ROYAL UNIBREW

Annual Report 2007

ROYAL UNIBREW A/S

CONTENTS

ANNOUNCEMENT OF ANNUAL RESULTS 2007

Net revenue up by 13% to DKK 3,881 million (including organic growth of 7%)

Profit before tax of DKK 220 million, adversely affected by increasing raw materials prices and production reorganisation (down 31% from 2006)

Consolidated profit after tax of DKK 155 million (down 33% from 2006)

Financial ratios measured against the MACH II Plan:
Return on invested capital (ROIC): 7.4% (target: 10%)
EBIT margin: 6.8% of net revenue (target: 10%)
Free cash flow before acquisitions: 4.0% (target: 7%)

New "double up" strategic plan:
EBIT doubled to DKK 500 million in 2010
Two-digit ROIC and EBIT margin
Free cash flow of 7% of net revenue
Net interest-bearing debt: 3 x EBITDA
Organic revenue growth to DKK 5 billion in 2010

Proposed unchanged dividend of DKK 10 per share (dividend rate 39%)

Realised share buy-back programme transferred DKK 163 million to shareholders

Expected profit before tax for 2008 of DKK 280-320 million (before special items) and DKK 230-270 million (after special items)

Financial Highlights and Key Ratios for Royal Unibrew A/S (Group)

	IFRS	IFRS	IFRS	IFRS	
	2007	2006	2005	2004	2003
Sales (million hectolitres)	7.1	6.4	5.8	4.8	4.1
Financial Highlights (mDKK)					
Income Statement					
Net revenue	3,881.8	3,439.0	3,191.0	2,869.0	2,633.1
Operating profit before special items	244.1	347.7	302.7	307.1	282.9
Profit before financial income and expenses	264.3	333.4	307.7	307.1	242.9
Net financials	-44.1	-13.0	-25.6	-36.7	-20.0
Profit before tax	220.2	320.4	282.1	270.3	223.0
Consolidated profit	155.2	230.3	220.6	194.9	152.7
Royal Unibrew A/S' share of profit	151.7	227.6	221.1	194.1	152.3
Balance Sheet					
Total assets	3,781.3	3,413.6	3,187.8	2,530.8	2,448.1
Equity	1,119.5	1,148.1	1,149.8	1,080.4	995.8
Net interest-bearing debt	1,586.1	1,047.8	1,007.3	693.5	621.1
Free cash flow	157.0	206.0	252.2	232.7	265.7
Per share					
Royal Unibrew A/S' share of earnings per share (DKK)	26.4	38.0	35.4	30.6	23.8
Royal Unibrew A/S' diluted share of earnings per share (DKK)	26.2	37.6	35.4	30.6	23.8
Cash flow per share (DKK)	26.3	70.9	61.2	64.5	56.0
Diluted cash flow per share (DKK)	26.1	70.2	61.2	64.5	56.0
Dividend per share (DKK)	10.0	10.0	10.0	9.0	7.5
Year-end price per share	534.0	740.0	532.0	377.0	375.0
Employees					
Average number of employees	2,659	2,278	2,202	1,628	1,517
Key Figures (mDKK)					
EBITDA	392.5	535.9	493.2	495.1	430.5
EBIT	264.3	333.4	307.7	307.1	242.9
Key Ratios (%)					
Return on invested capital (ROIC)	7.4	12.1	11.7	11.8	10.1
Profit margin	6.3	10.1	9.5	10.7	10.7
EBIT margin	6.8	9.7	9.6	10.7	9.2
Free cash flow as a percentage of net revenue	4.0	6.0	7.9	8.1	10.1
Net interest-bearing debt/EBITDA	4.0	2.0	2.0	1.4	1.4
Equity ratio	29.6	33.6	36.1	42.7	41.1
Debt ratio	141.7	88.7	85.1	64.2	61.7
Asset turnover	1.0	1.0	1.0	1.1	1.1
Return on net assets	8.0	12.9	12.1	13.5	12.7
Return on equity after tax	13.7	20.0	19.8	18.7	15.8
Dividend rate	38.9	27.2	28.8	29.5	32.3

Definitions of Key Figures and Ratios

Net interest-bearing debt	Mortgage debt and debt to credit institutions less cash at bank and in hand, interest-bearing current investments and receivables.
Free cash flow	Cash flow from operating activities less net investments in property, plant and equipment and plus dividends from associates.
Dividend per share (DKK)	Proposed dividend per share.
Earnings per share (DKK)	Royal Unibrew A/S' share of profit for the year/number of shares in circulation.
Cash flow per share (DKK)	Cash flow from operating activities/number of shares in circulation.
Diluted earnings and cash flow per share (DKK)	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".
EBITDA	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.
EBIT	Earnings before interest and tax.
Return on invested capital after tax including goodwill (ROIC)	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 - financial assets).
Profit margin	Operating profit before special items as a percentage of net revenue.
EBIT margin	EBIT as a percentage of net revenue.
Free cash flow as a percentage of net revenue	Free cash flow as a percentage of net revenue.
Net interest-bearing debt/EBITDA	The ratio of net interest-bearing debt at year-end to EBITDA.
Equity ratio	Equity at year end as a percentage of total assets.
Debt ratio	Net interest-bearing debt at year-end as a percentage of year-end equity.
Asset turnover	Net revenue/total assets at year-end.
Return on net assets	Operating profit before special items as a percentage of average operating assets. Operating assets comprise total assets less cash and cash equivalents, other interest-bearing assets and investments in associates.
Net return on equity	Consolidated profit after tax as a percentage of average equity.
Dividend rate	Dividend calculated for the full share capital as a percentage of the Parent Company shareholders' share of consolidated profit after tax for the year.

2007 – A DIFFICULT YEAR

2007 has been a difficult year for Royal Unibrew. Through several years, our earnings have been steadily increasing, but this year they did not meet our expectations. Following two good years of the MACH II strategy, 2007 was the only year of the 3-year plan in which we did not succeed in meeting our objectives. One of the overall targets of the plan was revenue of DKK 4.5 billion. We deliberately did not meet this target – instead we concentrated on improving our competitiveness.

The reasons for our earnings decline should be sought both internally and externally. The main reasons were increasing raw materials prices, increased competition, production problems in Denmark and delayed performance improvement in Poland. However, also a low sales level due to, among other things, poor weather is partly to blame.

To ensure that we maintain our competitive strength also in future, we have therefore launched a number of initiatives, which meant that in the autumn we decided to close the breweries Lielvarde in Latvia and Maribo Bryghus in Denmark and to reduce the global number of employees by 300. In continuation of these decisions, we decided in February 2008 to transfer production from Royal Unibrew's Danish brewery in Aarhus to Faxe Bryggeri and Albani Bryggerierne, respectively – both in Denmark. Furthermore, an adjustment of the Danish distribution structure will be initiated in 2008. These initiatives have been necessary to strengthen and adapt the Group to the new market conditions and to get our earnings back on track. Everything considered, we are in better shape than three years ago, but we can shape up even more. That is what we are doing with our new strategic plan, double up – more about that later.

In spite of a difficult 2007, we succeeded in improving our market position in all markets. A quick overview of our key brands and business areas shows that, in spite of the difficulties during the year, we have enjoyed many and great successes. For example, our business in Lithuania and Latvia is developing really well, and we have won important market shares during the year. Also in Poland, we have now turned the negative development and are in the process of making the same turnaround there as we have already implemented in the Baltic countries. In Italy, we further consolidated our strong position with the Ceres Strong Ale brand to the effect that Ceres Strong Ale now holds 84% of the strong beer market in Italy. Faxe, Royal Unibrew's international beer brand, saw a very strong 2007. Markets as diverse as Africa, Russia, Lithuania, Canada, Poland, Germany, Iceland, the UK and the Caribbean all recorded two-digit growth rates for Faxe sales in 2007. For the first time since being launched, Royal Beer in Denmark captured the magic 10% of the market, and Egekilde, our popular Danish spring water, surged forward currently holding a market share of approx 29%.

At the overall level, the Group achieved a profit before tax of DKK 220.2 million for 2007, which is some

DKK 100 million below last year's figure but in accordance with the expectations announced in connection with the Q3 Report. Moreover, our total sales increased by 11% over 2006 – primarily due to the acquisition of the Lomza brewery in Poland and the Caribbean breweries in Antigua, Dominica and St. Vincent. At the same time, our net revenue went up by just below 13% and increases were realised in all markets.

A good starting point for the future

We have compromised on neither product development nor continuous strengthening of our brands, and this approach pays off – as mentioned, we are winning market shares in more or less all our markets, which is a really good starting point for the future.

The future for Royal Unibrew is called "double up". That is the name of our new strategic plan covering the period up to year end 2010. The overall target of the plan is an EBIT of DKK 500 million in 2010 – or put differently: we want to go back to the level where we feel at home and where we used to be – ie showing earnings and financial ratios to match industry leaders. Over the next 3 years, we will grow in the best and most profitable way – ie by continuing progress for our own strong brands with all our customer & consumer excellence initiatives which are to generate an average annual organic growth of 6%. We will enhance efficiency and optimise across the Group through operational excellence, which is expected to result in gains of DKK 90 million in 2010. And, finally, we will take a more selective approach to our acquisition efforts, and we will become even better at integrating acquired breweries. Our guiding principle will also in future be the generation of an attractive return for our shareholders with a two-digit ROIC and EBIT margin.

Expectations for 2008

For 2008, the Group's total sales are expected to increase by some 10% without taking into account any new acquisitions; at the same time, we anticipate that net revenue will increase more than sales primarily due to price increases. Furthermore, we expect efficiency initiatives as well as the integration and market initiatives in Poland to show positive results this year.

As a result of the initiatives taken by us to ensure our competitiveness (closure of the breweries in Lielvarde, Maribo and Aarhus, employee reduction, technology and capacity expansion as well as improved distribution structure in Denmark), our profit margin will increase considerably.

Against this background, we expect a profit before tax and "special items" at a level of DKK 280-320 million, after which the profit before tax, but after "special items" (closure of brewery in Aarhus and distribution reorganisation in Denmark), is expected to be at a level of DKK 230-270 million.

Poul Møller
CEO

double up

Targets 2008-2010: Increased profitability and doubled EBIT

In January 2008, Royal Unibrew introduced ”double up”, its new strategic plan for 2008-2010, which will continue and accelerate the Group’s previous growth plans ”V8” and ”V8 Next” (2003-2005) and ”MACH II” (2005-2007).

The V8 Plans, which focused on streamlining the Group from top to toe, progressed as planned, and Royal Unibrew achieved the financial targets announced for the period with a return on invested capital (ROIC) in 2004 of 10.1%, a profit margin of 10.5% and annual free cash flow of more than DKK 200 million in the period.

Based on these good results, the Group launched its ambitious growth plan MACH II in March 2005, which focused on value creation through profitable, international growth. It was a requirement that the growth should be realised while Royal Unibrew maintained a two-digit ROIC and profit margin as well as a free cash flow of at least 7% of net revenue.

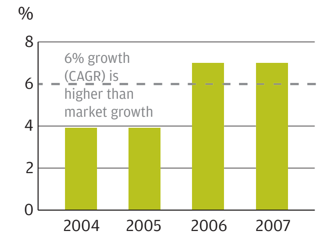
MACH II Plan completed

The MACH II Plan targets had to a large extent been achieved by the end of 2007:

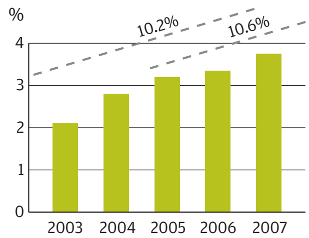
1) Acquisitions and organic growth of 3% were to ensure profitable growth in order to achieve revenue of DKK 4.5 billion in 2007: Organic growth was higher than expected – some 6% (CAGR) for the period and 7% in both 2006 and 2007, which means that Royal Unibrew showed higher growth than the markets. However, the rate of acquisition, a total of ten acquisitions in primarily the Baltic countries, Poland and in the international malt drinks markets, was lower than planned. However, in compliance with the MACH II Plan assumption of not compromising on profitability, Royal Unibrew gave priority to the quality and potential of the candidates rather than to achieving the top line target. Due to the low rate of acquisition, the revenue target of DKK 4.5 billion in 2007 was not achieved. Revenue amounted to some DKK 3.9 billion and to DKK 4.2 billion had the acquisitions in 2007 been included in the full-year financial statements. Annual top-line growth (CAGR) of 10.6% was achieved in the period.
The Group’s profitability increased from 2005 to 2006, when Royal Unibrew achieved both two-digit EBIT margin (before ”special items”) and two-digit ROIC. As previously mentioned, earnings were negatively affected by a number of factors in 2007, which resulted in targets not being achieved for 2007. The key factors were colder weather in Western Europe in the summer and autumn, higher raw materials prices and an unsatisfactory efficiency level at the Danish breweries.

2) Activities in the Baltic countries were to be developed and optimised in order for the region to achieve two-digit ROIC and EBIT margin by 2007. Production and supply chain in Lithuania and Latvia were modernised and streamlined, and sales and

TARGET: 3% ANNUAL ORGANIC GROWTH

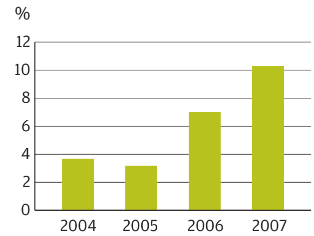


TARGET: REVENUE OF DKK 4.5 BILLION IN 2007

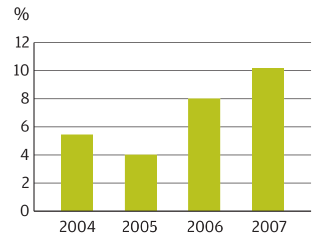


Growth through acquisition

THE BALTICS, TARGET: TWO-DIGIT ROIC IN 2007



THE BALTICS, TARGET: TWO-DIGIT EBIT MARGIN IN 2007



marketing were improved. As a result, market shares are growing, and profitability has improved significantly. EBIT in the region reached 10% in 2007, and ROIC was higher than 10%.

3) Royal Unibrew was to develop its core competencies to operating strong regional/national brands based on the assumption that consumers prefer to drink a beer to which they can relate and have proximity. The competencies have been developed, for example Royal Unibrew has accumulated its know-how and experience in the concept ”13 Golden Rules”, which is applied across national borders.

4) Intensified product innovation and marketing were to strengthen strategic brands. Both the Royal Beer family in Denmark, Kalnapilis in Lithuania, Cido in Latvia and Lithuania as well as Ceres in Italy won market shares in the period. At the same time, volumes grew under the Vitamalt and Faxe International brands.

5) A number of business excellence initiatives were to yield annual savings and efficiency gains of DKK 20 million as of 2006. The initiatives resulted in savings of DKK 20 million from 2006, and additional initiatives to improve efficiency resulted in extra savings of some DKK 15 million in 2007.

6) The Group was to develop a new international identity. This was realised through the change of name to Royal Unibrew and the implementation of eg a new logo and the new slogan ”All your favourites”.

Increasing market shares 2005-2007

• Royal Beer:	7.7% * 10% (premium)
• Kalnapilis:	7.1% * 8.6% (total, beer)
• Cido:	52.5% * 57.8% (juice etc)
	28.4% * 33.4% (spring water)
• Ceres Strong Ale:	76% * 84% (strong beer)

Towards new targets with the ”double up” strategy

Based on the results achieved under the MACH II Plan, Royal Unibrew launched a new ambitious strategic plan – ”double up” – in January 2008. The main objective of ”double up” for 2008-2010 is to improve the Group’s profitability significantly and to double earnings before interest and tax (EBIT) to DKK 500 million in 2010. It is the ambition to increase revenue to DKK 5 billion through organic growth. To this should be added any contributions from possible acquisitions in the main markets in Northern Europe, Italy and the international malt drinks markets.

The means to achieve the profitability increase are a number of initiatives within customer & consumer excellence, operational excellence and acquisition & integration excellence.

Customer & consumer excellence

Royal Unibrew’s target for 2008-2010 is to achieve average, annual organic revenue growth (CAGR) of 6%. The growth is expected to exceed the underlying market

growth. In all main markets, Royal Unibrew plans extensive innovation with a large number of new products, new taste varieties and new packaging and containers for beer, soft drinks, fruit juices, mineral water and malt drinks. At the same time, Royal Unibrew will allocate more funds and resources to developing and marketing its own strategic brands to continue their growth, whereas the Group will take a more opportunistic approach to products in the low-price segments.

Royal Unibrew will continue to strengthen sales and marketing competencies within the Group by systematically benefiting from experience in local and regional marketing and by providing sales representatives with new tools. For example, the Group is establishing a new Sales & Marketing College where 140 executives will complete training which they are subsequently to pass on within the Group.

Operational excellence

As described above, part of the reason why the MACH II targets were not fully achieved in 2007 was an unsatisfactory efficiency level at the Danish breweries. In the autumn of 2007, the Danish production problems, which affected the profit for 2007 negatively by an estimated DKK 50 million of increased production costs, were solved by investments of DKK 60 million in technology and capacity.

Moreover, "double up" addresses the necessary continuous improvement of the production structure and the efficiency level. As announced on 7 January 2008, it is the intention to close down production at the brewery in Aarhus, and following the closure of Maribo Bryggeri in February 2008, all brewing, bottling and canning activities will be concentrated at two large units in Faxe and Odense. The concentration means that Royal Unibrew will reduce its capacity costs, achieve greater flexibility and at the same time eliminate double investments.

A number of production processes are to be optimised eg by introducing LEAN, and Royal Unibrew will insource the production of PET containers (non-returnable containers) in Denmark. Furthermore, through various initiatives, the Group will further improve its logistics, storage and delivery processes in Denmark, Poland and the Baltic countries.

Moreover, Royal Unibrew will direct efforts at achieving additional benefits from global purchases

for the entire Group and from hedging critical raw materials such as malt, hops and metals. Finally, a number of systems and processes will be strengthened, and administrative savings will be introduced.

The effect of these operational excellence initiatives is expected to result in increased annual savings, which in 2010 will amount to DKK 90 million To this should be added DKK 92 million by which Royal Unibrew expects to increase earnings through the initiatives announced on 14 November 2007. These included the closure of the Maribo and Lielvarde breweries, the dismissal of some 300 employees, adjustment of selling prices in certain markets as well as the above-mentioned investments in technology and capacity in Danish production.

Acquisition & integration excellence

Royal Unibrew wishes to continue strengthening the Group's activities in the main markets in Northern Europe, Italy and the international malt drinks markets. Focus will be on acquiring profitable enterprises which may be naturally integrated into the existing business. The acquired enterprises must show two-digit ROIC and EBIT margin within 3 years.

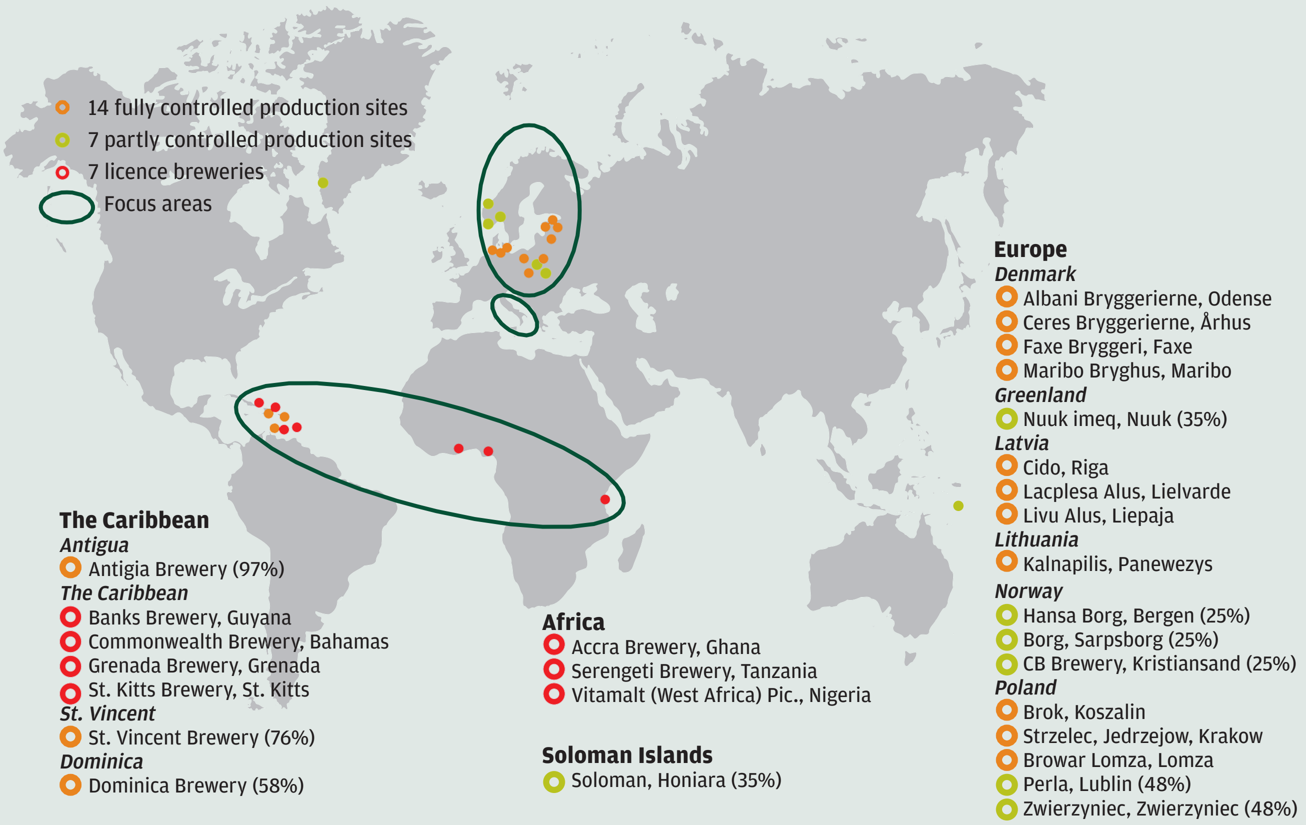
The Group is also carrying through a number of initiatives to benefit from its prior experience in order to integrate acquired enterprises faster and more efficiently. In Poland, the acquisitions in recent years have provided a solid platform in several regions, and this platform should be utilised to double revenue to some DKK 500 million in 2010. The regional brands should be strengthened, distribution should be made broader and deeper and a number of new products will be introduced. As of 1 February 2008, all activities in Poland have been fully integrated into Royal Unibrew Polska, for which the target is a significant earnings increase up to 2010.

Financial targets

The financial targets of the double up strategy are as follows:

- EBIT of DKK 500 million in 2010
- Two-digit ROIC and EBIT margin (excluding "special items") in 2010
- Free cash flow of 7% of net revenue in 2010
- Revenue of DKK 5 billion in 2010 through organic growth
- A capital structure where net interest-bearing net (NIBD) in 2010 is 3 times EBITDA

Royal Unibrew at the beginning of *double up*



MANAGEMENT'S STATEMENT

GENERAL

The primary activities of Royal Unibrew are to market, sell, distribute and produce quality beverages focusing on branded products primarily within beer, malt and soft drinks. The Group's products are sold in some 65 markets with special focus on Northern Europe (the Nordic countries, the Baltic countries, Northern Germany and Poland), Italy, Canada and the international malt drinks markets (the Caribbean, Africa and the UK). Royal Unibrew comprises the Albani, Ceres, Faxe and Maribo breweries in Denmark, Kalnapilis in Lithuania, Lacplesa Alus and the soft drinks producer SIA Cido Grupa in Latvia, Brok, Strzelec and Browar Lomza in Poland as well as Antigua Brewery, Dominica Brewery and St. Vincent in the Caribbean.

It is the vision of Royal Unibrew to develop the Group with increasing profitability to being among the leading providers of beverages in Northern Europe, Italy and our malt drinks markets. Outside these areas, we will develop selected profitable export markets.

ACQUISITIONS

Royal Unibrew has, cf Announcements RU44/2006 of 13 December 2006, RU14/2007 of 15 May 2007 and RU22/2007 of 2 July 2007, acquired controlling interests in four breweries. The Polish brewery Browar Lomza is included in the financial statements of Royal Unibrew as of 1 May 2007, whereas the Caribbean breweries in Antigua and Dominica are included as of 1 June 2007 and St. Vincent as of 1 July 2007.

Moreover, Royal Unibrew has (cf Announcement RU29/2007 of 15 August 2007) strengthened its position in the Baltic beer market by acquiring assets and activities of Livu Alus, the number 3 Latvian brewery in terms of size. Livu Alus will be included in the consolidated financial statements as of 1 January 2008.

RESULTS 2007

In 2007, the Royal Unibrew Group achieved a profit before tax of DKK 220.2 million, which is in line with the expectations for 2007 expressed in the Q3 Report at 30 September 2007 (cf Announcement RU43/2007 of 14 November 2007) as well as the announced decision to close down production at the Ceres brewery in Aarhus in 2008 (cf Announcement RU11/2008 of 1 February 2008).

Profit before tax was some DKK 100 million lower than in 2006. Operating profit - adjusted for non-recurring income from Nigeria in both 2006 and 2007 – was some DKK 70 million below that of 2006. This was due to, among other factors, unusual low efficiency and higher production costs caused by a production reorganisation in Denmark. Furthermore, increasing raw materials prices without a corresponding increase of net selling prices in certain markets and the unfavourable weather in 2007 in Western Europe affected results negatively. Finally, the activities in Poland relating to the Brok and Strzelec breweries did not reach the expected sales and earnings.

The integration of Browar Lomza in Poland and the three acquired breweries in the Caribbean progressed as planned.

Total group sales in 2007 aggregated 7.1 million hectolitres of beer, malt and soft drinks, which is an 11% increase over 2006. Some 9 percentage points of the increase was attributable to the Polish and Caribbean activities acquired in 2007. Accordingly, organic volume growth accounted for some 2 percentage points distributed on all segments and more or less all markets.

Beer and malt drinks sales aggregated 4.8 million hectolitres in 2007, which is an approximate increase of 13% over 2006, whereas soft drinks sales (including mineral water and fruit juices, etc) aggregating 2.3 million hectolitres increased by 8%.

Net revenue amounting to DKK 3.9 billion in 2007 increased by just below 13% over 2006 and increases were realised in all markets. Some 6 percentage points of the revenue increase was attributable to the acquisition of the Lomza brewery in Poland and the St. Vincent, Antigua and Dominica breweries in the

Developments in sales and revenue from 2006 to 2007 were as follows:

Developments 2006-2007	Western Europe (including misc. revenue)		Eastern Europe		Malt and Overseas Markets *)		Royal Unibrew total	
	Growth	Total	Growth	Total	Growth	Total	Growth	Total
Sales (thousand hectolitres)	0.7%	3,762	23.4%	2,750	39.1%	567	**11.0%**	**7,079**
Net revenue (mDKK)	3.1%	2,490	35.4%	909	36.6%	483	**12.8%**	**3,882**

*) The "Rest of the world" segment has in 2007 been changed to "Malt and Overseas Markets". Geographically, the Group's malt activities are in all materiality related to overseas markets. Comparative figures for 2006 have been restated accordingly.

Caribbean, whereas the organic growth of 7% achieved by the Royal Unibrew Group was primarily related to Denmark, Italy, Latvia and Lithuania as well as Africa.

Gross profit for the year amounting to DKK 1.8 billion increased by 3% over 2006. The gross margin was 45.1% and thus 4.2 percentage points lower than in 2006. It is estimated that 1.3 percentage points of the gross margin decline was due to the mentioned production difficulties at the Danish breweries. The remaining 2.9 percentage points net related partly to inability to compensate for the higher raw materials prices by customer price increases in key markets such as Denmark and cross-border trade as well as Poland, and was partly a consequence of a shift in product mix with a relatively higher increase in soft drinks sales in Eastern Europe and the Caribbean. Both gross profit and gross margin were positively affected in 2007 by the process optimisation activities implemented.

Operating profit amounted to DKK 244 million in 2007, or DKK 104 million below the 2006 level. Other than the effect from gross profit for the year, operating profit was affected by a 7% increase in sales and distribution expenses over 2006, including 3 percentage points resulting from the activities acquired in the year. Accordingly, the organic growth in sales and distribution expenses was 4%, which is below the organic growth in net revenue. The Group's administrative expenses increased by 24%, including 15 percentage points relating to acquired activities and organic growth of 9 percentage points, primarily as a result of expenses incurred for strategic initiatives.

"Other operating income" was some DKK 34 million below the figure in 2006, when an income of DKK 39 million was realised from Nigerian receivables previously written off.

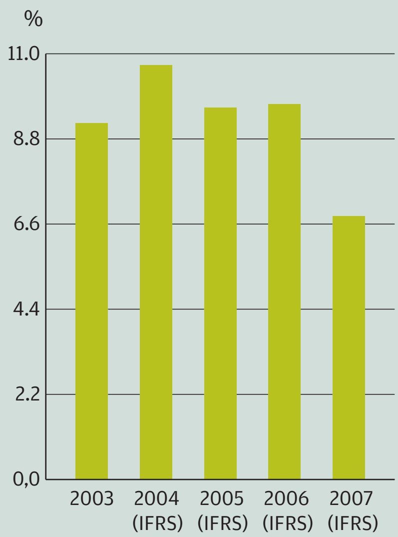
Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to DKK 392.5 million compared to DKK 535.9 million in 2006.

"Special items", an income of some DKK 20 million, comprises an impairment loss of DKK 70 million on production assets in consequence of the decision to close down the brewery in Aarhus in H2 2008 (cf Announcement RU11/2008 of 1 February 2008) and net income of DKK 90 million relating to the sale of the brewery property in Vilnius in Lithuania as well as non-recurring expenses for the structural adjustments decided upon in November 2007, including the dismissal of some 300 employees and closure of the breweries Lielvarde in Latvia and Maribo Bryggeri in Denmark (cf Announcement RU43/2007 of 14 November 2007). The non-recurring expenses are now expected to be some DKK 8 million below the figure previously announced. The decline is primarily due to impairment losses on assets and the amount of redundancy payments turning out not to be as high as initially assumed.

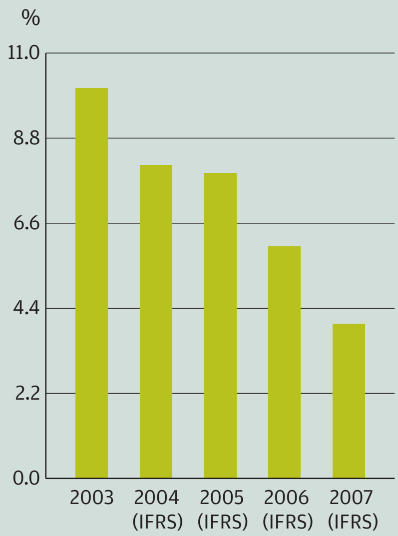
Income from investments in associates went up by DKK 2 million from 2006 amounting to DKK 28 million compared to DKK 26 million in 2006. The increase comprises significantly improved results at the Solomon brewery and marginally lower results by the other associates.

RETURN ON INVESTED CAPITAL

EBIT MARGIN



FREE CASH FLOW AS % OF NET REVENUE



The Group's net financial expenses went up by some DKK 33 million to DKK 72 million in 2007. Some DKK 6 million of the increase related to exchange adjustments and DKK 27 million to interest. The higher interest expenses were partly due to a DKK 540 million increase in net interest-bearing debt and partly to marginally increasing interest rates.

The profit before tax of the Royal Unibrew Group for 2007 amounted to DKK 220 million compared to DKK 320 million in 2006.

Consolidated profit (after tax) amounted to DKK 155 million, – DKK 75 million below the amount of DKK 230 million realised in 2006.

The change in Danish corporate tax legislation, including the reduction of the corporation tax rate from 28% to 25%, affected the tax expense for the year positively by DKK 13.7 million with respect to the provision for deferred tax at the beginning of the year. Other than that, the tax expense for the year was not net affected by the change.

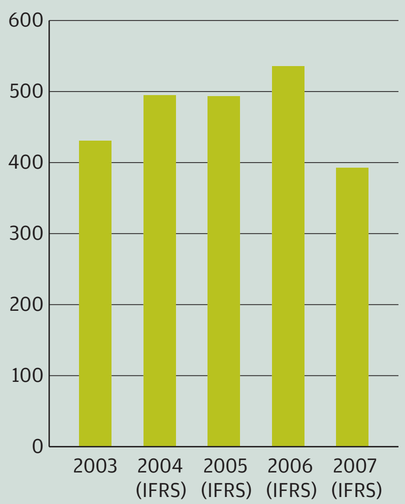
MACH II

Measured against the main financial targets of the MACH II Strategic Plan, the results for the period were as follows:

	Actual %	Target %
Return on invested capital (ROIC)		
2005	11.7	
2006	12.1	≥ 10
2007	7.4	
EBIT margin		
2005	9.6	
2006	9.7	≥ 10
2007	6.8	
Free cash flow as a % of net revenue		
2005	7.9	
2006	6.0	≥ 7
2007	4.0	
Total net revenue growth over 3 years	10.6	≈ 14.5

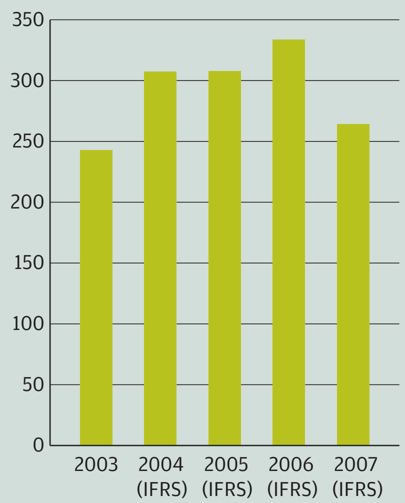
EBITDA

mDKK



EBIT

mDKK



PROFIT BEFORE TAX
CONSOLIDATED PROFIT

mDKK

In the last year of the MACH II period, none of the targets established were achieved. However, until 2007 the financial ratios realised were, on an overall basis, only marginally below the established MACH II targets. The deviation with respect to revenue growth is to a large extent explained by the failure to realise acquisitions at the rate anticipated. Free cash flow was affected by unusually high investments in 2006 and by the negative results of activities in Poland, which are expected to improve significantly in 2008 and 2009.

Reference is made to the section on the strategic plan on page 7 for a description of other realised MACH II targets.

DEVELOPMENTS IN INDIVIDUAL MARKET SEGMENTS

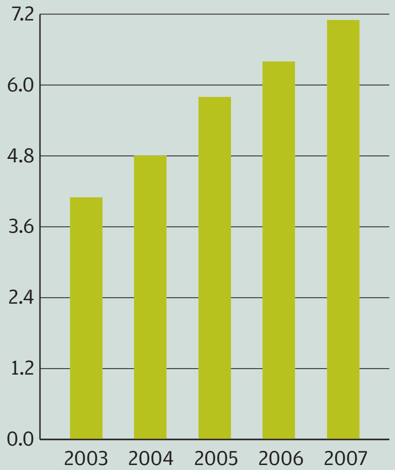
The developments in the Group's activities for 2007 break down as follows on segments:

	Western Europe	Eastern Europe	Malt and Overseas Markets *)	Unallocated	Group
Percentage of net revenue	64%	24%	12%		**100%**
Sales (million hectolitres)	3.8	2.7	0.6		**7.1**
Net revenue (mDKK)	2,490	909	483		**3,882**
Operating profit (before special items) (mDKK)	252	-23	63	-48	**244**
Profit margin (%)	10.2	-2.6	13.1		**6.3**
Earnings before interest and tax EBIT (mDKK)	161	88	63	-48	**264**
EBIT margin (%)	6.4	9.7	13.1		**6.8**
Assets (mDKK)	2,169.1	975.4	396.2	240.6	**3,781.3**
Liabilities (mDKK)	746.1	293.6	97.1	1,525.0	**2,661.8**

*) The "Rest of the world" segment has in 2007 been changed to "Malt and Overseas Markets". Geographically, the Group's malt activities are in all materiality related to overseas markets. Comparative figures for 2006 have been restated accordingly.

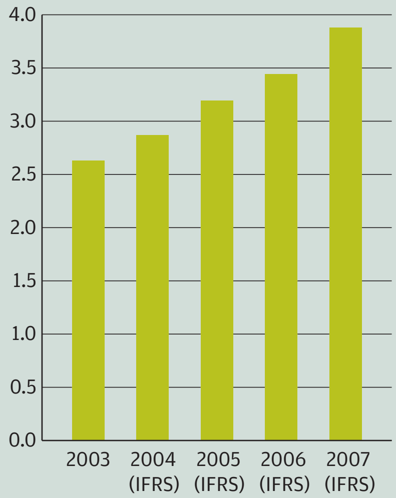
SALES

Million Hectolitres



NET REVENUE

mDKK



WESTERN EUROPE

	2007	2006	% change
Sales (million hectolitres)	3.8	3,7	1
Net revenue (mDKK)	2,490	2,414	3
Operating profit (before special items) (mDKK)	252	320	-21
Profit margin (%)	10.2	13.4	-24
EBIT (mDKK)	161	320	-50
EBIT margin (%)	6.4	13.4	-54

Royal Unibrew's activities in the Western European markets were in 2007 affected by the unfavourable weather in the summer season. Sales and revenue increased by 1% and 3%, respectively. Operating profit decreased by DKK 68 million to DKK 252 million primarily because the intensified price competition prevented compensating the increasing raw materials prices by customer price increases, but also due to extraordinarily high production costs relating to the production reorganisation at the Danish breweries. A profit margin of 10.2% was realised compared to 13.4% in 2006. In addition to the DKK 68 million from operating profit, EBIT was reduced by structural adjustment expenses of DKK 91 million by way of impairment losses and expenses recognised in ”special items”. Impairment of the value of production assets related to the decision to close down the breweries in Aarhus and Maribo in 2008 amounted to some DKK 80 million, whereas other expenses related to the decision to close down the brewery in Maribo as well as other structural adjustments in Western Europe amounted to some DKK 11 million. Against this background, EBIT margin declined by 7.3 percentage points to 6.1% of net revenue.

WESTERN EUROPE	Actual 2007		Growth over 2006	
	Net revenue (mDKK)	Sales (thousand hectolitres)	Net revenue (%)	Sales (%)
Denmark	1,248	1,786	3	0
Italy	724	544	3	3
Germany	396	1,110	2	-2
Nordic countries	51	155	21	28
Other markets	71	167	0	-3
Total Western Europe	2,490	3,762	3	1

In **Denmark** total beer sales are estimated to have declined by some 2% in 2007 primarily as a result of a decrease in discount products sales. Branded beer sales are estimated to have declined by slightly above 1%. Royal Unibrew's branded beer sales in Denmark went up in 2007 by just below 1%, which means that market shares were won in this segment.

The Royal products continued to strengthen their positions and market shares, and for the first time the Royal brand achieved a market share above 10%. In 2007, the Heineken brand again realised two-digit growth.

The Group's sales of discount beer decreased proportionately more than the Danish market for discount beer, which is estimated to have declined by 6% in 2007.

Sales of Royal Unibrew branded products in the soft drinks segment was at the 2006 level, whereas the Group's total soft drinks sales increased by 2% in the Danish soft drinks market showing an estimated decline of 4% in 2007. Accordingly, Royal Unibrew's market share continued to increase in this segment in 2007. Egekilde continued showing progress achieving a market share of 28% in 2007, which has increased

further in 2008. Faxe Kondi increased its market share by 3 percentage points.

The increase in total beer consumption in **Italy** is estimated at some 2% in 2007, whereas the Group's sales and revenue went up by slightly below 3%. Royal Unibrew's market share is thus still increasing, and Ceres Strong Ale now holds a market share of 84% of the strong beer market.

In the **German** market the Group continued to record growth in 2007 when sales increased by a two-digit percentage. With a view to optimising results from the German activities, it has been decided to combine the sales organisations for the German market and for cross-border trade between Denmark and Germany. Cross border sales declined marginally, whereas net revenue for cross-border trade was at the 2006 level.

Sales in the **Nordic** markets went up by 28% primarily driven by Sweden and Finland.

The **other Western European** markets, of which Tax-Free trade represents a material part, realised a negative sales development of 3%, whereas revenue was at the 2006 level.

EASTERN EUROPE

	2007	2006	% change
Sales (million hectolitres)	2.7	2.2	**23**
Net revenue (mDKK)	909	671	**35**
Operating profit (before special items) (mDKK)	-23	-22	**-6**
Profit margin (%)	-2.6	-3.3	**21**
EBIT (mDKK)	88	-36	**342**
EBIT margin (%)	9.7	-5.4	**280**

Sales and revenue in the region went up by 23% and 35%, respectively, in 2007, including 20 percentage points of both sales and revenue relating to the Polish Browar Lomza brewery, which has been included in the Group as of May 2007. Developments in Lithuania and Latvia are characterised as very satisfactory again in 2007, whereas sales and revenue generated by the Polish activities, excluding Lomza, were lower than expected but at the level of those realised in 2006.

Operating profit was at the level of the 2006 figure and profit margin improved from a negative 3.3% to a negative 2.6%. EBIT, which also includes ”special items”, was DKK 88 million, – an increase of DKK 124 million over 2006. In 2007, ”special items” comprised profit on the sale of the property from the closed brewery in Vilnius in Lithuania, structural adjustment expenses relating to the Eastern European activities in both Latvia, Lithuania and Poland as well as impairment losses on production plant at the brewery in Lielvarde in Latvia, which, in consequence of the acquisition of the Livu Alus brewery in Latvia, it was decided to close down by the end Q1 2008 (cf Announcement RU43/2007 of 14 November 2007). In 2006, ”special items” comprised costs of closure relating to the brewery in Lithuania.

In 2007, the Baltic countries saw a considerable increase in operating profit (EBIT excluding ”special items”) over 2006, and the developments are considered satisfactory and in accordance with plans so that the MACH II target of a two-digit EBIT margin and ROIC in 2007 has been realised, also without taking into account the income from ”special items”.

In spite of satisfactory developments in Lithuania and Latvia, the development in operating profit for the region as a whole is marginally negative. This development is related to a considerably negative result in Poland, where the expected sales and revenue developments and the expected results of the Brok and Strzelec activities were not realised in 2007. The strengthening of management of the subsidiary Royal Unibrew Polska realised in H1 had the intended positive effect, and the updated turnaround plan has been followed in H2, which means that the unsatisfactory development in revenue and gross profit as compared to the plans made has come to an end. In H2 a positive development as compared to 2006 was realised. In H2 2007, the turnaround plan included cost-consuming measures and large investments in sales and marketing activities with a view to enhancing the future earnings basis; therefore, no improvement of results has been realised in H2 or for the full year as compared to 2006. The integration of Browar Lomza progressed as planned resulting in a moderate loss realised by Lomza. At 1 February 2008, the Group’s SAP platform was successfully implemented at Browar Lomza, which at the same date merged with Royal Unibrew Polska.

EASTERN EUROPE	Actual 2007		Growth over 2006	
	Net revenue (mDKK)	Sales (thousand hectolitres)	Net revenue (%)	Sales (%)
Lithuania	320	793	33	12
Latvia	331	1,141	7	2
Poland	242	782	124	109
Other markets	16	34	25	18
Total Eastern Europe	909	2,750	35	23

In **Lithuania** Kalnapilio-Tauras increased its sales and revenue by 12% and 33%, respectively, in 2007. Part of the increase is attributable to the acquisition of the sale and distribution of the Cido products. However, also the development in revenue from own products, Tauras and Kalnapilis, was very satisfactory in 2007 as the product mix changed from discount beer to branded beer. Kalnapilio-Tauras' total market share of the Lithuanian beer market went up. Results in Lithuania continued to develop very satisfactorily, also without taking into account the net non-recurring income of DKK 124 million from the sale of the brewery property in Vilnius.

In **Latvia** sales of the Cido products, primarily fruit juices, mineral water as well as carbonated and non-carbonated soft drinks, developed highly satisfactorily with a realised increase of 15%, and the market share increased as consumption in Latvia went up by 12%. Also in the Latvian beer market satisfactory developments were recorded. The Lacplesa products realised revenue growth of 16% in a declining market, thus increasing their market share to just below 8%. The total market share for Lacplesa and Livu Alus, whose brands and production facilities the Group acquired in early January 2008, was above 16% in 2007. Results in Latvia showed significant increase.

In **Poland** sales and revenue went up by 109% and 124%, respectively. The growth is attributable to the acquisition of the Lomza brewery, which was included in the Group as of 1 May 2007. Sales and revenue realised by Brok and Strzelec did not increase as planned compared to 2006. As mentioned above, the negative development is expected to have ended in H2 2007, which is confirmed by the results realised for the first month of 2008.

MALT AND OVERSEAS MARKETS

	2007	2006	% change
Sales (million hectolitres)	0.6	0.4	39
Net revenue (mDKK)	483	353	37
Operating profit (before special items) (mDKK)	63	98	-35
Profit margin (%)	13.1	27.6	-53
EBIT (mDKK)	63	98	-35
EBIT margin (%)	13.1	27.6	-53

The "Rest of the world" segment has in 2007 been changed to "Malt and Overseas Markets" and, in addition to all malt drinks markets, comprises the beer and soft drinks activities in the UK, Caribbean and North American markets. The change has resulted in the activities of the subsidiaries Supermalt UK and Cerekem International being reclassified from "Western Europe" to the segment, which still differs geographically from the other segments.

Developments in 2007 were materially affected by the acquisition of the three Caribbean breweries St. Vincent, Antigua and Dominica, but also by a very satisfactory sales growth in the other large malt drinks market, Africa.

The results for 2006 included an income of DKK 39 million relating to receivables in Nigeria previously written off. Eliminating this non-recurring income, the positive profit development of some 6% from 2006 to 2007 has been satisfactory. The EBIT margin decline from some 16% to 13% is due to a changed product mix as the beer and soft drinks activity of the acquired breweries does not generate as high earnings as the malt drinks activity.

Malt and Overseas Markets	Actual 2007		Growth over 2006	
	Net revenue (mDKK)	Sales (thousand hectolitres)	Net revenue (%)	Sales (%)
The Caribbean	270	249	52	71
The UK	81	82	13	14
Africa	61	126	77	57
USA/Canada	39	49	9	8
Other European markets	18	22	-2	-3
The Middle East	14	39	-8	-9
Total Malt and Overseas Markets	**483**	**567**	**37**	**39**

Exports to **the Caribbean** and the distribution activity in Guadeloupe and Martinique were stable compared to 2006. The sales and revenue growth of 14% and 33%, respectively, thus materially relates to the newly acquired breweries in St. Vincent, Antigua and Dominica.

In **the UK** the Supermalt brand was launched in a Tetra Pak packing in the autumn, and satisfactory sales growth of 14% over 2006 was realised. The revenue development was weaker due to a declining GBP in 2007.

The strong growth in **Africa**, which commenced in 2006, continued in 2007, when sales increased by 57% and net revenue by 77%. The growth was primarily realised in Tanzania, where Vitamalt Plus increased its market share by 30 percentage points to 50-55% in 2007.

The **USA and Canada** saw continued growth also in 2007 at the same rate as in 2006 with increases in both sales and net revenue of just below 10%.

BRAND AND PRODUCT DEVELOPMENT

The development of the Company's brands through marketing investment and product development has been one of the basic elements of Royal Unibrew's MACH II strategy.

Therefore, Royal Unibrew has also in 2007 – the final year of the MACH II strategy period – continued past years' focus on large marketing investments and product development. In particular, the Group's six strategic brands (Ceres Strong Ale, Royal beer, Kalnapilis beer, Faxe beer, Cido fruit juices and the Vitamalt malt drink) were characterised by a high level of innovation and marketing support again in 2007. However, also a number of other Royal Unibrew brands made their mark in 2007 with new initiatives within both product development and marketing.

The activities relating to the Royal Unibrew brands contributed in 2007 to strengthening brand equity and the Company's earnings.

In Denmark, the Royal brand continued offering new taste varieties and beer types. Accordingly, in 2007, yet another variety of the Royal family was successfully launched under the name Brown Ale. The launch resulted in, among other things, a 10% market share of the branded beer market in Denmark. Furthermore, Royal Unibrew's success with respect to the Egekilde mineral water continued in Denmark. Following the launch of a new cranberry taste variety, Egekilde grew further in 2007 and now holds 29% of mineral water brand sales.

In Italy, Royal Unibrew has for many years, by means of its Ceres Strong Ale brand, held a very strong position in the special segment for imported strong beer. This position was further consolidated in 2007, eg by new promotions and a unique communications universe which also in 2007 generated remarkably high recognition rates among consumers. Ceres Strong Ale currently holds 84% of the strong beer market in Italy.

In Poland, Royal Unibrew's Strzelec brand went through comprehensive updating with respect to packaging design and marketing. This resulted in two-digit sales growth from the launch in September to year end (compared to the same period of 2006).

In Lithuania, Royal Unibrew's strategic Kalnapilis brand was strengthened by launching Kalnapilis 3 Salyklai (Kalnapilis 3 malt). In 2007, Kalnapilis developed a number of TV shows which were broadcast over the summer. This was a completely new and efficient way of reaching consumers. Furthermore, in Lithuania, Royal Unibrew owns the popular Tauras brand. Through a number of activities and new production technology, the Tauras brand continued its positive development thus achieving 21% growth in 2007.

In Latvia, Royal Unibrew is also strengthening its position in the beer market. The Group's leading brand in Latvia is Lacplesis. New initiatives in 2007 included the launch of a Lacplesis "beer barrel" in connection with the traditional festival of St. John in Latvia. This activity contributed towards Lacplesis becoming the fastest growing beer brand in Latvia. In 2007, Royal Unibrew acquired the Latvian Livu brewery. With the Livu brand as a strong supplement to the existing portfolio, Royal Unibrew is now headed for a leading position in the Latvian beer market.

In the fruit juice segment, the Group's Latvian based Cido brand enhanced its position throughout the Baltic countries. This was effected eg by the launch of a totally new concept for quality fruit juice accompanied by a different and eye-catching packaging design. This resulted in Cido reaching a 58% market share in the "100% juice" category. Also in the nectar and juice drinks categories, Cido was extremely active in 2007 with launches of a number of new taste varieties and updating of packaging design. Finally, in 2007, Royal Unibrew strengthened its position in the Latvian market for mineral water with the Mangali brand, which, based on among other things new bottle types, went above a market share of 20% and is the segment market leader. Mangali is now among the 15 most popular brands in Latvia.

In the international malt drinks markets, Vitamalt once again strengthened its position as the leading quality brand through the launch of a Tetra packing. The new product was received very enthusiastically by the target group as the packing provides new possibilities of "carrying along" the product.

Faxe, Royal Unibrew's international beer brand, saw a very strong 2007. In Africa, Russia, Lithuania, Canada, Poland, Germany, Iceland, the UK as well as the Caribbean, two-digit growth rates were realised on Faxe sales in 2007, which ensured continue growth of Faxe in both revenue and earnings.

The Group's regional beer brands also showed a number of good results in 2007. The results are based on the local embeddedness, which is one of Royal Unibrew's core competencies. An example is the strong regional position enjoyed by Albani in Denmark.

INTELLECTUAL CAPITAL

Employees are a key asset to the development of Royal Unibrew, and therefore all group enterprises focus on developing existing employees and attracting new talent.

In connection with the MACH II strategic plan and the growth targets of the plan, the Group's organisation was further strengthened in key areas in the period, and intensified training of employees is also a key element of the "double up" strategic plan for the period 2008-2010.

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

In line with the international development of the Group, employees are to an increasing extent assigned to positions abroad from both the Parent Company and subsidiaries. This ensures rooting of knowledge in the markets as well as optimisation of cooperation across the Group.

INFORMATION TECHNOLOGY

SAP R/3 is applied as the ERP platform in Denmark, Lithuania, Poland, the UK, Italy and France and was also implemented at the acquired companies in Antigua and Dominica in the Caribbean in 2007 and at Lomza in Poland at 1 February 2008. The other group enterprises use local IT solutions, which are expected to be successively replaced by SAP R/3. The SAP R/3 platform has proved reliable, and the Company has developed the right competencies to maintain and continue expanding the platform as a basis of business requirements.

In 2008 the Group's standard platform is expected to be implemented at the remaining subsidiaries in the Caribbean. Implementation at the Latvian companies has been initiated with expected completion in H1 2009, after which all group enterprises will apply the same ERP platform.

SHARE OPTIONS

On a total basis, the following share options remain unexercised:

Granted	Total number unexercised	Number held by Executive Board	Exercise price	Exercise period
Re 2003	7,866	3,746	401	4/2007 – 4/2009
Re 2004	9,754	4,184	478	4/2008 – 4/2010
Re 2005	26,114	13,874	648	4/2009 – 4/2011
Re 2006	22,820	13,944	695	4/2010 – 4/2012
Re 2007	19,145	14,305	*) 534	4/2011 – 4/2013
Total	85,699	50,053		

*) The options will be priced on the basis of average market price over the 10 trading days following the publication of the Annual Report of the Company.
The value of the unexercised options is calculated on the basis of the share price at 31 December 2007.

Royal Unibrew's continuous share option programme covering the 2007 financial year applies to the Executive Board and some 20 executives. Under this programme, the participants may annually be granted options corresponding to a maximum number of shares of 38,290 based on a share price of 534*). Half of the options will be granted without any performance conditions, whereas the other half will be granted depending, in part or in full, on the realisation of ROIC (return on invested capital) and profit growth.

The Company's option obligations under the option programmes are expected to be covered by the portfolio of treasury shares.

The market value of the unexercised options is estimated at DKK 9.7 million (under the Black-Scholes formula).

In accordance with the accounting policies adopted, an expense of DKK 3.1 million has been charged in the Annual Report for 2007 representing the market value (Black-Scholes) of the granting for the 2007 financial year.

The Supervisory Board intends – as regards the Executive Board – to recommend to the Annual General Meeting:

- to continue the existing share option programme applying to the Executive Board and some 20 executives also for the 2008 financial year. As previously, half of the options will be granted without any performance conditions, whereas the other half will be granted depending, in part or in full, on the realisation of ROIC (return on invested capital) and profit growth. Under this programme, the participants may in 2008 be granted options corresponding to a maximum number of shares of 40,000 based on a share price of 534.

- that the same group of persons will be granted additional options for 2008 corresponding to half of an annual salary exercisable as of 2011, provided that the targets established in the "double up" strategic plan are achieved by 2010. This programme may, based on a share price of 534, result in the granting of options corresponding to some 25,000 shares.

BALANCE SHEET AND CASH FLOW STATEMENT

Royal Unibrew's balance sheet total amounted to DKK 3,781 million at the end of 2007, which is an increase of DKK 368 million, or 10%, over year end 2006. The increase relating to acquisitions for the year amounted to some DKK 550 million, including some DKK 250 million relating to intangible assets. Consequently, the balance sheet has been reduced organically by some DKK 200 million comprising in all materiality a reduction of cash and bank by DKK 225 million, an increase of inventories by DKK 25 million and of receivables by DKK 75 million as well as a reduction of the value of property, plant and equipment which is affected by impairment losses of some DKK 90 million relating to the Ceres, Maribo and Lacplesa breweries, which are all scheduled for closure during 2008.

Group equity, which at the end of 2007 amounted to DKK 1,119 million, was most materially affected by comprehensive income for the year of DKK 155 million, payment of dividend of DKK 58 million and a net write-down relating to acquisition and sale of treasury shares of DKK 156 million. The equity ratio equalled 29.8% compared to 33.6% at the end of 2006.

Free cash flow before investments in acquisitions amounted to DKK 157 million in 2007 equal to 4.0% of net revenue, which was DKK 49 million below 2006 and below the MACH II target. The free cash flow was positively affected by the sale of property, plant and equipment at DKK 212 million, including DKK 175 million concerning the brewery properties of the closed Tauras and Thor breweries. In 2007 investments totalled DKK 225 million, which was DKK 18 million below the 2006 level. Cash flows from operating activities were DKK 273 million lower in 2007 than in 2006 comprising DKK 205 million relating to the cash results and DKK 68 million relating to the development in working capital. After year-end, initiatives have been launched to reduce investments in working capital.

At 31 December, the Group's cash resources, in addition to cash and bank balances of DKK 158 million, comprise committed, unutilised credit facilities of DKK 787 million, or a total of DKK 945 million. Furthermore, the Group has commitments for financing of acquisitions.

In 2007, Royal Unibrew A/S acquired a total of 252,186 shares for treasury at DKK 163 million, including 207,126 shares under the share buy-back programme launched in 2007. The Company now holds a total number of 316,847 treasury shares (equal to some 5.1% of the Company's total share capital); 86,000 of these shares are expected to be used to cover the Company's share option programme.

FUTURE CAPITAL STRUCTURE, SHARE BUY-BACK PROGRAMME AND DIVIDEND POLICY

During the MACH II strategy period, the Group intended to increase the Company's interest-bearing debt to EBITDA ratio from 1.4 to 3.0. Due to results developments in 2007, the Company's interest-bearing debt at the end of 2007 was 4.0 times EBITDA.

Royal Unibrew wishes to continue its focus on optimising the Company's weighted average cost of capital (WACC) and increasing shareholder value. For the future strategy period from 2008 to 2010, the Group has therefore maintained the target of adjusting and maintaining the Company's interest-bearing debt at a level corresponding to 3 times EBITDA, which is considered to imply a capital structure and WACC suitable for the Group.
The target will not interfere with the Group's growth target under the double up strategy and is considered to leave sufficient scope for realising any acquisitions.

Royal Unibrew has completed the repurchasing of a maximum of 300,000 shares for treasury at a value of DKK 174 million. At the next Annual General Meeting of the Company, the Supervisory Board will propose that the capital be reduced by an amount equivalent to the number of shares purchased under the share buy-back programme.

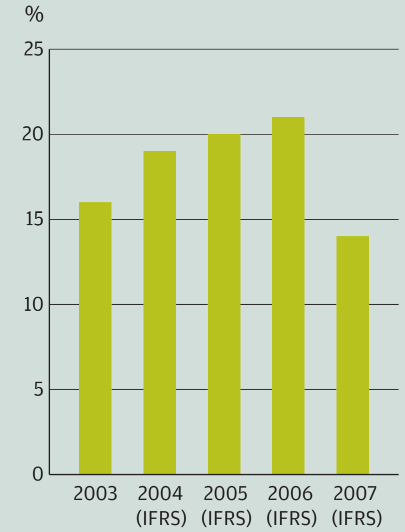
The Supervisory Board still intends to propose distribution to the shareholders of annual dividend at the level of 25-40% of the Parent Company shareholders' share of consolidated profit. However, dividend will from time to time be distributed with due regard to the Company's strategic plans and cash position.

PROSPECTS

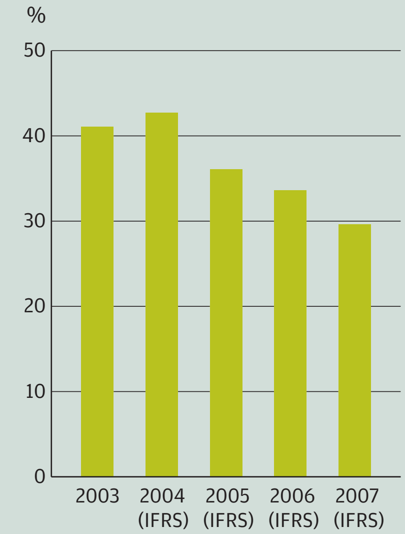
For 2008, the Group's total sales are expected to increase by some 10% without taking into account any new acquisitions. Some 4 percentage points of this amount are attributable to the full-year effect of the acquisitions made in 2007 – the three breweries in the Caribbean, Lomza in Poland and Livu in Latvia. Organic

CASH FLOW

RETURN ON EQUITY



EQUITY RATIO



sales growth is expected primarily to originate from the Baltic countries, Poland and Africa, whereas the phasing-out of certain commitments in connection with the closure of Maribo etc will affect sales negatively.

Net revenue is expected to increase more than sales primarily due to price increases, and the above-mentioned phasing-out of certain commitments will increase the average selling prices achieved.

The brewery industry is still characterised by considerable price increases of key raw materials, packaging and containers. Royal Unibrew expects the achieved increases in selling prices to be sufficient to compensate for this.

The implemented and ongoing integration and market initiatives in Poland – including the merger between Lomza and Brok/Strzelec at 1 February 2008 – are expected to yield positive results in 2008, whereas the integration of Livu Alus with Cido and Lacplesa Alus in Latvia in 2008 is expected to have a minor negative effect on the expected results for the year.

As mentioned in the Q3 Report 2007 (cf Announcement RU43/2007 of 14 November 2007), a number of adjustments and optimisation efforts were initiated due to the unsatisfactory profit development in 2007 with a view to strengthening the Group's profit development:

- Investment in technology and capacity expansion to remedy the efficiency problems estimated to have affected profit negatively by some DKK 50 million in 2007. These additional expenses are not expected to affect the profit for 2008.

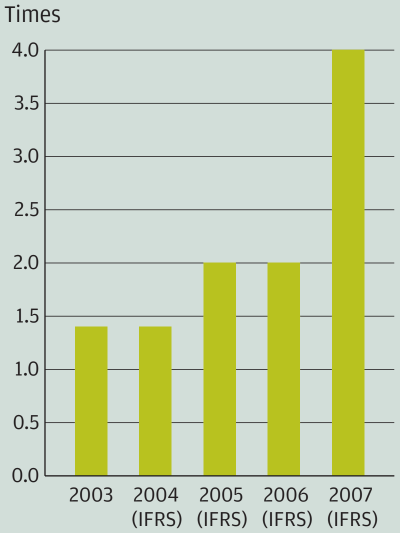
- Reduction of the Group's total workforce by some 300, which, combined with the ongoing business excellence projects, is expected to result in savings of some DKK 35 million from 2008.

- Closure of the breweries in Maribo (Denmark) and Lielvarde (Latvia) in early 2008 will have an estimated positive effect of some DKK 5 million in 2008 compared to 2007.

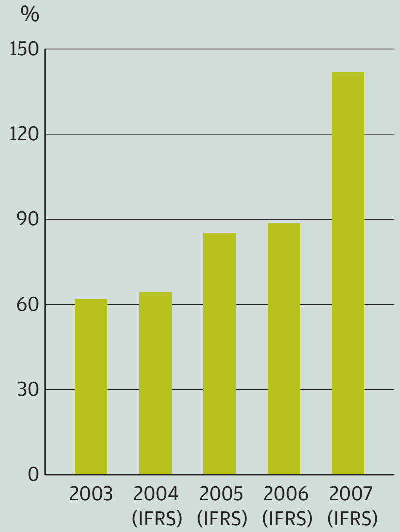
- Impairment losses and expenses in relation to these initiatives have been provided for in the financial statements for 2007.

Furthermore, Royal Unibrew announced in January 2008 (cf Announcement RU03/2008 of 7 January 2008 and RU10/2008 of 1 February 2008) that it had decided to close down production at the Group's brewery in Aarhus. This will result in costs of closure of DKK 20 million (in addition to the impairment losses recognised in the financial statements for 2007) in 2008 ("special items"), whereas positive effects on the financial statements will not be achieved until as of 2009. The closure of the brewery in Aarhus is a consequence of the analysis of the total Danish supply process mentioned in Announcement RU43/2007 of 14

NET INTEREST-BEARING DEBT/EBITDA



DEBT RATIO



November 2007. Moreover, this analysis has resulted in a decision to change the Danish sales and distribution structure. For the time being, distribution and part of the sales work are carried out through 21 independent stores. These stores will be replaced by 8 distribution centres with a simultaneous concentration of the sales organisation and work with Royal Unibrew. The reorganisation, which is expected to take place in the autumn of 2008, will imply reorganisation costs at the level of some DKK 35 million, of which some DKK 30 million is expected to affect the financial statements for 2008, whereas the balance will affect the 2009 financial statements. As of 2009, the initiative will increase earnings by some DKK 30 million on an annual basis (EBIT).

The implemented and ongoing business excellence projects – not least Global Purchase – will have a positive profit effect in 2008.

An extensive investment programme is planned for 2008 with a view to exploiting the efficiency potential enabled by the closure of production in Aarhus and the insourcing of production of Egekilde in PET containers. Total investments in 2008 are estimated at some DKK 500 million, which will increase the Group's depreciation as compared to 2007.

On this basis, profit margin (EBIT before "special items") is expected to increase from 6.3% in 2007 to slightly above 8% in 2008.

Net financial expenses are expected to increase considerably in 2008 due to the increased indebtedness in 2007 and the material investments planned for 2008.

Based on the above, a profit before tax and "special items" at a level of DKK 280-320 million is expected; however, after "special items" (closure of the brewery in Aarhus and distribution reorganisation in Denmark), the figure is expected to be at a level of DKK 230-270 million.

The tax rate of the Group is expected to be some 29%.

RESOLUTIONS BY THE SUPERVISORY BOARD AND RECOMMENDATIONS FOR THE ANNUAL GENERAL MEETING

The Supervisory Board will recommend to the Annual General Meeting that dividend from Royal Unibrew A/S remain unchanged at DKK 10 per share of DKK 10, equal to a dividend rate of some 39%. The proposed dividend totals DKK 59 million. The Supervisory Board proposes that the remaining profit for the year be allocated to retained earnings. The dividend will be at the shareholders' disposal on 6 May 2008. Royal Unibrew will be priced exclusive of dividend as of 29 April 2008.

As previously announced, the Supervisory Board will recommend to the Annual General Meeting that the share capital of Royal Unibrew be reduced by a nominal amount corresponding to the nominal share capital repurchased under the realised share buy-back programme (cf Announcement RU18/2007 of 31 May 2007). Therefore, the Supervisory Board will recommend to the Annual General Meeting that the share capital of Royal Unibrew be reduced by a nominal amount of DKK 3,000,000 to a total of DKK 56,000,000.

Furthermore, the Supervisory Board intends to propose that the Annual General Meeting authorise the Supervisory Board to increase the Company's capital by a maximum nominal amount of DKK 6,000,000 (600,000 shares) in the period up until the Annual General Meeting in 2009.

Finally, the Supervisory Board intends to propose that the Annual General Meeting authorise the Supervisory Board to acquire up to 10% shares for treasury, cf section 48 of the Danish Companies Act, in the period up until the next Annual General Meeting, see the section "Future Capital Structure, Share Buy-back Programme, and Dividend Policy".

STATEMENTS ABOUT THE FUTURE

The statements about the future made in the Annual Report for 2007 reflect Management's expectations in respect of future events and financial results, as well as of economic trends in key markets and developments in international money, foreign exchange and interest rate markets. Statements about the future will inherently involve uncertainty and may be affected by – in addition to global economic conditions – market-driven price reductions, market acceptance of new products, packaging and container types, unforeseen termination of working relationships and changes to regulatory aspects (taxes, environment, packaging), etc. The actual results may therefore deviate from the expectations stated.

Royal Unibrew is a party to a limited number of legal actions. These legal actions are not expected to have any material impact on the financial position of Royal Unibrew.

ANNUAL GENERAL MEETING

The Annual General Meeting of Royal Unibrew will be held on 28 April 2008, at 17:00 in Aarhus.

TRANSLATION OF THE ANNUAL REPORT

The Annual Report is available in Danish and English. In case of discrepancy, the Danish version shall prevail.

SHAREHOLDER INFORMATION

The Company's share capital at 31 December 2007 amounted to DKK 59,000,000 distributed on shares of DKK 10 each or multiples hereof. The shares are issued to bearer but may be registered to the holder in the Company's register of shareholders. The registrar is VP Investor Services A/S (VP Services A/S), Helgeshøj Allé 61, P.O. Box 20, DK-2630 Taastrup.

The Supervisory Board cannot without prior approval at the General Meeting decide to issue or acquire shares for treasury. For the period up until the Annual General Meeting in 2008, the Supervisory Board has been authorised to both issuing and acquiring shares for treasury.

Each share of DKK 10 carries one vote. Any shareholder registered in the Company's register of shareholders is entitled to vote. However, no shareholder may on his own behalf or by proxy exercise voting powers for a share purchase of more than 10% of the share capital of the Company from time to time.

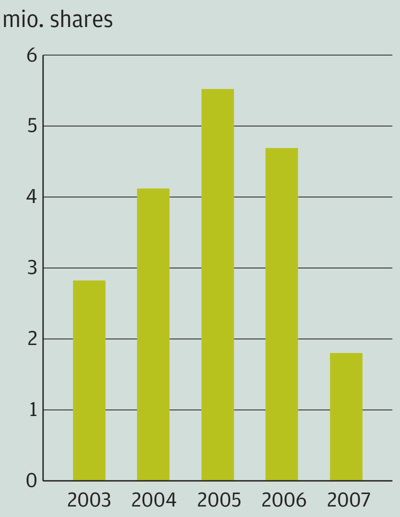
There are some 12,500 registered shareholders who at 31 December 2007 represented a total capital of DKK 41,261,180 equal to 69.93% of the share capital

The shares of Royal Unibrew were traded at a high of DKK 827 and a low of DKK 475 during the year.

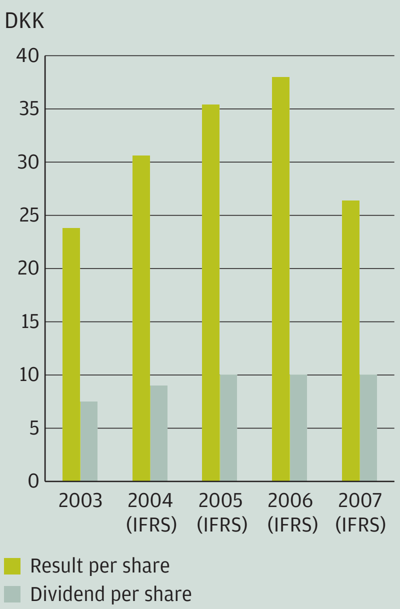
No agreements have been made between the Company and its Management or employees under which these will receive compensation if they resign or their positions are made redundant due to a takeover bid. A realised takeover bid which results in a change of control of the Company will entitle a few trading partners to terminate their trading agreements with the Company. This may affect the Company's financial situation materially.

Trading codes
ISIN code - DK0010242999
Reuters - RBREW.CO
Bloomberg – RBREW DC

VOLUME OF TRADE



RESULT AND DIVIDEND PER SHARE

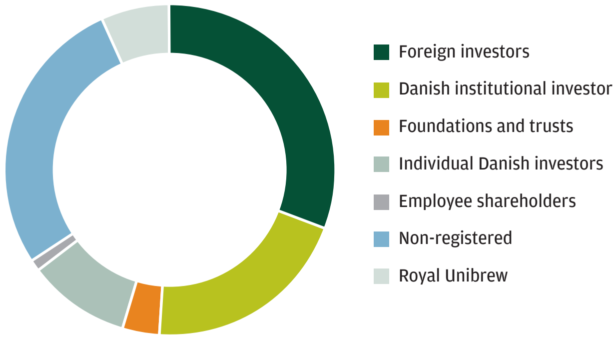


Composition of shareholders

The following shareholders have, pursuant to section 28a of the Danish Companies Act, reported share-holdings in excess of 5% of the share capital at 29 February 2008:

FL Group	25.54%
Sudurlandsbraut 12	
108 Reykjavik	
Icelandland	
Julius Bär Investment Management LLC	10.61%
330 Madison Avenue, Floor 12A	
New York 10017	
USA	
Royal Unibrew A/S	6.95%
Faxe Allé 1	
DK-4640 Faxe	
ATP	5.28%
Kongens Vænge 8	
DK-3400 Hillerød	
LD F.m.b.a	5.23%
Vendersgade 28	
DK-1363 København K	
KAS Depository Trust Company as nominee	5.00%
c/o KAS-Associate NV	
Postbus 178 - NL-1077 WZ Amsterdam	
The Netherlands	

The shareholders of Royal Unibrew are as follows:



FINANCIAL CALENDAR FOR 2008

Annual General Meeting and shareholders' meetings:

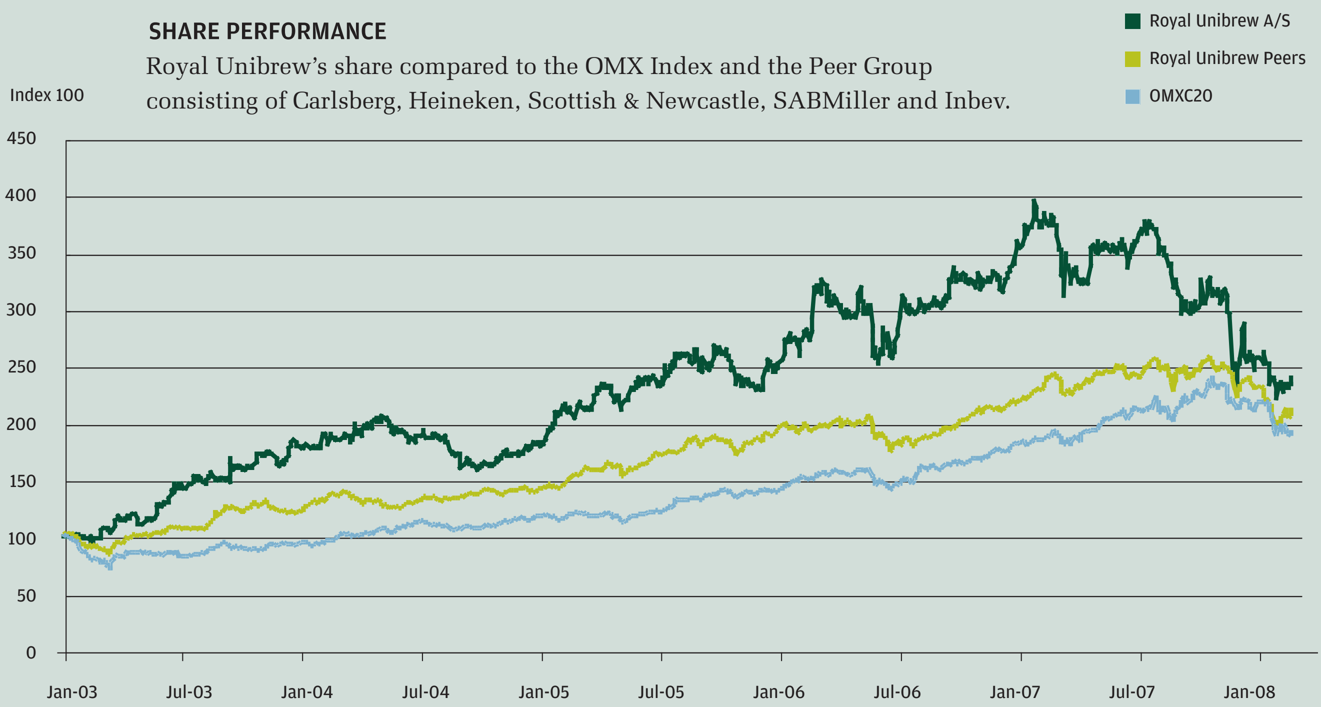
28 April 2008:	Annual General Meeting in Aarhus
29 April 2008:	Shareholders' meeting in Odense
30 April 2008:	Shareholders' meeting in Faxe

Announcements of financial results:

29 February 2008:	Annual Report 2007
28 April 2008:	Q1 Report 2008
25 August 2008:	H1 Report 2008
20 November 2008:	Q3 Report 2008

SHARE PERFORMANCE

Royal Unibrew's share compared to the OMX Index and the Peer Group consisting of Carlsberg, Heineken, Scottish & Newcastle, SABMiller and Inbev.



Share-related ratios

Per share – DKK	2007	2006	2005	2004	2003
Royal Unibrew A/S' share of earnings per share (DKK)	**26.4**	38.0	35.9	30.6	23.8
Royal Unibrew A/S' diluted share of earnings per share (DKK)	**26.2**	37.6	35.9	30.6	23.8
Cash flow per share (DKK)	**26.3**	70.9	61.2	64.5	56.0
Diluted cash flow per share (DKK)	**26.1**	70.2	61.2	64.5	56.0
Year-end price per share	**534.0**	740.0	532.0	377.0	375.0
Dividend per share	**10.0**	10.0	10.0	9.0	7.5

Share capital

The share capital has developed as follows:

DKK '000	2007	2006	2005	2004	2003
Share capital at 1 January	61,800	63,700	63,700	65,635	65,635
Capital reduction	(2,800)	(1,900)		(1,935)	
Share capital at 31 December	**59,000**	**61,800**	**63,700**	**63,700**	**65,635**

Investor relations activities

In order to ensure, directly or indirectly, liquidity of the Royal Unibrew share, the Group strives at all times at having close relations to the share market by maintaining a level of information that meets the requirements of investors and analysts.

Royal Unibrew is included in MidCap+ segment.

An Annual General Meeting and two annual meetings of shareholders are held.

Royal Unibrew holds both analyst and investor meetings in Denmark and abroad in connection with the publication of its Interim Report and Annual Report. In 2007, Royal Unibrew participated in the Enskilda Securities Nordic Seminar on 11 January, the Corporate Seminar of Financial Analysts on 24 May and the Danske Equities Small & MidCap Seminar on 6 December. As a novelty, analyst and investor meetings were also held in Denmark and abroad in connection with the publication of the Q3 Report. The presentations from these meetings were available at Royal Unibrew's website, www.royalunibrew.com simultaneously with the analyst and investor meetings being held.

In 2007 Royal Unibrew made two webcasts in connection with the publication of the Annual Report 2006 and the H1 Report 2007. The webcasts were made available at Royal Unibrew's website, www.royalunibrew.com, immediately after their broadcasting.

The Brew Magazine, which is the shareholder magazine of Royal Unibrew, is usually issued 2-4 times a year and is sent to all registered shareholders and other stakeholders. However, in 2007 the magazine was only issued once. As of 2008, the Brew Magazine as well as the Annual Report will only be sent to the shareholders who have replied to Royal Unibrew's letter of February 2008. The Magazine and the Annual Report may, however, at all times be downloaded from the website.

Royal Unibrew's external and internal communication must be open and timely. The Group's openness is limited only by the duties of disclosure imposed by the Copenhagen Stock Exchange.

Royal Unibrew's communication policy should further analysts' and investors' possibilities of actual assessment and valuation of the Company and meet the information requirements of other stakeholders (see page 32).

Distribution of profit for the year

The Supervisory Board recommends to the Annual General Meeting unchanged dividend of DKK 10.00 per share of DKK 10, equal to a dividend rate of some 38%. The proposed dividend totals DKK 59 million. The Supervisory Board proposes that the remaining profit for the year be allocated to retained earnings. The dividend will be at the shareholders' disposal on 6 May 2008. Royal Unibrew will be priced exclusive of dividend as of 29 April 2008.

In May 2007, Royal Unibrew launched a share buy-back programme of up to 300,000 shares, however at a maximum value of DKK 200 million. At 31 December 2007, a total of 207,126 shares corresponding to 3.5% of the share capital had been acquired at DKK 163 million. At the next Annual General Meeting of the Company on 28 April 2008, the Supervisory Board will propose that the share capital of the Company be reduced by a nominal amount of DKK 3.0 million to a total of DKK 56.0 million. Taking into account the double up strategy and the Company's capital structure, the Supervisory Board will consider whether further share buy-backs may be initiated in 2008.

The Supervisory Board intends to continue proposing distribution to the shareholders of annual dividend at the level of 25-40% of profit after tax for the year. However, dividend from time to time will be proposed with due regard to the Company's strategic plans and cash position, corresponding to the number of shares repurchased under the share buy-back programme.

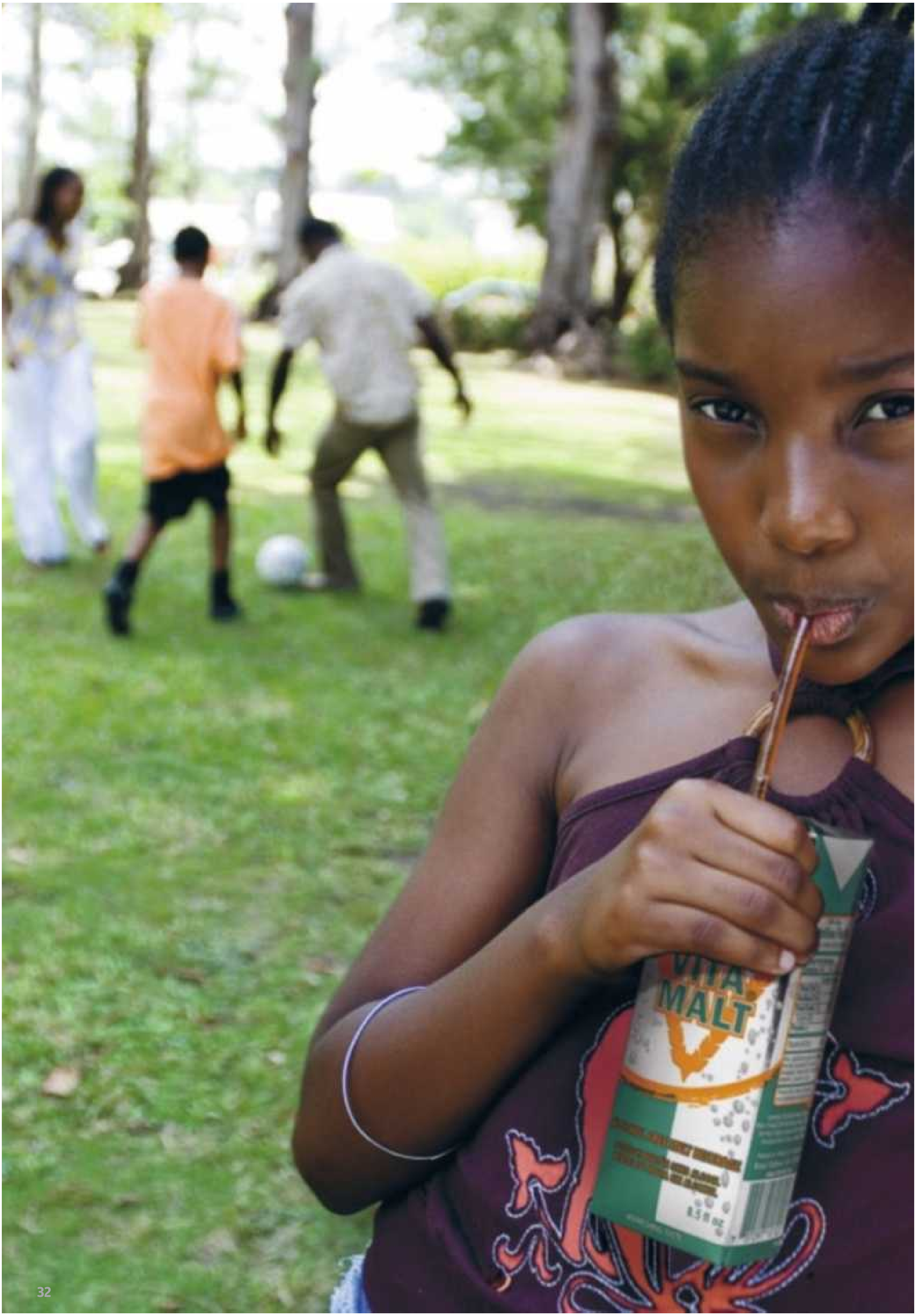
General meeting and shareholders' meetings

In 2008, Royal Unibrew continues electronic registration of its shareholders in connection with general meetings and shareholders' meetings to the effect that shareholders can register and give proxy instructions at Royal Unibrew's website.

Analysts

The following institutions monitor the development of Royal Unibrew:

Firm of analysts	Analyst
ABG Sundal Collier	Hans Gregersen
Carnegie	Casper Blom
Crédit Suisse First Boston	Swetha Ramachandran
Danske Equities	Søren Samsøe
Enskilda Securities	Michael K. Rasmussen
Gudme Raaschou Bank	Stig Nymann
Handelsbanken	Kitty Grøn
Jyske Bank	Jens Houe Thomsen
Kaupthing Bank	Peter Kondrup
Sydbank	Bjørn Schwarz


VITA
MALT

CORPORATE GOVERNANCE

The Supervisory Board of Royal Unibrew regularly performs reviews of the Company's rules, policies and practice in relation to the Corporate Governance recommendations of the Copenhagen Stock Exchange. In the opinion of the Supervisory Board, Royal Unibrew is, in all material respects, in compliance with these recommendations; however, with the following exceptions:

Supervisory board members' other duties, (recommendation V, 7):
It is recommended that a supervisory board member who is also a member of the Executive Board of an active company hold not more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group unless in exceptional circumstances.

- The Supervisory Board assesses in each individual case the duties of the individual members outside the Group with a view to continuously ensuring that the individual supervisory board member has the necessary resources to handle his/her work on the Supervisory Board of Royal Unibrew.

Remuneration of the Supervisory and Executive Boards, (recommendation VI, 2 and 3):
It is recommended that the Annual Report disclose the Company's remuneration policy and include information about the amounts of remuneration of the individual members of the Supervisory Board and the Executive Board.

- The remuneration of members of the Supervisory Board is disclosed in the below section "Remuneration of Supervisory Board and Executive Board". Disclosure of 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 to the Annual Report. The remuneration of the Executive Board is considered in line with that of comparable companies.

Market price of options at the time of allocation, (recommendation VI, 4):
It is recommended that redemption prices of allocated share options be higher than the market price at the time of allocation.
- Royal Unibrew fixes the redemption price of allocated share options on the basis of the average market price of the Company's share over the 10 trading days following the publication of the Annual Report in question. The pricing method is applied to ensure that the options are attractive.

Shareholder relations
Royal Unibrew is continuously developing and updating its website for shareholder information to ensure that shareholders and other stakeholders have access from time to time to updated information and can easily contact the Company's Shareholder Secretariat.

According to the Articles of Association of the Company, general meetings shall be convened at not less than 1 week's and not more than 4 weeks' notice. However, the Supervisory Board aims at convening general meetings of the Company at not less than 3 weeks' notice. It aims at formulating 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.

The Articles of Association of Royal Unibrew contain a restriction on voting according to which one single shareholder or a group of cooperating shareholders cannot vote for more than 10% of the total number of votes. The Supervisory Board does not consider this provision protection against a potential serious investor taking over control of the Company if this is in the interest of the shareholders, but it is assumed that the provision will, if required, prevent takeover of actual control on the basis of a minority and in this situation instead promote a total bid for a controlling interest in the Company.

The Supervisory Board will aim at safeguarding all shareholder interests and will not at its own initiative seek to counter a serious take-over attempt which could be in the interest of the shareholders by making decisions which prevent the shareholders from considering a potential take-over attempt.

Stakeholders
The key stakeholders of Royal Unibrew – in addition to its shareholders – are employees, consumers, customers, suppliers, the local community and society at large. Stakeholder relations are given high priority by Royal Unibrew and considerable resources are spent on keeping up and further developing these relations.

The overall visions, objectives and strategies are described in detail in Management's Review.

Transparency

Royal Unibrew believes that transparency and openness are crucial to shareholders' and other stakeholders' assessment of the Company and its prospects.

Royal Unibrew therefore wants to continuously develop its relations to shareholders and stakeholders through strengthening of communication with these groups. The Company's stock exchange announcements are issued in Danish and English and are also published on the Company's website. Meetings are held in Denmark and abroad, partly in connection with the Group's Interim and Annual Reports, and partly, as required, with the Company's investors, financial analysts and representatives of the press. The presentations made at these meetings are published on the web simultaneously with the presentation. Furthermore, in 2007 the Company held two webcasts.

The Annual Report is prepared under the International Financial Reporting Standards (IFRS). As of 2008, Quarterly and Interim Reports are prepared under IAS 34.

The Danish breweries of Royal Unibrew publish annual environmental reports and green accounts describing their impacts on the external environment and health & safety developments.

Ethical and social responsibility

Today, a company's reputation is crucial to its general success. This also applies to Royal Unibrew, which has established a continuous priority of ensuring that in their day-to-day work employees understand what is expected from them and that work is performed in accordance with the Group's values and basic ethical principles. As an integrated element of the double up strategy, Royal Unibrew will introduce an Ethics Policy with the objective of embedding the Group's ethical and social responsibility further into the Company. It is the intention that all employees will be introduced to the new Ethics Policy over the next 3 years and that many employees will have participated in training.

Communication policy

Royal Unibrew's external and internal communication must be open and timely. The Group's openness is limited only by the duties of disclosure imposed by the Copenhagen Stock Exchange and by competitive considerations.

Externally, we wish to further analysts' and investors' possibilities of actual assessment and valuation of the Company and meet the information requirements of other stakeholders. At the same time, our external communication activities should ensure and enhance the Company's position and reputation as an international business with considerable regional competencies, a strong product portfolio and an attractive growth and investment potential.

Internally, our communication should strengthen a shared international corporate identity across national, regional and organisational differences. Therefore, our employees should be guaranteed appropriate insight into and understanding of Royal Unibrew's strategy, vision/mission, values and targeted reputation.

Tasks and responsibilities of the Supervisory Board

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

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

Composition of the Supervisory Board

When composing the Supervisory Board, we emphasise that the members have the competences required to solve the task. Candidates for the Supervisory Board are recommended for election by the general meeting supported by motivation in writing, based on the criteria laid down by the Supervisory Board, which include knowledge of general management and of international issues and business operations, sale and marketing of brands, financing and of production and logistics issues.

At present, the Supervisory Board consists of 6 members elected by the general meeting and 3 members elected by the employees. When joining the Supervisory Board, the members elected by the employees are offered relevant training in serving on a board.

The supervisory board members meet for 4 annual ordinary board meetings, including one 2-day seminar primarily aimed at the Company's strategic situation and prospects. In addition, the supervisory board members meet when required. In 2007, the Supervisory Board held 10 meetings. Royal Unibrew does not have standing board committees, only ad-hoc committees. No ad-hoc committees were established in 2007.

The members of the Supervisory Board of Royal Unibrew are governed by an age limit of 65. A member of the Supervisory Board who changes his principal occupation during his term of office shall in principle be prepared to offer to resign if the rest of the Supervisory Board considers this advisable.

Regular evaluation of the work of the Supervisory Board is performed. The Executive Board and the cooperation between the Supervisory Board and the Executive Board are evaluated on an annual basis.

Remuneration of Supervisory Board and Executive Board

The members of the Supervisory Board are remunerated by a fixed annual amount for their continuing work on the Board. In connection with particularly comprehensive ad-hoc committee work, the Supervisory Board may, based on the scope of the work, determine a special remuneration. It is the aim that the remuneration of the Supervisory Board should match the level of comparable companies.

The Supervisory Board does not participate in incentive programmes, such as share option programmes, bonus pay, etc.

For 2007, unchanged fixed remuneration of DKK 1.7 million has been paid to the Supervisory Board. Other than that, no special remuneration has been paid. The annual remuneration paid to ordinary members of the Supervisory Board amounts to DKK 150k. The Chairman and the Deputy Chairman receive remuneration of 2.5 and 1.5 times the ordinary remuneration, respectively.

A share option programme has been established for the Executive Board and selected executives for the 2007 financial year. Additionally, a bonus pay programme has been established for the management team (including the Executive Board) of Royal Unibrew, the sales organisations and selected employees. For 2008 the Supervisory Board will propose a share option programme corresponding to the programmes previously realised, cf. the Management Statement "Share Options".

Redundancy payment agreed with the Executive Board is not considered unusual or deviant from arrangements of comparable enterprises.

Risk management

The Supervisory Board continuously assesses the various risks with which an internationally operating enterprise like Royal Unibrew is faced.

The key risks are summarised by the following main areas:

- Financial risks (currency, interest rates, liquidity)
- Exposure hazard and third-party risks
- Credit risks (financial institutions and commercial receivables)
- Market risks (distribution of earnings)
- Environmental risks

Financial, credit and market risks are assessed in connection with the Company's strategy and budgeting procedures. Exposure hazard and third-party risks (insurance cover) are reviewed on an annual basis according to the Rules of Procedure for the Supervisory Board, whereas environmental risks are considered in connection with the Company's environmental reports. Furthermore, the Supervisory Board monitors the special risks that may result from the Company's involvement in the production and sale of alcoholic beverages.

Based on a systematic identification of the risk factors that affect Royal Unibrew, the Supervisory Board will in 2008 prepare a risk management policy ensuring that the total risk exposure is reduced to a level accepted by the Supervisory Board with a view to ensuring that the targets of the strategic plan are met.

Specifically for the existing management of financial risks, reference is made to note 2 on page 51, and specifically for environmental risks, reference is made to page 36.

ENVIRONMENTAL ISSUES

We have a large responsibility for our environmental impacts irrespective of place of production. Our environmental mission is production with care and the key words for our environmental efforts are optimisation, recycling and reduction.

Being environmentally responsible is part of good corporate management. Reduction of energy and water consumption minimises both our environmental impacts and expenses, and a good and safe working environment contributes towards ensuring committed staff.

The 2007 environmental year at Royal Unibrew

The year marks the end of our existing MACH II strategic plan – a plan which, since being introduced in 2005, has had material impact on the environmental work at Royal Unibrew. Environmental and health & safety issues are thus part of Royal Unibrew's KPI (Key Performance Indicators) reporting.

Growth, cost adjustments and production reorganisation have consequences with respect to our environmental impacts. The changes will have negative environmental consequences to some production units whereas for other breweries they will affect environmental ratios positively. During the year, 4 new breweries were included in the Group – Lomza in Poland and St. Vincent, Antigua and Dominica in the Caribbean. Furthermore, we entered into an agreement with Heineken for licence brewing in Denmark. However, 2007 was also the year in which it was decided to close down the breweries in Maribo (Denmark) and Lielvarde in Latvia in 2008.

All Royal Unibrew production units have strong focus on the environmental impacts of our production, which is reflected in a strong commitment to environmental and health & safety work. In 2007, our efforts were targeted at:

- Reduction of energy consumption
- Reduction of water consumption
- Reduction of waste water discharge
- Reduction of accidents at work

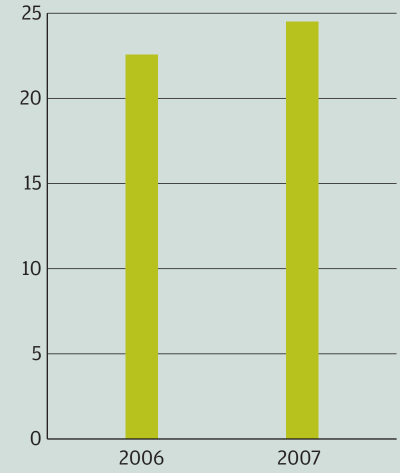
Changes to both production mix, the number of breweries and calculation method have affected the data basis. For example, data are not available for the

ENERGY CONSUMPTION

MJ/hl

SAFETY ACCIDENTS FREQUENCY

No/1.mio. working hours



new breweries for all of 2007, and the St. Vincent brewery is included in the reporting only as of 2008.

For the Royal Unibrew Group as a whole, energy consumption per unit produced went up slightly by just below 2% from 2006 in spite of strong focus on energy savings at all breweries. The primary reason was production reorganisation but also high energy consumption at the breweries in the Caribbean.

Water consumption per unit produced went up by 7.6% for the Group as a whole from last year when water consumption was generally low, but the increase was also due to higher water consumption at the breweries in the Caribbean as compared to the rest of the Group. Waste water discharge for the Group increased by some 3 % from last year due to the increased water consumption.

In 2007, the number of accidents at work, and thus the accident frequency, for the Group as a whole went up by 8%. The accident frequency is an indicator of health & safety, which will be closely monitored in future years. In 2008, the initiatives taken to reduce the accident frequency will be intensified. At our foreign breweries, safety and health promoting initiatives have been taken this year, which will be followed up in 2008. For example, training of both Management and employees in health & safety issues has been planned at our breweries in Poland and Lithuania.

As regards the Danish breweries, the results for the year are characterised by production reorganisation and changed product mix. This has generally resulted in environmental targets for the year not being achieved at Ceres, Albani, Faxe or Maribo Bryghus. Projects have been launched that will contribute towards improving the results for both energy and water consumption in 2008.

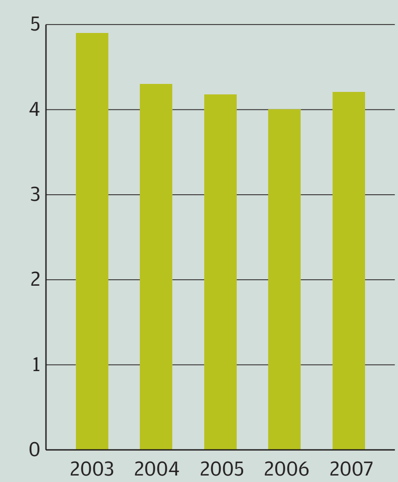
At Kalnapilis, production reorganisation also resulted in increased resource consumption and emissions. As the basis of a future project on recycling of CO2, the brewery is registering CO2 emission from the process. Health & safety and accidents at work are areas of strong focus, and as of next year a number of targets have been established for these areas in particular. In 2007, extensive mapping of indoor noise influencing employees was made and an action plan was prepared for reduction of the noise level.

Due to increased production in Latvia in 2007, consumption of electricity, heat, water, consumables and raw materials has increased resulting in increased waste water discharge and emissions. Waste is sorted to achieve the highest possible recycling rate. Several optimisation projects have been launched to reduce energy consumption. Furthermore, at Cido, a WPA (Work Place Assessment) was carried out in 2007.

The breweries in Poland have achieved good results in the environmental area since 2006. Environmental impacts declined in 2007 due to improvement projects resulting in reduction of both water and energy consumption. For example, at the Brok brewery, a project on recycling of hot water in the process was realised, and the cooling requirements at Strzelec were

WASTE WATER

WATER CONSUMPTION



reduced following optimisation of the area usage. Further measures to improve environmental efforts have been planned for the future years.

As of 2007, the Antigua and Domenica breweries have reported environmental and health & safety KPIs, whereas the St. Vincent brewery did not start reporting until in the course of 2007. Consequently, it will not be possible to assess developments in the Caribbean until in 2008.

Efforts are still directed at reducing the indirect environmental impacts from Royal Unibrew's activities. Consequently, reduction of packaging volumes has resulted in a reduction of more than 200 tons of packaging in 2007.

Targets for 2008

Over the next years, a new, common policy and objectives for the entire Group will be prepared aimed at reduction of energy and water consumption. Health & safety will also be a high priority action area. We are also in 2008 directing targeted efforts at reducing our indirect environmental impacts in areas such as the development of lighter packaging and container types for bottles and distribution.

At an overall level, the environmental impacts from the main activities of Royal Unibrew may be divided into direct and indirect environmental impacts:

Direct environmental impacts

The direct environmental impacts are characterised by significant consumption of:

- Energy and water
- Packaging (glass, plastic, aluminium, cardboard and paper)
- Vegetable raw materials (malt/barley)
- Lye (NaOH) (cleaning of processing plant)

All Royal Unibrew breweries discharge waste water containing organic matter.

By far the major part of the waste generated by us is recycled for various purposes; thus, only a very small part has to be incinerated, deposited in landfills or destroyed.

As the breweries are situated in urban areas, noise is a significant environmental issue.

Internally, particularly the prevention of unfortunate occurrences and accidents and work place assessments are high-priority target areas.

Indirect environmental impacts

Particularly the following impacts have been given high priority:

- Selection of packaging and container materials
- The weight of non-returnable containers
- The use of non-returnable containers for exports
- Environmental impacts from distribution

Through open dialogue with its suppliers, Royal Unibrew works continuously to reduce its environmental impacts from the above factors.

Additional information and documentation on environmental issues of Royal Unibrew

Reference is made to Royal Unibrew's Environmental Report for the EMAS registered breweries for 2007, which will be issued in May 2008, and to the Green Accounts 2007 of Maribo Bryghus. These reports provide detailed environmental information on the external and internal environmental work of Royal Unibrew A/S.

You may obtain copies of the Environmental Report and the Green Accounts by contacting Royal Unibrew A/S or by downloading them at our website (www.royalunibrew.com).

Three of Royal Unibrew's Danish breweries have obtained environmental certification under ISO 14001:2004; Faxe and Ceres were certified in 1999 and Albani in 2003. These three breweries are also registered under EMAS. EMAS is the EU regulation EEC No 761/2001 on voluntary participation by organisations in a Community eco-management and audit scheme. The breweries publish an environmental report annually.

MANAGEMENT'S STATEMENT ON THE ANNUAL REPORT

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Royal Unibrew A/S for 2007.

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

We consider the accounting policies applied appropriate. Accordingly, the Annual Report gives a true and fair view of the financial position at 31 December 2007 of the Group and the Parent Company as well as of the results of the Group and Parent Company operations and cash flows for the financial year 2007.

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

Faxe, 29 February 2008

Executive Board

Poul Møller, CEO

Connie Astrup-Larsen, Executive Director,
Northern Europe

Povl Friis, Executive Director,
Technics and Supply Chain

Ulrik Sørensen, CFO

Supervisory Board

Steen Weirsøe, Chairman

Tommy Pedersen, Deputy Chairman

Henrik Brandt

Ulrik Bülow

Erik Christensen

Jesper Frid

Erik Højsholt

Kirsten Liisberg

Hemming Van

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Royal Unibrew A/S

We have audited the Annual Report of Royal Unibrew A/S for the financial year 2007, which comprises reviews, Management's Statement, income statement, balance sheet, statement of changes in equity, cash flow statement, significant accounting policies and notes for the Group as well as for the Parent Company. The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's Responsibility for the Annual Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the Annual Report 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 Entity'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 Annual Report.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2007 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 2007 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Faxe, 29 February 2008

PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

Fin T. Nielsen   Torben Jensen
State Authorised Public Accountants

Ernst & Young
Statsautoriseret Revisionsaktieselskab

Leif Shermer   Eskild Jakobsen
State Authorised Public Accountants


FYLDT MED FYN
Odense
Pilsner

Income Statement for 1 January - 31 December (DKK '000)

Parent Company				Group	
2006	2007	Note		2007	2006
2,854,657	2,894,423		Revenue	4,574,173	4,083,474
-334,965	-309,738		Beer and mineral water excises	-692,411	-644,448
2,519,692	**2,584,685**		**Net revenue**	**3,881,762**	**3,439,026**
-1,254,191	-1,400,478	4,5	Production costs	-2,129,173	-1,742,900
1,265,501	**1,184,207**		**Gross profit**	**1,752,589**	**1,696,126**
-804,407	-809,934	4,5	Sales and distribution expenses	-1,268,783	-1,191,225
-171,682	-167,648	4,5	Administrative expenses	-249,042	-200,680
4,219	3,824		Other operating income	9,289	43,512
293,631	**210,449**		**Operating profit before special items**	**244,053**	**347,733**
		6	Special income	128,068	
	-76,611	6	Special expenses	-107,823	-14,329
293,631	**133,838**		**Profit before financial income and expenses**	**264,298**	**333,404**
		12	Income after tax from investments in associates	27,998	26,098
73,519	39,760		Dividend from subsidiaries and associates		
20,177	25,294	7	Financial income	26,704	20,983
-56,784	-101,509	8	Financial expenses	-98,836	-60,132
330,543	**97,383**		**Profit before tax**	**220,164**	**320,353**
-59,071	-28,783	9	Tax on the profit for the year	-64,930	-90,014
271,472	**68,600**		**Net profit for the year**	**155,234**	**230,339**
			distributed as follows:		
			Parent Company shareholders' share of net profit	151,747	227,642
			Minority shareholders' share of net profit	3,487	2,697
			Net profit for the year	**155,234**	**230,339**
		13	Parent Company shareholders' share of earnings per share (DKK)	26.4	38.0
		13	Parent Company shareholders' share of diluted earnings per share (DKK)	26.2	37.6

Assets at 31 December (DKK '000)

Parent Company				Group	
2006	2007	Note	NON-CURRENT ASSETS	2007	2006
80,645	80,645		Goodwill	487,861	323,398
2,990	2,990		Trademarks	278,351	174,236
8,764	7,589		Distribution rights	8,524	9,854
92,399	**91,224**	10, 11	**Intangible assets**	**774,736**	**507,488**
489,896	468,006		Land and buildings	770,679	723,509
193,828	162,824		Plant and machinery	488,715	400,842
180,206	150,397		Other fixtures and fittings, tools and equipment	240,091	237,618
35,255	36,573		Property, plant and equipment in progress	57,536	64,888
899,185	**817,800**	10, 23	**Property, plant and equipment**	**1,557,021**	**1,426,857**
980,333	1,462,027		Investments in subsidiaries	0	0
185,338	179,231	12	Investments in associates	225,691	231,285
0	134,529		Receivables from subsidiaries	0	0
24,664	25,481		Receivables from associates	25,481	24,664
2,633	2,518		Other investments	3,018	2,838
20,856	10,763		Other receivables	11,592	21,875
1,213,824	**1,814,549**	10, 24	**Financial assets**	**265,782**	**280,662**
2,205,408	**2,723,573**		**Non-current assets**	**2,597,539**	**2,215,007**
			CURRENT ASSETS		
54,502	56,647		Raw materials and consumables	169,316	97,284
10,727	13,083		Work in progress	25,816	17,353
109,668	87,507		Finished goods and purchased finished goods	156,461	161,983
174,897	**157,237**		**Inventories**	**351,593**	**276,620**
146,684	168,340		Trade receivables	577,847	442,238
252,800	285,342		Receivables from subsidiaries	0	0
1,318	1,012		Receivables from associates	1,012	1,318
12,565	48,829	13	Other receivables	64,035	37,360
17,616	15,087		Prepayments	31,435	43,775
430,983	**518,610**		**Receivables**	**674,329**	**524,691**
313,499	**20,597**		**Cash at bank and in hand**	**157,832**	**368,320**
28,988	**0**	13	**Non-current assets held for sale**	**0**	**28,988**
948,367	**696,444**		**Current assets**	**1,183,754**	**1,198,619**
3,153,775	**3,420,017**		**Assets**	**3,781,293**	**3,413,626**

Liabilities and Equity at 31 December (DKK ’000)

Parent Company				Group	
2006	2007	Note	EQUITY	2007	2006
61,800	59,000	14	Share capital	59,000	61,800
0	0		Translation reserve	-7,743	-9,194
2,637	9,994		Hedging reserve	10,057	1,975
1,061,274	924,695		Retained earnings	960,460	1,018,823
61,800	59,000		Proposed dividend	59,000	61,800
1,187,511	1,052,689		Equity of Parent Company shareholders	1,080,774	1,135,204
0	0		Minority interests	38,689	12,917
1,187,511	1,052,689		Equity	1,119,463	1,148,121
119,598	96,094	15	Deferred tax	127,718	127,720
577,339	734,503	16	Mortgage debt	749,751	593,540
551,980	645,203	16	Credit institutions	790,260	650,375
1,248,917	1,475,800		Non-current liabilities	1,667,729	1,371,635
57,695	0	16	Mortgage debt	953	58,732
98,701	145,278	16	Credit institutions	228,433	138,106
87,876	84,141	17	Repurchase obligations, returnable packaging	97,533	90,554
252,311	207,382		Trade payables	350,407	344,338
38,684	281,118		Payables to subsidiaries	0	0
47,079	12,730		Corporation tax	54,759	61,262
46,924	54,862		VAT, excise duties, etc	98,764	74,821
88,077	106,017		Other payables	163,252	126,057
717,347	891,528		Current liabilities	994,101	893,870
1,966,264	2,367,328		Liabilities	2,661,830	2,265,505
3,153,775	3,420,017		Liabilities and equity	3,781,293	3,413,626

Statement of Changes in Equity for 1 January - 31 December (DKK '000)

Group

Share capital	Translation reserve	Hedging reserve	Retained earnings	Proposed dividend for the year	Minority interests' share	Total
63,700	-7,159	-7,643	1,026,159	63,700	10,993	1,149,750
	-2,035		-868		-773	-3,676
		4,767				4,767
		7,643				7,643
		-2,792				-2,792
0	-2,035	9,618	-868	0	-773	5,942
			165,842	61,800	2,697	230,339
0	-2,035	9,618	164,974	61,800	1,924	236,281
				-60,714		-60,714
			2,986	-2,986		0
			-180,139			-180,139
			110			110
			3,400			3,400
-1,900			1,900			0
			-567			-567
-1,900	0	0	-172,310	-63,700	0	-237,910
-1,900	-2,035	9,618	-7,336	-1,900	1,924	-1,629
61,800	-9,194	1,975	1,018,823	61,800	12,917	1,148,121
	-1,750		-4,699		-4,590	-11,039
	3,250					3,250
		13,443				13,443
		-2,743				-2,743
		-2,618				-2,618
0	1,500	8,082	-4,699	0	-4,590	293
			92,747	59,000	3,487	155,234
0	1,500	8,082	88,048	59,000	-1,103	155,527
					26,875	26,875
				-57,722		-57,722
			4,078	-4,078		0
			-162,598			-162,598
			6,854			6,854
			3,100			3,100
-2,800			2,800			0
			-694			-694
-2,800	0	0	-146,460	-61,800	26,875	-184,185
-2,800	1,500	8,082	-58,412	-2,800	25,772	-28,658
59,000	-7,694	10,057	960,411	59,000	38,689	1,119,463

Statement of Changes in Equity for 1 January - 31 December (DKK '000)

Parent Company

	Share capital	Hedging reserve	Retained earnings	Proposed dividend for the year	Total
Equity at 31 December 2005	63,700	-4,732	1,025,889	63,700	1,148,557
Value and exchange adjustment, foreign subsidiaries			-1,977		-1,977
Value adjustment of hedging instruments, end of year		5,429			5,429
Reversal of value adjustment of hedging instruments, beginning of year		4,732			4,732
Tax on equity movements		-2,792			-2,792
Net gains recognised directly in equity	0	7,369	-1,977	0	5,392
Net profit for the year			209,672	61,800	271,472
Comprehensive income	0	7,369	207,695	61,800	276,864
Dividend distributed to shareholders				-60,714	-60,714
Dividend on treasury shares			2,986	-2,986	0
Acquisition of shares for treasury			-180,139		-180,139
Sale of treasury shares			110		110
Share-based payments			3,400		3,400
Reduction of capital	-1,900		1,900		0
Tax on equity movements			-567		-567
Total shareholders	-1,900	0	-172,310	-63,700	-237,910
Total changes in equity in 2006	-1,900	7,369	35,385	-1,900	38,954
Equity at 31 December 2006	61,800	2,637	1,061,274	61,800	1,187,511
Value and exchange adjustment, foreign subsidiaries					0
Tax on value and exchange adjustment					0
Value adjustment of hedging instruments, end of year		13,356			13,356
Reversal of value adjustment of hedging instruments, beginning of year		-3,662			-3,662
Tax on hedging instruments		-2,337			-2,337
Net gains recognised directly in equity	0	7,357	0	0	7,357
Net profit for the year			9,600	59,000	68,600
Comprehensive income	0	7,357	9,600	59,000	75,957
Minority shares of acquired businesses					0
Dividend distributed to shareholders				-57,722	-57,722
Dividend on treasury shares			4,078	-4,078	0
Acquisition of shares for treasury			-162,598		-162,598
Sale of treasury shares			6,854		6,854
Share-based payments			3,100		3,100
Reduction of capital	-2,800		2,800		0
Tax on equity movements			-413		-413
Total shareholders	-2,800	0	-146,179	-61,800	-210,779
Total changes in equity in 2007	-2,800	7,357	-136,579	-2,800	-134,822
Equity at 31 December 2007	59,000	9,994	924,695	59,000	1,052,689

Both the hedging reserve and retained earnings may be used for distribution of dividend to Parent Company shareholders. Retained earnings include share premium account of DKK 53.9 million for which a separate restricted reserve is no longer required due to changes to the Danish Companies Act.

Cash Flow Statement for 1 January - 31 December (DKK '000)

Parent Company				Group	
2006	2007	Note		2007	2006
271,472	68,600		Net profit for the year	155,234	230,339
170,886	238,777	18	Adjustments for non-cash operating items	239,666	292,992
442,358	**307,377**			**394,900**	**523,331**
			Change in working capital:		
-107,438	75,504		+/- change in receivables	-45,364	-44,604
-14,595	17,660		+/- change in inventories	-14,472	-23,106
28,691	-26,533		+/- change in payables	-10,812	64,478
349,016	**374,008**		**Cash flows from operating activities before financial income and expenses**	**324,252**	**520,099**
19,424	25,148		Financial income	26,923	20,322
-54,021	-80,281		Financial expenses	-92,823	-60,984
314,419	**318,875**		**Cash flows from operating activities**	**258,352**	**479,437**
-44,105	-82,401		Corporation tax paid	-106,895	-54,197
270,314	**236,474**		**Cash flows from operating activities**	**151,457**	**425,240**
79,253	39,760		Dividends received from subsidiaries and associates	15,958	20,146
963	116		Sale of securities		3,668
12,770	42,902		Sale of property, plant and equipment	212,141	14,690
-112,149	-130,489		Purchase of property, plant and equipment	-222,543	-257,732
251,151	*188,763*		*Free cash flow*	*157,013*	*206,012*
	6,000		Sale of associates	17,990	
-7,759	-424,817	18	Acquisition of subsidiaries	-393,477	
-84,169	-57,265		Acquisition of intangible and financial assets	-2,340	-85,216
-111,091	**-523,793**		**Cash flows from investing activities**	**-372,271**	**-304,444**
178,525	300,123		Proceeds from raising of non-current debt	300,123	178,541
-55,449	-65,652		Repayment of non-current debt	-69,923	-80,816
66,006	-10,737		Change in current debt to credit institutions	-5,036	103,619
	-15,851		Change in financing of subsidiaries		
-60,714	-57,722		Dividends paid	-57,722	-60,714
-180,139	-162,598		Acquisition of shares for treasury	-162,598	-180,139
110	6,854		Sale of treasury shares	6,854	110
-51,661	**-5,583**		**Cash flows from financing activities**	**11,698**	**-39,399**
107,562	**-292,902**		**Change in cash and cash equivalents**	**-209,116**	**81,397**
205,937	313,499		Cash and cash equivalents at 1 January	368,320	286,995
0	0		Exchange adjustment	-1,372	-72
313,499	**20,597**		**Cash and cash equivalents at 31 December**	**157,832**	**368,320**

Notes to the Annual Report 2007

Contens

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.

The calculation of carrying amounts of certain assets and liabilities requires judgement as to how future events will affect the value of these assets and liabilities at the balance sheet date. Estimates that are material to the financial reporting are made eg by impairment tests of intangible and financial assets, calculation of depreciation and impairment losses on property, plant and equipment, provisions for bad debts, calculation of repurchase obligation relating to returnable packaging as well as assessment of contingent liabilities.

The estimates made are based on assumptions which Management considers reasonable but which are inherently uncertain and unpredictable.

As regards the estimates and judgements made in connection with impairment tests, reference is made to the description in note 11 and to note 25 ”Significant accounting policies” which also describes the estimated useful lives applied in calculating depreciation of property, plant and equipment as well as the calculation principles applied in calculating the repurchase obligation relating to returnable packaging.

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. At 31 December 2007, total provisions for bad debts amount to DKK 21 million (31 Dec 2006: DKK 19 million). Reference is made to note 2 for a summary of trade receivables due.

With respect to business acquisitions, an assessment of the value of the assets and liabilities acquired, including trademarks, is made. Trademarks with a good market position and earnings and of which Management intends and expects to maintain the value are assessed to have an indefinite useful life. The value is determined on the basis of an expected future cash flow from the trademarks using a discount rate equal to that used for impairment tests.

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

Considering the above, Management’s assessments in relation to the accounting policies applied did not have any material effect on the amounts recognised in the Annual Report.

The Group's financial risks are managed centrally by Group Treasury according to the Treasury Policy approved by the Supervisory Board, which includes guidelines for the handling of currency, interest rate, liquidity and credit risks.

Currency risk

The risk description covers both the Parent Company and the Group unless otherwise stated.

Royal Unibrew is primarily exposed to currency risks through its export activities. 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 unless these are established in DKK.

The above constitutes Royal Unibrew's transaction risk, which is hedged actively according to the Treasury Policy. The objective is to reduce negative effects on the Group's profit and cash flows in the current and future financial years. Expressed as the maximum loss with a 95% probability within 1 year, the gross transaction risk represents some 4.5% of expected EBITDA. The risk is monitored and hedged continually so as not to exceed 1% of expected EBITDA. The Group primarily has currency positions in EUR, GBP, LVL, LTL, PLN and USD.

Translation risks related to Royal Unibrew's ownership of foreign subsidiaries will, as a general rule, not be hedged in future.

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 virtually exclusively related to the Group's debt portfolio. Interest rate changes will affect the market value of fixed-interest loans as well as interest payments on floating-rate liabilities.

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. Whereas the interest rate of 47% of the debt portfolio at the end of 2007 is to be fixed within 18 months, the future objective will be that this share should represent no more than 25%. The debt is established solely in currencies in which the Group has commercial activities.

At the end of 2007, the option adjusted duration of the Group's debt portfolio was some 2 years. The duration is expected to increase due to conversions in Q1 2008. A one percentage point interest rate change will change the Group's interest payments by some +/- DKK 8 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.

Trade receivables fall due as follows:

	31.12.2007		31.12.2006	
Not due		388,732		277,334
Due:				
From 1-15 days	123,515		102,690	
From 16-90 days	50,202		53,399	
More than 90 days	36,843	210,560	27,505	183,594
Provisions for bad debts		-21,444		-18,690
		577,847		**442,238**

Current receivables, other than trade receivables, all fall due for payment in 2008.

Deferred tax, mortgage debt and debt to credit institutions fall due as described in notes 15 and 16. Other liabilities all fall due in 2008.

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.

The risk of Royal Unibrew not being able to procure cash resources in the financial market is assessed as very modest and is not hedged.

Committed credit facilities represent at least 30% of total debt. Committed credit facilities have an average maturity of at least 5 years.

No enterprises of the Royal Unibrew Group have breached covenants incorporated in lending commitments from financial institutions in 2007

Moreover, the liquidity risk is limited by ensuring efficient intra-group liquidity management as well as continuous focus on working capital.

Capital management

During the MACH II strategy period, Management intended to increase the Group's interest-bearing debt to EBITDA ratio from 1.4 to 3.0. Due to results developments in 2007, the Group's interest-bearing debt at the end of 2007 was 4.0 times EBITDA.

Royal Unibrew wishes to continue its focus on optimising the Company's weighted average cost of capital (WACC) and increasing shareholder value. For the future strategy period from 2008 to 2010, the Group has therefore maintained the target of adjusting and maintaining the Company's interest-bearing debt at a level corresponding to 3 times EBITDA, which is considered to imply a capital structure and WACC suitable for the Group.

The target will not interfere with the Group's growth target under the double up strategy and is considered to leave sufficient scope for realising any acquisitions.

Commodity risks

The commodity risk relates primarily to the purchasing of cans (aluminium), malt (barley) and hops. 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 commodity price increases, which is primarily achieved by entering into fixed-price agreements with the relevant suppliers. As regards the Group's purchase of cans, agreements have been made to hedge the risk of aluminium price increases, and the risk of exchange rate increases with respect to the settlement currency of aluminium is an element of the overall currency risk management.

Other risks

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.

For quite a number of years, Royal Unibrew has recorded significant revenue in the Italian market. In 2007 this market represented 19% of total group sales. Significant changes to consumption patterns or the competitive situation in Italy could therefore influence Royal Unibrew.

The Company's risks in general insurance areas (buildings, movables and trading losses) are covered partly through insurance and partly by own risks. The total risks are assessed by the Supervisory Board on an annual basis and external specialists review the breweries for relevant risks on a regular basis.

Descriptive notes

Note 2 Financial risk management (continued)

Currency and interest rate risks and use of derivative financial instruments (Group)

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

Group and Parent Company

		2007			2006		
	Period	Contract amount	Market value	Deferred gain (+) / loss (-)	Contract amount	Market value	Deferred gain (+) / loss (-)
Forward contracts:							
GBP	0 - 1 year	32,681	30,481	**2,200**	65,242	66,275	**-1,033**
USD	0 - 1 year				64,527	62,560	**1,967**
CAD	0 - 1 year	12,776	12,903	**-127**			
EUR	0 - 1 year	373,040	372,880	**160**			
USD/LVL	0 - 1 year	-5,057	-4,340	**-717**			
		413,440	**411,924**	**1,516**	**129,769**	**128,835**	**934**

Financial instruments entered into to hedge expected future transactions not qualifying as hedge accounting under IAS 39:

Group and Parent Company

		2007			2006		
	Period	Contract amount	Market value	Gain (+) / loss (-)	Contract amount	Market value	Gain (+) / loss (-)
Forward contracts:							
CAD	0 - 1 year				3,189	3,227	**-38**
EURO	0 - 1 year				70,889	70,846	**43**
USD/LVL	0 - 1 year	-8,338	-7,155	**-1,183**			
SEK	0 - 1 year	-36,450	-35,216	**-1,234**			
		-44,788	**-42,371**	**-2,417**	**74,078**	**74,073**	**5**

Descriptive notes

Note 2 Financial risk management (continued)

Currency and interest rate risks and use of derivative financial instruments

Forward contracts used for hedging of financial assets and liabilities

Parent Company				Group		
Net exposure	Hedged by forward contracts/ loans	Net position		Net exposure	Hedged by forward contracts/ loans	Net position
			31 Dec. 2007			
			Currency			
8,448	0	**8,448**	EUR	244,379	0	**244,379**
15,384	0	**15,384**	GBP	21,389	0	**21,389**
1,736	0	**1,736**	LTL	44,802	0	**44,802**
41,830	0	**41,830**	LVL	7,861	1,252	**6,609**
28,801	25,481	**3,320**	NOK	28,801	25,481	**3,320**
187,469	166,460	**21,008**	PLN	1,668	166,460	**-164,792**
-13,032	-13,032	**0**	SEK	-9,511	-13,032	**3,521**
17,083	0	**17,083**	USD	-23,592	0	**-23,592**
0	0	**0**	XCD	12,641	0	**12,641**
-28,730	0	**-28,730**	Other	15,735	0	**15,735**
258,989	**178,910**	**80,080**		**344,174**	**180,162**	**164,012**
			31 Dec. 2006			
			Currency			
201,312	201,312	**0**	EUR	192,024	193,083	**-1,059**
14,490	14,435	**55**	GBP	20,878	18,768	**2,110**
3,040	0	**3,040**	LTL	74,790	71,581	**3,209**
-599	0	**-599**	LVL	-70,742	-70,143	**-599**
27,868	24,664	**3,204**	NOK	27,868	24,664	**3,204**
30,388	30,388	**0**	PLN	-32,190	-32,190	**0**
-23,741	-10,309	**-13,432**	SEK	-20,239	-10,309	**-9,930**
19,475	10,191	**9,284**	USD	19,951	10,191	**9,760**
5,033	5,094	**-61**	Other	14,498	5,094	**9,404**
277,266	**275,775**	**1,491**		**226,838**	**210,739**	**16,099**

Descriptive notes

Note 2 Financial risk management (continued)

Hedging of net investments in foreign subsidiaries:

	Net investment at 31 Dec. 2007 excluding profit for the year	Hedging	% hedged	Net investment at 31 Dec. 2006 excluding profit for the year	Hedging	% hedged
EUR	88,674	77,921	**87,87%**	77,006	68,222	**88,59%**
GBP	15,952	15,952	**100,00%**	15,290	10,371	**67,83%**
LTL	412,659	259,135	**62,80%**	391,823	181,450	**46,31%**
LVL	263,569	50,837	**19,29%**	207,072	49,279	**23,80%**
NOK	16,428	15,897	**96,77%**	8,947	8,947	**100,00%**
PLN	536,037	443,066	**82,66%**	286,195	286,195	**100,00%**
SEK	3,352	0	**0,00%**	3,457	0	**0,00%**
USD	873	0	**0,00%**	351	0	**0,00%**
CHF	44,841	0	**0,00%**	40,206	0	**0,00%**
XCD	151,624	86,280	**56,90%**			

31 December 2007	Interest rate risk Time of repricing/maturity				
	< 1.5 years	> 1.5 years	Total	Fixed interest part	Effective rate %
Mortgage credit institutes	953	749,751	**750,704**	754,248	4.6%-4.8%
Credit institutions					
PLN	611,903		**611,903**		5.9%-6.2%
LVL	58,106		**58,106**		7.3%-7.6%
DKK	41,690		**41,690**		5.1%
NOK	41,378		**41,378**		5.7%
USD	41,047		**41,047**		5.6%
EUR	21,922	182,052	**203,974**	182,052	4.8%-5.1%
Other	20,595		**20,595**		5%-6%
	837,594	**931,803**	**1,769,397**	**936,300**	

The effective rates of interest have been calculated based on the interest rate level at 31 December 2006.
The earlier of time of repricing and time of repayment has been used.

31 December 2006	Interest rate risk Time of repricing/maturity				
	< 1 year	> 1 year	Total	Fixed interest part	Effective rate %
Mortgage and credit institutions	503.538	799.109	**1.302.647**	857.841	3.2%-5.3%
Credit institutions, current	138.106	0	**138.106**	0	4.0%-4.9%
	641.644	**799.109**	**1.440.753**	**857.841**	

The effective rates of interest have been calculated based on the interest rate level at 31 December 2006.
The earlier of time of repricing and time of repayment has been used.

Descriptive notes

Note 3 Segment reporting

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

	Western Europe	Eastern Europe	Malt and Overseas Markets	Unallocated	Total
2007 (mDKK)					
Net revenue	2,489.6	909.3	482.9		**3.881.8**
Operating profit	251.6	-23.4	63.4	-47.5	**244.1**
Special items	-91.1	111.3			**20.2**
Earnings before interest and tax (EBIT)	160.5	87.9	63.4	-47.5	**264.3**
Net financials	0.3	-10.9	-1.0	-60.5	**-72.1**
Share of income from associates	13.2	5.8	9.0		**28.0**
Profit/loss before tax	174.0	82.8	71.4	-108.0	**220.2**
Tax				-65.0	**-65.0**
Profit/loss for the year	174.0	82.8	71.4	-173.0	**155.2**
Depreciation and amortisation	103.6	-50.4	24.0	53.7	**130.9**
Assets	2,102.3	832.8	379.9	240.6	**3,555.6**
Associates	66.8	142.6	16.3		**225.7**
Total assets	**2,169.1**	**975.4**	**396.2**	**240.6**	**3,781.3**
Purchase of property, plant and equipment	131.4	84.5	6.6		**222.5**
Purchase of property, plant and equipment upon acquisition		112.3	125.0		**237.3**
Purchase of intangible assets		1.5			**1.5**
Purchase of intangible assets upon acquisition		187.7	71.1		**258.8**
Liabilities	746.1	293.6	97.1	1,525.0	**2,661.8**
Sales (million hectolitres)	3.8	2.7	0.6		**7.1**
2006 (DKKm)					
Net revenue	2,414.1	671.5	353.4		**3,439.0**
Operating profit	319.8	-22.0	97.6	-47.7	**347.7**
Special items		-14.3			**-14.3**
Earnings before interest and tax (EBIT)	319.8	-36.3	97.6	-47.7	**333.4**
Net financials	-0.4	-3.3	0.0	-35.5	**-39.2**
Share of income from associates	13.2	7.0	5.9		**26.1**
Profit/loss before tax	332.6	-32.6	103.5	-83.2	**320.3**
Tax	-102.1	-1.9	-7.2	21.2	**-90.0**
Profit/loss for the year	230.5	-34.5	96.3	-62.0	**230.3**
Depreciation and amortisation	137.7	57.0	0.8		**195.5**
Assets	2,257.5	534.7	127.6	262.5	**3,182.3**
Associates	67.6	127.9	35.8		**231.3**
Total assets	**2,325.1**	**662.6**	**163.4**	**262.5**	**3,413.6**
Purchase of property, plant and equipment	115.0	142.5	0.2		**257.7**
Purchase of intangible assets			0.6		**0.6**
Liabilities	760.8	194.7	24.3	1.285.7	**2.265.5**
Sales (million hectolitres)	3.8	2.2	0.4		**6.4**

Descriptive notes

Note 3 Segment reporting (continued)

Segment reporting 2003 - 2007

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

(mDKK)	Western Europe	Eastern Europe	Malt and Overseas Markets	Unallocated	Group
2007 (IFRS accounting policies)					
Net revenue	2,489.6	909.3	482.9	0.0	**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	0.0	**7.1**
2006 (IFRS accounting policies)					
Net revenue	2,414.1	671.5	353.4	0.0	**3,439.0**
Operating profit/loss	319.8	-22.0	97.6	-47.7	**347.7**
Assets	2,325.1	662.6	163.4	262.5	**3,413.6**
Liabilities	760.8	194.7	24.3	1,285.7	**2,265.5**
Sales (million hectolitres)	3.8	2.2	0.4	0.0	**6.4**
2005 (IFRS accounting policies)					
Net revenue	2,371.1	576.5	243.4	0.0	**3,191.0**
Operating profit/loss	332.1	-15.4	22.9	-36.9	**302.7**
Assets	2,120.7	662.6	143.3	261.2	**3,187.8**
Liabilities	640.1	194.6	25.8	1,177.5	**2,038.0**
Sales (million hectolitres)	3.6	1.9	0.3	0.0	**5.8**
2004 (IFRS accounting policies)					
Net revenue	2,279.9	358.9	230.2	0.0	**2,869.0**
Operating profit/loss	330.9	2.2	18.5	-44.5	**307.1**
Assets	1,829.5	327.0	81.0	293.3	**2,530.8**
Liabilities	630.1	73.9	22.0	724.4	**1,450.4**
Sales (million hectolitres)	3.5	1.1	0.2	0.0	**4.8**
2003 (Danish Financial Statements Act)					
Net revenue	2,237.8	236.9	158.4	0.0	**2,633.1**
Operating profit/loss	309.4	-19.2	7.9	-15.2	**282.9**
Non-current assets	1,129.9	221.0	76.6	254.7	**1,682.2**
Liabilities	643.2	40.2	30.8	726.9	**1,441.1**
Sales (million hectolitres)	3.2	0.7	0.2	0.0	**4.1**

Notes to Income Statement and Balance Sheet (DKK '000)

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	
2006	2007		2007	2006
348,346	366,858	Wages and salaries	570,788	505,968
26,793	29,092	Contributions to pension schemes	50,292	34,318
1,300	800	Share-based payments	800	1,300
17,307	11,243	Remuneration of Executive Board	11,243	17,307
2,100	2,300	Share-based remuneration of Executive Board	2,300	2,100
1,700	1,650	Remuneration of Supervisory Board	1,650	1,700
1,137	940	Other social security expenses	2,565	3,091
14,780	22,587	Other staff expenses	30,087	18,881
413,463	**435,470**		**669,725**	**584,665**
944	957	Average number of employees	2,659	2,278

Remuneration of Executive Board in 2006 includes severance pay.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 4 Staff expenses (continued)

For incentive purposes, the following share option schemes have been established for the Executive Board and other members of the management team of the Group. Each option carries a right to acquire 1 share of DKK 10.

	Executive Board number	Other man. team number	Total number	Exercise price	Exercise period
Granted in 2001	0	500	**500**	219	4/2004-3/2006
Granted in 2002	14,564	0	**14,564**	240-315	6/2005-5/2009
Granted re 2003	7,492	7,492	**14,984**	401	3/2007-4/2009
Granted re 2004	5,230	4,524	**9,754**	478	3/2008-4/2010
Granted re 2005	19,803	11,998	**31,801**	532	4/2009-4/2011
Granted re 2006	19,803	11,998	**31,801**	532	4/2010-4/2012
Unexercised at 31 December 2005	**66,892**	**36,512**	**103,404**		
Adjustment of grant 2005, final price	-3,545	-2,142	**-5,687**	648	
Adj. of grant 2006, price 31 Dec. 06	-5,567	-3,372	**-8,939**	740 *	
Exercised in 2006		-500	**-500**	219	
Unexercised at 31 December 2006	**57,780**	**30,498**	**88,278**		
Changed classification	-5,303	5,303	**0**		
Adjustment of grant 2006, final price	-292	250	**-42**	695 *	
Expected granting 2007	14,305	4,840	**19,145**	534 **	4/2011-4/2013
Exercised in 2007	-16,437	-5,245	**-21,682**	240-401	
Unexercised at 31 December 2007	**50,053**	**35,646**	**85,699**		
distributed on:					
Granted re 2003	3,746	4,120	**7,866**	401	
Granted re 2004	4,184	5,570	**9,754**	478	
Granted re 2005	13,874	12,240	**26,114**	648	
Granted re 2006	13,944	8,876	**22,820**	695 *	
Expected granting 2007	14,305	4,840	**19,145**	534 **	
	50,053	**35,646**	**85,699**		
Market value at 31 December 2006	**16,3 million**	**7,2 million**	**23,5 million**		
Market value at 31 December 2007	**5,8 million**	**3,9 million**	**9,7 million**		

Based on a share price of the Royal Unibrew share of 534 at 31 December 2007, the market value of the options has been calculated by means of the Black-Scholes model.
The calculation is based on an assumption of 30% volatility, a risk-free interest rate of 4.5-4.7% (2006: 4.0-4.4%) and annual dividend per share of DKK 2.0%. The exercise price of share options granted re 2007 is assumed to be 534.
* The exercise price of the share options granted re 2006 has in 2007 been determined as the average market price of the Company's shares over the 10 trading days following the publication of the Annual Report for 2006 (6 March - 19 March 2007). The price has thus changed from 740 at 31 December 2006 to 695.
** The exercise price of the share options granted re 2007 is determined as the average market price of the Company's shares over the 10 trading days following the publication of the Annual Report for 2007.
The assumptions on which granting for the year is based have been described in Management's Review.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 5 Expenses broken down by type

Parent Company			Group	
2006	2007		2007	2006
		Aggregated		
1,254,191	1,400,478	Production costs	2,129,173	1,742,900
804,407	809,934	Sales and distribution expenses	1,268,783	1,191,225
171,682	167,648	Administrative expenses	249,042	200,680
2,230,280	**2,378,060**	**Total**	**3,646,998**	**3,134,805**
		break down by type as follows:		
841,083	1,002,325	Raw materials and consumables	1,564,793	1,207,303
413,463	435,470	Wages, salaries and other staff expenses	669,725	584,665
133,813	133,789	Operating and maintenance expenses	220,842	201,708
345,871	358,006	Distribution expenses and carriage	460,620	422,077
285,976	269,901	Sales and marketing expenses	446,839	426,473
777	1,147	Bad trade debts	2,110	7,036
66,565	81,334	Office supplies etc	115,348	90,840
142,732	96,088	Depreciation and profit from sale of property, plant and equipment	166,721	194,703
2,230,280	**2,378,060**	**Total**	**3,646,998**	**3,134,805**

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	
2006	2007		2007	2006
122,317	79,881	Production costs	126,264	173,924
10,141	7,337	Sales and distribution expenses	22,193	16,226
10,274	8,870	Administrative expenses	18,264	4,553
142,732	**96,088**		**166,721**	**194,703**
		Special income	-128,068	
	72,505	Special expenses	92,271	8,928
142,732	**168,593**	**Total**	**130,924**	**203,631**

Notes to Income Statement and Balance Sheet (DKK ’000)

Note 6 Special income and expenses

Parent Company			Group	
2006	2007		2007	2006
		Profit on sale of property in Eastern Europe	128,068	
0	0	Total special income	128,068	0
	-76,611	Expenses and impairment losses on assets related to reorganisation in Western Europe	-91,089	
		Expenses and impairment losses on assets related to reorganisation in Eastern Europe	-16,734	-14,329
0	-76,611	Total special expenses	-107,823	-14,329

Notes to Income Statement and Balance Sheet (DKK '000)

Note 7 Financial incoem

Parent Company 2006	Parent Company 2007		Group 2007	Group 2006
		Interest income		
6,487	2,251	Cash at bank and in hand	9,481	6,916
323	244	Trade receivables	442	157
2,525	2,521	Receivables from associates	2,521	2,525
2,097	8,044	Receivables from subsidiaries		
		Exchange adjustments		
8,976	5,863	Cash at bank and in hand	5,863	8,270
		Exchange gains		
-1,325	6,009	Mortgage credit institutes	6,009	-1,325
918	223	Securities	1,909	3,646
176	139	Other financial income	479	794
20,177	**25,294**		**26,704**	**20,983**

Note 8 Financial expenses

Parent Company 2006	Parent Company 2007		Group 2007	Group 2006
		Interest expenses		
-25,323	-26,998	Mortgage credit institutes	-28,037	-25,687
-27,613	-42,794	Credit institutions	-54,861	-31,760
-1,103	-2,981	Payables to subsidiaries		
	-3,669	Other payables	-4,305	
		Exchange adjustments		
-955	-19,709	Credit institutions	-4,991	-955
63	-3,416	Trade receivables	-4,766	63
-1,184	-626	Trade payables	-626	-1,184
		Exchange losses		
	-571	Securities	-496	
		Other		
-609	-102	Expenses re mortgage credit institutes	-102	-609
-60	-643	Other financial expenses	-652	
-56,784	**-101,509**		**-98,836**	**-60,132**

Notes to Income Statement and Balance Sheet (DKK '000)

Note 9 Tax on the profit for the year

Parent Company			Group	
2006	2007		2007	2006
81,715	46,921	Tax on the taxable income for the year	91,286	106,430
2,430	8,412	Adjustment of previous year	1,427	1,701
-21,715	-23,800	Adjustment of deferred tax	-28,002	-14,758
62,430	**31,533**		**64,711**	**93,373**
		which breaks down as follows:		
59,071	28,783	Tax on profit for the year	64,930	90,014
3,359	2,750	Tax on equity entries	-219	3,359
62,430	**31,533**		**64,711**	**93,373**
28.0	25.0	Current Danish tax rate	25.0	28.0
-5.8	9.1	Effect on tax rate of permanent differences	1.2	1.8
	-13.1	Changed Danish tax rate	-5.8	
-4.3	8.6	Adjustment of previous year	0.6	-4.2
		Differences in effective tax rates of foreign subsidiaries	8.5	2.5
17.9	**29.6**	**Effective tax rate**	**29.5**	**28.1**

Notes to Income Statement and Balance Sheet (DKK '000)

Note 10 Non-current assets

Group	Intangible assets	Property, plant and equipment	Financial assets	Total non-current assets
Cost at 1 January 2006	507,610	3,432,266	236,508	**4,176,384**
Exchange adjustments	300	918	-5,398	**-4,180**
Reclassification	2,388	-3,005		**-617**
Additions for the year	566	257,732	10,572	**268,870**
Disposals for the year		-140,786	-2,593	**-143,379**
Cost at 31 December 2006	**510,864**	**3,547,125**	**239,089**	**4,297,078**
Amortisation, depreciation, revaluations and impairment losses at 1 January 2006	-2,216	-2,043,260	19,533	**-2,025,943**
Exchange adjustments	-4	-103	2,013	**1,906**
Reclassification	140	3,280		**3,420**
Dividend			-20,902	**-20,902**
Revaluations and impairment losses for the year			39,437	**39,437**
Amortisation and depreciation for the year	-1,296	-192,227		**-193,523**
Impairment losses for the year		-8,928		**-8,928**
Amortisation, depreciation and impairment of assets sold and discontinued		120,970	1,492	**122,462**
Amortisation, depreciation, revaluations and impairment losses at 31 December 2006	**-3,376**	**-2,120,268**	**41,573**	**-2,082,071**
Carrying amount at 31 December 2006	**507,488**	**1,426,857**	**280,662**	**2,215,007**
Cost at 1 January 2007	510,864	3,547,125	239,089	**4,297,078**
Exchange adjustments	9,836	9,787	7,255	**26,878**
Adjustment of cost, beginning of year		2,459		**2,459**
Reclassification			-8,119	**-8,119**
Additions for the year	1,523	222,543	817	**224,883**
Additions upon acquisition	258,809	237,268		**496,077**
Disposals for the year	-1,584	-259,259	-24,214	**-285,057**
Cost at 31 December 2007	**779,448**	**3,759,923**	**214,828**	**4,754,199**
Amortisation, depreciation, revaluations and impairment losses at 1 January 2007	-3,376	-2,120,268	41,573	**-2,082,071**
Exchange adjustments		-3,605	1,132	**-2,473**
Adjustment of depreciation, beginning of year		513		**513**
Reclassification		186	-7,228	**-7,042**
Dividend			-15,958	**-15,958**
Revaluations and impairment losses for the year			32,873	**32,873**
Amortisation and depreciation for the year	-1,336	-177,370		**-178,706**
Impairment losses for the year		-92,271		**-92,271**
Amortisation, depreciation and impairment of assets sold and discontinued		189,913	-1,438	**188,475**
Amortisation, depreciation, revaluations and impairment losses at 31 December 2007	**-4,712**	**-2,202,902**	**50,954**	**-2,156,660**
Carrying amount at 31 December 2007	**774.736**	**1.557.021**	**265.782**	**2.597.539**
	Note 11	Note 23	Note 24	

Notes to Income Statement and Balance Sheet (DKK '000)

Note 10 Non-current assets (continued)

Parent Company	Intangible assets	Property, plant and equipment	Financial assets	Total non-current assets
Cost at 1 January 2006	94,902	2,647,639	1,183,932	**3,926,473**
Exchange adjustments	2		-796	**-794**
Additions for the year	559	112,149	50,549	**163,257**
Disposals for the year		-120,318	-81	**-120,399**
Cost at 31 December 2006	**95,463**	**2,639,470**	**1,233,604**	**3,968,537**
Amortisation, depreciation, revaluations and impairment losses at 1 January 2006	-1,922	-1,705,363	-14,027	**-1,721,312**
Dividend			-5,734	**-5,734**
Revaluations and impairment losses for the year			-19	**-19**
Amortisation, depreciation and impairment losses for the year	-1,142	-138,724		**-139,866**
Amortisation, depreciation and impairment of assets sold and discontinued		103,802		**103,802**
Amortisation, depreciation, revaluations and impairment losses at 31 December 2006	**-3,064**	**-1,740,285**	**-19,780**	**-1,763,129**
Carrying amount at 31 December 2006	**92,399**	**899,185**	**1,213,824**	**2,205,408**
Cost at 1 January 2007	95,463	2,639,470	1,233,604	**3,968,537**
Reclassification		0	817	**817**
Additions for the year		130,489	616,611	**747,100**
Disposals for the year		-197,649	-16,851	**-214,500**
Cost at 31 December 2007	**95,463**	**2,572,310**	**1,834,181**	**4,501,954**
Amortisation, depreciation, revaluations and impairment losses at 1 January 2007	-3,064	-1,740,285	-19,780	**-1,763,129**
Revaluations and impairment losses for the year			-44	**-44**
Amortisation and depreciation for the year	-1,175	-110,077		**-111,252**
Impairment losses for the year		-72,505		**-72,505**
Amortisation, depreciation and impairment of assets sold and discontinued		168,357	192	**168,549**
Amortisation, depreciation, revaluations and impairment losses at 31 December 2007	**-4,239**	**-1,754,510**	**-19,632**	**-1,778,381**
Carrying amount at 31 December 2007	**91,224**	**817,800**	**1,814,549**	**2,723,573**
	Note 11	Note 23	Note 24	

Notes to Income Statement and Balance Sheet (DKK '000)

Note 11 Intangible assets

Group

	Goodwill	Trademarks	Distribution rights	Total intangible assets
Cost at 1 January 2006	320,861	173,946	12,803	507,610
Reclassification	2,527		-139	2,388
Exchange adjustments	10	290		300
Additions for the year			566	566
Cost at 31 December 2006	**323,398**	**174,236**	**13,230**	**510,864**
Amortisation and impairment losses at 1 January 2006	0	0	2,216	2,216
Reclassification			-140	-140
Exchange adjustment			4	4
Amortisation for the year			1,296	1,296
Amortisation and impairment losses at 31 December 2006	**0**	**0**	**3,376**	**3,376**
Carrying amount at 31 December 2006	**323,398**	**174,236**	**9,854**	**507,488**
Cost at 1 January 2007	323,398	174,236	13,230	510,864
Reclassification	-1,674	1,674		0
Exchange adjustments	5,682	4,148	6	9,836
Additions upon acquisition	160,516	98,293		258,809
Additions for the year	1,523			1,523
Disposals for the year	-1,584			-1,584
Cost at 31 December 2007	**487,861**	**278,351**	**13,236**	**779,448**
Amortisation and impairment losses at 1 January 2007	0	0	3,376	3,376
Amortisation for the year			1,336	1,336
Amortisation and impairment losses at 31 December 2007	**0**	**0**	**4,712**	**4,712**
Carrying amount at 31 December 2007	**487,861**	**278,351**	**8,524**	**774,736**

Notes to Income Statement and Balance Sheet (DKK '000)

Note 11 Intangible assets (continued)

Parent Company

	Goodwill	Trademarks	Distribution rights	Total intangible assets
Cost at 1 January 2006	80,645	2,990	11,267	**94,902**
Exchange adjustments			2	**2**
Additions for the year			559	**559**
Cost at 31 December 2006	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2006	0	0	1,922	**1,922**
Amortisation for the year			1,142	**1,142**
Amortisation and impairment losses at 31 December 2006	**0**	**0**	**3,064**	**3,064**
Carrying amount at 31 December 2006	**80,645**	**2,990**	**8,764**	**92,399**
Cost at 1 January 2007	80,645	2,990	11,828	**95,463**
Cost at 31 December 2007	**80,645**	**2,990**	**11,828**	**95,463**
Amortisation and impairment losses at 1 January 2007	0	0	3,064	**3,064**
Amortisation for the year			1,175	**1,175**
Amortisation and impairment losses at 31 December 2007	**0**	**0**	**4,239**	**4,239**
Carrying amount at 31 December 2007	**80,645**	**2,990**	**7,589**	**91,224**

Impairment tests of goodwill and trademarks
Group:
Annual impairment tests are carried out of the carrying amount of goodwill and trademarks with indefinite useful lives.
The impairment test in 2007 did not give rise to recognising any impairment losses.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 11 Intangible assets (continued)

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

	Goodwill	Trademarks	Total	Share
2007				
Denmark (Western Europe)	80,645	2,990	**83,635**	11%
Lithuania (Eastern Europe)	152,795		**152,795**	20%
Latvia (Eastern Europe)	2,687	110,693	**113,380**	15%
Poland (Eastern Europe)	185,967	128,076	**314,043**	41%
The Caribbean (Malt and Overseas)	55,605	32,795	**88,400**	11%
Africa (Malt and Overseas)	10,162	3,797	**13,959**	2%
	487,861	**278,351**	**766,212**	100%
2006				
Denmark (Western Europe)	80,645	2,990	**83,635**	17%
Lithuania (Eastern Europe)	151,255		**151,255**	30%
Latvia (Eastern Europe)	2,687	110,652	**113,339**	23%
Poland (Eastern Europe)	52,233	58,114	**110,347**	22%
The Caribbean (Malt and Overseas)	22,187		**22,187**	4%
Africa (Malt and Overseas)	14,391	2,480	**16,871**	3%
	323,398	**174,236**	**497,634**	100%

Notes to Income Statement and Balance Sheet (DKK '000)

Note 11 Intangible assets (continued)

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 2008-2010 approved by Management as well as estimated market driven discount rates and growth rates. In the period 2008-2010 earnings increases related to net revenue and gross margin are primarily expected in Poland, where annual revenue growth of 36% in 2008 and 15-20% in 2009-2010 is expected. In Lithuania and Latvia, annual revenue growth of 10-12% is expected in the period 2008-2010. The other key assumptions underlying the calculation of recoverable amount break down as indicated below:

	Western Europe	Eastern Europe	Malt and Overseas Markets
Gross margin	45,0%	25-45%	25-50%
Growth rate 2011-2014	1,5%	1-4%	1-3%
Growth rate on terminal value	1,5%	1,5%	1,5%
Discount rate (WACC)	6,0%	8,6%-9,8%	8,3-15,4%

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.

Parent Company:

In the Parent Company a less favourable development in key assumptions may lead to recognition of impairment losses being required with respect to the investment in the Polish subsidiary.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 12 Investments in associates

Parent Company				Group	
2006	2007	Note		2007	2006
184,368	185,338		Balance at 1 January	231,285	214,409
			Exchange adjustments	7,703	-2,108
			Reclassification	-15,347	
970	389		Additions for the year	389	970
	-6,496		Disposals for the year	-15,299	
			Share of profit for the year	27,998	26,098
			Share of equity movements for the year	4,920	12,818
			Dividend	-15,958	-20,902
185,338	**179,231**		**Balance at 31 December**	**225,691**	**231,285**

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:

2007	Assets	Liabilities	Revenue	Profit basis
Parent Company investments				
Western Europe	330,017	252,177	401,571	9,504
Eastern Europe	96,454	24,588	207,326	6,625
Total Parent Company	**426,471**	**276,765**	**608,897**	**16,129**
Other Group investments				
Malt and Overseas Markets	20,450	6,421	18,266	3,811
Total Group	**446,921**	**283,186**	**627,163**	**19,940**

2005	Assets	Liabilities	Revenue	Profit basis
Parent Company investments				
Western Europe	324,658	243,273	344,040	10,460
Eastern Europe	82,027	19,885	165,024	7,271
Total Parent Company	**406,685**	**263,158**	**509,064**	**17,731**
Other Group investments				
Malt and Overseas Markets	49,449	14,646	39,315	5,318
Total Group	**456,134**	**277,804**	**548,379**	**23,049**

Note 13 Non-current assets held for sale

Assets held for sale were the brewery property in Randers, Denmark, which was sold at 1 November 2007.
Other receivables include DKK 14.5 million corresponding to the share of the selling price which falls due for payment by 31 December 2008.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 14 Portfolio of treasury shares and earnings/cash flow per share

Value of treasury shares held:

	Parent Company	
	2007	2006
Balance at 1 January	0	0
Additions	162,598	180,139
Disposals	-6,854	-110
Transferred to equity, net	-155,744	-180,029
Balance at 31 December	0	0

Treasury shares held by the Parent Company:

	Number	Nom. value	% of capital
Portfolio at 1 January 2006	274,424	2,744	4.3
Additions	282,419	2,824	4.6
Disposals	-500	-5	0.0
Cancelled upon reduction of capital	-190,000	-1,900	-3.0
Portfolio at 31 December 2006	**366,343**	**3,663**	**5.9**
Portfolio at 1 January 2007	366,343	3,663	5.9
Additions	252,186	2,522	4.3
Disposals	-21,682	-217	-0.4
Cancelled upon reduction of capital	-280,000	-2,800	-4.7
Portfolio at 31 December 2007	**316,847**	**3,168**	**5.1**

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 151,747k (2006: DKK 227,642k).
The average number of treasury shares amounted to some 332,000 shares (2006: some 347,000 shares).
The average number of shares in circulation amounted to some 5,755,000 shares (2006: some 5,998,000 shares).
The average number of shares in circulation incl share options "in-the-money" amounted to some 5,792,000 shares (2006: 6,060,000 shares).
Diluted earnings and cash flow per share have been calculated on the basis of the Parent Company shareholders' share of profit for the year.

Notes to Income Statement and Balance Sheet (DKK '000)

Note 15 Deferred tax

Parent Company 2006	Parent Company 2007		Group 2007	Group 2006
141,313	119,598	Deferred tax at 1 January	127,720	142,478
	-12,800	Adjustment of Danish tax rate	-13,700	
		Additions upon acquisitions	29,150	
-21,715	-10,704	Deferred tax for the year	-15,452	-14,758
119,598	**96,094**	**Deferred tax at 31 December**	**127,718**	**127,720**
15,595	13,826	Due within 1 year	20,710	16,482
		Deferred tax relates to:		
545	622	Intangible assets	17,622	545
112,628	88,702	Property, plant and equipment	108,642	120,774
-5,530	-3,806	Financial assets	-3,806	-5,530
14,129	10,717	Current assets	13,230	19,554
-2,174	-141	Current liabilities	-2,852	-2,812
		Unutilised tax losses	-5,118	-4,811
119,598	**96,094**		**127,718**	**127,720**

The utilisation of unutilised tax losses with a tax value of some DKK 35 million (2006: 19 million) is not certain. Therefore, the corresponding tax asset has not been capitalised. Unutilised tax losses substantially expire over the next 5 years.
A foreign subsidiary has a recapture balance which has not been recognised in the basis of calculation of deferred tax as the recapture balance of some DKK 85 million is not expected to crystallise as tax.

Note 16 Interest-bearing debt

Parent Company				Group		
Mortgage debt	Credit institutions	Total		Mortgage debt	Credit institutions	Total
			31/12 2007			
			Maturity			
	145,278	**145,278**	Within 1 year	953	228,433	**229,386**
	645,203	**645,203**	1 - 5 years		671,819	**671,819**
		0	5 - 10 years		118,441	**118,441**
539,533		**539,533**	10 - 20 years	554,781		**554,781**
194,970		**194,970**	After 20 years	194,970		**194,970**
734,503	**790,481**	**1,524,984**		**750,704**	**1,018,693**	**1,769,397**
735,696	**790,481**	**1,526,177**	Market value	**752,313**	**1,018,693**	**1,771,006**
			31/12 2006			
			Maturity			
57,695	98,701	**156,396**	Within 1 year	58,732	138,106	**196,838**
229,480	369,927	**599,407**	1 - 5 years	234,204	390,446	**624,650**
347,859	182,053	**529,912**	After 5 years	359,336	259,929	**619,265**
635,034	650,681	**1,285,715**		652,272	788,481	**1,440,753**
633,761	**650,681**	**1,284,442**	Market value	**651,939**	**788,481**	**1,440,420**

Notes to Income Statement and Balance Sheet (DKK '000)

Note 17 Repurchase obligation, returnable packaging

Parent Company			Group	
2006	2007		2007	2006
92,014	87,876	Balance at 1 January	90,554	96,332
-4,138	-3,735	Adjustment for the year	6,979	-5,778
87,876	**84,141**	**Balance at 31 December**	**97,533**	**90,554**

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.

Other notes (DKK '000)

Note 18 Cash Flow Statement

Adjustments for non-cash operating items

Parent Company			Group	
2006	2007		2007	2006
-73,519	-39,760	Dividend from subsidiaries		
-20,177	-25,294	Financial income	-26,704	-20,330
56,784	101,509	Financial expenses	98,836	59,479
139,866	183,757	Amortisation, depreciation and impairment of intangible assets and property, plant and equipment	270,977	202,451
59,071	28,783	Tax on the profit for the year	64,930	90,014
		Income from investments in associates	-27,998	-26,098
3,746	-13,645	Net profit from sale of property, plant and equipment	-142,795	2,476
3,400	3,100	Share-based payments and remuneration	3,100	3,400
1,715	327	Other adjustments	-680	-18,400
170,886	**238,777**		**239,666**	**292,992**

Acquisition of subsidiaries

Parent Company			Group	
2006	2007		2007	2006
		Assets		
	424,817	Non-current assets	334,525	
		Current assets	115,653	
		Liabilities		
		Provisions	-29,150	
		Non-current debt	-39,309	
		Current debt	-96,816	
		Minority interests	-26,875	
		Goodwill on consolidation	160,516	
0	**424,817**	**Sales / acquisition price**	**418,544**	0
		including cash and cash equivalents of	-9,776	
		including shares previously acquired of	-15,291	
0	**424,817**	**Cash sales / acquisition price**	**393,477**	0

Other notes (DKK '000)

Note 19 Fee to auditors

Parent Company 2006	Parent Company 2007		Group 2007	Group 2006
		Fee for the audit of the Annual Report:		
812	838	PricewaterhouseCoopers	1,395	1,296
812	838	Ernst & Young	2,045	1,399
1,624	**1,676**		**3,440**	**2,695**
		Fee for non-audit services:		
308	2,524	PricewaterhouseCoopers	2,577	539
740	561	Ernst & Young	682	852
1,048	**3,085**		**3,259**	**1,391**

Note 20 Contingent liabilities and other contractual obligations (mDKK)

Parent Company 2006	Parent Company 2007		Group 2007	Group 2006
		Guarantees		
0.2	142.1	Guarantees relating to subsidiaries	0.0	0.0
9.6	9.4	Other guarantees	9.4	9.5
9.8	**151.5**		**9.4**	**9.5**
		Rental and lease agreements		
		Total future payments:		
10.7	14.9	Within 1 year	30.1	19.6
19.0	34.1	Between 1 and 5 years	46.4	32.0
0.0	0.0	Beyond 5 years	0.4	0.0
29.7	**49.0**	Total lease obligations (operational leasing)	**76.5**	**51.6**

The lease obligations relate to production machinery, operating equipment and IT equipment.

19.2	8.8	Within 1 year	11.6	24.4
36.3	28.9	Between 1 and 5 years	28.9	40.7
1.3	0.0	Beyond 5 years	0.0	1.3
56.8	**37.7**	Total rental obligations	**40.5**	**66.4**
31.9	**31.7**	Banker's guarantees	**43.8**	**44.0**

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 (DKK '000)

Note 21 Related parties

Related parties comprise the Supervisory Board and the Executive Board as well as subsidiaries and associates, cf. Group Structure, page 91.
Transactions with associates relate to sale of the Group's products.
Transactions with subsidiaries, 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	
2006	2007		2007	2006
		Revenue		
9,208	7,706	Sales to associates	8,971	9,208
737,750	734,260	Sales to subsidiaries		
		Purchases		
1,184	12,193	Purchases from subsidiaries		
		Financial income and expenses		
19,752	14,336	Dividends from associates	15,958	20,902
53,767	25,424	Dividends from subsidiaries		
5,287		Surplus remaining on winding up of subsidiaries		
2,525	2,521	Interest received from associates	2,521	2,525
2,097	8,044	Interest received from subsidiaries		
2,981	2,981	Interest paid to subsidiaries		
		Executive Board		
17,307	11,243	Salaries	11,243	17,307
2,100	2,300	Share options granted	2,300	2,100
		Intercompany balances at 31 December		
	284,451	Loans to subsidiaries		
24,664	25,481	Loans to associates	25,481	24,664
252,800	135,420	Receivables from subsidiaries		
1,318	1,012	Receivables from associates	1,012	1,318
	239,787	Loans from subsidiaries		
38,684	41,331	Debt to subsidiaries		
40,062	311,006	**Capital contributed to subsidiaries**		
		Guarantees and security		
	142,100	Guarantee for subsidiary		

Transactions with subsidiaries are eliminated in the consolidated financial statements in accordance with the accounting policies applied.

Other notes (DKK '000)

Note 22 Acquisitions

In 2007, Royal Unibrew made the following business acquisitions:

May 2007	Ownership	
Browar Lomza Sp. z o.o. situated in North East Poland	100,00%	The shares of Lomza were subsequently contributed to Royal Unibrew Polska Sp. z o.o.

The main activities of Browar Lomza is to market, sell, distribute and produce its own beer products under the Lomza brand, primarily in the geographic region around the city Lomza.

June/July 2007	
Antigua Brewery Ltd.	92.97%
Antigua PET Plant Ltd.	75.00%
Dominica Brewery & Beverages Ltd.	58.02%
St. Vincent Breweries Ltd.	76.48%

situated in the Caribbean Archipelago in Antigua, Dominica and St, Vincent, respectively,

The main activities of the breweries are to market, sell and produce own and licensed beer, malt and soft drinks in the respective islands where the breweries are situated. The breweries all own one beer and one soft drinks brand. Distribution in Antigua and Dominica is handled by an external distributor. Antigua PET Plant Ltd. owns a bottling unit which is used only at the brewery in Antigua.

No business acquisitions were made in 2006.

	Browar Lomza Sp. z o.o.		The Caribbean	
	Fair value at date of acquisition	Carrying amount prior to acquisition	Fair value at date of acquisition	Carrying amount prior to acquisition
Intangible assets	63,031	0	35,262	891
Property, plant and equipment	112,273	112,273	123,812	124,386
Financial assets			147	147
Inventories	17,951	13,204	42,655	43,921
Receivables	30,605	36,965	14,666	14,864
Cash at bank and in hand	543	543	9,233	9,233
Deferred tax	-19,229	-6,729	-9,921	-5,421
Credit institutions	-31,686	-31,686	-44,968	-44,968
Trade payables	-29,103	-29,103	-11,412	-11,412
Other payables	-12,560	-12,560	-6,396	-6,332
Net assets acquired	**131,825**	**82,907**	**153,078**	**125,309**
Minority share			-26,875	
			126,203	
Goodwill	124,665		42,124	
Acquisition price	**256,490**		**168,327**	
including cash and bank of	-543		-9,233	
Cash acquisition price	**255,947**		**159,094**	
including acquisition costs (consulting fees) of	8,307		2,454	

The fair values are interim values which will be finally determined within 12 months of the dates of acquisition.

The value of goodwill is related to expected synergies from the integration with already existing activities in the operating markets of the acquired businesses. Moreover, the value of goodwill is related to expected additional sales of both Royal Unibrew Group products and products of the acquired businesses.

Other notes (DKK '000)

Note 22 Acquisitions (continued)

	Browar Lomza	The Caribbean
Pro forma calculated net revenue 2007	180,000	155,000
Pro forma calculated profit/loss 2007	-6,000	4,150
Recognised in profit for the year	-4,221	5,351
Consolidated financial statements:		
Acquisition price, Parent Company		168,327
Intercompany profit on companies traded internally		-6,273
Acquisition price, Group		162,054
including cash and bank of		-9,233
including group investments prior to acquisition		-15,971
Cash acquisition price, Group		136,850

The acquisition price of the Group differs from that of the Parent Company as some of the shares of St. Vincent and Antigua were acquired from the subsidiary Drinktech, and these companies were until the acquisition recognised in the consolidated financial statements as associates.

Acquisitions in 2008

Royal Unibrew has (cf Announcement RU29/2007) strengthened its position in the Baltic beer market by acquiring assets and activities of Livu Alus, the number 3 Latvian brewery in terms of size. The cash acquisition price amounts to DKK 127 million, broken down on trademarks acquired at DKK 6 million, property, plant and equipment acquired at DKK 120 million and inventories acquired at DKK 1 million. The acquisition price equals estimated fair value at the time of acquisition in early January 2008.

Livu Alus will be included in the consolidated financial statements as of 1 January 2008 and will, as a result of market investments and expenses relating to the integration with the other Latvian activities, have a minor negative effect on consolidated profit in 2008, after which ratios in line with the Group's targets are expected.

Notes to assets (DKK '000)

Note 23 Property, plant and equipment

Parent Company: Land and buildings	Parent Company: Plant and machinery	Parent Company: Other fixtures and fittings, tools and equipment	Parent Company: Property, plant and equipment in progress	Parent Company: Total		Group: Land and buildings	Group: Plant and machinery	Group: Other fixtures and fittings, tools and equipment	Group: Property, plant and equipment in progress	Group: Total
825,362	1,159,745	640,790	21,742	2,647,639	Cost at 1 January 2006	1,073,893	1,569,299	763,144	25,930	3,432,266
				0	Exchange adjustment	231	595	21	71	918
				0	Reclassification	11	-1,746	-1,331	61	-3,005
3,179	33,695	40,714	34,561	112,149	Additions for the year	35,233	92,281	68,705	61,513	257,732
-244	-18,702	-97,271	-4,101	-120,318	Disposals for the year	-330	-26,367	-109,989	-4,100	-140,786
725	13,786	2,436	-16,947	0	Transfers for the year	725	15,202	2,660	-18,587	0
829,022	**1,188,524**	**586,669**	**35,255**	**2,639,470**	**Cost at 31 December 2006**	**1,109,763**	**1,649,264**	**723,210**	**64,888**	**3,547,125**
325,008	936,774	443,581	0	1,705,363	Depreciation and impairment losses at 1 January 2006	363,083	1,155,903	524,274	0	2,043,260
				0	Exchange adjustment	-20	190	-67		103
				0	Reclassification		-77	-3,203		-3,280
14,220	75,809	48,695		138,724	Depreciation for the year	19,333	111,581	61,313		192,227
					Impairment losses for the year	3,999	4,929			8,928
-102	-17,887	-85,813		-103,802	Depreciation and impairment of assets sold and discontinued	-141	-24,104	-96,725		-120,970
339,126	**994,696**	**406,463**	**0**	**1,740,285**	**Depreciation and impairment losses at 31 December 2006**	**386,254**	**1,248,422**	**485,592**	**0**	**2,120,268**
489,896	**193,828**	**180,206**	**35,255**	**899,185**	**Carrying amount at 31 December 2006**	**723,509**	**400,842**	**237,618**	**64,888**	**1,426,857**

Land and buildings at a carrying amount of DKK 470.1 million have been provided as security for mortgage debt of DKK 635.0 million (2005: DKK 470.4 million and DKK 583.3 million, respectively).

Land and buildings at a carrying amount of DKK 485.6 million have been provided as security for mortgage debt of DKK 652.3 million (2005: DKK 486.2 million and DKK 601.5 million, respectively).

Notes to assets (DKK '000)

Note 23 Property, plant and equipment (continued)

Parent Company						Group				
Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total		Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
829,022	1,188,524	586,669	35,255	2,639,470	Cost at 1 January 2007	1,109,763	1,649,264	723,210	64,888	3,547,125
				0	Exchange adjustment	1,528	5,322	1,638	1,299	9,787
				0	Adjustment of cost, beginning of year		3,250	-791		2,459
				0	Reclassification	2,613	2,027	3	-4,643	0
2,774	52,344	36,178	39,193	130,489	Additions for the year	24,955	77,265	57,515	62,808	222,543
				0	Additions upon acquisition	79,036	128,797	28,899	536	237,268
-68,616	-30,828	-98,205		-197,649	Disposals for the year	-102,885	-44,671	-109,820	-1,883	-259,259
1,832	24,515	7,528	-33,875	0	Transfers for the year	7,093	45,227	9,149	-61,469	0
765,012	**1,234,555**	**532,170**	**40,573**	**2,572,310**	**Cost at 31 December 2007**	**1,122,103**	**1,866,481**	**709,803**	**61,536**	**3,759,923**
339,126	994,696	406,463	0	1,740,285	Depreciation and impairment losses at 1 January 2007	386,254	1,248,422	485,592	0	2,120,268
				0	Exchange adjustment	152	2,489	964		3,605
				0	Adjustment of depreciation, beginning of year	-4	271	-780		-513
				0	Reclassification			-186		-186
9,944	57,614	42,519		110,077	Depreciation for the year	16,753	100,620	59,997		177,370
11,000	50,000	7,505	4,000	72,505	Impairment losses for the year	16,006	63,798	8,467	4,000	92,271
-63,064	-30,579	-74,714		-168,357	Depreciation and impairment of assets sold and discontinued	-67,737	-37,834	-84,342		-189,913
297,006	**1,071,731**	**381,773**	**4,000**	**1,754,510**	**Depreciation and impairment losses at 31 December 2007**	**351,424**	**1,377,766**	**469,712**	**4,000**	**2,202,902**
468,006	**162,824**	**150,397**	**36,573**	**817,800**	**Carrying amount at 31 December 2007**	**770,679**	**488,715**	**240,091**	**57,536**	**1,557,021**

Land and buildings at a carrying amount of DKK 460.7 million have been provided as security for mortgage debt of DKK 734.5 million (2006: DKK 470.1 million and DKK 635.0 million, respectively).

Land and buildings at a carrying amount of DKK 470.7 million have been provided as security for mortgage debt of DKK 751.5 million (2006: DKK 485.6 million and DKK 652.3 million, respectively).

Notes to assets (DKK '000)

Note 24 Financial assets

Parent Company								Group				
Investments in subsidiaries	Investments in associates	Receivable from subsidiaries	Receivable from subsidiaries	Other investments	Other receivables	Total		Investments in associates	Receivables from associates	Other investments	Other receivables	Total
959,875	184,368	0	25,460	2,835	11,394	1,183,932	Cost at 1 January 2006	194,271	25,460	2,900	13,877	236,508
			-796			-796	Exchange adjustment	-4,063	-796		-539	-5,398
40,062	970			55	9,462	50,549	Additions	970		55	9,547	10,572
				-81		-81	Disposals	-1,492		-91	-1,010	-2,593
999,937	185,338	0	24,664	2,809	20,856	1,233,604	Cost at 31 December 2006	189,686	24,664	2,864	21,875	239,089
-13,870	0	0	0	-157	0	-14,027	Revaluations and impairment losses at 1 January 2006	20,138	0	-66	-539	19,533
						0	Exchange adjustment	1,954		59		2,013
-5,734						-5,734	Dividend	-20,902				-20,902
						0	Revaluations and impairment losses on disposals	1,492				1,492
				-19		-19	Revaluations and impairment losses for the year	38,917		-19	539	39,437
-19,604	0	0	0	-176	0	-19,780	Revaluations and impairment losses at 31 December 2006	41,599	0	-26	0	41,573
980,333	185,338	0	24,664	2,633	20,856	1,213,824	Carrying amount at 31 December 2006	231,285	24,664	2,838	21,875	280,662
							Value of goodwill included above	68,861				

Notes to assets (DKK '000)

Note 24 Financial assets (continued)

Parent Company								Group				
Investments in subsidiaries	Investments in associates	Receivable from subsidiaries	Receivable from subsidiaries	Other investments	Other receivables	Total		Investments in associates	Receivables from associates	Other investments	Other receivables	Total
999,937	185,338	0	24,664	2,809	20,856	1,233,604	Cost at 1 January 2007	189,686	24,664	2,864	21,875	239,089
			817			817	Exchange adjustment	6,438	817			7,255
						0	Reclassification	-8,119				-8,119
481,693	389	134,529				616,611	Additions	389		428		817
	-6,496			-262	-10,093	-16,851	Disposals	-13,669		-262	-10,283	-24,214
1,481,630	**179,231**	**134,529**	**25,481**	**2,547**	**10,763**	**1,834,181**	**Cost at 31 December 2007**	**174,725**	**25,481**	**3,030**	**11,592**	**214,828**
-19,604	0	0	0	-176	0	-19,780	Revaluations and impairment losses at 1 January 2007	41,599	0	-26	0	41,573
						0	Exchange adjustment	1,265		-133		1,132
						0	Reclassification	-7,228				-7,228
						0	Dividend	-15,958				-15,958
				192		192	Revaluations and impairment losses on disposals	-1,630		192		-1,438
				-44		-44	Revaluations and impairment losses for the year	32,918		-45		32,873
-19,604	0	0	0	-28	0	-19,632	**Revaluations and impairment losses at 31 December 2007**	50,966	0	-12	0	50,954
1,462,026	**179,231**	**134,529**	**25,481**	**2,519**	**10,763**	**1,814,549**	**Carrying amount at 31 December 2007**	**225,691**	**25,481**	**3,018**	**11,592**	**265,782**
							Value of goodwill included above	**70,297**				

15% of the shares of SIA Cido Grupa recognised have not yet been transferred from the sellers as there is pending ownership litigation. Royal Unibrew is not a party to the litigation and expects the shares to be transferred at no additional costs as the acquisition price of the shares has been deposited in an escrow account to be realised upon transfer of the shares.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Note 25 Significant accounting policies

GENERAL

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies, cf the disclosure requirements for annual reports of listed companies laid down by the Copenhagen Stock Exchange and the Danish Statutory Order on Adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Furthermore, the Annual Report is in compliance with the International Reporting Standards issued by the IASB.

In 2007, IFRS 7 Financial instruments: Disclosures and IAS 1 Amendment - Capital disclosures have been implemented. At the end of 2007, the following standards relevant to the Group with effective dates after 31 December 2007 had been issued: IAS 1 on comprehensive income (effective date 1 January 2009), IFRS 8 Operating segments (effective date 1 January 2009), IAS 23R on borrowing costs (effective date 1 January 2009). These standards have not been implemented early. The implementation of the standards is not expected to affect recognition and measurement but will imply only additional note disclosures. IFRIC 13 on recognition of bonus programmes has been part of the accounting policies used to date.

The Annual Report is presented in DKK.

Some of the no te disclosures required under IFRS are included in Management's Review.

Changes to accounting policies

The accounting policies have not changed from 2006.

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.

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.

Should the fair value of assets and liabilities acquired subsequently show deviation from the values calculated at the time of acquisition, the related goodwill is adjusted until 12 months after the date of acquisition.

Note 25 Significant accounting policies (continued)

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.

Enterprises disposed of are recognised in the consolidated income statement up until the date of disposal. Comparative figures are not restated for newly acquired, sold or wound-up enterprises.

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.

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 directly in equity. Similarly, exchange adjustments arising due to changes made directly in equity of foreign enterprises are recognised directly in equity.

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 directly 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 directly in equity. Income and expenses relating to such hedging transactions are transferred from equity 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

The Company only has leases that are considered 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 offers a share option scheme to the Executive Board and members of the management team (Executive Committee).

The value of the services received in exchange for the granting of options is measured at the fair value of the options.

Equity settled 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.

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.

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. However, where distributed dividend exceeds accumulated earnings after the date of acquisition, the dividend is not recognised in the income statement but is recognised as impairment of the cost of the investment.

Financial income and expenses

Financial income and financial expenses comprise interest, capital gains and losses on securities, 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.

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 as incurred.

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

Buildings, 50 years
Installations, 25 years
Plant and machinery as well as other fixtures and fittings, tools and equipment, 5-8 years
Computer software, 3 years
Leasehold improvements over the term of the lease, max. 10 years
Plastic crates, 10 years
Bottles, 6 years
Kegs, 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 in production costs, sales or distribution expenses or administrative expenses, respectively.

FINANCIAL ASSETS

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. Where cost exceeds the recoverable amount, the investment is written down to its lower recoverable amount.

Cost is written down to the extent that distributed dividend exceeds the accumulated earnings after the date of acquisition.

Note 25 Significant accounting policies (continued)

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 directly in equity 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 equity is transferred to financial income and expenses in the income statement.

Other receivables
Other receivables under financial assets 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.

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.

LIABILITIES
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 financial assets 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.

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.

FINANCIAL RATIOS

The Group's financial ratios have been calculated in accordance with the guidelines issued by the Danish Society of Financial Analysts for 2005.

The financial ratios are explained in the section on financial highlights and key ratios of the Group.


ROYAL
PILSNER
ROYAL
CLASSIC

GROUP STRUCTURE 31 DECEMBER 2007

Segment	Ownership	Currency	Share capital
Western Europe			
Subsidiaries			
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
Faxe Getränke-Vertrieb GmbH, Germany	100.0%	EUR	1,662,000
Maribo Bryghus A/S, Maribo, Denmark	100.0%	DKK	1,805,500
Associates			
Hansa Borg Skandinavisk Holding A/S, Faxe, Denmark	25.0%	DKK	53,577,400
Hansa Borg Holding ASA, Norge	100.0%	NOK	54,600,000
Hansa Borg Bryggerierne ASA, Norge	100.0%	NOK	29,065,000
Nuuk Imeq A/S, Godthåb, Greenland	32.0%	DKK	38,000,000
Eastern Europe			
Subsidiaries			
AB Kalnapilio-Tauro Grupe, Lithuania	99.7%	LTL	62,682,000
SIA "Cido Grupa", Latvia	100.0%	LVL	500,000
Royal Unibrew Polska Sp. z o. o., Poland	100.0%	PLN	106,802,000
Browar Lomza Sp. z o.o., Polen	100.0%	PLN	55,296,000
Lacplesa Alus, Latvia	99.8%	LVL	6,973,346
Livu Alus, Letland	100.0%	LVL	2,000
Associates			
Perla Browary Lubelskie S.A., Poland	48.4%	PLN	1,380,000
Malt and Overseas Markets			
Subsidiaries			
Supermalt UK Ltd., UK	100.0%	GBP	9,700,000
Vitamalt (West Africa) Ltd., England	100.0%	GBP	10,000
Drinktech Holding AG, Switzerland	100.0%	CHF	11,000,000
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
St. Vincent Breweries Ltd., St. Vincent	76.5%	XCD	18,310,000
Antigua Brewery Ltd., Antigua	93.0%	XCD	21,747,075
Antigua PET Plant Ltd., Antigua	75.0%	XCD	1,500,000
Dominica Brewery & Beverages Ltd., Dominica	58.0%	XCD	10,000,000
Royal Unibrew Caribbean Ltd., Puerto Rico	100.0%	USD	200,000
Associates			
Solomon Breweries Limited, Solomon Islands *	35.0%	SBD	21,600,000

* Owned by Drinktech Holding AG, Switzerland

Aktivitet: Production, sales and distribution; Sales and distribution; Holding company; Other activity

MANAGEMENT PROFILES AND DUTIES

We provide below summary CVs of members of the Supervisory and Executive Boards.
Furthermore, under section 107 of the Danish Financial Statements Act, we disclose their management duties with other Danish companies:

MEMBERS OF THE SUPERVISORY BOARD

Steen Weirsøe, CEO (C)
Age: 60. On the Supervisory Board of Royal Unibrew since 1998, Chairman since 2004. MSc (Economics and Busi-ness Administration) in 1973. CEO of F. Junckers Industrier A/S 1983-94. Group Chief Executive of Danisco A/S 1994-99. Since 2000 CEO, Group Managing Director of DT Group a/s. Number of Royal Unibrew shares held: 520.

DT Holding 1 A/S (BM + CEO) including subsidiaries
Guldfeldt Tømrer & Murer A/S (BM)
S. Guldfeldt Nielsen A/S (BM)
Hans Jørgensen & Søn A/S (BM)
JCLI 5253 A/S (BM)
Wolseley Holdings Danmark (BM)

Tommy Pedersen, CEO (DC)
Age: 58. On the Supervisory Board of Royal Unibrew since 1998, Deputy Chairman since 2004. Diploma (Economics - Accounting and Economic Management) in 1976, Diploma (Economics - Organisation and Strategic Planning) in 1981. Employee of Sparekassen Fyn, Bikuben and Bikuben GiroBank A/S, most recently as Executive Bank Manager, 1966-96. Since 1997 CEO of Chr. Augustinus Fabrikker Aktieselskab and Augustinus Fonden. Number of Royal Unibrew shares held: 339.

FMS Holding AF 2004 A/S (C)
Fondsmæglerselskabet af 2004 A/S (C)
Rungsted Sundpark A/S (C)
Skodsborg Sundpark A/S (C)
Brock og Michelsen A/S including subsidiaries (BM)
Ejendomsselskabet Jeudan A/S (BM)
Fair Forsikring A/S (BM)
Fair Invest A/S (BM)
Kommuneforsikring A/S (BM)
Kommmunernes Arbejdsskadeforsikring (BM)
Ole Flensted Holding A/S including subsidiaries (BM)
Peter Bodum A/S (BM)
Pharmacosmos Holding A/S including subsidiaries (BM)
Refshaleøens Ejendomsselskab A/S including subsidiaries (BM)
Skandinavisk Holding A/S (BM)
Skandinavisk Tobakskompagni A/S (BM)
Tivoli A/S (BM)

Henrik Brandt, CEO (BM)
Age: 52. On the Supervisory Board of Royal Unibrew since 1998. On the Supervisory Board of Ferd A/S (Norwegian company) since 2004. MSc (Economics and Business Administration), MBA Stanford University, California. F.L. Schmidt Gruppen 1979-83. Skandinavisk Holding A/S 1985-87. CEO of Kevi A/S 1987-88. Skandinavisk Holding A/S 1988-89. CEO of Fritz Hansens Eft. A/S 1989-92. CEO of Munch Møbler A/S
1989-92. CEO of Skandinavisk Tobakskompagni A/S 1992-99. Managing Director of House of Prince A/S 1992-99. CEO, Group Managing Director of Sophus Berendsen A/S 1999-2002. Since 2003 CEO of Unomedical a/s. Number of Royal Unibrew shares held: 1,000.

Papyro-Tex A/S (C)
Sonion A/S (C)

Ulrik Bülow, CEO (BM)
Age: 54. On the Supervisory Board of Royal Unibrew since 2000. MSc (Economics and Business Administration). Reg. Export Manager of Ferrosan A/S 1979-83. Marketing Manager of Buch + Deichmann A/S 1983-84. CEO of Matas A/S 1984-91. CEO of Egmont Books 1991-98. CEO of Sonofon Holding A/S 1998-2002. CEO of VisitDenmark 2004-2006. Since 2006, CEO of Synoptik Group A/S. Number of Royal Unibrew shares held: 1,000.

Brilleland A/S (C)
Dansk Erhverv (BM)
Egmont Fonden (BM)
Egmont International Holding A/S (BM)

Erik Christensen, Stores Manager
(BM elected by the employees)
Age: 54. On the Supervisory Board of Royal Unibrew since 2002. Motor Mechanic in 1975. Diploma in specialised technical studies in 1987. Motor Mechanic with Pedersen & Nielsen A/S Volvo Lastvogne in Randers, Denmark in the period 1975-80 and Works Manager with same in the period 1980-1988. Stores Manager of Royal Unibrew since 1988. Number of Royal Unibrew shares held: 140.

Jesper Damgaard Frid, Brewery Hand
(BM elected by the employees)
Age: 48. On the Supervisory Board of Royal Unibrew since 2005. Motor Mechanic and Motor Cycle Engineer. Royal Unibrew employee at Ceres since 1991, shop steward since 1993 and senior shop steward since 1995. Number of Royal Unibrew shares held: 78.

Erik Højsholt, Chairman (BM)
Age: 59. On the Supervisory Board of Royal Unibrew since 2004. Diploma (Economics – International Management) from the Århus School of Business 1975. Various positions with Danisco A/S 1965-82, Mercuri International A/S 1982-83, Aarhus Oliefabrik A/S 1983-87, Danmark Protein A/S 1987-91, New Zealand Dairy Board GmbH 1991-95, Arla Foods amba 1995-99. Group CEO of Aarhus Oliefabrik/Aarhus United A/S from 1999 to 2005. Chairman and CEO of Aarhus-Karlshamn AB until May 2006. Number of Royal Unibrew shares held: 830.

R2 Group A/S (C)
Fluxome Sciences A/S (C)
Brdr. Kier A/S including subsidiaries (C)
Brødrene Hartmann A/S (C)
MacMann Berg Group (C)
Vilhelm Kiers Fond (BM)
Hans Schourup A/S (BM)
Good Food Group A/S (BM)
University of Aarhus (BM)

Kirsten Wendelboe Liisberg, Brewery Hand
(BM elected by the employees)
Age: 51. On the Supervisory Board of Royal Unibrew since 2006. Royal Unibrew employee at Albani since 1978, shop steward since 1991 and senior shop steward since 2000. Number of Royal Unibrew shares held: 81.

Hemming Van, CEO (BM)
Age: 52. On the Supervisory Board of Royal Unibrew since 2004. MSc (Economics and Business Administration) from the Copenhagen Business School 1981. Employee of Mærsk Air I/S 1981-82, Director of Daloon Production (UK) Ltd 1982. Since 1989 CEO and majority shareholder of Daloon A/S. Number of Royal Unibrew shares held: 274.

Daloon A/S (CEO and BM)
Easyfood A/S (C)
Easy Production A/S (C)
Easy Holding A/S (CEO + BM)

The supervisory board members elected by the general meeting are up for election every year and the members elected by the employees are up for election every four years.

Abbreviations:

CEO: Chief Executive Officer	C: Chairman
CFO: Chief Financial Officer	DC: Deputy Chairman
	BM: Board Member

EXECUTIVE BOARD

Poul Møller, CEO
Age: 54. MA (Economics) in 1979. MBA 1983. Sales Director of Consumer Products Group SONY Germany GmbH 1990-93, CEO of Consumer Products Group SONY Germany GmbH 1993-94, Country Manager/ CEO of Thomson Consumer Products GmbH 1995-96, European Vice President DAP Philips GmbH, Holland and CEO Philips GmbH, Germany 1996-2002. CEO of Royal Unibrew since June 2002. Number of Royal Unibrew shares held: 21,544.

Royal Copenhagen A/S (C)
Danish Crown AmbA (BM)
Hansa Borg Skandinavisk Holding A/S (BM)
Dansk Retursystem Holding A/S (BM)
Nuuq Imeq A/S (BM)

Connie Astrup-Larsen, Executive Director, Northern Europe
Age: 48. Diploma (Economics – Marketing) 1986. Marketing co-ordinator LEGO A/S 1985-87, International Product Manager TULIP International 1987-89, Marketing Manager of FERTIN 1995-97, Senior Vice President International Marketing/R&D DANDY A/S 1997-1998, Senior Vice President, International Sales and Marketing DANDY A/S 1998-2000, Executive Vice President DANDY A/S 2000-02, CEO of DANDY A/S 2002-2003, International Director of Royal Unibrew since September 2003. Number of Royal Unibrew shares held: 4,460.

EAC A/S (The East Asiatic Company Ltd. A/S) (BM)
LD IK1 (Investeringskomité 1) (BM)
Hansa Borg Skandinavisk Holding A/S (BM)

Povl Friis, Executive Director, Technics and Supply Chain
Age: 51. Dairy Technician in 1980. Dairy Manager of MD Foods, Trifolium Mejeri 1985-86. Center Manager of MD Foods, Greater Copenhagen 1986-87. Center Manager of MD Foods, Sealand 1987-92. Dairy Manager of MD Foods, Brabrand Mejeri 1992-96. Technical Director of Royal Unibrew since 1996. Number of Royal Unibrew shares held: 1,045.

Dansk Retursystem A/S (BM)

Ulrik Sørensen, CFO
Age: 57. MSc (Economics and Business Administration) in 1975. Financial Manager/CEO of DAN (B&W) Shipbuild-ing Services 1981-85. CFO of Chr. Islef & Co. A/S 1985-87. CFO of Danbyg Totalentreprise A/S 1987-93. CFO of Royal Unibrew since 1993. Number of Royal Unibrew shares held: 1,295.

Hansa Borg Skandinavisk Holding A/S (CEO)

ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE A/S 1 JANUARY TO 31 DECEMBER 2007

02 January 2007	01/2007	Share Buy-back at Royal Unibrew A/S
11 January 2007	02/2007	Share Buy-back at Royal Unibrew A/S
23 January 2007	03/2007	Share Buy-back at Royal Unibrew A/S
31 January 2007	04/2007	Share Buy-back at Royal Unibrew A/S
12 February 2007	05/2007	Share Buy-back at Royal Unibrew A/S
15 February 2007	06/2007	Royal Unibrew strengthens its position in Poland through the acquisition of significant regional brewery business
20 February 2007	07/2007	Share Buy-back at Royal Unibrew A/S
01 March 2007	08/2007	Share Buy-back at Royal Unibrew A/S
05 March 2007	09/2007	Announcement of Annual Results 2006
09 March 2007	10/2007	Share Buy-back at Royal Unibrew A/S
03 April 2007	11/2007	Notice convening the Annual General Meeting of Royal Unibrew A/S
30 April 2007	12/2007	Q1 Report 2007
30 April 2007	13/2007	Annual General Meeting of Royal Unibrew - Minutes
15 May 2007	14/2007	Royal Unibrew’s acquisition of 100% of the share capital of Browar Lomza Sp. z o.o. now realised
23 May 2007	15/2007	Reporting according to section 28a of the Danish Securities Trading Act
24 May 2007	16/2007	Reporting according to section 28a of the Danish Securities Trading Act
25 May 2007	17/2007	Reporting according to section 28a of the Danish Securities Trading Act
31 May 2007	18/2007	Share Buy-back under ”Safe Harbour”
01 June 2007	19/2007	Royal Unibrew’s total share capital and voting rights
13 June 2007	20/2007	Share Buy-back at Royal Unibrew A/S
22 June 2007	21/2007	Share Buy-back at Royal Unibrew A/S
02 July 2007	22/2007	Royal Unibrew further strengthens its position in the Caribbean
03 July 2007	23/2007	Share Buy-back at Royal Unibrew A/S
12 July 2007	24/2007	Share Buy-back at Royal Unibrew A/S
23 July 2007	25/2007	Share Buy-back at Royal Unibrew A/S
01 August 2007	26/2007	Share Buy-back at Royal Unibrew A/S
10 August 2007	27/2007	Share Buy-back at Royal Unibrew A/S
21 August 2007	28/2007	Share Buy-back at Royal Unibrew A/S
15 August 2007	29/2007	Royal Unibrew strengthens its position in the Baltic beer market
28 August 2007	30/2007	H1 Report 2007
28 August 2007	31/2007	Reduction of capital and cancellation of treasury shares, amendment of Articles of Association
30 August 2007	32/2007	Share Buy-back at Royal Unibrew A/S
30 August 2007	33/2007	Royal Unibrew’s total share capital and voting rights
10 September 2007	34/2007	Share Buy-back at Royal Unibrew A/S
19 September 2007	35/2007	Share Buy-back at Royal Unibrew A/S
26 September 2007	36/2007	Agreement on sale of property in Vilnius, Lithuania
28 September 2007	37/2007	Share Buy-back at Royal Unibrew A/S
08 October 2007	38/2007	Share Buy-back at Royal Unibrew A/S
15 October 2007	39/2007	Sale of property in Vilnius, Lithuania, finally realised
18 October 2007	40/2007	Share Buy-back at Royal Unibrew A/S
29 October 2007	41/2007	Share Buy-back at Royal Unibrew A/S
07 November 2007	42/2007	Share Buy-back at Royal Unibrew A/S
14 November 2007	43/2007	Q3 Report 2007
16 November 2007	44/2007	Share Buy-back at Royal Unibrew A/S
27 November 2007	45/2007	Reporting according to section 28a of the Danish Securities Trading Act
27 November 2007	46/2007	Share Buy-back at Royal Unibrew A/S
06 December 2007	47/2007	Share Buy-back at Royal Unibrew A/S
07 December 2007	48/2007	Reporting according to section 28a of the Danish Securities Trading Act
12 December 2007	49/2007	Reporting according to section 28a of the Danish Securities Trading Act
17 December 2007	50/2007	Share Buy-back at Royal Unibrew A/S

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