

ROYAL UNIBREW A/S

# Annual Report **2011**



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## Royal Unibrew produces, markets, sells and distributes quality beverages. We focus on branded products within beer, malt and soft drinks, including soda water, mineral water and fruit juices.

Royal Unibrew is as a leading regional player in a number of markets in Western and Eastern Europe and in the international malt drinks markets.

Our Western European main markets comprise primarily Denmark, Italy as well as Border Trade and Germany. The Eastern European markets comprise Latvia, Lithuania and Estonia. The international malt drinks markets comprise a number of countries in the Caribbean, Central America and Africa as well as cities in Europe and North America with high concentration of inhabitants from the Caribbean and African areas in which malt drinks are popular.

In Denmark we are a leading supplier of beer and soft drinks with a number of strong brands, and in Italy we are among the market leaders in the super premium segment with Ceres Strong Ale.

In both Latvia and Lithuania, we are among the two leading beverage businesses holding considerable market positions within beer and soft drinks, including fruit juices. Our activities in Estonia are being developed.

In the international malt drinks markets, we are among the market leaders in the premium segment with Vitamalt.



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The Annual Report has been prepared in Danish and English. In case of discrepancy the Danish version shall prevail.

# Focused Business Development and Enhanced Efficiency Generate Strong Results



"In 2011 we generally strengthened our market position, generated further earnings improvement and reduced our debts. This was achieved on the basis of our continued strong focus on developing our commercial activities in combination with continuous efficiency improvements. The earnings improvement was achieved in spite of poor weather in the peak season, increased economic uncertainty among consumers and tough competition in our markets. Recent years' strategic focus and the results achieved show that Royal Unibrew has an attractive platform for the future, and we see good potential for continuously developing our business".

Royal Unibrew achieved strong results in 2011 in accordance with the expectations and priorities announced for the year. We are very satisfied with this development – not least viewed in the light of the challenging market conditions.

Our main priorities have been to develop product and brand platforms, to strengthen our already close cooperation with customers and to continue our focus on operational efficiency and optimisation of capital resources.

## **Long-term financial targets close to achievement**

In connection with our capital increase in 2009, we established the long-term financial target of achieving an EBIT margin of 10%, which was at the time an ambitious target. We reached the target already in 2010. On this basis and in view of our plans for the subsequent years, the financial targets were revised and we established a medium-term target of achieving an EBIT margin of approx 14%. A target which was and remains very ambitious when compared to both international and regional breweries' results and activity targets in Europe where 90% of our activities are located. With an EBIT margin of 13.8% in 2011 we are close to achieving our target. The result demonstrates that our focused strategy has been the right choice, that we have an attractive platform as a regional player and that our profitability is competitive in an industry context.

As a result of the positive operating profit development, we achieved a strong liquidity surplus also in 2011 of almost DKK 400 million. This has enabled us both to distribute ordinary dividend corresponding to DKK 140 million and to buy back shares for DKK 125 million – a total distribution of DKK 265 million. At the same time, we further reduced our debts by approx DKK 140 million to approx DKK 630 million.

## **Reinforced market position under challenging market conditions**

In H1 2011 many factors indicated that growth and private consumption in Western Europe were again on the rise, but the growing optimism was abruptly broken by the European debt problems, which resulted in increased uncertainty of the macroeconomic development and consumer restraint in several of Royal Unibrew's key markets. At the same time, competition has been tough.

In Denmark total beer consumption declined slightly in 2011, but to a smaller extent than in the past couple of years. On the other hand, soft drinks consumption increased following a couple of years' decline. In Italy beer consumption in the On-Trade sector declined, whereas it went up in the Off-Trade sector. Consumers and the retail trade were affected by the uncertainty resulting from the general economic situation and the debt situation in Italy. Developments in the Baltic countries showed positive signs following

the dramatic decline in connection with the financial crisis, but consumers continued to show restraint.

In spite of the challenging market conditions organic volumes increased and revenue was maintained; at the same time, our market shares generally increased and our earnings improved. This is the result of focused commercial activities, great adaptive capacity in the individual markets and enhanced efficiency. Last but not least, the developments also reflect that employees at all organisational levels work hard and committed, develop their competences and contribute actively to continuous organisational development.

### **Continuous development of brands**

Our key priorities in 2011 within the commercial area have been developing our brands, increasing consumer loyalty and strengthening customer cooperation. We have succeeded with these initiatives.

During 2011 we launched new products and developed existing ones. In Denmark consumers received the new Royal lager [PLSNR], which was launched in a comprehensive campaign in the late summer of 2011, very well. At the same time, we continued the Royal Rock campaign "Tak Rock" (Thank You, Rock), which in 2011 was marketed in cooperation with the Danish rock band Sort Sol, and which in a significant and efficient manner positions our Danish Royal beer. The Faxe Kondi family was complemented with *Faxe Kondi Free* with no calories and a brand new communication universe was created for *Egekilde*. We also carried out new versions of our successful consumer-involving campaigns. These include the popular Faxe Kondi football relay race "Vær med" (Join In) in which more than 5,000 consumers joined in dribbling a football through Denmark from Skagen to Tivoli in Copenhagen. Within the social media, we strengthened the framework for consumer dialogue with us and mutual consumer dialogue about our brands.

In the Baltic countries we also introduced a number of new products under the two large beer brands *Kalnapolis* and *Lacplešis*; being a sponsor of the Lithuanian basketball league, we were very visible with *Kalnapolis* during the European basketball championships which were held in Lithuania. In Latvia our new communication platform for *Lacplešis* turned out to appeal to consumers.

In the Italian market a new *Ceres Strong Ale* campaign called "Heroes 4 Ceres" was developed and introduced using digital media as the platform.

In addition to consumer-directed activities, we are directing targeted efforts at strengthening the partnership with our customers. We highly appreciate the increasingly closer working relationship – which contributes towards ensuring progress and innovation. We aspire to be perceived as a flexible, innovative, value-generating and engaging supplier, and we are pleased to note that measurements among our Danish customers show that we have a high score on these parameters.

### **Enhanced efficiency**

We have in recent years internally been working continuously to enhance efficiency, and this work continued in 2011. Since 2009 we have realised a number of large projects, such as a reorganisation of parts of our production and distribution. This has resulted in measurable improvements by way of increased productivity, greater flexibility, lower energy and water consumption and lower wastage. For example, we have over four years halved the time consumed in producing one hectolitre of beer in the Baltic countries while halving energy consumption per hectolitre. Also in the administrative areas, reinforcement and enhanced efficiency have been achieved. Following the very comprehensive changes, efficiency is now enhanced not least through continuous improvement measures.

### **Attractive starting point for further development**

Royal Unibrew has a solid and attractive platform for the future, and we see good potential for continuously generating strong earnings and reinforcing our market position in existing markets as well as generating growth in the malt and export business. At the beginning of 2012, our markets are, however, still characterised by general uncertainty, consumers show restraint and there are a number of unresolved economic challenges in Europe. Therefore, there is a need continuously to size up market conditions and show flexibility. We have been through that before, and based on the main priorities established for 2012 we believe that we will be able to maintain and strengthen our position as a strong regional player. To the benefit of our customers, our shareholders and our employees.

Henrik Brandt  
CEO

# Financial Highlights and Ratios

mDKK	2011	2010	2009	2008	2007
Sales (million hectolitres)	5.7	6.6	6.6	7.5	7.1

## Income Statement

Net revenue	3,430.6	3,775.4	3,816.4	4,178.7	3,881.8
EBITDA before special items	600.7	601.3	460.5	337.4	408.0
Operating profit before special items	474.2	416.9	243.3	134.9	244.1
Profit margin (%)	13.8	11.0	6.4	3.2	6.3
Special items (expenses)	0.0	0.0	-49.6	-82.8	-15.5
EBITDA	600.7	601.3	410.9	254.6	392.5
Special items (depr./amort. and impair.; profit/loss)	0.0	0.0	14.7	32.7	35.7
Provision for impairment	0.0	0.0	0.0	-385.0	0.0
Profit before financial income and expenses (EBIT)	474.2	416.9	208.4	-300.2	264.3
EBIT margin (%)	13.8	11.0	5.5	-7.2	6.8
Impairment of other investments	0.0	0.0	0.0	-70.1	0.0
Income after tax from investments in associates	14.4	31.5	25.8	22.7	28.0
Other financial income and expenses, net	-27.5	-73.3	-157.6	-105.4	-72.1
Profit/loss before tax	461.1	375.0	76.6	-453.0	220.2
Net profit/loss for the year	350.9	277.8	52.5	-483.2	155.2
Royal Unibrew A/S' share of profit/loss	347.9	278.1	47.1	-484.3	151.7

## Balance Sheet

Non-current assets	2,290.8	2,375.1	2,674.1	2,742.9	2,597.5
Total assets	2,890.3	3,056.8	3,489.7	4,051.4	3,781.3
Equity	1,321.2	1,280.5	995.1	574.8	1,119.5
Net interest-bearing debt	630.7	769.7	1,416.3	2,191.9	1,586.1
Net working capital	-149.2	-134.0	-84.6	186.1	316.0

## Cash Flows

From operating activities	398.0	492.3	513.2	103.2	151.5
From investing activities	2.8	159.7	-111.8	-589.0	-372.3
Free cash flow	384.4	463.0	374.2	-356.2	157.0

## Share ratios

Royal Unibrew A/S' share of earnings per share (DKK)	31.8	25.1	5.8	-89.0	26.4
Royal Unibrew A/S' diluted share of earnings per share (DKK)	31.8	25.1	5.8	-89.0	26.2
Cash flow per share (DKK)	36.4	44.4	62.0	19.0	26.3
Diluted cash flow per share (DKK)	36.4	44.4	62.0	19.0	26.1
Dividend per share (DKK)	17.0	12.5	0.0	0.0	10.0
Year-end price per share	321.5	332.0	139.0	118.5	534.0

## Employees

Average number of employees	1,759	2,210	2,498	2,755	2,659
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## Financial ratios (%)

Return on invested capital (ROIC)	18.4	14.1	6.4	3.1	7.4
Free cash flow as a percentage of net revenue	11.2	12.3	9.8	-8.5	4.0
Cash conversion	109.6	166.7	713.5	73.7	101.2
Net interest-bearing debt/EBITDA before special items	1.0	1.3	3.1	6.5	3.9
Equity ratio	45.7	41.9	28.5	14.2	29.6
Return on equity after tax	27.0	24.4	5.3	-57.0	13.7
Dividend rate	54.7	50.3	0.0	0.0	38.9

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.

# Highlights 2011

Royal Unibrew generally strengthened its market position

Organic sales increase of 2%

Net revenue maintained organically

Solid earnings and EBIT margin improvements

Strong cash flow

Significant part of cash flow distributed to shareholders

The Board of Directors proposes increased distribution to shareholders in 2012

## Developments in 2011

- Royal Unibrew generally increased its market shares on branded beer as well as soft and malt drinks.
- Net revenue declined by 9% to DKK 3,431 million in 2011 due to the divestment of the Group's Polish subsidiary. Adjusted for the divestment, net revenue was at the 2010 level.
- EBITDA amounted to DKK 601 million, which remains unchanged from 2010. Organically, EBITDA went up by DKK 26 million.
- Earnings before interest and tax (EBIT) went up by DKK 57 million (14%) to DKK 474 million. DKK 19 million of the increase was caused by the change of accounting estimates.
- EBIT margin increased by 2.8 percentage points to 13.8%.
- Profit before tax amounted to DKK 461 million compared to DKK 375 million in 2010.
- Free cash flow amounted to DKK 384 million compared to DKK 463 million in 2010.
- In 2011 dividend of DKK 262 million was distributed to shareholders, including DKK 123 million through share buy-back.
- Net interest-bearing debt was reduced in 2011 by DKK 139 million to DKK 631 million.
- In Q4 net revenue increased by 6% in organic terms over 2010.
- EBIT for Q4 amounted to DKK 85 million compared to DKK 60 million in 2010, and EBIT margin went up by 3.8 percentage points to 11.2%.

## Outlook for 2012

	Outlook 2012 *	Actual 2011
Net revenue (mDKK)	3,375 - 3,500	3,431
EBITDA (mDKK)	580 - 630	601
EBIT (mDKK)	450 - 500	474

\* In 2011 Poland was recognised with revenue of DKK 50 million, EBITDA of DKK 1 million and EBIT of DKK 0 million.

The Board of Directors proposes distribution in 2012 by way of dividend of DKK 17 per share (2011: DKK 12.5 per share) and expects to initiate a share buy-back of DKK 125 million in May 2012. This corresponds to expected total distribution of DKK 350 million in 2012 including DKK 45 million from the ongoing share buy-back programme, which is DKK 88 million above the 2011 distribution.

**14 %**  
Increase in EBIT

**86 mio.**  
Increase in profit before tax



# Heroes 4 Ceres

Ceres Strong Ale ranks highly on especially younger Italian consumers' wish list when it comes to beer.

There is a need for constant innovation and for involving consumers; with digital media as the pivotal point, a new campaign called "Heroes 4 Ceres" was developed in 2011.

The campaign integrates several types of consumer activation with a clear focus on the social media, which are the most important communication channels for the Ceres Strong Ale target group. In addition to TV commercials, the campaign features a new website, a new fan site on Facebook and the new Ceres YouTube Channel with 14 irresistible videos.

Learn more at [www.ceres.com](http://www.ceres.com).



# Strategy

The overall strategy and medium-term financial targets remain unchanged. In 2011 efforts were focused on the strategic main priorities and at realising the financial targets which in the medium term are to increase EBIT margin to approx 14% while generating solid cash flows. The targets for 2011 were achieved, and a large part of the considerable surplus liquidity was distributed to shareholders.

## Main Priorities for 2011

In the commercial area, the main priorities for 2011 were to develop the product and brand platforms, to strengthen customer cooperation and to increase consumer loyalty. Through selective growth initiatives, including new product and campaign launches, investments were made in maintaining and expanding our market positions. Royal Unibrew's employees have focused on continuous improvements in all parts of the business, which supports the ambition of reducing resource consumption in the business in general. Financially, generation of cash flows had high priority in the business, which was realised through tight management and control of working capital elements and a balanced investment level.

Royal Unibrew's efforts in respect of the main priorities, resulted in achievement of the targets set for 2011 as expected:

Due to lower net interest-bearing debt than expected, distribution to shareholders has been increased through an additional share buy-back programme of DKK 60 million, which means that the total distribution before the AGM in 2012 is expected to amount to DKK 310 million against the DKK 250 million previously announced.

## Overall Strategy

The overall strategy was determined in connection with the capital increase at the end of 2009 and was later updated with the new medium-term financial targets in connection with the presentation of the Q3 Report 2010. The financial targets were updated in connection with the structural change of the Polish activities realised in March 2011 (see Company Announcement No 4/2011 of 18 March 2011).

	Actual	Outlook
Net revenue (mDKK)	3,431	3,400 - 3,550
EBITDA (mDKK)	601	575 - 625
EBIT (mDKK)	474	435 - 485
Profit before tax (mDKK)	461	-
Net interest-bearing debt (mDKK)	631	-
NIBD/EBITDA	1.0x	-
Distribution to shareholders (mDKK)	262	-

Royal Unibrew's goal remains to be an efficient, regional player within beer, malt and soft drinks holding leading positions in the markets or the segments in which Royal Unibrew operates.

Royal Unibrew operates in markets that differ greatly. The strategy has been determined taking into account expectations of the general market development for each individual market.

The Danish market has been and is expected to continue generally being affected by a minor structural volume decline. The beer market in the Baltic countries is expected generally and structurally to hold potential for moderate growth, while fruit juices and soft drinks hold great long-term potential as purchasing power increases. In the short term, the Italian market, which has a low per capita consumption, is expected to be negatively affected by Italy's challenging economic situation, while, in the medium long term, the market is expected to see a slight increase generally and structurally. Royal Unibrew's malt drinks sales are expected to increase based on markets with structural growth and through extended market coverage and market penetration.

The overall strategy has the following main elements:

- **Focus on markets and segments in which Royal Unibrew holds or may achieve a considerable position.** Royal Unibrew will focus on further developing established market and segment positions where the Company holds either a leading position, such as in Denmark, or considerable and leading niche positions, such as in Italy or in the international malt drinks markets. Royal Unibrew's natural market area is characterised by industry concentration. To the extent that structural growth opportunities might reinforce existing market positions or create new market positions, these will be pursued provided that long-term shareholder value can be created.
- **Focus on innovation and development of Royal Unibrew's products and brands.** Royal Unibrew owns a number of well-known brands holding strong market positions which will be continuously further developed. The product portfolio development includes the Group's own development of new flavours, products and brands as well as the conclusion of new licence agreements both as licensee and licensor.

- **Focus on operational efficiency.** Royal Unibrew will continue its focus on pursuing all opportunities of enhancing the efficiency of all links in the Company's value chain.
- **Focus on maintaining Royal Unibrew's financial flexibility, competitive power and scope for strategic manoeuvrability through an appropriate capital structure.**

## Main Priorities for 2012

In 2012 Royal Unibrew will focus on maintaining and reinforcing the Company's market positions and high efficiency. This work will be based on the following strategic main priorities:

### Development of product and brand platforms

- Maintaining a high innovative level
- Leveraging brands and brand portfolios
- Increasing consumer cooperation and commitment

### Strengthening customer cooperation

- Expanding customer cooperation
- Focus on value management
- Increasing market coverage

### Continued focus on operational efficiency

- Ensuring commercial flexibility in light of macro-economic uncertainty
- Maintaining focus on continuous improvements

### Optimisation of capital resources

- Continued focus on optimising investments and working capital
- Realising values from non-operational assets
- Returning capital to shareholders

## Financial Targets and Capital Structure

The overall strategy was determined in connection with the capital increase at the end of 2009 and was later updated with the new medium-term financial targets in connection with the presentation of the Q3 Report 2010. The financial targets were updated in connection with the structural change of the Polish activities realised in March 2011 (see Company Announcement No 4/2011 of 18 March 2011).

Royal Unibrew is today a well-trimmed and efficient business that is in a good position to maintain and expand its market positions.

The starting point for Royal Unibrew's further development and achievement of the future financial targets is an effort that will be characterised by business development through continued focus on growth opportunities, innovation, sales and marketing, and by continuous efforts to improve, optimise and enhance the efficiency of Royal Unibrew.

Against this background and based on the development expectations for Royal Unibrew's main markets and for raw materials prices and exchange rates as well as the strategic main priorities for 2012, the framework for the financial targets is considered intact.

#### **EBIT margin**

The target is to increase EBIT margin to a level of about 14% in the medium term. The improvement is to be achieved by continued focus on marketing and development of products, continuous optimisation of product range and mix as well as actual operational improvements through continuous efficiency enhancement and cost control.

#### **Indebtedness**

It is Royal Unibrew's objective to maintain its indebtedness at a level which, on the one hand, satisfies the request for flexibility with respect to acting on business opportunities and maintaining independence in relation to the Group's bankers, and, on the other hand, ensures that Royal Unibrew does not come across as heavily overcapitalised.

It remains Royal Unibrew's target that net interest-bearing debt should not exceed 2.5 times EBITDA and that an equity ratio of at least 30% should be maintained.

Royal Unibrew's annual investments are expected to be at the level of 4-6% of net revenue depending on the need for maintenance, efficiency-enhancing or capacity investments, respectively.

#### **Distribution policy**

As Royal Unibrew is still expected to generate a rather significant liquidity surplus, it is the intention currently to make distributions to shareholders through a combination of annual dividend and share buy-backs taking into account the mentioned targets

for equity ratio and indebtedness, annual earnings and cash flows as well as Royal Unibrew's strategic position in general.

It is Royal Unibrew's intention to distribute annual dividend of 40 – 60% of net profit for the year.

If it is considered appropriate to further optimise the Company's capital structure, this will be effected through share buy-back programmes. It is the intention that shares bought back will be cancelled. In addition to adjusting the Company's capital structure, share buy-backs will also increase the liquidity of the Royal Unibrew share to the benefit of all shareholders.

In connection with a future sale of the brewery site in Aarhus and Van Pur's exercise, if any, of its purchase option agreement relating to Royal Unibrew's investments in Van Pur, it is the intention to increase distribution subject to the above assumptions and targets.

# EGEKILDE

## Pure force of nature

... a new communication universe for Egekilde.

A striking film and a large-scale campaign on TV, Facebook and a number of other social media consolidated Egekilde's position as a leading natural mineral water brand.

At the same time another Limited Edition was launched, this one with the very special taste of rhubarbs and raspberries, and the product portfolio was extended by a mild carbonated variety.

Learn more at [www.egekilde.dk](http://www.egekilde.dk).



# Financial Review

In 2011 solid earnings improvement was generated and debts were further reduced. The background is continued focus on development of the commercial activities in combination with continuous efficiency improvements. The earnings improvement was achieved in spite of the wet weather in the summer of 2011 and increased macroeconomic uncertainty.

## Business Changes

In March 2011 Royal Unibrew entered into an agreement with the Polish brewery group Van Pur S.A. to merge its Polish activities with Van Pur to the effect that Royal Unibrew A/S has transferred its shares of Royal Unibrew Polska Sp. z o.o. including the breweries in Lomza and Jdrzejow and has become a 20% shareholder in Van Pur S.A. After the merger, Royal Unibrew's share of the results of the Polish activities is no longer consolidated in the Consolidated Financial Statements as a subsidiary but as an associate recognised in financial income and expenses.

Royal Unibrew's shares of the Polish brewery company Perla Browary Lubelskie were not, as planned, simultaneously transferred to Van Pur S.A. Due to governance issues, Royal Unibrew kept control of the shares and therefore wrote down the carrying amount by DKK 28 million to DKK 0.

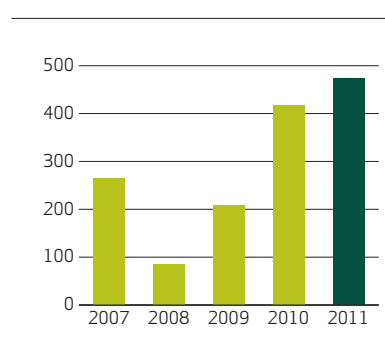
In June 2011 Royal Unibrew sold its investments in the associate Solomon Breweries Limited in the Solomon Islands. The divestment was made as part of the realisation of Royal Unibrew's objective of optimising its capital resources through divestment of non-strategic assets.

## Business Development

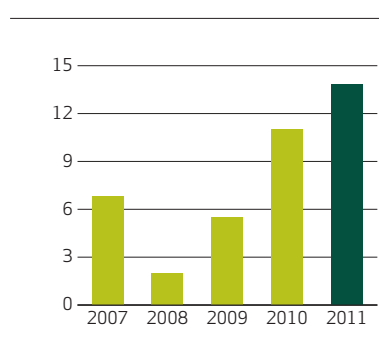
In 2011 Royal Unibrew generally strengthened its market position through continued focus on developing product and brand platforms, strengthening customer cooperation and increasing customer loyalty. This combined with continuous efficiency enhancement resulted in a significant increase in 2011 in earnings before interest and tax (EBIT) amounting to DKK 474 million, which is DKK 57 million above the 2010 figure. Profit before tax for the year amounted to DKK 461 million compared to DKK 375 million in 2010. In addition to focus on business and earnings development, all group entities also focused on optimising investments in working capital and capital investments. All in all, strong cash flow was achieved also in 2011 enabling both distribution to shareholders of DKK 262 million and reduction of interest-bearing debt by DKK 139 million.

Earnings before interest and tax (EBIT), EBIT margin and net interest-bearing debt developed as follows from 2007 to 2011:

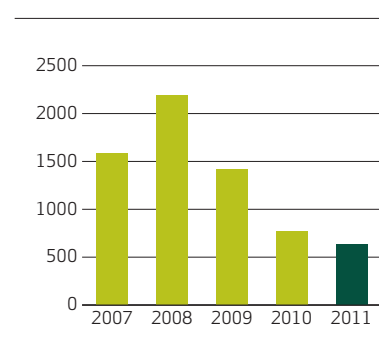
**EBIT**  
mDKK



**EBIT MARGIN**  
%



**NET INTEREST-BEARING DEBT**  
mDKK



## DEVELOPMENTS IN ACTIVITIES IN 2011 BY MARKET SEGMENTS

	Western Europe	Eastern Europe	Malt Drinks	Unallocated	Group 2011	Group 2010
Sales (thousand hectolitres)	3,311	1,932	425	-	5,668	6,643
Growth (%)	1.8	(33.9)	(8.7)		(14.7)	0.6
Share of sales (%)	58	34	8	-	100	100
Net revenue (mDKK)	2,410	629	392	-	3,431	3,775
Growth (%)	(0.6)	(33.2)	(4.3)		(9.1)	(1.1)
Share of net revenue (%)	70	18	12	-	100	100
Earnings before interest and tax (EBIT) (mDKK)	405.0	45.1	53.3	-29.2	474.2	416.9
EBIT margin (%)	16.8	7.2	13.6	-	13.8	11.0

## Income Statement

Beer and soft drinks consumption in Western Europe has been slightly declining in 2011 both due to the macroeconomic uncertainty resulting in consumer restraint and due to the wet weather in the summer of 2011, which also resulted in lower consumption in Eastern Europe. Royal Unibrew's branded products generally increased its market shares.

In 2011 sales aggregated 5.7 million hectolitres of beer, malt and soft drinks, which is 15% below the 2010 figure. Organically, sales increased by 2% as the divestment of the subsidiary in Poland in March 2011 and of the Caribbean breweries in February 2010 resulted in a 17% sales reduction from 2010. In Q4 2011 an organic sales growth of 5% was recorded. It is estimated that Q4 sales were positively affected by the introduction of list price and indirect tax increases in Denmark and list price increases in Italy at 1 January 2012.

Net revenue amounted to DKK 3,431 million compared to DKK 3,775 million in 2010 corresponding to a 9% decline. Net revenue was reduced by approx DKK 340 million related to the divestment of subsidiaries and by approx DKK 9 million as a result of

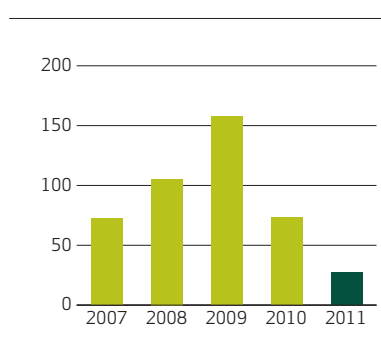
the exchange rate development. Adjusted for this, net revenue increased marginally in 2011. In Q4 2011 net revenue went up by 6% in organic terms amounting to DKK 764 million compared to DKK 720 million in 2010.

Gross profit amounted to DKK 1,745 million corresponding to a 5% decrease from 2010. Organically, the gross profit was DKK 22 million above the 2010 figure. Gross margin increased by 2.4 percentage points from 48.5% to 50.9%. 1.7 percentage points of the increase relate to the divestment in Poland. Organically, gross margin thus went up by 0.7 percentage point. Both average net selling prices and average production costs per unit volume were lower than in 2010. The lower net selling prices were due to a changed market mix and a shift of channels towards Off-Trade, which has lower average net selling prices. Higher efficiency at the breweries had a positive impact on production cost development, whereas higher input prices had a negative impact. The changed estimate of depreciation periods for property, plant and equipment made in 2010 affected gross margin positively by 0.6 percentage point.

Sales and distribution expenses amounted to DKK 1,085 million in 2011, which was DKK 115 million

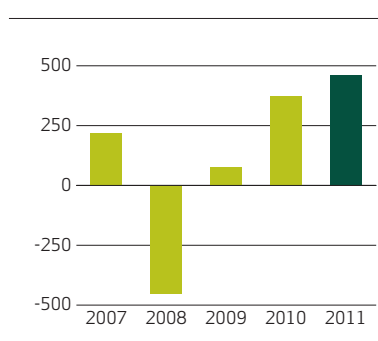
### NET FINANCIAL EXPENSES

mDKK



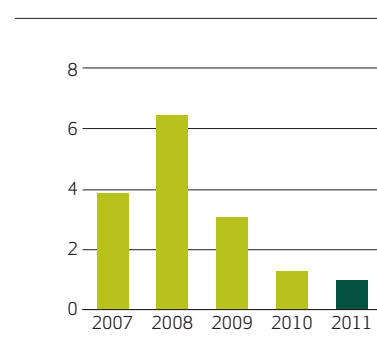
### PROFIT BEFORE TAX

mDKK



### NET INTEREST-BEARING DEBT/EBITDA

Times



below the 2010 figure (organically, DKK 42 million below the 2010 figure). The organic cost reduction was primarily due to improved efficiency in the Danish distribution but also to cost restraint following the unfavourable weather conditions at the beginning of Q3 and the payment of considerable marketing expenses in 2010 related to the launch of the Tempt cider brand. Average sales and distribution expenses per unit sold were reduced by 6% in 2011.

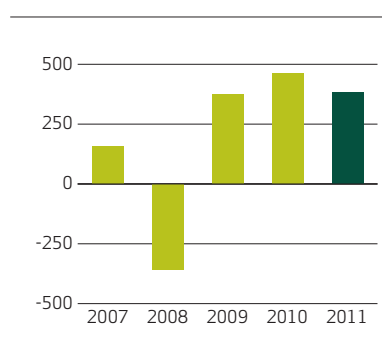
Administrative expenses were DKK 27 million lower amounting to DKK 190 million in 2011 compared to DKK 217 million in 2010. Organically, the expenses were reduced by DKK 11 million, whereas DKK 16 million related to the divested subsidiaries.

Earnings before interest, tax, depreciation and amortisation (EBITDA) remained unchanged from 2010 in 2011 amounting to DKK 601 million (Q4 DKK 121 million compared to DKK 96 million in 2010). Organically, EBITDA went up by DKK 26 million in 2011. The development in sales, distribution and administrative expenses improved EBITDA by DKK 50 million, whereas gross profit was DKK 24 below the 2010 figure.

Earnings before interest and tax (EBIT) amounted to DKK 474 million in 2011, which is DKK 57 million above the 2010 figure (organically, DKK 75 million above 2010, including DKK 28 million in Q4). Organically, significant EBIT and EBIT margin improvements were achieved in all group segments. The change of depreciation periods affected results positively by DKK 19 million, whereas profit from the sale of assets increased results by DKK 7 million. In Q4 2011 Royal Unibrew improved its earnings significantly compared to the same period of last year, which was as expected and as in the other quarters of 2011 except for Q3. Q3 was negatively affected by unusually bad summer weather in both Western and Eastern Europe.

#### FREE CASH FLOW

mDKK



Net financial expenses in 2011 amounted to DKK 13 million, which is a DKK 29 million improvement on 2010.

Net interest expenses were reduced by DKK 46 million amounting to DKK 27 million compared to DKK 73 million in 2010. The positive development in net interest expenses was due to the lower interest-bearing debt and better financing terms. Moreover, 2010 was affected by expenses of DKK 10 million relating to a change of the Group's bank facilities.

Income after tax from investments in associates was in 2011 DKK 17 million below the 2010 figure and amounted to DKK 14 million. Royal Unibrew's 2011 share of the income from Hansa Borg Bryggerier was DKK 15 million below the 2010 figure.

The profit before tax amounted to DKK 461 million compared to DKK 375 million in 2010.

Tax on the profit for the year was an expense of DKK 110 million, corresponding to a tax rate of 24%. The tax rate was positively affected by 1 percentage point from adjustments relating to prior years. In 2011 a tax income of DKK 5 million was recognised in other comprehensive income (2010: a tax expense of DKK 5 million).

The profit for the year amounted to DKK 351 million, which is a DKK 73 million improvement on the profit of DKK 278 million realised in 2010.

The profit for the year in the Parent Company amounted to DKK 358 million compared to DKK 262 million in 2010. Dividends from subsidiaries and associated companies amounted to DKK 126 million compared to DKK 66 million in 2010.

## Balance Sheet

Royal Unibrew's balance sheet amounted to DKK 2,890 million at 31 December 2011, which is a decrease of DKK 166 million from 31 December 2010. The transaction relating to the Group's Polish activities has reduced the balance sheet by approx DKK 75 million, and the sale of the investments in Solomon Breweries has reduced the balance sheet by approx DKK 30 million. Inventories and trade receivables have increased organically by approx 55 million from the end of 2010. Moreover, the balance sheet total has been reduced due to depreciation of property, plant and equipment exceeding net investments in non-current assets in 2011 and an approximate DKK 19 million reduction of cash at bank and in

hand. Working capital investments improved in 2011 as net working capital at the end of 2011 remained negative at DKK 149 million compared to a negative DKK 134 million in 2010.

The equity ratio represented 45.7% at the end of 2011 compared to 41.9% at the end of 2010. Consolidated equity amounted to DKK 1,321 million at 31 December 2011 and was increased in the period by the positive comprehensive income of DKK 302 million for the period and reduced by DKK 262 million relating to distribution to shareholders by way of dividend of DKK 139 million and share buy-back of DKK 123 million. The comprehensive income comprises the profit for the period of DKK 351 million, negative exchange rate adjustments of foreign group enterprises of DKK 4 million and a negative development in the value after tax of hedging instruments of DKK 45 million.

Net interest-bearing debt was reduced by DKK 401 million in 2011 before distribution to shareholders (2010: DKK 646 million, including DKK 187 million relating to divestment of the Caribbean breweries) amounting to DKK 631 million at 31 December 2011 (2010: DKK 770 million).

## Cash Flows

Cash flows from operating activities amounted to DKK 398 million in 2011 (2010: DKK 492 million) comprising the profit for the period adjusted for non-cash operating items of DKK 601 million (2010: DKK 601 million), negative working capital cash flows of DKK 58 million (2010: positive cash flows of DKK 64 million), net interest paid of DKK 30 million (2010: DKK 79 million) and taxes paid of DKK 115 million (2010: DKK 94 million). Strong focus remains on optimising working capital investments, particularly in relation to trade payables.

Free cash flow remained considerable in 2011 amounting to DKK 384 million compared to DKK 463 million in 2010. The DKK 79 million reduction in free cash flow is attributable to a DKK 94 million reduction in cash flows from operating activities and a DKK 2 million reduction in dividends from associates, whereas net investments in property, plant and equipment were DKK 17 million below 2010 investments. Gross investments in property, plant and equipment in 2011 were DKK 74 million compared to DKK 59 million in 2010. Initiated but not completed investments will affect gross investments in 2012 by approx DKK 60 million. Sale of property, plant and equipment amounted to DKK 49 million compared to DKK 17 million in 2010. Significant parts of the sale in 2011 were of a non-recurring nature.

## Financial Matters

In 2010 Royal Unibrew entered into a 5-year agreement with its bankers. The agreement secured Royal Unibrew strengthened capital resources and was not subject to provision of security. Furthermore, an agreement for a new 20-year mortgage credit facility was made in 2010. The related financial covenants allow Royal Unibrew considerable leeway. By far the majority of the mortgage credit facilities were hedged with respect to interest rates in 2010, which means that interest rates remain fixed in the medium term. There was focus in 2011 on optimising cash flows through eg cash pools and streamlining of transaction costs, and the counterparty risk against Italian banks was reduced.

## Brewery Site In Aarhus

As mentioned in Company Announcement No 1/2011 of 4 March 2011, Royal Unibrew has entered into a cooperation agreement with A. Enggaard A/S, Entreprenør- og Byggefirma, concerning the brewery site in Aarhus. The agreement is based on an option model. The first option comprises a building right for at least 30,000 square metres to be exercised not later than nine months after the approval of the final local plan. Conditional on the first option being exercised, the following options may be exercised for purchases in the period 2013-2016.

The realisation and timing of the total sale will thus be subject to considerable uncertainty. In Royal Unibrew's opinion – given market conditions – the cooperation model adopted creates a good basis for realising the value of the total brewery site.

At Royal Unibrew's request, the draft local plan for the brewery site was further adjusted in 2011 to match potential user needs and was approved by the municipal authorities of Aarhus on 9 November 2011. The draft local plan comprises building rights for 140,000 square metres in total distributed with 65% for business, education and culture and 35% for housing. In the Financial Statements for 2011 the brewery site has been measured as in the Financial Statements for 2010 as the fair value is not assessed to have changed materially over the past year.

## Managerial Changes

In November 2011 Lars Jensen was appointed CFO of Royal Unibrew A/S. He replaced the former CFO, Peter Ryttergaard, who had been employed since January 2010.



# Outlook

The outlook for Royal Unibrew's financial development in 2012 has been prepared taking into account a number of circumstances, including how the Company's markets are expected to be affected by the general economic activity, fiscal measures and the general uncertainty experienced by most consumers, which affects their consumption behaviour. Moreover, the outlook has been prepared taking into account the development in material expense categories as well as the effect of initiatives completed and initiated.

Management's financial performance outlook for 2012 is based on the following main assumptions:

- It is estimated that consumption in the Western European market will decline slightly. Developments in the Western European market are expected to comprise a low single-digit percentage decline in Denmark and a medium single-digit percentage decline in Italy. In Denmark increased indirect taxes on beer and soft drinks at 1 January 2012 are expected to affect the market negatively, whereas, for the same reason, Border Trade is expected to go up. In Italy we expect to see a volatile and declining market due to uncertainty resulting from negative economic growth and fiscal measures implemented and expected. Consumption in the Eastern European market is expected to be stable in both Latvia and Lithuania. Consumption of Royal Unibrew's malt drinks is generally expected to increase as a result of increased market coverage.
- Royal Unibrew's market shares on branded products are generally expected to be maintained or increased for the key brands in main markets.
- Moderate net price increases are assumed to compensate partly for increased raw materials prices.
- It is estimated that the cost inflation on a number of direct and indirect cost categories noted during 2011 will continue in 2012.
- The continuous efficiency enhancement to compensate partly for increased costs will continue in 2012.
- The prices of the key raw materials categories have been increasing in 2011. In 2011 Royal Unibrew entered into hedging agreements covering the greater part of estimated consumption in 2012, but at a higher cost level than in 2011.
- Exchange rates between DKK and other currencies are expected to remain unchanged as compared to the end of 2011.

- Depreciation and amortisation are estimated to be at the level of DKK 130 million.
- Gross investments are expected to amount to DKK 140-160 million. Phasing of the 2011 investments into 2012 affects gross investments by approx DKK 60 million.
- Calculated tax is expected to amount to approx 26%.

## OUTLOOK FOR 2012

	Outlook 2012	Actual 2011*
Net revenue (mDKK)	3,375 - 3,500	3,431
EBITDA (mDKK)	580 - 630	601
EBIT (mDKK)	450 - 500	474
Profit before tax (mDKK)		461

\* In 2011 Poland was recognised with revenue of DKK 50 million, EBITDA of DKK 1 million and EBIT of DKK 0 million.

The Board of Directors proposes distribution in 2012 by way of dividend of DKK 17 per share and expects to initiate a share buy-back of DKK 125 million in May 2012. This corresponds to expected total distribution of DKK 350 million in 2012 including DKK 45 million from the ongoing share buy-back programme, which is DKK 88 million above the 2011 distribution.

## Statements about the future

This Annual Report contains "forward-looking statements". Undue reliance should not be placed on forward-looking statements because they relate to and depend on circumstances that may or may not occur in the future and actual results may differ materially from those in forward-looking statements. Forward-looking statements include, without limitation, statements regarding our business, financial circumstances, strategy, results of operations, financing and other plans, objectives, assumptions, expectations, prospects, beliefs and other future events and prospects. We undertake no obligation, and do not intend to publicly update or revise any of these forward-looking statements, whether to reflect new information or future events or circumstances or otherwise.

# The Most Important Brands

## Western Europe



## Eastern Europe



## Malt Beverages

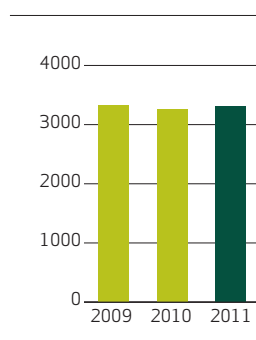


# Western Europe

Significant earnings increase in spite of rainy summer – due to focused business development, value management and enhanced efficiency.

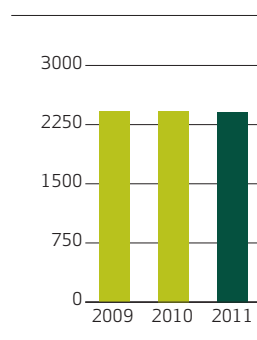
## SALES

t hectolitres



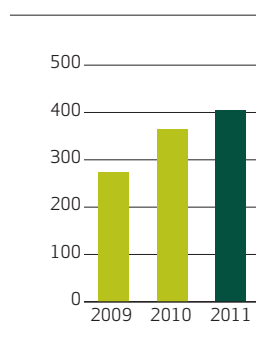
## NET REVENUE

mDKK



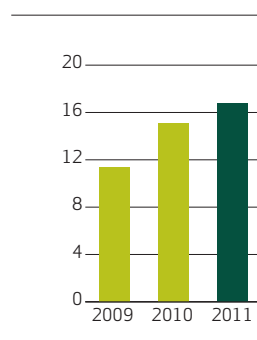
## EBIT BEFORE SPECIAL ITEMS

mDKK



## PROFIT MARGIN

(%)



The Western Europe segment comprises the markets for beer and soft drinks in Denmark and the Nordic countries, Germany and Border Trade as well as Italy. In 2011 Western Europe accounted for 58% of group sales and for 70% of net revenue (2010: 49% and 64%, respectively).

In 2011 sales in Western Europe went up by 2% from 2010. Royal Unibrew's market shares on branded beer and soft drinks increased or were maintained. The sales development was stronger than the net revenue development. The positive sales development was realised in spite of tough competition and a very rainy summer.

Earnings before income and tax (EBIT) increased by DKK 40 million from DKK 365 million in 2010 to DKK 405 million in 2011 and EBIT margin increased by 1.7 percentage points to 16.8%.

Earnings were positively affected by the sales increase, and production costs and distribution expenses were lower than in 2010 due to higher efficiency, including adjustment of the number of distribution terminals, as well as a changed estimate of depreciation periods. Moreover, 2011 was not affected by expenses for launching the Tempt cider brand. Conversely, earnings were negatively affected by higher input prices from Q2, bad weather in the peak season, tough price competition and a changed market mix.

## WESTERN EUROPE

	Actual 2011		Change from 2010	
	Net revenue (mDKK)	Sales (t hectolitres)	Net revenue (%)	Sales (%)
Denmark	1,193	1,516	0	3
Italy	650	437	(4)	(3)
Germany and Border Trade	543	1,296	1	3
Nordic countries	24	62	(5)	(3)
<b>Total Western Europe</b>	<b>2,410</b>	<b>3,311</b>	<b>(1)</b>	<b>2</b>

## DENMARK

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### Profile

Royal Unibrew is the number two provider of beer and soft drinks in Denmark in terms of size. In the Danish beer market, Royal Unibrew offers a combination of strong international, national and local brands. Royal and the international licence brand Heineken are offered to the entire Danish market, whereas brands like Albani, Ceres and Thor are offered in areas with strong local rooting.

Within soft drinks, Royal Unibrew offers its own brands as well as licence-based brands. Own brands comprise Faxe Kondi, which is the leading brand in the lemon/lime segment, as well as Nikoline. The Pepsi Group products, including Pepsi, Pepsi Max, 7UP and the Mirinda products, are bottled/canned and distributed on the basis of licence agreements.

Within the spring water and natural mineral water segment, Egekilde has captured a leading position in the Danish market. Egekilde was developed and launched in 2006, and since then a number of taste varieties have been launched, including citrus, cranberry and blueberry/pomegranate.

Royal Unibrew has breweries in Faxe and Odense, from which the market is supplied through the Company's own nationwide distribution system.

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### Developments in 2011

It is estimated that the total consumption of branded beer declined by approx 1% in 2011, whereas it is estimated that consumption of branded soft drinks increased by approx 3%. Both beer and soft drinks consumptions were negatively affected by the weather conditions in the peak season.

Royal Unibrew's total sales in Denmark increased by 3%, whereas net revenue remained unchanged from 2010. Sales increased in spite of the rainy summer and increased campaign activity. The said factors affected average revenue per unit negatively; however, the net revenue realised was at the 2010 level. It is estimated that sales in Q4 2011 were positively affected by the introduction of list price and indirect tax increases at 1 January 2012.

Royal Unibrew maintained or expanded its market shares on both branded beer products and branded soft drinks products in 2011. A continued significant marketing effort and innovative measures, including new product launches, contributed to this.

The key innovative measure of the year was the launch of Royal [PLSNR] in the Royal range. Moreover, a number of line extensions were launched, including new taste varieties of Nikoline, Egekilde and Tempt, whereas the Albani range was extended by Odense 1859. The soft drinks position in the On-Trade segment was reinforced through the launch of a new 25-centilitre profiled glass bottle. At the same time, Faxe Kondi Free was introduced.

Finally, the two consumer-involving campaigns, "Tak Rock" (Thank You, Rock) for Royal Beer and the Faxe Kondi "Vær med" (Join in) campaign, continued successfully in 2011.

### Egekilde

Egekilde takes its rise deep down below the old oak trees in a forest in South Sealand. The pure, crystal clear water from the spring gives a fresh and authentic taste. Egekilde comes in several varieties.



## ITALY

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### Profile

Ceres Strong Ale is among the market leaders in Italy in the super premium segment and holds a considerable market share. Ceres Strong Ale is available at about 75% of the estimated 175,000 On-Trade outlets.

The Italian organisation is focused on sales and marketing as Ceres Strong Ale is brewed in Denmark and exported to Italy. The sales efforts are directed at the largest retail chains as well as wholesalers servicing customers in the On-Trade segment who also handle physical distribution.

Moreover, Royal Unibrew sells Ceres Red Erik in the super premium segment as well as the lager beers Ceres Top Pilsner and Faxe in the mainstream segment.

In Italy Royal Unibrew focuses on intensive and continuous marketing aimed at consumers by means of TV commercials and the social media as well as trade marketing activities to sustain and expand Ceres Strong Ale's market position as a leading brand in its segment.

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### Developments in 2011

In Italy Royal Unibrew's sales and net revenue decreased by 3% and 4%, respectively, in 2011 in a flat market. In 2011 the Italian market was affected by a shift in the sales channel mix from On-Trade towards Off-Trade and was also characterised by increased focus on price reductions to the trade. In that connection Royal Unibrew selectively increased its commercial activity towards certain parts of the trade.

In Q4 2011 above normal market volatility was seen, which indicates generally increased uncertainty in the market. It is estimated that Royal Unibrew's Q4 sales were positively affected by the introduction of list price increases at 1 January 2012.

Continuous efforts were directed at reinforcing the positioning of Ceres Strong Ale through targeted sales and marketing activities. In the autumn a new evolutionary communication platform was launched in a number of social media for the purpose of involving consumers in a new and innovative way. In 2012 the campaign will be extended to include TV commercials.

### Red Erik

In 2011 the market identity and positioning of Red Erik, one of Royal Unibrew's appealing products in Italy, were strengthened through the launch of a new profiled bottle supporting the exclusiveness of the product.



## GERMANY AND BORDER TRADE

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### Profile

Royal Unibrew exports a number of products to Germany and supplies Off-Trade customers who deliver to the Border Trade as well as Off-Trade customers in the German market in general.

In the Border Trade Royal Unibrew primarily sells the beers Royal, Thor and Slots and the soft drinks Egekilde and Faxe Kondi.

The German Off-Trade customers are primarily serviced with Faxe.

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### Developments in 2011

In the German market and in the Border Trade sales went up by 3% in 2011, whereas net revenue was 1% above the 2010 figure.

Royal Unibrew's total market share in the German beer market is estimated to have increased in 2011.

In the Border Trade Royal [PLSNR] was launched in 2011.

The German market has been characterised by tough competition.



### Royal [PLSNR] and Royal Export

In 2011 the Royal family in the Border Trade was complemented by the new popular Royal [PLSNR]. Royal Export remains one of Royal Unibrew's key brands in the Border Trade.



# New refreshing Royal [PLSNR]

[PLSNR] is the new lager from Royal Unibrew. It is brewed under a new refreshing recipe and has an edged, young attitude spiced with a new design. A number of consumer tests show a significant taste preference for [PLSNR] as compared to competing products.

[PLSNR] was launched in the autumn of 2011 through the “Best in Test” campaign and massive efforts to reach consumers through the distribution of more than 30,000 samples.

Consumers received [PLSNR] very well, and sales of the new lager have increased materially since the launch.

Learn more at [www.royalunibrew.com](http://www.royalunibrew.com).

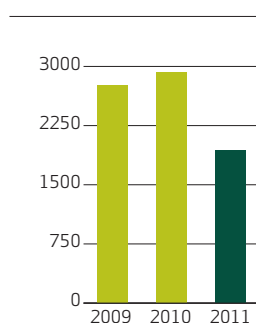


# Eastern Europe

Focus on the Baltic countries following reorganisation of activities in Poland. Royal Unibrew has increased or defended its market shares in 2011 through a strengthened brand portfolio.

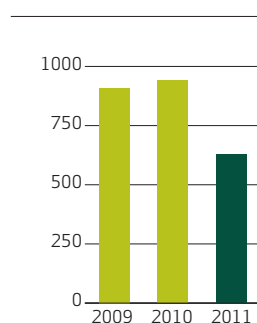
## SALES

t hectolitres



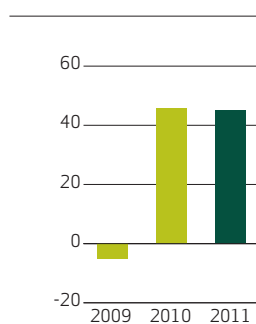
## NET REVENUE

mDKK



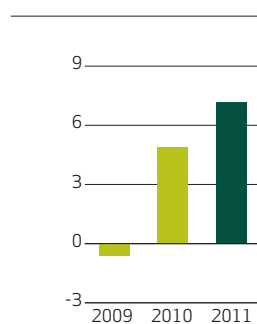
## EBIT BEFORE SPECIAL ITEMS

mDKK



## PROFIT MARGIN

(%)



Following the sale in March 2011 of the shares of the Group's Polish subsidiary Royal Unibrew Polska to Van Pur, the Baltic countries represent the key element in the Eastern European segment. Royal Unibrew was remunerated by 20% of the shares of Van Pur, and the results of the Polish activities are recognised in financial income and expenses as income after tax from the Group's share of Van Pur.

The Eastern Europe segment now comprises the markets for beer, fruit juices and soft drinks in the Baltic countries as well as the export market in Russia.

In 2011 Eastern Europe accounted for 34% of group sales and for 18% of net revenue (2010: 44% and 25%, respectively).

Sales declined by 34% in 2011, whereas net revenue in the segment was 33% below the 2010 figure.

The combination of Royal Unibrew Polska with Van Pur reduced sales by 39% and net revenue by 37%.

Organic sales and net revenue growth were 5% and 4%, respectively, in 2011.

The positive development was realised in spite of the summer weather in 2011 being below standard, whereas it was unusually good in 2010. For the continuing entities sales went up by 2% in 2011, whereas net revenue was 0.4% higher than in 2010.

## EASTERN EUROPE

	Actual 2011		Change from 2010	
	Net revenue (mDKK)	Sales (t hectolitres)	Net revenue (%)	Sales (%)
Lithuania	313	856	(1)	3
Latvia	260	911	3	2
Poland	50	160	(86)	(87)
Other markets	6	5	(36)	(10)
<b>Total Eastern Europe</b>	<b>629</b>	<b>1,932</b>	<b>(33)</b>	<b>(34)</b>

Consumption in the Baltic markets was increasing in 2011, whereas, due to the competitive environment, the price level was below that of 2010.

Royal Unibrew generally estimates having increased or maintained its market shares.

Licence activities in Russia developed as expected, and Royal Unibrew's partner in this market increased volumes continuously.

Earnings before interest and tax (EBIT) in 2011 were at the 2010 level, whereas EBIT margin went up from 4.9% to 7.2%. Organically, EBIT improved by DKK 17 million, DKK 14 million of which relates to Poland. EBIT in the Baltic countries was thus DKK 3 million above the 2010 figure being positively affected by the lower production costs and distribution expenses achieved through higher supply chain efficiency and as a result of a changed estimate of depreciation periods. The lower sales in the peak season and the lower net selling prices affected the figure negatively.



### Livu - a new profile bottle

In March 2011 the new profile bottle was launched for the Livu brand in Latvia.

## THE BALTIC COUNTRIES

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### Profile

Royal Unibrew's Kalnapilio-Tauro Grupe is the second largest brewery in Lithuania holding considerable market positions within both beer and soft drinks. The activities in Lithuania were established in 1999 through the acquisition of the Vilnius Taurus brewery and were later expanded through the acquisition of the country's third largest brewery, Kalnapilis, in 2001.

In the Lithuanian beer market, Royal Unibrew markets the Kalnapilis and Taurus brands, which are national brands, as well as Faxe, which is a leading international brand in the market. Cido is the number three fruit juice brand in Lithuania in terms of size.

The organisation in Lithuania handles sales and distribution to the Off-Trade segment as well as the On-Trade segment through its own nationwide distribution system.

In Latvia Royal Unibrew is the market leader on fruit juices and soft drinks and the number three, close behind number two, provider of beer. In 2004, Royal Unibrew acquired Cido, which was the largest provider of soft drinks in Latvia, and a leading provider of beer, Lacpleša Alus. In 2007, the platform in Latvia was extended through the acquisition of Livu Alus, which was the number three provider of beer in Latvia.

Within soft drinks, a series of fruit juice products is offered under the Cido brand, which is one of Latvia's most well-known brands. Moreover, mineral water under the Mangali brand is sold primarily as natural mineral water, and under the Fruts brand a number of nectar drinks are sold. As regards beer, the key brands are Lacplešis and Livu.

The organisation in Latvia handles sales and distribution to the Off-Trade segment as well as the On-Trade segment through its own nationwide distribution system.

Estonia is a new market for Royal Unibrew, and activities are developing satisfactorily following establishment of an own sales organisation.

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### Developments in 2011

In Lithuania total beer consumption in 2011 is estimated to have increased by approx 5%, whereas it is estimated that the total fruit juice and soft drinks consumption has declined slightly from 2010. It is estimated that Royal Unibrew has maintained its branded beer and fruit juice market shares.

In Latvia it is estimated that in 2011 both beer consumption and fruit juice and soft drinks consumption remained unchanged from 2010. Royal Unibrew increased its market share for branded beer, and it is estimated that the Group has defended its market shares for fruit juices and soft drinks.

In the Baltic countries product innovation remained a high priority, and expectations of the two new brand beer concepts Alfie and Ralph were met. In Lithuania Royal Unibrew acquired the Vilkmarges brand, which strengthened the total product portfolio. In connection with the European basketball championships in Lithuania Kalnapilis was in the spotlight as a sponsor through a complete activation programme.

In Latvia both beer brands, Lacplešis and Livu, were launched in profiled bottles in 2011 with a view to enhancing consumers' quality experience. New taste varieties of fruit juices and soft drinks were launched, whereas the Mangali series was extended by a slightly carbonated product line. A new communication platform was launched for the Lacplešis brand, which contributed to a market share increase.

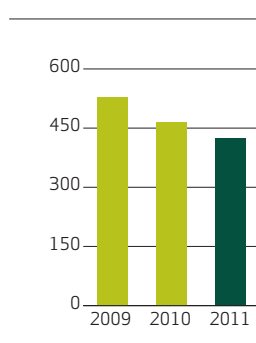
Developments in Estonia were satisfactory, through, among other things, the launch of the local beer brand Meistrīti Gildi.

# Malt Beverages

Development of new markets resulted in earnings improvement in spite of reorganisation of the distribution structure in Europe in 2011 affecting earnings development negatively.

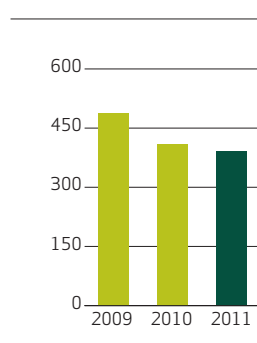
## SALES

t hectolitres



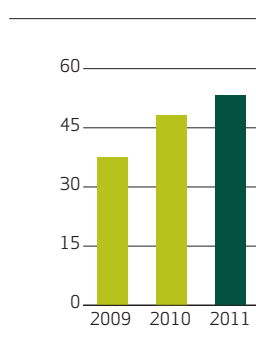
## NET REVENUE

mDKK



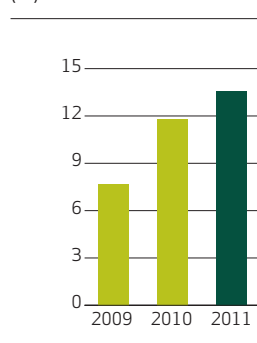
## EBIT BEFORE SPECIAL ITEMS

mDKK



## PROFIT MARGIN

(%)



The Malt Beverages segment (previously Malt and Overseas Markets) comprises the Group's distribution company in the Caribbean, the export and licence business for malt beverages as well as beer exports to other markets.

In 2011 sales and net revenue represented 8% and 12%, respectively, of group sales and net revenue (2010: 7% and 11%, respectively).

Sales decreased by 9% in 2011, whereas net revenue in the segment was 4% below the 2010 figure. Organically (adjusted for the divestment of the Caribbean breweries in 2010), sales and net revenue in 2011 were 7% and 2%, respectively, below the 2010 figure.

Moreover, net revenue in 2011 was negatively affected by exchange rate adjustments of DKK 9 million, corresponding to 2%.

Earnings before interest and tax (EBIT) amounted to DKK 53 million in 2011, which is DKK 5 million above the 2010 figure, and EBIT margin was 13.6% compared to 11.8% in 2010. Adjusted for exchange rate developments, EBIT was DKK 14 million higher in 2011, and EBIT margin increased by 4 percentage points.

## MALT BEVERAGES

	Actual 2011		Change from 2010	
	Net revenue (mDKK)	Sales (t hectolitres)	Net revenue (%)	Sales (%)
The Americas	241	188	0	(7)
Europe	60	77	(32)	(31)
Africa and other markets	91	160	11	5
<b>Total Malt Beverages</b>	<b>392</b>	<b>425</b>	<b>(4)</b>	<b>(9)</b>

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## Profile

The business area Malt Beverages comprises an export and licence business, primarily of non-alcoholic malt beverages.

Royal Unibrew has several internationally strong malt drinks brands, and these are marketed in the premium segment. Vitamalt is assessed to be the number three malt brand in terms of size, whereas Supermalt and Powermalt are strong in individual markets.

The key market areas for Royal Unibrew's malt drinks are countries in Africa and the Caribbean as well as ethnic groups from these areas living in and around major cities in Europe and the USA.

The malt beverages markets are supplied either by exports from Royal Unibrew's Danish breweries or on the basis of licence agreements.

In the UK and in Guadeloupe and Martinique, the export activities are supported by own sales companies.

In order to expand the distribution of the Vitamalt brand, Royal Unibrew has entered into agreements on licence production of Vitamalt with local brewery companies.

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**The Americas** comprise the Caribbean, the USA and Canada. During the year the business was expanded to Panama, which is Royal Unibrew's first market area in Central America. The divestment of the Caribbean breweries in 2010 reduced sales by 5% and net revenue by 4%, and USD rate developments reduced net revenue by an additional 3% in 2011. Adjusting for these factors, sales were 2% lower in 2011 than in 2010, while net revenue increased by 7%.

In **Europe**, as expected, sales and revenue decreased compared to 2010. The decrease is the result of a reduction of the inventories accumulated by some distributors in 2010. The reduction was an element in Royal Unibrew's change of the distribution structure, which will in future strengthen business development.

In **Africa** and in the **Other markets** of the segment, Royal Unibrew's activities continued to develop positively in 2011 as expected. Sales and net revenue increased by 5% and 11%, respectively, in 2011. Africa showed considerable growth in both existing and new markets, whereas both sales and revenue declined in the Middle East due to the unrest experienced in the area.



## Vitamalt

Vitamalt is our leading international non-alcoholic premium malt brand.



# Faxe Kondi

Through continuous branding and activation of consumers, Faxe Kondi achieved an even stronger market position.

The popular "Vær med" (Join in) football relay race was also carried out in 2011, and more than 5,000 consumers joined in dribbling a football through Denmark. The finals in Tivoli were transmitted on national TV, and Faxe Kondi has more than 130,000 followers on Facebook.

In 2011 the Faxe Kondi family was complemented by Faxe Kondi Free (no calories) replacing Faxe Kondi Light; the change from Light to Free generated large sales increases.

Learn more at [www.kondi.dk](http://www.kondi.dk).

# Shareholder Information

Royal Unibrew wants to keep its shareholders continuously up-to-date on the Company's development and also to increase interest in the Company on the stock market. Therefore, Royal Unibrew emphasises providing timely and adequate information on its objectives and strategy, business activities and the development in the Company's markets.

Share capital, DKK	111,864,980
Number of shares	11,186,498
Denomination	DKK 10
Number of share classes	1
Restriction of voting right	None
Place of listing	NASDAQ OMX Copenhagen A/S
Short name	RBREW
ISIN code	DK10242999
Bloomberg code	RBREW DC
Reuter code	RBREW.CO
Index	MidCap

Each share of DKK 10 carries one vote. Any shareholder registered in the Company's register of shareholders is entitled to vote.

The shares are listed on NASDAQ OMX Copenhagen A/S, and Royal Unibrew is included in the Midcap index.

At the end of 2011, the price of the Royal Unibrew share was 321.5 compared to 332.0 at the end of 2010. Royal Unibrew's market capitalisation amounted to DKK 3,596 million at the end of 2011 compared to DKK 3,714 million at the end of 2010.

## Share information

The Board of Directors has been authorised to increase the Company's share capital on one or several occasions by up to a nominal amount of DKK 11,000,000 in the period to 1 May 2012. Moreover, the Board of Directors has been authorised to buy back shares for treasury up to 10% of the share capital.

The Board of Directors cannot without prior adoption at the general meeting decide to issue shares or acquire shares for treasury.

## Change of control

The realisation of a takeover bid resulting in change of control of the Company will entitle a few trading partners and lenders to terminate trading agreements made. For a description of agreements with Company Management, reference is made to the section "Remuneration".

## DEVELOPMENT IN ROYAL UNIBREW'S SHARE CAPITAL

DKK ' 000	2011	2010	2009	2008	2007
Share capital 1/1	111,865	111,865	56,000	59,000	61,800
Capital reduction				(3,000)	(2,800)
Capital increase			55,865		
Share capital 31/12	111,865	111,865	111,865	56,000	59,000

### Share buy-back in 2011

At the AGM on 29 April 2011, the Board of Directors was authorised to buy back shares for up to 10% of the total share capital.

At the end of April 2011, the Board of Directors of Royal Unibrew initiated a share buy-back. The share buy-back programme was completed in October 2011 (see Company Announcement No 40/2011 of 28 October 2011). Under the share buy-back programme, 352,374 shares were bought back corresponding to 3.1% of the share capital at a total market value of DKK 110 million.

In connection with the presentation of the Interim Report for the period 1 January – 30 September 2011, the Board of Directors of Royal Unibrew A/S decided to initiate an additional share buy-back realised in the period from 1 December 2011 to 27 April 2012 at the latest. At 31 December 2011, 41,772 shares of a total market value of DKK 13 million had been bought back under this programme.

The share buy-back programmes were established and structured in accordance with the so-called Safe Harbour method, which ensures that the Company is protected against violation of insider legislation during the buy-back process.

Royal Unibrew's total share buy-back in the period from 29 April to 31 December 2011 thus comprises 394,146 shares of a total market value of DKK 123 million.

Royal Unibrew now holds a total of 500,820 treasury shares of a nominal value of DKK 10 each, corresponding to 4.5% of the Company's share capital. The total number of shares of the Company is 11,186,498 including treasury shares.

In connection with the Company's AGM, the Board of Directors will propose that the share capital will be reduced by cancelling any treasury shares not utilised to fulfil the Group's previous option programme.

### Ownership

At the end of 2011, Royal Unibrew had approx 17,000 registered shareholders holding together 87% of the total share capital.

According to the latest Company Announcements or other public announcements, the following shareholders hold more than 5% of the share capital:

Shareholder	End of februar 2012	End of februar 2011
Chr. Augustinus Fabrikker, Denmark	10.4 %	10.4 %
ATP, Denmark	5.0 %	7.2 %
Stodir, Iceland	-	5.9 %
SKAGEN Fondene AS, Norway	8.7 %	5.6 %

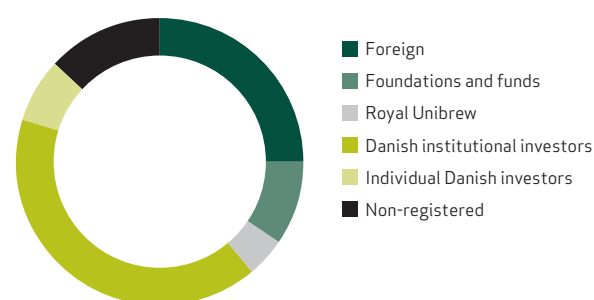
Members of the Board of Directors and the Executive Board are governed by Royal Unibrew's insider rules, and their share transactions are subject to a notification requirement. Individuals with inside information as well as their spouses and children below the age of 18 may trade Royal Unibrew shares only when the Board of Directors has announced that the window for trading shares is open (and when they do not, incidentally, have inside information). This normally applies for a period of four weeks following an announcement of financial results.

At 31 December 2011, directors held 2,482 shares of the Company, and members of the Executive Board held 103,694 shares, corresponding to a total of 1% of the share capital.

At 31 December 2011, Royal Unibrew held 500,820 treasury shares, corresponding to 4.5% of the share capital.

### BREAK-DOWN OF SHAREHOLDERS AT THE END OF 2011

%



### General meeting

The Company's AGM will be held on 30 April 2012, at 4 pm at Toldboden in Copenhagen.

At the Extraordinary General Meeting of Royal Unibrew on 11 October 2010, the possibility of electronic communication with the Company's shareholders was provided for, including communication in connection with the holding of general meetings. In January 2011, all registered shareholders received a letter explaining how communication may hence-



forth be received electronically. The coming AGM will be convened electronically, and information on the registration for electronic communication is provided at Royal Unibrew's website [www.royalunibrew.com](http://www.royalunibrew.com) under investor.

Registration of shareholder's name is effected by contacting the bank holding the shares in safe custody.

### Board of Directors resolutions and proposed resolutions for the AGM

The Board of Directors will propose that the AGM authorise the Board of Directors to buy back shares corresponding to up to 10% of the share capital, such authorisation being in force for the period up until the next AGM. The Board also proposes that the Board of Directors be authorised to realise capital increases by up to a nominal amount of DKK 11 million, corresponding to approx 10% of the share capital, in the period until 30 April 2017, and that the authorisation by the AGM to increase the capital be incorporated into the Company's Articles of Association.

The Board of Directors also proposes that the Articles of Association be amended to the effect that individuals who have reached the age of 70 cannot be nominated for election or re-election to the Company's Board of Directors.

Moreover, the Board of Directors proposes distribution of dividend of DKK 190 million for the 2011 financial year, corresponding to DKK 17 per share.

### DIVIDEND DATES FOR 2012

Resolution at AGM	30 April 2012
Last trading day with right to dividend for 2011	30 April 2012
First trading day without right to dividend for 2011	1 May 2012
Distribution of dividend	7 May 2012

### Investor Relations activities

Royal Unibrew aims at ensuring open and timely information to its shareholders and other stakeholders.

A number of activities are carried out continuously to ensure good contacts with the Company's stakeholders. In 2011 Royal Unibrew held four webcasts in connection with the publication of the Annual Report 2010, the Q1 Report, H1 Report and Q3 Report 2011, respectively. Moreover, Royal Unibrew holds analyst and investor meetings in both Denmark and abroad in connection with the publication of Interim and Annual Reports.

Furthermore, in January 2011 Royal Unibrew participated in the SEB Enskilda Annual Nordic Seminar in Copenhagen.

Webcasts and presentations from webcasts and seminars are accessible at Royal Unibrew's website, [www.royalunibrew.com](http://www.royalunibrew.com) under investor.

### THE ROYAL UNIBREW SHARE IS FOLLOWED BY:

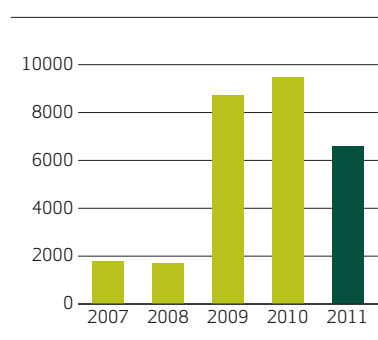
Firm of analysts	Analyst
ABG Sundal Collier	Michael K. Rasmussen
Alm. Brand	Stig Nymann
Carnegie	Jesper Breitenstein
Danske Markets	Kristian Godiksen
Handelsbanken	Casper Blom
Jyske Bank	Jens Houe Thomsen
Nordea Bank	Hans Gregersen
Nykredit Markets	Ricky Steen Rasmussen
SEB Enskilda Securities	Søren Samsøe
Sydbank	Morten Imsgaard

### Share trading at NASDAQ OMX

In 2011 a total of 6,590,410 shares were traded at NASDAQ OMX Copenhagen, corresponding to 59% of the weighted number of shares (source: NASDAQ OMX).

### VOLUME OF TRADE

Shares '000



### FINANCIAL CALENDAR FOR 2012

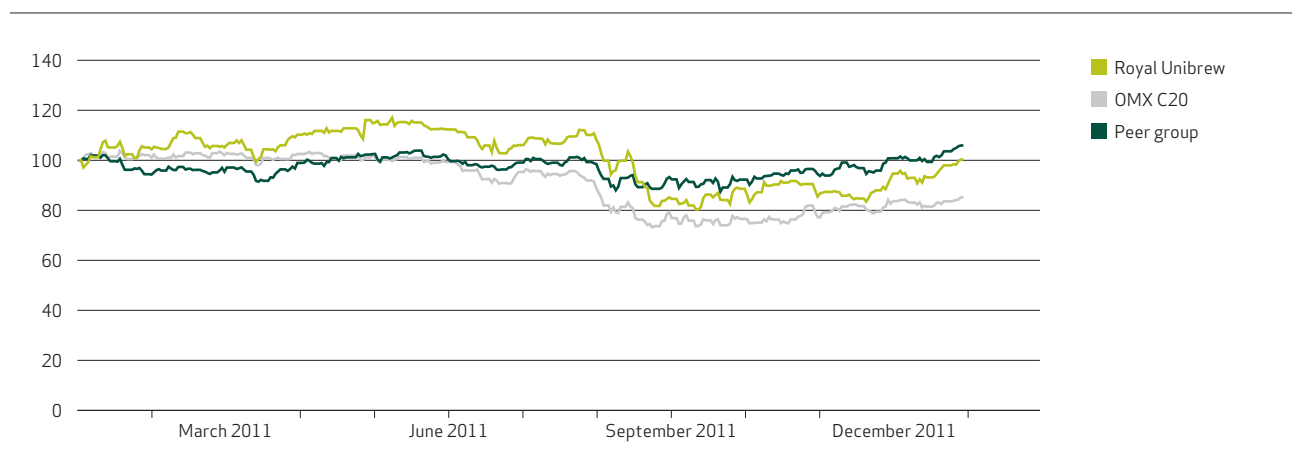
9 March 2012	Annual Report 2011
30 April 2012	Interim Report for the period 1 January - 31 March 2012 AGM in Copenhagen
28 August 2012	Interim Report for the period 1 January - 30 June 2012 (change as compared to the date previously announced)
16 November 2012	Interim Report for the period 1 January - 30 September 2012

## SHARE RATIOS

Per share - DKK	2011	2010	2009	2008	2007
Royal Unibrew A/S' share of earnings per share	31.8	25.1	5.8	-89.0	26.4
Royal Unibrew A/S' diluted share of earnings per share	31.8	25.1	5.8	-89.0	26.2
Cash flow per share	36.4	44.4	62.0	19.0	26.3
Diluted cash flow per share	36.4	44.4	62.0	19.0	26.1
Year-end price per share	321.5	332.0	139.0	118.5	534.0
Dividend per share	17.0	12.5	0.0	0.0	10.0
Number of shares	11,186,498	11,186,498	11,186,498	5,600,000	5,900,000

## SHARE PERFORMANCE

Index



Note: The peer group consists of Carlsberg, Heineken, SABMiller and Anheuser-Busch InBev.

## ANNOUNCEMENTS TO NASDAQ OMX COPENHAGEN

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4 March 2011	01/2011	Royal Unibrew enters into conditional agreement on brewery site in Aarhus
9 March 2011	02/2011	Royal Unibrew's Annual Report 2010
14 March 2011	03/2011	Reporting according to the Danish Securities Trading Act section 28a
18 March 2011	04/2011	Final realisation of merger between Van Pur and Royal Unibrew
30 March 2011	05/2011	Notice of the Annual General Meeting
6 April 2011	06/2011	Reporting according to the Danish Securities Trading Act section 28a
28 April 2011	07/2011	Interim Report for 1 January - 31 March 2011
28 April 2011	08/2011	Annual General Meeting 2011
2 May 2011	09/2011	Major shareholder information pursuant to section 28 of the Danish Securities Trading Act
2 May 2011	10/2011	Articles of Association
19 May 2011	13/2011	Royal Unibrew has accepted conditional offer to sell Solomon Breweries Ltd. shares
6 June 2011	17/2011	Completion of the sale of shares in Solomon Breweries Ltd
24 August 2011	29/2011	Interim Report for 1 January - 30 June 2011
24 August 2011	30/2011	Financial Calendar 2012
28 October 2011	40/2011	Completion of Share Buy-Back Programme
30 November 2011	41/2011	Interim Report for 1 January - 30 September 2011
30 November 2011	42/2011	Royal Unibrew appoints new CFO
5 December 2011	44/2011	Reporting according to the Danish Securities Trading Act section 28a
12 January 2012	03/2012	Employee Representation on the Board in Royal Unibrew A/S
6 February 2012	08/2012	Major shareholder information pursuant to section 29 of the Danish Securities Trading Act
2 March 2012	12/2012	Financial Calendar 2012

In addition to the Company Announcements mentioned above, weekly Company Announcements on the share buy-back programme have been issued in the period 9 May 2011 – 24 October 2011 and 1 December 2011 – 9 March 2012.

### IR contacts

Shareholders, analysts, investors, stockbrokers and other stakeholders who have questions concerning Royal Unibrew may contact:

Royal Unibrew  
Faxe Allé 1  
DK-4640 Faxe

### Contacts

Lars Jensen, CFO (responsible for IR)  
lars.jensen@royalunibrew.com

Ginette Maasbøl (daily IR contact)  
ginette.maasbol@royalunibrew.com

Telephone: 45 56 77 15 12

# “Look after your Lacplēsis”

In the spring of 2011 a new creative communication platform for Lacplēsis was launched under the heading “Look after your Lacplēsis”.



An intensive campaign was carried out through a number of media, eg on TV, the Internet and in associations, to support the launch of the new Lacplēsis Gaisais.

The campaign was received well by consumers and contributed towards increasing the awareness of Lacplēsis as well as towards increasing the market share.



# Corporate Governance

Royal Unibrew Management emphasises corporate governance, and the Company's management systems are continuously assessed and developed. The objective is to ensure that Royal Unibrew meets its obligations to shareholders, customers, employees, authorities and other stakeholders in the best possible way and that long-term value creation is supported.

The Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen, current legislation and regulation in the area, best practice and internal rules provide the framework for Royal Unibrew's corporate governance.

With only few exceptions described below on page 39, Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen.

An all-in description of Royal Unibrew's corporate governance practice is provided at the Company's website <http://investor.royalunibrew.com/governance.cfm>.

## Diversity

Royal Unibrew aims at promoting diversity, which includes achieving a reasonable representation of women, both on the Board of Directors and on the top management team, based on a wish to strengthen the versatility and total competences of the business and to improve decision-making processes.

The international management team of Royal Unibrew – comprising the Executive Board and the executives just below – is composed of 65% men and 35% women. When new executives are recruited, emphasis is placed on identifying candidates of both genders without discrimination, and Royal Unibrew is seeking to encourage female candidates' interest in taking on managerial tasks.

At present, all directors of Royal Unibrew elected by the general meeting are men, while the directors elected by the employees are two men and one woman.

It is the Board of Directors' objective that its members should, to the widest extent possible, complement each other in terms of age, background, nation-

ality, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew. These matters are assessed when the nomination committee identifies new candidates for the Board of Directors, and it is an objective of the committee to identify both male and female candidates. However, recommendation of candidates will always be based on an assessment of the individual candidates' competences and how they match Royal Unibrew's needs and contribute to the overall efficiency of the Board.

The target is to increase the share of women on the management team to approx 40% and on the AGM elected part of the Board of Directors to approx 20% over the coming years.

## Shareholder and stakeholder relations

Royal Unibrew's Management wants and works actively to maintain good and open communication and dialogue with its shareholders and other stakeholders. The Company believes that a high level of openness in the communication of information on the Company's development supports the Company's work and a fair valuation of the Company's shares. The Group's openness is limited only by the duties of disclosure of NASDAQ OMX Copenhagen and by competitive considerations.

The dialogue with and communication to shareholders and stakeholders take place by the issuing of Interim Reports and other announcements by the Company, via webcasts, meetings with investors, analysts and the press. Interim Reports and other announcements are accessible at Royal Unibrew's website immediately after being published. Our website also includes material used in connection with investor presentations and webcasts.

According to the Articles of Association of the Company, general meetings shall be convened not more

than five weeks and not less than three weeks prior to the general meeting. It is an objective to formulate the notice convening the meeting and the agenda so as to give shareholders an adequate presentation of the business to be transacted at the general meeting. Proxies are limited to a specific general meeting and are formulated in such a way as to allow absent shareholders to give specific proxies for individual items of the agenda. All documents relating to general meetings are published at Royal Unibrew's website.

Each share denomination of DKK 10 entitles the holder to one vote. Royal Unibrew's shares are not subject to any restrictions of voting rights, and the Company has only one class of shares.

### Work of the Board of Directors

The Board of Directors handles overall strategic management, financial and managerial supervision of the Company as well as continuous evaluation of the work performed by the Executive Board on behalf of the shareholders.

The Board of Directors performs its work in accordance with the Rules of Procedure of the Company governing the Board of Directors and the Executive Board. These Rules of Procedure are reviewed and updated regularly by the full Board of Directors.

The directors meet for four annual ordinary board meetings, one of which focuses on the Company's strategic situation and prospects. In addition, the directors meet when required. In 2011 five board meetings were held and there were no absentees at any of the meetings.

The Board of Directors has established the following committees:

#### Nomination committee

The nomination committee consists of the Company's Chairman and Deputy Chairman. In 2011 the primary activities of the nomination committee were the appointment of a new CFO and assessment of the composition of the Board of Directors. The committee members meet on an ad hoc basis and held two meetings in 2011.

#### Remuneration committee

The remuneration committee consists of the Company's Chairman and Deputy Chairman. The committee members meet on an ad hoc basis and held two meetings in 2011. In 2011 the committee and the

Board of Directors prepared the remuneration policy for the Board of Directors and the Executive Board which was adopted at the AGM on 28 April 2011.

#### Audit committee

The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. This should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors finds no need for a separate audit committee. It is the Board of Directors' objective to secure quality and integrity in the Company's presentation of Financial Statements, audit and financial reporting. At the same time, the Board of Directors monitors accounting and reporting processes, the audit of the Company's financial reporting, risk issues and the external auditors' performance and independence.

### Composition of the Board of Directors

When composing the Board of Directors, we emphasise that the members have the competences required to solve the tasks. The Board of Directors assesses its composition annually, including ensuring that the combined competences and diversity of the members match the Company's business. The Board of Directors strives to achieve a composition so that its members, to the widest extent possible, complement each other in terms of age, background, gender, etc with a view to ensuring a competent and versatile contribution to the board duties at Royal Unibrew.

Candidates for the Board of Directors are recommended for election by the general meeting supported by motivation in writing by the Board of Directors as well as a description of the recruiting criteria. The individual members' competences are described in the below section on the Board of Directors and the Executive Board. When joining Royal Unibrew, new members of the Board of Directors are given an introduction to the Company and to the markets in which it operates.

At present, the Board of Directors consists of six members elected by the general meeting and three members elected by the employees. Election of members by the employees takes place in compliance with the company law rules as described at the Company's website. When joining the Board of Directors, the members elected by the employees are offered relevant training in serving on a board.

All members of the Board of Directors elected by the general meeting are considered independent until

the AGM in 2012 in accordance with the recommendations issued by NASDAQ OMX Copenhagen. At the time of the AGM, Ulrik Bülow will have been a member of the Board of Directors for more than 12 years and will no longer have the status of independent director.

The retirement age of members of the Board of Directors of Royal Unibrew is 65 according to the Rules of Procedure governing the Board of Directors. The Board of Directors will propose at the AGM in 2012 that the Company's Articles of Association specify

that individuals who have reached the age of 70 cannot be nominated for election or re-election to the Company's Board of Directors.

Annual evaluation of the work of the Board of Directors is performed. The evaluation is made by the Chairman of the Board of Directors. The Chairman's evaluation in 2011 did not disclose any need for changes.

The Board of Directors and the cooperation between the Board of Directors and the Executive Board are evaluated on an annual basis as a minimum.

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Royal Unibrew complies with the Corporate Governance Recommendations issued by NASDAQ OMX Copenhagen with the following few exceptions:

**Retirement age, (recommendation 5.8):**

**The Committee recommends that the company's articles of association fix a retirement age for members of the supreme governing body.**

Royal Unibrew's Articles of Association do not fix a retirement age for members of the supreme governing body. However, it appears from the Rules of Procedure governing the Board of Directors that Royal Unibrew A/S has fixed a retirement age of 65 for members of the Board. The Board of Directors will propose to the AGM in 2012 an amendment of the Company's Articles of Association to the effect that a retirement age of 70 has been fixed for members elected to the supreme governing body

**Board committees (recommendation 5.10):**

**The Committee recommends that the supreme governing body establish an actual audit committee ensuring that the chairman of the supreme governing body is not the chairman of the audit committee.**

The Board of Directors of Royal Unibrew has decided to take on the audit committee tasks jointly. In conse-

quence of this, the chairman of the supreme governing body is also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board of Directors finds no need for a separate audit committee.

**Disclosure of the remuneration policy, (recommendation 6.2):**

**The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.**

The remuneration of members of the Board of Directors is disclosed in the section "Remuneration". Disclosure of the remuneration of the individual members of the Executive Board is not at present considered material to stakeholders' assessment. The total remuneration of the Executive Board is disclosed in note 4. The remuneration of the Executive Board is considered in line with that of peer companies. The remuneration of the Executive Board is in accordance with the remuneration policy.

# Risk Management

Risk management plays a key role at Royal Unibrew, and policies and procedures have been determined to ensure efficient management, to the widest extent possible, of the identified risks.

At Royal Unibrew risk management is an integrated part of the operational activities with a view to reducing the uncertainty of the Group's strategic objectives being met.

The key risks are summarised by the following main areas:

- Industry and market risks
- Financial risks (currency, interest rates, liquidity)
- Exposure hazard and third-party risks
- Credit risks (financial institutions and commercial receivables)
- Environmental risks

A detailed description of the Company's risks is provided in note 2.

## Risk management structure

Royal Unibrew's risk management structure is a systematic process of risk identification, risk analysis and risk assessment, which provides a detailed overview of the key risks relating to the realisation of strategies in the short and long term. The structure thus enables the identification of relevant risks and the taking of required measures to address the risks.

## Risk management and management structure

The full Board of Directors, which also performs the function of audit committee, has ultimate risk management responsibility. The audit committee monitors the total strategic risk exposure and the individual risk factors relating to Royal Unibrew's activities. The Board of Directors adopts guidelines for the key risk areas, monitors developments and ensures the existence of plans to manage the individual risk factors, including commercial and financial risks.

## Efficient risk management

Once a year, the overall risk factors relating to Royal Unibrew's activities are assessed. Risks are assessed under a two-dimensional "heat map" assessment system which estimates the significance of the risk at EBITDA level, damage to Royal Unibrew's reputation, violation of legislation or environmental implications as well as the probability of the risk resulting in an incident. Based on this assessment, the existing "heat map" is updated so as to reflect changes in the understanding of business risks. Following this registration of risks relating to Royal Unibrew's activities, the risks which may materially impact the strategic objectives in the short and long term are identified.

Local entities (group functions and business units) are responsible for identifying, assessing, quantifying and recording risks and for reporting how risks are managed locally. The local-level risk assessment follows the same principles as the group-level assessment based on the "heat map" assessment system described above. The local risk assessment is made once a year and is updated quarterly. Local risk owners have been appointed with responsibility for monitoring and/or reducing risks through risk-mitigating activities. Royal Unibrew's Group Accounting is responsible for facilitating and following up on risk-mitigating activities/action plans for the key risks in accordance with the decisions made by the Board of Directors and the Executive Board.

## Risk management in 2011

In 2011 local risk management workshops were held with participation by risk owners and other executives. Centrally, the identified risks and proposed action plans have been reviewed and assessed by the Company's Executive Board, which has presented the key risks to the Board of Directors and recom-



mended the necessary risk-mitigating activities/ action plans for approval by the Board of Directors. Based on this, the Board of Directors resolved at a meeting in November 2011 to implement the necessary risk-mitigating measures with a view to ensuring optimum realisation of Royal Unibrew's strategic objectives.

## Key risk factors in 2012

In addition to financial risks, the following risk factors are considered key risks in 2012:

### Macroeconomic uncertainty

#### *Description*

Royal Unibrew's product portfolio is assessed to be linked to markets and market areas where market developments are usually manifested in long-cycle trends. However, in connection with the financial crisis in 2008, the markets turned out to be more volatile than previously experienced. Market fluctuations of more than 10% annually were recorded for certain product categories. Royal Unibrew has a significant exposure in Europe, and therefore macroeconomic uncertainty of long duration may affect earnings negatively. This could happen in consequence of declining consumption or shifts in product mix towards sales units with lower earnings.

#### *Risk mitigation*

Through focus on flexibility in its actions plans, Royal Unibrew is seeking to secure leeway for reducing the effect of macroeconomic uncertainty.

### Prices of raw materials

#### *Description*

The prices of a large number of key raw materials are increasing due to higher world market prices. To the extent that the resulting higher unit cost cannot be compensated for by higher selling prices per unit or in other ways increasing the average selling price per unit correspondingly, Royal Unibrew's earnings will decrease. In order to maintain EBIT margin, selling prices per unit must increase more than the unit cost increase.

#### *Risk mitigation*

Royal Unibrew monitors the trend in raw materials prices hedging against short-term price increases through agreements with suppliers and through commodity hedges if considered essential and economical. The Group's commodity hedging policy involves a smooth and time-differentiated effect of raw materials price increases. Moreover, there is system-

atic focus throughout the Group on streamlining the production and distribution process and on increasing net selling prices per unit.

### Indirect taxes on beers and soft drinks

#### *Description*

Royal Unibrew's beer and soft drinks products are subject to considerable consumer taxes in all markets. Consumer taxes are usually imposed by regulators for the purpose of regulating consumption or changing tax revenue mix. Indirect taxes on beer and soft drinks products are increasing as, by introducing increasing consumer prices, regulators want both to limit the consumption of beverages containing alcohol and sugar and to compensate for lower direct taxes through higher indirect taxes. Increasing indirect taxes therefore affect Royal Unibrew's sales and earnings negatively.

#### *Risk mitigation*

The risk of changes in the indirect tax area is monitored and the implications to Royal Unibrew's earnings and possible measures to minimise any negative effect are assessed. Royal Unibrew participates actively in local brewers' associations' efforts to encourage a responsible approach among consumers to consumption of beverages containing alcohol and sugar and to influence political decision makers to ensure that consumer taxes are applied in a balanced manner.

### Statutory restrictions

#### *Description*

Royal Unibrew's activities are subject to national legislation in the markets in which Royal Unibrew operates. Any legislative changes may impact the ability to operate, eg restrictions in respect of the sale and marketing of Royal Unibrew's products or their production. Such restrictions may affect the Group's sales and earnings significantly.

#### *Risk mitigation*

Royal Unibrew participates in local and international cooperation within the brewery industry with a view to influencing legislative decision makers to ensure that conditions for producing and marketing beer and soft drinks do not deteriorate.

## Control and risk management activities relating to the financial reporting process

Royal Unibrew's internal control and risk management systems relating to the financial reporting process are described below.

### Control activities

Royal Unibrew has established a formalised group reporting process comprising monthly reporting, including budget follow-up, assessment of performance and achievement of established targets.

Moreover, a central corporate function is responsible for controlling the financial reporting from the subsidiaries, which also includes a statement from each reporting group entity in relation to compliance with adopted group policies and internal control measures. In 2011 controlling visits were paid to the key subsidiaries. The Board of Directors has assessed that establishment of an actual internal audit department is not required at this time considering the moderate complexity of the Group.

### Information and communication

The Board of Directors emphasises that the Group communicates openly, with due regard to the confidentiality required for listed companies, and that the individual knows his/her role with respect to internal control.

The individual business areas of the Group have been established as business units with responsibility for their own strategies, action plans and budgets. This division results in efficient follow-up and distribution of responsibilities in the Group.

Royal Unibrew's accounting manual as well as other reporting instructions are continuously updated and are available at Royal Unibrew's intranet, where they can be accessed by all relevant employees. The instructions include account coding instructions and procedures for financial reconciliation and analyses, verifying the existence of assets as well as policy for credit granting and approval of fixed asset investments. In the event of major changes, all responsible finance officers of the group enterprises are informed in writing of the key changes.

Royal Unibrew's information systems are designed with a view to continuously, with due regard to the confidentiality required for listed companies, identifying, capturing and communicating at relevant levels relevant information, reports, etc which enable the individual to perform tasks and controls efficiently and reliably.

### Monitoring

Monitoring is effected by continuous assessments and controls at all group levels. The scope and frequency of the periodic assessments depend primarily on a risk assessment and the efficiency of the continuous controls.

The auditors elected by the general meeting report in the Auditor's Long-form Report to the Board of Directors material weaknesses in the Group's internal control systems in connection with the financial reporting process. Less material issues are reported in management letters to the Executive Board.

The Board of Directors meets annually with the auditors without the Executive Board being present.



# Kalnapilis Fan Can

Basketball is the Lithuanian national sport and about 60% of Lithuanians are passionate supporters of the sport. 2011 was a great year for basketball in Lithuania as the country hosted the European championships.

Since 2010 Royal Unibrew has been the official sponsor of the national basketball league, and during 2011 Lithuanian basketball fans were encouraged to share their photos – thus having the chance of becoming the most famous basketball fan in the country.

# Remuneration

The remuneration policy applying to Royal Unibrew's Board of Directors and Executive Board has been formulated so as to reflect shareholder and company interests. Moreover, the remuneration policy is intended to promote long-term objectives.

The following is a brief description of the fixed salary, pension plans and severance programmes as well as other benefits offered to the Board of Directors and the Executive Board.

The complete remuneration policy for the Board of Directors and the Executive Board is disclosed at the Company's website <http://investor.royalunibrew.com/agm.cfm>.

For a description of incentive pay, reference is made to the Overall Guidelines for Incentive Pay adopted at the Company's general meeting, which may be downloaded from <http://investor.royalunibrew.com/governance.cfm>.

## Board of Directors remuneration

Efforts are made to ensure that the Board of Directors remuneration matches the level of peer companies and to accommodate the requirements relating to members' competences, performance and scope of board work, including the number of meetings.

The annual remuneration paid to ordinary board members amounts to DKK 250,000. The Chairman and Deputy Chairman receive remuneration of 2.5 and 1.75 times, respectively, the remuneration paid to ordinary members.

The Board of Directors remuneration is fixed and is submitted for approval retrospectively as an integrated part of the Annual Report in accordance with the Danish Companies Act and, as of 2011, also for the year in progress. The Board of Directors does not participate in any incentive schemes.

## Executive Board remuneration

The Board of Directors believes that a combination of fixed and performance-driven remuneration to the Executive Board contributes towards ensuring that Royal Unibrew can attract and retain key employees. At the same time, the Executive Board is given an incentive to create shareholder value through partially incentive-based remuneration.

The Executive Board members are employed on individual service contracts, and the terms are fixed by the remuneration committee within the framework laid down in the contracts, see below.

The remuneration committee assesses the Executive Board remuneration annually to ensure that the remuneration matches the situation at peer companies.

The Executive Board is remunerated by a market-conforming and competitive compensation package comprising four elements:

- *Fixed salary* based on market level;
- *Ordinary bonus*, see overall guidelines for incentive pay;
- *Long-term bonus*, see overall guidelines for incentive pay;
- *Extraordinary bonus*, see overall guidelines for incentive pay.

A number of work-related benefits are made available to the Executive Board, including a company car, and the Executive Board members are covered by Royal Unibrew's standard insurance schemes such as accident and life insurance.

The total remuneration of the Board of Directors and the Executive Board, respectively, is disclosed in note 4. The Board of Directors considers this information sufficient for shareholders to be able to assess the level of remuneration of the Board of Directors and the Executive Board.

Royal Unibrew A/S may terminate the employment at up to 12 months' notice. A member of the Executive Board may terminate the employment with Royal Unibrew A/S at six months' notice.

In case of a full or partial takeover of Royal Unibrew A/S, the Executive Board will receive no compensation. However, two members of the Executive Board may choose to consider themselves dismissed in such event.

# Board of Directors and Executive Board

## Board of Directors



Kåre Schultz



Walther Thygesen



Ulrik Bülow



Lars Poul Christiansen



Søren Eriksen



Kirsten Wendelboe  
Liisberg



Søren Lorentzen



Jens Due Olsen



Hemming Van

Name	Year of birth	Initially elected	Term of office	Position	Number of Royal Unibrew shares held at 1 January 2012	Change from 1 January 2011
Kåre Schultz	1961	2010	2011	Chairman		
Walther Thygesen	1950	2010	2011	Deputy Chairman	1,100	+1,100
Ulrik Bülow	1954	2000	2011	Board member		-3,000
Lars Poul Christiansen	1967	2010	2010-2014	Board member elected by the employees		
Søren Eriksen	1969	2010	2011	Board member		
Kirsten Wendelboe Liisberg	1956	2006	2010-2014	Board member elected by the employees	162	-
Søren Lorentzen	1965	2010	2010-2014	Board member elected by the employees	172	
Jens Due Olsen	1963	2010	2011	Board member		
Hemming Van	1956	2004	2011	Board member	1,048	+274

**Kåre Schultz**

Chairman of the nomination committee, the remuneration committee, and the audit committee

*Position*

Since November 2000 member of the Executive Board of Novo Nordisk A/S and since March 2002 Chief Operating Officer (COO) of Novo Nordisk A/S

*Special competences*

Special expertise in strategic management as well as experience of sales and marketing of brands on a global scale

*Independence*

Considered independent

*Member of the board of directors*

LEGO A/S.

**Walther Thygesen**

Deputy chairman of the nomination committee and the remuneration committee

*Position*

Since September 2007 CEO of Thrane & Thrane A/S

*Special competences*

Special expertise in general management with experience from both Denmark and abroad as well as sales and marketing expertise, especially in the business to business market

*Independence*

Considered independent

**Ulrik Bülow***Position*

CEO of Otto Mønsted A/S  
CEO of House of Business Partners A/S

*Special competences*

Special expertise in international retail, consumer marketing and general management

*Independence*

Considered independent until the AGM in 2012

*Chairman of the board of directors*

Intersport A/S  
GateHouse A/S

*Deputy chairman of the board of directors*

Arator A/S

*Member of the board of directors*

Egmont Fonden  
Egmont International Holding A/S  
Ejendomsselskabet Gothersgade 55 ApS  
Ejendomsselskabet Vognmagergade 11 ApS  
Oreco A/S  
Plaza Ure & Smykker A/S  
Tivoli Friheden A/S  
Toms Gruppen A/S

**Lars Poul Christiansen**

Brewery Hand, elected by the employees

**Søren Eriksen***Position*

CEO

*Special competences:*

Special expertise in finance and accounting as well as general management

*Independence*

Considered independent

*Chairman of the board of directors*

Proark ApS  
Proark Properties ApS  
Ejendomsinvest ApS

*Member of the board of directors*

Dansk Generationsskifte A/S  
Member of Danske Bank's Advisory Board of Representatives  
Danmarks Akvarium

**Kirsten Wendelboe Liisberg**

Brewery Hand, elected by the employees

**Søren Lorentzen**

Brewery Hand, elected by the employees

**Jens Due Olsen***Position*

Professional director

*Special competences*

Special expertise in economic, financial and capital market aspects as well as general management from a variety of industries

*Independence*

Considered independent

*Chairman of the board of directors*

AtchikRealtime A/S

Pierre.DK A/S

Kompan A/S

*Deputy chairman of the board of directors*

NKT Holding A/S

Auriga Industries A/S

*Member of the board of directors*

Cryptomathic A/S

EG A/S

Industriens Pension A/S (

*Other offices held*

Member of investment committee of LD Invest 2

**Hemming Van***Position*

CEO of Daloon A/S

*Special competences:*

Special expertise in retailing and marketing as well as production and general management

*Independence*

Considered independent

*Executive board service*

CEO of Easy Holding A/S

Director of HV Invest ApS

*Chairman of the board of directors*

Easyfood A/S

Easy Production A/S

*Member of the board of directors*

Daloon A/S

Easy Holding A/S

Halberg A/S

Halberg Kapital A/S

Halberg Investering A/S

HV Invest ApS

SE 274711 A/S

## Executive Board



Henrik Brandt



Lars Jensen



Johannes  
F.C.M. Savonije

Name	Year of birth	Position	Number of Royal Unibrew shares held at 1 January 2012	Change from 1 January 2011
Henrik Brandt	1955	CEO	76.800	-
Lars Jensen	1973	CFO	4.194	+183
Johannes F.C.M. Savonije	1956	International Director	22.700	-

### Henrik Brandt

CEO as of November 2008

#### Qualifications

MSc (Economics and Business Administration), MBA  
Stanford University, California

#### Executive board service

Brandt Equity ApS  
Brandt Equity 2 ApS  
Uno Equity ApS

#### Chairman of the board of directors

Brandt Equity ApS  
Brandt Equity 2 ApS  
Uno Equity ApS

#### Member of the board of directors

Ferd Holding AS, Norway  
Hansa Borg Skandinavisk Holding A/S including subsidiaries  
Van Pur S.A., Warsaw, Poland

#### Other offices held

Member of the corporate governance committee

### Lars Jensen

CFO as of November 2011

#### Qualifications

Diploma in business economics, informatics and management accounting, Copenhagen Business School

#### Executive board service

CEO of Hansa Borg Skandinavisk Holding A/S

### Johannes F.C.M. Savonije

International Director as of September 2008

#### Qualifications

BA Business Administration

#### Member of the board of directors

Dansk Retursystem Holding A/S including subsidiaries  
Hansa Borg Skandinavisk Holding A/S including subsidiaries  
Global Sports Marketing S.A., Zürich, Switzerland  
Globalpraxis S.A., Barcelona, Spain  
Van Pur S.A., Warsaw, Poland



# Organisation and employees

Royal Unibrew focuses on recruiting and retaining talent and on continuously developing employee competences. In 2011 Royal Unibrew and five other companies joined forces in a project aiming to ensure competence development at all levels.

A key prerequisite for realising Royal Unibrew's strategy, including continued retention and strengthening of the Company's position, is the ability to develop knowledge and competences.

Across the Group we therefore focus on developing and retaining existing employees with the right competences and on attracting and developing new talent. Moreover, being a business with activities in many countries, it is important that Royal Unibrew has a strong corporate culture that unites the business. The corporate culture of Royal Unibrew is anchored in a responsible and holistic approach. Our employees demonstrate high level of commitment through an ambitious, creative and open dialogue across the organisation.

The employees of Royal Unibrew possess crucial knowledge of the many brands, markets and customer categories serviced by the Group, including supply and distribution issues within the product categories. This knowledge maintains and improves our competitive position and forms the basis of achieving the Group's strategies and objectives.

Royal Unibrew works in a targeted and structured manner to develop employee competences and knowledge.

In 2011 Royal Unibrew in Denmark joined the project "Medarbejdere i Verdensklasse" (World-class employees), which is an EU-backed 3-year working relationship between six Zealand companies on upgrading of qualifications of employees at all organisational levels. The objective of the project is general development of employees' skills so that they become more flexible and ready to learn and change. The project focuses on professional, personal as well as cross-organisational competence development. So far, the project experience has been positive, and Royal Unibrew sees a number of advantages from participating in the project. Based on competence measurements it is the target to enhance the competence level by 20% for employees participating in the project.

The project will run over the next two years and includes both learning on the job and a range of courses and training activities.

The other group entities also work continuously to develop competences, and various activities have been launched in the individual countries.

Royal Unibrew focuses on creating career development and career paths for the individual employee. As part of these efforts, emphasis is on, among other things, job rotation and internal recruiting for key

positions. This ensures rooting of market knowledge as well as optimisation of cooperation across the business.

Optimisation and integration of the total organisation are also high on Royal Unibrew's agenda. This requires managers who are able to manage and implement strategies across countries and cultures. Royal Unibrew managers receive continuous management training, and the fundamental management principles of the business are adjusted currently to match business developments and changes in external demands so that the management culture is always based on the principles that can take the business further.

Royal Unibrew emphasises coordinated sharing and communication of the knowledge and information existing in the organisation. The intranet is one element in internal communication and knowledge exchange.

At the same time, Royal Unibrew works continuously to develop IT systems to form the basis of efficient knowledge management and sharing across geographical and professional boundaries. The systems contribute towards streamlining and increasing the pace at which information is distributed across the Group and ensure that decisions can be made on the basis of the existence of relevant and necessary information. In 2011 the preparation for SAP implementation in Latvia was completed for go-live on 1 January 2012. SAP has thus been implemented in all entities. This creates higher efficiency, improved learning and cross-sharing of best practice.

# Corporate Social Responsibility

To Royal Unibrew, corporate social responsibility (CSR) is an integrated part of our business approach, and we focus on continuously creating results. The CSR efforts are also an important element in developing the Company's brands and maintaining good relations with the Company's key stakeholders. Royal Unibrew intends to join the UN's Global Compact (UNGC).

Royal Unibrew's work with corporate social responsibility is based on the principles of the UN's Global Compact in respect of human rights, labour standards, environment and anti-corruption. Royal Unibrew has prepared a set of ethical guidelines providing the overall framework for the corporate social responsibility work.

The main elements of Royal Unibrew's CSR efforts are as follows:

- Royal Unibrew's products and production should meet customer requirements and international standards for quality, food safety, environment, working environment and human rights;
- Royal Unibrew engages in open dialogue on its corporate social responsibility;
- There is focus on the efforts made by Royal Unibrew suppliers to improve quality and the environment as well as their general CSR efforts.

Royal Unibrew's CSR efforts are an important element in protecting the Company's brands as consumers must be given certainty that Royal Unibrew's products have been manufactured in a satisfactory manner using materials from suppliers who observe our ethical guidelines. Moreover, the CSR efforts contribute towards ensuring good working relations with customers and suppliers, increasing production efficiency and decreasing wastage, reducing non-financial risks and strengthening the Company's identity and culture.

Royal Unibrew intends to join the UN's Global Compact and to prepare for reporting under the Global Reporting Initiative in the coming years.

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## UN's Global Compact – the Ten Principles

### Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### Labour standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. support the elimination of all forms of forced and compulsory labour;
5. support the effective abolition of child labour; and
6. the elimination of discrimination in employment and occupation.

### Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.
-

## Human rights and labour standards

In this area Royal Unibrew has chosen to focus on the following aspects:

- Occupational health & safety
- Responsible beer and soft drinks consumption
- Values and ethical guidelines

### Occupational health & safety

Royal Unibrew aims at creating a safe and healthy working environment for its employees and continuously takes measures to protect employees from work-related risks. Among other things, regular working environment checks are carried out, risk assessment of the individual job functions are performed, systematic training and education are carried out and risk-mitigating measures are initiated with a view to avoiding work-related injuries.

In Denmark Royal Unibrew makes extensive health offers to all its employees. Among other initiatives, all employees in distribution participated in a work-out programme in relation to the “Think with Your Back” campaign of the Danish Brewers’ Association to prevent back injuries.

### Responsible beer and soft drinks consumption

Being a beer and soft drinks producer, Royal Unibrew wants to contribute to responsible and prudent consumption of its products. Consequently, in Denmark Royal Unibrew supports the Brewers of Europe campaigns on responsible alcohol consumption. Moreover, Royal Unibrew works with responsible marketing in Denmark under the guidelines of the Danish Brewers’ Association and in the Baltic countries by using grown-up models in all advertisements for alcoholic drinks, thus only targeting the 20+ age group.

All Royal Unibrew products in Denmark are moreover GDA labelled (Guideline Daily Amounts), which offers the consumers the possibility of making choices with respect to the daily consumption of alcohol and sugar, etc.

At Royal Unibrew we are also working towards giving the consumers more alternatives. This is done by eg developing alternative products with no or limited contents of alcohol and sugar and by changing the product range in soft drinks vending machines. It is thus the intention for Denmark that soft drinks vending machines should always contain more water or light products than sugary products.

In addition to complying with marketing legislation Royal Unibrew complies with a number of ethical guidelines and takes responsibility for its communication on beer consumption in relation to advertising, sponsorships and campaigns, especially with respect to minors.

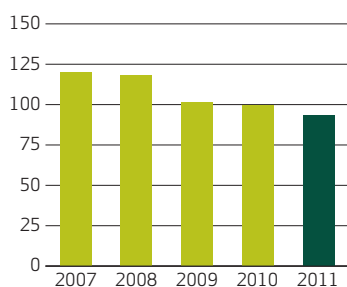
### Values and ethical guidelines

Royal Unibrew does not tolerate discrimination of its employees due to gender, race or religion. Child labour and slave labour are not permitted, and Royal Unibrew seeks to ensure that partners and suppliers live up to this policy. Royal Unibrew thus accedes to the principles of human rights and labour standards including eg the principles on child labour laid down by Unicef, the UNGC and Save the Children.

In the supply area, procedures have been prepared for measuring suppliers against Royal Unibrew’s own ethical guidelines.

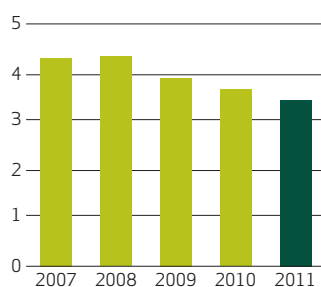
### ENERGY CONSUMPTION

Mega joules per produced hectoliter



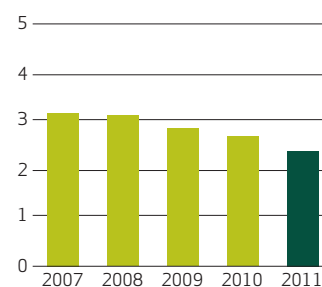
### WATER CONSUMPTION

Hectoliter per produced hectoliter



### WASTE WATER

Hectoliter per produced hectoliter



Royal Unibrew employees have the right to unionise and the right to strike in accordance with the legislation in the countries in which Royal Unibrew has activities.

### Targets for 2012

- Rate of accidents to be reduced to less than 35 per million working hours;
- Participation in and development of "Responsible beer and soft drinks consumption" in cooperation with the Danish Brewers' Association and "The Brewers of Europe";
- In Denmark we will sponsor the voluntary corps "Natteravnene" (Night Owls); and
- Continued assessment of suppliers to ensure that they live up to Royal Unibrew's ethical guidelines.

## Environment

All Royal Unibrew production units focus on continuously limiting the environmental impacts of the Company's production. In recent years, there has been a very positive development in key areas.

Environmental efforts are still primarily targeted at:

- Reduction of energy consumption
- Reduction of water consumption and of waste water discharge
- Waste recycling and reduction of consumption of materials
- CO<sub>2</sub>-neutral production of Egekilde in Denmark
- Food safety and quality

The Danish breweries have environmental certification under the ISO14001 environmental standard and a special environmental report is prepared for production in Denmark.

### Energy

Energy consumption per unit produced for the Group as a whole decreased by 6.3% in 2011 as compared to 2010. This was caused by, among other things, efficiency enhancement and various optimisation activities. An example of this is an optimisation project achieving considerable savings through improved utilisation of excess heat.

### Water consumption and waste water discharge

Water consumption per unit produced decreased by 6.0% from 2010. Waste water discharge for the Group decreased by 11.1% in 2011. Also in this area, the very positive development is due to strong focus on implementing efficiency enhancement and optimisation and on improving eco-consciousness among employees.

### Waste recycling and reduction of consumption of resources

An important element in improving our environmental results is the minimisation of all types of waste of resources.

Over the past year Royal Unibrew has focused strongly on wastage both with respect to production and the other parts of the supply chain. Improvement projects are continuously being launched in this area.

The optimisation of the distribution structure in both the Baltic countries and in Denmark has implied still improved utilisation of the trucks and lower mileage per hectolitre delivered, which has resulted in a reduction of CO<sub>2</sub> emissions.

Moreover, efforts are directed at increasing the recycling of water. To the extent possible, water is recycled in places where water quality is not crucial. By changing internal conveyer belts, the Albani Brewery achieved a material reduction of water consumption at the bottling/canning lines.

Solid waste, eg glass, is returned to the manufacturer, who uses the returned glass for new bottles. Plastic is crushed and sold for recycling too. It is the intention that going forward the plastic bottles for Egekilde should contain up to 50% recycled materials.

Mask and surplus yeast, which are residual products from production, are sold to local farmers as animal feed. Royal Unibrew in Denmark has GMP+ B2 certification, which is an international approval of the use of yeast cream for animal feed.

At the Danish Royal Unibrew breweries, capture plants have been installed to capture the carbon dioxide released in the brewing process. This protects the environment from carbon dioxide discharges from the breweries, and at the same time the impact from the carbon dioxide quantities that the brewery would otherwise have purchased is saved.

### **Green Egekilde**

In 2011 the value chain of Egekilde products was examined and the carbon footprint of these products was calculated and verified. Subsequently, projects to achieve further CO<sub>2</sub> reductions were initiated eg through using lighter packaging and optimising packaging production.

### **Food safety and quality**

The Danish breweries have certification under the international ISO9001 and ISO22000 standards. The efforts within quality and food safety also comprise requirements from business partners and the licensors Heineken and PepsiCo.

In the Baltic countries the breweries have certification under ISO9001, and applicable HACCP rules have been implemented.

All production workers currently attend courses on hygiene and food safety.

### **Targets for 2012**

- In the environmental area Royal Unibrew will in 2012 continue working at implementing a joint policy and the environmental principles of the UNCG. Targets and improvements will be realised locally at the breweries to ensure the most optimum implementation.
- Efforts are focused on wastage and energy savings and current focus on water consumption. The target is an additional 8% reduction of energy consumption.
- Targeted efforts will be directed at reducing Royal Unibrew's indirect environmental impacts through the choice of raw materials, eg the use of thinner plastics materials for packaging.
- Internally we will link training and improvement efforts in relation to environment, quality and food safety.

## **Anti-corruption**

Royal Unibrew works against all forms of corruption including extortion and bribery and the Company's business practice must always be in full compliance with the legislation irrespective of the place of operation.

Royal Unibrew employees are not allowed to offer or accept bribes or any improper payments for personal or corporate gain. Disciplinary actions will be taken if an employee is involved in bribery.

### **Targets for 2012**

- Position on anti-corruption to be stated in all contexts, internally in the supply chain and in the cooperation with Royal Unibrew's customers and suppliers.

## **Competition**

Royal Unibrew's business practice should always comply fully with competition regulation irrespective of the place of operation. To ensure this, Royal Unibrew has prepared specific policies, and training and follow-up in the area are carried out regularly.

# Statement and Report

## Management's Statement on the Annual Report

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Royal Unibrew A/S for 1 January - 31 December 2011.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for the annual reports for listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2011 as well as of the results of the Group and Company operations and cash flows for the financial year 1 January - 31 December 2011.

In our opinion, Management's Review gives a true and fair account of the development in the activities and financial circumstances of the Group and the Parent Company, of results of operations for the year, of the Parent Company's financial position and of the overall financial position of the enterprises comprised by the Consolidated Financial Statements, as well as a description of the key risks and uncertainties facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Faxe, 9 March 2012

### Direktion

Henrik Brandt  
*CEO*

Lars Jensen  
*CFO*

Johannes F.C.M. Savonije  
*International Director*

### Bestyrelse

Kåre Schultz  
*Chairman*

Walther Thygesen  
*Deputy Chairman*

Ulrik Bülow

Lars Poul Christiansen

Søren Eriksen

Kirsten Liisberg

Søren Lorentzen

Jens Due Olsen

Hemming Van

## Independent Auditor's Report

### Independent Auditor's Report

#### Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Royal Unibrew A/S for the financial year 1 January - 31 December 2011, which comprise significant accounting policies, income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company 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 the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstate-

ment of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

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

The audit has not resulted in any qualification.

#### Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2011 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for the financial year 1 January - 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

#### Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Review is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

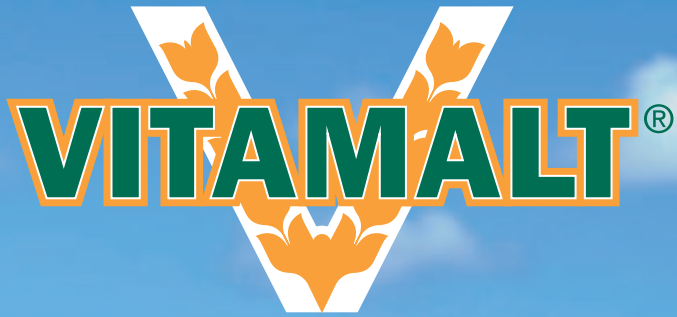
Faxe, 9 March 2012

#### Ernst & Young

Godkendt Revisionspartnerselskab

Henrik O. Larsen                      Eskild N. Jakobsen  
*State Authorised Public Accountants*





# VITAMALT®

Vitamalt is a non-alcoholic drink for the entire family. It is known for its nutritional value as it is full of vitamin B, minerals and nutrients. It has a rich and gentle taste and is low-fat and totally decaffeinated for an ambitious lifestyle. Our malt beverages are very popular throughout the world, and we offer a number of different products to satisfy any consumer. Vitamalt has loyal consumers in more than 70 countries.



# Financial Statements

# Income Statement for 1 January - 31 December

DKK '000	Parent Company		Note	Group	
	2010	2011		2011	2010
<b>2,566,130</b>	<b>2,531,110</b>			<b>3,430,633</b>	<b>3,775,431</b>
-1,293,532	-1,255,586	4,5	Production costs	-1,685,311	-1,945,672
<b>1,272,598</b>	<b>1,275,524</b>		<b>Gross profit</b>	<b>1,745,322</b>	<b>1,829,759</b>
-744,811	-739,015	4,5	Sales and distribution expenses	-1,084,913	-1,200,160
-189,264	-155,339	4,5	Administrative expenses	-189,717	-216,635
3,929	3,549		Other operating income	3,549	3,929
<b>342,452</b>	<b>384,719</b>		<b>Profit before financial income and expenses</b>	<b>474,241</b>	<b>416,893</b>
		15	Income after tax from investments in associates	14,370	31,460
65,865	126,200		Dividend from subsidiaries and associates		
47,394	19,943	6	Financial income	40,156	46,513
-113,030	-78,772	7	Financial expenses	-67,659	-119,853
<b>342,681</b>	<b>452,090</b>		<b>Profit before tax</b>	<b>461,108</b>	<b>375,013</b>
-80,400	-94,179	8	Tax on the profit for the year	-110,253	-97,240
<b>262,281</b>	<b>357,911</b>		<b>Net profit for the year</b>	<b>350,855</b>	<b>277,773</b>
			distributed as follows:		
			Parent Company shareholders' share of net profit	347,941	278,073
			Minority shareholders' share of net profit	2,914	-300
			<b>Net profit for the year</b>	<b>350,855</b>	<b>277,773</b>
		16	Parent Company shareholders' share of earnings per share (DKK)	31.8	25.1
		16	Parent Company shareholders' share of diluted earnings per share (DKK)	31.8	25.1

# Statement of Comprehensive Income for 1 January - 31 December

Parent Company				Group	
DKK '000	2010	2011	Note	2011	2010
	262,281	357,911			
				<b>350,855</b>	<b>277,773</b>
			<b>Net profit for the year</b>		
			<b>Other comprehensive income</b>		
			Exchange adjustment of foreign group enterprises	-4,484	14,026
	51,764	26,928	Value adjustment of hedging instruments, beginning of year	27,957	52,596
	-26,928	-73,806	Value adjustment of hedging instruments, end of year	-76,995	-27,957
	-4,901	4,860	8 Tax on hedging instruments	4,860	-4,901
	<b>19,935</b>	<b>-42,018</b>	<b>9 Other comprehensive income after tax</b>	<b>-48,662</b>	<b>33,764</b>
	<b>282,216</b>	<b>315,893</b>	<b>Total comprehensive income</b>	<b>302,193</b>	<b>311,537</b>
			distributed as follows:		
			Parent Company shareholders' share of comprehensive income	300,786	311,776
			Minority shareholders' share of comprehensive income	1,407	-239
				<b>302,193</b>	<b>311,537</b>

## Assets at 31 December

DKK '000	Parent Company		Note		Group	
	2010	2011			2011	2010
				<b>NON-CURRENT ASSETS</b>		
80,645	80,645	11		Goodwill	263,733	263,982
2,990	2,990	11		Trademarks	124,186	133,647
4,039	2,856			Distribution rights	3,175	4,513
<b>87,674</b>	<b>86,491</b>	<b>10</b>		<b>Intangible assets</b>	<b>391,094</b>	<b>402,142</b>
370,322	345,335			Land and buildings	584,120	661,062
406,427	411,450	14		Project development properties	411,450	406,427
336,699	296,858			Plant and machinery	442,783	513,373
124,138	106,225			Other fixtures and fittings, tools and equipment	132,298	178,550
9,085	26,947			Property, plant and equipment in progress	30,623	12,233
<b>1,246,671</b>	<b>1,186,815</b>	<b>12</b>		<b>Property, plant and equipment</b>	<b>1,601,274</b>	<b>1,771,645</b>
794,408	722,126			Investments in subsidiaries		
117,957	284,873	15		Investments in associates	290,712	136,187
89,833				Receivables from subsidiaries		
56,370	2,460	14		Other investments	2,613	59,027
5,508	4,538			Other receivables	5,114	6,093
<b>1,064,076</b>	<b>1,013,997</b>	<b>13</b>		<b>Fixed asset investments</b>	<b>298,439</b>	<b>201,307</b>
<b>2,398,421</b>	<b>2,287,303</b>			<b>Non-current assets</b>	<b>2,290,807</b>	<b>2,375,094</b>
				<b>CURRENT ASSETS</b>		
33,343	32,616			Raw materials and consumables	50,861	58,415
10,713	11,931			Work in progress	16,644	18,012
47,595	51,978			Finished goods and purchased finished goods	105,642	110,717
<b>91,651</b>	<b>96,525</b>			<b>Inventories</b>	<b>173,147</b>	<b>187,144</b>
141,203	175,665			Trade receivables	379,012	407,029
220,468	201,893			Receivables from subsidiaries		
1,786	1,793			Receivables from associates	1,793	1,786
15,630	10,098			Other receivables	13,605	26,105
16,460	9,515			Prepayments	13,191	22,291
<b>395,547</b>	<b>398,964</b>			<b>Receivables</b>	<b>407,601</b>	<b>457,211</b>
<b>9,854</b>	<b>47,246</b>			<b>Cash at bank and in hand</b>	<b>18,773</b>	<b>37,391</b>
<b>497,052</b>	<b>542,735</b>			<b>Current assets</b>	<b>599,521</b>	<b>681,746</b>
<b>2,895,473</b>	<b>2,830,038</b>			<b>Assets</b>	<b>2,890,328</b>	<b>3,056,840</b>

## Liabilities and Equity at 31 December

Parent Company				Group	
DKK '000	2010	2011	Note	2011	2010
			<b>EQUITY</b>		
	111,865	111,865	16 Share capital	111,865	111,865
	337,825	337,825	Share premium account	337,825	337,825
	180,000	180,000	Revaluation reserves	180,000	180,000
			Translation reserve	-31,811	-29,558
	-26,928	-73,806	Hedging reserve	-76,995	-27,957
	660,795	711,947	Retained earnings	597,262	556,804
	139,831	190,170	Proposed dividend	190,170	139,831
	<b>1,403,388</b>	<b>1,458,001</b>	<b>Equity of Parent Company shareholders</b>	<b>1,308,316</b>	<b>1,268,810</b>
	<b>0</b>	<b>0</b>	<b>Minority interests</b>	<b>12,869</b>	<b>11,709</b>
	<b>1,403,388</b>	<b>1,458,001</b>	<b>Equity</b>	<b>1,321,185</b>	<b>1,280,519</b>
	168,887	166,192	17 Deferred tax	166,539	170,011
	595,534	593,880	2 Mortgage debt	593,880	595,534
			2 Credit institutions		79
	12,585	23,119	Other payables	23,119	12,585
	<b>777,006</b>	<b>783,191</b>	<b>Non-current liabilities</b>	<b>783,538</b>	<b>778,209</b>
	2,430	1,959	2 Mortgage debt	1,959	2,430
	179,003	15,852	2 Credit institutions	53,654	209,003
	48,625	39,429	18 Repurchase obligation, returnable packaging	42,241	57,278
	244,748	281,455	Trade payables	397,795	429,501
	16,543	6,582	Payables to subsidiaries		
	3,263	4,600	Corporation tax	63	8,329
	39,522	51,171	VAT, excise duties, etc	68,017	66,001
	180,945	187,798	Other payables	221,876	225,570
	<b>715,079</b>	<b>588,846</b>	<b>Current liabilities</b>	<b>785,605</b>	<b>998,112</b>
	<b>1,492,085</b>	<b>1,372,037</b>	<b>Liabilities</b>	<b>1,569,143</b>	<b>1,776,321</b>
	<b>2,895,473</b>	<b>2,830,038</b>	<b>Liabilities and equity</b>	<b>2,890,328</b>	<b>3,056,840</b>

# Cash Flow Statement for 1 January - 31 December

Parent Company				Group	
DKK '000	2010	2011	Note	2011	2010
262,281		357,911		350,855	277,773
209,546		113,418	19	249,873	322,803
<b>471,827</b>		<b>471,329</b>		<b>600,728</b>	<b>600,576</b>
			Change in working capital:		
-116,044		-10,344	+/- change in receivables	-29,501	8,733
24,469		-4,874	+/- change in inventories	-19,210	31,711
-13,915		2,141	+/- change in payables	-9,815	23,791
<b>366,337</b>		<b>458,252</b>	<b>Cash flows from operating activities before financial income and expenses</b>	<b>542,202</b>	<b>664,811</b>
47,394		15,767	Financial income	12,359	31,259
-99,754		-38,074	Financial expenses	-41,935	-110,035
<b>313,977</b>		<b>435,945</b>	<b>Cash flows from operating activities</b>	<b>512,626</b>	<b>586,035</b>
-80,722		-90,677	Corporation tax paid	-114,636	-93,702
<b>233,255</b>		<b>345,268</b>	<b>Cash flows from operating activities</b>	<b>397,990</b>	<b>492,333</b>
99,365		126,200	Dividends received from subsidiaries and associates	10,938	12,869
7,818		40,321	Sale of property, plant and equipment	49,656	16,562
-38,115		-65,898	Purchase of property, plant and equipment	-74,151	-58,729
<b>302,323</b>		<b>445,891</b>	<b>Free cash flow</b>	<b>384,433</b>	<b>463,035</b>
		-38,772	Acquisition of associates / sale of subsidiaries	-14,818	
		36,338	Sale of associates	36,338	
			Acquisition of subsidiaries	-5,915	
155,026			Sale of subsidiaries		187,415
5,718		20,491	Acquisition/sale of intangible assets and fixed asset investments	779	1,558
<b>229,812</b>		<b>118,680</b>	<b>Cash flows from investing activities</b>	<b>2,827</b>	<b>159,675</b>
595,534			Proceeds from raising of non-current debt		595,534
-1,184,654		-1,654	Repayment of non-current debt	-1,381	-1,512,161
181,433		-163,622	Change in current debt to credit institutions	-156,527	211,433
-61,064			Change in financing of subsidiaries		
		-138,495	Dividends paid to shareholders	-138,742	-2,394
		-122,785	Acquisition of shares for treasury	-122,785	
<b>-468,751</b>		<b>-426,556</b>	<b>Cash flows from financing activities</b>	<b>-419,435</b>	<b>-707,588</b>
-5,684		37,392	Change in cash and cash equivalents	-18,618	-55,580
15,538		9,854	Cash and cash equivalents at 1 January	37,391	92,474
			Exchange adjustment		497
<b>9,854</b>		<b>47,246</b>	<b>Cash and cash equivalents at 31 December</b>	<b>18,773</b>	<b>37,391</b>

# Statement of Changes in Equity for 1 January - 31 December

## Group

DKK '000	Share capital	Share premium account	Revaluation reserves	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend for the year	Minority interests' share	Total
<b>Equity at 31 December 2009</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-112,018</b>	<b>-52,596</b>	<b>491,958</b>	<b>0</b>	<b>38,080</b>	<b>995,114</b>
Reclassification, beginning of year				69,496		-69,496			0
	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-42,522</b>	<b>-52,596</b>	<b>422,462</b>	<b>0</b>	<b>38,080</b>	<b>995,114</b>
<b>Changes in equity in 2010</b>									
Profit for the year						278,073		-300	277,773
Other comprehensive income				12,964	24,639	-3,900		61	33,764
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,964</b>	<b>24,639</b>	<b>274,173</b>	<b>0</b>	<b>-239</b>	<b>311,537</b>
Minority shareholders' share of subsidiaries sold								-23,738	-23,738
Proposed dividend						-139,831	139,831		0
Dividend paid to shareholders								-2,394	-2,394
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-139,831</b>	<b>139,831</b>	<b>-26,132</b>	<b>-26,132</b>
<b>Total changes in equity in 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,964</b>	<b>24,639</b>	<b>134,342</b>	<b>139,831</b>	<b>-26,371</b>	<b>285,405</b>
<b>Equity at 31 December 2010</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-29,558</b>	<b>-27,957</b>	<b>556,804</b>	<b>139,831</b>	<b>11,709</b>	<b>1,280,519</b>

The reclassification relates to exchange losses arising in H2 2008 on repayment of loans obtained to hedge investments in group enterprises. The exchange losses should have been recirculated between the income statement and the statement of other comprehensive income in the Annual Report for 2008. Comparative figures have been restated.

## Changes in equity in 2011

Profit for the year						347,941		2,914	350,855
Other comprehensive income				-2,253	-49,038	4,136		-1,507	-48,662
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,253</b>	<b>-49,038</b>	<b>352,077</b>	<b>0</b>	<b>1,407</b>	<b>302,193</b>
Proposed dividend						-190,170	190,170		0
Dividend paid to shareholders							-138,495	-247	-138,742
Dividend on treasury shares						1,336	-1,336		0
Acquisition of shares for treasury						-122,785			-122,785
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-311,619</b>	<b>50,339</b>	<b>-247</b>	<b>-261,527</b>
<b>Total changes in equity in 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2,253</b>	<b>-49,038</b>	<b>40,458</b>	<b>50,339</b>	<b>1,160</b>	<b>40,666</b>
<b>Equity at 31 December 2011</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-31,811</b>	<b>-76,995</b>	<b>597,262</b>	<b>190,170</b>	<b>12,869</b>	<b>1,321,185</b>



# Statement of Changes in Equity for 1 January - 31 December

## Parent Company

DKK '000	Share capital	Share premium account	Revaluation reserves	Hedging reserve	Retained earnings	Proposed dividend for the year	Total
<b>Equity at 31 December 2009</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-51,764</b>	<b>543,246</b>	<b>0</b>	<b>1,121,172</b>
<b>Changes in equity in 2010</b>							
Profit for the year					262,281		262,281
Other comprehensive income				24,836	-4,901		19,935
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,836</b>	<b>257,380</b>	<b>0</b>	<b>282,216</b>
Proposed dividend					-139,831	139,831	0
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-139,831</b>	<b>139,831</b>	<b>0</b>
<b>Total changes in equity in 2010</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,836</b>	<b>117,549</b>	<b>139,831</b>	<b>282,216</b>
<b>Equity at 31 December 2010</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-26,928</b>	<b>660,795</b>	<b>139,831</b>	<b>1,403,388</b>
<b>Changes in equity in 2011</b>							
Profit for the year					357,911		357,911
Other comprehensive income				-46,878	4,860		-42,018
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46,878</b>	<b>362,771</b>	<b>0</b>	<b>315,893</b>
Dividend paid to shareholders						-138,495	-138,495
Dividend on treasury shares					1,336	-1,336	0
Acquisition of shares for treasury					-122,785		-122,785
Proposed dividend					-190,170	190,170	0
<b>Total shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-311,619</b>	<b>50,339</b>	<b>-261,280</b>
<b>Total changes in equity in 2011</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-46,878</b>	<b>51,152</b>	<b>50,339</b>	<b>54,613</b>
<b>Equity at 31 December 2011</b>	<b>111,865</b>	<b>337,825</b>	<b>180,000</b>	<b>-73,806</b>	<b>711,947</b>	<b>190,170</b>	<b>1,458,001</b>

Only share premium account, hedging reserve and retained earnings may be distributed as dividends to the Parent Company's shareholders.

# Notes to Financial Statements 2011

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# Descriptive notes

## Note 1 Critical accounting estimates and judgements

In connection with the preparation of the Parent Company and Consolidated Annual Report, Management makes estimates and judgements as to how recognition and measurement of assets and liabilities should take place based on the accounting policies applied.

### Critical accounting estimates

Management's estimates are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable. In connection with the financial reporting for 2011, the following critical estimates have been made.

### Business acquisitions

In 2011 Royal Unibrew's activities in Poland were structured so that Royal Unibrew contributed its investments in the fully-owned subsidiary Royal Unibrew Polska Sp.Z.o.o. to the Polish brewery company Van Pur S.A. The contribution was remunerated by 20% of the investments in Van Pur S.A. In Management's assessment, the fair value of the investments in Van Pur S.A. at the time of transaction was higher than the carrying amount of assets and liabilities recognised in the financial statements of Van Pur, and therefore a value of goodwill related to Royal Unibrew's investments in Van Pur S.A. has been recognised in the Financial Statements of Royal Unibrew. Management's estimate of the fair value is based on a calculation of the present value of expected future cash flows in accordance with the budgets and forecasts prepared by Van Pur.

In 2011 Royal Unibrew's Lithuanian subsidiary AB Kalnapilio-Tauro Grupė acquired all of the equity investments in the Lithuanian brewery company UAB Vilkmerges alus. In connection with the acquisition, Management determined the fair value of trademarks based on a calculation of expected future cash flows.

### Intangible assets

In relation to trademarks, Management assesses annually whether the current market situation has reduced the value or affected the useful life of the trademarks, including whether past assessments of an indefinite useful life may be maintained.

An annual impairment test is made of the values of goodwill and trademarks recognised in the Financial Statements which are based on an indefinite useful life and are therefore not amortised. As regards the discount and growth rates applied in connection with impairment tests of goodwill and trademarks as well as other assumptions underlying the impairment tests, reference is made to the description in note 11 and to note 24 "Significant accounting policies".

### Other equity investments

Based on the governance issues arisen in the Polish brewery company Perla Browary Lubelskie in 2011 in which Royal Unibrew holds investments, Management has changed its estimate of the fair value to DKK 0. Reference is made to note 14 for a detailed description of the reasons for Management's fair value estimate.

### Property, plant and equipment

Note 24 "Significant accounting policies" describes the estimated useful lives applied when calculating depreciation of property, plant and equipment.

Management updates its estimate of the useful lives of property, plant and equipment on an annual basis. In connection with presenting the Interim Report for the period 1 January - 30 September 2010, Management changed its estimate of depreciation periods for property, plant and equipment. The changed estimate was based on experience of the actual life of the assets, whereas the previously estimated depreciation

periods differed from the actual useful lives. The changed estimate resulted primarily in a shorter depreciation period for buildings and a longer depreciation period for plant and machinery. The changed estimate has reduced depreciation for the period 1 January - 30 June 2011 by DKK 19 million (1 July - 31 December 2010: DKK 20 million).

### Trade receivables

Provisions for bad debts are made on the basis of an individual assessment of the risk of incurring losses on the receivables, including the maturity profile of the receivables and debtors' current credit rating. Reference is made to note 2 for a summary of trade receivables due.

### Deferred tax

Deferred tax assets, including the value of tax losses to be carried forward for set-off against positive taxable income in later years, are recognised if, based on Management's assessment, utilisation of the assets is considered possible. The assessment is made annually, see note 17.

### Repurchase obligation, returnable packaging

The repurchase obligation in respect of returnable packaging in circulation has been recognised in the Financial Statements on the basis of the estimated total volumes of packaging less packaging in inventory, see note 18.

### Judgements as an element in significant accounting policies

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how assets and liabilities should be classified in the Financial Statements and how future events will affect the value of these assets and liabilities at the balance sheet date. In connection with the financial reporting for 2011, the following judgments have been made materially affecting the related items.

### Financial instruments

When entering into financial instruments, Management assesses whether the instrument qualifies as effective hedging of recognised assets or liabilities or expected future cash flows. Financial instruments recognised are tested for effectiveness at least quarterly, and any ineffectiveness identified is recognised in the income statement.

### Recognition of project development property

With a view to ensuring adequate disclosures on the value of the brewery site in Aarhus, Management chose to apply the exemption provision of IAS 16 which allows separate recognition of an item of property, plant and equipment as well as valuation of the asset at fair value. The basis of Management's fair value estimate and the resulting conclusion are described in note 14.

### Disclosures on assets sold

Upon divestment of assets, Management assesses whether the divestment constitutes a significant business area or geographical segment and should therefore be presented separately in the Financial Statements. In the case of the structural change of the Polish activities, Management has not assessed this as a significant divestment as net revenue in 2011 amounted to approx DKK 50 million and EBIT amounted to DKK 0 (2010: DKK 367 million (9.7%) and DKK 4 million (1%), respectively).

### Leases

When entering into leases, Management assesses, on the basis of the assets to which the agreements relate and on the basis of the term of the agreements measured against the useful life of the assets, whether the agreements should be classified as finance or operating leases. At this time, Royal Unibrew only has operating leases.

# Descriptive notes

## Note 2 Financial risk management

The Group's financial risks are managed centrally according to the Treasury Policy approved by the Board of Directors, which includes guidelines for the handling of currency, interest rate, liquidity and credit risks. Commodity risks are also managed under a commodity risk policy approved by the Board of Directors.

### Currency risk

Royal Unibrew is exposed to currency risks through the geographic spread of the Group's activities. This currency exposure is particularly reflected through the Parent Company's export activities where income and cash flows are denominated in foreign currencies, and in connection with the purchase of raw materials, which involves an indirect USD risk on the part of the purchase price related to the raw material element. Purchases are in all materiality made in the currencies in which the Group has income, which results in a total reduction of the currency risk. Furthermore, the translation of loans to/from subsidiaries as well as the Group's net debt is subject to currency risk where these are not established in DKK.

The above describes Royal Unibrew's transaction risks, which are hedged actively according to the Treasury Policy. EUR is not hedged. The objective is to reduce negative effects on the Group's profit and cash flows. The risk is therefore monitored and hedged continually so that with a 95% probability (historical development) it does not exceed 1% of expected EBITDA. The Group's cash flows are primarily in EUR, GBP, LVL, LTL and USD. The key currency risks are related to GBP, LVL, LTL, PLN and USD.

The total gross currency risk (before hedging) on the balance sheet items was calculated at 31 December 2011. The following table shows the sensitivity to a positive change in the cross rates at 31 December 2011 with all other variables remaining unchanged. A negative change has a corresponding effect merely with the sign reversed.

Moreover, Royal Unibrew has a translation risk primarily related to Latvia and Lithuania. The translation risk related to Royal Unibrew's investments in foreign subsidiaries is, as a general rule, not hedged.

Financial risks such as the loss of competitive strength due to long-term exchange rate changes are not hedged by financial instruments but are included in Royal Unibrew's strategic considerations.

### Interest rate risk

Royal Unibrew's interest rate risk is substantially related to the Group's loan portfolio. Interest rate changes will affect the market value of fixed-interest loans as well as interest payments on floating-rate liabilities. Debt is established only in currencies in which the Group has commercial activities.

In Royal Unibrew's assessment, the key interest rate risk is related to the immediate effect of interest rate changes on the Group's interest payment flows and Royal Unibrew focuses only secondarily on changes in the market value of the debt. It is group policy to limit the effect of interest rate changes on profit and cash flows while, within this framework, also achieving the lowest possible financing cost. At the end of 2011, net interest-bearing debt amounted to DKK 631 million, 95% of which comprised mortgage loans with an average term to maturity of 17 years. The remaining part of the debt comprises committed bank credit facilities with a term to maturity of up to 42 months. Some 55% of the net debt is fixed-rate with a fixed-interest period of more than 1 year, and additionally 32% of the net debt is fixed-rate with a fixed-interest period of less than 1 year. A one percentage point interest rate change will affect the Group's interest expenses by approx +/- DKK 1 million (Parent Company: DKK 0 million).

### Credit risks

The Group's credit risks relate primarily to trade receivables and counterparty risks.

Royal Unibrew seeks to limit risks relating to credit granting to customers outside Denmark through extensive use of insurance cover. Where insurance cover is not established or is exceeded, Royal Unibrew has established procedures for approval of such risks. There are no material credit risks on individual customers.

Current receivables, other than trade receivables, all fall due for payment in 2012.

Total receivables of DKK 432 million (Parent: DKK 464 million) belong to the category assets measured at amortised cost.

The maximum credit risk corresponds to the carrying amount of the financial assets.

		Earnings impact before tax 2011	Earnings impact before tax 2010	Equity impact 2011	Equity impact 2010
DKK'000	Change				
CAD	10%	388	488	388	488
EUR	2%	1,198	681	2,137	1,430
GBP	10%	17	-137	1,688	1,762
LTL	2%	-981	-133	1,227	3,431
LVL	5%	4,714	1,356	11,139	7,342
PLN	5%	81	2,481	4,881	2,286
SEK	5%	-350	-454	-205	-314
USD	10%	1,556	2,220	2,138	2,750

# Descriptive notes

## Note 2 Financial risk management

Trade receivables fall due as follows:

DKK'000		31/12 2011		31/12 2010
Not due		270,831		310,642
Due:				
From 1-15 days	84,616		76,800	
From 16-90 days	18,721		29,509	
More than 90 days	40,294	143,631	39,615	145,924
Provisions for bad debts, not due	-1,910		-4,237	
Provisions for bad debts, 1-15 days	-345		-2,368	
Provisions for bad debts, 16-90 days	-1,575		-5,970	
Provisions for bad debts, more than 90 days	-31,620	-35,450	-36,962	-49,537
<b>Total</b>		<b>379,012</b>		<b>407,029</b>
Provisions for bad debts, beginning of year		49,537		42,843
Bad debts realised during the year		5,146		12,648
Adjustment upon sale of Caribbean companies				-1,356
Adjustment upon sale of RU Polska		-9,221		
Provisions for the year		-10,012		-4,598
<b>Total</b>		<b>35,450</b>		<b>49,537</b>

### Liquidity risks

It is group policy that its cash resources should be adequate to meet the expected liquidity requirements in the current and next financial year. The cash resources may be bank deposits, short-term bonds and unutilised credit facilities.

### Capital management

Royal Unibrew wants to ensure structural and financial flexibility as well as competitive power. To ensure this, continuous assessment is made to determine the appropriate capital structure of Royal Unibrew. At the end of 2011, it is assessed that the Group's net interest-bearing debt should not exceed 2.5 times EBITDA and that the equity ratio should be 30%, which was the case at the end of 2011.

At the operational level, continuous efforts are directed at optimising working capital investments. Subject to adequate capacity, investments in production facilities will be limited to replacement of individual components, related to specific products or to optimisation of selected processes as well as maintenance.

### Commodity risks

The commodity risk relates primarily to the purchasing of cans (aluminium), malt (barley), hops and packaging materials (cardboard) as well as energy. The assumptions for making purchases and establishing hedges differ for the commodity groups mentioned.

The objective of managing Royal Unibrew's commodity risk is to achieve a smooth and time-differentiated effect of commod-

ity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers. As regards the Group's purchase of cans, financial contracts have further been made to hedge the risk of aluminium price increases. Exchange rate changes with respect to the settlement currency of aluminium (USD) are an element of the overall currency risk management.

The most significant part of purchases for the next 12 months has, in accordance with Royal Unibrew's policy, been hedged by entering into supplier agreements and financial contracts.

### Other risks

Market risks have in 2011 affected Royal Unibrew's results materially, which may also be the case in future years. Currently, the economic development in many of the Group's markets and the resulting consumer reluctance have affected volume sales of the Group's products, and thus also earnings, negatively. Furthermore, competition has intensified resulting in limited possibilities of realising sales price increases.

For quite a number of years, Royal Unibrew has recorded significant revenue in the Italian market. In 2011 this market represented 19% (2010: 18%) of total group sales. Changes to consumption patterns or the competitive situation in Italy could therefore influence Royal Unibrew's results materially. Changes to consumption patterns in the Group's other markets, eg changed views on alcohol consumption and consumption of soft drinks, may also affect Royal Unibrew's development and results materially.

# Descriptive notes

## Note 2 Financial risk management (continued)

As a producer of alcoholic products, Royal Unibrew is sensitive to changes in the public alcohol policy - including indirect tax policies in the Group's respective markets. For example, a change of the Danish indirect tax policy as compared to those of neighbouring countries could lead to a change of cross-border trading patterns. This applies primarily to Germany, Norway and Sweden.

Legislative changes with respect to permitted types of containers and returning of containers could also result in significant changes to consumption patterns. In Germany (including cross-

border trading) large parts of the Group's products are sold in cans, whereas sales in Italy are primarily related to products in non-returnable glass bottles.

The Group's Insurance Guidelines determine the framework of covering risks in general insurance areas (buildings, movables and trading losses) The risks are covered partly through insurance and partly by own risks. The total risks are assessed by the Board of Directors on an annual basis and external specialists review the breweries for relevant risks on a regular basis.

### Currency and interest rate risks and use of derivative financial instruments

Financial instruments entered into to hedge expected future transactions and qualifying as hedge accounting under IAS 39:

#### Group and Parent Company

DKK'000	Period	2011			2010		
		Contract amount	Market value	Deferred gain (+) / loss (-)	Contract amount	Market value	Deferred gain (+) / loss (-)
Forward contracts:							
GBP	0 - 1 year	30,532	31,264	-732	51,078	50,930	148
USD	0 - 1 year	21,680	19,766	1,914			
CAD	0 - 1 year	8,473	8,717	-244	22,977	23,427	-450
SEK	0 - 1 year	17,832	17,016	816	-33,148	-34,488	1,340
<b>Total</b>		<b>78,517</b>	<b>76,763</b>	<b>1,754</b>	<b>40,907</b>	<b>39,869</b>	<b>1,038</b>

The financial instruments applied in 2011 and 2010 may all be classified as level-2 instruments, in the IFRS fair value hierarchy.

The determined fair value of derivative financial instruments is based on observable market data such as yield curves or forward rates.

# Descriptive notes

## Note 2 Financial risk management (continued)

### Group

#### Financial liabilities

DKK'000	31/12 2011				
	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	649,493	55,613	8,366	585,514	649,493
Interest expenses	336,919	30,783	120,179	185,957	
Trade payables and repayment obligation re packaging	440,036	440,036			440,036
Other payables	313,012	289,893	23,019		313,012
<b>Total</b>	<b>1,739,460</b>	<b>816,325</b>	<b>151,664</b>	<b>771,471</b>	<b>1,402,541</b>

Debt breaks down as follows: debt at amortised cost DKK 1,326 million and debt at fair value DKK 77 million.

The fair value of the total debt is assessed to correspond to carrying amount.

DKK'000	31/12 2010				
	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	807,046	211,433	9,475	586,138	807,046
Interest expenses	349,825	29,895	109,180	210,750	
Trade payables and repayment obligation re packaging	486,779	486,779			486,779
Other payables	304,156	291,571	12,585		304,156
<b>Total</b>	<b>1,947,806</b>	<b>1,019,678</b>	<b>131,240</b>	<b>796,888</b>	<b>1,597,981</b>

Debt breaks down as follows: debt at amortised cost DKK 1,567 million and debt at fair value DKK 31 million.

The fair value of the total debt is assessed to correspond to carrying amount.

# Descriptive notes

## Note 2 Financial risk management (continued)

### Parent Company

Financial liabilities

DKK'000	31/12 2011				
	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	611,691	17,811	8,366	585,514	611,691
Interest expenses	336,835	30,699	120,179	185,957	
Trade payables and repayment obligation re packaging	320,884	320,884			320,884
Other payables	268,670	245,551	23,119		268,670
<b>Total</b>	<b>1,538,080</b>	<b>614,945</b>	<b>151,664</b>	<b>771,471</b>	<b>1,201,245</b>

Debt breaks down as follows: debt at amortised cost DKK 1,124 million and debt at fair value DKK 77 million.

The fair value of the total debt is assessed to correspond to carrying amount.

DKK'000	31/12 2010				
	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	776,967	181,432	9,397	586,138	776,967
Interest expenses	349,263	29,333	109,180	210,750	
Trade payables and repayment obligation re packaging	293,373	293,373			293,373
Other payables	249,595	237,010	12,585		249,595
<b>Total</b>	<b>1,669,198</b>	<b>741,148</b>	<b>131,162</b>	<b>796,888</b>	<b>1,319,935</b>

Debt breaks down as follows: debt at amortised cost DKK 1,289 million and debt at fair value DKK 31 million.

The fair value of the total debt is assessed to correspond to carrying amount.



# Descriptive notes

## Note 3 Segment reporting

The Group's results, assets and liabilities break down as follows on geographic segments:

mDKK	Western Europe	Eastern Europe	Malt beverages	Unallocated	Total
<b>2011</b>					
Net revenue	2,410.1	629.1	391.4		3,430.6
Operating profit/loss	405.0	45.1	53.3	-29.2	474.2
Earnings before interest and tax (EBIT)	405.0	45.1	53.3	-29.2	474.2
Net financials	-1.4	-4.9	6.2	-27.4	-27.5
Share of income from associates	12.5		1.9		14.4
Profit/loss before tax	416.1	40.2	61.4	-56.6	461.1
Tax				-110.2	-110.2
Profit/loss for the year	416.1	40.2	61.4	-166.8	350.9
Assets*	1,582.2	516.2	89.7	411.5	2,599.6
Associates	105.9	184.8			290.7
<b>Total assets</b>	<b>1,688.1</b>	<b>701.0</b>	<b>89.7</b>	<b>411.5</b>	<b>2,890.3</b>
Purchase of property, plant and equipment	66.0	8.0	0.2		74.2
Purchase of property, plant and equipment on acquisition		1.3			1.3
Purchase of intangible assets on acquisition		4.9			4.9
<b>Liabilities</b>	<b>790.2</b>	<b>133.9</b>	<b>33.3</b>	<b>611.7</b>	<b>1,569.1</b>
Sales (million hectolitres)	3.3	2.0	0.4		5.7

\* Unallocated contains project development properties.

# Descriptive notes

## Note 3 Segment reporting (continued)

The Group's results, assets and liabilities break down as follows on geographic segments:

mDKK	Western Europe	Eastern Europe	Malt beverages	Unallocated	Total
<b>2010</b>					
Net revenue	2,424.5	941.7	409.2		3,775.4
Operating profit/loss	365.3	45.9	48.2	-42.5	416.9
Earnings before interest and tax (EBIT)	365.3	45.9	48.2	-42.5	416.9
Net financials	6.1	-26.2	-0.1	-47.7	-67.9
Share of income from associates	21.7		4.3		26.0
Profit/loss before tax	393.1	19.7	52.4	-90.2	375.0
Tax				-97.2	-97.2
Profit/loss for the year	393.1	19.7	52.4	-187.4	277.8
Assets*	1,399.8	996.9	117.5	406.4	2,920.6
Associates	103.5		32.7		136.2
<b>Total assets</b>	<b>1,503.3</b>	<b>996.9</b>	<b>150.2</b>	<b>406.4</b>	<b>3,056.8</b>
Purchase of property, plant and equipment	38.1	20.3	0.3		58.7
<b>Liabilities</b>	<b>742.8</b>	<b>217.6</b>	<b>38.9</b>	<b>777.0</b>	<b>1,776.3</b>
Sales (million hectolitres)	3.2	2.9	0.5		6.6

\* Unallocated contains project development properties.

Revenue and non-current assets break down as follows:

mDKK	2011	2011	2010	2010
	Net revenue	Non-current assets	Net revenue	Non-current assets
Denmark	1,193.4	1,153.7	1,191.0	1,107.8
Italy	649.5	26.8	675.2	27.6
Germany including cross-border trade	543.0		535.6	
Lithuania	313.0	165.6	317.4	173.2
Latvia	260.2	233.1	252.5	236.6
Poland	50.1		366.6	90.9
Other countries	421.4	300.1	437.1	332.6
Unallocated		411.5		406.4
<b>Total</b>	<b>3,430.6</b>	<b>2,290.8</b>	<b>3,775.4</b>	<b>2,375.1</b>

No single customer accounts for revenue in excess of 10% of total revenue.

# Descriptive notes

## Note 3 Segment reporting (continued)

### Segment reporting 2007 - 2011

The Group's activities break down as follows on geographic segments:

mDKK	Western Europe	Eastern Europe	Malt beverages	Unallocated	Group
<b>2011</b>					
Net revenue	2,410.1	629.1	391.4		3,430.6
Operating profit/loss	405.0	45.1	53.3	-29.2	474.2
Assets	1,688.1	701.0	89.7	411.5	2,890.3
Liabilities	790.2	133.9	33.3	611.7	1,569.1
Sales (million hectolitres)	3.3	2.0	0.4		5.7
<b>2010</b>					
Net revenue	2,424.5	941.7	409.2		3,775.4
Operating profit/loss	365.3	45.9	48.2	-42.5	416.9
Assets	1,503.3	996.9	150.2	406.4	3,056.8
Liabilities	742.8	217.6	38.9	777.0	1,776.3
Sales (million hectolitres)	3.2	2.9	0.5		6.6
<b>2009</b>					
Net revenue	2,418.2	909.3	488.9		3,816.4
Operating profit/loss	274.6	-5.2	37.5	-63.6	243.3
Assets	2,061.0	1,058.2	370.5		3,489.7
Liabilities	781.8	414.2	113.9	1,184.6	2,494.5
Sales (million hectolitres)	3.3	2.8	0.5		6.6
<b>2008</b>					
Net revenue	2,520.4	1,129.2	529.1		4,178.7
Operating profit/loss	191.3	-51.1	38.1	-43.4	134.9
Assets	2,467.0	1,202.6	381.8		4,051.4
Liabilities	971.0	406.1	106.0	1,993.5	3,476.6
Sales (million hectolitres)	3.7	3.2	0.6		7.5
<b>2007</b>					
Net revenue	2,489.6	909.3	482.9		3,881.8
Operating profit/loss	251.6	-23.4	63.4	-47.5	244.1
Assets	2,169.1	975.4	396.2	240.6	3,781.3
Liabilities	746.1	293.6	97.1	1,525.0	2,661.8
Sales (million hectolitres)	3.8	2.7	0.6		7.1

# Notes to Income Statement

## Note 4 Staff expenses

Staff expenses are included in production costs, sales and distribution expenses as well as administrative expenses and break down as follows:

Parent Company			Group	
DKK'000	2010	2011	2011	2010
15,408	16,156	Salaries and short term bonus scheme for Executive Board	16,156	15,408
6,197	9,064	Long-term bonus scheme for Executive Board	9,064	6,197
21,605	25,220	Remuneration of Executive Board	25,220	21,605
2,461	2,816	Remuneration of Board of Directors	2,816	2,461
24,066	28,036		28,036	24,066
403,623	360,270	Wages and salaries	468,047	550,895
31,740	30,206	Contributions to pension schemes	46,449	53,952
435,363	390,476		514,496	604,847
6,115	5,068	Other social security expenses	8,876	12,729
18,126	16,382	Other staff expenses	20,641	25,170
<b>483,670</b>	<b>439,962</b>	<b>Total</b>	<b>572,049</b>	<b>666,812</b>
974	904	Average number of employees	1,785	2,210

In 2011 remuneration of Executive Board includes severance payments DKK 4.3 million.

# Notes to Income Statement

## Note 4 Staff expenses (continued)

For incentive purposes, the following share option schemes had been established until 2008 for the Executive Board and certain employees. Each option carries a right to acquire 1 share of DKK 10.

	Executive Board number	Certain other employees number	Total number	Exercise price	Exercise period
<b>Unexercised at 31 December 2011</b>					
distributed on:					
Granted re 2006		22,074	22,074	477	4/2010-4/2012
Granted re 2007		14,543	14,543	350	4/2011-4/2013
	<b>0</b>	<b>36,617</b>	<b>36,617</b>		
<b>Unexercised at 31 December 2010</b>					
	<b>0</b>	<b>60,325</b>	<b>60,325</b>		
<b>Market value at 31 December 2011</b>					
		<b>0.4 million</b>	<b>0.4 million</b>		
<b>Market value at 31 December 2010</b>					
		<b>0.5 million</b>	<b>0.5 million</b>		

Based on a share price of the Royal Unibrew share of 321.5 at 31 December 2011, the market value of the options has been calculated by means of the Black-Scholes model.

The calculation is based on an assumption of 26% volatility (2010: 22%), a risk-free interest rate of 1.2-1.6% (2010: 1.4-2.7%) and annual dividend per share of DKK 150% (2010: 125%).

In 2011 the exercise period for 23,046 options granted re 2005 has expired, and 662 re 2007.

# Notes to Income Statement

## Note 5 Expenses broken down by type

Parent Company			Group	
DKK'000	2010	2011	2011	2010
			Aggregated	
1,293,532	1,255,586		1,685,311	1,945,672
744,811	739,015		1,084,913	1,200,160
189,264	155,339		189,717	216,635
<b>2,227,607</b>	<b>2,149,940</b>	<b>Total</b>	<b>2,959,941</b>	<b>3,362,467</b>
			break down by type as follows:	
947,985	968,100		1,346,875	1,485,575
483,670	439,962		572,049	666,812
139,245	139,072		175,733	200,805
98,256	91,778		174,415	188,045
339,186	326,016		453,492	507,018
1,008	18,132		10,514	12,648
89,318	81,446		104,957	118,471
128,939	85,434		121,906	183,093
<b>2,227,607</b>	<b>2,149,940</b>	<b>Total</b>	<b>2,959,941</b>	<b>3,362,467</b>

Total depreciation and impairment losses as well as profit from sale of property, plant and equipment are included in the following items in the income statement:

Parent Company			Group	
DKK'000	2010	2011	2011	2010
95,156	50,845		75,184	127,601
15,373	22,558		33,078	38,901
18,410	12,031		13,644	16,591
<b>128,939</b>	<b>85,434</b>	<b>Total</b>	<b>121,906</b>	<b>183,093</b>

# Notes to Income Statement

## Note 6 Financial income

Parent Company			Group	
DKK'000	2010	2011	2011	2010
			<b>Interest income</b>	
	6	6	Cash at bank and in hand	56
	10	9	Trade receivables	10
	6,947	6,343	Receivables from subsidiaries	
			<b>Exchange adjustments</b>	
	1,944		Cash at bank and in hand and external loans	334
		293	Trade payables	
	2,330		Trade receivables	1,380
	3,933	1,160	Intercompany loans	1,160
	1,179	100	Ineffective portion of hedge contracts	119
		4,192	Forward contracts	4,684
		6,383	Profit on sale of investments	30,004
	466	1,457	Other financial income	2,409
	30,579		Gain on repayment of mortgage debt	
	<b>47,394</b>	<b>19,943</b>	<b>Total</b>	<b>40,156</b>
				<b>46,513</b>

## Note 7 Financial expenses

Parent Company			Group	
DKK'000	2010	2011	2011	2010
			<b>Interest expenses</b>	
	52,784	30,428	Mortgage credit institutes	28,671
	25,950	3,015	Credit institutions	3,773
			Trade payables	20
	202	196	Payables to subsidiaries	
	800		Other payables	159
			<b>Exchange adjustments</b>	
	816	264	Trade payables	2,840
		32	Trade receivables	
	4,852		Forward contracts	
	13,276	40,692	Loss on sale and impairment of investments	26,906
	14,350	4,145	Other financial expenses	5,290
	<b>113,030</b>	<b>78,772</b>	<b>Total</b>	<b>67,659</b>
				<b>119,853</b>

# Notes to Income Statement

## Note 8 Tax on the profit for the year

Parent Company			Group	
DKK'000	2010	2011	2011	2010
80,397	93,919	Tax on the taxable income for the year	109,177	103,961
-658	-1,905	Adjustment of previous year	-312	-102
5,562	-2,695	Adjustment of deferred tax	-3,472	-1,718
<b>85,301</b>	<b>89,319</b>	<b>Total</b>	<b>105,393</b>	<b>102,141</b>
		which breaks down as follows:		
80,400	94,179	Tax on profit for the year	110,253	97,240
4,901	-4,860	Tax on equity entries	-4,860	4,901
<b>85,301</b>	<b>89,319</b>	<b>Total tax</b>	<b>105,393</b>	<b>102,141</b>
25.0	25.0	Current Danish tax rate	25.0	25.0
-2.7	-4.6	Effect on tax rate of permanent differences*	-0.4	4.7
-0.2	-0.4	Adjustment of previous year	-0.1	
		Tax in associates		
1.4	0.8	Dividend tax	0.8	1.3
		Differences in effective tax rates of foreign subsidiaries	-1.4	-5.1
<b>23.5</b>	<b>20.8</b>	<b>Effective tax rate</b>	<b>23.9</b>	<b>25.9</b>

\*Permanent differences in Parent Company is primarily dividend received from subsidiaries.

## Note 9 Comprehensive income

Parent Company			Group	
DKK'000	2010	2011	2011	2010
		Recirculated currency translation of divested subsidiaries and associated companies are included in financial items	-19,382	
<b>0</b>	<b>0</b>	<b>Total recirculated exchange adjustments of foreign group enterprises</b>	<b>-19,382</b>	<b>0</b>
		Realised hedging transactions are recognised as follows in the income statement:		
-736	-1,400	Net revenue includes foreign currency hedges of	-1,400	-736
-18,352	5,350	Production costs include foreign currency and commodity hedges of	5,572	-20,060
-49,874	-11,191	Financial income and expenses include foreign currency, commodity and interest hedges of	-10,681	-49,961
<b>-68,962</b>	<b>-7,241</b>	<b>Total P/L effect of hedging instruments</b>	<b>-6,509</b>	<b>70,757</b>



# Notes to Balance Sheet

## Note 10 Intangible assets

### Group

DKK'000	Goodwill	Trademarks	Distribution rights	Total intangible assets
Cost at 1 January 2010	468,616	265,746	13,623	747,985
Reclassification			-362	-362
Exchange adjustments	1,855	1,681	3	3,539
Disposals for the year	-45,397	-34,227	-28	-79,652
<b>Cost at 31 December 2010</b>	<b>425,074</b>	<b>233,200</b>	<b>13,236</b>	<b>671,510</b>
Amortisation and impairment losses at 1 January 2010	-161,092	-99,553	-7,386	-268,031
Amortisation for the year			-1,337	-1,337
<b>Amortisation and impairment losses at 31 December 2010</b>	<b>-161,092</b>	<b>-99,553</b>	<b>-8,723</b>	<b>-269,368</b>
<b>Carrying amount at 31 December 2010</b>	<b>263,982</b>	<b>133,647</b>	<b>4,513</b>	<b>402,142</b>
Cost at 1 January 2011	425,074	233,200	13,236	671,510
Exchange adjustments	-249	1,401		1,152
Additions for the year		4,863		4,863
Disposals for the year		-12,475		-12,475
<b>Cost at 31 December 2011</b>	<b>424,825</b>	<b>226,989</b>	<b>13,236</b>	<b>665,050</b>
Amortisation and impairment losses at 1 January 2011	-161,092	-99,553	-8,723	-269,368
Amortisation and impairment losses for the year		-3,250	-1,338	-4,588
<b>Amortisation and impairment losses at 31 December 2011</b>	<b>-161,092</b>	<b>-102,803</b>	<b>-10,061</b>	<b>-273,956</b>
<b>Carrying amount at 31 December 2011</b>	<b>263,733</b>	<b>124,186</b>	<b>3,175</b>	<b>391,094</b>

Well-established, old and profitable trademarks which customers are expected to continue demanding unabatedly, other things being equal, and which Management does not plan to stop selling and marketing are not amortised.

Reference is made to note 11 for impairment tests.

# Notes to Balance Sheet

## Note 10 Intangible assets (continued)

### Parent Company

DKK'000	Goodwill	Trademarks	Distribution rights	Total intangible assets
Cost at 1 January 2010	80,645	2,990	11,828	95,463
<b>Cost at 31 December 2010</b>	<b>80,645</b>	<b>2,990</b>	<b>11,828</b>	<b>95,463</b>
Amortisation and impairment losses at 1 January 2010	0	0	-6,605	-6,605
Amortisation for the year			-1,184	-1,184
<b>Amortisation and impairment losses at 31 December 2010</b>	<b>0</b>	<b>0</b>	<b>-7,789</b>	<b>-7,789</b>
<b>Carrying amount at 31 December 2010</b>	<b>80,645</b>	<b>2,990</b>	<b>4,039</b>	<b>87,674</b>
Cost at 1 January 2011	80,645	2,990	11,828	95,463
<b>Cost at 31 December 2011</b>	<b>80,645</b>	<b>2,990</b>	<b>11,828</b>	<b>95,463</b>
Amortisation and impairment losses at 1 January 2011	0	0	-7,789	-7,789
Amortisation for the year			-1,183	-1,183
<b>Amortisation and impairment losses at 31 December 2011</b>	<b>0</b>	<b>0</b>	<b>-8,972</b>	<b>-8,972</b>
<b>Carrying amount at 31 December 2011</b>	<b>80,645</b>	<b>2,990</b>	<b>2,856</b>	<b>86,491</b>

The trademarks are not amortised as they are all well-established, old and profitable trademarks which customers are expected to continue demanding unabatedly, other things being equal, and which Management does not plan to stop selling and marketing.

Reference is made to note 11 for impairment tests.

# Notes to Balance Sheet

## Note 11 Impairment tests

### Impairment tests of goodwill and trademarks

Annual impairment tests are carried out of the carrying amount of goodwill and trademarks with indefinite useful lives. The impairment test in 2011 did not give rise to recognising any impairment losses.

The carrying amount of goodwill and trademarks at 31 December is related to the cash-generating operational units and breaks down as follows:

DKK'000	Goodwill	Trademarks	Total	Share
<b>2011</b>				
Denmark (Western Europe)	80,645	2,990	83,635	22%
The Baltic countries (Eastern Europe)	156,286	121,196	277,482	71%
The Caribbean and Africa (Malt beverages)	26,802		26,802	7%
<b>Total</b>	<b>263,733</b>	<b>124,186</b>	<b>387,919</b>	<b>100%</b>

The recoverable amount is based on value in use, which is calculated by means of estimated net cash flows on the basis of budgets and forecasts for 2012-2014 approved by Management as well as estimated market driven discount rates and growth rates. Generally only limited revenue growth is expected. Gross margins are assumed to remain stable. The key assumptions underlying the calculation of recoverable amount are as indicated below.

	Western Europe	Eastern Europe	Malt drinks
Gross margin	54%	33%	25-28%
Growth rate 2015-2018	2%	4%	2%
Growth rate on terminal value	2%	2%	2%
Discount rate (WACC)	7.2%	11.1-11,3%	5,5-15,5%

The forecasted gross margins approved by Management are based on prior results and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

# Notes to Balance Sheet

## Note 11 Impairment tests (continued)

DKK'000	Goodwill	Trademarks	Total	Share
<b>2010</b>				
Denmark (Western Europe)	80,645	2,990	83,635	21%
The Baltic countries (Eastern Europe)	156,673	127,415	284,088	71%
The Caribbean and Africa (Malt beverages)	26,664	3,242	29,906	8%
<b>Total</b>	<b>263,982</b>	<b>133,647</b>	<b>397,629</b>	<b>100%</b>

The key assumptions underlying the calculation of recoverable amount in 2010 were:

	Western Europe	Eastern Europe	Malt drinks
Gross margin	54%	37-45%	30%
Growth rate 2014-2017	2%	0-6%	0-3%
Growth rate on terminal value	2%	2%	2%
Discount rate (WACC)	7.2%	10.1-10.5%	7.1-15.5%

The forecasted gross margins approved by Management are based on prior results and expected market developments. The average growth rates applied are in accordance with Management's expectations taking into account industry conditions in the individual markets. The discount rates applied are before tax and reflect current specific risks in the individual market. The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses.

# Notes to Balance Sheet

## Note 12 Property, plant and equipment

### Group

DKK'000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2010	1,007,093	263,397	1,781,705	668,074	11,386	3,731,655
Exchange adjustment	4,576		9,667	3,795	58	18,096
Additions for the year	1,273	2,875	9,191	33,951	11,439	58,729
Disposal on sale of activities	-56,342		-195,699	-47,998	-435	-300,474
Disposals for the year	-5,949		-60,154	-66,378		-132,481
Transfers for the year	590		1,671	7,954	-10,215	0
<b>Cost at 31 December 2010</b>	<b>951,241</b>	<b>266,272</b>	<b>1,546,381</b>	<b>599,398</b>	<b>12,233</b>	<b>3,375,525</b>
Depreciation and impairment losses at 1 January 2010	-283,307	140,155	-1,130,919	-443,928	0	-1,717,999
Exchange adjustment	-1,777		-7,199	-2,010		-10,986
Reversal of depr. and impairment on sale	19,262		143,099	29,917		192,278
Depreciation for the year	-27,196		-98,038	-59,546		-184,780
Depreciation and impairment of assets sold and discontinued	2,839		60,049	54,719		117,607
<b>Depreciation and impairment losses at 31 December 2010</b>	<b>-290,179</b>	<b>140,155</b>	<b>-1,033,008</b>	<b>-420,848</b>	<b>0</b>	<b>-1,603,880</b>
<b>Carrying amount at 31 December 2010</b>	<b>661,062</b>	<b>406,427</b>	<b>513,373</b>	<b>178,550</b>	<b>12,233</b>	<b>1,771,645</b>

Land and buildings at a carrying amount of DKK 352 million have been provided as security for mortgage debt of DKK 595.5 million (2009: DKK 751.5 million and DKK 734.8 million, respectively).

# Notes to Balance Sheet

## Note 12 Property, plant and equipment (continued)

Group						
DKK'000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2011	951,241	266,272	1,546,381	599,398	12,233	3,375,525
Exchange adjustment	1,662		1,462	16	18	3,158
Reclassification				3,147		3,147
Additions for the year	247	5,023	9,270	27,574	32,037	74,151
Additions upon acquisition	1,055		194	38		1,287
Disposal on sale of activities	-75,967		-102,157	-30,680	-3,070	-211,874
Disposals for the year	-14,036		-106,929	-91,032		-211,997
Transfers for the year	349		3,618	6,628	-10,595	0
<b>Cost at 31 December 2011</b>	<b>864,551</b>	<b>271,295</b>	<b>1,351,839</b>	<b>515,089</b>	<b>30,623</b>	<b>3,033,397</b>
Depreciation and impairment losses at 1 January 2011	-290,179	140,155	-1,033,008	-420,848	0	-1,603,880
Exchange adjustment	-273		-450	43		-680
Reclassification				1,052		1,052
Reversal of depr. and impairment on sale	30,495		82,003	19,243		131,741
Depreciation for the year	-25,387		-55,812	-48,000		-129,199
Depreciation and impairment of assets sold and discontinued	4,913		98,211	65,719		168,843
<b>Depreciation and impairment losses at 31 December 2011</b>	<b>-280,431</b>	<b>140,155</b>	<b>-909,056</b>	<b>-382,791</b>	<b>0</b>	<b>-1,432,123</b>
<b>Carrying amount at 31 December 2011</b>	<b>584,120</b>	<b>411,450</b>	<b>442,783</b>	<b>132,298</b>	<b>30,623</b>	<b>1,601,274</b>

Land and buildings at a carrying amount of DKK 345 million have been provided as security for mortgage debt of DKK 595.8 million (2010: DKK 352 million and DKK 595.5 million, respectively).

# Notes to Balance Sheet

## Note 12 Property, plant and equipment (continued)

### Parent Company

DKK'000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2010	591,895	263,397	1,229,387	508,066	6,495	2,599,240
Additions for the year	1,153	2,875	4,631	20,760	8,696	38,115
Disposals for the year	-4,626		-59,739	-52,114		-116,479
Transfers for the year	1		496	5,609	-6,106	0
<b>Cost at 31 December 2010</b>	<b>588,423</b>	<b>266,272</b>	<b>1,174,775</b>	<b>482,321</b>	<b>9,085</b>	<b>2,520,876</b>
Depreciation and impairment losses at 1 January 2010	-205,700	140,155	-830,139	-358,245	0	-1,253,929
Depreciation for the year	-14,767		-67,600	-45,566		-127,933
Depreciation and impairment of assets sold and discontinued	2,366		59,663	45,628		107,657
<b>Depreciation and impairment losses at 31 December 2010</b>	<b>-218,101</b>	<b>140,155</b>	<b>-838,076</b>	<b>-358,183</b>	<b>0</b>	<b>-1,274,205</b>
<b>Carrying amount at 31 December 2010</b>	<b>370,322</b>	<b>406,427</b>	<b>336,699</b>	<b>124,138</b>	<b>9,085</b>	<b>1,246,671</b>

Land and buildings at a carrying amount of DKK 352 million have been provided as security for mortgage debt of DKK 595.5 million (2009: DKK 751.5 million and DKK 734.8 million, respectively).

DKK'000	Land and buildings	Project development properties	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2011	588,423	266,272	1,174,775	482,321	9,085	2,520,876
Additions for the year	136	5,023	8,544	26,859	25,336	65,898
Disposals for the year	-13,244		-105,851	-70,832		-189,927
Transfers for the year	131		1,292	6,051	-7,474	0
<b>Cost at 31 December 2011</b>	<b>575,446</b>	<b>271,295</b>	<b>1,078,760</b>	<b>444,399</b>	<b>26,947</b>	<b>2,396,847</b>
Depreciation and impairment losses at 1 January 2011	-218,101	140,155	-838,076	-358,183	0	-1,274,205
Depreciation for the year	-16,923		-40,958	-36,728		-94,609
Depreciation and impairment of assets sold and discontinued	4,913		97,132	56,737		158,782
<b>Depreciation and impairment losses at 31 December 2011</b>	<b>-230,111</b>	<b>140,155</b>	<b>-781,902</b>	<b>-338,174</b>	<b>0</b>	<b>-1,210,032</b>
<b>Carrying amount at 31 December 2011</b>	<b>345,335</b>	<b>411,450</b>	<b>296,858</b>	<b>106,225</b>	<b>26,947</b>	<b>1,186,815</b>

Land and buildings at a carrying amount of DKK 345 million have been provided as security for mortgage debt of DKK 595.8 million (2010: DKK 352 million and DKK 595.5 million, respectively).

# Notes to Balance Sheet

## Note 13 Fixed asset investments

Group				
DKK'000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2010	56,958	109,427	12,892	179,277
Exchange adjustment	5,852	2,279		8,131
Reclassification			-1,468	-1,468
Additions			411	411
Disposals			-5,742	-5,742
<b>Cost at 31 December 2010</b>	<b>62,810</b>	<b>111,706</b>	<b>6,093</b>	<b>180,609</b>
Revaluations and impairment losses at 1 January 2010	53,884	-52,679	0	1,205
Exchange adjustment	902			902
Dividend	-12,869			-12,869
Revaluations and impairment losses for the year	31,460			31,460
<b>Revaluations and impairment losses at 31 December 2010</b>	<b>73,377</b>	<b>-52,679</b>	<b>0</b>	<b>20,698</b>
<b>Carrying amount at 31 December 2010</b>	<b>136,187</b>	<b>59,027</b>	<b>6,093</b>	<b>201,307</b>
<b>Value of goodwill included above</b>	<b>6,602</b>			<b>6,602</b>
DKK'000	Investments in associates	Other investments	Other receivables	Total
Cost at 1 January 2011	62,810	111,706	6,093	180,609
Exchange adjustment	-24,243			-24,243
Additions	208,942		4,686	213,628
Disposals	-16,828	-53,427	-5,544	-75,799
<b>Cost at 31 December 2011</b>	<b>230,681</b>	<b>58,279</b>	<b>5,235</b>	<b>294,195</b>
Revaluations and impairment losses at 1 January 2011	73,377	-52,679	0	20,698
Exchange adjustment	-786			-786
Disposals	-15,992	25,056		9,064
Dividend	-10,938			-10,938
Revaluations for the year	25,350			25,350
Impairment losses for the year	-10,980	-28,043	-121	-39,144
<b>Revaluations and impairment losses at 31 December 2011</b>	<b>60,031</b>	<b>-55,666</b>	<b>-121</b>	<b>4,244</b>
<b>Carrying amount at 31 December 2011</b>	<b>290,712</b>	<b>2,613</b>	<b>5,114</b>	<b>298,439</b>
<b>Value of goodwill included above</b>	<b>89,984</b>			<b>89,984</b>

Additions of associates for the year relate to the 20% of the share capital of the Polish brewery company Van Pur S.A. received by Royal Unibrew A/S as remuneration in connection with its contribution of the subsidiary Royal Unibrew Polska Sp.z.o.o. into Van Pur S.A. The fair value of the investments in Van Pur S.A. at the date of transaction was calculated at approx PLN 111 million corresponding to DKK 208.9 million. Royal Unibrew A/S has granted Van Pur S.A. and its shareholders a purchase option under which they may, in the period from 1 June 2012 to and including 15 March 2014, acquire all Royal Unibrew's shares of Van Pur S.A. for a amount between PLN 111 million and PLN 116 million. In relation to this, an impairment loss in respect of the value of the investments in Van Pur S.A. has been recognised in the Consolidated Financial Statements of Royal Unibrew, corresponding to Royal Unibrew's share of profit/loss after tax in Van Pur S.A.



# Notes to Balance Sheet

## Note 13 Fixed asset investments (continued)

Parent Company	Investments in subsidiaries	Investments in associates	Receivables subsidiaries	Other investments	Other receivables	Total
<b>DKK'000</b>						
Cost at 1 January 2010	1,766,980	117,957	28,769	105,847	11,226	2,030,779
Additions			61,064			61,064
Disposals	-168,302				-5,718	-174,020
<b>Cost at 31 December 2010</b>	<b>1,598,678</b>	<b>117,957</b>	<b>89,833</b>	<b>105,847</b>	<b>5,508</b>	<b>1,917,823</b>
Revaluations and impairment losses at 1 January 2010	-770,770	0	0	-49,477	0	-820,247
Revaluations and impairment losses for the year	-33,500					-33,500
<b>Revaluations and impairment losses at 31 December 2010</b>	<b>-804,270</b>	<b>0</b>	<b>0</b>	<b>-49,477</b>	<b>0</b>	<b>-853,747</b>
<b>Carrying amount at 31 December 2010</b>	<b>794,408</b>	<b>117,957</b>	<b>89,833</b>	<b>56,370</b>	<b>5,508</b>	<b>1,064,076</b>
<b>DKK'000</b>						
Cost at 1 January 2011	1,598,678	117,957	89,833	105,847	5,508	1,917,823
Additions	140,287	208,942				349,229
Disposals	-892,177	-42,026	-89,833	-53,904	-970	-1,078,910
<b>Cost at 31 December 2011</b>	<b>846,788</b>	<b>284,873</b>	<b>0</b>	<b>51,943</b>	<b>4,538</b>	<b>1,188,142</b>
Revaluations and impairment losses at 1 January 2011	-804,270	0	0	-49,477	0	-853,747
Disposals	679,608					679,608
Revaluations and impairment losses for the year				-6		-6
<b>Revaluations and impairment losses at 31 December 2011</b>	<b>-124,662</b>	<b>0</b>	<b>0</b>	<b>-49,483</b>	<b>0</b>	<b>-174,145</b>
<b>Carrying amount at 31 December 2011</b>	<b>722,126</b>	<b>284,873</b>	<b>0</b>	<b>2,460</b>	<b>4,538</b>	<b>1,013,997</b>

# Notes to Balance Sheet

## Note 14 Non-current assets measured at fair value

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### Other investments

Royal Unibrew's 24.2% investment in the Polish brewery Perla Browary Lubelskie has been classified and recognised as other investments. It is Management's assessment that Royal Unibrew has since mid 2008 had very limited insight into the Polish brewery's financial results and financial position, and formal representation on the brewery's Board of Directors has not resulted in any actual influence on Perla Browary Lubelskie Management. In mid March 2011 it turned out that, due to governance issues in the Company, it was not possible to transfer Royal Unibrew's control of its investment in Perla Browary Lubelskie to a new owner as planned. The governance issues related to, among other things, attempts to dilute Royal Unibrew's ownership share. On this basis, Royal Unibrew finds that it is not correct to classify its investment as an investment in associate. Royal Unibrew's investments have been recognised in the Consolidated and Parent Company Financial Statements at estimated fair value, which, in light of the governance issues in Perla Browary Lubelskie since the end of March 2011, Royal Unibrew Management estimates at DKK 0.

The measurement of the fair value of the investments in Perla Browary Lubelskie is classified in level 3 of the fair value hierarchy.

### Project development properties (brewery site in Aarhus)

Following the decision in 2008 to close down the Aarhus brewery, Royal Unibrew has developed the brewery property for alternative use, including managing the process of amending the existing local plan so that the brewery site may be used for other purposes than brewery activities. In November 2011, the municipal authorities of Aarhus approved an amended local plan for the brewery site comprising building rights for 140,000 square metres.

Consequently, the brewery property has been classified as a project development property in the Consolidated and Parent Company Financial Statements since 2008, and at the end of 2008 the fair value of the property as estimated by Management was revalued in accordance with the provisions of IAS 16.

As a basis of its estimate, Management obtained valuation reports from authorised valuers with knowledge of the area in which the property is situated.

The valuers determined fair value based on an assessment of the potential use of the project development property under an amended local plan. The valuers determined fair value as the estimated market value calculated as the price at which the property could be traded at the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing and negotiations in which the parties each acted knowledgeably, reasonably and without compulsion. The valuation method applied was the so-called residual method, which involves estimating the selling price to end-users per square metre of a completed building project less estimated construction and development costs, the mark-up to a property developer and cost of vacancy to provide return on the acquisition price for the site until the time when the building project is sold to the end-users.

On the above-mentioned assumptions, Management estimated the fair value of the brewery site in Aarhus at DKK 400 million in connection with the presentation of the Financial Statements for 2008.

The carrying amount prior to the fair value adjustment was DKK 160 million. The valuation at a fair value of DKK 400 million therefore implied a revaluation of DKK 240 million which was in 2008 recognised in revaluation reserves in equity with deduction of deferred tax of DKK 60 million.

When presenting subsequent Financial Statements, most recently in connection with the presentation of the Financial Statements for 2011, Management updated its estimate of the fair value of the property to ensure that the carrying amount, including project development costs incurred, did not differ materially from fair value at the balance sheet date. As in connection with the presentation of the Financial Statements for 2008, Management's estimate has been based on valuation reports prepared by valuers applying unchanged assumptions and valuation method.

In February 2011, Royal Unibrew entered into a cooperation agreement with a potential purchaser based on an option model with options in force until 2016. As the agreement is an option-based agreement, the disposal of the brewery site, including the related timing, is subject to uncertainty, and the value at the time of disposal may differ materially from the currently estimated fair value, which does not differ materially from carrying amount at 31 December 2011.

# Notes to Balance Sheet

## Note 15 Investments in associates

Parent Company			Group	
DKK'000	2010	2011	2011	2010
117,957	117,957	Balance at 1 January	136,187	110,842
		Exchange adjustments	-25,029	6,754
	208,942	Additions for the year	208,942	
	-42,026	Disposals for the year	-32,820	
		Revaluations and impairment losses for the year	14,370	31,460
		Dividend	-10,938	-12,869
<b>117,957</b>	<b>284,873</b>	<b>Balance at 31 December</b>	<b>290,712</b>	<b>136,187</b>

Stated on a pro rata basis, the Parent Company's and the Group's shares of assets, liabilities, revenue and profit basis break down on segments as follows:

2010	Assets	Liabilities	Revenue	Profit basis
Western Europe	308,654	222,245	414,352	12,156
Malt beverages	31,897	5,420	23,823	3,146
<b>Parent Company and Group</b>	<b>340,551</b>	<b>227,665</b>	<b>438,175</b>	<b>15,302</b>
2011	Assets	Liabilities	Revenue	Profit basis
Western Europe	279,260	183,922	377,241	12,464
Eastern Europe	152,691	33,579	177,032	10,980
Malt beverages			14,636	1,906
<b>Parent Company and Group</b>	<b>431,951</b>	<b>217,501</b>	<b>561,909</b>	<b>25,350</b>

# Notes to Balance Sheet

## Note 16 Portfolio of treasury shares and basis of earnings/cash flow per share

Value of treasury shares held:

DKK'000	Parent Company	
	2011	2010
Balance at 1 January 2011	0	0
Additions	122,785	
Transferred to equity, net	-122,785	
<b>Balance at 31 December 2011</b>	<b>0</b>	<b>0</b>

Treasury shares held by the company:

	Number	Nom. value	% of capital
Portfolio at 1 January 2010	106,674	1,067	1.0
<b>Portfolio at 31 December 2010</b>	<b>106,674</b>	<b>1,067</b>	<b>1.0</b>
Portfolio at 1 January 2011	106,674	1,067	1.0
Additions	394,146	3,941	3.5
<b>Portfolio at 31 December 2011</b>	<b>500,820</b>	<b>5,008</b>	<b>4.5</b>

The Group holds no other treasury shares.

### Basis of calculation of earnings and cash flow per share

The Parent Company shareholders' share of profit for the year amounts to DKK 347,941k (2010: DKK 278,073k).

The average number of treasury shares amounted to 243,798 shares (2010: 106,674).

The average number of shares in circulation amounted to 10,942,700 shares (2010: 11,079,824).

The average number of shares in circulation incl share options "in-the-money" amounted to 10,942,700 shares (2010: 11,079,824).

Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company shareholders' share of profit/loss for the year.

# Notes to Balance Sheet

## Note 17 Deferred tax

Parent Company			Group	
DKK'000	2010	2011	2011	2010
163,427	168,887	Deferred tax at 1 January	170,011	171,831
5,562	-2,695	Deferred tax for the year	-972	-1,718
-102		Adjustment of previous year		-102
		Subsidiaries sold	-2,500	
<b>168,887</b>	<b>166,192</b>	<b>Deferred tax at 31 December</b>	<b>166,539</b>	<b>170,011</b>
3,565	9,815	Due within 1 year	8,179	6,068
		Deferred tax relates to:		
969	694	Intangible assets	694	969
165,103	163,042	Property, plant and equipment	165,025	163,723
4,837	4,055	Current assets	3,417	7,426
-2,022	-1,599	Current liabilities	-2,597	-2,107
<b>168,887</b>	<b>166,192</b>	<b>Total</b>	<b>166,539</b>	<b>170,011</b>

The utilisation of unutilised tax losses in some of the Group's foreign enterprises is not certain. Therefore, the tax asset corresponding to approx DKK 2.5 million (2010: approx DKK 44 million) has not been capitalised.

A foreign subsidiary has a recapture balance which has not been recognised in the basis of calculation of deferred tax. The reason for this is that the recapture balance will not result in any current tax payment in the foreseeable future as the Parent Company is able to control when the deferred tax is to be realised. Deferred tax on the recapture balance amounts to approx DKK 21 million (2010: approx DKK 21 million).

## Note 18 Repurchase obligation, returnable packaging:

Parent Company			Group	
DKK'000	2010	2011	2011	2010
50,718	48,625	Balance at 1 January	57,278	61,793
-2,093	-9,196	Adjustment for the year	-15,037	-4,515
<b>48,625</b>	<b>39,429</b>	<b>Balance at 31 December</b>	<b>42,241</b>	<b>57,278</b>

The change in the repurchase obligation for the year reflects net sales of returnable packaging for the year less estimated wastage of returnable packaging in circulation.

The reduction in the repurchase obligation is primarily due to beer and soft drinks in Denmark now to a greater extent being sold in recyclable disposable containers whereas previously they were sold in returnable containers.

# Notes to Cash Flow Statement

## Note 19 Cash Flow Statement

### Adjustments for non-cash operating items

Parent Company			Group	
DKK'000	2010	2011	2011	2010
-65,865	-126,200	Dividend from subsidiaries		
-47,394	-19,943	Financial income	-40,156	-46,513
113,030	78,772	Financial expenses	67,659	119,853
129,116	95,792	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	133,787	186,117
80,400	94,179	Tax on the profit for the year	110,253	97,240
		Income from investments in associates	-14,370	-31,460
1,006	-9,175	Net profit from sale of property, plant and equipment	-7,293	-1,687
-747	-7	Other adjustments	-7	-747
<b>209,546</b>	<b>113,418</b>	<b>Total</b>	<b>249,873</b>	<b>322,803</b>

## Other notes

### Note 20 Fee to auditors

DKK'000	Parent Company			Group	
	2010	2011		2011	2010
			Fee for the audit of the Annual Report:		
	1,149	663	Ernst & Young	1,409	2,209
	<b>1,149</b>	<b>663</b>	<b>Total</b>	<b>1,409</b>	<b>2,209</b>
			Ernst & Young fee for non-audit services:		
	200	130	Tax assistance	227	342
	122	62	Other assurance assistance	62	211
	511	284	Other assistance	284	661
	<b>833</b>	<b>476</b>	<b>Total</b>	<b>573</b>	<b>1,214</b>

### Note 21 Contingent liabilities and security

mDKK	Parent Company			Group	
	2010	2011		2011	2010
			<b>Guarantees</b>		
	83.7	58.9	Guarantees relating to subsidiaries		
	<b>83.7</b>	<b>58.9</b>	<b>Total</b>	<b>0.0</b>	<b>0.0</b>
			<b>Rental and lease agreements</b>		
			Total future payments:		
	21.3	29.3	Within 1 year	37.5	32.7
	53.7	35.6	Between 1 and 5 years	40.8	59.9
			Beyond 5 years		1.6
	<b>75.0</b>	<b>64.9</b>	<b>Total lease obligations (operating leases)</b>	<b>78.3</b>	<b>94.2</b>
			The lease obligations relate to production machinery, operating equipment and IT equipment.		
	6.2	6.5	Within 1 year	9.0	8.9
	11.9	14.4	Between 1 and 5 years	14.6	13.0
	0.2	1.0	Beyond 5 years	2.6	0.6
	<b>18.3</b>	<b>21.9</b>	<b>Total rental obligations</b>	<b>26.2</b>	<b>22.5</b>
	<b>0.0</b>	<b>0.0</b>	<b>Guarantees to third parties</b>	<b>0.0</b>	<b>0.0</b>

#### Security

No security has been provided in respect of the Group's loan agreements other than the Parent Company's liability for the amounts drawn by subsidiaries under group credit facilities.

The outcome of pending legal actions is not expected to have any material impact on the financial position of the Parent Company or the Group.

## Other notes

### Note 22 Related parties

Related parties comprise the Board of Directors and the Executive Board as well as subsidiaries and associates, cf. regarding Board of Directors and Executive Board, page 45-48 and Group Structure, page 106. No shareholder exercises control.

All transactions, including lending, are carried out on an arm's length basis.

The following transactions have been made with related parties:

DKK'000	Parent Company			Group	
	2010	2011		2011	2010
			<b>Revenue</b>		
703,750		670,564	Sales to subsidiaries		
9,217		13,274	Sales to associates	13,274	9,217
			<b>Purchases</b>		
2,427		2,804	Purchases from subsidiaries		
			<b>Financial income and expenses</b>		
52,996		115,262	Dividends from subsidiaries		
12,869		10,938	Dividends from associates	10,938	12,869
6,947		6,343	Interest received from subsidiaries		
-202		-196	Interest paid to subsidiaries		
			<b>Executive Board</b>		
21,605		20,920	Remuneration	20,920	21,605
		4,300	Severance payments	4,300	
			<b>Board of Directors</b>		
2,461		2,816	Remuneration	2,816	2,461
			<b>Intercompany balances at 31 December</b>		
236,721		143,038	Loans to subsidiaries		
73,580		58,855	Receivables from subsidiaries		
1,786		1,793	Receivables from associates	1,793	1,786
15,276		5,145	Loans from subsidiaries		
1,267		1,437	Debt to subsidiaries		
		140,287	<b>Capital contributed to subsidiaries</b>		
			<b>Guarantees and security</b>		
83,700		58,900	Guarantee for subsidiary		

Transactions with subsidiaries are eliminated in the Consolidated Financial Statements in accordance with the accounting policies applied.



# Other notes

## Note 23 Sales and acquisitions

### Sales

In March 2011, Royal Unibrew A/S sold its shares of the Polish subsidiary Royal Unibrew Polska Sp.z.o.o. The company is included in the Consolidated Financial Statements until the end of February 2011.

In February 2010, Royal Unibrew A/S sold its shares of the four Caribbean subsidiaries St. Vincent Breweries Ltd., Antigua Brewery Ltd., Antigua PET Plant Ltd. and Dominica Brewery & Beverages Ltd. The companies were included in the Consolidated Financial Statements until the end of January 2010.

The companies sold in Poland and the Caribbean were recognised in the Consolidated Financial Statements for 2010 with revenue of DKK 345 million, EBITDA of DKK 26 million and EBIT of DKK 18 million in the periods not included in the consolidated results for 2011.

DKK'000	Carrying amount at date of sale	
	2011	2010
<i>Assets</i>		
Non-current assets	122,417	187,824
Current assets	124,151	31,835
<i>Liabilities</i>		
Provisions	-2,500	-6,056
Current liabilities	-78,825	-19,725
Minority interests		-23,838
	<b>165,243</b>	<b>170,040</b>

### Acquisitions

At 1 July 2011, Royal Unibrew's subsidiary AB Kalnapilio-Tauro Grupė acquired all of the shares of the Lithuanian brewery UAB Vilkmergės alus. The cost corresponds to the fair value of the assets of UAB Vilkmergės alus which are primarily related to trademarks.

# Other notes

## Note 24 Significant accounting policies

### GENERAL

The Financial Statements of Royal Unibrew for 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for financial statements, cf the reporting requirements for listed companies laid down by NASDAQ OMX Copenhagen A/S and the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The Financial Statements are presented in DKK.

### New and amended standards and interpretations that have taken effect

Standards and interpretations adopted by the IASB and the EU taking effect in the financial year 2011 are not relevant to Royal Unibrew and have therefore not impacted the Annual Report.

### New and amended standards and interpretations that have not yet taken effect

The IASB has adopted a number of new standards and amendments to existing standards and interpretations which have not yet taken effect but will take effect in the financial year 2012 or later. Some of these are relevant to Royal Unibrew but are not expected to impact recognition and measurement but solely the scope of disclosures in the Financial Statements.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Group, and the value of the asset can be measured reliably. Liabilities are recognised in the balance sheet when they are probable and can be measured reliably. Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates in the income statement.

### Consolidated Financial Statements

The Consolidated Financial Statements comprise Royal Unibrew A/S (the Parent Company) and enterprises in which the Parent Company exercises control (subsidiaries).

Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

The Consolidated Financial Statements are prepared on the basis of Financial Statements of all group enterprises prepared under

the Group's accounting policies by combining accounting items of a uniform nature. Elimination is made of intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal.

### Business combinations

On acquisition of new enterprises the purchase method is applied, under which the identifiable assets and liabilities of newly acquired enterprises are measured at fair value at the time of acquisition.

In the case of business combinations made on or after 1 January 2004, positive differences between cost and fair value of identifiable assets and liabilities acquired are recognised as goodwill in intangible assets. At the time of acquisition, goodwill is allocated to the cash-generating units that subsequently form the basis of impairment tests. Goodwill and fair value adjustments in connection with the acquisition of a foreign enterprise with a functional currency that differs from the presentation currency of the Group are treated as assets and liabilities belonging to the foreign entity and are translated to the functional currency of the foreign entity at the exchange rates at the dates of transaction.

In the case of business combinations made prior to 1 January 2004, the accounting classification according to IFRS 1 has been maintained under the previous accounting policy. Goodwill is recognised on the basis of the cost recognised under the previous accounting policy (the Danish Financial Statements Act and Danish Accounting Standards) less amortisation and impairment losses up until 31 December 2003.

Gains or losses on disposal of subsidiaries and associates are calculated as the difference between the sales sum and the carrying amount of net assets at the time of sale (including the carrying amount of goodwill) net of expected expenses and adjusted for exchange adjustments previously recognised in equity.

### Minority interests

Minority interests are initially recognised on the basis of fair values of the assets, liabilities and contingent liabilities of the acquired enterprise at the time of acquisition.

The accounting items of subsidiaries are recognised fully in the Consolidated Financial Statements. Minority interests' proportionate share of results of subsidiaries is shown as a separate item under distribution of profit. In the balance sheet, minority interests are recognised as part of equity but are shown separately from Parent Company shareholders' share of equity.

### Translation policies

For each of the reporting entities of the Group, a functional currency is determined. The functional currency is the currency of the primary economic environment in which the reporting entity operates. Transactions in other currencies than the functional currency are transactions in foreign currencies.

## Other notes

Transactions in other currencies than the functional currency are initially translated into Danish kroner at the exchange rates at the dates of transaction. Receivables, payables and other monetary items in foreign currencies not settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Exchange adjustments arising due to differences between the transaction date rates and the rates at the dates of payment or the rates at the balance sheet date, respectively, are recognised in financial income and expenses in the income statement. Property, plant and equipment and intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured at historical cost are translated at the transaction date rates.

On recognition in the Consolidated Financial Statements of enterprises with another functional currency than Danish kroner (DKK), income statements are translated at average annual exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date.

Exchange adjustments arising on the translation of the opening balance sheet items of foreign enterprises at exchange rates at the balance sheet date and on the translation of income statements from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognised in other comprehensive income.

On recognition in the Consolidated Financial Statements of associates with a functional currency that differs from the presentation currency of the Parent Company, the share of results for the year is translated at average exchange rates, and the share of equity including goodwill is translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the share of the opening equity of foreign associates at exchange rates at the balance sheet date and on the translation of the share of results for the year from average exchange rates to exchange rates at the balance sheet date are recognised in other comprehensive income and classified in equity under a separate translation reserve.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are included as other receivables and other payables, respectively.

Changes in the fair values of derivative financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the value of the hedged asset or the hedged liability.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of future cash flows are recognised in other comprehensive income. Income and expenses relating to such hedging transactions are transferred from other comprehensive income on realisation of the hedged item and are recognised in the same entry as the hedged item.

For derivative financial instruments which do not meet the criteria for hedge accounting, changes in fair values are recognised on a current basis in financial income and expenses in the income statement.

### Leases

For accounting purposes, lease obligations are classified as either financial or operating lease obligations. A lease is classified as a finance lease if it substantially transfers the risks and rewards of ownership of the leased asset. All other leases are classified as operating leases.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Share-based payments

The Group only has schemes classified as equity-settled schemes. Share options are measured at fair value at the time of granting and are recognised in staff expenses in the income statement over the vesting period. The counter item is recognised directly in equity.

At the initial recognition of the share options, the number of options expected to vest is estimated. Subsequently, the estimate of the number of vested options is revised so that the total recognition is based on the actual number of options vested.

The fair value of the options granted is estimated on the basis of the Black-Scholes model. In determining fair value, conditions and terms related to the share options granted are taken into account.

In the event of an increase or reduction of capital, the allocated, unexercised options are adjusted with a view to eliminating the effect of the Company's capital transaction.

### Impairment

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether impairment has incurred other than that expressed by normal amortisation and depreciation. If so, the asset is written down to the higher of net selling price and value in use. Goodwill and other assets for which a value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets (cash-generating units) to which they are attributable.

The carrying amount of goodwill and trademarks with indefinite useful lives is tested for impairment at least on an annual basis, together with the other non-current assets of the cash-generating unit to which goodwill has been allocated, and is written down to recoverable amount in the income statement if the carrying amount exceeds the recoverable amount.

The carrying amount of financial assets measured at cost or amortised cost is written down for impairment if, due to changed expected net payments, the net present value is lower than the carrying amount.

## Other notes

### Assets held for sale

Assets held for sale comprise non-current assets held for sale. Assets are classified as "held for sale" if their carrying amount will principally be recovered through a sales transaction within 12 months according to a formalised plan.

Assets held for sale are measured at the date of classification at the lower of carrying amount and fair value less costs to sell. Subsequently, the assets are measured at fair value less costs to sell; however, any subsequent unrealised gain cannot exceed the accumulated impairment loss. Depreciation of assets ceases as of the date when they are classified as "held for sale".

Impairment losses arising on the initial classification as "held for sale" and subsequent losses or reversal of losses are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes. Assets held for sale are shown in a separate line in the balance sheet.

## INCOME STATEMENT

### Revenue

Net revenue from the sale of goods is recognised in the income statement if delivery has been made before year end, and if revenues can be measured reliably and are expected to be received.

Net revenue is measured exclusive of VAT and net of discounts as well as excise duties on beer and mineral water. All types of discounts granted are recognised in net revenue.

### Production costs

Production costs comprise direct and indirect expenses incurred to manufacture the finished goods representing revenue for the year, including expenses for raw materials and consumables purchases, salaries and wages, renting and leasing as well as depreciation of and impairment losses on production plant.

Production costs also include development costs that do not meet the criteria for capitalisation.

### Sales and distribution expenses

Sales and distribution expenses comprise expenses for distribution and sales campaigns relating to goods sold during the year, including expenses for sales personnel, marketing, depreciation and amortisation as well as losses on trade receivables.

### Administrative expenses

Administrative expenses comprise expenses for management and administration of the Group, including expenses for administrative personnel, management, office supplies, insurance, depreciation and amortisation.

### Other operating income and other operating expenses

Other operating income and other operating expenses comprise income or expenses of a secondary nature compared to the core activities of the Company, including renting of property, plant and equipment, etc.

### Special income and expenses

Special income and expenses comprise material non-recurring income and expenses. These items are presented separately with a view to comparability in the income statement.

### Income from investments in associates in the Consolidated Financial Statements

The proportionate share of the results of associates is recognised in the income statement of the Group after adjusting for impairment losses on goodwill and eliminating the proportionate share of unrealised intercompany gains and losses.

### Dividend on investments in subsidiaries and associates in the Parent Company Financial Statements

Dividend on investments in subsidiaries and associates is recognised in the Parent Company's income statement in the financial year in which dividend is declared.

### Financial income and expenses

Financial income and financial expenses comprise interest, capital gains and losses on investments, balances and transactions in foreign currencies, amortisation of financial assets and liabilities, fair value adjustments of derivative financial instruments that do not qualify as hedge accounting as well as extra payments and repayment under the on-account taxation scheme, etc.

### Tax

Tax for the year consists of current tax for the year and movements in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity entries is recognised directly in equity.

The Parent Company is jointly taxed with its Danish subsidiaries. The Danish current tax for the year is allocated to the jointly taxed Danish enterprises in proportion to their taxable incomes (full allocation with credit for tax losses).

## BALANCE SHEET

### Intangible assets

#### Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the time of acquisition. The determination of cash-generating units is based on management structure and internal financial management.

#### Trademarks and distribution rights

Trademarks and distribution rights are initially recognised in the balance sheet at cost. Subsequently, they are measured at cost less accumulated amortisation and less any accumulated impairment losses. Trademarks and distribution rights are amortised on a straight-line basis over their estimated useful lives, 10 years. Trademarks with indefinite useful lives are, however, not amortised but are tested annually for impairment. It is the Group's strategy to maintain trademarks and their value.

## Other notes

### Property, plant and equipment

Land and buildings, production plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Borrowing costs relating to the acquisition of property, plant and equipment are expensed.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, which are unchanged compared to 2010:

Buildings and installations, 25-40 years  
Leasehold improvements over the term of the lease, max. 10 years  
Plant and machinery, 5-15 years  
Other fixtures and fittings, tools and equipment, 3-8 years  
Returnable packaging, 3-10 years

Profits and losses on the disposal of property, plant and equipment are calculated as the difference between the sales sum less the expenses necessary to make the sale and the carrying amount at the time of sale. Profits or losses are recognised in the income statement as an adjustment to depreciation in production costs, sales or distribution expenses or administrative expenses, respectively.

### Project development properties

Project development properties are measured at fair value calculated on the basis of Management's updated estimate.

If the carrying amount is increased because it differs materially from fair value, the increase is recognised directly in equity in revaluation reserves. The increase is, however, recognised in the income statement if it offsets an impairment previously recognised in the income statement as a result of revaluation of the same property.

If the carrying amount is impaired as a result of revaluation, the impairment is recognised in the income statement. The impairment is, however, recognised directly in equity in revaluation reserves if a reserve has been made for the property in question under revaluation reserves.

### Fixed asset investments

#### Investments in associates in the Consolidated Financial Statements

Investments in associates are measured in the balance sheet at the proportionate share of the net asset value of the enterprises calculated under the accounting policies of the Group with deduction or addition of the proportionate share of unrealised intercompany profits and losses and with addition of the carrying amount of goodwill.

Associates with a negative net asset value are measured at DKK 0. If the Group has a legal or constructive obligation to cover the negative balance of the associate, this obligation is recognised in liabilities.

#### Investments in subsidiaries and associates in the Parent Company Financial Statements

Investments in subsidiaries and associates are measured at cost and tested in the event of indication of impairment. Where cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

### Other investments

Other investments not included in the Group's trading portfolio (available for sale) are recognised in non-current assets at cost at the trading date and are subsequently measured at fair value equal to the market price as regards listed securities and at estimated fair value calculated on the basis of market data and recognised valuation methods as regards unlisted securities. Unrealised value adjustments are recognised in other comprehensive income except for impairment losses and reversal of impairment losses which are recognised in financial income and expenses in the income statement. Upon realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to financial income and expenses in the income statement. Other investments may be classified as level-3 instruments.

### Other receivables

Other receivables under fixed asset investments held to maturity are initially recognised at cost and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date.

## CURRENT ASSETS

### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value of individual product groups. The net realisable value of inventories is calculated at the amount of future sales revenues expected to be generated by inventories at the balance sheet date in the process of normal operations and determined allowing for marketability, obsolescence and development in expected sales sum with deduction of calculated selling expenses.

The cost of raw materials, consumables, goods for resale and purchased finished goods comprises invoiced price plus expenses directly attributable to the acquisition.

The cost of work in progress and finished goods comprises the cost of materials and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of and impairment losses on the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

### Receivables

Receivables are initially measured at cost and are subsequently measured at amortised cost or an estimated lower value at the balance sheet date. This lower value is determined on the basis of an individual assessment of each receivable.

### Prepayments

Prepayments recognised in assets comprise expenses incurred in respect of subsequent financial years.

# Other notes

## Equity

### Proposed dividend

Dividend is recognised as a liability at the time of adoption at the Annual General Meeting. Dividend distribution for the year proposed by Management is disclosed as a separate equity item.

### Treasury shares

Treasury shares acquired by the Parent Company or subsidiaries are recognised at cost directly in equity under retained earnings. Where treasury shares are subsequently sold, any consideration is also recognised directly in equity. Dividend on treasury shares is recognised directly in equity under retained earnings.

### Translation reserve

The translation reserve in the Consolidated Financial Statements comprises exchange adjustments arising on the translation of the Financial Statements of foreign enterprises from their functional currencies into the presentation currency of the Group (DKK). Upon full or part realisation of the net investment in the foreign enterprises, exchange adjustments are recognised in the income statement.

The translation reserve was reset at 1 January 2004 in accordance with IFRS 1.

### Hedging reserve

The hedging reserve comprises changes to fair values of derivative financial instruments that are designated and qualify as cash flow hedges.

The hedging instrument is recognised in the income statement in the same item as the hedged transaction.

### Deferred tax

Deferred tax is recognised in respect of all temporary differences between the carrying amounts and the tax base of assets and liabilities except for temporary differences arising at the time of acquisition that do not affect the profit for the year or the taxable income and temporary differences concerning goodwill. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the value at which they are expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates expected under the legislation at the balance sheet date to be effective when the deferred tax crystallises as current tax.

In the balance sheet, set-off is made between deferred tax assets and deferred tax liabilities within the same legal tax entity and jurisdiction.

### Repurchase obligation relating to packaging in circulation

Plastic crates, bottles and kegs in circulation and held in inventory are recognised in property, plant and equipment, and the obligation to repurchase returnable packaging in circulation for which a deposit has been paid is recognised in provisions.

The repurchase obligation relating to packaging in circulation is calculated on the basis of estimated total volumes of packaging less packaging held in inventory.

### Corporation tax

Current tax liabilities are recognised in the balance sheet as calculated tax on the expected taxable income for the year adjusted for tax on taxable incomes for previous years and for tax paid on account.

### Debts

Mortgage loans and loans from credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the financial obligations are measured at amortised cost equal to the capitalised value using the effective interest method; the difference between the proceeds and the nominal value is recognised in financial income and expenses in the income statement over the loan period.

Other debts, comprising trade payables, payables to subsidiaries and associates, VAT, excise duties, etc as well as other payables, are measured at amortised cost, substantially corresponding to the nominal debt.

### CASH FLOW STATEMENT

The consolidated cash flow statement is presented under the indirect method based on the net profit for the year. The statement shows cash flows for the year, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for non-cash operating items, changes in working capital, financial income and financial expenses, and corporation tax paid.

Cash flows from investing activities comprise acquisitions and disposals of property, plant and equipment and fixed asset investments as well as dividend received from associates. Cost is measured inclusive of expenses necessary to make the acquisition and sales prices after deduction of transaction expenses.

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital, payment of dividend as well as borrowing and repayment of interest-bearing debt.

Cash and cash equivalents include securities with a maturity of less than 3 months that can readily be turned into cash and are only subject to an insignificant risk of value changes.

## Other notes

### SEGMENT REPORTING

The Group's business segment is beer and soft drinks sales. Reporting on the business segment is by geographical markets. Segment reporting is based on the Group's returns and risks and its internal financial reporting system.

Items included in net profit for the year, including income from investments in associates and financial income and expenses, are allocated to the extent that the items are directly or indirectly attributable to the markets.

Items allocated both by direct and indirect computation comprise "production costs" and "administrative expenses", which are allocated by indirect computation based on allocation keys determined on the basis of the market's drain on key resources. Administrative expenses incurred in the group functions of the Parent Company are partly allocated.

Non-current assets comprise the non-current assets that are directly or indirectly used in connection with activities in the markets.

Segment liabilities comprise liabilities derived from activities in the market, including provisions, trade payables, VAT, excise duties and other payables.

### KEY FIGURES AND RATIOS

The Group's key figures and ratios have been calculated in accordance with the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts where comprised by the "Recommendations and Financial Ratios 2010".

Definitions of key figures and ratios are provided on page 105.

# Quarterly Financial Highlights and Ratios

mDKK (not audited)	2011				
	Q1	Q2	Q3	Q4	Full year
<b>Sales (million hectolitres)</b>	<b>1.3</b>	<b>1.6</b>	<b>1.5</b>	<b>1.3</b>	<b>5.7</b>
<b>Income Statement</b>					
Net revenue	745.0	993.6	928.0	764.0	3,430.6
Production costs	-384.6	-476.5	-436.6	-387.6	-1,685.3
Gross profit	360.4	517.1	491.4	376.4	1,745.3
Sales and distribution expenses	-267.9	-311.3	-258.0	-247.7	-1,084.9
Administrative expenses	-53.0	-49.5	-42.7	-44.5	-189.7
Other income	0.3	1.8	0.2	1.2	3.5
EBITDA	75.7	192.0	212.5	120.5	600.7
Profit before financial income and expenses (EBIT)	39.8	158.1	190.9	85.4	474.2
EBIT margin (%)	5.3	15.9	20.6	11.2	13.8
Income from associates	-6.2	10.4	3.8	6.4	14.4
Financial income and expenses	-12.7	-8.9	-1.3	-4.6	-27.5
Profit before tax	20.9	159.6	193.4	87.2	461.1
Profit for the period	12.5	116.0	153.4	69.0	350.9
Royal Unibrew A/S' share of profit	12.6	115.2	152.7	67.4	347.9
<b>Balance Sheet</b>					
Non-current assets	2,398.6	2,352.8	2,299.8	2,290.8	2,290.8
Total assets	3,098.4	3,206.7	3,015.8	2,890.3	2,890.3
Equity	1,323.9	1,257.3	1,296.8	1,321.2	1,321.2
Net interest-bearing debt	814.9	735.4	596.0	630.7	630.7
Net working capital	-68.4	-137.7	-142.8	-149.2	-149.2
<b>Cash Flows</b>					
From operating activities	-15.7	227.6	175.3	10.8	398.0
From investing activities	-29.5	26.0	20.3	-14.0	2.8
Free cash flow	-27.9	227.1	188.7	-3.5	384.4
<b>Financial Ratios (%)</b>					
Free cash flow as a percentage of net revenue	-3.7	22.9	20.3	-0.5	11.2
Cash conversion	-223.2	195.8	123.0	-5.0	109.6
Equity ratio	42.7	39.2	43.0	45.7	45.7

Ratios comprised by the "Recommendations and Financial Ratios 2010" issued by the Danish Society of Financial Analysts have been calculated according to the recommendations.



## Definitions of Key Figures and Ratios

<b>Net interest-bearing debt</b>	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables
<b>Net working capital</b>	Inventories + receivables - current liabilities except for corporation tax receivable/payable as well as mortgage debt and debt to credit institutions
<b>Free cash flow</b>	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates
<b>Dividend per share (DKK)</b>	Proposed dividend per share
<b>Earnings per share (DKK)</b>	Royal Unibrew's share of profit for the year/number of shares in circulation
<b>Cash flow per share (DKK)</b>	Cash flow from operating activities/number of shares in circulation
<b>Diluted earnings and cash flow per share (DKK)</b>	Royal Unibrew A/S' share of earnings and cash flow, respectively, from operating activities/average number of shares in circulation including share options "in-the-money"
<b>EBITDA before special items</b>	Earnings before special income and expenses, interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets
<b>EBITDA</b>	Earnings before interest, tax, depreciation, amortisation and impairment losses as well as profit from sale of property, plant and equipment and amortisation of intangible assets
<b>EBIT</b>	Earnings before interest and tax
<b>Return on invested capital after tax including goodwill (ROIC)</b>	Operating profit before special items net of tax as a percentage of average invested capital (equity + minority interests + non-current provisions + net interest-bearing debt - fixed asset investments)
<b>Profit margin</b>	Operating profit before special items as a percentage of net revenue
<b>EBIT margin</b>	EBIT as a percentage of net revenue
<b>Free cash flow as a percentage of net revenue</b>	Free cash flow as a percentage of net revenue
<b>Cash conversion</b>	Free cash flow as a percentage of net profit for the year
<b>Net interest-bearing debt/EBITDA</b>	The ratio of net interest-bearing debt at year end to EBITDA
<b>Equity ratio</b>	Equity at year end as a percentage of total assets
<b>Net return on equity</b>	Consolidated profit after tax as a percentage of average equity
<b>Dividend rate</b>	Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of net profit for the year

# Group Structure

Segment	Ownership	Currency	Share capital	
<b>WESTERN EUROPE</b>				
<b>Subsidiaries</b>				
Aktieselskabet Cerekem International LTD., Faxe, Denmark	100.0%	DKK	1,000,000	●
Albani Sverige AB, Sweden	100.0%	SEK	305,000	●
Centre Nordique d'Alimentation EURL, France	100.0%	EUR	200,000	●
Ceres S.p.A., Italy	100.0%	EUR	206,400	●
The Curious Company A/S, Faxe, Denmark	100.0%	DKK	550,000	●
Supermalt UK Ltd., UK	100.0%	GBP	9,700,000	●
Vitamalt (West Africa) Ltd., UK	100.0%	GBP	10,000	●
<b>Associates</b>				
Hansa Borg Skandinavisk Holding A/S, Faxe, Denmark	25.0%	DKK	53,577,400	○
Hansa Borg Holding ASA, Norway	100.0%	NOK	54,600,000	○
Hansa Borg Bryggerierne ASA, Norway	100.0%	NOK	29,065,000	●
Nuuk Imeq A/S, Nuuk, Greenland	32.0%	DKK	38,000,000	●
<b>EASTERN EUROPE</b>				
<b>Subsidiaries</b>				
AB Kalnapilio-Tauro Grupe, Lithuania	100.0%	LTL	30,536,978	●
UAB Vilkmarges alus	100.0%	LTL	3,570,000	●
Royal Unibrew Services UAB, Lithuania	100.0%	LTL	150,000	●
SIA "Cido Grupa", Latvia	100.0%	LVL	785,074	●
<b>Associates</b>				
Van Pur S.A.	20.0%	PLN	112,365,000	●
<b>MALT DRINKS</b>				
<b>Subsidiaries</b>				
Impec Holding SAS, Guadeloupe	51.0%	EUR	5,294,000	○
Import-Export Compagnie S.A., Guadeloupe	100.0%	EUR	304,898	●
Impec Martinique S.A., Martinique	100.0%	EUR	8,000	●
The Danish Brewery Group Inc., USA	100.0%	USD	100,000	●
Royal Unibrew Caribbean Ltd., Puerto Rico	100.0%	USD	200,000	●

## Activity

- Production, sales and distribution
- Sales and distribution
- Holding company
- Other activity

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