



## **STOCK EXCHANGE ANNOUNCEMENT**

### **Harboes Bryggeri A/S**

Tel. +45 58 16 88 88

Contact: CEO Bernhard Griese

### **HARBOES BRYGGERI A/S**

#### **Announcement of financial results for the year ended 30 April 2007**

To

#### **OMX The Nordic Exchange Copenhagen**

The Board of Directors of Harboes Bryggeri A/S today considered and approved the financial statements for the year ended 30 April 2007.

The report is reviewed on the following pages.

Skælskør, 5 July 2007

Anders Nielsen  
Chairman

Bernhard Griese  
CEO

## STOCK EXCHANGE ANNOUNCEMENT



### HARBOES BRYGGERI A/S

#### Annual report for the year ended 30 April 2007

#### Highlights:

- Revenue increased by 1.6% to DKK 1.38 billion.
  - Revenue in the brewery business increased by 2.4% to DKK 1.19 billion.
  - Revenue in the foodstuff business fell by 3.5% to DKK 193.7 million.
- Sales of beer and soft drinks, including malt beverages and malt wort products increased by 7.3% to 5.7 million hectolitres from 5.31 million hectolitres last year.
- Operating profit was DKK 88.3 million.
  - Operating profit for the brewery business was down DKK 4.7 million to DKK 88.5 million.
  - The foodstuff business recorded an operating loss of DKK 0.1 million, compared to an operating profit of DKK 5.8 million last year.
- Consolidated profit before tax amounted to DKK 85.5 million as against DKK 94.6 million last year.
- The profit before tax fell short of the guidance in the range of DKK 90–100 million provided in the Q3 interim report.
- The group made investments of DKK 178.3 million during the financial year, of which DKK 121.4 million is recognised as assets under construction.
- Cash flows from operating activities were an inflow of DKK 86.6 million and the free cash flows were an outflow of DKK 69 million.
- The board of directors proposes a dividend of DKK 1.50 per share, equivalent to DKK 9 million, equal to a pay-out ratio of 15.

#### For further information, call

CEO Bernhard Griese  
Tel. +45 58 16 88 88

## Financial highlights

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

## Financial highlights

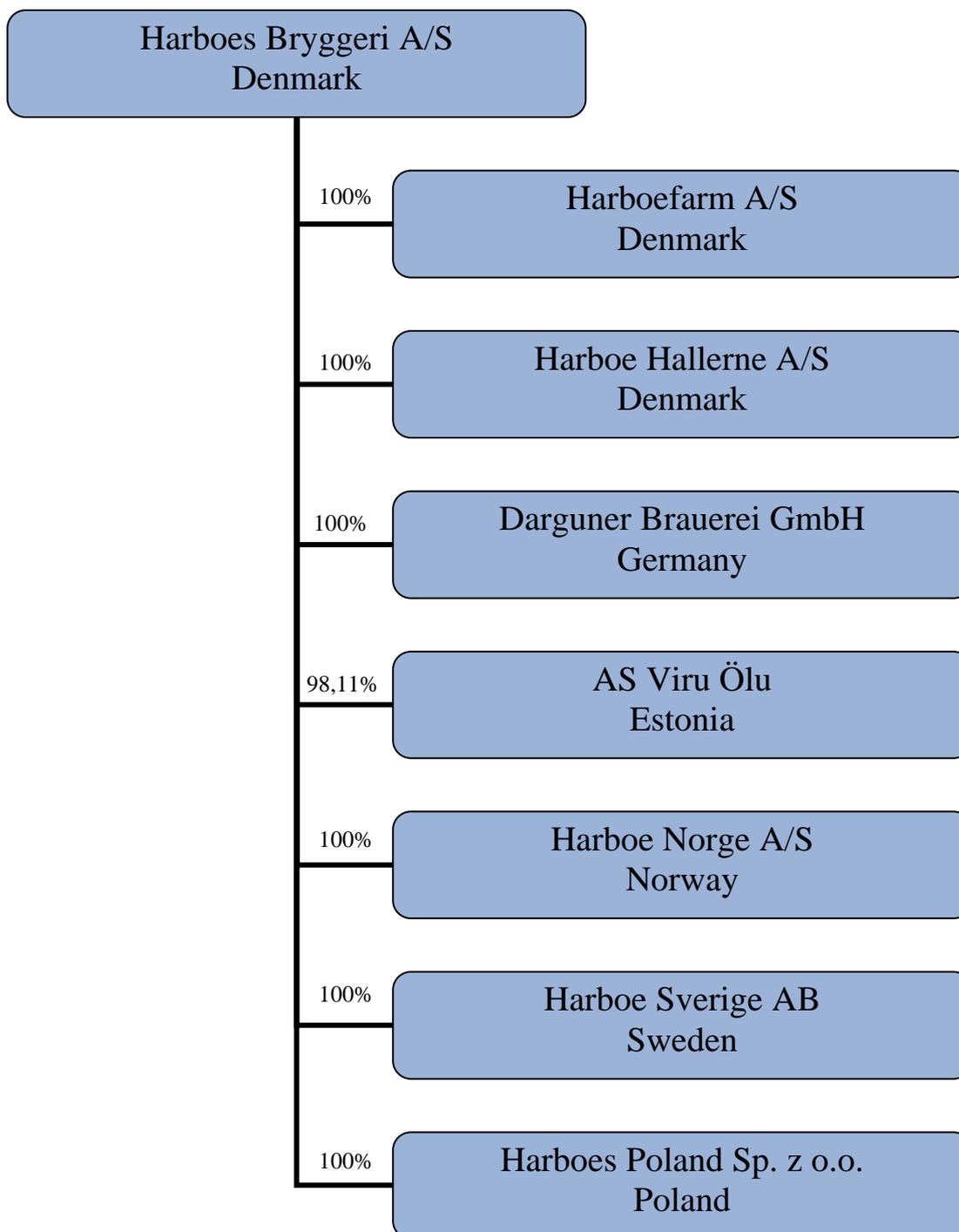
	<u>2006/07</u>	<u>2005/06</u>	<u>2004/05</u>	<u>2003/04<sup>*)</sup></u>	<u>2002/03<sup>*)</sup></u>
<b>Ratios in %</b>					
Operating margin	6.4	7.3	9.4	7.7	5.0
Return on net assets	7.9	9.2	13.1	10.9	7.0
Return on equity	8.3	10.1	15.6	14.5	8.6
Equity ratio	56.4	59.2	51.9	47.5	41.5
Gearing	6.7	0.0	0.0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

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

<sup>\*\*</sup> Comparative figures have been restated to reflect the redenomination of the shares from DKK 100 to DKK 10 nominal value.

## Group Chart

At 30 April 2007, the group consisted of the following companies:



## **Management's review**

### **The Group's financial performance**

#### **Focusing on innovation and efficiency**

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

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

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

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

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

## **Management's review**

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

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

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

### **The brewery business**

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

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

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

### **The foodstuff business**

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

## **Management's review**

### **Consolidated report**

#### **Gross revenue**

Consolidated gross revenue for the 2006/07 financial year was DKK 1.65 billion, a 2% increase from DKK 1.63 billion last year.

#### **Earnings**

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

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

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

The profit before tax fell short of the guidance in the range of DKK 90–100 million provided in the Q3 interim report (see Announcement of 15 March 2007).

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

#### **Income tax**

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

#### **Equity**

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

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

#### **Investments**

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

## **Management's review**

### **Cash flows and net interest-bearing debt**

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

The free cash flow (changes in cash and cash equivalents) was an outflow of DKK 69.0 million as against an outflow of DKK 10.8 million last year.

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

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

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

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

### **Events after the balance sheet date**

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

## **Management's review**

### **OBJECTIVES AND STRATEGY**

#### **Strategy and financial targets**

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

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

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

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

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

#### **Strategic focus**

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

## **Management's review**

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

### **Investing in growth**

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

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

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

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

## **Management's review**

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

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

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

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

### **Financial targets**

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

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

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

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

## **Management's review**

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

## **Management's review**

### **Core markets and market conditions**

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

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

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

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

Germany continues to have the second-highest share of private labels in Europe at more than 30% in 2006. In the Nordic region, Sweden recorded the strongest growth in 2006.

In Denmark, the share of private labels was estimated at 17.4% in 2006, while it was 16.5% in Sweden and 9.7% in Norway.

#### **Denmark**

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

#### **Germany**

In May 2006, Germany introduced container deposit legislation for beer, carbonated soft drinks, spring water and still products.

The effects and consequences of the deposit legislation were monitored closely, but it has not had a negative impact on sales in the categories mentioned.

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

## **Management's review**

The downward trend in beer sales Germany is believed to have continued. The soft drink market continues to expand with growth estimated at 10%, driven by the discount retail sector. Year-on-year growth in 2006 was 21.3%. Growth is driven by innovation and new products. Spotlighting new product areas and new trends makes demands on the company, but it also provides opportunities for expanding into new areas. Darguner Brauerei GmbH expanded its overall sales to the German market in the 2006/2007 financial year, attracting new customers as well as generating growth and expanding the product assortment to existing customers.

Retail sector developments of strong growth in the private label segment provide attractive growth opportunities, even though the German market is also experiencing stronger price competition.

### **Sweden**

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

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

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

### **The Baltic States**

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

## **Management's review**

### **Customers**

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

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

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

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

## **Management's review**

### **Innovation and product development**

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

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

Thanks to investments made, Harboes Bryggeri A/S, Darguner Brauerei GmbH and Viru Õlu all offer a wide product assortment in terms of returnable and non-returnable packaging.

The greatest innovation has occurred in the production of beer and soft drinks in non-returnable containers, such as various non-returnable PET bottles as well as cans.

During the 2006/07 financial year, the business developed a large number of new products with flexible packaging solutions that meet customer demands for an optimum variety assortment in this category.

Growth in the soft drink segment has been stimulated by the launch of a number of new products in new trend-setting product categories.

The Aqua Plus series, which covers a wide range of flavoured spring water (including apple, pear, peach, blueberry and others) have performed extremely well in both the German and the Swedish markets.

The beverage category which the Aqua Plus series is a part of grew by 77.9% in the German market.

The diet soft drink category continues to grow.

In the beer category, the company has developed a large number of specialty products. Especially the dark varieties have proven popular.

Additional varieties of beer-mix products have been launched on the German market, which continues to evolve.

Also, a lot of work went into defining the conceptual framework of the company's new strategic investment in the production of aseptic (cold sterile) bottled products.

In light of consumer demands for healthy and pure products, the company resolved in the second half of 2006 to invest in a new factory section with advanced processing facilities for the production of aseptic products. With this new production technology, Harboe will be able to produce a large number of new quality products targeted at a fast growing segment of consumers demanding these and other considerations:

## Management's review

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

The investment in the new factory section supports the company's ambitions of being at the forefront of the most innovative production technology with a view to meeting growing consumer and market demands for healthy and pure products.

Concurrently with developing the technical facilities, the company has worked to develop products, containers, labels and packaging, and we have presented the overall concept to customers in the principal core markets.

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

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

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

## **Management's review**

### **Production and capacity**

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

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

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

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

The facility was originally expected to be ready for use in May but is now expected to begin operations in July 2007. The new factory will increase the total production capacity by 1–1.2 million hectolitres.

Within all three brewery businesses, the company is still working on new efficiency improvements that will also ensure a high supply capacity.

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

## **Management's review**

### **Risk factors**

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

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

#### **Production and quality**

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

#### **Competition and prices**

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

#### **Seasonal factors and capacity**

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

## **Management's review**

### **Customers and agreements**

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

### **Financial risks**

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

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

## Management's review

### Shareholder information

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

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

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

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

### Shareholders

As at 30 April 2007, Harboe Bryggeri A/S had 4,294 registered shareholders, which is an increase of 469 shareholders over the previous year.

The registered shareholders represent DKK 56.2 million of the total share capital of DKK 60 million, equivalent to 93.6% of the share capital.

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

Kirsten and Bernhard Griese Spegerborgvej 4, DK-4230 Skælskør	Ownership 13.1%	interest:	Votes: 52.1%
LD Pensions Vendersgade 28, DK-1363 Copenhagen K	Ownership 20.0%	interest:	Votes: 10.2%
Julius Bär Investment Management LLC NY 10017, USA	Ownership 11.4%	interest:	Votes: 5.9%

## Management's review

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

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

The members of the executive board and the board of directors held a total of 815.930 shares as at 30 April 2007.

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

### Investor relations

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

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

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

Quarterly interim reports (Danish/English)

Annual reports (Danish/English)

Individual presentations and meetings with stakeholders

The Harboes Bryggeri A/S website [www.harboes.dk](http://www.harboes.dk) and related links.

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

## **Management's review**

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

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

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

### **Equity analysts**

The following equity analysts follow Harboes Bryggeri A/S

Danske Equities, Søren Samsøe

Carnegie, Carsten Leth

Enskilda Securities, Henrik K. Jeppesen

Gudme Raaschou, Michael K. Rasmussen.

The board of directors recommends to the shareholders that dividend be paid at the rate of DKK 1.5 per share of DKK 10 nominal value, equivalent to DKK 9 million.

### **Financial calendar 2007/08**

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

Interim report – Q1 2007/08, 23 August 2007.

First half-year report, 6 December 2007

Interim report – Q3 2007/08, 12 March 2008.

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

## Management's review

### Announcements to the Copenhagen Stock Exchange

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

<b>Date</b>	<b>Event</b>
24 April 2007	Announcement regarding large shareholders
27 March 2007	Trading by insiders
15 March 2007	Quarterly report
13 January 2007	Trading by insiders
02 January 2007	Trading by insiders
22 December 2006	Trading by insiders
14 December 2006	Quarterly report
13 September 2006	Trading by insiders
30 August 2006	Minutes of the Annual General Meeting
29 August 2006	Quarterly report
16 August 2006	Full-year profit announcement
11 August 2006	Notice convening a general meeting
05 July 2006	Annual Report
08 July 2006	Financial calendar

## **Management's review**

### **Corporate governance**

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

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

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

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

The board of directors of Harboe regularly considers the capital structure of the group and the considerations are included in the strategy section of the annual report.

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

Harboe has not been subjected to any public takeover bids, but the board of directors believes that the shareholders should naturally be allowed to evaluate any such takeover bid while in general meeting.

#### **The role of stakeholders and their importance to the company**

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

## **Management's review**

### **Openness and transparency**

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

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

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

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

Harboe publishes quarterly financial statements.

### **The tasks and responsibilities of the board of directors**

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

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

Harboe's board of directors reviews its rules of procedure once a year.

Prior to each board meeting, the executive board submits a report on the developments and performance of the company to the board of directors.

## **Management's review**

### **The composition of the board of directors**

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

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

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

The size of the board of directors allows it to work and operate efficiently.

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

Under the articles of association, up to three board members elected by the employee serve on the board of directors.

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

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

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

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

## **Management's review**

### **Remuneration of the board of directors and executive board members**

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

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

The remuneration of the board of directors and the executive board is disclosed in the annual report.

Members of the board of directors receive fixed remuneration only.

Harboe has no unusual severance scheme for members of the executive board.

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

### **Audit**

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

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

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

## Management's review

### THE BREWERY BUSINESS – HIGHLIGHTS

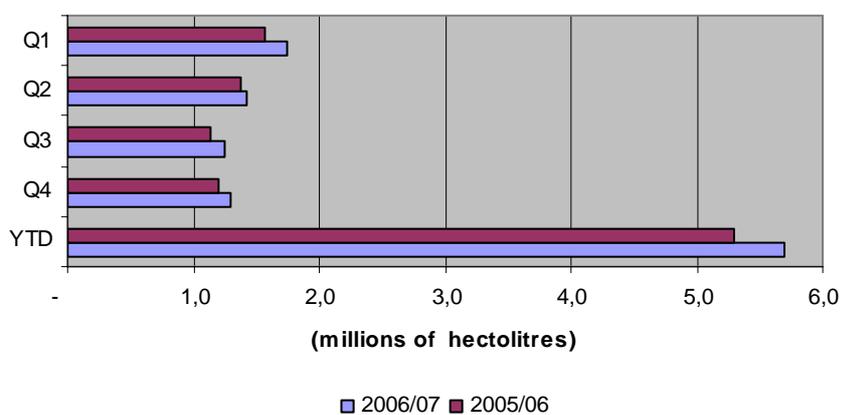
	<u>2006/07</u> DKKm	<u>2005/06</u> DKKm	<u>2004/05</u> DKKm	<u>2003/04<sup>*)</sup></u> DKKm	<u>2002/03<sup>*)</sup></u> DKKm
<b>Volume (millions of hectolitres)</b>					
Beer, soft drinks and malt wort products	5.70	5.31	5.15	4.46	3.96
<b>Earnings</b>					
Gross revenue	1,455.8	1,432.9	1,501.4	1,416.1	1,306.0
Taxes on beer and soft drinks	(266.6)	(272.2)	(302.0)	(312.7)	(310.9)
Net revenue	1,189.2	1,160.7	1,199.4	1,103.4	995.1
Operating profit (EBIT)	88.5	93.2	127.2	113.0	92.2
Profit before tax	86.6	91.1	124.0	110.0	86.7
Tax on the profit for the year	(29.3)	(27.0)	(42.3)	(36.8)	(29.9)
Net profit for the year	57.3	64.2	81.7	73.2	57.0
<b>Balance sheet</b>					
Non-current assets	737.7	662.1	670.6	534.3	509.6
Current assets	314.8	335.7	343.9	306.7	247.2
Equity	572.8	563.6	498.3	378.6	281.2
Long-term liabilities	112.5	117.6	131.0	81.9	92.2
Short-term liabilities	367.2	316.5	385.1	266.2	242.2
Total assets	1,052.5	997.8	1,014.5	841.0	756.8
<b>Investments. etc.</b>					
Investments	72.6	96.3	182.4	103.0	129.2
Depreciation and amortisation	90.7	86.9	81.0	81.0	74.5
<b>Cash flows</b>					
Cash flows from operating activities	66.5	110.8	171.4	95.5	160.3
Cash flows from investing activities	(110.8)	(120.8)	(150.7)	(100.6)	(129.0)
Cash flows from financing activities	(39.1)	(11.6)	46.4	17.7	(23.4)
Change in cash	(83.4)	(21.5)	67.1	13.5	7.9
<b>Ratios in %</b>					
Operating margin	7.4	8.0	10.6	10.2	9.3
Return on net assets	9.2	10.1	14.6	14.7	13.5
Return on equity	10.1	12.3	19.6	22.2	22.5
Equity ratio	54.4	56.5	49.1	45.0	37.2
Current ratio	85.7	106.0	89.3	115.2	102.0
Return on invested capital	10.3	10.8	16.9	15.2	14.3

## Management's review

	<u>2006/07</u>	<u>2005/06</u>	<u>2004/05</u>	<u>2003/04<sup>*)</sup></u>	<u>2002/03<sup>*)</sup></u>
<b>Employees</b>					
Number of employees	467	504	540	560	470

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

### Sales



## **Management's review**

### **The brewery business**

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

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

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

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

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

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

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

## Management's review

### THE FOODSTUFF BUSINESS – HIGHLIGHTS

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

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

## **Management's review**

### **The foodstuff business**

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

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

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

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

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

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

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

In order to ensure stable future rental income, Harboefarm has leased the turkey pens to a new, large operator from Germany. The leases with existing tenants will be taken over successively during the period from 30 April 2007 to August 2007, at which time all turkey pens, covering total space of 73,600 m<sup>2</sup>, will have been leased to the new tenant.

The leases run a number of years.

## **Management's review**

### **Outlook**

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

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

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

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

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

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

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

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

## **Management's review**

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

## **Management's statement**

This announcement of the financial results for the year ended 30 April 2007 include forward looking statements, including expectations for future financial results. Such statements involve risks and uncertainties, which to a large degree are beyond Harboe's control. Consequently, actual results may differ materially from those forecast in the interim report. Factors that may affect the expectations include the general economic and business conditions, among other things.

The announcement of the full-year financial results is available in a Danish and an English version. In case of any discrepancy between the Danish and the English text, the Danish text shall prevail.

### **Accounting policies**

The accounting policies are consistent with those applied in the annual report for the financial year 2006/2007.

### **Statement by the Board of Directors and the Management Board**

The board of directors of Harboes Bryggeri A/S today considered and approved the annual report for the 12 months ended 30 April 2007.

Skælskør, 5 July 2007

### **Harboes Bryggeri A/S**

Bernhard Griese, CEO

Board of directors:

Anders Nielsen, Chairman

Bernhard Griese

Preben K. Nielsen

Vibeke Harboe Malling

Kirsten Griese

Karina Harboe Laursen

Jens Bjarne Jensen\*

\* Elected by the employees

## Consolidated income statement

(DKK '000)	2006/2007	2005/2006
Gross revenue	1.649.489	1.633.524
Taxes on beer and soft drinks	(266.557)	(272.231)
<b>Revenue</b>	<b>1.382.932</b>	<b>1.361.293</b>
Production costs	(1.115.029)	(1.081.697)
<b>Gross profit</b>	<b>267.903</b>	<b>279.596</b>
Distribution costs	(150.902)	(153.224)
Administrative costs	(35.393)	(31.216)
Other operating income	18.120	14.678
Other operating expenses	(11.400)	(10.987)
<b>Operating profit</b>	<b>88.328</b>	<b>98.847</b>
Share of profit after tax, associates	302	(365)
Financial income	865	504
Financial expenses	(3.964)	(4.436)
<b>Profit before tax</b>	<b>85.531</b>	<b>94.550</b>
Estimated tax on profit for the period	(28.809)	(31.079)
Adjustment of prior-year tax charge	(219)	2.064
<b>Net profit</b>	<b>56.503</b>	<b>65.535</b>
Distribution of net profit		
Parent company shareholders	56.511	65.554
Minority interests	(8)	(19)

## Balance sheet - assets

(DKK '000)	<u>2006/2007</u>	<u>2005/2006</u>
Land and buildings	301.666	300.995
Plant and machinery	360.277	408.140
Other fixtures and fittings, tools and equipment	45.375	37.529
Spare parts for own machinery	5.298	6.511
Property plant and equipment under construction	122.381	18.486
<b>Property, plant and equipment</b>	<b><u>834.997</u></b>	<b><u>771.661</u></b>
Investments in associates	791	488
Securities	2.113	2.938
Deposits and leases	3.047	2.072
<b>Financial assets</b>	<b><u>5.951</u></b>	<b><u>5.498</u></b>
<b>Non-current assets</b>	<b><u>840.948</u></b>	<b><u>777.159</u></b>
Raw material, intermediates and packaging	56.689	48.851
Finished goods and goods for re-sale	45.334	38.661
<b>Inventories</b>	<b><u>102.023</u></b>	<b><u>87.512</u></b>
Trade receivables	218.858	190.760
Receivables from associates	3.051	4.678
Other receivables	19.604	1.609
Prepayments	3.104	4.241
<b>Receivables</b>	<b><u>244.617</u></b>	<b><u>201.288</u></b>
<b>Cash</b>	<b><u>27.360</u></b>	<b><u>77.556</u></b>
<b>Current assets</b>	<b><u>374.000</u></b>	<b><u>366.356</u></b>
<b>Total assets</b>	<b><u>1.214.948</u></b>	<b><u>1.143.515</u></b>

## Balance sheet – liabilities and equity

(DKK '000)	<u>2006/2007</u>	<u>2005/2006</u>
Share capital	60.000	60.000
Share premium	51.000	51.000
Reserves	1.569	1.802
Retained earning	572.836	564.179
<b>Equity attributable to shareholder in Harboes Bryggeri A/S</b>	<b>685.405</b>	<b>676.981</b>
<b>Equity attributable to minority interests</b>	<b>414</b>	<b>422</b>
<b>Equity</b>	<b>685.819</b>	<b>677.403</b>
Mortgage debt	25.501	34.523
Other credit institutions	9.173	18.707
Deferred tax	51.081	48.881
Deferred income	38.275	31.155
<b>Non-current liabilities</b>	<b>124.030</b>	<b>133.266</b>
Mortgage debt	9.061	5.410
Other credit institutions	29.722	11.780
Trade payables	213.100	154.467
Repurchase obligation, returnable packaging	31.489	42.933
Payables to associates	20.665	7.660
Income tax	30.416	30.142
Other payables	61.674	73.079
Deferred income	8.972	7.375
<b>Current liabilities</b>	<b>405.099</b>	<b>332.846</b>
<b>Liabilities</b>	<b>529.129</b>	<b>466.112</b>
<b>Total liabilities</b>	<b>1.214.948</b>	<b>1.143.515</b>

## Consolidated cash flow statement

(t.kr.)	<u>2006/2007</u>	<u>2005/2006</u>
Operating profit	88.328	98.847
Depreciation and impairment losses	101.155	100.805
Government grants recognised as income	(10.854)	(7.665)
<b>Cash flows from operating activities before changes in working capital</b>	<b>178.629</b>	<b>191.987</b>
Changes in inventories	(14.568)	(81)
Changes in trade receivables and other receivables	(43.548)	14.769
Changes in trade payables and other payables	(4.840)	(49.286)
<b>Changes in working capital</b>	<b>(62.956)</b>	<b>(34.598)</b>
<b>Cash flows from operating activities</b>	<b>115.673</b>	<b>157.389</b>
Financial income received	865	504
Financial expenses paid	(3.399)	(4.016)
Income tax, paid	(26.546)	(29.078)
<b>Cash flows from operating activities</b>	<b>86.593</b>	<b>124.799</b>
Investments in property, machinery and equipment	(121.640)	(124.663)
Sales of property, machinery and equipment	10.543	5.950
Changes in financial assets available for sale, net	121	284
<b>Cash flows from investing activities</b>	<b>(110.976)</b>	<b>(118.429)</b>
Dividends distributed to shareholders	(47.600)	(8.925)
Repayments of long-term debt	(16.662)	(17.017)
Proceeds from incurring financial liabilities	-	358
Investment grant received	19.616	8.440
<b>Cash flows from financing activities</b>	<b>(44.646)</b>	<b>(17.144)</b>
<b>Change in cash and cash equivalents</b>	<b>(69.029)</b>	<b>(10.774)</b>
Cash and cash equivalents at 1 May	77.556	88.044
Currency translation adjustments	(314)	286
<b>Cash and cash equivalents at 30 April</b>	<b>8.213</b>	<b>77.556</b>

## Consolidated statement of changes in equity 2005/06

(DKK´000)	Share capital	Share premium	Currency translation reserve	Net revaluation reserve according to the equity method	Reserve for adjustments to fair value of financial assets available for sale	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to minority interests	Total equity
<b>Equity at 1 May 2005</b>	<b>60.000</b>	<b>51.000</b>	<b>137</b>	<b>316</b>	<b>309</b>	<b>507.234</b>	<b>618.996</b>	<b>441</b>	<b>619.437</b>
Currency translation differences from foreign subsidiaries	-	-	1.001	-	-	-	1.001	-	1.001
Adjustment to fair value of financial assets available for sale	-	-	-	-	355	-	355	-	355
<b>Recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>1.001</b>	<b>-</b>	<b>355</b>	<b>-</b>	<b>1.356</b>	<b>-</b>	<b>1.356</b>
Profit for the period	-	-	-	(316)	-	65.870	65.554	(19)	65.535
<b>Total net income</b>	<b>-</b>	<b>-</b>	<b>1.001</b>	<b>(316)</b>	<b>355</b>	<b>65.870</b>	<b>66.910</b>	<b>(19)</b>	<b>66.891</b>
Dividends distributed						(9.000)	(9.000)	-	(9.000)
Dividend from treasury shares						75	75	-	75
<b>Equity at 31 January 2006</b>	<b>60.000</b>	<b>51.000</b>	<b>1.138</b>	<b>-</b>	<b>664</b>	<b>564.179</b>	<b>676.981</b>	<b>422</b>	<b>677.403</b>

## Consolidated statement of changes in equity 2006/07

(DKK'000)	Share capital	Share premium	Currency translation reserve	Net revaluation reserve according to the equity method	Reserve for adjustments to fair value of financial assets available for sale	Retained earnings	Equity attributable to parent company shareholders	Equity attributable to minority interests	Total equity
<b>Equity at 1 May 2006</b>	<b>60.000</b>	<b>51.000</b>	<b>1.138</b>	-	<b>664</b>	<b>564.179</b>	<b>676.981</b>	<b>422</b>	<b>677.403</b>
Currency translation differences from foreign subsidiaries	-	-	(668)	-	-	-	(668)	-	(668)
Adjustment to fair value of financial assets available for sale	-	-	-	-	181	-	181	-	181
<b>Recognised directly in equity</b>	-	-	<b>(668)</b>	-	<b>181</b>	-	<b>(487)</b>	-	<b>(487)</b>
Profit for the period	-	-	-	254	-	56.257	56.511	(8)	56.503
<b>Total net income</b>	-	-	<b>(668)</b>	<b>254</b>	<b>181</b>	<b>56.257</b>	<b>56.024</b>	<b>(8)</b>	<b>56.016</b>
Dividends distributed						(48.000)	(48.000)	-	(48.000)
Dividend from treasury shares						400	400	-	400
<b>Equity at 30 April 2007</b>	<b>60.000</b>	<b>51.000</b>	<b>470</b>	<b>254</b>	<b>845</b>	<b>572.836</b>	<b>685.405</b>	<b>414</b>	<b>685.819</b>