKK '000)	01.05.	Recognised in the income statement	Recognised in equity	30.04.
Non-current assets	48,829	2,393	(31)	51,191
Current assets	1,087	114	0	1,201
Current liabilities	(1,035)	(276)	0	(1,311)
Deferred tax 2007	**48,881**	**2,231**	**(31)**	**51,081**
Non-current assets	46,951	1,830	48	48,829
Current assets	1,477	(390)	0	1,087
Current liabilities	(521)	(514)	0	(1,035)
Deferred tax 2006	**47,907**	**926**	**48**	**48,881**

Deferred tax is provided for at a Danish tax rate of 28 per cent and a German tax rate of 36 per cent, respectively. The recognition in the income statement includes the change in deferred tax resulting from the lowering of the income tax rate from 30 per cent to 28 per cent in the 2005/06 financial year.

Notes

24. Repurchase obligation, returnable packaging

Koncern (DKK 1000)	2007	2006
Repurchase obligations as at 1 May 2006	42,933	65,363
Applied and reversed in the financial year, net	(11,444)	(22,430)
Repurchase obligations as at 30 April 2007	**31,489**	**42,933**
Provisions have been recognised in the balance sheet as follows:		
Current liabilities	31,489	42,933
Non-current liabilities	0	0
	31,489	**42,933**

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.

25. Mortgage debt

Group (DKK '000)	2007	2006
Mortgage debt secured upon real property	**34,562**	**39,933**
Mortgage debt falls due as follows:		
On demand within one year after the balance sheet date	9,061	5,410
Between one and two years after the balance sheet date	5,589	5,598
Between two and three years after the balance sheet date	5,845	5,782
Between three and four years after the balance sheet date	6,112	5,956
Between four and five years after the balance sheet date	4,806	6,156
After five years after the balance sheet date	3,149	11,031
	34,562	**39,933**
Mortgage debt has been recognised in the balance sheet as follows:		
Current liabilities	9,061	5,410
Non-current liabilities	25,501	34,523
	34,562	**39,933**

Group	Currency	Expiry	Fixed/ variable	Effective interest rate %	Amor-tised cost DKK '000	Nominal value DKK '000	Fair value DKK '000
Mortgage debt	DKK	2012	Variable	4.1	26,986	29,179	30,232
Mortgage debt	DKK	2029	Variable	3.8-4.7	7,576	7,808	7,401
30 April 2007					**34,562**	**36,987**	**37,633**
Mortgage debt	DKK	2012	Variable	3.1	32,073	34,736	32,073
Mortgage debt	DKK	2028	Variable	3.0-3.5	7,860	8,099	7,604
30 April 2006					**39,933**	**42,835**	**39,677**

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.

Notes

26. Other credit institutions

Group (DKK '000)	2007	2006
Loans	**38,895**	**30,487**
Other credit institutions fall due as follows:		
On demand within one year after the balance sheet date	29,722	11,780
Between one and two years after the balance sheet date	5,738	9,508
Between two and three years after the balance sheet date	2,250	5,739
Between three and four years after the balance sheet date	1,185	2,273
Between four and five years after the balance sheet date	0	1,187
After five years after the balance sheet date	0	0
	38,895	**30,487**
Other credit institutions have been recognised in the balance sheet as follows:		
Current liabilities	29,722	11,780
Non-current liabilities	9,173	18,707
	38,895	**30,487**

Group	Currency	Expiry	Fixed/ variable	Effective interest rate %	Amor-tised cost DKK '000	Nominal value DKK '000	Fair value DKK '000
Loan	EUR	2011	Fixed	5.3-6.9	19,749	20,108	20,571
Overdraft facility	EUR	2008	Variable	4.5-5.0	11,472	11,472	11,472
Overdraft facility	DKK	2008	Variable	4.5-5.0	7,674	7,674	7,674
30 April 2007					**38,895**	**39,254**	**39,717**
Loan	EUR	2010	Fixed	3.5-7.5	30,487	30,967	30,487
30 April 2006					**30,487**	**30,967**	**30,487**

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 payables

Group (DKK '000)	2007	2006
Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	5,572	4,464
Holiday pay obligations etc.	5,279	5,829
VAT and taxes payable	17,646	23,208
Other expenses payable	33,177	39,578
	61,674	**73,079**

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

Notes

28. Operating lease commitments

Group (DKK '000)	2007	2006
For the years 2007-2015, operating leases concerning the lease of properties, machinery and other plant have been made. The leases have been made for a minimum of 3-20 years with fixed lease payments to be indexed annually. The leases are non-terminable within the period stated, subsequent to which they may be renewed for periods of one year.		
Minimum lease payments recognised in the income statement	**8,224**	**8,119**
The minimum lease payments comprise:		
Production	1,642	1,503
Distribution	435	580
Administration	360	360
Other operating expenses	5,787	5,676
	8,224	**8,119**
The total future minimum lease payments for non-terminable leases fall due as follows:		
Within one year after the balance sheet date	7,724	7,062
Between two and five years after the balance sheet date	22,575	23,020
After five years after the balance sheet date	12,137	12,536
	42,436	**42,618**

The group has made leases in respect of land and buildings. The leases have been made with companies having Bernhard Griese, CEO, and his close relatives as main shareholders.
The leases, registered on the individual properties, are non-terminable until the year 2020 on the part of the lessor and until 2010-2013 on the part of the lessee. The annual rent amounts to DKK 5.907 million (2005/06 DKK 5.849 million). The total future minimum lease payments in the period of non-terminability amounts to DKK 38.072 million.

Sublease
Effective from 1 May 2007, the group has entered into an agreement on the sublease of buildings for a period of five years. The agreement is non-terminable on the part of both parties for the term of the lease.
The total future minimum lease payments in the period of non-terminability amounts to DKK 32.900 million.

29. Contingent liabilities, security and contractual obligations

Group (DKK '000)	2007	2006
Security		
Mortgage debt has been secured by way of mortgage over properties with associated plant and machinery (mortgaged fixtures and fittings (tilbehørspant)).		
Carrying amount of mortgaged properties	**90,147**	**104,496**
As security for bank debts, a mortgage deed with a nominal value of DKK 0.750 million registered to the mortgagor and secured upon Danish properties has been deposited. Furthermore, a mortgage deed with a nominal value of DKK 38.150 million registered to the mortgagor and secured upon foreign properties and plant has been deposited.		
Carrying amount of mortgaged properties	**162,744**	**148,797**
The parent has provided a guarantee for the mortgage debt of the group's associates.		
The guarantee has been maximised at DKK 2.0 million.		
Debt of associates	**14,929**	**11,338**

Contingent liabilities
Government grants received have been used to purchase property, plant and equipment and to establish production facilities at Darguner Brauerei GmbH.
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 liability exist.

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.

Notes

30. Changes in working capital

Group (DKK '000)	2007	2006
Changes in inventories	(14,568)	(81)
Changes in trade receivables	(28,250)	12,684
Changes in other receivables	(15,298)	2,085
Changes in trade payables etc.	5,176	(15,880)
Changes in other payables	(10,016)	(33,406)
	(62,956)	**(34,598)**

31. Cash and cash equivalents

Group (DKK '000)	2007	2006
Cash and bank deposit	27,360	77,556
Overdraft facilities	(19,147)	0
	8,213	**77,556**

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 59.3 million.

32. Fee to auditors

Group (DKK '000)	2007	2006
Fee to the auditors for the financial year comprises:		
Audit		
Deloitte	1,545	1,276
Others	246	333
	1,791	**1,609**
Non-audit services		
Deloitte	523	248
Others	104	126
	627	**374**

33. Currency, interest rate and credit risks

Currency risks
Of the total receivables and cash of the group of DKK 272 million, DKK 170 million is denominated in foreign currencies, which are recognised in the annual report under receivables with DKK 147 million and cash with DKK 23 million. Of the total assets denominated in foreign currencies, DKK 161 million is denominated in EUR.

Of the total liabilities of the group of DKK 529 million, DKK 310 million is denominated in foreign currencies. Of the total liabilities denominated in foreign currencies, DKK 306 million is denominated in EUR.

Interest rate risks
The group does not hedge interest rate risks as this is not deemed financially viable.

Other information
As regards the following items, the carrying amount corresponds to the fair value of the receivable/liability:
– Trade receivables
– Other receivables
– Cash
– Trade payables
– Other payables

As regards receivables, the carrying amount also corresponds to the maximum credit risk of the three items as at 30 April 2007.

Notes

34. Related parties

Related parties with a controlling influence

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

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

For an overview of associates, please refer to note 15.

Transactions with related parties

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

(DKK '000)	Owners with a controlling influence on Harboes Bryggeri A/S*	Associates	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
2006/07					
Sale of goods	0	0	0	0	0
Purchase of goods	8,065	154,783	0	12	162,860
Sale of non-current assets	0	0	5,550	0	5,550
Sale of services	120	0	0	0	120
Purchase of services	333	0	0	351	684
Rental income	83	7,376	0	0	7,459
Rental expenses	5,907	0	0	0	5,907
Remuneration etc.	4,294	0	10,137	464	14,895
Deposits, leases	2,113	0	0	0	2,113
Trade receivables etc.	0	3,051	5,550	0	8,601
Trade payables etc.	0	20,665	0	0	20,665

(DKK '000)	Owners with a controlling influence on Harboes Bryggeri A/S*	Associates	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
2005/06					
Sale of goods	0	579	0	0	579
Purchase of goods	8,081	106,914	0	5	115,000
Sale of non-current assets	25	0	0	0	25
Sale of services	100	0	0	0	100
Purchase of services	17	0	0	422	439
Rental income	0	7,470	0	0	7,470
Rental expenses	5,849	0	0	0	5,849
Remuneration etc.	4,326	0	10,541	537	15,404
Deposits, leases	2,072	0	0	0	2,072
Trade receivables etc.	0	3,514	0	0	3,514
Trade payables etc.	0	7,660	0	0	7,660

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

Notes

34. Related parties, continued

The purchase and sale of goods to related parties has 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 made leases in respect of land and buildings. The leases have been made with companies having Bernhard Griese, CEO, and his close relatives as main shareholders.
The leases, registered on the individual properties, are non-terminable until the year 2020 on the part of the lessor and until 2010-2013 on the part of the lessee. The annual rent amounts to DKK 5.907 million (2005/06 DKK 5.849 million). The total future minimum lease payments in the period of non-terminability amounts to DKK 38.072 million, cf. note 28.

Remuneration etc. of 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 Board of Directors, the Board of Executives and other key staff members of the group.
The remuneration is included in the above.

Winter-
beer
Toolse
PILSEN
Alk. 4,2% vol.
Palmse
TUME ÕLU
DARK BEER
ALATES 1975
Palmse
Alk. 5,6% vol.
TRADITSIOONIDEGA
TUME EESTI ÕLU
VIRU ÕLU
ANNO 1975
ÕLU • BEER

Income statement – parent

(DKK '000)	Parent 2006/07	Parent 2005/06	Note
Gross revenue	685,753	720,203	
Taxes on beer and soft drinks	(166,777)	(173,475)	
Revenue	**518,976**	**546,728**	
Production costs	(410,544)	(421,938)	1
Gross profit	**108,432**	**124,790**	
Distribution costs	(83,385)	(89,563)	
Administrative expenses	(18,730)	(22,441)	
Operating profit (EBIT)	**6,317**	**12,786**	
Income from investments in subsidiaries	-	-	4
Financial income	1,387	1,174	5
Financial expenses	(3,355)	(1,469)	6
Profit before tax	**4,349**	**12,491**	
Tax on profit for the year	(1,384)	(4,381)	7
Adjustment of tax in respect of previous years	(219)	3,043	7
Net profit for the year	**2,746**	**11,153**	

Proposal for the distribution of net profit		
Dividend for the financial year	9,000	48,000
Retained earnings	(6,254)	(36,847)
	2,746	**11,153**

Balance sheet – assets

Parent as at 30 April 2007

(DKK '000)	Parent 2007	2006	Note
Land and buildings	118,499	110,589	
Plant and machinery	176,249	198,975	
Other plant, fixtures and fittings, tools and equipment	33,546	23,484	
Spare parts for own machinery	5,298	6,511	
Property, plant and equipment under construction	3,380	13,805	
Property, plant and equipment	**336,972**	**353,364**	8
Investments in subsidiaries	143,699	143,699	9
Financial assets available for sale	3,047	2,923	10
Financial assets	**146,746**	**146,622**	
Non-current assets	**483,718**	**499,986**	
Inventories	**41,533**	**33,855**	11
Trade receivables	85,541	91,377	12
Receivables from subsidiaries	21,545	26,506	
Other receivables	12,594	203	13
Income tax receivable	2,273	0	
Prepayments	1,846	2,453	
Receivables	**123,799**	**120,539**	
Cash	**12,894**	**42,365**	14
Current assets	**178,226**	**196,759**	
Assets	**661,944**	**696,745**	

Balance sheet – equity and liabilities

Parent as at 30 April 2007

	Parent		
(DKK '000)	2007	2006	Note
Share capital	60,000	60,000	15
Share premium	51,000	51,000	
Reserves	845	664	
Retained earnings	279,230	324,084	
Equity	**391,075**	**435,748**	
Mortgage debt	3,682	7,582	19
Deferred tax liabilities	38,703	37,375	17
Non-current liabilities	**42,385**	**44,957**	
Mortgage debt	3,894	278	19
Bank debt	1,436	0	20
Trade payables	82,955	85,801	
Repurchase obligation, returnable packaging	25,800	38,307	18
Payables to subsidiaries	70,019	44,091	
Income tax	0	153	
Other payables	44,380	47,410	21
Current liabilities	**228,484**	**216,040**	
Liabilities	**270,869**	**260,997**	
Equity and liabilities	**661,944**	**696,745**	

Cash flow statement

Parent

(DKK '000)	2006/07	2005/06	Note
Operating profit (EBIT)	6,317	12,786	
Depreciation, amortisation, impairment losses and write-downs	48,121	48,290	
Changes in working capital	(32,009)	(15,181)	24
Cash flows from operating activities	**22,429**	**45,895**	
Financial income	1,387	1,174	
Financial expenses	(3,350)	(1,519)	
Income tax paid	(2,702)	(8,287)	
Cash flows from operating activities	**17,764**	**37,263**	
Purchase etc. of property, plant and equipment	(42,232)	(81,053)	
Sale of property, plant and equipment	10,543	3,240	
Changes in financial assets available for sale	57	66	
Cash flows from investing activities	**(31,671)**	**(77,747)**	
Dividend distributed to shareholders of the parent	(47,600)	(8,925)	
Repayment of mortgage debt	(289)	(212)	
Proceeds from the raising of financial liabilities	0	358	
Cash flows from financing activities	**(47,889)**	**(8,779)**	
Changes in cash and cash equivalents	**(61,796)**	**(49,263)**	
Cash and cash equivalents as at 1 May	24,780	74,043	
Cash and cash equivalents as at 30 April	**(37,016)**	**24,780**	25

Statement of changes in equity

Parent

(DKK '000)	Share capital	Share premium	Reserve for adjustment to fair value of financial assets available for sale	Retained earnings	Total equity
Equity as at 1 May 2005	**60,000**	**51,000**	**309**	**321,856**	**433,165**
Adjustment to fair value of financial assets available for sale	0	0	355	0	355
Recognised directly in equity	**0**	**0**	**355**	**0**	**355**
Net profit for the year	0	0	0	11,153	11,153
Total net income	**0**	**0**	**355**	**11,153**	**11,508**
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	75	75
	0	**0**	**0**	**(8,925)**	**(8,925)**
Equity as at 30 April 2006	**60,000**	**51,000**	**664**	**324,084**	**435,748**
Adjustment to fair value of financial assets available for sale	0	0	181	0	181
Recognised directly in equity	**0**	**0**	**181**	**0**	**181**
Net profit for the year	0	0	0	2,746	2,746
Total net income	**0**	**0**	**181**	**2,746**	**2,927**
Distributed dividend	0	0	0	(48,000)	(48,000)
Dividend from treasury shares	0	0	0	400	400
	0	**0**	**0**	**(47,600)**	**(47,600)**
Equity as at 30 April 2007	**60,000**	**51,000**	**845**	**279,230**	**391,075**

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12. Trade receivables
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1. Production costs

Parent (DKK '000)	2006/07	2005/06
Cost of sales	340,373	359,944
Write-down of inventories	668	510
Depreciation, amortisation, impairment losses and write-downs, cf. note 3	45,339	43,830
Other production costs	24,164	17,654
	410,544	**421,938**

2. Staff expenses

Parent (DKK '000)	2006/07	2005/06
Remuneration of the Board of Directors	243	260
Wages and salaries	69,105	86,050
Defined contributions plans	7,619	8,423
Other social security costs	4,531	5,342
Other staff expenses	5,581	4,943
Refunds from public authorities	(431)	(1,409)
	86,648	**103,609**
Staff expenses comprise:		
Production costs	53,343	63,759
Distribution costs	22,444	25,029
Administrative expenses	10,861	12,540
Non-current assets	0	2,281
	86,648	**103,609**
Average number of employees	**185**	**242**

	Board of Directors		Board of Executives		Other key staff members	
Group (DKK '000)	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Remuneration of members of the management						
Remuneration of the Board of Directors	243	260	0	0	0	0
Wages and salaries etc.	0	0	2,983	3,022	6,447	7,717
Pension	0	0	215	207	400	360
	243	**260**	**3,198**	**3,229**	**6,847**	**8,077**

No employee participates in bonus plans exceeding 20 per cent of the employee's base pay.

Notes

3. Depreciation, amortisation, impairment losses and write-downs

Parent (DKK '000)	2006/07	2005/06
Buildings	8,738	8,408
Plant and machinery	30,248	28,406
Other plant, fixtures and fittings, tools and equipment	11,025	11,475
Profit/(loss) on the sale of property, plant and equipment	(1,890)	705
	48,121	**48,994**
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	45,339	43,830
Distribution costs	1,582	1,946
Administrative expenses	1,200	3,218
	48,121	**48,994**

4. Income from investments in subsidiaries

Parent (DKK '000)	2006/07	2005/06
Dividend	**0**	**0**

5. Financial income

Parent (DKK '000)	2006/07	2005/06
Interest income from bank deposit etc.	335	243
Interest income from receivables from group enterprises	976	868
Changes in financial assets available for sale	76	63
	1,387	**1,174**

6. Financial expenses

Parent (DKK '000)	2006/07	2005/06
Interest on mortgage debt	334	443
Interest on bank debt	179	81
Interest on payables to group enterprises	2,784	818
Net foreign exchange gains and losses	58	127
	3,355	**1,469**

7. Tax on profit/loss for the year

Parent (DKK '000)	2006/07	2005/06
Current tax	56	3,566
Changes in deferred tax	1,328	815
	1,384	**4,381**
Changes in deferred tax resulting from the lowering of the income tax rate from 30 per cent to 28 per cent	0	(2,611)
Adjustment in respect of previous financial years	219	(432)
	1,603	**1,338**

The current income tax for the financial year has been calculated on the basis of a tax rate of 28 per cent (2005/06: 28 per cent).

Notes

7. Tax on profit/loss for the year, continued

Group	2006/07 DKK '000	2006/07 %	2005/06 DKK '000	2005/06 %
Profit before tax	4,349		12,491	
Calculated tax thereon	1,218	28.0	3,497	28.0
Non-tax-deductible income and expenses as well as depreciation, amortisation, impairment losses and write-downs	166	3.8	884	7.1
	1,384	**31.8**	**4,381**	**35.1**

8. Property, plant and equipment

Parent (DKK '000)	Land and buildings	Plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction
Cost as at 1 May 2006	199,334	505,861	90,861	6,511	13,805
Additions	24,611	7,522	21,738	953	2,936
Disposals	(9,223)	(198)	(7,172)	(2,166)	(13,361)
Cost as at 30 April 2007	**214,722**	**513,185**	**105,427**	**5,298**	**3,380**
Depreciation and impairment losses as at 1 May 2006	88,745	306,886	67,377	0	0
Depreciation in the year	8,738	30,248	11,025	0	0
Reversal on disposal	(1,260)	(198)	(6,521)	0	0
Depreciation and impairment losses as at 30 April 2007	**96,223**	**336,936**	**71,881**	**0**	**0**
Carrying amount as at 30 April 2007	**118,499**	**176,249**	**33,546**	**5,298**	**3,380**

The carrying amount of mortgaged land and buildings totals DKK 105,468 million.

Parent (DKK '000)	Land and buildings	Plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction
Cost as at 1 May 2005	196,532	499,730	103,069	6,534	704
Additions	2,883	10,837	11,263	1,770	13,489
Disposals	(81)	(4,706)	(23,471)	(1,793)	(388)
Cost as at 30 April 2006	**199,334**	**505,861**	**90,861**	**6,511**	**13,805**
Depreciation and impairment losses as at 1 May 2005	80,418	281,457	77,155	0	0
Depreciation in the year	8,408	28,406	11,475	0	0
Reversal on disposal	(81)	(2,977)	(21,253)	0	0
Depreciation and impairment losses as at 30 April 2006	**88,745**	**306,886**	**67,377**	**0**	**0**
Carrying amount as at 30 April 2006	**110,589**	**198,975**	**23,484**	**6,511**	**13,805**

The carrying amount of mortgaged land and buildings totals DKK 97.976 million.

Notes

9. Investments in subsidiaries

Parent (DKK '000)	2007	2006
Cost as at 1 May 2006	348,075	347,907
Additions in connection with the purchase of investments	0	168
Cost as at 30 April 2007	**348,075**	**348,075**
Impairment losses as at 1 May 2006	(204,376)	(204,376)
Impairment losses as at 30 April 2007	**(204,376)**	**(204,376)**
Carrying amount as at 30 April 2007	**143,699**	**143,699**

Investments in subsidiaries comprise:
Darguner Brauerei GmbH, Dargun, Germany, ownership interest of 100.00 per cent, voting share of 100.00 per cent
AS Viru Õlu, Haljala, Estonia, ownership interest of 98.11 per cent, voting share of 98.11 per cent
Harboe Norge AS, Moss, Norway, ownership interest of 100.00 per cent, voting share of 100.00 per cent
Harboefarm A/S, Skælskør, Denmark, ownership interest of 100.00 per cent, voting share of 100.00 per cent
Harboe-Hallerne A/S, Skælskør, Denmark, ownership interest of 100.00 per cent, voting share of 100.00 per cent
Harboe Sverige AB, Mölnlycke, Sweden, ownership interest of 100.00 per cent, voting share of 100.00 per cent
Harboe Poland sp. Z O.O., Warzaw, Poland, ownership interest of 100.00 per cent, voting share of 100.00 per cent

The annual report of Darguner Brauerei GmbH is audited by the audit firm of
Hansa Treuhand GmbH Wirtschaftsprüfungsgesellschaft, Schwerin, Germany.

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

10. Financial assets available for sale

Parent (DKK '000)	2007	2006
Listed shares	1,556	1,374
Unlisted shares	1,489	1,489
Mortgage deeds	2	60
	3,047	**2,923**

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

11. Inventories

Parent (DKK '000)	2007	2006
Raw materials, intermediates and non-returnable packaging	22,895	22,723
Finished goods and goods for resale	18,638	11,132
	41,533	**33,855**

12. Trade receivables

Parent (DKK '000)	2007	2006
Trade receivables	**85,541**	**91,377**
Write-downs made for expected losses	600	100

Write-downs are made at net realisable value, corresponding to the sum of the future net payments which the receivable is expected to yield.

Notes

13. Other receivables

Parent (DKK '000)	2007	2006
Receivable from the sale of non-current assets	9,289	0
Other receivables	3,305	203
	12,594	**203**

No special credit risks in respect of receivables exist.

14. Cash

Parent (DKK '000)	2007	2006
Cash and bank deposit	**12,894**	**42,365**

Cash comprises deposits in esteemed banks in the form of variable-interest demand deposits.

15. Share capital

The share capital amounts to DKK 60.0 million, distributed on DKK 6.4 million of A shares and 53.600 million of B shares. Each A share amount of DKK 10 carries 10 votes, and each B share amount of DKK 10 carries 1 vote.

The B shares are listed on the Copenhagen Stock Exchange.

The past four years have not seen any movements in the share capital.

16. Treasury shares

			Nominal value		Share of share capital	
	2007 No. of DKK 10 shares	2006 No. of DKK 10 shares	2007 DKK '000	2006 DKK '000	2007 %	2006 %
Treasury shares as at 1 May 2006	50,000	5,000	500	500	0.8	0.8
Purchase of treasury shares	0	0	0	0	0.0	0.0
Sale of treasury shares	0	0	0	0	0.0	0.0
Change of denomination from DKK 100 to DKK 10	0	45,000	0	0	0.0	0.0
Treasury shares as at 30 April 2007	**50,000**	**50,000**	**500**	**500**	**0.8**	**0.8**

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

According to a decision made by the general meeting held on 29 August 2006, the company can acquire treasury shares at a maximum nominal value of DKK 6.0 million, corresponding to 10 per cent of the share capital, until the next annual general meeting.

Notes

17. Deferred tax liabilities

Parent (DKK '000)	Deferred tax assets	Deferred tax liabilities
Deferred tax as at 1 May 2005	0	39,171
Changes in deferred tax recognised in the income statement	0	(1,796)
Deferred tax as at 30 April 2006	**0**	**37,375**
Changes in deferred tax recognised in the income statement	0	1,328
Deferred tax as at 30 April 2007	**0**	**38,703**

Parent (DKK '000)	2007	2006
Deferred tax has been recognised in the balance sheet as follows:		
Deferred tax liabilities	**38,703**	**37,375**

After the end of the financial year, the Danish income tax rate will be lowered from 28 per cent to 25 per cent. Consequently, the deferred tax liability determined as at 30 April 2007 of DKK 38,703 million will be reduced by DKK 4,147 million to DKK 34,556 million as at 1 May 2007. The DKK 4,147 million will be recognised as income in the company's income statement for 2007/08.

Parent (DKK '000)	01.05.	Recognised in the income statement	Recognised in equity	30.04.
Non-current assets	35,242	1,390	0	36,632
Current assets	2,413	(342)	0	2,071
Current liabilities	(280)	280	0	0
Deferred tax 2007	**37,375**	**1,328**	**0**	**38,703**
Non-current assets	36,689	(1,447)	0	35,242
Current assets	2,482	(69)	0	2,413
Current liabilities	0	(280)	0	(280)
Deferred tax 2006	**39,171**	**(1,796)**	**0**	**37,375**

Deferred tax is provided for at a Danish tax rate of 28 per cent.

18. Repurchase obligation, returnable packaging

Parent (DKK '000)	2007	2006
Repurchase obligations as at 1 May 2006	38,307	60,737
Applied and reversed in the financial year, net	(12.507)	(22.430)
Repurchase obligations as at 30 April 2007	**25,800**	**38,307**
Provisions have been recognised in the balance sheet as follows:		
Current liabilities	25,800	38,307
Non-current liabilities	0	0
	25,800	**38,307**

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.

Notes

19. Mortgage debt

Parent (DKK '000)	2007	2006
Mortgage debt secured upon real property	**7,576**	**7,860**
Mortgage debt falls due as follows:		
On demand within one year after the balance sheet date	3,894	278
Between one and two years after the balance sheet date	136	291
Between two and three years after the balance sheet date	142	298
Between three and four years after the balance sheet date	147	290
Between four and five years after the balance sheet date	154	300
After five years after the balance sheet date	3,103	6,403
	7,576	**7,860**
Mortgage debt has been recognised in the balance sheet as follows:		
Current liabilities	3,894	278
Non-current liabilities	3,682	7,582
	7,576	**7,860**

Parent	Currency	Expiry	Fixed/ variable	Effective interest rate %	Amortised cost DKK '000	Nominal value	Fair value DKK '000
30 April 2007							
Mortgage debt	DKK	2028	Variable	4.0-5.0	**7,576**	**7,808**	**7,401**
30 April 2006							
Mortgage debt	DKK	2028	Variable	3.0-3.5	**7,860**	**8,099**	**7,604**

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.

20. Bank debt

Parent (DKK '000)	2007	2006
Overdraft facility	**1,436**	**0**
Bank debt recognised in the balance sheet as follows:		
Short-term payable	**1,436**	**0**
The bank debt falls due as follows:		
On demand within one year after the balance sheet date	**1,436**	**0**

Notes

20. Bank debt, continued

Parent	Currency	Expiry	Fixed/ variable	Effective interest rate %	Amortised cost DKK '000	Nominal value DKK '000	Fair value
30 April 2007							
Overdraft facility	DKK	2008	Variable	4.5-5.0	**1,436**	**1,436**	**1,436**
30 April 2006							
Overdraft facility	DKK	-	-	-	**0**	**0**	**0**

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.

21. Other payables

Parent (DKK '000)	2007	2006
Wages and salaries, holiday pay, income tax deducted at source, social contributions etc. payable	3,008	2,909
Holiday pay obligations etc.	3,194	3,932
VAT and taxes payable	16,992	19,086
Other expenses payable	21,186	21,483
	44,380	**47,410**

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

22. Operating lease commitments

Parent (DKK '000)	2007	2006
For the years 2007-2011, operating leases concerning the lease of properties, machinery and other plant have been made. The leases have been made for a minimum of 3-5 years with fixed lease payments to be indexed annually. The leases are non-terminable within the period stated, subsequent to which they may be renewed for periods of one year.		
Minimum lease payments recognised in the income statement	**1,732**	**1,049**
The minimum lease payments comprise:		
Production	564	405
Distribution	808	284
Administration	360	360
	1,732	**1,049**
The total future minimum lease payments for non-cancellable leases fall due as follows:		
On demand within one year after the balance sheet date	3,115	1,209
Between one and two years after the balance sheet date	8,297	1,674
After five years after the balance sheet date	0	0
	11,412	**2,883**

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 120 million (2005/06: DKK 120 million). The total future minimum lease payments in the period of non-terminability amounts to DKK 127 million.

Notes

23. Contingent liabilities, security and contractual obligations

Parent (DKK '000)	2007	2006
Security		
Mortgage debt has been secured by way of mortgage over properties with associated plant and machinery (mortgaged fixtures and fittings (tilbehørspant)).		
Carrying amount of mortgaged properties	**9,209**	**17,573**
As security for bank debts, a mortgage deed with a nominal value of DKK 0.750 million registered to the mortgagor and secured upon Danish properties has been deposited.		
Carrying amount of mortgaged properties	**96,259**	**80,403**
The parent has provided a guarantee for the mortgage debt of its subsidiaries. The guarantee has been maximised at DKK 31.292 million.		
Debt of subsidiaries	**31,580**	**30,487**
The company has provided a guarantee for the mortgage debt of the group's associates. The guarantee has been maximised at DKK 2.0 million.		
Debt of associates	**14,929**	**11,338**

The parent is jointly and severally liable with the other jointly taxed companies for the total income tax under the joint taxation applicable up to and including 2004.

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.

24. Changes in working capital

Parent (DKK '000)	2007	2006
Changes in inventories	(7,678)	(249)
Changes in trade receivables	5,836	5,102
Changes in other receivables	(11,784)	2,343
Changes in trade payables etc.	(2,846)	3,731
Changes in other payables	(15,537)	(26,108)
	(32,009)	**(15,181)**

25. Cash and cash equivalents

Parent (DKK '000)	2007	2006
Cash and bank deposit	12,894	42,365
Overdraft facilities	(1,436)	0
Intercompany balance, net	(48.474)	(17.585)
	(37,016)	**24,780**

The company has undrawn credit facilities totalling DKK 45.500 million.

Notes

26. Fee to the auditors appointed by the general meeting

Parent (DKK '000)	2007	2006
Fee to the auditors of the parent appointed by the general meeting for the financial year comprises:		
Audit		
Deloitte	**1,177**	**998**
Non-audit services		
Deloitte	**514**	**232**

27. Currency, interest rate and credit risks

Currency risks
Of the total assets of the parent, which are not eliminated in the consolidated financial statements, receivables and cash total DKK 137 million, of which DKK 41 million is denominated in foreign currencies, which are recognised in the annual report under receivables with DKK 32 million and cash with DKK 9 million. Of the total assets denominated in foreign currencies, DKK 34 million is denominated in EUR.

Of the total liabilities of the parent, which are not eliminated in the consolidated financial statements, DKK 30 million is denominated in foreign currencies. Of the total liabilities denominated in foreign currencies, DKK 28 million is denominated in EUR.

Interest rate risks
The parent does not hedge interest rate risks as this is not deemed financially viable.

Other information
As regards the following items, the carrying amount corresponds to the fair value of the receivable/liability:

– Trade receivables
– Other receivables
– Cash
– Trade payables
– Other payables

As regards receivables, the carrying amount also corresponds to the maximum credit risk of the three items as at 30 April 2007.

28. Related parties

Related parties with a controlling influence
The following parties have a controlling influence on the parent and the group:

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

Notes

28. Related parties, continued

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

(DKK '000)	Subsidiaries	Owners with a controlling influence on Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
2006/07					
Sale of goods	24,138	0	0	0	24,138
Purchase of goods	50,117	1,102	0	12	51,231
Sale of non-current assets	0	0	5,550	0	5,550
Sale of services	3,054	120	0	0	3,174
Purchase of services	3,626	333	0	287	4,246
Rental income	0	56	0	0	56
Rental expenses	858	120	0	0	978
Remuneration etc.	0	3,522	7,090	464	11,076
Trade receivables etc.	21,545	0	5,550	0	27,095
Trade payables etc.	70,019	0	0	0	70,019

(DKK '000)	Subsidiaries	Owners with a controlling influence on Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
2005/06					
Sale of goods	28,229	0	0	0	28,229
Purchase of goods	13,568	1,584	0	5	15,157
Sale of non-current assets	208	25	0	0	233
Sale of services	2,253	100	0	0	2,353
Purchase of services	1,868	17	0	422	2,307
Rental expenses	224	120	0	0	344
Remuneration etc.	0	3,553	8,337	537	12,427
Trade receivables etc.	26,506	0	0	0	26,506
Trade payables etc.	44,091	0	0	0	44,091

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

The purchase and sale of goods to related parties has 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 company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The annual rent amounts to DKK 120 million (2005/06: DKK 120 million). The total future minimum lease payments in the period of non-terminability amounts to DKK 127 million, cf. note 22.

Remuneration etc. of the Board of Directors, the Board of Executives and other key staff members
Please refer to note 2 for information on remuneration paid to the Board of Directors, the Board of Executives and other key staff members of the group. The remuneration is included in the above.

Company information

Company
Harboes Bryggeri A/S
Spegerborgvej 34, 4230 Skælskør, Denmark
CVR no. 43 91 05 15
Registered in: Municipality of Slagelse, Denmark
Financial year: 01.05 – 30.04
Internet: www.harboes.dk

Board of Directors
Anders Nielsen, Chairman, Lawyer
Bernhard Griese, CEO
Preben K. Nielsen, CEO
Kirsten Griese, Nurse
Vibeke Harboe Malling, Nurse
Karina Harboe Laursen, Staff Coordinator
Jens Bjarne Jensen, Brewery Worker *
*) Staff representative

Board of Executives
Bernhard Griese

Auditors
Deloitte Statsautoriseret Revisionsaktieselskab

Annual general meeting
Annual general meeting to be held on 23 August 2007
at 5 p.m. in Skælskør Hallen, Skælskør.

Members of the Board of Directors, other managerial posts

Name	Membership of the Board of Directors	Membership of the Board of Executives
Anders Nielsen, Lawyer Chairman	FPR Forsikringsmægleraktieselskab, Budde, Schou og Ostenfeld International A/S (Chairman) as well as Budde, Schou og Ostenfeld A/S (Chairman)	
Preben Kurt Nielsen, CEO	Jyden Workwear A/S (Chairman), Tika Holding A/S (Chairman), Tika Invest A/S, TBP Invest Aalborg A/S, Løgstrup Dambrug A/S, Mipinvest A/S, Vingmed Danmark A/S as well as Musholm Lax A/S	Nowaco A/S as well as member of the Board of Directors of a subsidiary thereof
Bernhard Griese, CEO	Chris-Wine A/S (Chairman), Best Poultry International A/S (Chairman), Velisco Farm A/S, Keldernæs A/S, Visbjerggården A/S, Lundegård A/S, Buskysminde A/S, Rugbjerggård A/S as well as Danfrugt Skælskør A/S	Harboes Bryggeri A/S

Notes

FROM & CO A/S


Harboe Beer
GOLD
GOLD BEER

Harboes Bryggeri A/S
Spegerborgvej 34
DK-4230 Skælskør