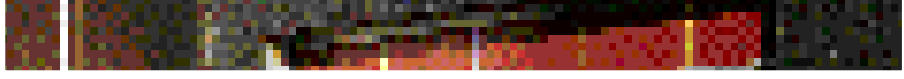




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Record-Breaking Profit for the  
Tenth Successive Year

•

Profit after Tax of DKK 175m  
Equal to 52% Growth

•

Volume Growth Even After Loss  
of Russian Exports

•

Dividend Increase from DKK 3.5  
to DKK 4.5 per Share

## Financial Highlights for The Danish Brewery Group A/S (the Group)

<b>Key Figures (DKK million)</b>	<b>1999</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>	<b>1995</b>
Turnover	<b>2,469.5</b>	2,453.2	2,560.7	2,293.0	2,273.8
Operating profit	<b>168.4</b>	165.5	147.5	136.8	130.6
Financial items, net	<b>57.6</b>	-6.4	-8.0	-10.4	-13.6
Profit before tax	<b>226.1</b>	159.1	139.5	126.4	117.0
Consolidated profit	<b>175.0</b>	115.5	87.4	75.9	64.7
The Danish Brewery Group A/S's share of profit	<b>175.2</b>	115.5	87.4	75.9	64.7
Total assets	<b>1,940.2</b>	1,729.4	1,855.8	1,719.0	1,657.9
Shareholders' equity	<b>684.8</b>	587.7	523.2	555.0	485.3
Total investments	<b>246.0</b>	242.1	182.0	189.9	189.7
Depreciation and write-down	<b>130.6</b>	120.1	131.6	109.4	101.5
Average number of employees	<b>1,282</b>	1,119	1,142	1,096	1,096
<b>Key Ratios (%)</b>					
Operating ratio	6.8	6.7	5.8	6.0	5.7
Return on net assets	10.2	11.0	10.3	9.8	10.0
Asset turnover ratio	1.3	1.4	1.4	1.4	1.4
Return on equity before tax	35.5	28.6	25.9	24.3	25.5
Net return on equity	27.5	20.8	16.2	14.6	14.1
Equity ratio	35.3	34.0	28.2	32.3	29.3
Gearing	71.4	84.4	57.0	67.6	84.6
Return on invested capital	9.0	11.3	9.5	8.3	8.2
The Danish Brewery Group A/S's share of earnings per share (DKK)	28.3	18.7	14.0	12.2	10.4
Cash flow per share (DKK)	38.1	33.3	40.4	36.9	12.8

### Definitions of ratios

Operating ratio	Operating profit as a percentage of turnover.
Return on net assets	Operating profit as a percentage of average operating assets. Operating assets comprise total assets less cash and bank balances, other interest-bearing assets (including shares) and investments in associated undertakings.
Asset turnover ratio	Turnover /total assets at year end.
Return on equity before tax	Profit before tax as a percentage of average equity.
Net return on equity	Consolidated profit after tax as a percentage of average equity.
Equity ratio	Shareholders' equity at year end as a percentage of total liabilities and equity.
Gearing	Net interest-bearing debt at year end as a percentage of shareholders' equity at year end.
Return on invested capital (ROIC)	Operating profit less tax as a percentage of average invested capital (shareholders' equity + net interest-bearing debt +provisions - financial fixed assets).
Earnings per share (DKK)	The Danish Brewery Group A/S's share of earnings / number of shares in circulation.
Cash flow per share (DKK)	Cash flow from operating activities / number of shares in circulation.

## Group Structure at 31 December 1999

<b>Subsidiary undertakings</b>	<b>Investment</b>	<b>Currency</b>	<b>Nominal share capital in DKK '000</b>
Ceres S.p.A., Italy	100%	ITL	400,000
Faxe Getränke-Vertrieb GmbH, Germany	100%	DEM	250
Robert Cain & Company Ltd., UK	100%	GBP	6,000
Centre Nordique d'Alimentation EURL, France	100%	FRF	1,000
The Danish Brewery Group Inc., USA	100%	USD	100
Faxe Polska Sp. z o. o., Poland	100%	PLZ	500
Brewery Group Denmark AB, Sweden	100%	SEK	990
Ceres Produtos Cervejeiros Lda., Portugal	100%	PTE	70,000
Danish Interbrew LTD. A/S, Faxe, Denmark	100%	DKK	3,000
Faxe Kondi A/S, Faxe, Denmark	100%	DKK	500
Aktieselskabet Cerekem International LTD., Faxe, Denmark	100%	DKK	1,000
A/S PSE NR. 2228, Faxe, Denmark	100%	DKK	500
AB Vilniaus Tauras, Lithuania	95%	LTL	7,193
UAB Bartos Prekyba, Lithuania	50%	LTL	1,753
Faxe Vandindvinding I/S, Faxe, Denmark	50%		
<b>Associated undertakings</b>			
Nuuk Imeq A/S, Godthåb, Greenland	24%	DKK	38,000
Ceris SARL, Cape Verde	20%	CVE	207,000
Drinktech Holding AG, Switzerland	50%	CHF	11,000

### Ownership

The following shareholders are subject to section 28b of the Danish Companies Act:

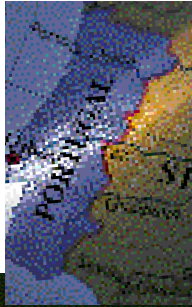
Lønmodtagernes Dyrtingsfond, Copenhagen, Denmark

ATP, Hillerød, Denmark

PFA Pension, Copenhagen, Denmark

# COMPANY STRUCTURE

Portugal:  
Ceres Produtos  
Cervejeiros Lda.



Germany:  
Faxe Getränke-Vertrieb GmbH



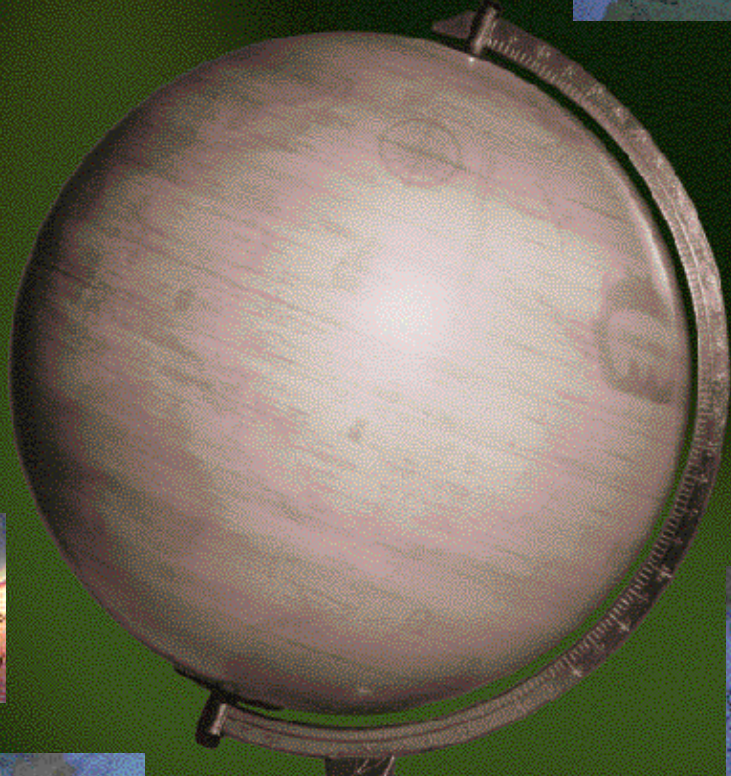
France:  
Centre Nordique  
d'Alimentation EURL



Italy:  
Ceres S.p.A.



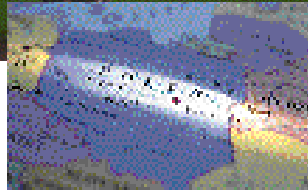
UK:  
Robert Cain &  
Company Ltd.



Lithuania:  
AB Vilniaus Taurus  
UAB Bartos Prekyba



USA:  
The Danish  
Brewery Group Inc.



Poland:  
Faxe Polska Sp. z o.o.



Sweden:  
Brewery Group  
Denmark AB



# Directors' report for The Danish Brewery Group A/S for 1999

## General

The Danish Brewery Group A/S comprises the breweries Faxe, Ceres and Thor as well as Robert Cain in Liverpool and Vilniaus Taurus in Lithuania.

At the Company's ordinary general meeting on 12 May 1999 and the extraordinary general meeting on 15 June 1999, a resolution was passed to realise the planned employee share scheme. Accordingly, in the autumn of 1999, shares of a nominal value of DKK 523,680 were issued to employees at a price of DKK 95 per share of DKK 10. The shares confer the right to receive full dividend for the 1999 financial year. 74 per cent of the Danish employees of the Group exercised their opportunity of subscribing for employee shares.

At a meeting on 28 March 2000, the Board of Directors of The Danish Brewery Group A/S approved an extension of the share option scheme offered to the Management Group of some 30 individuals and a share option scheme for the Management.

During the year, the Company acquired 20,000 of its own shares. The acquisition cost - DKK 4.5 million - has been expensed against equity.

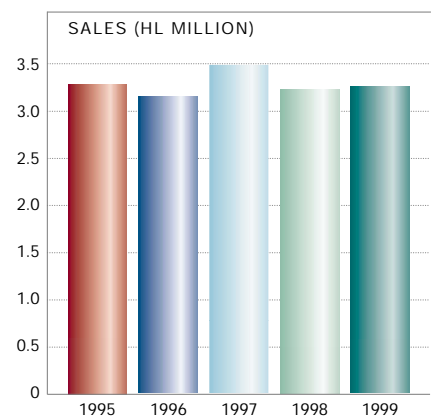
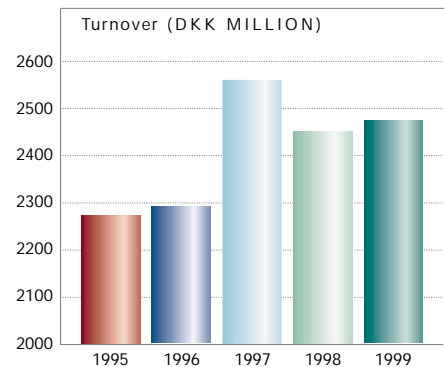
By the end of the first six months of 1999, The Danish Brewery Group A/S entered into an agreement to sell the Company's remaining Schulstad Grup-

pen A/S shares (cf. announcement to the Stock Exchange 6/1999 dated 2 July 1999). The sale of shares is included in the annual accounts.

At 1 July The Danish Brewery Group A/S acquired 50 per cent of the share capital of the Swiss company Drinktech Holding AG through a new issue of shares of CHF 5.5 million (cf. announcement to the Stock Exchange 7/1999 dated 5 July 1999). Through interests in breweries in the Caribbean, Africa and the Pacific, this investment is expected to reinforce the position of The Danish Brewery Group A/S on malt products.

During the autumn, The Danish Brewery Group A/S successively acquired a total of 95.2 per cent of the share capital of the Lithuanian brewery AB Vilniaus Taurus (cf. announcements to the Stock Exchange 9/1999 dated 7 September 1999 and 1/2000 dated 4 January 2000). At year end, the total investment in Vilniaus Taurus shares amounted to some USD 4.8 million. Also in Lithuania, a 50 per cent share of the distribution company UAB Bartos Prekyba, which handles the sale and distribution of the Faxe products in Lithuania (cf. announcement to the Stock Exchange 11/1999 dated 14 October 1999), was acquired.

In accordance with the recommendations of the Copenhagen Stock Exchange, The Danish Brewery Group A/S will pub-





lish as of 2000, in addition to the interim accounts, interim reports for the first 3 and 9 months of the year respectively.

### Results

The turnover for 1999 amounted to DKK 2.5 billion representing a 1 per cent increase from 1998. Sales also increased by 1 per cent amounting to 3.3 million hectolitres. This development was recorded in spite of the loss of the Russian market in August of 1998, which has resulted in an annual reduction of total sales by some 7 per cent.

The Danish Brewery Group A/S reached a profit before tax of DKK 226.1 million for 1999. The figure is affected by the sale of the Company's remaining Schulstad shares (DKK 86 million) and by a write-down of a holding of listed shares (negative effect of DKK 5 million). Furthermore, the implementation of the Group's new IT platform has affected the accounts by DKK 19.2 million more than originally expected.

Adjusted for these three factors, the profit before tax amounts to some DKK 163 million equal to a 12 per cent increase over the 1998 figure adjusted for gains on and write-down of securities. This adjusted profit is higher than the figure expected in the Directors' Report for 1998 but matches the expectations of the interim accounts 1999 and subsequent announcements.

The consolidated profit after tax, amounting to DKK 175 million, represents a 52 per cent increase from 1998 – an increase that is strongly affected by

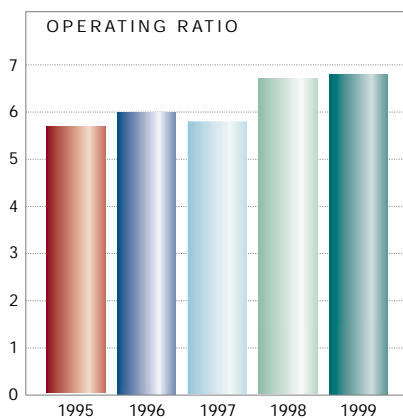
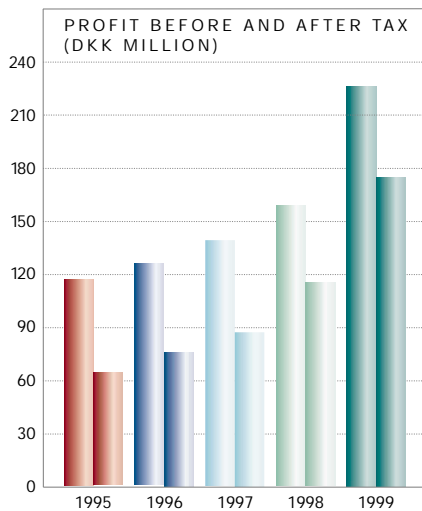
the tax-free net gain on shares.

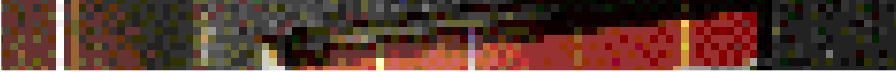
AB Vilnius Taurus and UAB Bartos Prekyba have been included in the consolidated accounts as of 1 September 1999 and 13 October 1999 respectively, whereas Drinktech Holding AG has been included as an associated undertaking as of 1 July 1999. The addition of these companies has affected the profit before tax positively by some DKK 1.3 million.

The operating profit went up from DKK 165.5 million in 1998 to DKK 168.4 million equal to an increase of 2 per cent. Similarly, the operating ratio increased marginally from 6.7 per cent to 6.8 per cent. The development in the operating profit has been positively affected by the continued rationalisation of operations, whereas sales costs and administrative expenses have, as planned, increased significantly from 1998.

The relative increase of sales costs is partly related to Italy, where non-recurring costs have been incurred in connection with the termination of agency agreements, partly to a generally higher level of sales and marketing costs in Denmark due to intensified competition.

The increase of administrative expenses is primarily due to the costs of launching the SAP R/3 standard system, which has since 1 February constituted the IT platform of the parent company and of Robert Cain & Company LTD. The initial phase has been difficult and has, as mentioned, had an unexpected additional effect on the accounts of DKK 19.2 million. The Danish Brewery Group A/S expenses both consulting and





all internal costs relating to the system implementation.

Associated companies affect the accounts positively by DKK 10.7 million – a DKK 1.1 million decrease from 1998. This decrease is attributable to the brewery in Cape Verde – Ceris – of which the Danish Brewery Group A/S holds an interest of 20 per cent.

Net financial expenses went up by some DKK 2 million from 1998 in spite of the sale of the Schulstad shares. This is primarily due to the relatively high level of investment and an unintended increase in the net working capital requirement during parts of the year due to the above-mentioned system implementation.

#### **Taxation**

The Group's tax rate for 1999 amounted to some 23 per cent, which is significantly lower than expected. The reduction, as compared to the expected tax rate of 35 per cent, is primarily due to the net effect of a non-taxable profit from the sale of Schulstad shares and a non-deductible loss on a write-down of listed shares reducing the tax rate by slightly more than 11 percentage points.

#### **Domestic market**

The decline in Danish beer consumption continued in 1999 as a 2 per cent decrease of consumption from 1998 is estimated. However, The Danish Brewery Group A/S's sales increased slightly from 1998 and overall the Group's beer brands have managed to win market shares in 1999. In particular, Faxe beer and the

newly launched "ROYAL" de luxe products – comprising ROYAL EXPORT, ROYAL SELECTION, ROYAL STOUT and ROYAL ALL MALT – have gained significant ground.

The soft drinks market is estimated to have increased by some 2 per cent in 1999. The Danish Brewery Group A/S's total soft drinks sales have increased correspondingly and the total market share on soft drinks has been maintained. The development of Faxe Kondi and Ramlösa has been highly satisfactory, whereas it has been difficult to maintain Pepsi Cola sales in the competitive cola segment.

In general, competition in the Danish market on both beer and soft drinks has further intensified in 1999 both in terms of the use of the price parameter and other sales and marketing efforts. This situation has affected the earnings on both beer and soft drinks.

In total, The Danish Brewery Group A/S sold 1.1 million hectolitres of beer and soft drinks in Denmark in 1999, which represents a 3 per cent increase from 1998.

#### **International activities**

The overall level of international sales in 1999 matched that of 1998 in spite of the Russian foreign exchange crisis in August 1998 putting a stop to the exportation of beer to Russia. Viewed in isolation, the loss of this significant market has resulted in a 10 per cent reduction, approximately, of export volumes in 1999.

Total international sales amounted to 2.2 million hectolitres corresponding to





*The fully automated stock facility at Faxe Brewery was the largest single investment of the Group in 1999. (Photo: Jørgen Bausager)*

a turnover of DKK 1.5 billion. 62 per cent of the turnover is thus attributable to international activities.

The sales of AB Vilniaus Tauras, which was acquired on 1 September 1999, amount to 2 per cent of international sales. In the autumn of 1999, a comprehensive investment programme was launched, partly to improve product quality, partly to increase brewery capacity to 275,000 hectolitres before the start of the peak season in the spring of 2000. Similarly, the work of correlating the distribution systems of AB Vilniaus Tauras og UAB Bartos Prekyba is ongoing.

Drinktech Holding AG, which holds interests in SIAC S.A. Cameroun (37.5%), Solomon Breweries LTD (35.19%), St. Vincent Brewery LTD (20.13%), Banjul Breweries LTD, Gambia (35%) and Antigua Brewery LTD (4.8%), has been included in the accounts as an associated company, and the sales of the above breweries are not included in the sales of The Danish Brewery Group A/S.

In the UK market, Robert Cain & Company LTD achieved considerable sales growth partly due to supplying a UK chain with a private brand, and partly due to satisfactory growth in respect of Cain's own brands.

The positive development of Robert Cain & Company LTD continued in 1999 due to the increased level of activity and continuously improving production efficiency.

In the German market, which is characterised by decreasing beer consump-

tion and keen competition due to considerable excess capacity in a fragmented industry, The Danish Brewery Group A/S's subsidiary succeeded in 1999 in increasing sales significantly due to increased distribution in retailing. Also sales to the retail trade at the German/Danish border have shown satisfactory development.

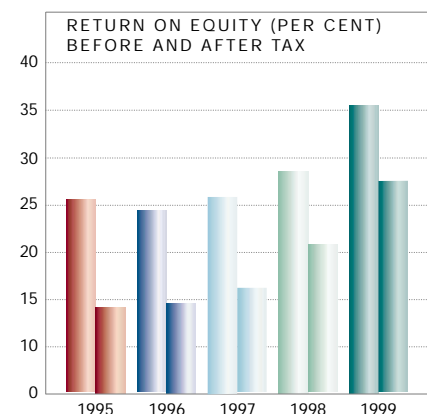
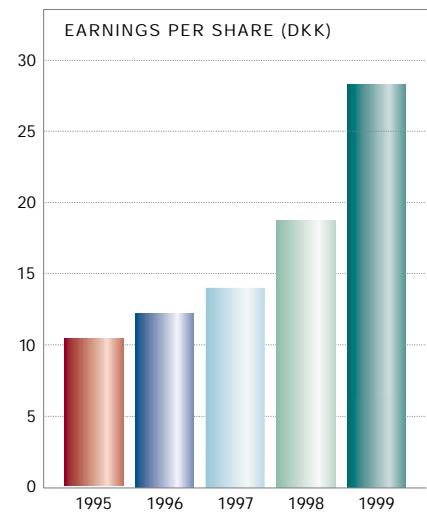
The intensified competition in a stagnant French market has meant in 1999 that also the sales of The Danish Brewery Group A/S have shown a small decline, and the earnings of the subsidiary in France have been declining.

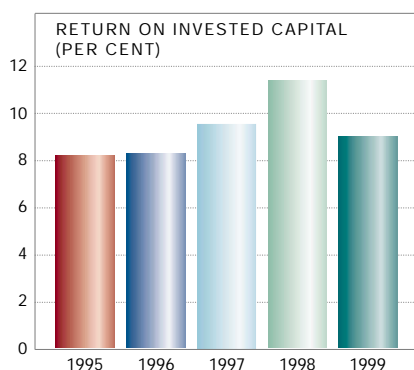
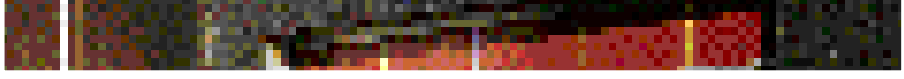
The Danish Brewery Group A/S's subsidiary in Poland has recorded distinctive sales growth in 1999 both due to the general increase in Polish beer consumption and to increased market shares. The earnings of the subsidiary are also developing satisfactorily.

In 1999 sales in Italy were more or less at the 1998 level, whereas earnings were affected by the costs of terminating agency agreements. Considerable resources are still being spent on developing the Company's brand products and on product development. In 1999 X-MAS was introduced in the Italian market with satisfactory results.

The reorganisation in 1998 of the distribution in Sweden, now handled by Åbro Bryggeri AB, has resulted in increased sales of the FAXE products.

In 1999 the development of the Group's malt products was primarily characterised by growth in Africa, where Ghana has entered into a licence agree-





ment for the production and marketing of Vitamalt.

### Balance sheet

The Group's shareholders' equity, totalling DKK 588 million at the end of 1998, amounted to DKK 685 million at the end of 1999 after addition of retained profit for the year less proposed dividend, writing down of 20,000 own shares, reversal of past revaluation of Schulstad shares, translation of the equity of group undertakings and dividend on own shares. Furthermore, the shareholders' equity is affected by a write-down of DKK 47 million in respect of goodwill on consolidation pertaining to the acquisitions made in 1999.

In periods of 1999 the working capital requirement has been higher than the preferable level due to increasing stock levels and outstanding balances resulting from the start-up problems relating to the new IT platform. However, at year end capital tied up in current assets is back at largely the same level as at the end of 1998.

The Company's stand-by cash reserves amount to some DKK 0.6 billion including available, unutilised credit lines of some DKK 0.4 billion.

### Investments

The Group made investments totalling DKK 246 million in 1999, which is at the 1998 level.

The largest single investment was the fully automated stock facility for finished products at the Faxe Brewery, which was

put into operation at the end of the year. The stock facility, which holds 18,000 pallets of beer and soft drinks, was incorporated into day-to-day operations as of the end of 1999. Furthermore, considerable resources have been spent on expanding the water supply to the Faxe Brewery and on enhanced streamlining of the Group's prepacking facilities. In addition, 2 properties adjoining the Ceres Breweries in Aarhus, Denmark have been acquired.

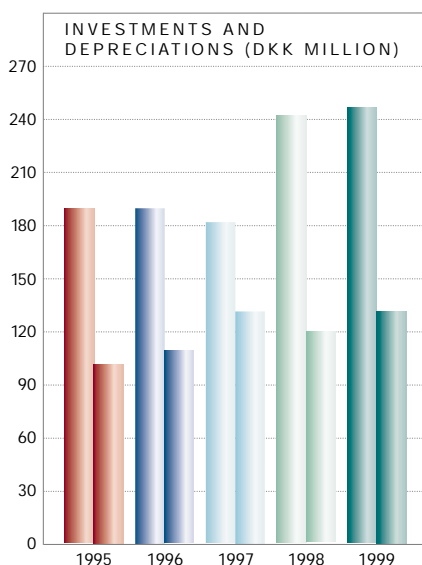
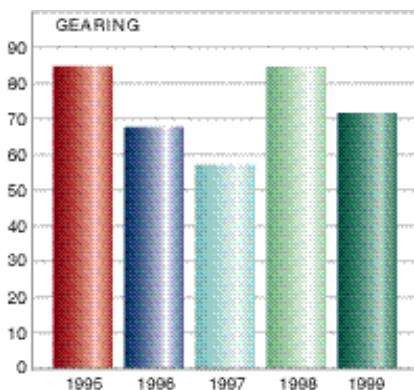
The total brewing capacity of The Danish Brewery Group A/S amounts to 4.7 million hectolitres at the beginning of year 2000.

### Environmental issues

On 16 January 1999 the three Danish breweries obtained environmental certification under the DS/EN ISO 14001: 1996 standard. In August an environmental report was issued in accordance with the EU regulation EEC no. 1836/93 of 29 June 1993 on industrial companies' voluntary participation in a joint Eco-Management and Audit Scheme (EMAS). In future, an annual environmental report will be issued. The Danish Brewery Group A/S is the first Nordic brewery - and among the first breweries in the world - to obtain environmental certification and EMAS registration.

### Information technology (IT)

During the year, considerable resources were spent by the Parent Company and by subsidiaries to ensure a problem-free



millennial change. All significant processes survived the millennial change without any operational failure, and no significant problems are expected to arise at a later stage.

In February 1999 the Group's new SAP R/3 IT platform was launched at the Parent Company and at Robert Cain & Company LTD. More or less all system modules are used by the Group. As previously mentioned, the launching of the system caused considerable difficulties. During the autumn of 1999, a settlement was reached with the implementation partner. The remediation of the identified defects and shortcomings is progressing as planned and will continue up until the end of 2000. In light of this situation, the system implementation at the other subsidiaries has been postponed.

### **Share options**

In 1998 a share option scheme was established for some 30 executives. Over a three-year period the members of the Management Group may, subject to The Danish Brewery Group A/S realising its earnings targets, each achieve the right to purchase up to 1,500 shares. The share options may be exercised in the period from August 2001 to March 2003.

By the end of 1999, each participant in the share option scheme has acquired the right to 1,125 options at an option price of 300, equal to the price at the time of the stock exchange listing in May 1998.

At the board meeting on 28 March 2000, the Board of Directors approved

an additional share option scheme for the Management Group of The Danish Brewery Group A/S based on the financial results achieved in the period from 1999 to 2001.

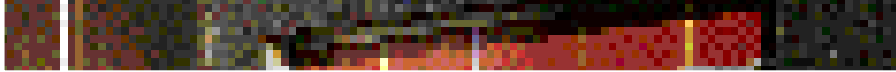
In the event of growth in profit before tax of at least 10 per cent for each year, options to purchase shares at a basic value corresponding to 20 per cent of the annual pensionable salary of the individual executive will be released annually. However, to members of the Management options to purchase shares at a market value of DKK 0.5 million per person will be released. The option price will be fixed as the average of the price 10 trading days after the respective year-end reports. Upon determination of the basic profit before tax in 1999, adjustment will be made for capital gains and extra IT costs in 1999.

The share options may be exercised 3 to 5 years after allotment.

The Company's portfolio of own shares at 31 December 1999 (71,660 shares) is expected to be utilised for the purpose of the option schemes. The portfolio will be increased in order for the option commitments of The Danish Brewery Group A/S to be met by the portfolio of own shares at all times.

### **Financial exposure**

Through its exports and purchases of raw and bottling materials, The Danish Brewery Group A/S is exposed to currency risks as 60 per cent of sales are invoiced in foreign currencies, primarily EURO-related currencies (ITL, DEM



and FRF) and USD, whereas some 30 per cent of purchases are denominated in SEK and relate to purchase of packaging, etc. In accordance with its currency policy, the Company seeks to hedge current and budgeted net transaction risks within a period of between 6 and 18 months. In relation to ITL, the existing commission agreement with Tulip International A/S works partly as hedging of the currency exposure.

The value of the Company's share interests in foreign subsidiaries also constitutes a currency exposure. In the case of subsidiaries with considerable net assets, this transaction risk is hedged by matching loans in the foreign currency in question.

Computed as the volatility of the Company's annual interest payments due to interest rate changes, the interest rate exposure amounts to some +/- DKK 1.5 million in the event of a 1 per cent interest rate change.

In addition to affecting the Company's costs of funding, interest rate changes affect the required return on total assets; accordingly, interest rate exposure will affect the Company's market capitalisation through changed valuation of assets and liabilities. The Danish Brewery Group A/S prepares regular analyses of the relationship between the maturity period of the assets and the financing structure to enable a reduction of the interest rate exposure.

#### **Commission in Italy**

In 1999 The Danish Brewery Group A/S

paid commission of DKK 45 million on the sales in Italy to Tulip International A/S. This commission, which has in recent years' stable currency situation been at the level of DKK 45 million to DKK 50 million, will cease at 1 October 2001. At that time, the earnings of The Danish Brewery Group A/S will, assuming an unchanged EURO/DKK rate and stable market conditions, be positively affected.

#### **The future**

Beer consumption in Denmark is expected to continue decreasing at the 1999 rate in 2000. However, the soft drinks market is expected to show a positive trend in the coming year matching the 1999 level. In general, the Danish market will be characterised by excess capacity resulting in keen competition.

International sales in 2000 will be characterised partly by the termination of the duty-free trade within the EU in mid 1999, which is expected to reduce the sales outside Denmark by some 4 per cent from 1999, partly by AB Vilniaus Taurus being included in The Danish Brewery Group A/S for the full financial year, which is estimated to result in a 10 per cent increase, approximately, of international sales in 2000. In addition, increasing malt drinks sales are expected - especially relating to licence production in Africa - as well as increasing beer exports.

Total group sales for 2000 are expected to be above the 1999 level; however, as a considerable portion of the growth

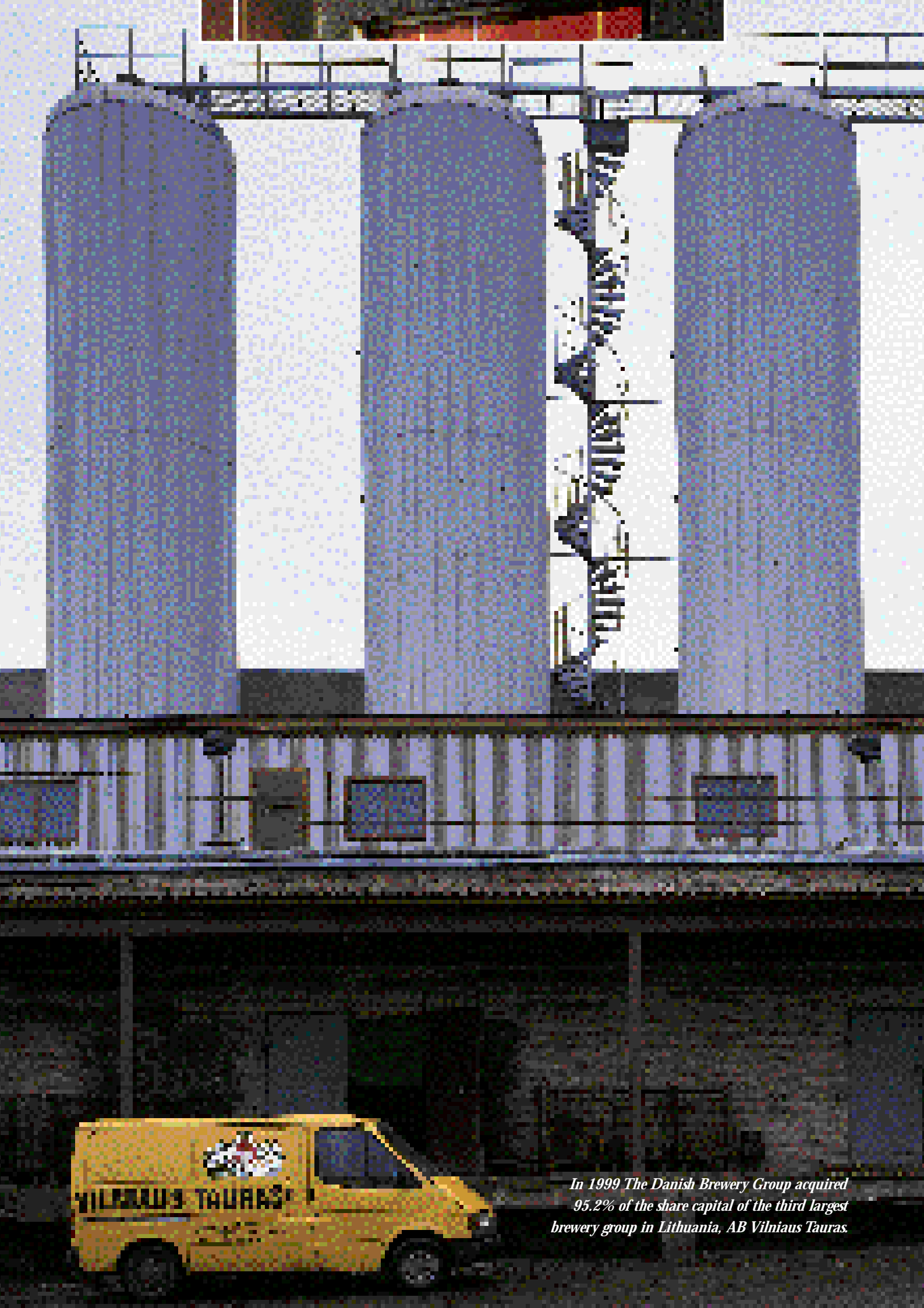
will be derived from malt drinks produced on licence and from the products of AB Vilniaus Taurus, the effect on operating profit will be smaller, in relative terms, than the sales increase. In the first months of 2000, sales have been lower than anticipated. The profit before tax for 2000 is expected to amount to DKK 160 to 180 million.

The expected profit before tax includes an estimated commission payment of some DKK 45 million to Tulip International, corresponding to the level of recent years. The commission payment is expected to stay at the same level, more or less, throughout the remaining term of the contract up until 30 September 2001. After this date, the Company's profit before tax is expected - other things being equal - to increase by some DKK 45 million on an annual basis.

The tax rate for 2000 is expected to equal some 35 per cent without taking into account any tax-free gains on or non-deductible write-down of securities.

Investments for the future year are estimated at some DKK 160 million, including a budgeted amount of some DKK 20 million for capacity expansion and quality assurance of AB Vilniaus Taurus.





*In 1999 The Danish Brewery Group acquired 95.2% of the share capital of the third largest brewery group in Lithuania, AB Vilniaus Taurus.*

# SIGNIFICANT ACCOUNTING POLICIES

The annual accounts comprise the profit and loss accounts and balance sheets, including notes, of The Danish Brewery Group A/S and the Group.

The annual accounts have been prepared in accordance with the Danish Company Accounts Act and with current Danish accounting standards 1-12. The accounting policies applied are consistent with last year.

The comparative figures, financial highlights and key ratios for 1995 to 1997 have been prepared on the basis of the pro forma accounts of the companies merged at 1 January 1998, i.e. Jyske Bryg Holding A/S, the former Brewery Group Denmark A/S, Faxe Bryg Holding A/S and Rolink A/S included in the prospectus of April 1998.

## **Basis of Consolidation**

The consolidated accounts comprise the accounts of The Danish Brewery Group A/S (the Parent Company) and the undertakings in which the Parent Company directly or indirectly holds more than 50 per cent of the voting rights or otherwise exercises a controlling interest (subsidiary undertakings).

The consolidated accounts are prepared on the basis of the annual accounts of the Parent Company and its subsidiary undertakings by combining items of an identical nature. Intercompany sales, unrealised intercompany profits, intercompany shareholdings and

balances are eliminated.

Newly established or acquired subsidiary undertakings are included in the consolidated accounts from the time of acquisition. Any difference between acquisition cost and the companies' net book value at the time of acquisition, following an adjustment of the individual assets and liabilities to fair value, is charged directly to equity.

## **Translation of Foreign Currencies**

The profit and loss accounts of foreign subsidiary and associated undertakings are translated into Danish kroner at average exchange rates for the year, whereas the balance sheet is translated using the rates of exchange ruling at the balance sheet date. The adjustment of foreign subsidiary and associated undertakings' shareholders' equity at the beginning of the year to year-end rates is charged to equity. Where the shareholders' equity of foreign subsidiary undertakings has been covered against exchange risks by forward contracts, exchange rate gains and losses are also charged to equity.

Transactions in foreign currencies are translated into Danish kroner at the exchange rates ruling at the date of transaction. Debtors and creditors denominated in foreign currencies (open transactions) are translated into Danish kroner at the official exchange rates ruling at the balance sheet date. Where related or matching forward contracts have been

entered into, translation is based on the rates of exchange specified in such contracts. Gains and losses on such translation are included in the profit and loss account.

Unrealised gains or losses on forward contracts concluded to cover against exchange risks on future sales or purchases are deferred until the sale or purchase in question is realised.

## **Turnover**

Revenue from the sale of goods is included in the profit and loss account when invoiced. Turnover includes excise duties on beer and mineral water.

## **Research and Development Costs**

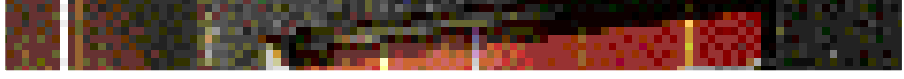
Research and development costs are expensed as incurred.

## **Income from Investments in Subsidiary and Associated Undertakings**

Shares of the profits before tax of subsidiary and associated undertakings adjusted for unrealised intercompany profits are included in the Parent Company profit and loss account. Shares of the tax computed in subsidiary and associated undertakings are expensed under "Tax on the profit for the year".

## **Corporation Tax and Deferred Tax**

The Parent Company is jointly taxed with wholly-owned Danish subsidiary undertakings and with certain foreign



subsidiary undertakings. Current and deferred corporation tax computed for the jointly taxed undertakings is provided for in the accounts of the Parent Company, which pays the total corporation tax due on taxable income for the year for all the companies. The jointly taxed companies are subject to the on-account taxation scheme.

Tax charged to the profit and loss account includes both the estimated tax charge on the taxable income for the year and any changes in deferred tax stated under the liability method.

The corporation tax included in the balance sheet represents the actual tax payable on the taxable income for the year less tax payments on account.

Provisions for deferred tax represent the tax value calculated on temporary differences between the book value and the tax value of the assets and liabilities at the balance sheet date.

**Tangible Fixed Assets**

Land and buildings are stated at acquisition cost less accumulated depreciation and write-downs. A few properties have, however, been written down to estimated market value.

Other fixed assets are stated at acquisition cost less depreciation and write-downs.

The item "Other installations, operating equipment and fixtures" includes current stocks of returnable bottles, plastic crates and kegs stated at deposit price at the time of acquisition. The amount in excess of deposit price of newly pur-

chased plastic crates and kegs is stated at acquisition cost less depreciation and write-downs. The obligation to repurchase returnable packaging in circulation for which a deposit has been paid is stated under "Additional information".

Operating equipment, other than serving equipment, acquired for less than DKK 25,000 and the amount in excess of deposit price of newly purchased returnable bottles are fully expensed in the year of acquisition.

**Depreciation is provided under the straight-line method over the service lives of the assets, which are:**

	Years
Buildings (excluding installations) . . .	50
Installations . . . . .	25
Capitalised financing costs, under the straight-line method over the term to maturity of the loans, max. . .	20
Technical installations and machinery, other installations, operating equipment and fixtures . . .	5-8
Computer software . . . . .	3
Leasehold improvements, under the straight-line method over the term of the lease, max. . . . .	10
Amount in excess of deposit price of newly purchased plastic crates . . . .	10
Amount in excess of deposit price of newly purchased kegs . . . . .	5

**Financial Fixed Assets**

Investments in subsidiary undertakings and associated undertakings are stated under the equity method. The Group's share of such undertakings' profits before

tax adjusted proportionately for unrealised intercompany profits is included in "Income from investments in subsidiary and associated undertakings" in the profit and loss account, whereas the related tax amount is included in "Tax on the profit for the year".

The non-distributed portion of such shares of profits is allocated to reserve for net revaluation under the equity method.

Goodwill, including goodwill on consolidation, is expensed against equity.

In the balance sheet, investments are stated at the proportionate share of the book value of such undertakings less unrealised intercompany profits. Undertakings showing a negative net equity are stated at DKK 0. The proportionate share corresponding to the negative value is set off against any outstanding accounts or included in provisions.

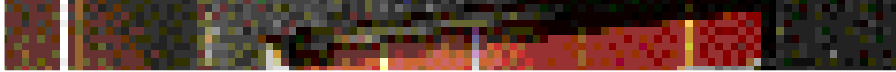
Other amounts due are stated at cost or an estimated lower value at the balance sheet date.

**Stocks**

Stocks are stated at the lower of acquisition or production cost calculated under the FIFO method and the net realisable value of individual product groups.

The acquisition cost of raw materials, consumables and purchased finished goods comprises invoiced prices plus costs directly attributable to the acquisition.

The cost of work in progress and finished goods comprises the cost of materials and labour plus production overheads.

**Debtors**

Debtors are stated on the basis of individual assessments.

**Own shares**

Own shares are expensed against equity upon acquisition. Consideration received upon the disposal of own shares and dividends received are also taken directly to equity.

**Securities**

Listed securities are stated at the lower of cost and market value, or at another lower estimated value.

Unlisted securities are stated at book value.

Realised gains and unrealised losses are included in financial items in the profit and loss account. Unrealised gains are included in revaluation reserve under equity.

**Liabilities**

Liabilities are stated at nominal value.

**Statement of Cash Flows**

The consolidated statement of cash flows is presented under the indirect method based on the profit for the year. The statement shows cash flows for the year, the net movement in cash and cash equivalents for the year and the cash and cash equivalents held by the Group at the beginning and end of the year.

Cash flow from operating activities comprises profit for the year adjusted for non-cash operating items, change in working capital, financial income, finan-

cial expenses, and corporation taxes paid.

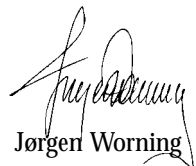
Cash flow from investing activities comprises the acquisition and sale of tangible and financial fixed assets and dividends paid by associated undertakings. Acquisition prices are stated inclusive of acquisition costs and sales prices after deduction of transaction costs.

Cash flow from financing activities comprises the proceeds from and the repayment of principal on mortgage loans and other long-term debt, movements in current maturities of long-term loans, change in short-term bank loans, and dividends paid to the owners of the Parent Company.

Cash and cash equivalents correspond to the marketable securities and cash and bank balances included in the balance sheet.

Faxe, 28 March 2000

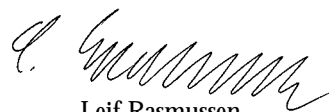
Management



Jørgen Worning  
Managing Director



Povl Friis  
Technical Director

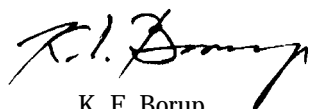


Leif Rasmussen  
Sales and Marketing Director



Ulrik Sørensen  
Finance Director

Board of Directors



K. E. Borup  
Chairman



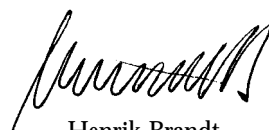
Palle Rosenkilde  
Deputy Chairman




Bo Andersen



Holger Bagger-Sørensen



Henrik Brandt



Kim Kristensen



Tommy Pedersen

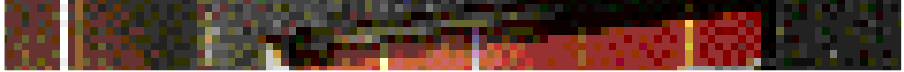


Steen Weirsø



Bent Ølgod





# Auditors' report

We have audited the consolidated accounts and the annual accounts of The Danish Brewery Group A/S for 1999 as presented by the Board of Directors and the Management.

## **Basis of Opinion**

We have planned and performed our audit in accordance with generally accepted auditing standards to obtain reasonable assurance that the accounts are free of material errors or omissions.

Our audit included, based on an assessment of materiality and risk, an examination of the basis and evidence supporting the amounts and other disclosures in the accounts. Furthermore, we have assessed the accounting policies selected and estimates made by the Board of Directors and the Management as well as evaluated the overall adequacy of the information disclosed in the accounts.

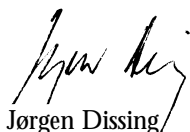
Our audit did not give rise to any qualifications.

## **Opinion**

In our opinion, the consolidated accounts and the annual accounts have been prepared in accordance with the accounting provisions of Danish legislation and give a true and fair view of the assets and liabilities, the financial position and the result for the year of the Group and the Parent Company.

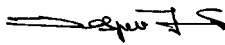
Faxe, 28 March 2000

PricewaterhouseCoopers



Jørgen Dissing

State-Authorised Public Accountants



Jesper Lund

Ernst & Young

Statsautoriseret Revisionsaktieselskab



Bent Grønbæk

State-Authorised Public Accountant

## Profit and Loss Account for 1999 (DKK '000)

The Danish Brewery Group A/S			The Group	
1998	1999	Note	1999	1998
1,849,927	<b>1,862,220</b>	<b>1</b> Turnover	<b>2,469,484</b>	2,453,201
-990,719	<b>-942,177</b>	<b>2</b> Production costs	<b>-1,027,507</b>	-1,117,811
-156,583	<b>-165,439</b>	Beer and mineral water excises	<b>-441,627</b>	-414,785
<b>702,625</b>	<b>754,604</b>	<b>Gross profit</b>	<b>1,000,350</b>	<b>920,605</b>
-460,009	<b>-504,659</b>	<b>2</b> Sales and distribution costs	<b>-702,183</b>	-642,751
-103,575	<b>-116,264</b>	<b>2</b> Administrative expenses	<b>-134,442</b>	-119,413
2,221	<b>634</b>	Other operating income	<b>6,498</b>	7,139
-60	<b>-1,805</b>	Other operating expenses	<b>-1,805</b>	-125
<b>141,202</b>	<b>132,510</b>	<b>Operating profit</b>	<b>168,418</b>	<b>165,455</b>
31,547	<b>41,167</b>	<b>3</b> Income from investments in subsidiary and associated undertakings	<b>10,675</b>	11,845
23,866	<b>85,964</b>	Income from sale of securities	<b>85,964</b>	23,866
9,537	<b>7,004</b>	<b>4</b> Other financial income	<b>5,767</b>	11,719
-10,053	<b>-5,006</b>	Write-down of securities	<b>-5,006</b>	-10,053
-36,997	<b>-35,351</b>	<b>5</b> Financial expenses	<b>-39,757</b>	-43,730
<b>159,102</b>	<b>226,288</b>	<b>Profit before tax</b>	<b>226,061</b>	<b>159,102</b>
-43,627	<b>-51,053</b>	<b>6</b> Tax on the profit for the year	<b>-51,041</b>	-43,627
<b>115,475</b>	<b>175,235</b>	<b>Consolidated profit</b>	<b>175,020</b>	<b>115,475</b>
0	<b>0</b>	Minority interests' share of profit	<b>215</b>	0
<b>115,475</b>	<b>175,235</b>	<b>Profit for the year</b>	<b>175,235</b>	<b>115,475</b>
		<b>Proposed distribution for the year:</b>		
	<b>27,944</b>	Dividend for the year		
	<b>4,693</b>	Reserve for net revaluation under the equity method		
	<b>142,598</b>	Retained profit		
	<b>175,235</b>	<b>Total distribution</b>		

## Assets at 31 December 1999 (DKK '000)

The Danish Brewery Group A/S			The Group	
1998	1999	Note	1999	1998
<b>FIXED ASSETS</b>				
357,700	<b>453,740</b>		<b>504,955</b>	385,264
328,044	<b>363,760</b>		<b>405,787</b>	350,149
211,623	<b>240,067</b>		<b>267,436</b>	226,691
301	<b>175</b>		<b>175</b>	301
70,470	<b>10,011</b>		<b>12,420</b>	73,255
<b>968,138</b>	<b>1,067,753</b>		<b>1,190,773</b>	<b>1,035,660</b>
83,516	<b>112,195</b>		<b>0</b>	0
8,700	<b>16,281</b>		<b>48,337</b>	39,216
4,212	<b>4,298</b>		<b>5,356</b>	6,618
<b>96,428</b>	<b>132,774</b>		<b>53,693</b>	<b>45,834</b>
<b>1,064,566</b>	<b>1,200,527</b>	<b>7</b>	<b>1,244,466</b>	<b>1,081,494</b>
<b>CURRENT ASSETS</b>				
50,571	<b>56,314</b>		<b>63,929</b>	55,257
5,686	<b>10,605</b>		<b>14,102</b>	6,711
49,027	<b>68,854</b>	<b>8</b>	<b>95,939</b>	75,303
<b>105,284</b>	<b>135,773</b>		<b>173,970</b>	<b>137,271</b>
104,706	<b>115,667</b>		<b>336,909</b>	291,018
118,385	<b>127,111</b>		<b>0</b>	0
0	<b>0</b>		<b>2,570</b>	0
83,665	<b>25,710</b>		<b>19,976</b>	83,300
4,707	<b>8,679</b>		<b>10,600</b>	4,889
<b>311,463</b>	<b>277,167</b>		<b>370,055</b>	<b>379,207</b>
<b>45,645</b>	<b>5,395</b>		<b>5,395</b>	<b>45,645</b>
<b>28,960</b>	<b>97,331</b>		<b>146,314</b>	<b>85,783</b>
<b>491,352</b>	<b>515,666</b>		<b>695,734</b>	<b>647,906</b>
<b>1,555,918</b>	<b>1,716,193</b>		<b>1,940,200</b>	<b>1,729,400</b>

## Liabilities and Shareholders' Equity at 31 December 1999 (DKK '000)

The Danish Brewery Group A/S			The Group	
1998	1999	Note	1999	1998
<b>SHAREHOLDERS' EQUITY</b>				
62,292	<b>62,815</b>		<b>62,815</b>	62,292
43,435	<b>47,886</b>		<b>47,886</b>	43,435
4,247	<b>0</b>		<b>0</b>	4,247
0	<b>4,693</b>		<b>5,393</b>	4,720
477,747	<b>569,380</b>		<b>568,680</b>	473,027
<b>587,721</b>	<b>684,774</b>	<b>10</b>	<b>684,774</b>	<b>587,721</b>
<b>0</b>	<b>0</b>		<b>2,349</b>	<b>0</b>
<b>587,721</b>	<b>684,774</b>		<b>687,123</b>	<b>587,721</b>
<b>PROVISIONS</b>				
1,859	<b>1,802</b>		<b>1,802</b>	1,978
190,642	<b>212,011</b>	<b>6</b>	<b>214,755</b>	190,642
13,500	<b>6,875</b>		<b>16,500</b>	13,500
<b>206,001</b>	<b>220,688</b>		<b>233,057</b>	<b>206,120</b>
<b>LIABILITIES</b>				
250,636	<b>243,138</b>	<b>11</b>	<b>251,510</b>	250,636
231,684	<b>235,720</b>		<b>235,718</b>	231,684
113	<b>0</b>		<b>0</b>	113
<b>482,433</b>	<b>478,858</b>		<b>487,228</b>	<b>482,433</b>
13,266	<b>18,030</b>	<b>11</b>	<b>18,030</b>	13,266
0	<b>26,132</b>		<b>129,953</b>	86,469
121,831	<b>108,873</b>		<b>164,949</b>	163,009
5,699	<b>12,032</b>		<b>0</b>	0
1,869	<b>0</b>		<b>0</b>	1,869
0	<b>0</b>		<b>0</b>	0
67,709	<b>64,757</b>		<b>116,153</b>	112,142
47,587	<b>74,105</b>		<b>75,763</b>	54,569
21,802	<b>27,944</b>		<b>27,944</b>	21,802
<b>279,763</b>	<b>331,873</b>		<b>532,792</b>	<b>453,126</b>
<b>762,196</b>	<b>810,731</b>		<b>1,020,020</b>	<b>935,559</b>
<b>1,555,918</b>	<b>1,716,193</b>		<b>1,940,200</b>	<b>1,729,400</b>
		<b>13</b>		
		<b>14</b>		

## Consolidated Statement of Cash Flows (DKK '000)

Note	1999	1998
Profit for the year	175.235	115.475
Minority interests' share of profit	-215	0
12 Adjustments	117.828	163.359
Change in working capital:		
+/- change in debtors	6.181	-1.775
+/- change in stocks	-28.334	19.286
+/- change in creditors and other liabilities	9.074	-18.536
<b>Cash flow from operating activities before financial items</b>	<b>279.769</b>	<b>277.809</b>
Financial income	5.192	13.281
Financial expenses	-39.580	-43.730
<b>Cash flow from ordinary activities</b>	<b>245.381</b>	<b>247.360</b>
Corporation tax paid	-8.818	-39.947
<b>Cash flow from operating activities</b>	<b>236.563</b>	<b>207.413</b>
Acquisition of financial fixed assets	-25.715	-1.055
Sale of tangible fixed assets	8.079	45.550
Acquisition of tangible fixed assets	-246.046	-242.079
Sale of business	0	5.000
12 Acquisition of business	-38.367	-28.563
Dividends from associated undertakings	6.812	2.797
Sale of securities	116.961	220
<b>Cash flow from investing activities</b>	<b>-178.276</b>	<b>-218.130</b>
Proceeds from long-term loans	3.559	0
Repayment of long-term loans	-15.112	-9.757
Dividends paid	-21.631	-120.170
Payment for Rolink A/S shares	0	-50.810
Acquisition of own shares	-4.491	-15.037
Issue of employee shares	4.974	0
Change in short-term bank loans and overdrafts	34.491	-19.162
<b>Cash flow from financing activities</b>	<b>1.790</b>	<b>-214.936</b>
<b>Change in cash and cash equivalents</b>	<b>60.077</b>	<b>-225.653</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>85.783</b>	<b>312.998</b>
Currency translation adjustment	454	-1.562
<b>Cash and cash equivalents at year end</b>	<b>146.314</b>	<b>85.783</b>



## Notes to Profit and Loss Account (DKK '000)

**Note 1** Geographical distribution of group turnover:

	1999		1998	
	DKK '000	% share	DKK '000	% share
Domestic market	932,911	37.8	924,446	37.7
Export markets	1,536,573	62.2	1,528,755	62.3
<b>Total</b>	<b>2,469,484</b>	<b>100.0</b>	<b>2,453,201</b>	<b>100.0</b>

**Note 2** The total wages, salaries, staff expenses, etc. paid by The Danish Brewery Group A/S and the Group amount to, respectively, some DKK 290,519,000 and some DKK 352,425,000. The expenses are included in production, sales and distribution costs and administrative expenses and may be specified as follows:

	The Danish Brewery Group A/S		The Group	
	1999	1998	1999	1998
Wages and salaries	258,535	254,963	315,324	308,941
Remuneration of the Management of the Parent Company	7,047	6,939	7,047	6,939
Remuneration of Board of Directors	1,320	1,192	1,320	1,192
Contribution to pension schemes	13,058	9,145	14,108	11,986
Other social security costs	2,903	3,384	4,610	6,273
Other staff expenses	7,656	7,626	10,016	11,866
<b>Total</b>	<b>290,519</b>	<b>283,249</b>	<b>352,425</b>	<b>347,197</b>
Average number of employees	926	939	1,282	1,119

Total depreciation of tangible fixed assets for The Danish Brewery Group A/S and the Group amounts to, respectively, some DKK 119,345,000 and some DKK 130,570,000. Depreciation is included in the following items in the profit and loss account:

	The Danish Brewery Group A/S		The Group	
	1999	1998	1999	1998
Production costs	92,556	94,165	98,197	101,353
Sales and distribution costs	21,030	13,343	26,621	17,029
Administrative expenses	5,759	2,230	5,752	2,670
Other operating income		-1,000		-1,000
<b>Total</b>	<b>119,345</b>	<b>108,738</b>	<b>130,570</b>	<b>120,052</b>

## Notes to Profit and Loss Account (DKK '000)

**Note 3** Income from investments in subsidiary undertakings before tax:

	The Danish Brewery Group A/S		The Group	
	1999	1998	1999	1998
Profits in subsidiary undertakings	43,669	37,294	-	-
Losses in subsidiary undertakings	-1,013	-5,493	-	-
Net change in unrealised profits	-1,238	78	-	-
	<b>41,418</b>	<b>31,879</b>	-	-
Associated undertakings	-251	-332	10,675	11,845
<b>Total</b>	<b>41,167</b>	<b>31,547</b>	<b>10,675</b>	<b>11,845</b>

**Note 4** Other financial income:

In 1999, other financial income includes some DKK 1,928,000 relating to subsidiary undertakings compared to some DKK 1,337,000 in 1998.

**Note 5** Financial expenses:

In 1999, financial expenses include some DKK 257,000 relating to subsidiary undertakings compared to some DKK 115,000 in 1998.

**Note 6** Tax on the profit for the year amounts to some DKK 51,041,000 comprising:

	1999	1998
Tax on the taxable income for the year	17,141	17,423
Adjustment, previous year	2,870	-935
Provision for deferred tax in Parent Company	21,369	30,541
Adjustment of deferred tax computation from 34% to 32%	-	-11,788
Corporation tax, etc. in subsidiary and associated undertakings	9,661	8,386
<b>Total</b>	<b>51,041</b>	<b>43,627</b>

The Parent Company has paid taxes amounting to some DKK 150,000 during the year. The taxes paid by the other group companies amount to some DKK 8,668,000. At 31 December 1999, deferred taxes total some DKK 214.8 million, including DKK 212.0 million for the Parent Company.

The difference between the realised tax percentage of 23% and the estimated tax percentage of 35% is attributable to non-taxable financial income.

## Notes to Assets (DKK '000)

### Note 7 Tangible fixed assets

#### The Danish Brewery Group A/S

	Land and buildings	Technical instal. and machinery	Other instal., operating, equip. and fixtures	Leasehold improvements	Tangible fixed assets under construction	Total
Cost at 1 January 1999	507,272	727,269	458,938	5,131	70,470	1,769,080
Additions during the year	84,438	69,992	64,663	0	6,895	225,988
Disposals during the year	-5,903	0	-37,357	-152	0	-43,412
Transferred to/from other items	29,021	38,333	-4,750	0	-67,354	-4,750
<b>Cost at 31 December 1999</b>	<b>614,828</b>	<b>835,594</b>	<b>481,494</b>	<b>4,979</b>	<b>10,011</b>	<b>1,946,906</b>
Depreciation and write-down at 1 January 1999	149,572	399,225	247,315	4,830	0	800,942
Depreciation for the year	13,011	72,609	33,599	126	0	119,345
Depreciation and write-down eliminated on assets sold and discontinued	-1,495	0	-34,737	-152	0	-36,384
Transferred to/from other items	0	0	-4,750	0	0	-4,750
<b>Depreciation and write-down at 31 December 1999</b>	<b>161,088</b>	<b>471,834</b>	<b>241,427</b>	<b>4,804</b>	<b>0</b>	<b>879,153</b>
<b>Book value at 31 December 1999</b>	<b>453,740</b>	<b>363,760</b>	<b>240,067</b>	<b>175</b>	<b>10,011</b>	<b>1,067,753</b>

According to the latest official assessment for property tax purposes at 1 January 1999, the value of the properties aggregated DKK 285.6 million (cash property value).

Capitalised mortgaging costs amounting to DKK 25.3 million are included in land and buildings (1998: DKK 20.0 million) (Parent Company/Group). Land and buildings at a book value of DKK 426.4/445.1 million have been provided as security for mortgage loans of DKK 261.2/269.5 million. (Parent Company/Group).

## Notes to Assets (DKK '000)

### Note 7 Tangible fixed assets contd.

The Group	Land and buildings	Technical instal. and machinery	Other instal., operating equip. and fixtures	Leasehold improvements	Tangible fixed assets under construction	Total
Cost at 1 January 1999	538,260	778,250	489,903	5,131	73,255	1,884,799
Currency translation adjustment	3,974	6,536	1,988		358	12,856
Additions upon acquisitions	19,454	15,589	6,909	0	1,932	43,884
Additions during the year	86,275	77,319	74,809	0	8,350	246,753
Disposals during the year	-5,903	-91	-40,468	-152		-46,614
Transferred to/from other items	29,022	39,817	-3,092		-70,497	-4,750
<b>Cost at 31 December 1999</b>	<b>671,082</b>	<b>917,420</b>	<b>530,049</b>	<b>4,979</b>	<b>13,398</b>	<b>2,136,928</b>
Depreciation and write-down at 1 January 1999	152,996	428,101	263,212	4,830	0	849,139
Currency translation adjustment	491	3,737	1,468	0	0	5,696
Additions upon acquisitions	397	1,808	1,163	0	978	4,346
Depreciation for the year	13,738	78,027	38,679	126	0	130,570
Depreciation and write-down eliminated on assets sold and discontinued	-1,495	-40	-37,159	-152	0	-38,846
Transferred to/from other items	0	0	-4,750	0		-4,750
<b>Depreciation and write-down at 31 December 1999</b>	<b>166,127</b>	<b>511,633</b>	<b>262,613</b>	<b>4,804</b>	<b>978</b>	<b>946,155</b>
<b>Book value at 31 December 1999</b>	<b>504,955</b>	<b>405,787</b>	<b>267,436</b>	<b>175</b>	<b>12,420</b>	<b>1,190,773</b>

## Notes to Assets (DKK '000)

Note 7 contd.	Financial fixed assets The Danish Brewery Group A/S	Investments in subsidiary undertakings	Investments in associated undertakings	Other amounts due	Total
	Cost at 1 January 1999	189,957	6,820	4,212	200,989
	Currency translation adjustment	11,028	-141		10,887
	Additions during the year	39,150	25,715	907	65,772
	Disposals during the year			-821	-821
	Transferred to/from other items	1,663	-1,663		0
	<b>Cost at 31 December 1999</b>	<b>241,798</b>	<b>30,731</b>	<b>4,298</b>	<b>276,827</b>
	Revaluation at 1 January 1999	9,672	6,395	0	16,067
	Currency translation adjustment	233			233
	Reversal of revaluation				0
	Revaluation for the year	18,630	1,666		20,296
	Revaluation of assets sold and discontinued	-4,638	-420		-5,058
	<b>Revaluation at 31 December 1999</b>	<b>23,897</b>	<b>7,641</b>	<b>0</b>	<b>31,538</b>
	Write-down at 1 January 1999	116,113	4,515	0	120,628
	Currency translation adjustment	5,782			5,782
	Adjustment re. depreciation and write-down for previous years	-825			-825
	Adjustment re. negative equity in subsidiary undertakings	-338			-338
	Write-down for the year	31,813	18,531		50,344
	Transferred to/from other items	955	-955		0
	<b>Write-down at 31 December 1999</b>	<b>153,500</b>	<b>22,091</b>	<b>0</b>	<b>175,591</b>
	<b>Book value at 31 December 1999</b>	<b>112,195</b>	<b>16,281</b>	<b>4,298</b>	<b>132,774</b>

## Notes to Assets (DKK '000)

### Note 7 Financial fixed assets contd.

#### The Group

	Investments in subsidiary undertakings	Investments in associated undertakings	Other amounts due	Total
Cost at 1 January 1999	0	15,820	16,361	32,181
Currency translation adjustment		-141	-9	-150
Additions during the year		25,715	907	26,622
Disposals during the year			-821	-821
Transferred to/from other items		-1,663		-1,663
<b>Cost at 31 December 1999</b>	<b>0</b>	<b>39,731</b>	<b>16,438</b>	<b>56,169</b>
Revaluation at 1 January 1999	0	27,911	0	27,911
Reversal of revaluation		-420		-420
Revaluation for the year		3,206		3,206
<b>Revaluation at 31 December 1999</b>	<b>0</b>	<b>30,697</b>	<b>0</b>	<b>30,697</b>
Write-down at 1 January 1999	0	4,515	9,743	14,258
Currency translation adjustment			-7	-7
Write-down for the year		18,531	1,346	19,877
Transferred to/from other items		-955		-955
<b>Write-down at 31 December 1999</b>	<b>0</b>	<b>22,091</b>	<b>11,082</b>	<b>33,173</b>
<b>Book value at 31 December 1999</b>	<b>0</b>	<b>48,337</b>	<b>5,356</b>	<b>53,693</b>

**Note 8** Stocks of finished goods are, as in 1998, stated at acquisition cost with the addition of indirect production costs. Indirect production costs amount to DKK 22.7 million in 1999 compared to DKK 15.3 million in 1998. (Parent Company: DKK 19.2 million in 1999 compared to DKK 13.2 million in 1998).

### Note 9 Own shares

#### The Danish Brewery Group A/S

#### The Group

	1999	1998	1999	1998
Balance at 1 January 1999	0	0	0	0
Additions	4,491	15,037	4,491	15,037
Transferred to equity	-4,491	-15,037	-4,491	-15,037
<b>Balance at 31 December 1999</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Number of shares</b>	<b>Nominal value</b>	<b>% of capital</b>	
Holding at 1 January 1999	51,660	516.6	0.8	
Additions	20,000	200.0	0.3	
<b>Holding at 31 December 1999</b>	<b>71,660</b>	<b>716.6</b>	<b>1.1</b>	

In 1998 47,500 share options were issued to the management group. 7,500 of these options were issued to the Management of The Danish Brewery Group A/S. The share options may be exercised in the period from August 2001 to March 2003 at a price of 300.

## Notes to Liabilities and Shareholders' Equity (DKK '000)

**Note 10** Change in shareholders' equity during the year:

<b>The Danish Brewery Group A/S</b>	<b>Share-capital</b>	<b>Share premium account</b>	<b>Revaluation reserves</b>	<b>Reserve for net revaluation under the equity method</b>	<b>Profit and loss account</b>	<b>Total shareholders' equity</b>
Balance at 1 January 1999	62,292	43,435	4,247	0	477,747	587,721
Issue of employee shares	523	4,451				4,974
Acquisition of goodwill on consolidation					-46,555	-46,555
Dividend own shares					171	171
Acquisition of own shares					-4,491	-4,491
Allocated from profit for the year				4,693	142,598	147,291
Currency translation adjustment re. subsidiary undertakings					-90	-90
Revaluation of securities			-4,247			-4,247
<b>Balance at 31 December 1999</b>	<b>62,815</b>	<b>47,886</b>	<b>0</b>	<b>4,693</b>	<b>569,380</b>	<b>684,774</b>
The share capital of DKK 62,815,310 is divided into shares of DKK 10.						
<b>The Group</b>						
Balance at 1 January 1999	62,292	43,435	4,247	4,720	473,027	587,721
Issue of employee shares	523	4,451				4,974
Acquisition of goodwill on consolidation					-46,555	-46,555
Dividend own shares					171	171
Acquisition of own shares					-4,491	-4,491
Allocated from profit for the year				673	146,618	147,291
Currency translation adjustment re. subsidiary undertakings					-90	-90
Revaluation of securities			-4,247			-4,247
<b>Balance at 31 December 1999</b>	<b>62,815</b>	<b>47,886</b>	<b>0</b>	<b>5,393</b>	<b>568,680</b>	<b>684,774</b>



## Notes to Liabilities and Shareholders' Equity (DKK '000)

**Note 11** The market value of the mortgage debt at 31 December 1999 amounts to DKK 258.5 million.  
The portion of the mortgage debt falling due in the year 2005 or later amounts to DKK 162.3 million.

<b>Note 12</b>	<b>Adjustment of cash flows:</b>	<b>1999</b>	<b>1998</b>
	Financial income	-91,731	-35,585
	Financial expenses	44,763	53,783
	Depreciation and write-down of other amounts due	131,916	122,559
	Tax on the profit for the year	51,041	43,627
	Income from investments in associated undertakings	-10,675	-9,527
	Net profit from sale of tangible fixed assets	-310	-7,093
	Net profit from sale of financial fixed assets	0	-2,318
	Adjustment of provisions	-7,176	-2,087
	<b>Total</b>	<b>117,828</b>	<b>163,359</b>

### Acquisitions:

Assets acquired:

Fixed assets	-39,538
Current assets	-10,386

Liabilities acquired:

Provisions	12,847
Long-term liabilities	0
Current liabilities	25,512
Minority interests	2,411
Goodwill on consolidation	-29,996
<b>Acquisition price</b>	<b>-39,150</b>
including cash and cash equivalents of	783
<b>Cash acquisition price</b>	<b>-38,367</b>

## Notes to Liabilities and Shareholders' Equity (DKK '000)

### Note 13

#### The Danish Brewery Group A/S

	1999	1998
Fee for the audit of the annual accounts:		
PricewaterhouseCoopers	580	500
Ernst & Young	580	500
Fee for non-audit services:		
PricewaterhouseCoopers	195	950
Ernst & Young	571	1,089

### Note 14 Contingent liabilities and additional information (DKK million)

Guarantees	The Danish Brewery Group A/S		The Group	
	1999	1998	1999	1998
Guarantees relating to subsidiary undertakings	7,2	26,5		
Other guarantees	19,5	19,3	19,5	19,3
<b>Total</b>	<b>26,7</b>	<b>45,8</b>	<b>19,5</b>	<b>19,3</b>
<b>Leasing commitments (present value)</b>	<b>1,1</b>	<b>2,3</b>	<b>1,8</b>	<b>3,5</b>
<b>Repurchase obligations relating to packaging in circulation</b>	<b>76,6</b>	<b>80,7</b>	<b>76,6</b>	<b>80,7</b>
<b>The following forward contracts have been made:</b>				
Currencies purchased	272	458	272	458
Currencies sold	481	415	481	415

The jointly taxed Danish group companies are jointly and severally liable for tax on the income subject to joint taxation.

## **THE DANISH BREWERY GROUP A/S**

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Tel. 56 71 37 00

Facsimile 56 71 47 64

### **Board of directors**

K. E. Borup, Director, (Chairman)

Palle Rosenkilde, Managing Director,  
(Deputy Chairman)

Bo Andersen, Electrician,  
(employee representative)

Holger Bagger-Sørensen,  
Managing Director

Henrik Brandt, Managing Director

Kim Kristensen, Specialist Worker,  
(employee representative)

Tommy Pedersen, Managing Director  
Steen Weirsøe,

Managing Director

Bent Ølgod, Engineer,

(employee representative)

### **Management**

Jørgen Worning, Managing Director

Povl Friis, Technical Director

Leif Rasmussen,

Sales and Marketing Director

Ulrik Sørensen, Finance Director

### **Auditors**

Bent Grønbæk,

State-Authorised Public Accountant

Ernst & Young

Statsautoriseret Revisionsaktieselskab

(State Authorised Public Accounting  
Company)

PricewaterhouseCoopers

### **Directorships and Managerial Responsibilities**

According to section 56 of the Danish  
Company Accounts Act, the annual  
report of listed limited companies must  
provide information on the directorships  
and managerial responsibilities held by  
the members of the company's Board of  
Directors and Management in other  
Danish limited companies, excluding  
wholly-owned subsidiaries:

The members of the Board of Direct-  
ors and the Management of The Danish  
Brewery Group A/S have reported the  
following directorships and managerial  
responsibilities:

- (C) Chairman of the Board of  
Directors
- (DC) Deputy Chairman of the Board  
of Directors
- (BM) Member of the Board of  
Directors (board member)
- (MD) Managing Director

#### *Knud Erik Borup*

Aalborg Stiftstidende A/S (C)

Nordjyllands Avissselskab A/S (C)

Nordjysk Holding A/S (C)

Mekoprint A/S (C)

Sanistål A/S (C)

Dandy A/S (DC)

Nykredit Holding A/S (DC)

De Bergske Blade A/S (DC)

Skagerak Holding A/S (BM)

Hydrema Holding Aps (BM)

Hydrema Ejendomme A/S (BM)

Århus Stiftstidende A/S (BM)

#### *Palle Rosenkilde*

Holbæk Havns Frysehus A/S (C)

Søren Mygind A/S (BM)

KIKA A/S (BM)

Otis Elevator A/S (BM)

Tomra A/S (BM)

Dansk System Inventar A/S (BM)

DSI Gruppen A/S (BM)

Monks Automobil A/S (BM)

#### *Holger Bagger-Sørensen*

Dandy A/S (C)

Dandy Holding A/S (BM)

Eccolet Sko (BM)

Red/Green A/S (BM)

Vecata A/S (MD + BM)

#### *Henrik Brandt*

Sophus Berendsen A/S (MD)

#### *Tommy Pedersen*

Chr. Augustinus Fabrikker Aktieselskab

& Augustinus Fonden (MD)

Incentive A/S (BM)

Brock & Michelsen A/S (BM)

Ole Flensted Holding A/S (BM)

Mahé Freight A/S (BM)

Refshaleøens Ejendomsselskab A/S (BM)

Finax Finans Service A/S (BM)

Ejendomsselskabet Jeudan A/S (BM)

#### *Steen Weirsøe*

Danske Trælast A/S (MD)

#### *Jørgen Worning*

Dansk Data Elektronik A/S (C)

Bang & Olufsen Holding A/S (DC)

Chr. Hansens Laboratorium A/S (BM)

Incentive A/S (BM)

Nuuk Imeq A/S (BM)

Ejendomsaktieselskabet af 3.9.1993 (BM)

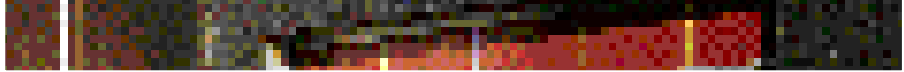
#### *Ulrik Sørensen*

Topsil Semiconductor Materials (BM)

#### *Povl Friis*

Tholstrup Cheese A/S (BM)

Tivoli Friheden A/S (BM)



## FINANCIAL CALENDAR

25 May 2000                      Ordinary general meeting

30 May 2000                      Payment of dividend

### **Expected announcements of financial results:**

Week starting 22 May/2000      Interim report, first quarter 2000

Week starting 28 August/2000    Interim report and accounts (semi-annual) 2000

Week starting 27 November/2000 Interim report, first 3 quarters 2000

## ANNOUNCEMENTS TO THE COPENHAGEN STOCK EXCHANGE IN 1999

08 March 1999      1/1999      The Danish Brewery Group A/S sells another portion of its Schulstad A/S shares.

17 March 1999      2/1999      Year-end report

April 1999            3/1999      Notice convening general meeting/shareholders' meeting

26 May 1999        4/1999      Notice convening extraordinary general meeting

15 June 1999        5/1999      Amendment of the articles of association of The Danish Brewery Group A/S.

02 July 1999        6/1999      The Danish Brewery Group A/S sells its remaining Schulstad Gruppen A/S shares.

05 July 1999        7/1999      The Danish Brewery Group A/S extends its platform for foreign expansion.

25 August 1999     8/1999      Announcement of financial results for the first six months of 1999.

07 September 1999 9/1999      The Danish Brewery Group A/S acquires brewery in Lithuania.  
– Takes over the number 3 brewery in Lithuania – AB Vilniaus Taurus.

29 September 1999 10/1999     AB Vilniaus Taurus. – Approval by Lithuanian authorities achieved.

14 October 1999    11/1999     The Danish Brewery Group A/S enhances its position in Lithuania.  
– Acquires half of its existing distributor.

03 December 1999 12/1999     Issue of employee shares – Increase of capital.



*The Group acquired 50% of the share capital of the Swiss company, Drinktech Holding AG, in 1999. This company owns interests in five breweries, among others SIAC S.A. in Cameroun.*

# Our Course and Bearings

Year after year The Danish Brewery Group has been achieving between 10 and 15% growth in results. This has been the picture since The Danish Brewery Group was established in 1989 through a merger of Jyske Bryggerier A/S and Faxe Bryggeri A/S.

Of course we want this development to continue, but how? Which objectives and which strategies will lead The Danish Brewery Group in this direction?

## VISION

The Danish Brewery Group wants to create a dynamic international company oriented towards the future.

- In the field of beverages, primarily beer, malt and soft drinks, The Danish Brewery Group will identify, develop and meet consumer demands for branded products, and in addition strengthen the partnership with our customers.
- The Danish Brewery Group will prosper through internal and external growth, so that the company will present itself as an attractive international investment object for our stockholders.

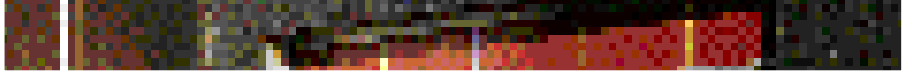
- The Danish Brewery Group wants to be an exciting and attractive workplace, where the development of employee qualifications creates the basis for a competent and flexible organization.

The Vision of The Danish Brewery Group defines the framework for the actions of the company in all kinds of areas, ranging from the extension of production equipment and employee competence development to market expansion, product launching and the establishment of partnerships.

## OBJECTIVES AND STRATEGIES

Creating a dynamic, future-oriented international company requires more than a positive adaptation to the circumstances provided by the outside world. Active and methodical effort is also necessary to ensure and develop our business areas. This means that we are always equipped to meet future demands in terms of economy, knowledge and technology, and that the international aspect permeates every decision made in the company.

Our Vision has always been and will always be continuously translated into objectives and strategies; overall objecti-



ves for the whole company and sub-objectives for departments or areas.

Seen in the light of dynamic reality we have to continually assess objectives and strategies. Some of our objectives we have had for the past 10 years, others are more recent. Among the overall objectives of The Danish Brewery Group are the following:

- The Danish Brewery Group is working toward a total organic volume growth of about 20% by the end of 2002, as compared to 1999.
- The Danish Brewery Group's result before tax has to grow by a minimum of 10% annually. Here the result has to be adjusted for extraordinary circumstances such as profit or loss in trading with securities, and IT costs.
- The Danish Brewery Group wants to maintain a dividend rate of 15-25% of the annual net result.
- Stockholders' equity and net interest-carrying debt capital of The Danish Brewery Group have to be composed so as to minimize demands on total return on investments.
- The Danish Brewery Group has to be an exciting and attractive workplace.

We have yet more objectives, but for reasons of competition they cannot be given here.

#### **VALUE BASE**

The work of The Danish Brewery Group

rests on a Value Base. The Value Base states that we will guard and develop an organization characterized by innovation and action, by formal and informal cross-organizational understanding, and especially by pride in being part of the Group.

#### **MANAGEMENT PHILOSOPHY**

Our Management Philosophy obligates the management of the Group to show the individual employee respect and tolerance and also to undertake and delegate competence and responsibility. To ensure the continued growth of The Danish Brewery Group, employees at all levels of authority have to loyally maintain management decisions. Willingness to change and cross-organizational cooperation are key elements in our Management Philosophy.

Today The Danish Brewery Group's strategic platform presents itself clearly and well-defined for the next three years.





*A significant event on the Danish market in 1999 was Ceres Breweries' launching of the luxury beer series "ROYAL", consisting of ROYAL STOUT, ROYAL ALL MALT, ROYAL EXPORT, ROYAL SELECTION and ROYAL X-MAS – and, from this spring 2000, ROYAL SPRING.*

*Design: Leise & Company. Repro: Scanpress. Print: Arne Olsen Offset*

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THE DANISH BREWERY GROUP A/S

# A N N U A L R E P O R T

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