



BY APPOINTMENT TO
THE ROYAL DANISH COURT

HARBOE

HARBOE'S BREWERY A/S

COMPANY ANNOUNCEMENT

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ANNUAL REPORT OF HARBOES BRYGGERI A/S

For the period 1 May 2010 - 30 April 2011

To

NASDAQ OMX Copenhagen

The Board of Directors of Harboes Bryggeri A/S has today considered and adopted the annual report for the period 1 May 2010 – 30 April 2011.

The report is described on the following pages.

Skælskør, 28 June 2011

Anders Nielsen
Chairman of the Board of Directors

Bernhard Giese
CEO

ANNUAL REPORT OF HARBOES BRYGGERI A/S FOR THE PERIOD 1 MAY 2010 - 30 APRIL 2011

CEO Bernd Grieser on the annual report:

"Our strategic initiatives have yielded good results in the preceding year. The core business developed satisfactorily with increasing revenue and solid underlying operations, helped by more stable prices of our primary raw materials. Our export activities also developed positively, and we are now marketing Harboe's products in more than 70 markets worldwide. The activities hold an attractive potential, and demand is growing in the regions that Harboe is focusing on."

"Another important focus area is the malt extract activities. We have established a strong platform for selling traditional malt extract to customers in the food industry, and we see attractive market opportunities for our clear malt extract which are developed and tested in close cooperation with a number of large international drinks manufacturers. This has resulted in substantial orders in the preceding year, and we expect to see ever increasing revenue and earnings within this area for the future."

The coming year will see considerable challenges with higher raw material prices and continued intensive competition. We expect continued positive developments in activities and a profit before tax which is slightly lower than in 2010/11. However, we have a strong business, and we see an attractive potential for continued value creation," says Bernd Grieser, CEO of Harboe.

STRONG DEVELOPMENT IN THE BUSINESS

“Our managers and employees are the ones that create results in Harboe. Harboe's strong focus on further developing competencies and nurturing our corporate culture is therefore essential to the future value creation.”

A goal of stable and long-term value creation is the driving force behind all decision-making at Harboe. It is therefore a pleasure to look back on the past year and find that our decisions and strategic initiatives have created the positive results we wanted. Our core business developed satisfactorily with increasing revenue and solid underlying operations. And despite very intensive competition in all our core markets, we have maintained our market position, a position that is created through strong customer relations and our ability to deliver the quality, quantity and new innovative products our customers demand. Our earnings during the year were helped by more stable prices of our primary raw materials, enabling us to deliver again this year a significantly improved operating profit compared to last year. However, we are well aware that the sensitivity to fluctuations in our input costs continues to be one of the most significant risk factors in the business. Indeed, the outlook for our earnings margins for the coming year is also affected by the fact that we are now seeing a trend for increasing prices of raw materials. This makes the continued development in our two other strategic focus areas – our export activities and malt extract activities – all the more important. And the business results for the past year show that we are on the right track.

Export activities continue to grow

The export business is now marketing Harboe's products in more than 70 markets worldwide, and the activities continue to grow. The export markets hold an attractive potential, because demand is growing in the regions that Harboe is focusing on. This applies to both beer and soft drinks and not least the markets for non-alcoholic beverages in the Middle East and Central Asia which are growing rapidly. At the same time, we are extensively marketing our products under our own brands with higher earnings margins than in the core business. These activities are therefore increasingly contributing positively to results. During the year, we have further strengthened the sales organisation for the export activities in line with a targeted growth strategy which is to gradually increase the activities' relative share of the group's overall business.

Great interest in malt extract

Our second important focus area is the malt extract activities which in several ways hold an interesting growth potential. We have a solid platform for selling traditional malt extract to customers in the food industry, which continues to grow and develop positively. Furthermore, our focused development activities have resulted in a new unique clear malt extract, which has a wide range of applications within drinks production. The product was

developed and tested in close collaboration with a number of large international drinks manufacturers, which are showing considerable interest in the product. In the past year, this has resulted in new strategic collaboration agreements and substantial orders. We have allocated additional resources to these activities during the year, and both the continued development activities and sales efforts are showing continuous positive results. We will therefore maintain our strong focus on this area in future, and we expect to see ever increasing revenue and earnings within this area in the coming years.

Efficient production

Naturally, the positive results for the year are also the result of a significant contribution from our well-run and efficient production which has supplied all the volume and quality our customers demand. Our three breweries form the backbone of our company, and we will continue to strengthen and optimise them as the group continues to grow.

Focus on the brewery sector

Harboe has continuously assessed the continued strategic potential of its foodstuff sector, which is experiencing fierce competition and heavy price pressure. Based on this assessment, we made the final decision to sell the activities. We have rented out the production facilities so in future this part of the business is to be considered a rental business. In return, we will devote all our attention to the continued development of the brewery sector.

Strong corporate culture

The coming year will see considerable challenges with higher raw material prices and continued intensive competition. But the potential for continued value creation is attractive, and our company is strong and healthy, not least due to Harboe's strong corporate culture and competent employees. We also focused on strengthening and further developing our employees to meet the high demands by the international markets. And with the exceptional support, dedication and constant will to create positive results that our managers and employees show every day, I am confident that Harboe will show important progress in the coming year.

BERNHARD GRIESE

CEO

THE FINANCIAL YEAR FOR THE GROUP IN OUTLINE

- **HARBOE'S GROSS REVENUE** amounted to DKK 1,821 million against DKK 1,804 million last year.
- **REVENUE** increased by 2.2% to DKK 1,558 million.
- **THE BREWERY SECTOR POSTED REVENUE** of DKK 1,321 million corresponding to 84.8% of total revenue.
- **THE FOODSTUFF SECTOR POSTED REVENUE** of DKK 237 million corresponding to 15.2% of total revenue.
- **SALES OF BEER AND SOFT DRINKS** including malt beverages and malt wort products, totalled 5.94 million hectolitres compared with 5.68 million hectolitres last year, up 4.6%.
- **OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)** amounted to DKK 217.6 million against DKK 188.6 million last year, up 15.3%.
- **OPERATING PROFIT (EBIT)** was up 35.3% at DKK 87.0 million against DKK 64.3 million last year.
- **CONSOLIDATED PROFIT BEFORE TAX** was up 39.6% at DKK 81.1 million against DKK 58.1 million last year. The profit before tax is in line with the outlook of a profit in the range of DKK 75-85 million announced in the interim report for Q3.
- **THE GROUP'S INVESTMENTS IN THE FINANCIAL YEAR** totalled DKK 147.5 million. The investments were larger than expected which is due to a decision to step up strategic investment projects which had been planned for the coming financial year. The return on invested capital was 10.2% for the group and 12.6% for the brewery sector.
- **CASH FLOWS** from operating activities and free cash flows (changes in cash and cash equivalents) amounted to DKK 192.2 million and DKK -20.0 million, respectively.

OUTLOOK 2011/12

- **EBITDA** in the range of DKK 160-170 million is expected for the financial year 2011/12.
- **PROFIT BEFORE TAX** is expected to be in the range of DKK 70-80 million.
- **CASH FLOW FROM OPERATING ACTIVITIES** are expected to be in the range of DKK 150-170 million.
- **INVESTMENTS PLANNED FOR FY 2011/12** are in the region of DKK 50-70 million.

FINANCIAL HIGHLIGHTS³

	2010/11 DKKm	2009/10 DKKm	2008/09 DKKm	2007/08 DKKm	2006/07 DKKm
KEY FIGURES					
EARNINGS					
Gross revenue	1,821.3	1,804.0	1,806.4	1,607.4	1,649.4
Taxes on beer and soft drinks	(263.5)	(279.3)	(261.8)	(236.5)	(266.6)
Revenue	1,557.8	1,524.7	1,544.6	1,370.9	1,382.8
Operating profit (EBIT)	87.0	64.3	40.9	21.6	88.8
Net financials	(5.9)	(6.2)	(5.8)	(5.3)	(2.8)
Profit before tax	81.1	58.1	35.1	16.3	85.5
Net profit for the year	60.7	43.0	25.6	20.1	56.5
BALANCE SHEET					
Total assets	1,685.5	1,645.6	1,606.4	1,199.3	1,214.9
Equity	753.4	730.3	664.5	696.9	685.8
Net interest-bearing debt	140.6	152.3	119.6	80.0	46.1
INVESTMENTS ETC.					
Investments in intangible assets ¹	5.7	8.2	3.0	6.1	0.0
Investments in property, plant and equipment ²	141.8	166.0	115.9	180.3	73.5
Depreciation, amortisation, impairment losses and write-downs	130.7	124.6	121.9	109.0	103.0
CASH FLOWS					
Cash flows from operating activities	192.2	94.2	148.6	56.9	86.6
Cash flows from investing activities	(148.4)	(152.7)	(438.9)	(97.5)	(111.0)
Cash flows from financing activities	(63.8)	22.9	259.2	(9.6)	(44.6)
Change in cash and cash equivalents	(20.0)	(35.7)	(31.1)	(50.2)	(69.0)

¹ Excluding plant under construction.

² Excluding spare parts and plant under construction.

³ The financial highlights have been prepared in accordance with the 'Recommendations and Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

FINANCIAL HIGHLIGHTS³

	2010/11 DKKm	2009/10 DKKm	2008/09 DKKm	2007/08 DKKm	2006/07 DKKm
RATIOS IN %					
Profit margin	5.6	4.3	2.6	1.6	6.4
Solvency ratio	44.7	44.4	41.4	58.2	56.4
EBITDA margin	14.0	12.4	10.5	9.5	13.8
Gearing	18.7	20.9	18.0	11.5	6.7
Acid test ratio	85.5	91.4	95.5	99.0	92.3
Return on invested capital (ROIC)	10.2	8.2	6.2	2.0	8.1
SHARE-RELATED RATIOS					
Earnings per share of DKK 10, DKK (EPS)	10.6	7.3	4.4	3.4	9.5
Cash flow per share of DKK 10, DKK (CFPS)	33.7	16.1	25.5	9.6	14.6
Equity value per share of DKK 10, DKK	125.6	123.8	114.0	117.1	115.3
Share price, year-end	127.0	112.0	112.0	137.0	218.2
Price/earnings	12.0	15.4	25.4	40.4	23.0
Dividend per DKK 10 share, DKK	1.5	1.5	1.5	1.5	1.5
EMPLOYEES					
Average number of full-time employees	572	543	520	483	486

MANAGEMENT'S REVIEW

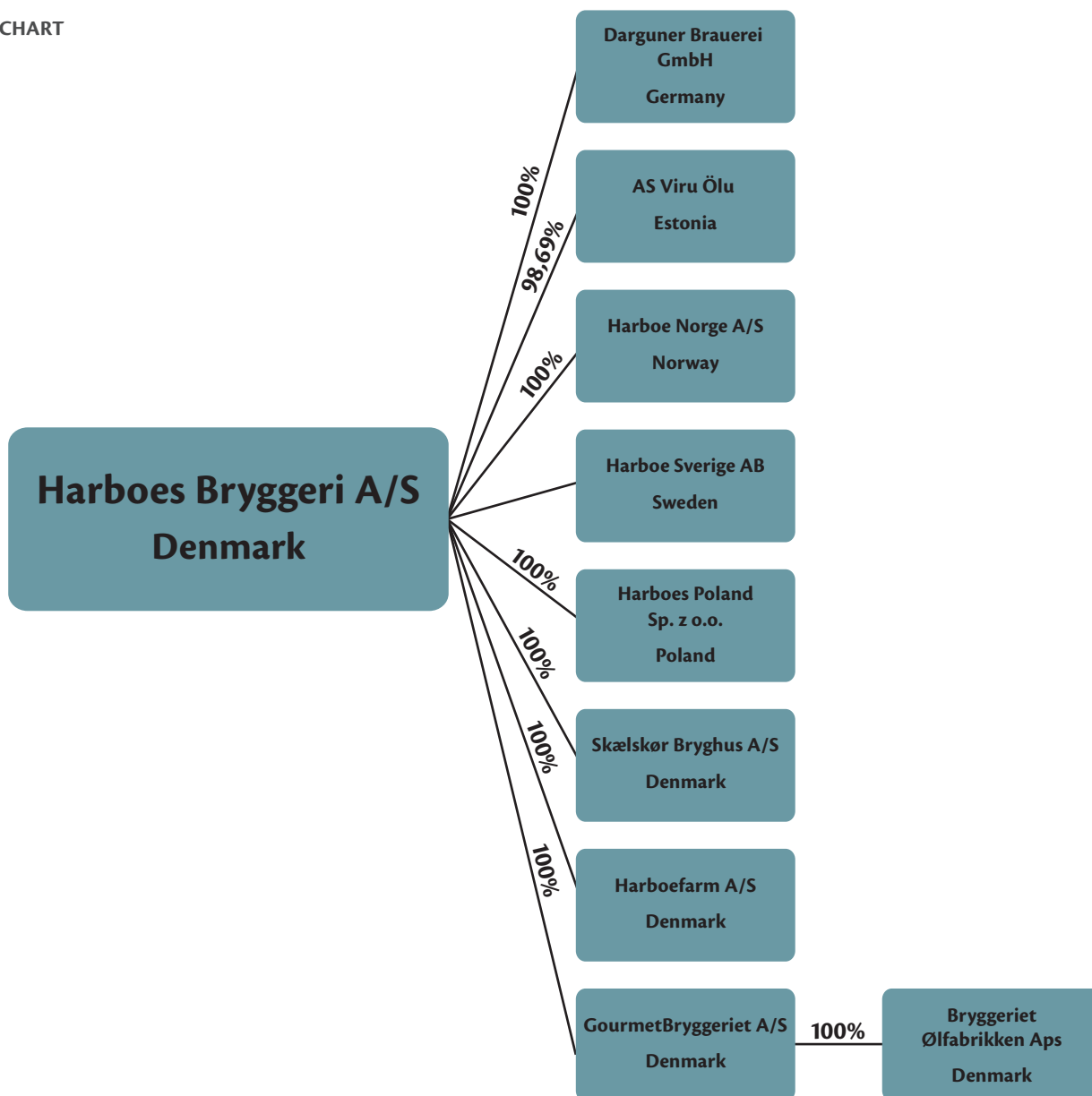
CORE BUSINESS

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

The group's core business, constituting more than 87.5% of the total gross revenue of the group, is the production and sale of beer, soft drinks, malt beverages and malt wort products.

The Harboefarm A/S foodstuff company and its sale of centrally packaged fresh and processed meat for the retail sector contributes the remaining 12.5% of revenue.

GROUP CHART



MANAGEMENT'S REVIEW

GROUP'S BUSINESS DEVELOPMENT – FINANCIAL REPORT

REVENUE

Consolidated revenue totalled DKK 1,558 million in 2010/10 against DKK 1,525 million the year before, corresponding to an increase of 2.2%.

Revenue in the brewery sector increased by 2.9% to DKK 1,321 million, while revenue in the foodstuff sector fell by 1.7% at DKK 237.1 million.

Developments are described in further detail under the different sectors.

EARNINGS

EBITDA totalled DKK 217.6 million.

Operating profit (EBIT) amounted to DKK 87 million against DKK 64.3 million last year, up DKK 22.7 million or 35.3%.

Depreciation and amortisation of intangible assets and property, plant and equipment are included in the operating profit with DKK 130.7 million against DKK 124.6 million the year before.

Profit before tax was DKK 81.1 million against DKK 58.1 million the year before, up 39.6%.

The profit before tax is in line with the outlook of a profit in the range of DKK 75-85 million announced in the annual report for Q1 2010/11 and which was reiterated in connection with the interim report for Q3.

Net profit for 2010/10 amounted to DKK 60.7 million compared to DKK 43.0 million the year before.

EQUITY

As at 30 April 2011, equity amounted to DKK 753.4 million against DKK 730.3 million the year before.

Equity is affected by the results for the period, foreign currency translation adjustments in respect of foreign subsidiaries, 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.

INVESTMENTS

Total investments for the year were DKK 147.5 million, of which DKK 141.8 million concerned property, plant and equipment. The investments concern continued expansions of the malt extract production, including capacity-increasing investments. Moreover, major investments have been made in expanding the capacity of Harboes Bryggeri's wastewater treatment plant and in environmental optimisation. As part of the group's continued expansion plans, additional land in conjunction with

the group's production units in Denmark and Germany was also purchased.

The purpose of the group's investment strategy is to ensure continued expansion of the group's position in both new and existing main markets. Furthermore, the investments are to contribute to optimising the group's utilisation of resources and ensure that the streamlining of the group's production facilities has a positive effect on the consumption of resources and emissions in relation to the development in production volume.

LIQUIDITY AND NET INTEREST-BEARING DEBT

Cash flows from operations amounted to DKK 192.2 million in 2010/11 against DKK 94.2 million the year before. Trade receivables were down DKK 2.8 million, while trade payables were up DKK 28.5 million. Traditionally, Harboe has a lot of funds tied up in inventories at the end of the financial year in preparation for the summer high season. Inventories increased by DKK 16.0 million.

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

Cash flows from investing activities totalled DKK 148.4 million, and cash flows from financing activities amounted to DKK 63.8 million. The negative cash flow from financing activities covers repayment of mortgage debt and purchase of treasury shares. Purchase of treasury shares amounted to DKK 33.3 million.

Free cash flow – changes in cash and cash equivalents – amounted to DKK 20.0 million against DKK -35.7 million the year before.

CASH RESOURCES

The group's cash resources, which are composed of cash and credit facilities granted but not yet activated, amounted to DKK 45.7 million as at 30 April 2011.

Added to this comes the holding of 350,585 treasury shares amounting to DKK 44.5 million stated at share market value as at 30 April 2011.

Moreover, the fair value of the portfolio of bonds is added, amounting to DKK 281.8 million as at 30 April 2011.

The portfolio of bonds represents strategic cash resources established with a view to guaranteeing the necessary manoeuvrability for Harboe to make interesting acquisitions, engage in strategic partnerships and realise similar investments underpinning the group's strategy. Due to market conditions, using this facility to repay other debt has not been an attractive option.

As at 30 April 2011, the group's net interest-bearing debt amounted to DKK 462.2 million against DKK 474.6 million the year before.

MANAGEMENT'S REVIEW

Adjusted for the portfolio of bonds of DKK 281.8 million, the group's net interest-bearing debt amounted to DKK 140.6 million as at 30 April 2011 against DKK 152.3 million the year before.

EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

Harboe has begun the shutdown of its foodstuff sector. The foodstuff sector continues to lease the company's farms until 2017 and has on 1 June 2011 concluded additional lease agreements for the production and warehouse facilities at the factory in Skælskør, Denmark.

MANAGEMENT'S REVIEW

OUTLOOK 2011/12

In line with the group's strategy, Harboe will continue to focus on providing customers with a high level of quality and reliable deliveries of the group's core products.

Harboe's continued growth and earnings must be secured through continued intense focus on innovation and the targeted pursuit of the product development strategy laid down.

A strengthened organisation within important areas will ensure that more new and interesting markets and market segments can contribute positively to Harboe's continued growth.

Harboe expects the brewery sector to continue to develop positively in 2011/12, and the investments which have been made in innovation, product development and capacity expansions over the past years will contribute to strengthening growth in both volume and revenue.

More marketing and the development of malt extract are expected to contribute positively to growing an attractive segment of customers within the drinks industry and continue the positive trend. The malt extract activities are expected to contribute increasingly to the group's revenue and results in the coming year.

Furthermore, it is expected that the continued expansion of the export activities will also contribute positively to both revenue and earnings.

The prices of the most important raw materials, which stabilised at a more normal level, are rising again. Competition in the main markets is expected to remain intensive, which will limit the possibilities of adding increased raw material costs to the selling prices, thereby putting earnings margins under pressure.

The shutdown of the foodstuff sector and the disposal of the production equipment at the beginning of the financial year will reduce the group's revenue, while the impact on results will be limited.

For the continuing part of the business, Harboe expects to realise its goal of a revenue growth of 5%, but the increased input prices are expected to reduce the profit margin achieved in 2010/11.

Overall, the outlook is for a consolidated profit before depreciation and amortisation, financial items and tax (EBITDA) in the range of DKK 160-170 million and a profit before tax in the range of DKK 70-80 million.

The outlook for the results for the year as a whole is positively affected by DKK 25-30 million from a changed estimate of depreciation of property, plant and equipment and cessation of depreciation of production equipment in Harboefarm A/S.

Overall, a profit before tax in the range of DKK 70-80 million is expected for the group.

Cash flows from operating activities are expected to be in the range of DKK 150-170 million. Harboe is continuously working to strengthen cash flows from operating activities, which will remain a focus area in the coming year.

Investments planned for FY 2011/12 are in the region of DKK 50-70 million. Following the past years' major investments in new technology and production facilities, the investments planned for the rest of the coming financial year will primarily focus on ongoing maintenance and efficiency improvements.

MANAGEMENT'S REVIEW

STRATEGY AND FINANCIAL TARGETS

"We want Harboe to be an attractive business, striking the perfect balance between growth opportunities and risks. Our customers' demand for high-quality products is the basis of our business, but we also want to drive growth through innovation."

INTERNATIONALISATION OF THE BUSINESS

Harboe produces and markets beer, soft drinks, malt drinks and malt wort products for the main markets in Denmark, Germany, Sweden, Norway and the Baltic States. Furthermore, the company's activities are supplemented by increasing exports, and the group's beer and soft drinks are sold in more than 70 countries in Europe, the Middle East, Africa, USA and Asia. The malt extract activities add another 20 countries to this figure. Exports account for approx. 70% of the group's sales.

Total beer sales have been declining in Europe in recent years, whereas sales of soft drinks continue to rise. The increased focus on diet and health in recent years has led to positive increases in sales of sugar-free soft drinks in particular. Developments in sales of soft drinks are also driven by continued product development within this segment, including energy and sports drinks, advancing in the market.

In many markets outside Europe, sales of beer, soft drinks, malt drinks and malt wort products are increasing. In the Middle East and Central Asia, particularly the market for non-alcoholic beverages continues to grow, and growth in the segment is stimulated by continuous product development. The economic growth across the Asian and African countries also contributes to increasing consumption within all Harboe's product categories.

HIGH VOLUME AND STABLE POSITION IN THE CORE BUSINESS

Sales of Harboe's core products are primarily sold to the retail sector and have historically focused on the private-label segment. Private-label products are products which are marketed under individual brands tailored to the individual supermarket chains.

To ensure the continued creation of value, Harboe continues to focus on maintaining a high volume of the company's core products and on protecting its well-established position for these products in the existing main markets. Harboe will drive developments in these main markets and provide customers with a high level of quality, flexibility, reliable deliveries and an attractive product programme in tune with the times.

At the same time, Harboe strives to ensure optimum utilisation of the group's production capacity and competencies through strategic collaboration agreements with other drinks manufacturers on contract manufacturing, packaging and product development within product segments that do not cannibalise on Harboe's own business.

CONTINUED EXPANSION OF EXPORT ACTIVITIES

The export markets hold an attractive potential with growing demand and more nuanced competition that allows us to achieve higher earnings margins than in the core business within a number of segments. Harboe pursues a diversified growth strategy based on regional demand patterns and market opportunities as far as product range and packaging types and sales and distribution models are concerned. The products are extensively marketed under the company's own brands supplemented by private-label products whenever commercially attractive. The activities are expected to increasingly contribute to the group's revenue and EBITDA over the coming years.

UNIQUE MARKET POTENTIAL FOR MALT EXTRACT

Over a period of several years, Harboe has established a solid platform for the sales of traditional malt extract to customers in the food industry, primarily in Europe. The business is developing particularly positively and still holds an attractive growth potential in the region, which the group wants to exploit through a further expansion of the sales organisation. Harboe also invests continuously in development activities, which can strengthen the business' continued development and competitiveness.

A concrete result of these activities is a clear malt extract which has a wide range of applications within drinks production, which is a new and highly interesting segment. The clear malt extract adds a natural flavour and sweetness to the beverage combined with a number of positive nutritional properties in the form of proteins and vitamins. Compared with competing products, the clear malt extract has been processed even further and can thus eliminate several steps in the usual manufacturing process at the drinks manufacturer.

Harboe's clear malt extract thus has a unique and attractive marketing profile vis-à-vis large drinks manufacturers, which show considerable interest in the product. In the past year, this has resulted in new strategic collaboration agreements and orders. The area continues to hold considerable potential which Harboe wants to make the most of. Further marketing of the clear malt extract will thus be a central element in the strategic development for the coming years.

The clear malt extract will also form part of the further development of Harboe's own products, including the non-alcoholic malt drinks marketed by the group in a growing number of export markets.

INVESTING IN LONG-TERM VALUE CREATION

Efficient and flexible production facilities capable of supplying high quality and handling the expected growth in volume are a prerequisite for maintaining the group's market position within the core area, while at the same time realising an ambitious growth strategy. In addition to common maintenance and constant streamlining, Harboe will continuously assess the need for investments in new production capacity and technology.

MANAGEMENT'S REVIEW

FINANCIAL OBJECTIVES OF THE GROUP

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

Harboe aims to achieve annual revenue growth of 5-10% and a long-term profit margin of more than 6-8%. This is to contribute to maintaining a return on the invested capital of an attractive 8-10%. Furthermore, Harboe will continually focus on maintaining a strong cash flow from the group's operations.

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

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

CUSTOMERS AND MARKET CONDITIONS

“Intensive competition and continued consolidation make our core markets challenging. But we also find that high quality, flexibility and proactive business development make a difference in our customer relations.”

Harboe's core business is the production and marketing of a wide range of beer, soft drinks and other selected drinks products in selected main markets in northern Europe, including Denmark, Norway, Sweden, the Baltic States and Germany, and the Danish-German border area which constitutes a special segment.

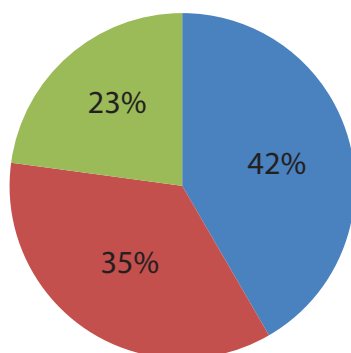
Harboe's strategy is to focus on maintaining a high volume of the company's core products and protecting its well-established position for these products in the existing main markets. Harboe will drive developments in these main markets and provide customers with a high level of quality, flexibility, reliable deliveries and an attractive product programme in tune with the times.

PRIMARY FOCUS ON PRIVATE LABEL

In the main markets, Harboe primarily sells its products to the retail sector, which has seen ongoing consolidation in recent years, especially among the discount chains. Ongoing consolidation has also taken place among Harboe's competitors, which has further increased competition in these markets.

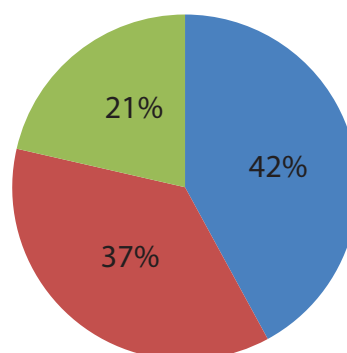
Revenue 2010/11

■ Denmark ■ Germany ■ Other



Revenue 2009/10

■ Denmark ■ Germany ■ Other



MANAGEMENT'S REVIEW

Harboe's core products are primarily aimed at the private-label segment, which is mainly marketed by the discount chains. In most of Europe, this segment is increasing its relative share of the traditional beer and soft drinks market in relation to the more expensive branded products in the same categories.

The products in the private-label segment are marketed at discount prices, and competition is fierce in all markets.

As a supplement to the private-label segment, Harboe is marketing a range of specialty products under its own brands, including the specialty products from Skælskør Bryghus and GourmetBryggeriet. GourmetBryggeriet was acquired in FY 2009/10, and the activities are now fully integrated into the group with positive results from purchasing and sales synergies and continued product development within the segment.

MARKET AND DEMAND

Competitors are both local and regional players, and the private-label segment is regularly also challenged by branded products which are periodically marketed at discount prices.

In the European markets, total beer sales have been falling in the past ten years, and this trend continued in the past financial year. However, sales of soft drinks continued to grow and particularly the sugar-free segment continues to develop positively and constitutes an ever-increasing part of the total soft drink market. Developments in sales of soft drinks are also driven by continued product development within this segment, including energy and sports drinks, advancing in the market.

MAINTAINING MARKET POSITION

In the past year, Harboe's core business developed positively with increasing revenue, and the group's market position was maintained in all markets. The development is driven by high quality and reliable deliveries combined with continued product and packaging innovation in close cooperation with key customers.

Furthermore, Harboe's flexible utilisation of capacity has made it possible to further expand its collaboration on contract manufacturing for a number of partners where focus also has been on contributing Harboe's expertise and production to the joint development of new products and unique packaging types that strengthen the marketing and sales of the products.

In the coming year, focus will be on strengthening and maintaining the company's close collaboration with customers, continued focus on high quality and reliable deliveries and targeted development activities that match the customers' needs.

EXPORT – BEVERAGES

“Economic growth and increasing consumption are effective factors in the positive development of several markets outside Europe. We approach these growth markets with in-depth understanding of regional consumption patterns and targeted quality products.”

Harboe exports a wide range of products to more than 70 markets outside the group's core markets, which are concentrated in the region bordering the Baltic Sea. Geographically, the activities are directed at eight regions worldwide: Scandinavia, rest of Europe, Africa, the Middle East, Asia, Caribbean/South America, North America/Canada and Oceania (Australia and New Zealand).

The business focuses on four product categories: Beer, malt drinks, energy drinks and non-alcoholic malt drinks. Furthermore, several other of the group's products, including soft drinks, ice tea, ginger drinks etc., are marketed in selected markets.

MARKETS AND DEMAND

The export markets are characterised by growing demand for beer and soft drinks, and the activities have delivered double-digit growth rates in recent years. By pursuing a targeted regional product and distribution strategy, Harboe seeks to meet the individual demand patterns in the best possible way. The recent years' general economic growth in both Africa and Asia has created a basis for a growing consumption of beverages. In African countries, there is a large and culturally based demand for malt drinks, but the rest of Harboe's product range has also seen highly positive growth. Similar consumption and development patterns are seen in the Caribbean/South American markets. Non-alcoholic beverages are particularly popular in the Middle East, and Harboe's non-alcoholic malt drinks are aimed at a broad segment of consumers comprising both children and adults. The products' nutritional properties due to their protein and vitamin content also meets a clear trend in demand in these markets. The more established and mature markets in Europe, North America/Canada and Oceania are characterised by more moderate demand, but with room for niche players that can offer targeted products and packaging types to complement the traditional market.

MANAGEMENT'S REVIEW

PRODUCT RANGE AND BRANDS

The growth in Harboe's export markets is primarily driven by targeted sales of products under own brands. Within the beer category, it is especially the brands Bear Beer, Darguner and Harboe that are being marketed and receive positive recognition in the dedicated markets. However, the brand strategy is also supplemented by private-label products whenever commercially appropriate and whenever it may help to further boost sales in the individual market.

The malt drinks are mainly marketed under Harboe's own brand Hypermalt, which has a strong position in several markets. This segment is also supplemented by private-label products in collaboration with local partners that can offer reliable and long-term sales. The non-alcoholic malt drinks are also marketed under the Cheers brand in selected markets. Within energy drinks, particularly the brands X-ray and Hustler play a key role in the company's marketing campaigns, supplemented by private-label products. Other products are also marketed under Harboe's own brand, which includes the range of soft drinks, ginger drinks etc.

SALES AND MARKETING

The marketing of Harboe's export portfolio is carried out in close collaboration with key national and regional distributors worldwide. Collaboration agreements have been concluded directly with major retail customers in selected markets, and the group has additionally entered into partnerships with several large drinks manufacturers concerning the production and distribution of selected products in the export markets.

In recent years, Harboe has built up a solid network of partners in the distribution area which have extensive knowledge of the local markets and specific demand. This network is continuously being expanded, and dedicated efforts are going into developing mutually value creating partnership models with strategic sales, marketing and systematic follow-up goals. As the markets develop, Harboe will assess the need for establishing local sales offices. A sales office in China was thus established in 2011.

STRONG GROWTH

Harboe's export activities are developing particularly positively with double-digit growth rates in sold volumes. The successful positioning of Harboe's own brands in the export markets combined with a product and packaging offering that to a large extent meets local and regional demand patterns mean that the earnings margins of these activities can be maintained at an attractive level.

In line with the group strategy of creating continued growth and increased earnings, Harboe will further develop the export activities in the coming years through further expansion of the sales organisation and targeted marketing campaigns with special focus on the attractive growth markets in the Middle East and Asia.

EXPORT – MALT EXTRACT

"We are seeing a strong and ever increasing demand for natural raw materials that can make a difference for our food. Our product development within malt extract meets this trend, while at the same time helping customers to achieve ever more efficient production processes."

Harboe's malt extract activities are based on two business areas: The traditional malt extract for the food industry and activities involving new variations of malt extract for the drinks industry.

TRADITIONAL MALT EXTRACT

For more than 60 years, the traditional malt extract has been marketed as an ingredient for the food industry in a number of targeted products. The malt extract is used as a natural alternative to sugars, flavourings and colourings used in the production of many different foods and beverages, including bread, cereal, chocolate, malt beer and other malt-based beverages. 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.

DEMAND AND PRODUCT DEVELOPMENT

The range of products within the traditional malt extract is sold to customers in the food industry with primary focus on the European market. In recent years, the business has developed particularly positively with strong growth in sales. Sales are driven by rising demand and a general recognition of Harboe's products in an industry where food safety and quality are paramount. This is further supported by Harboe's continued product development within the category, which includes development of new variants based on other grain types than the traditional barley, among other things. The group has thus launched a new rye-based malt extract, and another oatmeal-based product variation is in the pipeline.

The market for quality products within the traditional malt extract holds an attractive growth potential in the region which the group wants to utilise through a continued focused strengthening of the product portfolio and further expansion of the sales organisation.

MANAGEMENT'S REVIEW

CLEAR MALT EXTRACT

Using the group's extensive competencies within malt extract, Harboe has in recent years invested in the improvement of process equipment and intensified the development activities in order to strengthen the business' continued development and competitiveness.

The development activities have been driven by Harboe's own development department and has involved groups of researchers from both Denmark and abroad.

Specifically, these activities have resulted in a clear malt extract with new and interesting applications within drinks production. Compared to traditional products, the clear malt extract is a further processed, stable and easily water-soluble component that can be used directly and more efficiently in the production of a range of beverages, including beverages where the colour of the malt is unwanted. The malt extract can thus be used for the production of beer, soft drinks and non-alcoholic beverages.

STRATEGIC COLLABORATION

Harboe's clear malt extract has been introduced to several major international customers in the drinks industry that are showing considerable interest in the product, and test productions have been carried out at a number of customers in the development phase. In the past year, this has resulted in several new strategic collaboration agreements and orders. Harboe has obtained international pre-approval of the product patent and is now in the process of obtaining local patent approvals in the individual markets. These patent approvals are expected to be obtained in the course of the coming financial year.

MARKET AND SALES

The primary geographical focus of the sales and marketing activities within the clear malt extract is the Middle East and Central Asia where particularly the non-alcoholic beverage segment is booming. At the same time, the market potential is supported by a growing focus on health and nutrition in several countries, particularly in the Middle Eastern region. In the first phase, the product is marketed in 10 selected markets where focus is on large national and regional drinks manufacturers. The sales organisation has been further expanded in the past year, and the product was presented at large international food fairs. As the group's malt extract activities have grown, the production facilities in Skælskør have been expanded, and the overall capacity has been doubled many times over in the past three years.

The clear malt extract will also form part of the further development of Harboe's own products, including the non-alcoholic malt beverages marketed by the group in a growing number of export markets.

CONTINUED DEVELOPMENT

In terms of development, Harboe is still working on new innovative product variations, including a sweet malt extract which shows promising results. Harboe therefore expects to continue its development activities in

the coming year, and continued launches of new products with targeted marketing campaigns and sales efforts in the dedicated markets are also expected. The business area is expected to contribute positively to increased revenue and earnings for the group in the coming years.

PRODUCTION AND CAPACITY

"Efficient production facilities are the backbone of our business, and we make continuous investments in technology to remain at the forefront of developments. We believe that increased capacity should also be driven by better efficiency. This makes good economic sense."

In 2010/11, a total of 5.94 million hectolitres of beer, soft drinks and malt wort products were produced at the group's three breweries. This corresponds to an increase of 4.6% compared to the year before and reflects the positive development in the group's sales and the ongoing investments in the continued strengthening of capacity. The capacity utilisation was high due to excellent flexibility and continued collaboration with several customers concerning contract manufacturing.

An additional DKK 137 million was invested in the brewery sector in 2010/11.

Among other things, the investments were directed at further expanding capacity within the production of malt extract in support of the strategic development activities within this area. The investment ensures that Harboe has the capacity necessary to meet the growing demand for the entire range of malt extract products expected in the coming years.

EFFECTIVE ENVIRONMENTAL PROTECTION

Harboe will undertake a considerable expansion of the group's wastewater treatment plant in Skælskør, ensuring more effective environmental environmental protection while at the same time meeting the coming years' enhanced production volumes.

In addition to investing in new production facilities, the group's units have made a number of further investments aimed at improving efficiency and environmental profiles. In 2008, Harboe invested in a CO₂ capture system in the German production unit, which proved very successful, and in 2010 a similar investment was made in the production unit in Skælskør. The systems capture and reuse CO₂ emissions generated in the production process, and the money saved have paid for the investments in less than two years.

SOLID BASIS FOR VALUE CREATION

In the past five years, Harboe has invested DKK 678 million in the expan-

MANAGEMENT'S REVIEW

sion and strengthening of the brewery sector's production facilities. The investments have proved decisive in the competition for large-volume contracts in the group's main markets, and they are creating a very solid foundation for realising the group's strategy and for further value creation in both the core business and within the strategic development areas.

Harboe will also in future assess the need for further investments in efficiency and capacity.

EMPLOYEES AND ORGANISATION

"We believe that a strong sense of community is based on each employee's personal responsibility and ambition. We try to motivate our employees and create the best possible framework for this."

For more than 125 years, Harboe has based its business on fundamental values such as responsibility, cooperation, quality and performance. These values form the basis for Harboe's management philosophy and are at the same time pillars of the group's strong corporate culture. As Harboe has continued its expansion, it has been an important strategic priority to maintain and pursue these values across national borders and organisational units.

Harboe's organisational strategy is based on the group's focus on ensuring a safe and increasingly efficient production of quality products combined with dynamic innovation that enables Harboe to create new growth and attractive value. It is therefore vital that Harboe is able to recruit managers and employees with the right qualifications for production units as well as development functions, sales and marketing etc. Harboe seeks to offer competitive pay and employment conditions as well as ongoing training and continued improvement of employee skills. The objective is to retain talented employees and ensure a high degree of employee satisfaction.

RECRUITMENT AND FOCUS ON EDUCATION AND TRAINING

During the year, Harboe strengthened its organisation with new competencies in a number of areas, particularly the development activities within malt extract and as part of the continued expansion of the sales organisation for international activities.

The development of the group's employees and continued strengthening and updating of competencies are a major strategic focus area at all levels of the group, and many activities in this respect were held during the financial year. Aimed at the group's approx. 15 key managers, Harboe set up Harboe Business Academy in the financial year in collaboration with academic and technical experts from universities and food institutes in Denmark and Germany, and internal management training was also conducted in Estonia. The ambition is to ensure that the group's strategic manage-

ment is based on a strengthened, shared reference framework. Initially, a two-year training course has been introduced which, considering the group's commercial challenges, focuses on relevant problems and solutions within business management.

The operational part of the group also implemented a number of training activities during the year. In order to ensure efficient and close follow-up on the quality and efficiency of the individual production processes, Harboe set up a team leader training programme a few years back, which also admitted new students this year. The programme yielded highly positive results in operations, and the increased responsibility is also a strong motivator in the individual team leader's continued development.

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

EMPLOYEE SATISFACTION

As part of the competency development of each employee, Harboe conducts annual performance interviews which follow up on goals and results, and performance plans are defined for the coming year. The performance interviews also provide an opportunity to follow up on employee satisfaction, which is largely supported by a strong corporate culture. In the coming year, work will go into establishing an interdisciplinary system for development and follow-up on employee satisfaction in the group.

Harboe has a low staff turnover rate, and the seniority of both production staff and specialists ensures continuity and retains the valuable knowledge accumulated in the company. At the same time, it is extremely satisfactory that the number of employees with very few or no days off sick is extremely high.

CORPORATE SOCIAL RESPONSIBILITY

"There is a natural link between corporate governance and social responsibility. Fundamentally, we believe that all strategic decisions made in the company should strike a healthy balance between ambitions, values and risks."

It is a central element in Harboe's strategy that the group's continued growth and development should be sustainable. Effective utilisation of resources and positive relations to the company's stakeholders are essential to Harboe's future value creation. Harboe's work on responsibility is rooted in a policy based on a commercial prioritisation based on value optimisation and risk mitigation.

The group has decided to focus on the following four focus areas within

MANAGEMENT'S REVIEW

corporate social responsibility: climate and environment, employees and occupational health and safety, quality and health and community relations.

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

CLIMATE AND ENVIRONMENT

Harboe's objective is to minimise the resources used in the production process as much as possible compared to the overall production volume and thereby reduce the environmental impact of the company's activities.

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

All the group's units are certified according to international quality and environmental standards.

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

Investments were also made in the past financial year to maintain and optimise the group's production facilities, including the installation of a new steam boiler in Skælskør, which has significantly reduced energy consumption. The experience gathered from last year's investments in a new evaporation plant and CO₂ capture system is also positive. CO₂ is now systematically captured and reused in Denmark and Germany, and the energy savings can pay for the investment in the plants in just two years.

The logistics area also saw investments in optimisation measures. Based on an overall analysis of inventory management, several changes were made to the warehouse facilities' infrastructures during the financial year, which led to improved efficiency and significant reductions in internal warehouse transport.

In the past year, the energy ambassadors appointed at the production unit in Skælskør have considered how operations and maintenance in production can be optimised. This proved to be a success, and many ideas for improvements and streamlining of processes and energy consumption were gathered and executed during the year.

In the coming year, the group expects to implement an Enterprise Resource Planning (ERP) system in all the group's production units. The system will be the starting point for Harboe's efforts to control and monitor quality standards, dividend percentages, energy consumption etc. across

group units and will form the basis for forward-looking, specific objectives and reporting with a view to further optimisation of production.

EMPLOYEES AND OCCUPATIONAL HEALTH AND SAFETY

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

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

The health and well-being of its employees is important to Harboe. In addition to an attractive canteen option, the group offers its employees personal advice and activities relating to weight loss, smoking cessation etc.

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 line with the group's strategy, preparations have been made for the health and safety certification of the production unit in Skælskør. The final certification is expected to take place during Q1 2011/12. Several processes were optimised in connection with the certification, and in future the certification will enable a more structured, ongoing follow-up in this area.

In the coming year, efforts will go into achieving the goal that all the group's units must obtain health and safety certification.

QUALITY AND HEALTH

As an international drinks manufacturer and supplier to food companies worldwide, product quality and safety is 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 as to 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, and systematic follow-up and control are carried out.

MANAGEMENT'S REVIEW

The market is seeing a growing consumer demand for healthier products. Harboe continues to focus intensively on innovation in order to meet this demand.

Finally, Harboe supports the industry's standards for responsible marketing of alcohol and the information activities carried out under the auspices of the Danish Brewers' Association.

Harboe will continue to focus on quality and health 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, and the further development activities within malt extract and other areas, are essential to 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 its relations to business partners.

Harboe's relations to its suppliers and other partners are also based on agreements and contracts being drafted in accordance with international standards, and the group has developed a number of standard requirements regarding quality, reliable deliveries and responsibility which are incorporated into the supplier agreements. Harboe's suppliers are primarily EU-based partners where agreements follow applicable EU standards for compliance with human rights in the value chain, prevention of corruption etc.

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. In recent years, Harboe has thus supported many relevant local sports activities, cultural events and charities.

In the coming year, Harboe will work on further strengthening and expanding the professional and mutually value creating collaboration with suppliers and other partners. The process will focus particularly on the continued internationalisation of the business and the relations established in new markets where regulation and practice deviate from EU standards.

MANAGEMENT'S REVIEW

BREWERY SECTOR

Brewery sector – key figures⁵:

	2010/11	2009/10	2008/09	2007/08	2006/07
VOLUME (MILLION HECTOLITRES)	DKKkm	DKKkm	DKKkm	DKKkm	DKKkm
Beer, soft drinks and malt wort products	5.68	5.68	5.72	5.30	5.70
EARNINGS					
Gross revenue	1,584.1	1,563.0	1,581.3	1,373.8	1,455.8
Taxes on beer and soft drinks	(263.5)	(279.3)	(261.8)	(236.5)	(266.6)
Revenue	1,320.6	1,283.6	1,319.5	1,137.3	1,189.2
Operating profit (EBIT)	82.0	58.3	36.1	20.5	88.5
Profit before tax	76.9	56.8	30.4	15.9	86.6
Tax on profit for the year	(19.4)	(13.9)	(8.7)	4.8	(29.3)
Net profit/(loss) for the year	(57.5)	42.9	21.7	20.7	57.3
BALANCE SHEET					
Total assets	1,567.4	1,515.0	1,472.3	1,062.6	1,052.5
Equity	633.8	613.8	547.5	584.5	572.8
Non-current liabilities	354.6	388.4	422.1	102.9	112.5
Current liabilities	578.9	512.8	502.7	375.2	367.2
INVESTMENTS ETC.					
Investments in intangible assets ⁶	5.7	8.2	3.0	6.1	0
Investments in property, plant and equipment ⁷	130.5	157.8	115.9	175.7	72.6
Depreciation and amortisation	114.1	114.9	110.1	97.7	90.7
CASH FLOWS					
Cash flows from operating activities	167.4	80.0	126.4	66.0	66.5
Cash flows from investing activities	(141.3)	(141.2)	(442.6)	(92.3)	(110.8)
Cash flows from financing activities	(58.2)	29.0	(265.1)	(4.0)	(39.1)
Change in cash and cash equivalents	(32.1)	(32.2)	(51.0)	(30.3)	(83.4)
RATIOS IN %					
Profit margin	6.2	4.5	2.7	1.8	7.4
Solvency ratio	40.4	40.5	37.2	55.0	54.4
EBITDA margin	14.9	13.5	11.1	10.4	15.1
Acid test ratio	79.4	85.8	91.1	93.6	85.7
Return on invested capital	12.6	9.2	6.5	2.3	10.3
EMPLOYEES					
Number of employees	542	514	492	457	467

⁵ The financial highlights have been prepared in accordance with the 'Recommendations and Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

⁶ Excluding plant under construction.

⁷ Excluding spare parts and plant under construction

MANAGEMENT'S REVIEW

BREWERY SECTOR

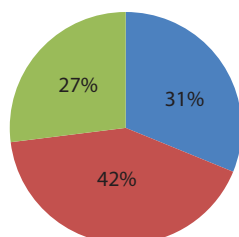
Total sales of beer and soft drinks, including malt beverages and malt wort products, totalled 5.94 million hectolitres in FY 2010/11 against 5.68 million hectolitres last year, up 4.6%.

Revenue amounted to DKK 1,320 million in FY 2010/11.

The increase in revenue is based on a continued positive development in the group's main markets where high quality and reliable deliveries combined with ongoing product innovation contributed to maintaining the group's market position in times of intense competition. Furthermore, Harboe's flexible utilisation of capacity has made it possible to further expand its collaboration on contract manufacturing for a number of partners where focus also has been on contributing Harboe's expertise and production to the joint development of new products and unique packaging types that strengthen the marketing and sales of the products.

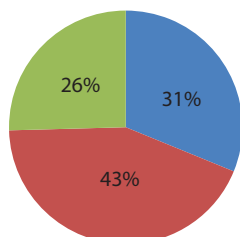
Revenue 2010/11

■ Denmark ■ Germany ■ Other



Revenue 2009/10

■ Denmark ■ Germany ■ Other



NEW AGREEMENTS AND INTERNATIONAL INTEREST IN MALT EXTRACT

Positive results with increased sales and the conclusion of additional strategic collaboration agreements with international drinks manufacturers have also been achieved within the strategic development area malt extract. Harboe's clear malt extract can be used to manufacture a range of drinks products, including non-alcoholic beverages for large growth markets in the Middle East and Asia, and Harboe is working with several partners on the production and further development of the product. The new agreements are part of a targeted effort to expand and strengthen relations with customers in the drinks industry, for example by participating in international food shows where clear malt extract has attracted widespread interest and recognition. The natural and processed product properties are important sales parameters in an international market which focuses heavily on food safety and nutrition.

INCREASING DEMAND IN EXPORT MARKETS

The export markets also continued the positive development in the period. While the drinks markets in Europe have been declining for several

years, demand continues to grow in many markets in Asia, the Middle East, Africa and South America. Harboe markets a wide range of products aimed at meeting the demand in the individual regions where particularly the Middle Eastern market for non-alcoholic beverages is growing rapidly. Harboe's products are currently being marketed in more than 90 countries worldwide via central retail distributors and partners, and the sales organisation was further strengthened in the period.

The expansion and streamlining of production capacity at the group's production facilities in Denmark have been completed, and the unit has been put into service. The same applies to the expansion of the company's own wastewater treatment plant, which has been implemented to ensure more effective environmental protection and cater for the increasing production volumes expected in the coming years.

RESULTS

Profit before depreciation, amortisation, net financials and tax (EBITDA) was DKK 196.1 million. This corresponds to an increase of 13.2% relative to the same period last year and an EBITDA margin of 14.9%. This development is primarily attributable to increasing sales combined with the fact that the prices of the group's primary raw materials in the current financial year have been maintained at satisfactory levels through contracts.

The brewery sector's operating profit (EBIT) amounted to DKK 82.0 million in 2010/11. This represents an increase of 40.7% relative to the same period last year. The increasing sales and good product mix combined with continued stable raw material costs contributed to the positive developments.

Investments of DKK 135.9 million were implemented in the financial year, which is slightly more than the DKK 100-120 million originally announced. The increased investment level is primarily attributable to a difference in timing of ongoing investments around the beginning and end of the financial year. The purpose of the group's investment strategy is to ensure continued expansion of the group's position in both new and existing main markets.

Furthermore, the investments are to contribute to optimising the group's utilisation of resources and ensure that the streamlining of the group's production facilities has a positive effect on the consumption of resources and emissions in relation to the development in production volume.

Profit before tax was DKK 76.9 million against DKK 56.8 million last year, up DKK 20.1 million or 35.4%.

In FY 2010/11, the brewery sector employed 542 people against 514 the year before.

MANAGEMENT'S REVIEW

FOODSTUFF SECTOR:

Foodstuff sector – key figures⁸:

	2010/11 DKKm	2009/10 DKKm	2008/09 DKKm	2007/08 DKKm	2006/07 DKKm
EARNINGS					
Revenue	237.1	241.1	225.2	233.6	193.7
Operating profit/(loss) (EBIT)	5.0	6.1	4.8	1.0	(0.1)
Profit/(loss) before tax	4.2	1.4	4.7	0.4	(1.3)
Tax on profit/(loss) for the year	(1.1)	(1.2)	(0.9)	(1.0)	0.5
Net profit/(loss) for the year	3.2	0.2	3.9	(0.6)	(0.8)
BALANCE SHEET					
Non-current assets	85.4	94.0	96.3	109.0	113.5
Current assets	71.7	56.0	58.1	38.4	59.2
Equity	119.6	116.4	116.3	112.4	113.0
Non-current liabilities	0	4.7	10.8	16.4	21.8
Current liabilities	37.6	28.9	27.3	18.6	37.9
Balance sheet total	157.2	150.0	154.4	147.4	172.7
CASH FLOWS					
Cash flows from operating activities	24.8	14.2	22.2	(9.0)	20.1
Cash flows from investing activities	(7.2)	(11.5)	3.6	(5.2)	(0.2)
Cash flows from financing activities	(5.5)	(6.2)	(5.9)	(5.6)	(5.6)
Change in cash and cash equivalents	12.1	(3.5)	19.9	(19.8)	14.4
EMPLOYEES					
Number of employees	30	29	28	26	19

⁸ The financial highlights have been prepared in accordance with the 'Recommendations and Financial Ratios 2010' issued by the Danish Society of Financial Analysts.

⁹ Excluding plant under construction

FOODSTUFF SECTOR:

Harboefarm A/S's revenue was DKK 237.1 million in 2010/11 compared with DKK 241.1 million the year before.

Operating profit amounted to DKK 5.0 million compared with DKK 6.1 million the year before.

A profit before tax of DKK 4.2 million was realised for 2010/11 against a loss of DKK 1.4 million last year.

Harboe has decided to initiate a shutdown of its foodstuff sector as from the end of the 2010/11 financial year. Harboe has assessed the continued strategic potential of its foodstuff company, which is experiencing fierce competition and heavy price pressure. As a result of this assessment, Har-

boe has decided to focus solely on its main activities in the brewery sector where the future potential is more attractive.

As at 30 May 2011, Harboefarm permanently discontinued its production, and all employees were dismissed as at this date.

The foodstuff company continues to lease the company's farms until 2017, and a lease agreement for the company's production and warehouse facilities was concluded as at 1 June 2011.

In future, the company will thus be considered a rental business and will form part of the overall reporting for the group.

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SEGMENT INFORMATION PER QUARTER

	Q1 2009/10 DKK '000	Q2 2009/10 DKK '000	Q3 2009/10 DKK '000	Q4 2009/10 DKK '000	Q1 2010/11 DKK '000	Q2 2010/11 DKK '000	Q3 2010/11 DKK '000	Q4 2010/11 DKK '000
REVENUE								
Brewery sector	366,321	302,681	311,308	303,323	392,984	317,343	291,845	318,481
Foodstuff sector	47,508	58,303	65,371	69,912	56,915	63,019	56,873	60,314
GROUP	413,829	360,984	376,679	373,235	449,899	380,362	348,718	378,795
OPERATING PROFIT/(LOSS)								
Brewery sector	21,084	11,437	3,405	22,324	35,076	22,120	7,809	17,004
Foodstuff sector	(714)	1,064	2,275	3,965	1,988	1,110	1,474	378
GROUP	20,370	12,501	5,680	26,289	37,064	23,230	9,283	17,382
Net financials								
Brewery sector	520	(1,166)	(722)	(121)	(634)	(1,537)	(3,144)	183
Foodstuff sector	(354)	(326)	(215)	(380)	(333)	(663)	(929)	1,209
Profit/(loss) in associates	0	0	0	(3,458)	-	-	-	-
GROUP	166	(1,493)	(937)	(4,457)	967	(2,200)	(4,073)	1,392
PROFIT/(LOSS) BEFORE TAX								
Brewery sector	21,604	10,271	2,683	22,203	34,442	21,217	6,202	15,016
Foodstuff sector	(1,068)	738	2,060	(371)	1,655	780	1,208	591
GROUP	20,536	11,009	4,743	21,832	36,097	21,997	7,410	15,607
NET PROFIT/(LOSS) FOR THE YEAR								
Brewery sector	16,606	7,616	1,611	17,047	25,813	15,920	4,495	11,479
Foodstuff sector	(701)	454	1,545	(1,149)	1,241	585	906	423
GROUP	15,905	8,070	3,156	15,898	27,054	16,505	5,401	11,902

MANAGEMENT'S REVIEW

CORPORATE GOVERNANCE

“Committed and personal management helps maintain the company's values. At Harboe, we combine our daily hands-on management with professional reporting and control systems in accordance with international standards.”

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.

The major part of Harboe's management is thus carried out in accordance with the recommendations on corporate governance issued by NASDAQ OMX København A/S. Below follows an outline of Harboe's corporate governance based on the main recommendations.

ROLE OF SHAREHOLDERS AND INTERACTION WITH COMPANY MANAGEMENT

Harboe places considerable emphasis on the company's shareholders being able to monitor the company's development. The company's website provides easy access to current and detailed information about the company's strategy, 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. Presentations from these meetings are made available on the company website.

Harboe's Board of Directors assesses the group's capital structure at appropriate intervals, accounting for their assessment in the strategy section of the annual report.

The company's general meeting is called in accordance with the company's Articles of Association subject to at least three weeks' notice, the notice being accompanied by the full agenda. Until further notice, the general meeting is held with physical attendance. The group's annual report is published on the Harboe website and is also available in a print version. All documents concerning the company's general meeting are available on the company website. In connection with the general meeting, Harboe draws up powers of attorney which allow the shareholders to consider each item on the agenda. The members of the Board of Directors and the Board of Executives participate in the general meeting.

Harboe has not been targeted by public takeover bids, but the Board of Directors would find it natural to allow the shareholders to assess any bid received at a general meeting.

ROLE OF STAKEHOLDERS AND IMPORTANCE TO THE COMPANY AS WELL AS CORPORATE SOCIAL RESPONSIBILITY

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 open dialogue and mutual respect. The company's primary stakeholders and the relations with them are considered at appropriate intervals by the Board of Directors. Harboe has laid down a policy for the relations with the company's investors, which is included in the shareholder information section of the annual report.

Harboe has also laid down a corporate social responsibility policy and reports on developments in the prioritised focus areas in the annual report. As a member of the Danish Brewers' Association, the company participates in the continuous reporting and development of industry standards for corporate social responsibility.

OPENNESS AND TRANSPARENCY

Harboe has adopted a policy for the company's communication with the outside world, and the management has drawn up procedures for the publication of essential information. The company publishes all announcements in both Danish and English, and the announcements are made available on the Harboe website. Harboe publishes quarterly reports.

THE TASKS AND RESPONSIBILITIES OF THE SUPREME AND THE CENTRAL GOVERNING BODIES

Once a year, the Board of Directors of Harboe lays down and updates the company's strategy. The Board of Directors follows up on the strategic initiatives and the realisation of the targets set at appropriate intervals and assesses the company's management competencies and financial resources with a view to ensuring a strong business development, both in the short term and in the long term.

Following the annual general meeting, the Board of Directors defines its most important tasks in connection with the company's strategic management and financial controls for the coming year.

At present, no deputy chairman has been appointed, but the Board of Directors considers the need at appropriate intervals and in step with developments in the company's strategic challenges.

The role of the Chairman of the Board of Directors is regulated by the company's rules of procedure, and in practice the Chairman, in performing his managerial duties, emphasises the involvement of the individual members based on their experience and competencies. The Chairman of the Board of Directors is not involved in the day-to-day management of the company.

COMPOSITION AND ORGANISATION OF THE SUPREME GOVERNING BODY

The members of the Board of Directors and their individual competencies and other memberships of boards of executives, boards of directors, supervisory boards etc. are described in more detail in the annual report. The

MANAGEMENT'S REVIEW

shareholders receive a description of the candidates standing and their competencies prior to the general meeting. In the process of identifying new candidates for the Board of Directors, emphasis is placed on adding relevant competencies within strategic management, product development and sales to Harboe's management. At the same time, the Board of Directors finds it important that the Board be 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.

New members are given a thorough introduction to the company's business and strategy, and the board members' needs for further professional and competency development are assessed by the Board of Directors at regular intervals.

The size of the Board of Directors is such that it can work and function efficiently.

More than half of the members of the Board of Directors elected by the general meeting are independent. The annual report specifies which members of the Board of Directors are deemed to be independent.

According to the company's Articles of Association, there may be up to three staff representatives on the Board of Directors. The staff representatives are elected among the employees of the group's Danish entity for a term of four years at a time, and the rules governing such elections are laid down in accordance with the collaboration agreement between the Danish Confederation of Trade Unions (LO) and the Confederation of Danish Industry (*Dansk Industri*).

The members of the Board of Directors meet for scheduled meetings and also as and when required by pressing strategic considerations or decisions demanding the involvement of the Board of Directors or the clarification of its views. In 2010/11, five board meetings and a strategy seminar were held.

The Board of Directors emphasises and assesses on an ongoing basis whether the individual members' other tasks and responsibilities prevent the members from performing their duties on the Board of Directors of Harboe in a satisfactory way.

The members of the Board of Directors, their individual competencies, other directorships and executive positions held as well as the number of shares they own in the company and any changes in these shareholdings in the course of the year appear from the annual report.

No upper age limit has been defined for members of the Board of Directors as this has not yet been a relevant issue. The age of the individual members of the Board of Directors' appears from the annual report.

Members of the Board of Directors are elected for a term of four years, and at least one member is up for election every year. The Board of Directors

believes that a term of service of four years contributes positively to ensuring continuity in the company's management and that the shareholders' influence on the composition of the Board of Directors is ensured by an annual election. The time of each individual board member joining the Board of Directors and of the possible re-election of the member is stated in the annual report.

The Board of Directors has not set up a management committee, but assesses the need for this at regular intervals. An audit committee has been set up by the Board of Directors. The composition of the committee is described in more detail in the sections on risks and management. The Board of Directors believes that the audit committee is competent to perform the financial reporting and supervisory tasks defined for the committee.

The Board of Directors has not established a formal evaluation procedure for the Board of Directors and the Board of Executives. The Chairman of the Board of Directors ensures that meetings are characterised by constructive dialogue and that individual members contribute in line with their competencies. Furthermore, the Board of Directors regularly assesses the work and results of the management in connection with the ongoing financial and business reporting.

REMUNERATION TO THE MANAGEMENT

Harboe's Board of Directors emphasises that the company should offer competitive terms of employment to the members of the Board of Executives and the rest of the management and regularly assesses elements which can help motivate and retain skilled and performance-oriented managers. The Board of Directors has, for the time being, decided not to introduce share-related incentive schemes. The group's key managers are covered by a performance-related bonus programme. In addition, Harboe offers a number of special elements to key managers, such as accommodation and other staff benefits which make it attractive to be employed by Harboe, even though the company is located far away from the large urban centres. All Harboe employees are part of the company's pension scheme. The remuneration policy is described in detail in the Chairman of the Board of Directors' report and approved at the annual general meeting.

The remuneration paid to the Board of Executives and the Board of Directors is specified in the annual report. Termination benefits for managers constitute a maximum of two years' remuneration.

The remuneration to the Board of Directors is based on a fixed fee and does not comprise any share options.

The remuneration to the Board of Directors is approved at the general meeting for the financial year in question.

PRESENTATION OF THE ANNUAL REPORT (FINANCIAL REPORTING)

Harboe's annual report is presented in accordance with statutory requirements according to IFRS and on the assumption that the company is a going concern.

MANAGEMENT'S REVIEW

The annual report and the ongoing financial reporting also describe a number of non-financial factors, including employees, the environment and other issues influencing the company's development.

RISK MANAGEMENT AND INTERNAL CONTROLS

Harboe analyses and considers the business and financial risks affecting the company's development and results at regular intervals and at least one a year. The Board of Executives reports to the Board of Directors on developments in the main risk areas on an ongoing basis.

The Board of Directors will consider whether a whistle-blower scheme should be established.

Harboe's risk management and internal controls are described in more detail in the relevant section of the annual report.

AUDIT

The Board of Directors and the audit committee of Harboe have an ongoing dialogue with the company auditors. Every year, the audit committee submits a proposal for an audit engagement letter and for the auditors' remuneration to the Board of Directors. The audit committee meets with the auditors in connection with the presentation of the annual report. The auditors also participate in the board meeting at which the annual report is considered.

HARBOE'S DEVIATIONS FROM THE RECOMMENDATIONS

RECOMMENDATIONS

It is recommended that the company set an age limit for members of the Board of Directors.

It is recommended that members of the Board of Directors elected by the general meeting be up for election every year at the annual general meeting.

It is recommended that the Board of Directors set up a nomination committee.

It is recommended that the Board of Directors set up a remuneration committee.

It is recommended that the Board of Directors establish an evaluation procedure under which the contributions and results of the Board of Directors as a whole and the individual members are evaluated.

COMMENTS BY HARBOE

No upper age limit has been defined for members of the Board of Directors as this has not yet been a relevant issue. The age of the individual members appears from the annual report.

For the time being, the term of service is four years, and, normally, one board member is up for election every year. The Board of Directors believes that this ensures the continuity of the work of the Board of Directors which Harboe finds very valuable.

In the coming year, the Board of Directors of Harboe will consider the need for setting up a nomination committee.

In the coming year, the Board of Directors of Harboe will consider the need for setting up a nomination committee.

The Board of Directors has not established a formal evaluation procedure, but 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 Board of Directors regularly assesses the work and results of the management in connection with the ongoing financial and business reporting.

MANAGEMENT'S REVIEW

RISKS, FINANCIAL REPORTING AND CONTROLS

“Our business is affected by risks everywhere in the value chain. We are therefore working systematically on monitoring, analysing and following up on risks at all levels in the group. The framework is laid down by the Board of Directors and the Board of Executives, but everyone has a responsibility.”

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

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

IMPORTANT BUSINESS RISKS

Below follows an outline of the most important risks to which Harboe is exposed in its business activities. The list is not exhaustive, nor are the risks listed in any order of priority:

PRODUCTION AND QUALITY

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

procedures. At the same time, 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 quality of the raw materials which Harboe uses for its products meets the highest food safety standards. At the same time, Harboe is dependent on the raw materials being delivered on time and in the agreed quantities. The majority of Harboe's sub-suppliers are based in the EU. The collaboration with suppliers is often based on long-term relations and agreements 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, for all primary raw materials, Harboe has two suppliers to ensure the highest possible reliability of delivery.

COMPETITION, PRICES AND TAXES

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

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

SEASON AND CAPACITY

Sales of beer and soft drinks are characterised by seasonal and weather-dependent fluctuations. The summer is normally the high season when demand is very high, but a cold and wet summer can change this picture considerably and thus affect the group's operating profit. Fluctuations in demand entail a strong demand for flexible capacity utilisation. The group is constantly seeking to optimise this through additional streamlining and investments in expanding capacity.

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

MANAGEMENT'S REVIEW

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.

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 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 140.6 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. Harboe will in future assess the need for currency hedging in step with the development in the group's activities.

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.

MANAGEMENT'S REVIEW

SHAREHOLDER INFORMATION

“The viable strategy and its consistent implementation ensure long-term value creation. This is our basic principle, and we are working hard to meet our shareholder's expectations.”

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

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

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

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

Moreover, Harboes Bryggeri A/S has held a number of meetings with investors and analysts in Denmark. The management will also in future allocate resources to such activities 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 financial statements.

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

IR CONTACT:

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

OWNERSHIP

At the end of the financial year, Harboes Bryggeri A/S had 5,356 registered shareholders. The registered shareholders represent DKK 54.8 million of the total share capital, corresponding to 91.3%.

As at 30 April 2011, 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 Giese
Spegerborgvej 4, 4230 Skælskør, Denmark
Equity investment: 13.1%, voting share: 52.1%

Lønmodtagernes Dyrtdsfond
Vendersgade 28, 1363 Copenhagen K., Denmark
Equity investment: 20%, voting share: 10.2%

J.P. Morgan Chase Bank
60 Victoria Embankment
GB-London EC4Y 0JP
Equity investment: 6.13%, voting share: 3.1%

As at 30 April 2011, members of the Board of Directors and the Board of Executives held a total of 815,259 shares. Of these, 786,820 shares were owned by the Board of Executives.

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 can only trade in the company's shares for a period of six weeks after the publication of financial statements.

MANAGEMENT'S REVIEW

THE SHARE

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

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

Only the company's Class B shares are listed on NASDAQ OMX Copenhagen. Trading for the period amounted to DKK 242.1 million, corresponding to average trading per day of DKK 1.0 million.

The Harboe share went up 13.4% in the course of the year, closing at a price of 127 against a price of 112 at the end of the last financial year. The price development should be seen in light of the development in the small cap index, which fell by 8.8%.

AUTHORISATION TO ACQUIRE TREASURY SHARES

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

During the financial year, Harboe has acquired 285,640 Class B shares at a total market value of DKK 33.3 million. As at 30 April 2011, the company had a holding of 350,585 Class B shares.

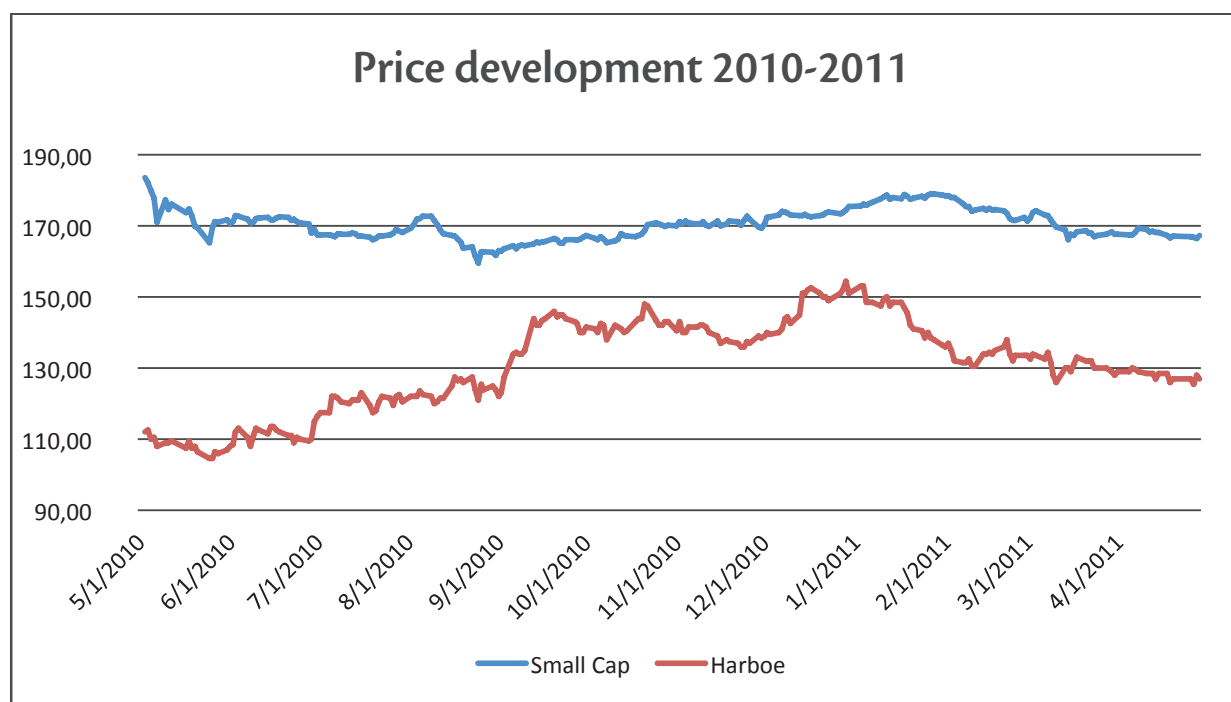
IMPORTANT CONTRACTS OR CHANGES IN CONTROL

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

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

DIVIDEND

The Board of Directors recommends to the annual general meeting on 24 August 2011 that a dividend be paid in the amount of DKK 1.50 per share, corresponding to a total of DKK 9.0 million.



MANAGEMENT'S REVIEW

FINANCIAL CALENDAR

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

Interim report, Q1 2011/12 7 September 2011

Interim report, H1 2011/12 12 December 2011

Interim report, Q3 2011/12 27 March 2012

COMPANY ANNOUNCEMENTS

Company announcements issued in the period 1 May 2010 to 30 April 2011:

DATE ANNOUNCEMENT

11 May 2010	Financial calendar
2 June 2010	Purchase of treasury shares
29 June 2010	Annual Report 2009/10
30 June 2010	Reporting in accordance with Section 28a of the Danish Securities Trading Act
5 July 2010	Reporting in accordance with Section 28a of the Danish Securities Trading Act
5 July 2010	Reporting in accordance with Section 28a of the Danish Securities Trading Act
29 July 2010	Purchase of treasury shares
3 August 2010	Notice of annual general meeting
9 August 2010	Reporting in accordance with Section 28a of the Danish Securities Trading Act
10 August 2010	Annual Report 2009/10
25 August 2010	Minutes of annual general meeting
6 September 2010	Notice of extraordinary general meeting
7 September 2010	Quarterly report
28 September 2010	Minutes of extraordinary general meeting
11 October 2010	Notice of extraordinary general meeting
5 November 2010	Minutes of extraordinary general meeting
14 December 2010	Interim report
8 March 2011	Quarterly report

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 2010 - 30 April 2011.

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 2011 as well as of the results of their operations and cash flows for the financial year 1 May 2010 to 30 April 2011.

We believe that the management's statement 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, 28 June 2011

BOARD OF EXECUTIVES

Bernhard Griese
CEO

BOARD OF DIRECTORS

Anders Nielsen Chairman	Bernhard Griese	Preben K. Krage
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Mette Kirstine Agger	Thøger Thøgersen	Carl Erik Kjærsgaard
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Jens Bjarne Jensen *

* Staff representative

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HARBOES BRYGGERI A/S

AUDITOR'S REPORT ON 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 2010 to 30 April 2011, 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 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. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable under the circumstances.

AUDITOR'S RESPONSIBILITY AND BASIS OF OPINION

Our responsibility is to express an opinion on the consolidated financial statements and financial statements based on our audit. We conducted our audit in accordance with Danish auditing standards. 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 procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk 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 in order to design audit procedures that are appropriate under the circum-

stances, but not for the purpose of expressing 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 evaluating 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 2011 as well as of the results of their activities and cash flows for the financial year 1 May 2010 to 30 April 2011 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

The management is responsible for preparing a management's review that includes a fair review in accordance with Danish disclosure requirements for listed companies.

Our audit did not include the management's review, but 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, 28 June 2011

Deloitte

Statsautoriseret Revisionsaktieselskab

Jens Jørgen Simonsen

State-Authorised Public Accountant

Freddi Nielsen

INCOME STATEMENT FOR 2010/11

GROUP DKK '000	2010/11	2009/10
Gross revenue	1,821,269	1,804,047
Taxes on beer and soft drinks	(263,495)	(279,320)
Revenue	1,557,774	1,524,727
Production costs	(1,241,064)	(1,247,451)
Gross profit	316,710	277,276
Other operating income	18,281	18,394
Distribution costs	(183,359)	(175,022)
Administrative expenses	(51,572)	(46,037)
Other operating expenses	(13,101)	(10,269)
Operating profit (EBIT)	86,959	64,342
Income from investments in associates	0	(3,458)
Financial income	4,981	11,180
Financial expenses	(10,829)	(13,944)
Profit before tax	81,111	58,120
Tax on profit for the year	(20,413)	(15,247)
Adjustment of tax regarding previous years	(45)	156
Net profit for the year	60,653	43,029
Distribution of net profit/(loss) for the year		
Shareholders of parent	60,635	43,028
Minority interests	18	
	60,653	43,029
Earnings per share and diluted earnings per share (DKK per share of DKK 10)	10.6	7.3

STATEMENT OF COMPREHENSIVE INCOME FOR 2010/11

GROUP DKK '000	2010/11	2009/10
Net profit for the year	60,653	43,029
Foreign currency translation adjustment regarding foreign enterprises	487	(443)
Adjustment to fair value of financial assets available for sale	4,748	(3,247)
Adjustment to fair value of financial assets available for sale, recirculation upon disposal	263	0
Adjustment to fair value of financial instruments entered into to hedge future cash flows	838	165
Tax on share of comprehensive income	(1,989)	5,607
Other comprehensive income	4,347	2,082
Comprehensive income	65,000	45,111
Distribution of comprehensive income for the year		
Shareholders of parent	64,982	45,110
Minority interests	18	1
	65,000	45,111

BALANCE SHEET AS AT 30 APRIL 2011

GROUP DKK '000	2011	2010
Goodwill	3,573	3,573
Development projects	433	1,572
Rights	5,719	5,707
Software	7,920	4,881
Intangible assets under construction	5,764	688
Intangible assets	23,409	16,421
Land and buildings	337,159	331,848
Plant and machinery	456,073	447,405
Other plant, fixtures and fittings, tools and equipment	38,665	41,206
Spare parts for own machinery	3,993	3,887
Property, plant and equipment under construction	36,083	33,247
Property, plant and equipment	871,973	857,593
Financial assets available for sale	285,782	283,738
Deposits, leases	2,303	2,234
Financial assets	288,085	285,972
Deferred tax assets	886	1,299
Non-current assets	1,184,353	1,161,285
Inventories	138,250	122,211
Trade receivables	301,676	304,155
Other receivables	10,306	3,964
Prepayments	7,977	7,219
Receivables	319,959	315,338
Cash	39,913	43,774
Assets held for sale	2,992	2,992
Current assets	501,114	484,315
Assets	1,685,467	1,645,600

BALANCE SHEET AS AT 30 APRIL 2011

GROUP DKK '000	2011	2010
Share capital	60,000	60,000
Share premium	51,000	51,000
Other reserves	(15,689)	(20,036)
Retained earnings	657,918	639,095
Equity owned by shareholders of parent	753,229	730,059
Equity owned by minority interests	209	191
Equity	753,438	730,250
Mortgage debt	253,402	290,920
Deferred tax liabilities	37,861	33,555
Deferred income	54,832	61,088
Non-current liabilities	346,095	385,563
Mortgage debt	36,656	26,377
Other credit institutions	169,124	154,340
Trade payables	216,388	187,556
Repurchase obligation, returnable packaging	27,958	33,350
Other payables	102,641	100,526
Deferred income	9,579	8,279
Income tax	20,609	16,372
Current liabilities	582,955	526,800
Liabilities in respect of assets held for sale	2,979	2,987
Liabilities	932,029	915,350
Equity and liabilities	1,685,467	1,645,600

CASH FLOW STATEMENT FOR 2010/11

GROUP DKK '000	2010/11	2009/10
Operating profit (EBIT)	86,959	64,342
Depreciation, amortisation, impairment losses and write-downs	130,183	125,719
Grants recognised as income	(12,657)	(13,188)
Changes in net working capital	1,103	(73,485)
Cash flows from primary operating activities	205,588	103,388
Financial income received	4,888	11,559
Financial expenses paid	(10,007)	(15,036)
Income tax paid	(8,256)	(5,729)
Cash flows from operating activities	192,213	94,182
Purchase of intangible assets	(10,788)	(3,262)
Purchase of property, plant and equipment	(142,865)	(160,954)
Sale of property, plant and equipment	2,653	1,560
Acquisition of enterprises	0	2,163
Changes in financial assets	2,590	7,809
Cash flows from investing activities	(148,410)	(152,684)
Dividend paid to shareholders of parent	(8,474)	(8,840)
Repayment of mortgage debt	(31,669)	(8,662)
Raising of mortgage debt	2,126	388
Investment grant received	7,579	39,964
Purchase of treasury shares	(33,338)	0
Cash flows from financing activities	(63,776)	22,850
Changes in cash and cash equivalents	(19,973)	35,652
Cash and cash equivalents as at 1 May	109,382	73,324
Translation adjustment, beginning of year	144	(406)
Cash and cash equivalents as at 30 April	(129,211)	(109,382)

STATEMENT OF CHANGES IN EQUITY

GROUP DKK '000

	Share capital	Share premium	Other reserves	Retained earnings	Equity owned by shareholders of parent	Equity owned by minority interests	Total equity
Equity as at 1 May 2009	60,000	51,000	(18,886)	572,159	664,273	190	664,463
Changes in equity 2009/10							
Net profit for the year	0	0	0	43,028	43,028	1	43,029
Other comprehensive income for the financial year after tax	0	0	2,082	0	2,082	0	2,082
Comprehensive income for the financial year	0	0	2,082	43,028	45,110	1	45,111
Reserve for net revaluation according to the equity method	0	0	(3,232)	(3,232)	0	0	0
Dividend paid	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	160	160	0	160
Sale of treasury shares	0	0	0	29,516	29,516	0	29,516
Total changes in equity	0	0	(1,150)	66,936	65,786	1	65,787
Equity as at 30 April 2010	60,000	51,000	(20,036)	639,095	730,059	191	730,250
Equity as at 1 May 2010	60,000	51,000	(20,036)	639,095	730,059	191	730,250
Changes in equity 2010/11							
Net profit for the year	0	0	0	60,635	60,635	18	60,653
Other comprehensive income for the financial year after tax	0	0	4,347	0	4,347	0	4,347
Comprehensive income for the financial year	0	0	4,347	60,635	64,982	18	65,000
Dividend paid	0	0	0	(9,000)	(9,000)	0	(9,000)
Dividend from treasury shares	0	0	0	526	526	0	526
Purchase of treasury shares	0	0	0	(33,338)	(33,338)	0	(33,338)
Total changes in equity	0	0	4,347	18,823	23,170	18	23,188
Equity as at 30 April 2011	60,000	51,000	(15,689)	657,918	753,229	209	753,438