



BY APPOINTMENT TO
THE ROYAL DANISH COURT

HARBOE

ANNUAL REPORT
2014/2015

“We want growth that provides the foundation for increasingly robust value creation in the group. Therefore, we place great focus on building our own brands and composing the product mix so as to achieve the right balance between efficient capacity utilisation and the best possible contribution to earnings”

Bernhard Griese
CEO

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OWN BRANDS PAVE THE WAY FOR NEW VALUE CREATION

A changed product mix, international expansion and a positive effect of recent years' investments in efficiency improvements drive a positive earnings performance in 2014/2015. Developments confirm the international potential for Harboe's own brands and help the group take important steps towards realising increased and more robust value creation.

While the sales volume and total revenue were both slightly lower than last year, earnings increased considerably – at EBITDA level as well as measured by profit before tax. This development reflects that a number of the important strategic initiatives we have implemented in recent years are now really beginning to have an impact on the financial statements.

FOCUS ON VALUE-ADDING GROWTH

The stagnating revenue is the result of falling demand in some of our markets, which have been characterised by various structural and social challenges. But it also reflects increased strategic prioritisation of the way we utilise our production capacity. In recent years, we have geared up our capacity for the organic growth that we want to create, especially in the international markets. And we currently have modern and highly efficient production facilities prepared for the growth and high quality requirements of the future. But growth is not an end in itself. We want growth that provides the foundation for increasingly robust value creation in the group. Therefore, we have placed great focus on composing our product mix so as to achieve the right balance between efficient capacity utilisation and the best possible contribution to earnings. This has meant abandoning large volumes with low margins, which we have then been able to replace by lower output, but improved earnings. At the same time, we free up important capacity for new business, and in the coming years we will work hard to ensure continued organic growth which creates value on the bottom line.

INNOVATIVE PARTNERSHIPS

The large customers in the Northern European markets continue to form the backbone of our business. These close strategic partnerships provide the framework for continuous innovation and market testing of new products, packaging solutions and sales concepts, enabling us to constantly anticipate international trends within the drinks segment. The experience gained from this is also a key competitive parameter for us in the cultivation of new international markets outside Northern Europe. This is where we expect to create growth in the coming years – driven by economic growth and rising demand for drinks products – and our own strong

brands and targeted range of modern and attractive products will pave the way.

The development during the year proves that we are on the right track. The activities in Harboe Nordic have been characterised by positive developments in our customer relations. We have seen high demand for our products – and in close collaboration with our customers we have launched a range of new, exciting products, which have secured a place on the supermarket shelves, further stimulating sales – especially within the soft drinks and juice segment.

INTERNATIONAL MOMENTUM

In the international markets, we have been affected by a number of market challenges which have curbed total growth. But our intense focus on marketing and positioning of our own brands have added considerable further momentum to our sales – in both Asia and Africa. Our own brands are positioned in price categories contributing attractive margins, and we expect that part of our business to increasingly contribute to the group's earnings.

TARGETED INGREDIENTS

After several years of investments in technology and competencies, in Harboe Ingredients we have now laid the groundwork for making the most of the market potential we are seeing within malt-based food ingredients. The basis is our business within traditional malt extract, which is displaying stable development with close relations with a wide range of customers in the European food industry. We must expand these relations further and offer a wider range of targeted ingredients – primarily in Europe, but also in selected markets outside Europe where we see real potential. Our strong sales and development organisation is ready to advise on the new interesting opportunities and to provide targeted solutions that create value for our customers.

MOMENTUM AND COMMITMENT

We attained a number of important and positive results in the past year, which provides a good foundation for our future journey. We are still seeing



“In recent years, we have geared up our capacity for the organic growth that we want to create, especially in the international markets. And we currently have modern and highly efficient production facilities prepared for the growth and high quality requirements of the future”.

challenging markets with intense competition and a constant need for adjusting and moving forward to stay in the race. But we will continue our efforts and expect to add momentum to the sales of our own brands and to further strengthen our earnings in the coming financial year.

This momentum is driven by good and value-adding relations with our customers and partners – and as a precondition of it all – by the targeted and

unique commitment of our staff throughout the organisation, who contribute to our results on a daily basis and to the strong culture that is driving Harboes Bryggeri A/S. ■

Bernhard Griese
CEO



THE FINANCIAL YEAR FOR THE GROUP IN OUTLINE

STRENGTHENED EARNINGS DRIVEN BY OWN BRANDS AND EFFICIENT OPERATIONS

GROWTH IS LOWER – BUT EBITDA EXCEEDS THE OUTLOOK FOR THE YEAR

- Harboe's revenue fell by 3.4% to DKK 1,371 million, with an unchanged sales at 5.93 million hectolitres compared to last year.
- The slight fall in revenue is due to challenging market conditions in a number of the group's markets, but also to a number of strategic adjustments of the product mix, replacing large amounts of smaller with better earnings contribution.
- Continued added momentum to the sale of Harboe's own brands, which drive our expansion in the international markets.

Recent years' strategic investments are now kicking in on the bottom line

- EBITDA rose by 20.5% to DKK 129.4 million compared with last year's DKK 107.4 million, corresponding to an EBITDA margin of 9.4% against 7.5% in 2013/2014. EBITDA thus slightly exceeded the outlook of DKK 115-125 million announced in connection with the interim report of December 2014.
- One of the reasons for the positive earnings performance is the effect of recent years' investments in efficiency improvements and energy optimisations – and continued growth in the sale of own brands is also contributing to attractive margins.
- Consolidated profit before tax rose to DKK 33.4 million against DKK 10.4 million the year before.
- Investments during the financial year totalled DKK 58.2 million, mainly focusing on continued streamlining and improvements.
- Continued streamlining of our management of the working capital ensures a substantial strengthening of cash flows from operating activities.

OUTLOOK 2015/16

- Harboe expects all the group's business units to contribute positively to the earnings performance in 2015/2016.
- Harboe thus expects positive revenue development and EBITDA in the range of DKK 120-140 million. Profit before tax is expected to be in the range of DKK 35-45 million in 2015/2016.

FINANCIAL HIGHLIGHTS

	2014/15 DKKkm	2013/14 DKKkm	2012/13 DKKkm	2011/12 DKKkm	2010/11* DKKkm
KEY FIGURES					
EARNINGS					
Revenue	1,371.3	1,420.1	1,343.6	1,410.5	1,320.6
EBITDA	129.4	107.4	90.9	141.0	217.7
Operating profit/(loss) (EBIT)	38.6	16.7	9.4	59.5	74.2
Net financials	(5.3)	(6.3)	(5.3)	(8.4)	(5.9)
Profit/(loss) before tax	33.4	10.4	4.1	51.1	68.3
Net profit/(loss) for the year	24.0	10.6	3.1	38.4	51.1
BALANCE SHEET					
Total assets	1,292.2	1,383.7	1,501.4	1,575.9	1,685.5
Equity	709.9	706.6	780.6	790.0	753.4
Net interest-bearing debt	154.4	196.8	115.5	146.6	140.6
INVESTMENTS ETC.					
Investments in intangible assets	2.0	2.4	26.5	1.9	5.7
Investments in property, plant and equipment	56.2	34.1	93.2	60.1	141.8
Depreciation, amortisation, impairment losses and write-downs	90.7	90.7	81.4	81.5	130.7
CASH FLOWS					
Cash flows from operating activities	109.9	46.6	51.1	91.3	192.2
Cash flows from investing activities	(49.6)	125.4	(20.7)	6.8	(148.4)
Cash flows from financing activities	(33.2)	(98.9)	(6.4)	(48.6)	(63.8)
Changes in cash and cash equivalents	27.1	73.2	24.0	49.5	(20.0)
EMPLOYEES					
Average number of full-time employees	606	603	559	562	572

*Comparative figures for this period have not been restated to reflect the discontinued activities.

	2014/15	2013/14	2012/13	2011/12	2010/11*
RATIOS IN %					
Profit margin	2.8	1.2	0.7	4.2	5.6
Solvency ratio	54.9	51.1	52.0	50.1	44.7
EBITDA margin	9.4	7.5	6.8	10.1	14.0
Gearing	21.7	27.9	14.8	18.6	18.7
Acid test ratio	169.7	151.0	118.1	107.1	85.5
Return on invested capital (ROIC)	3.0	1.6	1.0	6.0	10.2
SHARE-RELATED RATIOS					
Earnings per DKK 10 share, DKK (EPS)	5.2	2.1	0.6	6.9	10.6
Cash flow per DKK 10 share, DKK (CFPS)	23.8	9.1	9.1	13.1	33.7
Equity value per DKK 10 share, DKK	118.3	117.7	130.1	131.6	125.6
Share price, end of year	105.5	93.5	77.0	89.5	127.0
Price/earnings ratio	20.3	45.2	139.7	13.0	12.0
Dividend per DKK 10 share, DKK	2.0	2.0	1.5	1.5	1.5

DEFINITIONS OF FINANCIAL HIGHLIGHTS

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

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

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

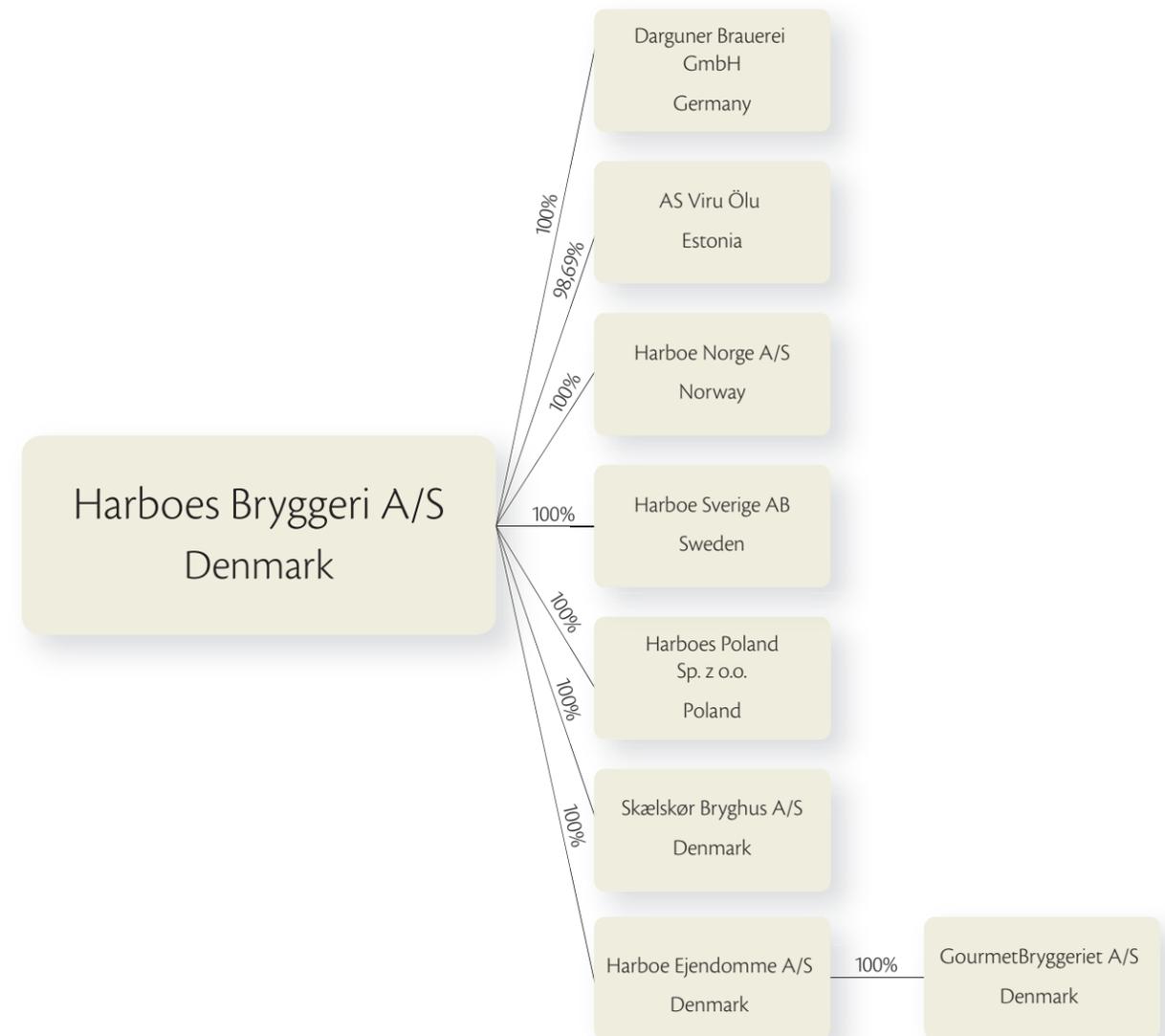


GROUP CHART

CORE BUSINESS

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

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



FINANCIAL REPORT

THE GROUP'S BUSINESS DEVELOPMENT

REVENUE

Consolidated revenue totalled DKK 1,371 million in the 2014/15 financial year against DKK 1,420 million the year before. This corresponds to a fall of 3.4%.

One of the reasons for the slight fall in revenue is falling revenue in a number of markets characterised by challenging market conditions – especially in Africa and the Middle East. As part of the continued strengthening of its contract portfolio, Harboe has also replaced previous business with new customer agreements with lower total volume and revenue, but with a stronger product mix and more attractive margins.

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

EARNINGS

Profit before depreciation, amortisation, net financials and tax (EBITDA) was up 20.5% at DKK 129.4 million compared with last year's DKK 107.4 million. EBITDA thus slightly exceeded the outlook of DKK 115-125 million announced in connection with the interim report of December 2014. Here, Harboe adjusted expectations upwards from previously DKK 100-110 million. EBITDA in 2014/2015 corresponds to an EBITDA margin of 9.4% against 7.5% in 2013/2014.

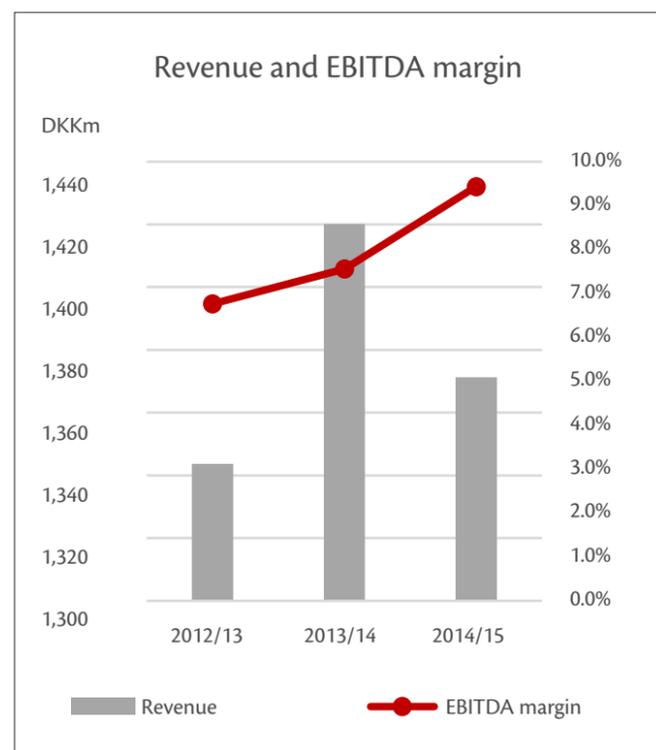
The total improved earnings reflect, among other factors, a continued positive development in the sale of the group's own brands in a number of international markets where the products are positioned in attractive price segments, contributing to higher earnings margins than realised in the private-label segments.

Moreover, Harboe is seeing a growing effect of recent years' investments in efficiency improvements in the entire value chain, and a number of energy optimisations in the production in both Denmark and Germany have had a positive impact on energy efficiency and energy costs.

Depreciation and amortisation of intangible assets and property, plant and equipment in the amount of DKK 90.7 million are recognised in operating profit against DKK 90.7 million the year before. Operating profit (EBIT) amounted to DKK 38.6 million against DKK 16.7 million last year.

A profit before tax of DKK 33.4 million was posted against DKK 10.4 million the year before. This is in line with the expectations of a profit before tax in the range of DKK 25-35 million announced in connection with the interim report in December 2014. Originally, Harboe expected a profit before tax in the range of DKK 15-25 million.

Net profit for 2014/15 amounted to DKK 24.0 million compared to DKK 10.6 million the year before.



EQUITY

As at 30 April 2015, equity amounted to DKK 709.9 million against DKK 706.6 million the year before.

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

Payment of dividend corresponding to DKK 2.00 per share or a total of DKK 12.0 million was adopted at the company's annual general meeting held on 25 August 2014.

During the 2014/2015 financial year, Harboe acquired 123,213 Class B shares at a total value of DKK 11.2 million, corresponding to an average acquisition price of DKK 91 per share. At the end of the financial year, the company had a holding of 1,434,403 Class B treasury shares, corresponding to DKK 151.3 million stated at the market price as at 30 April 2015.

The shareholder information section describes Harboe's dividend policy and the authorisation granted by the general meeting to acquire treasury shares.

INVESTMENTS

The recent years' investments in energy optimisations and efficiency improvements have contributed to a significant reduction of the group's operating expenses. In the past financial year, the focus was also on continued streamlining, including new packaging solutions, optimised storage and logistics facilities as

well as production technology, underpinning continuous efficiency improvements and capacity utilisation in operations. In the financial year, investments amounted to DKK 58.2 million, including investments of DKK 56.2 million in property, plant and equipment.

Investment grants received for the financial year totalled DKK 3.2 million. The capital investments made in recent years have created an efficient foundation for the continued expansion of the group's activities. In the coming years, the investment strategy will therefore primarily be focused on the continuous optimisation of the group's resource utilisation through continued efficiency improvements and adaptation of capacity.

LIQUIDITY AND NET INTEREST-BEARING DEBT

Working capital increased by DKK 1.3 million in the financial year. Harboe is generally being challenged by an increasing demand for extended credits on important contracts, but focuses on the continued optimisation of working capital through procurement and trade payables management etc. Moreover, Harboe has entered supply chain finance agreements with major customers. These efforts have resulted in a positive development in cash flows from operating activities, which amounted to DKK 109.9 million in the year compared with DKK 46.6 million in the same period last year. Free cash flow (changes in cash and cash equivalents) amounted to DKK 27.1 million compared with DKK 73.2 million in the prior-year period.

CASH RESOURCES

The group's cash resources are composed of cash and credit facilities granted but not yet activated and amounted to DKK 244.7 million as at 30 April 2015.

To this should be added the holding of treasury shares amounting to DKK 151.3 million stated at the market price as at 30 April 2015.

As at 30 April 2015, the group's interest-bearing debt amounted to DKK 240.5 million against DKK 294.7 million the year before.

Adjusted for cash deposits etc. of DKK 86.2 million, the group's net interest-bearing debt amounted to DKK 154.3 million as at 30 April 2015 against DKK 196.8 million the year before.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

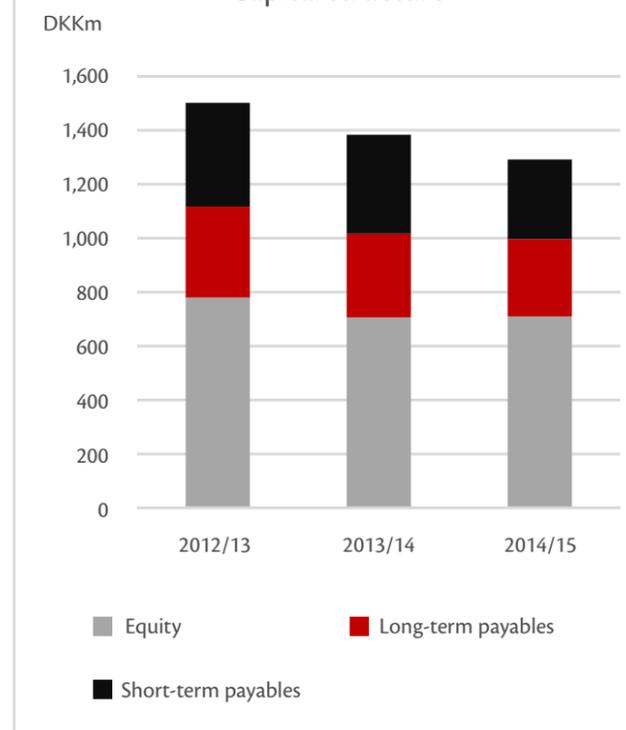
From the balance sheet date to this date, no events have occurred which change the evaluation of the annual report.

OUTLOOK 2015/2016

Market conditions in the Northern European markets are expected to remain extremely challenging in the coming year with intense competition and pressure on prices. Harboe will focus on maintaining its position in these markets as an attractive and flexible supplier to major customers in the retail sector based on a targeted and dynamic product range that supports a positive perception of Harboe's brands.

In the next year, expansion and development of the group's international activities within the drinks segment will continue to be given high priority, with further strengthening of its sales and marketing activities. The strategic focus

Capital structure



will be on markets where the demand for drinks products is growing, and where Harboe can establish an attractive platform for its products. The international activities are expected to be the main growth driver for the group in the next year.

Focus will also be on the development of activities within malt-based ingredients, with a continuation of the European sales activities and targeted marketing activities in selected international markets outside Europe. Continued progress is expected in the development of products in the company's pipeline.

At group level, the efforts to ensure continued optimisation in operations and further strengthening of the group's cash flow will also be continued in the coming year.

All in all, Harboe expects all the group's business units to contribute to growth in revenue, which is expected to be higher than in 2014/2015.

Earnings will continue to be affected by intense competition and pressure on prices, just as seasonal fluctuations and the annual renegotiation of major contracts in connection with the end of the calendar year may impact the group's total profit. Harboe expects to improve total earnings, however, to an EBITDA of approx. DKK 120-140 million and a profit before tax of approx. DKK 35-45 million in 2015/2016.

STRATEGY AND FINANCIAL TARGETS

FOCUSED GROWTH – INCREASED VALUE CREATION

Harboe produces and sells a wide range of drinks and malt extract products targeted at the demand and market potential in the geographical regions where the group operates. Historically, Harboe has marketed its products in the private-label segment, and this segment continues to account for a significant share of total volume, providing a valuable contribution to efficient capacity utilisation. In recent years, Harboe has also focused on building and positioning its own brands, which can be marketed in more attractive price segments, especially in the international markets. The group's own brands account for an increasing share of revenue and will be the driving force behind the continued growth and value creation.

Harboe's activities are rooted in three strategic business units: Harboe Nordic, Harboe International and Harboe Ingredients.

FLEXIBILITY AND INNOVATION IN HARBOE NORDIC

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

Furthermore, its in-depth market knowledge and close partnership with its customers are utilised in a targeted effort to continuously develop and test new products, packaging solutions and sales concepts in the Northern European markets. Experience and results from this work are utilised and implemented systematically with a view to realising further sales synergies in the group's other international markets.

FOCUSED GROWTH IN HARBOE INTERNATIONAL

Harboe International markets beers, soft drinks, energy drinks and non-alcoholic malt beverages in selected markets in the Middle East, Africa, Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe. Harboe's strategy is to increase Harboe International's relative share of the group's revenue and EBITDA by building up its position in markets where economic and demographic developments support increasing purchasing power and a demand for quality products. Priority is given to expansion in markets where the competitive situation makes it possible to establish a position which will form the basis for an attractive return on investment within 2-3 years.

EXPANDING BUSINESS ACTIVITY IN HARBOE INGREDIENTS

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

"Harboe is focused on building and positioning its own brands, which can be marketed in more attractive price segments, especially in the international markets. They will be the driving force behind the continued growth and value creation".

of these opportunities with a view to creating attractive growth and further strengthening the group's earnings basis.

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

INVESTMENT IN VALUE CREATION

In recent years, Harboe has invested substantial resources in the establishment of efficient and flexible production facilities, and the group is now prepared to meet ever-rising quality requirements and the expected growth in volume. Creating growth through clear prioritisation of capacity utilisation with a view to strengthening relative earnings on the volume produced and creating an attractive return on the invested capital are strategic priorities.

In the coming years, investments in the production facilities will primarily be focused on ongoing maintenance and potential further energy optimisation and efficiency improvement. In step with the increasing activity levels, Harboe also focuses especially on continuously optimising coordination and capacity utilisation among the group's production units and in distribution with a view to realising further operational synergies in the entire value chain.

In line with the strategy of adding momentum to its activities outside Northern Europe, Harboe's focus is on continued strategic expansion and efficiency improvements in its sales organisation, and continued development activities within malt extract will also be given high priority as a basis for new value-adding business opportunities.

GRADUAL REALISATION OF FINANCIAL TARGETS

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

Harboe aims to create sustainable growth in sales – primarily driven by continued strengthening of the sale of own brands. In the short term, growth is expected to be moderate, reflecting the fall in sales volumes with low earnings margins, while the build-up of own brands will increasingly

replace this and gradually boost the growth potential. The aim is to be able to raise EBITDA margins to 10-12%. Recent years' investments in organic growth with the establishment of a new strategic platform and the relatively long market penetration time for the new malt-based ingredients in particular mean that the financial targets will be realised gradually over the next two to five years. In step with the earnings optimisation, the aim is to raise the return on invested capital to 5%.

Harboe is continuously focusing on further optimising its cash flow and ensuring an effective balance between working capital and liquidity that ensures the necessary flexibility in operations.

The group's objectives as regards its capital structure have been deter-

mined based on a desire to maintain a high level of financial resources and flexible liquidity at all times to enable investments in continued organic growth supplemented by any acquisitions and/or conclusion of strategic partnerships.

Harboe wants its financial resources to be made up of its own funds to a high degree, including a substantial holding of treasury shares. At the same time, it is one of its clear priorities to ensure long-term value creation for its shareholders by gradually strengthening the company's market value in step with the planned development of the group's activities. According to Harboe's dividend policy, the aim is for this to be supplemented by regular distribution of attractive dividends and continued share buy-backs, taking into account the group's liquidity and financial targets. ■





HARBOE NORDIC



INCUBATOR FOR QUALITY AND INNOVATION

MARKET CONDITIONS AND COMPETITION

Harboe Nordic comprises the group's main markets where it sells a wide range of drinks products in Denmark, Norway, Sweden, the Baltic States, Germany as well as the Danish-German border area.

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

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

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

Total beer sales have been falling in the past ten years in the Northern Eu-

ropean markets. Sales of soft drinks continue to grow, but at moderate growth rates. Growth in sales of soft drinks is driven primarily by continued product development within this segment, including energy and sports drinks, with juices advancing in the market. Flavoured mineral water and vitamin drinks have also penetrated especially the German market as products that may contribute to continued growth in the segment.

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

VALUE CREATION AND STRATEGY

The business model for Harboe Nordic is based on the supply of high volumes of an attractive range of drinks products to the major retail chains in Northern Europe, where Harboe has established a strong position. Harboe maintains this position by providing customers with high-quality products, reliable deliveries and a flexible response to fluctuations in demand. Furthermore, Harboe markets its products in attractive packaging ready for sale, promoting the positioning and sale of Harboe's products in the retail sector. The business activities are based on close, often long-term collaboration and partnership with customers, continuously expanded through strategic dialogue on continued development of the product range, packaging solutions and sales concepts, which may strengthen sales and further drive demand among the Northern European consumers.

As Harboe Nordic's earnings margins are under constant pressure, value creation is conditional on continued high activity levels which can ensure that total earnings and return on invested capital reach a level corresponding to the group's financial targets. Fierce competition limits the opportunities for effectively implementing price increases in step with prices of raw materials and consumables, taxes etc. impacting production costs. Harboe therefore focuses at all times on prioritising the contract portfolio with a



HARBOE NORDIC

view to achieving an optimum balance between earnings and capacity utilisation – including in terms of prioritising the group's other business activities.

The activities in Harboe Nordic continue to form the backbone of the group – both financially and as an incubator for continued dynamic development and market testing of new products and concepts, which may drive sales and further strengthen earnings in the Northern European markets. Furthermore, the documented results of this are systematically applied in the continued strategic development of the group, where tried and tested concepts are brought into play in the new international markets.

STRATEGIC MEASURES AND RESULTS IN 2014/2015

The activities in Harboe Nordic developed according to plan in the course of the year with high demand for the group's products driven, among other factors, by a hot Northern European summer in 2014. Especially the German market made a positive contribution with a strong demand for both beer and soft drinks driven, among other factors, by the summer's World Cup, but new contracts with a good product mix also had a positive impact on the results. The activities in Estonia also developed positively with the production and marketing of a number of specialty products under own brands. The Northern European markets are, however, still affected by massive competition from both international branded products and regional players which operate across national borders in the Northern European region. This resulted in further falls in the prices of beer and soft drinks. In the period, as part of the efforts to address this pressure, Harboe replaced old major agreements with low margins with new customer agreements, where the volume is lower, yet the relative and absolute contribution to earnings higher.

Strategic collaboration agreements with both new and existing customers had a positive effect on sales, contributing to improving capacity utilisation. Investments were also made in the ongoing development of existing customer relations. Efforts were made during the year to continuously adapt and innovate the product range, packaging solutions and sales concepts which are marketed in higher price segments and strengthen collaboration with retail customers and the positioning of Harboe's products vis-à-vis consumers. Under its own brands, among others, Harboe launched several new specialty products and concept ranges, which have driven both sales and earnings. Sales of juices and energy drinks also developed positively, and Harboe has maintained its solid position in the intensely competitive market. Stronger positioning of Harboe's brands and the introduction of a range of new specialty products also contributed to increased trading activity in the Danish-German border area. Harboe also continued working to expand its activities within on-trade sales to cafés, canteens etc., just as sales to the convenience segment were in focus with a view to further developing the business.

SPECIAL RISKS AND PRIORITIES IN 2014/2015

During the financial year, Harboe Nordic had a particular focus on the risk exposure of the sales of the group's products due to increasing competition

"The activities in Harboe Nordic continue to form the backbone of the group – both financially and as an incubator greenhouse for continued dynamic development and market testing of new products and concepts, which may drive sales and further strengthen earnings in the Northern European markets".

from both national drinks manufacturers and regional and international competitors. Combined with a general decline in the consumption of beer in all Northern European markets, this poses a challenge to the entire drinks industry, and Harboe is working hard to adapt its product mix and introduce new, innovative products which can drive new demand and ensure that Harboe maintains its position in these markets.

During the financial year, sales were affected by pressure on prices from competing private-label products marketed using simple packaging solutions and sales templates. Maintaining the positioning of Harboe's products and underpinning a generally positive perception of the quality of the brands are strategic priorities for Harboe. Harboe therefore prioritises maintaining high product quality, variation in the offering and attractive sales-promoting packaging solutions rather than entering into further price competition based on a lower level of quality and where increased market share does not at the same time contribute acceptably to earnings. The prioritisation is decided continuously on the basis of specific contract negotiations, taking into account the best possible capacity utilisation and profit before amortisation, depreciation, interest and tax. Harboe continuously seeks to optimise the use of capital in the group, for example by negotiating terms in contracts concluded with partners at all levels of the value chain. Generally, there is increasing pressure for extended credits, especially from large customers in the retail sector. To counter the risk of increased tie-up of capital, Harboe's strategic focus is on optimising group cash flows, including by entering supply chain finance agreements and securing current liquidity by credit facilities and own flexible financial resources.

OUTLOOK 2015/2016

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



READY FOR THE NEXT PHASE IN THE INTERNATIONAL GROWTH MARKETS

MARKET CONDITIONS AND COMPETITION

Harboe International is the framework for the group's activities in markets outside the core Northern European markets. Today, Harboe International markets Harboe's products across selected markets in the Middle East, Africa, Asia/Oceania and the Americas as well as in a number of European markets outside Northern Europe.

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

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

There is considerable competition in all markets, but economic growth and

increasing purchasing power also drive an increasing demand for drinks products. General market growth and maturation are seen in both the retail sector and the on-trade segment, supporting rapidly rising demand. The competitors are both local, regional and international breweries.

VALUE CREATION AND STRATEGY

Harboe International pursues a focused strategy based on growth markets in which economic and demographic developments support increasing purchasing power and demand for quality products – and where the potential within product categories and geographical segments offers the opportunity to realise attractive earnings margins.

Expansion is targeted at regional and cultural demand patterns where Harboe can utilise its existing product range and packaging solutions and create a strong competitive position for itself under its own brands. It is a strategic objective to ensure that new markets are able to achieve critical mass in three to five years' time and contribute positively to the group's EBITDA.

Harboe's own branded products are typically marketed in a higher price segment targeted at a rapidly growing segment of middle-class consumers who are increasingly demanding imported brands at attractive prices.

Utilisation of the international potential is based on further strengthening of the sales organisation and focused expansion of relations and collaboration with both existing and new customers. Customer relations are rooted in a close and ongoing dialogue on development and adaptation of the product range to meet local demand while stimulating further growth in the market. In the coming year, Harboe will support sales by intensifying its

marketing efforts and providing further targeted marketing support of the group's primary international brands.

In step with the continued growth in its activities and in order to streamline and strengthen resource utilisation, deliveries and general customer service in the international markets as much as possible, Harboe will focus on ensuring the coordination between the sales organisation and the group's production facilities and distribution system.

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

STRATEGIC MEASURES AND RESULTS IN 2014/2015

In the course of the year, Harboe International saw a positive development with double-digit growth in the sale of own brands. The targeted positioning of the group's products has paved the way for new agreements and continuing increasing sales in the Asian markets, in particular. Harboe International's total sales were, however, negatively affected by unstable market conditions in a number of markets, which presented a challenge to day-to-day operations and put a brake on overall growth momentum.

Harboe focuses at all times on making the most of the international market potential while taking account of the current market conditions and the economic risk exposure.

A number of strategic measures were taken during the year with a view to strengthening sales in the markets where market conditions provide the foundation for growth. As part of the strategic prioritisation of the business, the

sales organisation was strengthened further with increased focus on the development of sales and promotion material, sales tools and a number of sales-promoting initiatives in support of the customers' marketing activities. At the same time, a general upgrading of the underlying IT infrastructure was launched, including efficiency improvement of the administrative processes for handling the collaboration with customers and the provision of customer service. Concurrently with this, the focus has been on continued expansion of relations and business activities with distributors and customers across the markets.

MIDDLE EAST AND NORTH AFRICA

In the predominantly Muslim markets in the Middle East and North Africa, Harboe markets mainly non-alcoholic beverages, including a wide range of non-alcoholic malt beverages and traditional soft drinks, which are both growth categories. In recent years, the activities have been expanded in collaboration with distributors and customers, and Harboe continues to build its position in the region.

The political turmoil and war-like conflicts in several places continue to impact sales, however, and the business climate in the region is affected by a number of challenges in the form of general delays in the supply chain and other operational irregularities. Still, Harboe has continued its sales efforts in the more stable markets, which are being cultivated in close collaboration with well-established local distributors. During the financial year, Harboe therefore increased its marketing of White Bear – a clear malt beverage in different taste variants – bringing the brand into focus once more by launching sales initiatives in several interesting growth markets. Overall, the activities in the region developed positively, and the region is expected to contribute to increased revenue and earnings in the coming year.

AFRICA

Harboe sells a wide range of beers, soft drinks, malt beverages and non-alcoholic malt beverages in a growing number of African countries, primarily under own brands, but also as private-label products for major international players. Africa represents Harboe International's single largest market and its continued expansion is driven by an increasing demand for strong beer and malt-based products in particular, but the energy drinks segment is also large and growing strongly. Sales are supported by the demographic and economic developments, including a fast-growing middle class.

But the activities in Africa were affected by continued and new challenges with unrest and Ebola outbreaks in certain regions, which curbed growth in the past year. However, emerging signs of improvement are seen in the areas that were affected by the Ebola outbreak in the first part of the financial year, but where infrastructure and demand are now gradually returning to more normalised conditions.

Developments in Africa are generally driven by increasing purchasing power and demand – something that Harboe seeks to exploit through continued intensified sales efforts in collaboration with distributors and partners contributing solid knowledge of demand, market conditions and methods of distribution. Harboe still sees an attractive potential in Africa and is continuously looking to tailor its activities to the prevailing business opportunities and risks.



HARBOE INTERNATIONAL

The group expects the coming year's marketing initiatives aimed at existing and new customers to create renewed growth and further strengthening of its market position on the African continent.

ASIA AND OCEANIA

In recent years, as part of its strategy of continued international expansion, Harboe has launched systematic sales efforts in Asia and in selected markets in Oceania. Partnerships have been established with key distributors across the region, and particularly Harboe's lager and strong beer products have gained a foothold and growing recognition in the Asian markets. Harboe markets a targeted selection of own brands in attractive price segments.

Its distributor partnership and the execution of a targeted sales strategy aimed directly at large retail chains continued during the year, driving continued positive developments within all product categories, although strong demand within the beer segment is the main driver of growth. The activities in the Chinese market in particular developed positively with high double-digit growth during the year, but the activities in Korea and Taiwan also deliver solid growth rates driven by efficient distributor partnerships and new contracts with large individual customers.

The activities in Asia and Oceania increasingly make a positive contribution to the group's total sales, and the strategic development of the focus markets in the region is expected to support continued growth and a strengthened market position in the coming year.

AMERICAS

The latest step in the geographical expansion has been targeted at selected markets in South and Latin America. Initially, the activities were targeted at special consumer segments in the Caribbean where the dark, non-alcoholic malt beverages are seeing a strong demand.

During the year, the focus has been on expanding Harboe's presence in a number of further markets in the region where beer, in particular, but also energy drinks are growing categories. Partnerships with both local and regional distributors and direct contact with major retail chains have been established. Sales in the Americas developed positively during the year – although still from a modest basis. The potential for establishing a stronger presence in these markets is attractive, and Harboe expects the activities to increasingly make a positive contribution to the group's results.

EUROPE

For a number of years, Harboe has marketed a wide range of products in selected European markets outside Northern Europe. The products are sold both under own brands and as private-label products through major international partners. Like the core markets in Northern Europe, these markets are characterised by negative or low growth within beer and soft drinks, but demand for e.g. dark malt beverages among ethnic groups, especially in France and the UK, still drives stable sales.

Overall, the activities in the European markets during the year developed with a slight fall in revenue, primarily as a result of lower activity in the private-label segment, while the group's own brands continued to develop positively.

"Customer relations are rooted in a close and ongoing dialogue on development and adaptation of the product range to meet local demand while stimulating further growth in the market".

In the coming years, Harboe will focus on maintaining and further expanding its position in these markets, driven by the group's own brands, and it expects that the activities will continue to contribute positively to the group's results.

SPECIAL RISKS AND PRIORITIES IN 2014/2015

Harboe's international activities outside Northern Europe are particularly exposed to risks in markets where political regimes are less stable and where general business conditions may be affected by various forms of political turmoil and lack of public control. In the course of the year, special focus was on further developing contract formats and updating policies and processes relating to the handling of international customer relations.

During the financial year, Harboe therefore ensured close follow-up and continuously adjusted its efforts in the areas in the Middle East and Africa which have been particularly affected by unrest and outbreaks of disease. Assessments of the development in specific operating and debtor risks and the management of these risks are reported regularly to the Board of Directors.

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

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

OUTLOOK 2015/2016

Harboe's international activities are expected to contribute increasingly to the group's revenue and earnings. In the coming financial year, intensification of the targeted marketing activities and the cultivation of markets are expected to lead to double-digit growth in the sale of own brands. The development is to be underpinned by continued strengthening of the international sales organisation with focus on further development of the group's international management and reporting systems, new efficient sales tools and increased marketing support for the group's primary international brands.

The market conditions are expected to remain challenging with continued intense competition, but Harboe expects the targeted strategic measures to contribute to added positive momentum in the business. ■



“Based on its in-depth knowledge of customers in the European food industry, their needs and production processes, Harboe is systematically developing individual customer relations through sales and advice on the implementation of a wider range of value-adding product applications”.

new products and applications are continuously adapted to customer requirements.

Sales of Harboe’s clear malt extract, which was initially marketed primarily to food industry customers in the Middle East, did not develop with the expected growth, one reason being the constant unrest in the region. Harboe is therefore looking to cultivate new and more stable markets promising positive results, and marketing efforts have been further strengthened.

The development of other new applications and products continues, and partnerships have been established with customers in the food industry on using several of Harboe’s applications as alternatives to existing flavouring and colouring ingredients in, for example, chocolate and other confectionery products.

Developing new applications takes several years, with ongoing tests and adaptations in close collaboration with customers, before you have the finished, marketable product. The resources allocated to these development programmes consequently affect costs in the current financial year, but the investment is expected to start generating positive returns in step with the product development being completed and the products becoming marketable over the next two to three years.

SPECIAL RISKS AND PRIORITIES IN 2014/2015

Harboe’s activities within malt extract are, in addition to the usual market risks of competition, development in raw material prices etc., also exposed to a number of special risks, which are associated with the development of new products and with the subsequent launch and marketing of the products.

It is crucial to ensure that new products comply with the specific functionality requirements in order to be included in the customers’ production process. Harboe therefore focuses strongly on ensuring quality standards, progress and ongoing control in the test procedures carried out in collaboration with the customers. Harboe’s clear malt extract has already been incorporated in a number of the group’s own products, and current test procedures involving external partners are developing positively. New applications and product variants are developed according to the same quality control procedures, and investments are made on the basis of preceding market and profitability analyses.

PLATFORM READY FOR NEW BUSINESS

MARKET CONDITIONS AND COMPETITION

Harboe Ingredients is the framework for Harboe’s activities within malt extract. For more than 60 years, Harboe has marketed malt extract for the European food industry and it is currently a leading Nordic manufacturer.

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

Activities are driven by rising demand and a general recognition of Harboe’s products and certified production processes in an industry where food safety and quality are paramount. At the same time, interest in better, healthier and competitive food ingredients is growing, and this trend is supported by the ever-stricter international regulation of the food industry.

The competitors are both local and international raw materials and ingredients companies, and intense competition puts natural pressure on prices. By further processing and adapting its products and applications, Harboe

seeks to maintain and strengthen its market position with solutions that create added value for customers.

VALUE CREATION AND STRATEGY

It is the primary objective of Harboe Ingredients’ business model to ensure optimum utilisation of the group’s competencies and market opportunities within malt extract. This business unit continues to offer growth potential in Europe which the group wants to utilise.

Based on its in-depth knowledge of customers in the European food industry, their needs and production processes, Harboe is systematically developing its business activities and individual customer relations through sales and advice on the implementation of a wider range of value-adding product applications.

Recent years’ product development activities have also resulted in the development of a clear malt extract with excellent applications within drinks production. Compared with the existing products in the market, the clear malt extract has been processed even further and is now marketed as part of a compound which can eliminate several steps in the usual manufacturing process for drinks manufacturers. The clear malt extract also forms part of several of Harboe’s own drinks products, including the non-alcoholic malt beverages marketed by the group in several international markets.

In recent years, Harboe has invested substantial resources in its malt extract development activities and is now well placed in terms of competencies and capacity to exploit the available business opportunities. A dedicated international sales organisation markets Harboe’s portfolio of malt-based ingredients to existing and new customers – primarily in the European neighbouring markets – but also in selected markets outside Europe where interesting business opportunities have been identified. The continued development activities are linked closely with test procedures involving potential customers.

Further marketing of the malt-based ingredients will be a central element in the strategic development of the group’s activities. The ambition is for Harboe Ingredients to increasingly make a positive contribution to the group’s growth and earnings over the next two to five years.

STRATEGIC MEASURES AND RESULTS IN 2014/2015

Sales of traditional malt extract have seen a relatively stable development and are based on successful partnerships with existing customers. During the year, the organisation was further strengthened with strong competencies, which may contribute further to the regular provision of advice to customers and continued business development in terms of individual customer relations. Moreover, the sales and advisory activities are conducted in close collaboration with the development team to ensure that the functionality and properties which should be included in the development of



HARBOE INGREDIENTS

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

OUTLOOK 2015/2016

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

Moderate growth in sales of traditional malt extract is expected, driven by sales of new variants based on other grain types, among other factors. At the same time, Harboe will continue to focus intensely on further developing existing customer relations with a view to increasing the volume of business and sales of new products and applications. The aim is to establish in the coming financial year a solid pipeline of new business that may contribute to the group's revenue and earnings in the years to come. In the coming financial year, focus will also be on continued development activities with a view to further processing and adapting applications in close collaboration with customers. ■



Malt extract in liquid and powder form.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE MANAGEMENT AND VALUES

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

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

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

CLIMATE AND ENVIRONMENT

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

The Group's three breweries have a combined total capacity of 10 million hectoliters. In 2014/2015, a total produced 5.93 million hectoliters of beer, soft drinks and malt wort products. This is unchanged from last year.

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

In 2014/2015, DKK 56.2 million was invested in the production facilities, primarily focused on ongoing improvement and continued efficiency improvements in production. As expected, last year's investments in new cooling towers and compressors significantly reduced energy costs in the current year, and further reductions can be expected to be achieved in the coming financial year.

The group's ERP system for planning and control of production processes across all the group's production units is being further developed and implemented. The system is expected to be fully implemented in the course of the coming financial year and will result in a number of process optimisations as well as additional energy savings and financial savings.

In the past five years, Harboe has invested DKK 382 million in the expansion and strengthening of the brewery sector's production facilities. The investments have proved decisive in the competition for large-volume contracts in the main markets in Northern Europe. At the same time, the capacity of our modern and efficient production facilities forms a solid basis for realising the group's strategy and further value creation within the strategic development areas and the continued geographical expansion of the activities.

"As expected, last year's investments in new cooling towers and compressors significantly reduced energy costs in the current year, and further reductions are expected in the coming financial year"

Harboe prepares green accounts for its production unit in Skælskør containing information about raw material, water and energy consumption as well as emissions, waste water discharge and waste disposal. Furthermore, the group's subsidiary Darguner Brauerei GmbH in Germany has obtained energy certification.

In the coming year, Harboe will continue to assess the need for further investments in efficient utilisation of resources and capacity. Investments planned in 2015/2016 are targeted mainly at ongoing improvement, however. Further major investment decisions, if any, will be made on the basis of the group's strategy and requirements laid down for return and value creation.

EMPLOYEES AND OCCUPATIONAL HEALTH AND SAFETY

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

As part of this strategy, Harboe focuses on having the necessary competencies and resources at all times, to enable the group to efficiently carry on its activities while at the same time seizing new opportunities for growth and value creation.

It is therefore vital that Harboe is able to recruit motivated managers and employees with the right qualifications for all parts of the group. Harboe seeks to offer competitive pay and employment conditions in accordance with applicable collective agreements, good practice and relevant international standards.

DIVERSITY AND TALENT DEVELOPMENT

The recruitment of new employees is mainly based on the candidates' professional and personal qualifications matching the job description. But Harboe is also committed to ensuring that the group's organisation and management reflect a wish for diversity, and Harboe aims to create equal conditions and opportunities for supplementary training and career development for all employee groups, regardless of gender, nationality, religion or age.

"Focus is on strengthening and updating competencies at all levels in the group to place it in the strongest possible position to execute its international growth strategy"

HARBOE'S DIVERSITY POLICY

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

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

So when recruiting for ordinary positions as well as management positions in the group, everyone with the right competencies and ambitions is encouraged to apply. However, the majority of Harboe's employees are employed in production, which is traditionally predominated by men. This affects the recruitment base and is also reflected in the overall gender distribution in the company with 76% men and 24% women in the financial year. In step with the continued internationalisation of the company and the strengthening of the development, sales and marketing functions, Harboe has focused on further increasing diversity, and this aim was reflected during the financial year with the employment of more women among international specialists and managers. Harboe does not have a formal policy on the underrepresented gender at other management levels, but it aims to ensure that the continued development of the organisation contributes to the further strengthening of diversity in general across the organisation in Harboes Bryggeri.

TARGET FOR WOMEN ON THE BOARD OF DIRECTORS

With a view to ensuring a more equal distribution of men and women on Harboe's supreme governing body, Harboe's Board of Directors has fixed a target for one-third of the members of the Board of Directors to be women. This target must be realised in connection with the company's annual general meeting in 2017 at the latest. On the current Board of Directors, the board members elected by the general meeting still consist of five men and one woman. One new female board member was appointed to the Board of Directors during the period, but as she replaced a retiring female member, the proportion is unchanged. In the period up to 2017, the Board of Directors will decide how best to meet the target for the proportion of women.

ORGANISATION FOR STRATEGY IMPLEMENTATION

Focus is on strengthening and updating competencies at all levels in the group to place it in the strongest possible position to execute its international growth strategy. This includes the continued consolidation of the international sales organisation, which was upgraded with new strong competencies targeted at the continued development of growth markets in Asia and Africa, among others. The malt extract activities were also further strengthened with specialists capable of supporting sales activities with competent advice to customers.

During the financial year, Harboe continued its strategic management development programme, which will form the basis for strengthened competencies and a shared frame of reference for the operational management of the group. The programme also ensures the effective anchoring of the strategy processes among key managers in the group, for example through an annual strategy seminar for the entire international corporate management team.

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

JOB SATISFACTION AND EXCELLENT OCCUPATIONAL HEALTH AND SAFETY

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

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

The group's production unit in Skælskør has got occupational health and safety certification in accordance with OHSAS 18000:2008, and the preparations for a similar certification of the group's German production unit are under way. Several processes were optimised in connection with these preparations, and in future the certification will enable more structured, ongoing follow-up in this area. The launch of preliminary preparations for a similar occupational health and safety certification of the brewery in Estonia will be planned in the coming year.



SATISFACTION AND RETENTION OF EMPLOYEES

As part of the competency development of each employee, Harboe conducts performance interviews which follow up on goals and results and at which performance plans are defined for the coming year based on the group strategy and the individual employee's professional competencies and ambitions. The performance interviews also follow up on the employee's satisfaction with the general conditions and the opportunities for personal development. The qualitative feedback is predominantly positive, and in the past financial year, this also resulted in a very low level of absence due to illness, a low staff turnover rate and continued high seniority of both production staff and specialists. This contributes to ensuring continuity and to retaining the valuable knowledge accumulated in the company, and resources have also been allocated to this focus area in the coming year.

QUALITY AND HEALTH

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

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

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

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

"All the group's production units are certified in accordance with international quality standards, including ISO 22000, HACCP, International Food Standard (IFS) and BRC Global Standards. Harboe also produces halal-certified products, kosher-certified products and organic-certified drinks"

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

EXTERNAL RELATIONS

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

"The group has developed a number of standard requirements which are incorporated into the supplier agreements. The requirements concern quality and the reliability of deliveries, but also corporate social responsibility, including environmental issues and human rights"

Harboe's relations with its suppliers and other partners are also based on agreements and contracts being drafted in accordance with international standards. The group has developed a number of standard requirements which are incorporated into the supplier agreements. The requirements concern quality and the reliability of deliveries, but also corporate social responsibility, including environmental issues and human rights. In the past year, Harboe has worked to optimise contract formats and conditions and further strengthen the procedures applied when concluding agreements. This applies particularly in the new markets where social conditions, regulation and business practice may deviate from EU standards, and the group will also focus intensively on safeguarding the formal and ethical aspects of its business activities in future.

ACTIVE IN THE LOCAL COMMUNITY

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

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



CORPORATE GOVERNANCE

DYNAMIC MANAGEMENT SYSTEMS

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

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

The full review of the individual recommendations can be seen at the group's website: http://files.shareholder.com/downloads/AMDA-EBDFV/625527795x0x847636/E3B46015-4DB4-4E1F-A6D2-45E05B-B0A579/Corporate_Governance_2014-15_UK.pdf

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

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

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

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

TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

In the opinion of the Board of Directors, Harboe's organisation and management follow the recommendation on diversity and equal opportunities for both genders. These considerations are addressed in the company's HR strategy and in the company's policy on ensuring diversity at all levels.

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

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

COMPOSITION AND ORGANISATION OF THE BOARD OF DIRECTORS

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

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

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

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

The Board of Directors has not set up a nomination committee, but assesses the need for this at regular intervals. The company's management competencies and resources and the need for these in the short and longer term are regularly discussed by the Chairman of the Board of Directors and the company's principal shareholder, who submit proposals for changes and proposals for new candidates for the approval of the entire Board of Directors.

A remuneration committee has not been established, but the need for one will be assessed on a regular basis. Important contracts are approved by the Chairman of the Board of Directors.

In the opinion of the Board of Directors, there is no need for a formal evalu-

RISKS, FINANCIAL REPORTING AND CONTROLS

ation procedure for the Board of Directors and the Board of Executives. However, the Chairman of the Board of Directors ensures that meetings are characterised by constructive dialogue and that individual members contribute in line with their competencies. Furthermore, the Chairman of the Board of Directors and the company's principal shareholder evaluate annually the individual members' contribution to the meetings.

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

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

REMUNERATION OF MANAGEMENT

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

The remuneration policy is described in detail in the Chairman's report and

"Harboe places considerable emphasis on ensuring that the fundamental values which have been created and developed by the Harboe family-owned business through five generations are combined in the best possible way with efficient and dynamic business management".

approved at the annual general meeting. Other particulars of the remuneration paid to the Board of Directors and the Board of Executives are in accordance with the recommendations.

FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS

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

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

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



FOCUS ON DYNAMIC RISK MANAGEMENT

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

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

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

IMPORTANT BUSINESS RISKS

Below follows an outline of the most important risks to which Harboe is exposed in its business activities. The list reflects the most significant risks in terms of probability and potential effect. The list is not exhaustive. The review of the individual business activities contains a detailed description of the current risk exposure, the risk management and the risk expectations for the coming year.

COMPETITION, PRICES AND TAXES

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

Harboe's beer and soft drinks are, to a varying extent, subject to sales taxes in the group's markets, and marked changes in these taxes may affect Harboe's earnings and, ultimately, the sales of the group's products. Conse-

quently, it is assessed regularly how the brewery sector can counter this risk in the best possible way through diversification of the group's product strategy and development activities.

MARKET CONDITIONS AND REGULATION

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

SEASON AND CAPACITY

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

PRODUCTION AND QUALITY

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

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

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

SUPPLIERS

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

CUSTOMERS AND AGREEMENTS

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

In recent years, there has been increasing pressure for extended credits, especially from large customers in the retail sector. To counter the risk of increased tie-up of capital, Harboe's strategic focus is on optimising group cash flows, including by entering supply chain finance agreements and securing current liquidity by credit facilities and its own flexible financial resources.

"During the year, the focus has been on the continued optimisation of business processes and IT systems supporting the ongoing controls and reporting across the group".

PRODUCT DEVELOPMENT AND SALES

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

FINANCIAL RISKS

Harboe's solid capital structure limits the risk associated with the developments in market interest rates. At the end of the financial year, the company's net interest-bearing debt amounted to DKK 154.4 million.

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

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

SHAREHOLDER INFORMATION

IR POLICY

With its IR policy, Harboes Bryggeri A/S wants to ensure a high level of information to the shareholders and other stakeholders of the company. Harboe aims to communicate actively and openly with a view to providing a basis for the pricing of the company's share which best reflects the value of the company and its future earnings potential.

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

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

Harboes Bryggeri A/S holds investor and analyst meetings in Denmark on relevant occasions. The management will continue to allocate resources to this activity in future with a view to maintaining an active dialogue with existing and potential investors.

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

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

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

"Harboe's dividend policy is based on a desire to create sustainable and long-term value for its shareholders. The policy has been reflected in regular dividend distribution, which has provided attractive returns for the shareholders"

VALUE CREATION FOR THE SHAREHOLDERS

Harboe's dividend policy is based on a desire to create sustainable and long-term value for its shareholders. The policy has been reflected in regular attractive dividend distribution, which provided total returns of DKK 51 million for the shareholders in the past five years. Moreover, the company purchased treasury shares totalling DKK 130.3 million over the past five years.

During the 2014/2015 financial year, Harboe most recently acquired 123,213 Class B shares at a total value of DKK 11.2 million. At the end of the financial year, the company had a holding of 1,434,403 Class B treasury shares, corresponding to DKK 151.3 million stated at the market price as at 30 April 2015.

The share buy-back is in accordance with an authorisation granted by the general meeting on 5 November 2010. The Board of Directors was authorised to acquire treasury shares with a nominal value of up to 50% of the share capital at a price corresponding to the market price plus/minus 10%. The authorisation is valid until the company's annual general meeting in 2015, at which Harboe's Board of Directors will propose to the general meeting that the authorisation be renewed.

Hence, the Board of Directors calls for the purchase of treasury shares to continue to be a central element of the group's dividend policy in future, as the holding of treasury shares increases the cash capacity for further attractive dividend payments on the remaining share capital. The holding also strengthens the group's capital base, ensuring the necessary flexibility of the strategic financial resources which will allow Harboe, as part of the continued development of its activities, to conclude strategic partnerships or make acquisitions.



OWNERSHIP

At the end of the financial year, Harboes Bryggeri A/S had 5,015 registered shareholders. The registered shareholders represent DKK 57.8 million of the total share capital, corresponding to 96.4%.

As at 30 April 2015, the following shareholders have registered a shareholding exceeding 5% of the share capital in accordance with Section 29 of the Danish Securities Trading Act (*Værdipapirhandelsloven*):

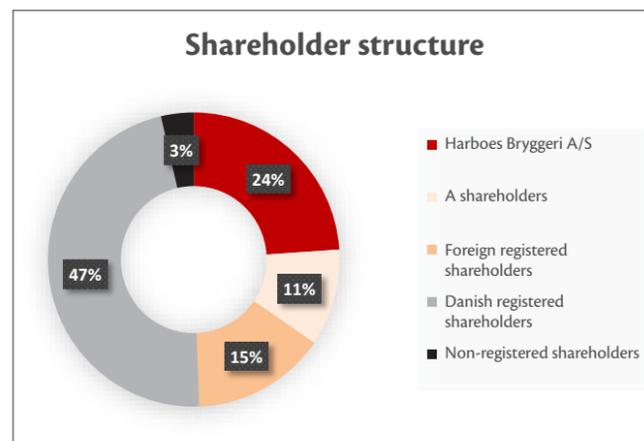
Kirsten and Bernhard Griese
Spegerborgvej 4, 4230 Skælskør, Denmark
Equity investment: 15.5%, voting share: 53.3%

As at 30 April 2015, members of the Board of Directors and the Board of Executives held a total of 975,420 shares. The Board of Executives' shareholding accounted for 929,120 shares.

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

SHARE-RELATED RATIOS

Per share – DKK	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Share price, end of year	105.5	93.5	72.0	89.5	127.0
Market value (DKKm)	633.0	561.0	432.0	537.0	762.0
Dividend per share (DKK)	2.00	2.00	1.50	1.50	1.50
Dividend (DKKm)	12.0	12.0	9.0	9.0	9.0
Treasury shares (no.)	1,434,403	1,311,190	451,568	393,882	64,945



THE SHARE

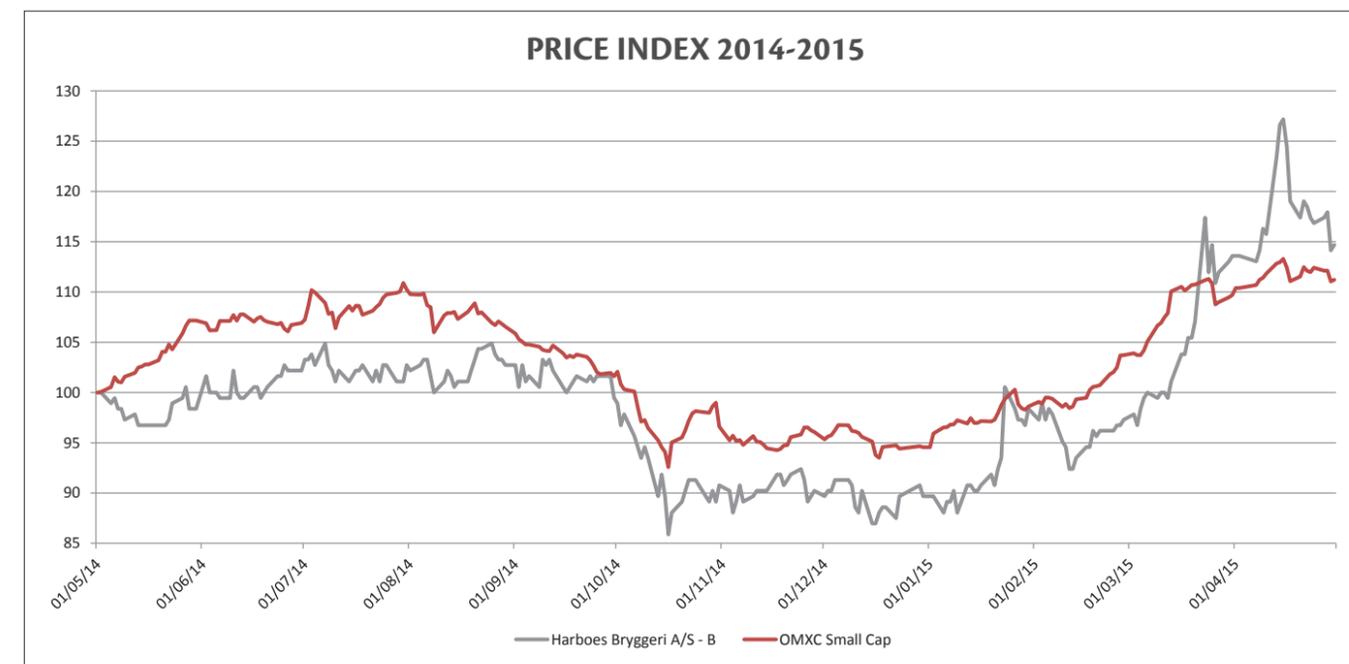
Harboes Bryggeri A/S has a share capital of DKK 60,000,000, corresponding to 6,000,000 shares of DKK 10 each. The share capital is divided into 640,000 Class A shares with a combined nominal value of DKK 6,400,000 and 5,360,000 Class B shares with a combined nominal value of DKK 53,600,000.

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

Only the company's Class B shares are listed on NASDAQ OMX Copenhagen.

Trading for the period amounted to DKK 169 million, corresponding to average trading per day of DKK 684k.

The Harboe share developed positively in the course of the year with increasing share trading turnover and a rise in the share price from 92 at the beginning of the year to 105.5 as at 30 April 2015. This corresponds to a rise in the market value of 14.7% to a total of DKK 81.0 million.





ANALYST COVERAGE

The Harboes Bryggeri A/S share is followed by:

Danske Equities, Tobias Cornelius Björklund.

IMPORTANT CONTRACTS OR CHANGES IN CONTROL

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

A longer period of notice for key staff members of maximum one year in the event of dismissal in connection with a change in the control in the company.

THE BOARD OF DIRECTORS' PROPOSAL TO THE GENERAL MEETING

The Board of Directors recommends to the annual general meeting on 27 August 2015 that a dividend be paid for the 2014/2015 financial year in the amount of DKK 2.00 per share, corresponding to a total of DKK 12.0 million.

GENERAL MEETING

The annual general meeting will be held on 27 August 2015 at 10.00 am at Harboes Bryggeri A/S.

Notice of the annual general meeting will be given electronically, and information on how to sign up for electronic communication can be found at www.harboe.com under 'Investor'.

Registration of shareholder's name is effected by contacting the bank with which the shares are deposited.

FINANCIAL CALENDAR

13 July 2015	Annual report 2014/2015
27 August 2015	Annual general meeting
10 September 2015	Interim report, Q1 2015/16
17 December 2016	Interim report, H1 2015/16
17 March 2016	Interim report, Q3 2015/16
30 June 2016	Preliminary announcement of financial statements 2015/16

COMPANY ANNOUNCEMENTS

Company announcements issued in the period 1 May 2014 to 30 April 2015:

Date	Announcement
20 June 2014	Notice of annual general meeting
3 July 2014	Annual report 2013/2014
4 July 2014	Financial calendar for 2014/2015
28 July 2014	Notice of annual general meeting
25 August 2014	Proceedings of annual general meeting
25 September 2014	Interim report, Q1 2014/2015
17 December 2014	Interim report, H1 2014/2015
19 March 2015	Interim report, Q3 2014/2015
24 March 2015	Announcement in accordance with Section 28 of the Danish Securities Trading Act
27 April 2015	Financial calendar for 2015/2016

MEMBERS OF THE BOARD OF DIRECTORS



HARBOE LAURSEN, KARINA
Executive Officer (1974)

Non-independent member of the Board of Directors since 2014.

Term of service expires in 2015.

Karina Harboe Laursen is a trained physiotherapist who worked as a physiotherapist in the years 2000-2005, during which time she established a private practice. From 2005-2007, Karina Harboe Laursen headed the HR function at Harboes Bryggeri A/S, where she was responsible for developing and implementing the group's HR strategy and internal communication. Since 2007, Karina Harboe Laursen has been a member of the Executive Board of STRØM ApS, of which she is a co-founder. Since its establishment, STRØM ApS has

DIRECTORSHIPS
Danfrugt Invest A/S

EXECUTIVE POSTS
J & K STRØM Holding ApS
KHL ApS

SHAREHOLDING
2014/15 **2013/14**
9,157 shares 9,157 shares

developed into a leading fashion business seeing continued growth, with sales through own shops as well as rapidly increasing online sales.



NIELSEN, ANDERS
Lawyer, Chairman (1950)

Chairman of the Board of Directors.
Chairman of the audit committee.
Member of the Board of Directors since 2001. Independent member until 2013. Considered under the Recommendations on Corporate Governance to be a non-independent member from 2013 after 12 years on the Board of Directors.

Re-elected in 2005, 2009 and 2014. Term of service expires in 2015.

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

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

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

SHAREHOLDING
2014/15 **2013/14**
18,270 shares 18,270 shares

MEMBERS OF THE BOARD OF DIRECTORS



GRIESE, BERNHARD
CEO (1941)

Non-independent member of the Board of Directors since 1986.

Re-elected in 2010 and 2014. Term of service expires in 2015.

Bernhard Griese is a qualified electrical engineer, and, prior to being employed with Harboes Bryggeri, he was in charge of the construction of a number of major projects, including a power plant in Jamaica. Bernhard Griese joined Harboes Bryggeri in 1973, where he came into contact with all parts of the company during the following years. He was appointed manager in 1981 and CEO in 1986. Bernhard Griese's broad experience within production and management combined with strong innovative and entrepreneurial skills makes him a valuable asset to the group.

Bernhard Griese personally holds 15.5% of the share capital and 53.3% of the votes in Harboes Bryggeri A/S.

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

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

SHAREHOLDING
2014/15 **2013/14**
929,120 shares 908,820 shares



KJÆRSGAARD, CARL ERIK
CEO (1958)

Member of the audit committee.
Independent member of the Board of Directors since 2008.

Re-elected in 2012 and 2014. Term of service expires in 2015.

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

DIRECTORSHIPS
Blackwood Seven A/S (Chairman)
Blackwood Seven Danmark A/S (Chairman)
Computer Camp A/S
Møller & Rothe A/S
Any.cloud A/S (Chairman)
Anymac A/S (Chairman)
Ocean Agency A/S (Chairman)
Low A/S

EXECUTIVE POSTS
Nauta ApS

SHAREHOLDING
2014/15 **2013/14**
1,410 shares 1,410 shares

MEMBERS OF THE BOARD OF DIRECTORS



KRAGE, MAD S O.
Executive Officer (1944)

Member of the audit committee.
Independent member of the Board of Directors since 2007.

Re-elected in 2011 and 2014. Term of service expires in 2015.

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

DIRECTORSHIPS

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

SHAREHOLDING

2014/15	2013/14
7,499 shares	7,499 shares



JENSEN, JENS BJARNE SØNDERGAARD
Staff representative

Member of the Board of Directors since 1997.

Re-elected in 2008 and 2012. Term of service expires in 2016.

SHAREHOLDING

2014/15	2013/14
111 shares	111 shares

HARBOE'S AUDIT COMMITTEE

Harboe's audit committee was set up in 2009. The committee held two meetings during the past financial year. The committee's work and areas of responsibility are described in more detail in the section on risks in the annual report.



THØGERSEN, THØGER
CEO (1953)

Member of the audit committee.
Independent member of the Board of Directors since 2008.

Re-elected in 2012 and 2014. Term of service expires in 2015.

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

DIRECTORSHIPS

Purchasing department Mr. – menswear
Holmsland Klit Golf A/S
Indkøbsforeningen af 1964 AMBA (Chairman)
MR WEB A/S (Chairman)
A/S PSE NR: 2147 (Chairman)

SHAREHOLDING

2014/15	2013/14
800 shares	800 shares



MANAGEMENT'S STATEMENT

Today, the Board of Directors and Board of Executives have reviewed and approved the annual report of Harboes Bryggeri A/S for the financial year 1 May 2014 to 30 April 2015.

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

We believe that the consolidated financial statements and the financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2015 as well as of the results of their operations and cash flows for the financial year 1 May 2014 to 30 April 2015.

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

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

Skælskør, 2 July 2015

BOARD OF EXECUTIVES

Bernhard Griese
CEO

BOARD OF DIRECTORS

Anders Nielsen, Chairman

Bernhard Griese

Mads O. Krage

Karina Harboe Laursen

Thøger Thøgersen

Carl Erik Kjærsgaard

Jens Bjarne Søndergaard Jensen *

* Staff representative

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HARBOES BRYGGERI A/S

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

We have audited the consolidated financial statements and financial statements of Harboes Bryggeri A/S for the financial year 1 May 2014 to 30 April 2015, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies applied, for the group and the company, respectively. The consolidated financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

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

THE AUDITOR'S RESPONSIBILITY

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

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

and fair presentation of the consolidated financial statements and financial statements. The purpose is to design audit procedures that are appropriate under the circumstances, but not to express an opinion on the effectiveness of the enterprise's internal control. An audit also includes evaluating the appropriateness of accounting policies applied and the reasonableness of accounting estimates made by the Board of Directors and Board of Executives, as well as the overall presentation of the consolidated financial statements and financial statements.

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

Our audit did not give rise to any qualifications.

OPINION

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the company's assets and liabilities and financial position as at 30 April 2015 as well as of the results of their activities and cash flows for the financial year 1 May 2014 to 30 April 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

STATEMENT ON THE MANAGEMENT'S REVIEW

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

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

Slagelse, 2 July 2015

Deloitte

Statsautoriseret Revisionspartnerselskab

Søren Stampe
State-Authorised
Public Accountant

Lars Hillebrand
State-Authorised
Public Accountant

INCOME STATEMENT

DKK '000	Note	2014/15	2013/14
Revenue	3	1,371,335	1,420,112
Production costs	4, 5, 6	(1,096,945)	(1,171,158)
Gross profit/(loss)		274,390	248,954
Other operating income	7	17,586	21,812
Distribution costs		(192,848)	(190,704)
Administrative expenses		(50,834)	(49,628)
Other operating expenses		(9,650)	(13,739)
Operating profit/(loss) (EBIT)		38,644	16,695
Financial income	8	3,323	2,627
Financial expenses	9	(8,583)	(8,919)
Profit/(loss) before tax		33,384	10,403
Tax on profit/(loss) for the year	10	(9,610)	(2,121)
Adjustment of tax regarding previous years and effect of change in Danish tax rate	10	237	2,309
Net profit/(loss) for the year		24,011	10,591
Distribution of net profit/(loss) for the year:			
Shareholders of the parent		24,024	10,627
Minority interests		(13)	(36)
Earnings per share and diluted earnings per share (DKK)	17	5.15	2.02

STATEMENT OF COMPREHENSIVE INCOME

Net profit/(loss) for the year		24,011	10,591
Other comprehensive income			
<i>Items which may be reclassified to the income statement:</i>			
Foreign currency translation adjustment regarding foreign enterprises		(198)	441
Adjustment to fair value of financial assets available for sale		129	70
Recirculation to the income statement of fair value adjustment upon disposal of financial assets available for sale		0	22
Tax on other comprehensive income	10	(30)	(22)
Other comprehensive income		(99)	511
Comprehensive income		23,912	11,102
Distribution of comprehensive income for the year:			
Shareholders of the parent		23,925	11,138
Minority interests		(13)	(36)

BALANCE SHEET AS AT 30 APRIL

DKK '000	Note	2014/15	2013/14
ASSETS			
Intangible assets	11	28,696	33,501
Property, plant and equipment	12	689,869	719,615
Investment properties	13	56,776	60,475
Financial assets available for sale	14	8,496	8,706
Deposits, leases		2,445	2,423
Deferred tax assets	18	4,512	5,804
Non-current assets		790,794	830,524
Inventories	15	139,111	161,489
Receivables	16	268,152	284,700
Prepayments		9,446	8,568
Cash		84,701	96,235
Assets held for sale		0	2,200
Current assets		501,410	553,192
Assets		1,292,204	1,383,716
EQUITY AND LIABILITIES			
Share capital		60,000	60,000
Other reserves		(4,171)	(4,072)
Retained earnings		653,891	650,487
Equity owned by shareholders of the parent		709,720	706,415
Equity owned by minority interests		130	143
Equity	17	709,850	706,558
Mortgage debt	19	184,348	200,470
Deferred tax liabilities	18	47,608	49,534
Deferred recognition of income	21	54,871	60,882
Non-current liabilities		286,827	310,886
Bank debt and mortgage debt	19.20	56,158	94,252
Trade payables		127,938	172,008
Other short-term payables and other liabilities	22	94,616	89,829
Deferred recognition of income	21	7,199	7,874
Income tax		9,616	2,309
Current liabilities		295,527	366,272
Liabilities		582,354	677,158
Equity and liabilities		1,292,204	1,383,716

CASH FLOW STATEMENT

DKK '000	Note	2014/15	2013/14
Operating profit/(loss)		38,644	16,695
Depreciation, amortisation, impairment losses and write-downs etc.	6	88,869	90,052
Grants recognised as income	7	(9,909)	(10,023)
Other adjustments		1,602	0
Change in net working capital	24	(1,269)	(37,958)
Cash flows from primary operating activities		117,937	58,766
Financial income received		3,291	2,580
Financial expenses paid		(8,593)	(8,930)
Income tax paid		(2,727)	(5,818)
Cash flows from operating activities		109,908	46,598
Purchase of intangible assets		(1,952)	(2,330)
Purchase of property, plant and equipment		(52,500)	(43,564)
Sale of property, plant and equipment		2,951	2,085
Dividend received from financial assets available for sale		54	54
Purchase of financial assets		(711)	(20)
Sale of financial assets		2,516	169,222
Cash flows from investing activities		(49,642)	125,447
Dividend paid to shareholders of the parent		(9,373)	(8,323)
Repayment of mortgage debt		(15,780)	(15,569)
Investment grant received		3,229	1,803
Purchase of treasury shares		(11,247)	(76,802)
Cash flows from financing activities		(33,171)	(98,891)
Change in cash and cash equivalents		27,095	73,154
Cash and cash equivalents as at 1 May		17,755	(55,436)
Translation adjustment, beginning of year		(186)	37
Cash and cash equivalents as at 30 April	26	44,664	17,755

STATEMENT OF CHANGES IN EQUITY

DKK '000	Share capital	Reserve for foreign currency translation adjustment	Reserve for value adjustment of financial assets available for sale	Other reserves Total	Retained earnings	Equity owned by shareholders of the parent	Equity owned by minority interests	Total equity
Equity as at 1 May 2014	60,000	536	(4,608)	(4,072)	650,487	706,415	143	706,558
Changes in equity 2014/15								
Net profit/(loss) for the year	0	0	0	0	24,024	24,024	(13)	24,011
Other comprehensive income	0	(198)	99	(99)	0	(99)	0	(99)
Comprehensive income for the financial year	0	(198)	99	(99)	24,024	23,925	(13)	23,912
Distributed dividend	0	0	0	0	(12,000)	(12,000)	0	(12,000)
Dividend from treasury shares	0	0	0	0	2,627	2,627	0	2,627
Purchase of treasury shares	0	0	0	0	(11,247)	(11,247)	0	(11,247)
Total changes in equity	0	(198)	99	(99)	3,404	3,305	(13)	3,292
Equity as at 30 April 2015	60,000	338	(4,509)	(4,171)	653,891	709,720	130	709,850
Equity as at 1 May 2013	60,000	95	(4,662)	(4,567)	673,985	780,418	179	780,597
Changes in equity 2013/14								
Net profit/(loss) for the year	0	0	0	0	10,627	10,627	(36)	10,591
Other comprehensive income	0	441	70	511	0	511	0	511
Comprehensive income for the financial year	0	441	70	511	10,627	11,138	(36)	11,102
Transfer from share premium	0	0	0	0	51,000	0	0	0
Distributed dividend	0	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	0	677	677	0	677
Purchase of treasury shares	0	0	0	0	(76,802)	(76,802)	0	(76,802)
Other adjustments	0	0	(16)	(16)	0	(16)	0	(16)
Total changes in equity	0	441	54	495	(23,498)	(74,003)	(36)	(74,039)
Equity as at 30 April 2014	60,000	536	(4,608)	(4,072)	650,487	706,415	143	706,558

NOTES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies
2. Significant accounting estimates, assumptions and uncertainties
3. Segment information and revenue
4. Production costs
5. Staff costs
6. Depreciation, amortisation, impairment losses and write-downs
7. Other operating income
8. Financial income
9. Financial expenses
10. Tax on profit/(loss) for the year
11. Intangible assets
12. Property, plant and equipment
13. Investment properties
14. Financial assets available for sale
15. Inventories
16. Receivables
17. Equity
18. Deferred tax
19. Mortgage debt
20. Other credit institutions
21. Deferred recognition of income
22. Other short-term payables and other liabilities
23. Operating lease commitments
24. Change in net working capital
25. Fee to auditors
26. Financial risks and financial instruments
27. Related parties
28. Contingent liabilities, security and contractual obligations
29. Adoption of annual report for publication

1 ACCOUNTING POLICIES

The 2014/15 consolidated financial statements and financial statements of the parent, Harboes Bryggeri A/S, are presented in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports of Class D companies (listed); see the IFRS Executive Order issued in accordance with the Danish Financial Statements Act (*Årsregnskabsloven*). Harboes Bryggeri A/S is a public limited company domiciled in Denmark.

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

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

IMPLEMENTATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

The 2014/15 consolidated financial statements and financial statements have been prepared in accordance with the new and revised standards (IFRS/IAS) and new interpretations (IFRIC) that apply to financial years starting on 1 April 2014 or later.

The implementation of the new or revised standards and interpretations which have become effective in the 2014/15 financial year did not result in any changes in the accounting policies.

STANDARDS AND INTERPRETATIONS WHICH HAVE NOT YET BECOME EFFECTIVE:

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements have been prepared on the basis of financial statements of Harboes Bryggeri A/S and its subsidiaries. The con-

solidated financial statements are prepared by adding items of a similar nature. The financial statements used for the consolidation are prepared in accordance with the accounting policies of the group.

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

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

TRANSLATION OF FOREIGN CURRENCY

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

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

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

BALANCE SHEET

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

The carrying amounts of intangible assets and property, plant and equipment with definable useful lives as well as equity investments in subsidiar-

1. ACCOUNTING POLICIES, CONTINUED

ies are reviewed at the balance sheet date to determine whether there are any indications of impairment. If this is the case, the recoverable amount of the asset is assessed to determine the need for impairment, if any, and the extent of such impairment.

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

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

If the recoverable amount of the asset or the cash-generating unit is estimated to be lower than the carrying amount, the carrying amount is impaired to the recoverable amount.

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

ACCOUNTING POLICIES ARE DESCRIBED IN CONJUNCTION WITH THE FOLLOWING ITEMS:

Note			
3	Segment information		
3	Revenue		
5	Staff costs		
7	Other operating income		
8	Financial income		
9	Financial expenses		
10	Tax on profit/(loss) for the year		
11	Intangible assets		
12	Property, plant and equipment		
13	Investment properties		
14	Financial assets available for sale		
15	Inventories		
16	Receivables		
17	Equity		
18	Deferred tax		
19	Mortgage debt		
21	Deferred recognition of income		
22	Other short-term payables and other liabilities		

EXPLANATION OF SYMBOLS

-  Accounting policies
-  Additional information

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 and the notes for the consolidated financial statements and the parent's financial statements, 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 2014/15 annual report, the assumptions and uncertainties are associated with accounting estimates involved in assessing indications of im-

pairment and any impairment test of property, plant and equipment and financial assets as well as liabilities.

These estimates are based on assumptions which are deemed reasonable by the management, but which are uncertain and unpredictable by nature and may therefore require that corrections be made in subsequent financial years if the anticipated events do not occur as expected.

THESE ESTIMATES ARE DESCRIBED IN DETAIL IN CONNECTION WITH THE FOLLOWING ITEMS:

Note	
11	Intangible assets
12	Property, plant and equipment
13	Investment properties
14	Financial assets available for sale
15	Inventories
16	Receivables
22	Other short-term payables and other liabilities

3. SEGMENT INFORMATION AND REVENUE

SEGMENT INFORMATION

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

REVENUE AND NON-CURRENT ASSETS DISTRIBUTED ON GEOGRAPHICAL AREAS

The group's primary basis of segmentation is geographical, with segment information being provided for Denmark, Germany and other geographical markets.

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

DKK '0002014/15	Revenue from external customers		Non-current assets	
	2013/14	2014/15	2013/14	
Denmark	332,707	335,252	346,141	353,417
Germany	600,465	610,862	350,229	375,213
Other countries (Africa, Asia, Middle East and the rest of Europe)	438,163	473,998	22,195	24,486
	1,371,335	1,420,112	718,565	753,116

REVENUE

Revenue from the sale of finished products and goods for resale is recognised in the income statement on delivery and when risk has passed to the buyer. Revenue is measured at the fair value of the received or receivable fee. If any interest-free credit has been agreed for payment of the receivable fee that exceeds the usual credit period, the fair value of the fee is calculated by discounting future payments. The difference between the fair value and the nominal value of the fee is recognised as financial income in the income statement using the effective interest method.

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

INFORMATION ABOUT IMPORTANT CUSTOMERS

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

4. PRODUCTION COSTS

DKK '000	2014/15	2013/14
Cost of sales	891,208	959,934
Write-down of inventories	1,282	1,120
Depreciation, amortisation, impairment losses and write-downs	64,853	67,811
Other production costs	139,602	142,293
	1,096,945	1,171,158

5. STAFF COSTS

DKK '000	2014/15	2013/14
Remuneration for the Board of Directors	690	720
Wages and salaries	175,365	167,544
Defined-contribution plans	7,544	7,409
Other social security costs	16,546	16,008
Other staff costs	2,678	2,830
Refunds from public authorities	(316)	(248)
	202,507	194,263
Staff costs are recognised in the income statement as follows:		
Production costs	121,256	128,119
Distribution costs	57,062	45,300
Administrative expenses	24,362	20,844
Recognised in the cost of technical plant	(173)	0
	202,507	194,263
Average number of employees	606	603

DKK '000	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
Remuneration paid to members of the management						
Remuneration for the Board of Directors	690	720	0	0	0	0
Wages and salaries etc.	0	0	5,179	4,999	13,392	11,185
Pension	0	0	0	0	1,333	879
	690	720	5,179	4,999	14,725	12,064

■ PENSION OBLIGATIONS ETC.

The contributions to defined-contribution plans are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contributions. Pension contributions due are recognised in the balance sheet as liabilities.

■ PENSION PLANS

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

Except for one pension plan concerning a single employee, the group has not entered into any defined-benefit plan agreements. The pension obligation concerning this person has been actuarially determined by Longial GmbH as at 30 April 2015 and has been recognised as a liability of DKK 2,284k in the balance sheet.

■ BONUS PROGRAMMES AND EMPLOYMENT TERMINATION PROGRAMMES

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

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

DKK '000	2014/15	2013/14
Intangible assets	6,757	6,460
Buildings	13,522	13,335
Plant and machinery	56,817	55,652
Other plant etc.	9,936	10,781
Investment properties	3,699	3,696
Impairment of assets held for sale	0	200
Profit/(loss) from the sale of property, plant and equipment	(1,862)	(72)
	88,869	90,052
Depreciation, amortisation, impairment losses and write-downs are recognised in the income statement as follows:		
Production costs	67,728	67,811
Distribution costs	7,285	8,153
Administrative expenses	10,157	10,392
Other operating expenses	3,699	3,696
	88,869	90,052

7. OTHER OPERATING INCOME

Government grants	9,909	10,023
Rental income	7,677	7,578
Insurance compensation	0	2,743
Other operating income	0	1,468
	17,586	21,812

■ OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses include income and expenses which are secondary to the group's main activities.

8. FINANCIAL INCOME

Interest on bank deposits etc.	2,810	2,458
Interest on investment – assets available for sale	108	115
Interest income from financial assets not measured at fair value via net profit/(loss) for the year	2,918	2,573
Dividend from financial assets available for sale	54	54
Adjustment to fair value of liabilities in respect of assets held for sale	0	0
Foreign exchange gains	351	0
	3,323	2,627

9. FINANCIAL EXPENSES

DKK '000	2014/15	2013/14
Interest on mortgage debt	2,487	2,492
Interest on bank debt etc.	3,949	3,694
Financial expenses of financial liabilities not measured at fair value via net profit/(loss) for the year	6,436	6,186
Foreign exchange loss	2,147	2,733
	8,583	8,919

NET FINANCIALS

Net financials include interest income (note 8) and interest expenses (note 9), realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, amortisation premiums/deductions on mortgage debt etc., as well as supplementary payments and allowances under the Danish On-Account Tax Prepayment Scheme (*Acontoskatteordningen*).

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

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

10. TAX ON PROFIT/(LOSS) FOR THE YEAR

DKK '000	2014/15	2013/14
Current tax	10,275	4,648
Change in deferred tax	(665)	(2,527)
	9,610	2,121
Adjustment of deferred tax, previous years	(333)	0
Adjustment of current tax, previous years	96	0
Effect of change in Danish tax rate	0	(2,309)
	(237)	(2,309)
	9,373	(188)

CURRENT INCOME TAX

Current income tax for the financial year for the Danish consolidated enterprises is based on a tax rate of 23.5% (2013/14: 24.5%). For foreign consolidated enterprises, the tax rate applicable to the country in question has been used.

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

DKK '000	2014/15	2014/15 %	2013/14	2013/14 %
Profit/(loss) before tax	33,384		10,403	
Calculated tax thereon	7,845	23.5	2,548	24.5
Effect of change in Danish tax rate	0	0	(2,309)	(22.2)
Non-deductible income and expenses	580	1.7	(1,768)	(17.0)
Effect of differences in the tax rates of foreign subsidiaries	1,694	5.1	1,341	12.9
Effect of adjustments and change in estimates	(746)	(2.2)	0	0.0
Tax for the year/effective tax rate	9,373	28.1	(188)	(1.8)

DKK '000	2014/15	2013/14
Tax on income and expenses recognised in other comprehensive income can be specified as follows:		
Changes in current tax on adjustment to fair value of financial assets available for sale	30	22
	30	22

TAX

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

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

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

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

Deferred tax on temporary differences associated with equity investments in subsidiaries and associates is recognised unless the parent is able to

check when the deferred tax is realised, and it is likely that the deferred tax will not materialise as current tax within a foreseeable future.

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

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

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

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

11. INTANGIBLE ASSETS

GOODWILL

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

Goodwill is not amortised, but is tested for impairment at least once a year or more often if indications of impairment exist. The annual impairment test is carried out on 30 April.

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

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

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

The calculation of the recoverable amount is based on a discount rate of 7% (30 April 2014: 7%).

No amortisation has been made as at 30 April 2015.

INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

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

Rights with indefinite useful lives in the amount of DKK 5,724k (2014: DKK 5,724k) are recognised as at 30 April 2015.

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

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

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

The calculation of the recoverable amount is based on a discount rate of 15%. (30 April 2014: 15%).

No amortisation has been made as at 30 April 2015.

OTHER INTANGIBLE ASSETS

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

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

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

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

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

Development projects are impaired to a lower recoverable amount, if any.

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

No amortisation has been made as at 30 April 2015.

11. INTANGIBLE ASSETS, CONTINUED

DKK '000	Goodwill	Development projects	Rights	Software	Intangible assets under construction	Total
Cost as at 1 May 2014	3,573	7,121	5,724	40,716	80	57,214
Foreign currency translation adjustment	0	0	0	(1)	0	(1)
Transfers	0	0	0	80	(80)	0
Other additions	0	0	0	1,926	26	1,952
Disposals	0	0	0	(809)	0	(809)
Cost as at 30 April 2015	3,573	7,121	5,724	41,912	26	58,356
Amortisation and impairment losses as at 1 May 2014	0	1,661	0	22,052	0	23,713
Foreign currency translation adjustment	0	0	0	(1)	0	(1)
Amortisation for the year	0	1,425	0	5,332	0	6,757
Disposals	0	0	0	(809)	0	(809)
Amortisation and impairment losses as at 30 April 2015	0	3,086	0	26,574	0	29,660
Carrying amount as at 30 April 2015	3,573	4,035	5,724	15,338	26	28,696
Cost as at 1 May 2013	3,573	7,121	5,718	38,310	153	54,875
Foreign currency translation adjustment	0	0	6	12	0	18
Transferred from property, plant and equipment	0	0	0	0	(10)	(10)
Transfers	0	0	0	64	(64)	0
Other additions	0	0	0	2,330	1	2,331
Cost as at 30 April 2014	3,573	7,121	5,724	40,716	80	57,214
Amortisation and impairment losses as at 1 May 2013	0	237	0	17,008	0	17,245
Foreign currency translation adjustment	0	0	0	8	0	8
Transferred from property, plant and equipment	0	0	0	0	0	0
Amortisation for the year	0	1,424	0	5,036	0	6,460
Amortisation and impairment losses as at 30 April 2014	0	1,661	0	22,052	0	23,713
Carrying amount as at 30 April 2014	3,573	5,460	5,724	18,664	80	33,501

12. PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Production plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction	Total
Cost as at 1 May 2014	466,907	1,202,420	104,241	3,619	14,789	1,791,976
Reclassification	(25)	0	0	0	25	0
Foreign currency translation adjustment	(23)	(71)	(5)	0	0	(99)
Transfers	1,344	10,928	0	0	(12,272)	0
Other additions	10,355	22,669	10,903	0	8,571	52,498
Disposals	(353)	(5,563)	(5,790)	(840)	0	(12,546)
Cost as at 30 April 2015	478,205	1,230,383	109,349	2,779	11,113	1,831,829
Depreciation and impairment losses as at 1 May 2014	231,722	760,256	80,383	0	0	1,072,361
Foreign currency translation adjustment	(9)	(45)	(4)	0	0	(58)
Depreciation for the year	13,522	56,815	9,936	0	0	80,273
Reversal in connection with disposals	(353)	(4,620)	(5,643)	0	0	(10,616)
Depreciation and impairment losses as at 30 April 2015	244,882	812,406	84,672	0	0	1,141,960
Carrying amount as at 30 April 2015	233,323	417,977	24,677	2,779	11,113	689,869
Cost as at 1 May 2013	463,437	1,180,592	101,778	4,458	5,577	1,755,842
Reclassification	0	0	0	0	10	10
Foreign currency translation adjustment	225	689	41	0	3	958
Transfers	122	3,140	367	0	(3,629)	0
Other additions	3,130	20,220	7,136	0	12,828	43,314
Disposals	(7)	(2,221)	(5,081)	(839)	0	(8,148)
Cost as at 30 April 2014	466,907	1,202,420	104,241	3,619	14,789	1,791,976
Depreciation and impairment losses as at 1 May 2013	218,309	706,024	73,841	0	0	998,174
Foreign currency translation adjustment	78	413	32	0	0	523
Depreciation for the year	13,335	55,652	10,781	0	0	79,768
Reversal in connection with disposals	0	(1,833)	(4,271)	0	0	(6,104)
Depreciation and impairment losses as at 30 April 2014	231,722	760,256	80,383	0	0	1,072,361
Carrying amount as at 30 April 2014	235,185	442,164	23,858	3,619	14,789	719,615

PROPERTY, PLANT AND EQUIPMENT

Land and buildings, plant and machinery together with other plant, fixtures and fittings, tools and equipment and spare parts for own machinery are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated. Cost comprises the acquisition price, costs directly related to the acquisition and costs of preparing the asset up until such time as the asset is ready for use. The cost of the asset less the residual value constitutes the basis of depreciation. The residual value is the expected amount that could be obtained by selling the asset today less selling costs if the asset had already reached the age and the condition that is to be expected at the end of its useful life.

The cost of a total asset is divided into smaller components, which are depreciated separately if they have different useful lives. Depreciation is according to the straight-line method on the basis of the following assessment of the expected useful lives of the assets:

Buildings where the majority has a lifetime in	30-50 years
Plant and machinery	5-25 years
Other plant, fixtures and fittings, tools and equipment	3-15 years
Returnable packaging	3-8 years

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

Property, plant and equipment are impaired to the lower of recoverable amount and carrying amount; see note 1.

13. INVESTMENT PROPERTIES

DKK '000	2014/15	2013/14
Cost as at 1 May	195,187	194,684
Reclassification	(242)	242
Additions in the period	0	261
Disposals	0	0
Cost as at 30 April	194,945	195,187
Depreciation and impairment losses as at 1 May	134,712	130,775
Reclassification	(242)	242
Depreciation for the period	3,699	3,695
Depreciation and impairment losses in respect of disposals	0	0
Depreciation and impairment losses as at 30 April	138,169	134,712
Carrying amount as at 30 April	56,776	60,475

INVESTMENT PROPERTIES

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

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

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

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

Buildings	30-50 years
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ADDITIONAL INFORMATION

At the balance sheet date, the fair value (level 3) amounted to DKK 76.2 million (30 April 2014: DKK 72.8 million) and exceeded the carrying amount by DKK 19.4 million.

The fair values are determined on the basis of the value in use of the assets based on future leasing of buildings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an

estimated market-specific discount rate of 6% (30 April 2014: 7%). Investment properties comprise farm and storage buildings as well as production facilities with related administrative offices which the group no longer uses for its own purposes.

Rent income from the group's investment properties recognised under Other operating income amounted to DKK 7,821k (2013/14: DKK 7,722k).

Operating expenses and depreciation on the group's investment properties recognised under Other operating expenses amounted to DKK 7,707k (2013/14: DKK 11,713k). A profit before net financials and tax of DKK 721k (2013/14: a loss of DKK 3,351k) was recorded.

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

All leases include provisions on rent adjustment.

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

*The majority of the buildings have a useful life of x-x years.

DKK '000	2014/15	2013/14
Future minimum rent for non-terminable leases		
Within one year from the balance sheet date	7,618	7,551
Between one and five years from the balance sheet date	29,021	18,551
After five years from the balance sheet date	11,755	7,186
	48,394	33,288

14. FINANCIAL ASSETS AVAILABLE FOR SALE

DKK '000	2014/15	2013/14
Cost as at 1 May	13,144	185,101
Adjustment, beginning of year	0	16
Additions	689	0
Disposals	(266)	(171,973)
Cost as at 30 April	13,567	13,144
Revaluation and impairment losses as at 1 May	(4,438)	(4,501)
Adjustment, beginning of year	0	(16)
Reversal in connection with disposals	0	(14)
Adjustments for the year	(633)	93
Revaluation and impairment losses as at 30 April	(5,071)	(4,438)
Carrying amount as at 30 April	8,496	8,706

FINANCIAL ASSETS AVAILABLE FOR SALE

Securities recognised under non-current assets comprise listed securities and equity interests available for sale in enterprises that are not subsidiaries. On initial recognition, securities are measured at fair value on the day of trading plus costs directly attributable to the purchase. Securities are subsequently measured at fair value at the balance sheet date, and any changes in the fair value are recognised in other comprehensive income. When the securities are sold or settled, the accumulated fair value adjustments are recognised in the income statement. The fair value of listed securities is determined as the market prices at the balance sheet date, and for other securities as an estimated fair value determined on the basis of market information using measurement models.

ADDITIONAL INFORMATION

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

DETERMINATION OF FAIR VALUES

Methods and assumptions for the determination of fair values

Listed bonds and shares

The portfolio of listed mortgage credit bonds and shares is measured at listed prices (level 1).

Unlisted shares and securities

Unlisted shares (level 2) are measured on the basis of an active market for trade in unlisted shares. Unlisted shares and securities (level 3) comprise industry-related investments etc. where the fair value cannot be measured reliably and is therefore measured at cost less impairment if there are objective indications of impairment.

14. FINANCIAL ASSETS AVAILABLE FOR SALE, CONTINUED

2014/15	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Listed shares	401	0	0	401
Unlisted shares and securities	0	2,400	5,695	8,095
Financial assets available for sale	401	2,400	5,695	8,496
2013/14				
Listed shares	272	0	0	272
Unlisted shares and securities	0	2,400	6,034	8,434
Financial assets available for sale	272	2,400	6,034	8,706

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

FINANCIAL INSTRUMENTS

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

DKK '000	Financial assets available for sale
Carrying amount as at 1 May 2014	6,034
Gains/(losses) recognised in the income statement	(762)
Gains/(losses) recognised in other comprehensive income	0
Purchase	689
Sale	(266)
Carrying amount as at 30 April 2015	5,695
Carrying amount as at 1 March 2013	6,293
Gains/(losses) recognised in the income statement	0
Gains/(losses) recognised in other comprehensive income	0
Purchase	0
Sale	(259)
Carrying amount as at 30 April 2014	6,034

15. INVENTORIES

DKK '000	2014/15	2013/14
Raw materials, semi-manufactures and non-returnable packaging	60,785	66,262
Work in progress	10,656	7,203
Finished goods and goods for resale	67,670	88,024
	139,111	161,489

INVENTORIES

Inventories are measured at the lower of cost applying the FIFO method and net realisable value. The cost of goods for resale, raw materials and consumables comprises the acquisition price plus landing costs. The cost of manufactured goods and work in progress includes costs of raw materials, consumables and direct labour costs as well as fixed and variable production overheads. Variable production overheads include indirect materials and pay and are distributed on the basis of precalculations for the produced goods. Fixed production overheads include costs for maintaining and depreciating machinery, factory buildings and equipment used in the production process and general costs for factory administration and management. Fixed production costs are distributed on the basis of the normal capacity of the plant. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sales.

16. RECEIVABLES

DKK '000	2014/15	2013/14
Trade receivables	266,574	278,670
Other receivables	1,578	6,030
Receivables	268,152	284,700
Write-downs for expected losses	2,435	2,046
Provisions account as at 1 May	2,046	2,779
Foreign currency translation adjustment	25	(5)
Ascertained losses and payments received concerning claims previously written off for the year	(666)	(1,632)
Reversed write-downs	(370)	(151)
Write-downs for bad debts for the year	1,400	1,055
Provisions account as at 30 April	2,435	2,046
Write-downs for the year recognised in the income statement	979	728

PROVISIONS ACCOUNT

A provisions account is used to reduce the carrying amount of trade receivables which have been written down due to a loss risk. Direct write-downs of receivables are made if the value, based on an individual assessment of the individual debtors' ability to pay, is reduced, e.g. as a result of a suspension of payments etc. Write-downs are made to the calculated net realisable value. All major overdue receivables have been written off as at the balance sheet date.

DKK '000	2014/15	2013/14
Overdue receivables not written off:		
Overdue by up to one month	24,527	25,905
Overdue by between one and three months	3,783	2,873
Overdue by between three and six months	2,535	1,780
Overdue by more than six months	16,375	10,194
	47,220	40,752

RECEIVABLES

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

17. EQUITY

EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

DKK '000	2014/15	2013/14
Earnings per share (DKK)	5.15	2.02
The basis of calculation of earnings per share is as follows:		
Profit distributed to shareholders of the parent used in connection with the calculation of earnings per share	24,024	10,627
	2014/15 NO. OF SHARES OF DKK 10	2013/14 NO. OF SHARES OF DKK 10
Average number of shares	6,000,000	6,000,000
Average number of treasury shares	(1,339,317)	(737,472)
Number of shares used to calculate earnings per share (no.)/diluted	4,660,683	5,262,528

EARNINGS PER SHARE

Earnings per share and diluted earnings per share are identical as the company has not issued equity instruments with dilution effect.

SHARE CAPITAL

The share capital amounts to DKK 60.0 million, divided into Class A shares with a nominal value of DKK 6.4 million and Class B shares with a nominal value of DKK 53.6 million. Each Class A share of DKK 10 carries 10 votes, and each Class B share of DKK 10 carries 1 vote. The Class B shares are listed on NASDAQ OMX Copenhagen.

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

HOLDING OF TREASURY SHARES

DKK '000	No. of shares of DKK 10	Nominal value	% of capital
Holding as at 1 May 2014	1,311,190	13,112	21.9%
Purchase	123,213	1,232	2.0%
Sale	0	0	0.0%
Holding as at 30 April 2015	1,434,403	14,344	23.9%
Holding as at 1 May 2013	451,568	4,516	7.5%
Purchase	859,622	8,596	14.4%
Sale	0	0	0.0%
Holding as at 30 April 2014	1,311,190	13,112	21.9%

TREASURY SHARES

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

DIVIDEND

On 25 August 2014, the company distributed ordinary dividend of DKK 12.0 million to its shareholders, corresponding to DKK 2.00 per DKK 10 share. (2012/13: DKK 9.0 million, corresponding to DKK 1.50 per DKK 10 share). Dividend is recognised as a liability at the time of adoption by the general meeting.

For FY 2014/15, the Board of Directors recommends to the annual general meeting that dividend in the amount of DKK 2.00 per share be paid, corresponding to DKK 12.0 million.

18. DEFERRED TAX

DKK '000	Deferred tax assets	Deferred tax liabilities
Deferred tax liabilities and tax assets as at 1 May 2014	5,804	49,534
Change in deferred tax recognised in the income statement	(1,292)	(1,956)
Change in deferred tax recognised in other comprehensive income	0	30
Change in deferred tax offset against current tax	0	0
Deferred tax assets and tax liabilities as at 30 April 2015	4,512	47,608
Deferred tax liabilities and tax assets as at 1 May 2013	3,806	52,335
Change in deferred tax recognised in the income statement	1,998	(2,838)
Change in deferred tax recognised in other comprehensive income	0	0
Change in deferred tax offset against current tax	0	37
Deferred tax assets and tax liabilities as at 30 April 2014	5,804	49,534
DKK '000	2015	2014
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	(4,512)	(5,804)
Deferred tax liabilities	47,608	49,534
Deferred tax liabilities and tax assets as at 30 April	43,096	43,760

DEFERRED TAX

Reference is made to accounting policies in note 10.

18. DEFERRED TAX, CONTINUED

DKK '000	1 May	Recognised in the income statement	Recognised in other comprehensive income	Transferred to current tax	30 April
Non-current assets	49,135	(2,002)	30	334	47,497
Current assets	2,955	(701)	0	0	2,254
Liabilities	(6,397)	1,185	0	0	(5,212)
Tax losses carried forward	(1,840)	482	0	0	(1,358)
Temporary differences	43,853	(1,036)	30	334	43,181
Unutilised tax losses	(123)	38	0	0	(85)
Unutilised tax losses	(123)	38	0	0	(85)
Deferred tax liabilities 2015	43,730	(998)	30	334	43,096
Non-current assets	52,895	(3,760)	0	0	49,135
Current assets	2,007	948	0	0	2,955
Liabilities	(4,188)	(2,209)	0	0	(6,397)
Tax losses carried forward	(1,936)	60	0	36	(1,840)
Temporary differences	48,778	(4,961)	0	36	43,853
Unutilised tax losses	(248)	125	0	0	(123)
Unutilised tax losses	(248)	125	0	0	(123)
Deferred tax liabilities 2014	48,530	(4,836)	0	36	43,730

19. MORTGAGE DEBT

DKK '000	2014/15	2013/14
Mortgage debt secured on real property and securities	200,469	216,242
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	16,121	15,772
Between two and five years from the balance sheet date	65,517	63,857
After five years from the balance sheet date	118,831	136,613
	200,469	216,242
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	16,121	15,772
Non-current liabilities	184,348	200,470
	216,242	216,242
Carrying amount of mortgaged properties and plant	356,976	359,118

i Security

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

As security for mortgage debt, a mortgage deed registered to the owner with a nominal value of EUR 16.4 million or DKK 122.4 million over foreign properties and plant has been deposited.

	Currency	Expiry	Fixed/ Floating	Amor- tised cost DKK '000	Nominal value DKK '000	Fair value DKK '000
Mortgage debt	DKK	2026	Floating	1,904	1,970	2,075
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,741
Mortgage debt	DKK	2027	Floating	147,639	147,639	148,172
Mortgage debt	DKK	2028	Floating	48,218	48,218	48,393
30 April 2015				200,469	200,535	201,380
Mortgage debt	DKK	2026	Floating	2,063	2,136	2,244
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,742
Mortgage debt	DKK	2027	Floating	159,641	159,641	159,740
Mortgage debt	DKK	2028	Floating	51,830	51,830	51,862
30 April 2014				216,242	216,315	216,588

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

i MORTGAGE DEBT

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

20. OTHER CREDIT INSTITUTIONS

DKK '000	2014/15	2013/14
Overdraft facility	40,037	78,480
Bank debt recognised in the balance sheet as follows:		
Current liability	40,037	78,480
The bank debt falls due as follows:		
On demand within one year from the balance sheet date	40,037	78,480

	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
Overdraft facility	DKK	2016	Floating	43,348	43,348	43,348
Overdraft facility	EUR	2016	Floating	(3,311)	(3,311)	(3,311)
30 April 2015				40,037	40,037	40,037
Overdraft facility	DKK	2015	Floating	77,359	77,359	77,359
Overdraft facility	EUR	2015	Floating	1,121	1,121	1,121
30 April 2014				78,480	78,480	78,480

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

21. DEFERRED RECOGNITION OF INCOME

DKK '000	2014/15	2013/14
Deferred recognition of income from investment grants	62,070	68,756
Deferred recognition of income is recognised in the balance sheet as follows:		
Long-term deferral of recognition of income	54,871	60,882
Short-term deferral of recognition of income	7,199	7,874
	62,070	68,756

i Government grants – repayment obligation

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

22. OTHER SHORT-TERM PAYABLES AND OTHER LIABILITIES

DKK '000	2015	2014
Other public debt	17,692	19,715
Staff costs payable	26,921	26,735
Other short-term payables	41,574	35,038
Repurchase of returnable packaging	8,861	8,030
Deferred income	314	311
	94,616	89,829

REPURCHASE OF RETURNABLE PACKAGING

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

DEFERRED INCOME

Deferred income comprises income received in respect of subsequent financial years.

The carrying amount of other short-term payables and other liabilities corresponds to the fair value of the liabilities.

23. OPERATING LEASE COMMITMENTS

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

After the end of the financial year, an agreement on extension until 2022 has been concluded. The financial impact is recognised in this note.

DKK '000	2015	2014
Minimum lease payments recognised in the income statement	7,115	10,489
Minimum lease payments are recognised in the income statement as follows:		
Production	602	2,439
Distribution	2,751	1,073
Administration	805	769
Other operating expenses	2,957	6,208
	7,115	10,489

After the end of the financial year, an agreement on extension until 2022 has been concluded. The financial impact is recognised in this note.

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

Within one year from the balance sheet date	3,854	5,006
Between two and five years from the balance sheet date	12,998	8,044
After five years from the balance sheet date	5,924	0
	22,776	13,050

Related parties

The group has entered into leases in respect of land and buildings. The leases have been entered into with companies having Bernhard Griese, CEO, and his close relatives as main shareholders. The leases (registered on the individual properties) cannot be terminated by the lessor or the lessee until 2022. The annual rent amounts to DKK 3,452k (2013/14: DKK 6,478k). The total future minimum lease payments in the period of non-terminability amount to DKK 20,913k. The amount is contained in the figures above.

Lease and sublease

Effective from 1 May 2012, the group has entered into agreements on the lease and sublease of properties for a period of five to seven years, covering both investment properties and leased properties. The agreement cannot be terminated by any of the parties for the term of the lease.

24. CHANGES IN NET WORKING CAPITAL

DKK '000	2015	2014
Change in inventories	22,368	(28,010)
Change in trade receivables	12,469	9,205
Change in other receivables	3,047	(3,490)
Change in trade payables etc.	(44,030)	(451)
Change in other payables	4,877	(22,192)
	(1,269)	(37,958)

25. FEE TO AUDITORS

DKK '000	2014/15	2013/14
Deloitte		
Statutory audit	1,636	1,866
Other assurance engagements	121	145
Tax advice	100	198
Other services	52	60
	1,909	2,269
Other		
Statutory audit	590	557
Other assurance engagements	0	0
Tax advice	0	53
Other services	186	178
	776	788

26. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

DKK '000	2015	2014
Categories of financial instruments		
Receivables	268,152	284,700
Deposits, leases	2,445	2,423
Cash	84,701	96,235
	355,298	383,358
Loans and receivables		
Financial assets available for sale	8,496	8,706
	8,496	8,706
Financial assets available for sale		
Mortgage debt	200,469	216,242
Other credit institutions	40,037	78,480
Trade payables	127,938	172,008
Other short-term payables and other liabilities	94,616	89,829
	463,060	556,249
Financial liabilities measured at amortised cost		

i Risk policy of the group

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

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

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

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

No changes were seen in the group's risk exposure and risk management relative to 2013/14.

i Currency risks concerning recognised assets and liabilities

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

DKK '000	Cash and cash equivalents	Receivables	Liabilities	Net position
EUR	65,629	242,335	(330,663)	(22,699)
SEK	18,219	3,705	(597)	21,327
NOK	29	0	(10)	19
Other currencies	336	28	(20)	344
30 April 2015	84,213	246,068	(331,290)	(1,009)
EUR	63,770	217,102	(487,046)	(206,174)
SEK	24,740	3,889	(819)	27,810
NOK	6,121	179	(10)	6,290
Other currencies	1,191	625	(145)	1,671
30 April 2014	95,822	221,795	(488,020)	(170,403)

26. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

i Sensitivity analysis concerning foreign exchange

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

DKK '000	2015	2014
Equity's sensitivity to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	(2,353)	1,557
Effect if the USD exchange rate was 5% lower than the actual exchange rate	(12)	(14)
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,526)	(1,050)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(50)	(237)
Effect if other exchange rates were 5% lower than the actual exchange rate	(21)	(3)
	(3,962)	253
Sensitivity of net profit or loss to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	(2,526)	(1,067)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	0	2
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(710)	(955)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(49)	(218)
Effect if other exchange rates were 5% lower than the actual exchange rate	(20)	(49)
	(3,305)	(2,287)

i Currency risks concerning future cash flows

The group's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future. The transactions are expected to be at the level realised in 2014/15.

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

i Interest rate risks

Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The group's net interest-bearing debt as at 30 April 2015 was DKK 154.4 million (2014: DKK 196.8 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit or loss for the year before tax negatively by approx. DKK 1.5 million (2013/14: approx. DKK 2.0 million).

i Liquidity risks

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

DKK '000	2015	2014
The liquidity reserve comprises:		
Cash	84,701	96,235
Undrawn credit facilities	159,963	141,520
Liquidity reserves	244,664	237,755
Cash and cash equivalents in the cash flow statement comprise:		
Cash	84,701	96,235
Bank debt	(40,037)	(78,480)
Cash and cash equivalents	44,664	17,755

i Credit risks

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

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

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

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

26. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

i Capital structure

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

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

See also the section in the management's review on financial objectives, page 13.

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

i Breach of loan agreement terms

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

27. RELATED PARTIES

Related parties with a controlling influence

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

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

TRANSACTIONS WITH RELATED PARTIES

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

2014/15 DKK '000	Owners with a controlling influence in Harboes Bryggeri A/S*	Members of the Board of Directors, Board of Executives and other key staff members	Other related parties	Total
Sale of goods	1,417	0	0	1,417
Purchase of goods	6,177	0	0	6,177
Sale of services	762	0	0	762
Purchase of services	1,240	355	381	1,976
Sale of property, plant and equipment	211	0	0	211
Sale of leases	2,002	0	0	2,002
Purchase of leases	3,489	0	0	3,489
Fees etc.	5,607	15,859	418	21,884
Deposits, leases	2,445	0	0	2,445
Trade receivables etc.	3,858	0	0	3,858
Trade payables etc.	366	0	0	366
Distribution of dividend	1,818	83	41	1,942

27. RELATED PARTIES, CONTINUED

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

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

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

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

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

The leases, which are registered on the individual properties, cannot be terminated by the lessor until 2020 and by the lessee until 2017. The annual rent amounts to DKK 3,452k (2013/14: DKK 6,478k). The total future minimum lease payments in the period of non-terminability amount to DKK 20,913k.

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

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

28. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

i Pending cases

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

29. ADOPTION OF ANNUAL REPORT FOR PUBLICATION

At the board meeting on 2 July 2015, the Board of Directors adopted the present annual report for publication.

The annual report is presented to the shareholders of Harboes Bryggeri A/S for adoption at the annual general meeting on 27 August 2015.

FINANCIAL STATEMENTS OF THE PARENT 2014/15

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EXPLANATION OF SYMBOLS

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-  Additional information

INCOME STATEMENT

DKK '000	Note	2014/15	2013/14
Revenue		560,141	618,089
Production costs	1, 2, 3	(463,873)	(514,655)
Gross profit/(loss)		96,268	103,434
Other operating income		877	736
Distribution costs		(76,480)	(81,161)
Administrative expenses		(33,951)	(33,529)
Operating profit/(loss) (EBIT)		(13,286)	(10,520)
Income from equity investments in subsidiaries		(47)	155
Financial income	4	2,232	2,027
Financial expenses	5	(4,801)	(4,999)
Profit/(loss) before tax		(15,902)	(13,337)
Tax on profit/(loss) for the year	6	3,617	5,628
Net profit/(loss) for the year		(12,285)	(7,709)

STATEMENT OF COMPREHENSIVE INCOME

Net profit/(loss) for the year		(12,285)	(7,709)
Other comprehensive income:			
Items which may be reclassified to the income statement:			
Adjustment to fair value of financial assets available for sale		129	92
Tax on other comprehensive income	6	(30)	(22)
Other comprehensive income		99	70
Total comprehensive income		(12,186)	(7,639)

BALANCE SHEET AS AT 30 APRIL

DKK '000	Note	2014/15	2013/14
ASSETS			
Intangible assets	7	19,286	22,073
Property, plant and equipment	8	323,282	327,771
Equity investments in subsidiaries	9	108,971	109,475
Financial assets available for sale	10	8,391	8,601
Receivable from subsidiary	10	24,242	24,245
Non-current assets		484,172	492,165
Inventories	11	54,164	64,702
Receivables	12	66,436	95,158
Receivables from subsidiaries		617	131
Joint taxation contribution receivable		0	12
Income tax receivable		0	771
Prepayments		3,838	3,605
Cash		18,738	32,188
Assets held for sale		0	2,200
Current assets		143,793	198,767
Assets		627,965	690,932
EQUITY AND LIABILITIES			
Share capital		60,000	60,000
Other reserves		(4,509)	(4,608)
Retained earnings		139,013	171,917
Equity	13	194,504	227,309
Mortgage debt	15	4,448	4,613
Deferred tax liabilities	14	20,453	23,782
Deferred recognition of income	17	2,981	3,454
Non-current liabilities		27,882	31,849
Deferred recognition of income	17	877	877
Bank debt and mortgage debt	15, 16	40,201	78,287
Trade payables		47,444	67,619
Payables to subsidiaries		254,130	229,012
Other short-term payables and other liabilities	18	62,347	53,954
Income tax, joint taxation contribution		580	2,025
Current liabilities		405,579	431,774
Liabilities		433,461	463,623
Equity and liabilities		627,965	690,932

CASH FLOW STATEMENT

DKK '000	Note	2014/15	2013/14
Operating profit/(loss) (EBIT)		(13,286)	(10,520)
Depreciation, amortisation, impairment losses and write-downs		40,968	41,204
Grants recognised as income		(877)	(736)
Other adjustments		1,602	0
Change in net working capital	21	27,216	(21,533)
Cash flows from primary operating activities		55,623	8,415
Financial income received		2,178	1,973
Financial expenses paid		(4,801)	(4,999)
Income tax paid		(413)	(7,207)
Cash flows from operating activities		52,587	(1,818)
Purchase of intangible assets		(1,888)	(1,821)
Purchase of property, plant and equipment		(33,927)	(18,317)
Sale of property, plant and equipment		1,282	1,849
Purchase of financial assets		(689)	0
Sale of financial assets		2,516	259
Dividend received from subsidiaries		457	643
Dividend received from financial assets available for sale		54	54
Change in loan to subsidiary/capital reduction		131	2,281
Cash flows from investing activities		(32,064)	(15,052)
Dividend paid to shareholders of the parent		(9,373)	(8,323)
Purchase/sale of treasury shares		(11,247)	(76,802)
Investment grant received		404	1,803
Repayment of mortgage debt		(166)	(157)
Cash flows from financing activities		(20,382)	(83,479)
Change in cash and cash equivalents		141	(100,349)
Cash and cash equivalents as at 1 May		(274,953)	(174,604)
Cash and cash equivalents as at 30 April	23	(274,812)	(274,953)

STATEMENT OF CHANGES IN EQUITY

DKK '000	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Equity as at 30 April 2014	60,000	0	(4,608)	171,918	227,310
Changes in equity 2014/15					
Net profit/(loss) for the year	0	0	0	(12,285)	(12,285)
Other comprehensive income after tax	0	0	99	0	99
Comprehensive income for the financial year	0	0	99	(33,905)	(32,806)
Purchase of treasury shares	0	0	0	(11,247)	(11,247)
Distributed dividend	0	0	0	(12,000)	(12,000)
Dividend from treasury shares	0	0	0	2,627	2,627
Total changes in equity	0	0	99	(33,905)	(32,806)
Equity as at 30 April 2015	60,000	0	(4,509)	139,013	194,504
Equity as at 30 April 2013	60,000	51,000	(4,678)	213,752	320,074
Changes in equity 2013/14					
Net profit/(loss) for the year	0	0	0	(7,709)	(7,709)
Other comprehensive income after tax	0	0	70	0	70
Comprehensive income for the financial year	0	0	70	(7,709)	(7,639)
Transfer	0	(51,000)	0	51,000	0
Purchase of treasury shares	0	0	0	(76,802)	(76,802)
Distributed dividend	0	0	0	(9,000)	(9,000)
Dividend from treasury shares	0	0	0	677	677
Total changes in equity	0	(51,000)	70	(41,834)	(92,764)
Equity as at 30 April 2014	60,000	0	(4,608)	171,918	227,310

i OTHER RESERVES

Other reserves comprise reserve for value adjustment of financial assets available for sale

NOTES FOR THE FINANCIAL STATEMENTS OF THE PARENT

1. PRODUCTION COSTS

DKK '000	2014/15	2013/14
Cost of sales	390,920	441,751
Depreciation, amortisation, impairment losses and write-downs; see note 4	32,311	31,878
Other production costs	40,642	41,026
	463,873	514,655

2. STAFF COSTS

	2014/15	2013/14
Remuneration for the Board of Directors	690	727
Wages and salaries	91,179	86,740
Defined-contribution plans	7,544	7,409
Other social security costs	1,386	1,822
Other staff costs	2,683	2,609
Refunds from public authorities	(307)	(184)
	103,175	99,123

Staff costs comprise:

	2014/15	2013/14
Production costs	55,091	55,404
Distribution costs	31,520	30,185
Administrative expenses	16,737	13,534
Recognised in the cost of technical plant	(173)	0
	103,175	99,123

Average number of employees

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DKK '000	BOARD OF DIRECTORS		BOARD OF EXECUTIVES		OTHER KEY STAFF MEMBERS	
	2014/15 DKK '000	2013/14 DKK '000	2014/15 DKK '000	2013/14 DKK '000	2014/15 DKK '000	2013/14 DKK '000
Remuneration paid to members of the management						
Remuneration for the Board of Directors	690	727	0	0	0	0
Wages and salaries etc.	0	0	4,576	4,396	10,631	8,311
Pension	0	0	0	0	1,333	879
	690	727	4,576	4,396	11,964	9,190

i BONUS PROGRAMMES AND EMPLOYMENT TERMINATION PROGRAMMES

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

i PENSION PLANS

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

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

DKK '000	2014/15	2013/14
Intangible assets	4,674	4,455
Land and buildings	6,484	6,547
Plant and machinery	25,401	24,642
Other plant etc.	5,213	5,440
Profit/(loss) from the sale of property, plant and equipment	(804)	(80)
Impairment of assets held for sale	0	200
	40,968	41,204
Depreciation, amortisation, impairment losses and write-downs comprise:		
Production costs	32,311	31,878
Distribution costs	2,223	2,533
Administrative expenses	6,434	6,793
	40,968	41,204

4. FINANCIAL INCOME

	2014/15	2013/14
Interest on bank deposits etc.	17	7
Interest on receivables from subsidiaries	2,053	1,851
Interest on investment – assets available for sale	108	115
Interest income from financial assets not measured at fair value via net profit/(loss) for the year	2,178	1,973
Dividend from financial assets available for sale	54	54
	2,232	2,027

5. FINANCIAL EXPENSES

	2014/15	2013/14
Interest on mortgage debt	74	77
Interest on bank debt etc.	2,520	1,983
Interest on payables to subsidiaries	1,252	1,523
Financial expenses of financial liabilities not measured at fair value via net profit/(loss) for the year	3,846	3,583
Net foreign exchange gains and losses	955	1,416
	4,801	4,999

6. TAX ON PROFIT/(LOSS) FOR THE YEAR

DKK '000	2014/15	2013/14
Current tax	1	543
Change in deferred tax	(3,359)	(3,540)
	(3,358)	(2,997)
Adjustment of deferred tax regarding previous financial years	(322)	0
Adjustment of current tax regarding previous financial years	63	0
Effect of change in tax rate	0	(2,631)
	(259)	(2,631)
	(3,617)	(5,628)

DKK '000	2014/15	2014/15 %	2013/14	2013/14 %
Profit/(loss) before tax	(15,902)		(13,337)	
Calculated tax thereon	(3,737)	23.5	(3,267)	24.5
Non-deductible income and expenses as well as depreciation, amortisation, impairment losses and write-downs	379	(2.4)	270	(2.2)
Effect of adjustments, previous years	(259)	1.6	(2,631)	19.7
Tax for the year/effective tax rate	(3,617)	22.7	(5,628)	42.0

DKK '000 2014/15 2013/14

	2014/15	2013/14
Tax on other comprehensive income		
Adjustment to fair value of financial assets available for sale	30	22
	30	22
Joint taxation contribution payable to jointly taxed enterprises with tax losses	1	2,025
Joint taxation contribution receivable from jointly taxed enterprises with tax profits	0	12
Income tax receivable	0	771

7. INTANGIBLE ASSETS

DKK '000	DEVELOPMENT PROJECTS	SOFTWARE	PLANT UNDER CONSTRUCTION	TOTAL
Cost as at 1 May 2014	7,121	27,755	80	34,956
Transfer	0	80	(80)	0
Additions	0	1,862	26	1,888
Cost as at 30 April 2015	7,121	29,697	26	36,844
Amortisation and impairment losses as at 1 May 2014	1,662	11,222	0	12,884
Amortisation for the year	1,424	3,250	0	4,674
Amortisation and impairment losses as at 30 April 2015	3,086	14,472	0	17,558
Carrying amount as at 30 April 2015	4,035	15,225	26	19,286
Cost as at 1 May 2013	7,121	25,871	153	33,145
Reclassification to property, plant and equipment	0	0	(10)	(10)
Transfer	0	58	(58)	0
Additions	0	1,826	(5)	1,821
Cost as at 30 April 2014	7,121	27,755	80	34,956
Amortisation and impairment losses as at 1 May 2013	237	8,191	0	8,428
Amortisation for the year	1,424	3,031	0	4,455
Amortisation and impairment losses as at 30 April 2014	1,661	11,222	0	12,883
Carrying amount as at 30 April 2014	5,460	16,533	80	22,073

8. PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Production plant and machinery	Other plant etc.	Spare parts for own machinery	Plant under construction	Total
Cost as at 1 May 2014	251,915	530,181	57,332	3,619	10,474	853,521
Reclassification from intangible assets	(25)	0	0	0	25	0
Transfers	25	10,474	0	0	(10,499)	0
Additions	6,755	19,244	6,201	0	1,727	33,927
Disposals	0	(1,588)	(5,069)	(840)	0	(7,497)
Cost as at 30 April 2015	258,670	558,311	58,464	2,779	1,727	879,951
Depreciation and impairment losses as at 1 May 2014	150,692	333,819	41,239	0	0	525,750
Depreciation for the year	6,484	25,401	5,213	0	0	37,098
Reversal in connection with disposals	0	(1,238)	(4,941)	0	0	(6,179)
Depreciation and impairment losses as at 30 April 2015	157,176	357,982	41,511	0	0	556,669
Carrying amount as at 30 April 2015	101,494	200,329	16,953	2,779	1,727	323,282
Cost as at 1 May 2013	251,456	523,749	59,476	4,458	2,308	841,447
Reclassification from intangible assets	0	0	0	0	10	10
Transfers	122	1,741	10	0	(1,873)	0
Other additions	337	5,247	2,704	0	10,029	18,317
Disposals	0	(556)	(4,858)	(839)	0	(6,253)
Cost as at 30 April 2014	251,915	530,181	57,332	3,619	10,474	853,521
Depreciation and impairment losses as at 1 May 2013	144,145	309,571	39,889	0	0	493,605
Depreciation for the year	6,547	24,642	5,440	0	0	36,629
Reversal in connection with disposals	0	(394)	(4,090)	0	0	(4,484)
Depreciation and impairment losses as at 30 April 2014	150,692	333,819	41,239	0	0	525,750
Carrying amount as at 30 April 2014	101,223	196,362	16,093	3,619	10,474	327,771

9. EQUITY INVESTMENTS IN SUBSIDIARIES

DKK '000	2015	2014
Cost as at 1 May	375,419	375,419
Cost as at 30 April	375,419	375,419
Impairment as at 1 May	(265,944)	(265,456)
Impairment for the year	(504)	(488)
Impairment as at 30 April	(266,448)	(265,944)
Carrying amount as at 30 April	108,971	109,475

Equity investments in subsidiaries comprise:

Darguner Brauerei GmbH, Dargun, Germany, ownership interest of 100.00%, voting share of 100.00%

AS Viru Ölu, Haljala, Estonia, ownership interest of 98.69%, voting share of 98.69%

Harboe Norge AS, Moss, Norway, ownership interest of 100.00%, voting share of 100.00%

Harboe Ejendomme A/S, Slagelse, Denmark, ownership interest of 100.00%, voting share of 100.00%

Skælskør Bryghus A/S, Slagelse, Denmark, ownership interest of 100.00%, voting share of 100.00%

Harboe Sverige AB, Mölnlycke, Sweden, ownership interest of 100.00%, voting share of 100.00%

Harboe Poland sp. Z O.O., Warsaw, Poland, ownership interest of 100.00%, voting share of 100.00%

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

Impairment for the year can be specified as follows:

Harboe Norge AS	504	400
Harboes Poland Z.O.O	0	88
	504	488

EQUITY INVESTMENTS IN SUBSIDIARIES

Equity investments in subsidiaries are measured at cost in the parent's financial statements. If the cost exceeds the recoverable amount of the equity investments, it is impaired to the lower amount. If more dividend is distributed than has been earned overall by the enterprise since the acquisition, this is considered to be an indication of impairment.

ADDITIONAL INFORMATION

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

The impairment is based on impairment testing occasioned by a marked decline in the company's cash-generating activities following changes in the underlying market conditions. See also note 1 in the consolidated financial statements.

The fair values are determined on the basis of the value in use of the assets based on future earnings and calculated using the calculated net cash flows on the basis of budgets approved by the management and an estimated market-specific discount rate of 6-15% (30 April 2014: 7-15%).

Darguner Brauerei GmbH is audited by the audit firm AWADO Deutsche Audit GmbH, Germany.

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

10. FINANCIAL ASSETS AVAILABLE FOR SALE AND RECEIVABLES FROM SUBSIDIARIES

DKK '000	ASSETS AVAILABLE FOR SALE	RECEIVABLE FROM SUBSIDIARY
Cost as at 1 May 2014	13,039	24,245
Adjustment, beginning of year	0	(3)
Additions	689	0
Disposals	(266)	0
Cost as at 30 April 2015	13,462	24,242
Revaluation and impairment losses as at 1 May 2014	(4,438)	0
Adjustments for the year	(633)	0
Revaluation and impairment losses as at 30 April 2015	(5,071)	0
Carrying amount as at 30 April 2015	8,391	24,242
Cost as at 1 May 2013	13,299	24,245
Adjustment, beginning of year	0	25
Additions	0	4,106
Disposals	(260)	(3,781)
Cost as at 30 April 2014	13,039	24,245
Revaluation and impairment losses as at 1 May 2013	(4,531)	0
Adjustments for the year	93	0
Revaluation and impairment losses as at 30 April 2014	(4,438)	0
Carrying amount as at 30 April 2014	8,601	24,245

ASSETS AVAILABLE FOR SALE

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

RECEIVABLE FROM SUBSIDIARY

Receivable from subsidiary is stated in EUR. No due date has been set for the receivable. The receivable carried a floating rate of interest of approx. 2.1% in 2014/15.

Methods and assumptions for the determination of fair values

Listed bonds

The portfolio of listed mortgage credit bonds is measured at listed prices (level 1).

Listed shares

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

Unlisted shares and securities

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

10. FINANCIAL ASSETS AVAILABLE FOR SALE AND RECEIVABLE FROM SUBSIDIARIES, CONTINUED

2014/15	LEVEL 1 DKK '000	LEVEL 2 DKK '000	LEVEL 3 DKK '000	TOTAL DKK '000
Listed shares	401	0	0	401
Unlisted shares and securities	0	2,400	5,590	7,990
Financial assets available for sale	401	2,400	5,590	8,391

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

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

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

DKK '000	FINANCIAL ASSETS AVAILABLE FOR SALE
Carrying amount as at 1 May 2014	5,929
Gains/(losses) in net profit/(loss) for the year	(762)
Gains/(losses) in other comprehensive income	0
Purchase	689
Sale	(266)
Carrying amount as at 30 April 2015	5,590
Carrying amount as at 1 May 2013	6,188
Gains/(losses) in net profit/(loss) for the year	0
Gains/(losses) in other comprehensive income	0
Purchase	0
Sale	(259)
Carrying amount as at 30 April 2014	5,929

11. INVENTORIES

DKK '0002015	2014	
Raw materials, semi-manufactures and non-returnable packaging	20,769	21,851
Work in progress	5,482	3,070
Finished goods and goods for resale	27,913	39,781
	54,164	64,702

12. RECEIVABLES

DKK '000	2015	2014
Trade receivables	64,862	93,393
Other receivables	1,574	1,765
Receivables	66,436	95,158
Write-downs for expected losses	594	754

i PROVISIONS ACCOUNT

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

i WRITE-DOWNS

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

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

DKK '000	2015	2014
Provisions account as at 1 May	754	850
Ascertained losses and payments received concerning claims previously written off for the year	34	(312)
Reversed write-downs	(370)	(116)
Write-downs for bad debts for the year	176	332
Provisions account as at 30 April	594	754
Write-downs for the year recognised in the income statement	(126)	96
Overdue receivables not written off:		
Overdue by up to one month	3,563	3,889
Overdue by between one and three months	678	2,120
Overdue by between three and six months	1,789	387
Overdue by more than six months	150	573
	6,180	6,969

13. EQUITY

Reference is made to note 17 in the consolidated financial statements.

14. DEFERRED TAX

DKK '000	Deferred tax assets	Deferred tax liabilities
Deferred tax assets and tax liabilities as at 30 April 2013	0	23,782
Change in deferred tax recognised in the income statement	0	(3,359)
Change in deferred tax recognised in other comprehensive income	0	30
Deferred tax assets and tax liabilities as at 30 April 2015	0	20,453
Deferred tax assets and tax liabilities as at 1 May 2013	0	29,955
Change in deferred tax recognised in the income statement	0	(6,173)
Deferred tax assets and tax liabilities as at 30 April 2014	0	23,782

DKK '000	1 May	Recognised in the income statement	Recognised in other comprehensive income	Transferred to current tax	30 April
Non-current assets	21,858	(3,011)	30	0	18,877
Current assets	2,466	(500)	0	0	1,966
Liability	(962)	113	0	0	(849)
Unutilised tax losses	420	39	0	0	459
Deferred tax liabilities 2015	23,782	(3,359)	30	0	20,453
Non-current assets	28,546	(6,688)	0	0	21,858
Current assets	1,660	806	0	0	2,466
Liability	(815)	(147)	0	0	(962)
Unutilised tax losses	564	(144)	0	0	420
Deferred tax liabilities 2014	29,955	(6,173)	0	0	23,782

DEFERRED TAX

Reference is made to accounting policies in note 10 of the consolidated financial statements.

15. MORTGAGE DEBT

DKK '000	2015	2014
Mortgage debt secured on real property	4,612	4,771
Mortgage debt falls due as follows:		
On demand within one year from the balance sheet date	164	158
Between two and five years from the balance sheet date	970	812
After five years from the balance sheet date	3,478	3,801
Mortgage debt is recognised in the balance sheet as follows:		
Current liabilities	164	158
Non-current liabilities	4,448	4,613

SECURITY

Carrying amount of mortgaged properties	6,808	6,979
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	CURRENCY	EXPIRY	FIXED/ FLOATING	AMOR- TISED COST DKK '000	NOMINAL VALUE DKK '000	FAIR VALUE DKK '000
30 April 2015						
Mortgage debt	DKK	2026	Floating	1,904	1,970	2,075
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,741
				4,612	4,678	4,816
30 April 2014						
Mortgage debt	DKK	2026	Floating	2,063	2,136	2,244
Mortgage debt	DKK	2038	Floating	2,708	2,708	2,742
				4,771	4,844	4,986

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.

16. OTHER CREDIT INSTITUTIONS

DKK '000 2015	2014
Overdraft facility	40,037
The bank debt falls due as follows:	
On demand within one year from the balance sheet date	40,037

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

17. DEFERRED RECOGNITION OF INCOME

DKK '000	2015	2014
Deferred recognition of income from investment grants	3,858	4,331
Deferred recognition of income is recognised in the balance sheet as follows:		
Long-term deferral of recognition of income	2,981	3,454
Short-term deferral of recognition of income	877	877

Repayment obligation; see note 20.

18. OTHER SHORT-TERM PAYABLES AND OTHER LIABILITIES

DKK '0002015	2014	
Other public debt	7,617	6,048
Staff costs payable	14,325	13,031
Other short-term payables	31,544	26,845
Repurchase of returnable packaging	8,861	8,030
	62,347	53,954

i REPURCHASE OF RETURNABLE PACKAGING

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. 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.

i DEFERRED INCOME

Deferred income comprises income received in respect of subsequent financial years.

i The carrying amount of other short-term payables corresponds to the fair value of the liabilities.

19. OPERATING LEASE COMMITMENTS

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

DKK '0002015	2014	
Minimum lease payments recognised in the income statement	1,421	1,901
The minimum lease payments comprise:		
Production costs	722	652
Distribution costs	326	862
Administrative expenses	373	387
The total future minimum lease payments for non-terminable leases fall due as follows:		
Within one year from the balance sheet date	1,036	896
Between two and five years from the balance sheet date	1,716	1,280
After five years from the balance sheet date	24	167
	2,776	2,343

The company leases land and buildings from companies having Bernhard Griese, CEO, and his close relatives as the main shareholders. The annual rent amounts to DKK 269k (2013/14: DKK 268k).

20. CONTINGENT LIABILITIES, SECURITY AND CONTRACTUAL OBLIGATIONS

DKK '000	2015	2014
i Contingent liabilities		
The parent has provided a guarantee for the mortgage debt of its subsidiaries. The guarantee has been maximised to cover the remaining debt.		
Debt of subsidiaries	195,857	211,471

i Pending cases

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

i Government grants – repayment obligation

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

i Joint taxation

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

i Contingent liability

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

21. CHANGES IN NET WORKING CAPITAL

DKK '000	2015	2014
Change in inventories	10,538	(14,563)
Change in receivables	28,489	34,934
Change in trade payables etc.	(20,175)	(13,958)
Change in other payables	8,364	(27,946)
	27,216	(21,533)

22. FEE TO AUDITORS

	2015	2014
Statutory audit	1,432	1,695
Other assurance engagements	96	95
Tax advice	100	198
Other services	52	60
	1,680	2,048

23. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

DKK '000	2014/2015	2013/2014
Categories of financial instruments		
Receivables	66,436	95,158
Receivables from subsidiaries, short-term	617	131
Receivables from subsidiaries, long-term	24,242	24,245
Cash	18,738	32,188
Loans and receivables	110,033	151,722
Financial assets available for sale		
	8,391	8,601
Mortgage debt	4,612	4,771
Other credit institutions	40,037	78,129
Trade payables	47,444	67,672
Payables to subsidiaries	254,130	229,009
Other payables	62,347	53,954
Financial liabilities measured at amortised cost	408,570	433,535

i Financial risk management policy

Please refer to the risk section in the management's review, page 35 and note 26, in the consolidated financial statements.

i Currency risks concerning recognised assets and liabilities

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

DKK '000	CASH AND CASH EQUIVALENTS	RECEIV- ABLES	LIABIL- ITIES	NET POSITION
EUR	68	52,395	(274,385)	(221,922)
SEK	18,169	3,705	(627)	21,247
NOK	0	0	(495)	(495)
Other currencies	3	2	(20)	(15)
30 April 2015	18,240	56,102	(275,527)	(201,185)
EUR	69	54,709	(268,128)	(213,350)
SEK	24,686	3,889	(856)	27,719
NOK	6,072	179	(863)	5,388
Other currencies	972	92	0	1,064
30 April 2014	31,799	58,869	(269,847)	(179,179)

23. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

i Sensitivity analysis concerning foreign exchange

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

DKK '000	2014/2015	2013/2014
Equity's sensitivity to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	1,438	1,600
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(1,523)	(1,039)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(28)	(202)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	0	(14)
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	(21)	0
Effect if the GBP exchange rate was 5% lower than the actual exchange rate	(20)	(26)
	(154)	319
Sensitivity of net profit or loss to exchange rate fluctuations		
Effect if the EUR exchange rate was 1% lower than the actual exchange rate	(259)	93
Effect if the SEK exchange rate was 5% lower than the actual exchange rate	(710)	(956)
Effect if the NOK exchange rate was 5% lower than the actual exchange rate	(46)	(185)
Effect if the USD exchange rate was 5% lower than the actual exchange rate	0	3
Effect if the CHF exchange rate was 5% lower than the actual exchange rate	(21)	0
Effect if the GBP exchange rate was 5% lower than the actual exchange rate	(20)	(41)
	(1,056)	(1,086)

i Currency risks concerning future cash flows

The parent's most significant currency exposure is also expected to concern transactions in the above-mentioned currencies in future.

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

i Interest rate risks

Due to the Harboe group's capital structure, the risk relating to fluctuations in market rates is limited. The parent's net interest-bearing debt as at 30 April 2015 was DKK 261.9 million (2014: DKK 284.7 million). The debt carries a floating rate of interest.

An increase in the market interest rate of 1% would affect the profit or loss for the year before tax negatively by approx. DKK 2.7 million (2013/14: approx. DKK 2.9 million).

23. FINANCIAL RISKS AND FINANCIAL INSTRUMENTS, CONTINUED

Liquidity risks

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

DKK '000	2015	2014
The liquidity reserve comprises:		
Cash	18,738	32,188
Undrawn credit facilities (group)	159,963	141,871
Liquidity reserves	178,701	174,059
Cash and cash flow statement reserve comprises:		
Cash	18,738	32,188
Bank debet	(40,037)	(78,129)
Intercompany balance, debet	(253,513)	(229,012)
Cash	(274,812)	(274,953)

Credit risks

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

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

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

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

Capital structure

Reference is made to the section on financial objectives in the management's review on page 14 and to note 26 in the consolidated financial statements.

Non-fulfilment of loan agreements

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

24. RELATED PARTIES

Related parties with a controlling influence

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

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

For an overview of subsidiaries, please refer to note 9.

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 in Harboes Bryggeri A/S*	Members of the Board of Directors, the Board of Executives and other key staff members	Other related parties	Total
2014/15					
Sale of goods	96,872	1,417	0	0	98,289
Purchase of goods	40,750	166	0	0	40,916
Sale of non-current assets	156	211	0	0	367
Purchase of non-current assets	0	0	0	0	0
Sale of services	8,075	762	0	0	8,837
Purchase of services	2,714	1,240	355	378	4,687
Sale of leases	386	264	0	0	650
Purchase of leases	122	534	0	0	656
Dividend received	458	0	0	0	458
Fees etc.	0	5,004	13,098	418	18,520
Trade receivables etc.	36,321	2,996	0	0	39,317
Trade payables etc.	265,592	330	0	0	265,922
Security; see note 21	195,857	0	0	0	195,857
Distribution of dividend	0	1,818	83	41	1,952
2013/14					
Sale of goods	90,837	2,210	0	0	93,047
Purchase of goods	65,126	127	0	0	65,253
Sale of non-current assets	25	0	0	0	25
Purchase of non-current assets	0	0	0	0	0
Sale of services	7,919	1,110	0	0	9,029
Purchase of services	1,654	955	396	343	3,348
Sale of leases	386	141	0	0	527
Purchase of leases	143	269	0	0	412
Dividend received	643	0	0	0	643
Fees etc.	0	4,784	9,917	420	15,121
Trade receivables etc.	34,639	688	0	0	35,327
Trade payables etc.	239,275	164	0	0	239,439
Security; see note 32	211,471	0	0	0	211,471
Distribution of dividend	0	1,363	55	46	1,464

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

Additional information

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

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

25. ACCOUNTING POLICIES ETC.

ACCOUNTING POLICIES

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

SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND UNCERTAINTIES

For a description of the parent's treatment of accounting estimates and uncertainties, please refer to note 2 in the consolidated financial statements.

ADDITIONAL INFORMATION

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: 1 May-30 April
www.harboes.dk

BOARD OF DIRECTORS

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

BOARD OF EXECUTIVES

Bernhard Griese
AUDIT
Deloitte Statsautoriseret Revisionspartnerselskab

GENERAL MEETING

The annual general meeting will be held on 27 August 2015
at 10.00 am at Harboes Bryggeri A/S, Skælskør, Denmark



