ANNUAL REPORT 2013

TOGETHER WE WILL BE THE BEST IN WINE AND SPIRITS IN THE NORDICS

ArcusGruppen

Contents

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2013 was another record year for ArcusGruppen. The Group has delivered its highest profit ever. We are passionate about creating Great Experiences – that's why we bring the best of Nordic spirits to the world and the world's best wines to the Nordics. This year's annual report highlights a few of those Great Experiences with six selected brand stories from our unique portfolio.

OPERATING INCOME
MNOK
2,053

NUMBER OF EMPLOYEES
258

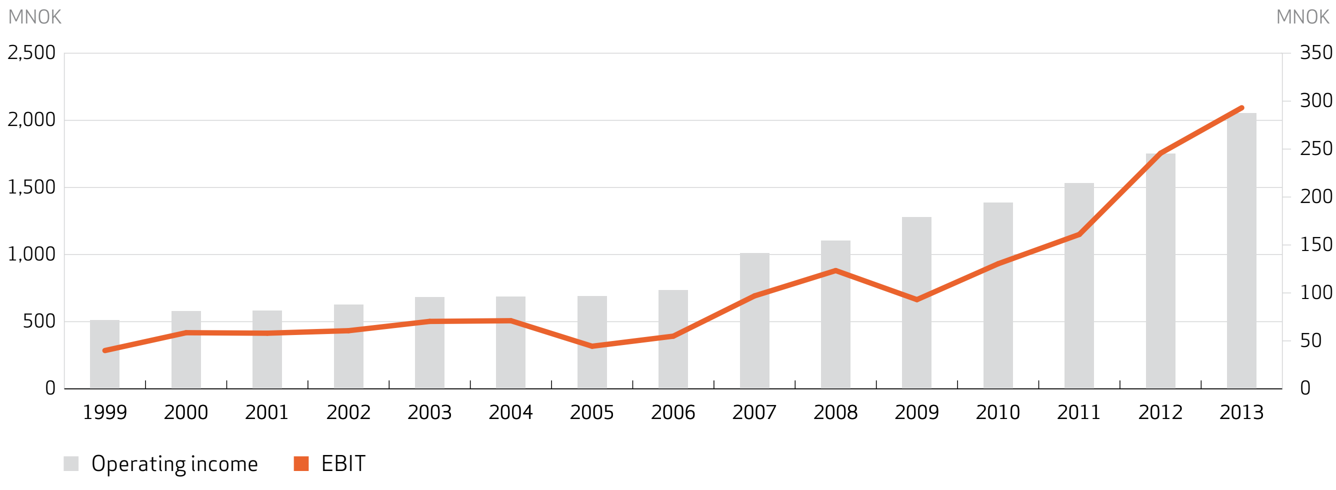
EBIT
MNOK
298

Key figures 2013

Arcus-Gruppen Group		2013	2012	2011	2010	2009
Operating income *	MNOK	2,053.3	1,750.2	1,532.6	1,387.2	1,278.3
Of which, operating income outside Norway	MNOK	1,243.1	977.6	912.1	832.4	718.7
EBITDA *	MNOK	331.8	163.1	145.1	145.0	179.5
EBIT *	MNOK	298.3	140.2	125.8	125.8	160.5
EBIT adjusted for non-recurring items *	MNOK	293.1	245.7	161.0	130.4	93.0
Operating margin adjusted for non-recurring items	(%)	14.3%	14.0%	10.5%	9.4%	7.3%
No. of employees 31.12 – continued operations	No.	258	240	251	242	230

* Figures have been adjusted after the split-off of the distribution business in 2013, so that the distribution operations are no longer included in historic figures.

GROWTH OVER THE LAST 15 YEARS



Business structure

Arcus-Gruppen AS

- Finance, IT, HR, Communication

Business Area Wine

- **Vingruppen AS**
- Arcus Wine Brands AS
- Vinordia AS
- Symposium Wines AS
- Excellars AS
- Vinuniq AS
- **Vingruppen i Norden AB**
- Vinunic AB
- The WineAgency Sweden AB
- BonArome WineWorld AB
- Vinovum Sverige AB
- Kajsa Bergquist Wines AB
- Your Wineclub Sweden AB
- Opentable AB
- Vinum Import Oy

Business Area Spirits

- Arcus AS
- Arcus Sweden AB
- Arcus Finland Oy
- Arcus Denmark A/S
- Det Danske Spiritus Kompagni A/S (50 %)
- Tiffon SA (34%)

Business Area Group Supply Chain

- Arcus AS
- Arcus Denmark A/S

2013 Highlights

BIGGEST IN THE WORLD

With the acquisition of De Danske Spritfabrikker, ArcusGruppen became the largest aquavit producer in the world.

LAUNCH OF ARCUSGRUPPEN'S MISSION, VISION AND VALUES

Our new Group mission – "We are passionate about creating Great Experiences – that's why we bring the best of Nordic spirits to the world and the world's best wines to the Nordics" – was launched in February 2013, along with our vision, "Together we will be the best in wine and spirits in the Nordics." The mission and vision are supported by three values - 'Market-focused', 'Goal-oriented' and 'United '.

SEPARATION OF VECTURA

On 1 October, the distribution business of ArcusGruppen, Vectura, was split off as a separate company under the control of Arcus-Gruppen Holding AS. From that date Vectura AS and Arcus-Gruppen AS became sister companies, allowing each to dedicate itself to its own area of business activity.

LAUNCH OF NORWEGIAN WHISKY

On 1 November ArcusGruppen launched its first Norwegian whisky. Two limited edition variants, both bearing the Gjoleid brand, mark the start of a significant new investment.

Takeover of a large whisky agency

In July, Arcus Sweden took over the attractive whisky agency Whyte & Mackay, with its classic Dalmore, Stewart's and Isle of Jura whiskies. The new brands contributed to Arcus Sweden's strong profit performance for the year.

Repositioning of Aalborg products

The campaign 'Cheers to a moment of quiet enjoyment' was launched for Aalborg Akvavit in December. TV and billboard advertising presented Aalborg Akvavit as a catalyst that draws people together in shared enjoyment at every table.

Takeover of the Masi agency

In November, Symposium Wines took over Masi, one of Norway's largest wine agencies. The Norwegian preference for Italian red wine is on the rise. In 2013, almost 1 million litres of wine from Masi were sold in Vinmonopolet, Norway's state alcohol monopoly stores.

ArcusGruppen acquires De Danske Spritfabrikker

The acquisition of De Danske Spritfabrikker in January meant that ArcusGruppen took over the long-established Aalborg aquavits, Gammel Dansk and Malteserkreuz. Arcus-Gruppen is now the largest spirits company in Denmark.

LARGEST EVER PORTFOLIO OF CHRISTMAS AQUAVITS

ArcusGruppen increased its investment in aquavit for Christmas, launching six different varieties in Norway in October to satisfy market demand. Gilde Jul and Gilde Ekstra Modnet Jul were released in new editions, as usual. Other new launches include Gammel Opland EDEL, with its two variants stored for second maturation in Madeira and port wine casks respectively; Lysholm Linie Christmas Edition; and Lysholm Linie Double Cask.

SALES EFFORT REINFORCED

In December the Norwegian sales force was split in two to better meet market needs. There is now a dedicated team for spirits and a separate dedicated team for wine.

'LOW IN TANNINS AND HISTAMINE' WINES TO SWEDEN

ArcusGruppen has extended its 'low in tannins and histamine' wine concept to the Swedish market. One out of every three Norwegian women avoids buying red wine because she believes it gives her a head-ache, almost double the figure for men. Modern technology makes it possible to reduce the tannin and histamine content in red wine. This concept, which has been very successful in Norway, was launched in Sweden's state alcohol monopoly stores, Systembolaget, in January 2014.

Together we will be the best in wine and spirits in the Nordics

ArcusGruppen's *vision* is to be the best in wine and spirits in the Nordics. This vision is implemented through the Group's strategic plan, and it is the foundation for all our decisions. Our vision sets our overall direction and describes the way ahead for the Group.

In order to be the best in wine and spirits, we have set specific targets for each of the following parameters:

- Value share (our share of total market sales) of wine and spirits in the Nordic countries
- EBIT
- EBIT margin
- Employee engagement

Each of these parameters is linked to one of four priority areas:

- Through building *strong brands* we will increase our value share in the Nordic market
- Through *commercial entrepreneurship* we will create strong growth in the Group's EBIT
- Through *efficient operation* we will grow our EBIT margin
- Through *employee engagement* we will ensure that we are among the leaders in the Nordic countries in this area

Our mission

We are passionate about creating Great Experiences – that's why we offer the best of Nordic spirits to the world and the world's best wines to the Nordics.

The ArcusGruppen mission points to what we aim to be for our customers and how we strive to conduct ourselves in our day-to-day business. ArcusGruppen employees take a keen interest in our customers and brands. We want to create Great Experiences in taste and enjoyment of our products, and through precise delivery. We in ArcusGruppen are experts in Nordic spirits and through a comprehensive worldwide network of producers of quality wine we shall ensure that our customers have access to the world's best wines.

Our values

MARKET-FOCUSED
We succeed because we focus on customers, consumers and competitors in every decision we make.

GOAL-ORIENTED
We succeed because we set out sights high, and give our all to achieve our ambitious goals together.

UNITED
We succeed because we stand together, respect each other, and work effectively across organisational boundaries.

Our strategy

We continue to execute against our 'Strategy 2016', which was launched in 2012. Through implementation of this strategy, ArcusGruppen will become the best in wine and spirits in the Nordics, leading to optimised returns for our owners.

'Strategy 2016' is organised around four areas essential to the Group's development. We have identified a number of initiatives within each of these areas. These initiatives are being implemented by the Group's business areas and will be fully executed by 2016.

STRONG BRANDS

- Increase spirits market share and income in Sweden, Finland and DFTR
- Create new growth for wine in Sweden, Finland and Norway
- Revitalise and develop Arcus Wine Brands into a strong brand organisation across the Nordic region

COMMERCIAL ENTREPRENEURSHIP

- Revitalise Norway and Denmark as profitable spirits markets and create new growth
- Build value for ArcusGruppen within spirits in selected markets outside the Nordic region
- Strengthen the structural capital within the wine business by developing a robust business model

EFFICIENT OPERATION

- Optimise our production structure and achieve best practice in Group Supply Chain
- Optimise indirect costs in line with industry benchmarks
- Exploit industrial synergies through integrated and transparent management structures in the Nordics

ENGAGED EMPLOYEES

- Ensure a value-creation culture with a commercial orientation and engaged employees, with leaders as role models
- Develop efficient collaboration across functions, markets and business areas
- Develop broad and deep expertise essential for achieving the Group's goals

157%

PROFIT GROWTH VERSUS LAST YEAR

ArcusGruppen is the market leader in spirits in both Denmark and Norway, and in wine in both Sweden and Norway.

Group CEO Otto Drakenberg:
Profitable growth

2013 was another record year for ArcusGruppen. The Group, anchored by its Nordic home markets, delivered its highest profit and turnover ever. Strong financial performance and an increasingly engaged workforce position us well for 2014.

2013 was certainly an eventful year. The acquisition of the iconic Aalborg aquavit brands and Gammel Dansk, and the spin-off of the logistics and distribution company Vectura, top the list of important activities.

Pre-tax profit in 2013 reached MNOK 269, an increase of 157% versus the previous year. This strong result is linked to continued turnover growth of 17.3% to MNOK 2,053 in 2013.

Two factors in particular contributed to ArcusGruppen's top line growth in 2013. The first was the takeover of the Aalborg aquavits and Gammel Dansk, which contributed turnover growth of MNOK 223 in 2013. Since the takeover on 4 January 2013, our marketing and spirits experts in Denmark and Norway have worked single-mindedly to reverse slightly negative sales trends. These classic Danish brands are once again becoming attractive, recognised and preferred – primarily among Danish consumers, but also throughout the Nordic region and in important export markets. Our experience in the Norwegian aquavit market is a valuable resource that gives us considerable competitive advantage.

The second factor contributing to ArcusGruppen's growth in 2013 was the ongoing repositioning of aquavit in the Norwegian market. Despite weaker sales of spirits overall in Europe, there is a strong demand for aquavit. Aquavit consumption is no longer limited to holidays; it is increasingly consumed at other times of the year and on different occasions. Sound market insight and targeted work drive our profitable growth in aquavit.

ArcusGruppen is the market leader in spirits in both Denmark and Norway, and in wine in both Sweden and Norway. Although total consumption of wine has been reasonably stable, there have been major shifts in Nordic consumers' preferences. Consumers are buying more white and rosé wines, and there is increasing demand for Italian red wine. ArcusGruppen's consistently strong position in wine is the result of unwavering focus on fast adaptation of our product portfolio to evolving consumer preferences. With the Nordic region as our home market, we can ensure that successful concepts in one country are exploited in neighbouring countries as well.

The story told by our numbers is clear: ArcusGruppen is a growth company with good margins. We intend to continue this trend in 2014 and beyond through a combination of organic growth and acquisitions. We will simultaneously strengthen our already healthy margin.

All initiatives in ArcusGruppen are rooted in one or more of our four strategic focus areas:

- Strong brands
- Commercial entrepreneurship
- Efficient operation
- Engaged employees

We have defined ambitious and concrete annual goals for each of these four areas. Linked to each of these areas are "Must Win Battles" which set the priorities for all our operations. They are rooted in our strategy and are firmly anchored across the whole organisation.

The strong results that we have delivered – and shall continue to deliver – across the Nordic region are the result not only of our attractive brands, but of our 258 employees in Denmark, Finland, Norway and Sweden. I want to take this opportunity to say a big 'thank you' to all my ArcusGruppen colleagues who work hard every day to realize our vision:

Together we will be the best in wine and spirits in the Nordics.

Otto Drakenberg
Group Chief Executive Officer

"ArcusGruppen is a growth company with good margins. We intend to continue this trend.

Group management

Otto Drakenberg *(47)*
Group Chief Executive Officer ArcusGruppen
Master of Business Administration
Group CEO of ArcusGruppen since 2011. CEO Carlsberg Sweden 2007–10, General Manager Goodyear Dunlop Nordic 2004–07, Export Manager House of Prince 2002–03.

Erik Bern *(52)*
Group Director Group Supply Chain, Purchasing and Property Management
Master in Engineering
Member of Group management since 2012. Managing Director Vectura AS, Factory Manager 2000–03, Technical Director Ringnes 1999–2008, Sales Manager Landteknikk 1986–99.

Erlend Stefansson *(45)*
Group Director Spirits
Master of Business Administration
Member of Group management since 2012. Sales Director Ringnes 2008–12, CEO Spits ASA 2006–08, CEO Virtual Garden/Staal 2003-06, 1993–03 various roles in sales, marketing and consulting (incl. McKinsey 1993-1996).

Thomas Patay *(46)*
Group Director Wine
Bachelor of Arts, Major in Marketing
Member of Group management since 2008. Managing Director Bibendum 2003–08, Management positions in FMCG sales and marketing in Norway and internationally, including Marketing Director Steen & Strøm ASA.

Rune Midtgaard *(50)*

Group Director Finance and IT

Master of Business Administration and Authorised Financial Analyst

Member of Group management since 2013.
CFO Sunde Gruppen 2005–13, Industrial Finance Management/ABN AMRO Capital 1997–2005, including Investment Director private equity, Deloitte Consulting 1991–97. Four years in the Norwegian Special Forces in the 1980s.

Per Bjørkum *(49)*

Group Director Communications

Bachelor of Commerce, Master of Business Administration

Member of Group management since 2013.
Partner in First House 2009–12, Director of Trolltind Kommunikasjon 2003–09, GCI Monsen 2000–03, Information Director NetCom 1996–2000, journalist and editor Reuters Norway 1992–96.

Ann-Christin Gussiås *(46)*

Group Director HR

Master of Business Administration

Medlem av konsernledelsen siden 2012.
Member of Group management since 2012.
HR Director Coor Service Management 2006–12, HR Manager Ringnes 1999–06.

Sweden

Sweden is the largest Nordic wine market in both total and per capita consumption. Through its subsidiary, Vingruppen i Norden AB, ArcusGruppen has become the largest player in Sweden, with a market share of 10.3%. ArcusGruppen also has a strong Swedish position in spirits, with a 2013 market share of over 5%.

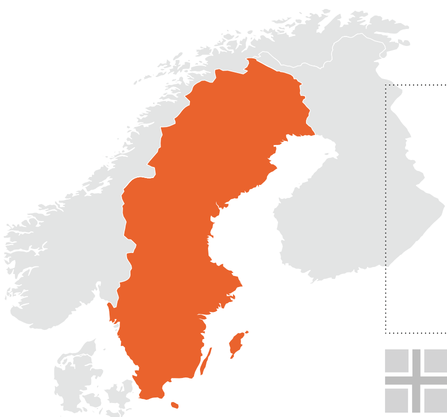
ArcusGruppen's Swedish wine business is run through Vingruppen i Norden AB and Vingruppen's subsidiary companies. Vingruppen i Norden achieved its market leader position in 2012, and further improved its position in 2013, through successful product development, launches of its own brands, and launches of brands represented through agencies. Vingruppen i Norden collaborates closely with selected producers to develop products specially adapted to the Swedish market, based on the company's own market insights.

Arcus Sweden AB is now one of Sweden's leading spirits brand companies. The company markets ArcusGruppen's own products and brands, as well as representing several of the world's largest and best-known spirits producers, in the Swedish market. 2013 saw strong growth, with particular success in whisky. The Danish brands Aalborg Akvavit and Gammel Dansk have solid market positions.

CORPORATE STRUCTURE

Arcus Sweden AB (spirits) was established in 2002 and is a wholly owned subsidiary of Arcus-Gruppen AS. The nine employees are actively building the business from the head office in Stockholm.

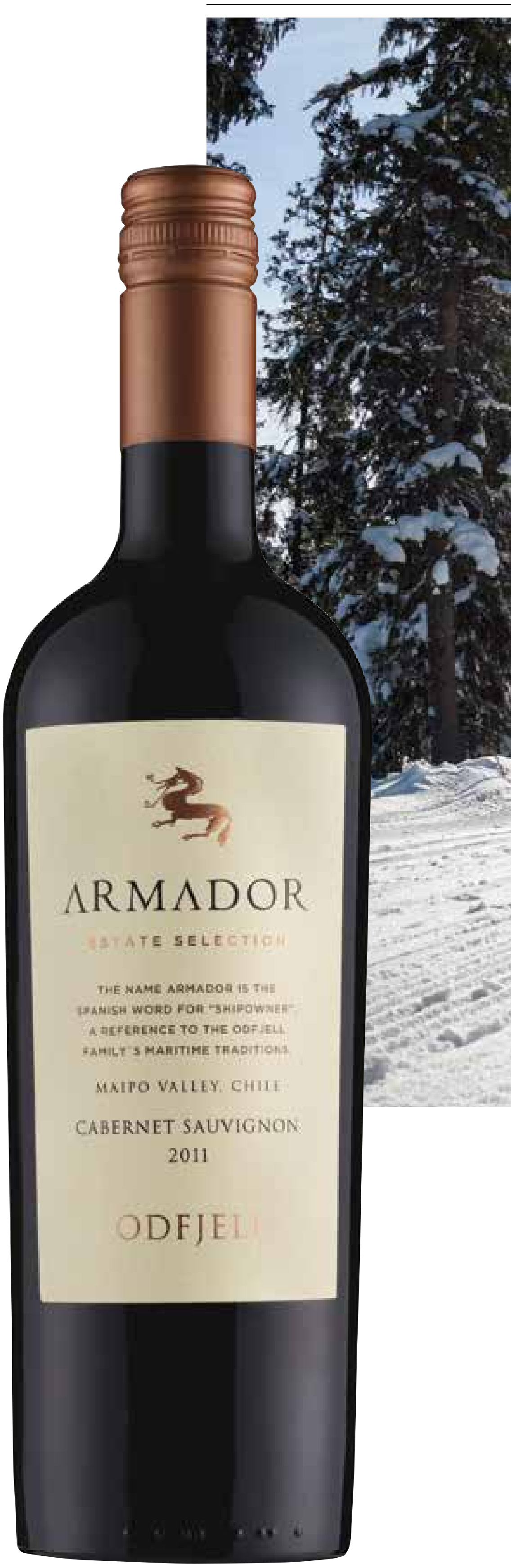
The subsidiary company Vingruppen i Norden AB has 38 employees and is the parent company for ArcusGruppen's eight Swedish wine-importing companies: Vinunic AB (91% stake), The Wineagency Sweden AB (73%), BonArome Wineworld (73%,), Vinovum Sverige AB (59%), Kajsa Bergqvist Wines AB (63%), Your Wineclub Sweden AB (45%) and Opentable AB (50%).



Net sales
MNOK
836.9

RED, WHITE AND STRONG

Among ArcusGruppen's best-selling red wines in Sweden, the wines from Côtes du Rhône in France are in a class of their own. André Clouet Grande Réserve champagne and Les Fumées Blanches Sauvignon Blanc are other French wines with a strong appeal in their category. South Africa is the third largest wine exporter to Sweden, after Italy and France. Mulderbosch Rose sells well as Bag in Box - a popular type of packaging in Sweden. And spirits? More and more young urban professionals are discovering Fireball, a shooter with impressive sales.



Norway

ArcusGruppen's origins and head office are in Norway, but we regard the entire Nordic region as our home market. The Group has subsidiaries in Sweden, Finland, Denmark and Norway. There are production plants in Norway and Denmark. In Norway, ArcusGruppen is the market leader in both wine and spirits, with market shares of 18% and 33% respectively.

The town of Gjelleråsen, outside Oslo, is home to ArcusGruppen's head office, the Norwegian production plant, and most of the Group's Norwegian subsidiaries. The new Gjelleråsen facility, which opened in May 2012, houses the production operation, with a production plant and a warehouse containing more than 8,000 casks of maturing aquavit and other spirits. There is also a new and advanced bottling operation for wine and spirits, with an attached laboratory. While the plant is the most modern in Northern Europe, it is designed to preserve the long-established production methods for Norwegian aquavit. The building also houses offices, auditoriums and other common facilities, as well as ArcusGruppen's information centre with public exhibits and a tasting room.

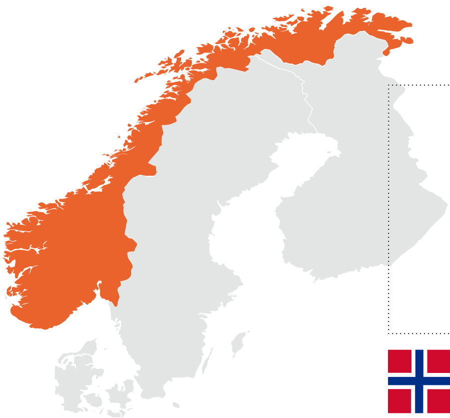
ArcusGruppen is investing in further growth in Norway through a strengthened local team and new product innovations. Lysholm Linie Double Cask, matured in port wine casks, was launched in 2013. The product is yet another addition to a broad aquavit portfolio that covers all local and national markets in Norway.

CORPORATE STRUCTURE

Production, product development, and marketing and sales of spirits in Norway, all take place under Arcus AS, a wholly owned subsidiary of Arcus-Gruppen AS. The Spirits Business Area is managed by the Group Director Spirits. Strong teams in Norway and the other Nordic countries work with sales and marketing of our own brands, as well as brands through agencies. The production department of Arcus AS is managed by the Group Director Group Supply Chain.

In the first quarter of 2014 the Norwegian wine business will come under the overall control of Vingruppen AS. This company is also a wholly owned subsidiary of Arcus-Gruppen AS. The company is headed by the Group Director Wine and has 22 employees, including its subsidiaries. Vingruppen is also the holding company for the wine importers Arcus Wine Brands AS (100% stake), Vinordia AS (97.1%), Symposium Wines AS (77.7%), Excellars AS (51.0%) and Vinuniq AS (97.1%).

ArcusGruppen has centralised functions such as accounting and finance, IT, business development, property management, communications and HR for all Norwegian subsidiaries.



Net sales
MNOK
733.9

BIGGEST IN WINE AND SPIRITS

ArcusGruppen is the largest Norwegian player in both wine and spirits – with aquavit the most important driver on the spirits side. Løiten is the best seller at home, while Lysholm Linie has the biggest exports. Vikingfjord vodka is also growing abroad. Odfjell is that rare beast – a Norwegian success story in wine production. Italian Ca' del Masso Barbera Appassimento is a best seller that meets Norwegian preferences for both Italian red wine and Bag in Box, while J.P. Chenet is a French best seller.

Denmark

Denmark differs from the other Nordic countries in that sales of wine and spirits take place mainly through large grocery chains in a market subject to price pressure and competition from distributors' own brands. ArcusGruppen has chosen to concentrate our Danish operations on the production and sale of spirits, and we are now Denmark's largest player in this area.

ArcusGruppen acquired the long-established Danish brands Aalborg Akvavit and Gammel Dansk on 4 January 2013. Malteserkreuz, an aquavit produced in Denmark and mainly sold in Germany, was included in the transaction. The acquisition also included the production business in Ålborg. After the acquisition ArcusGruppen can proclaim itself the world's largest aquavit producer, with more than 40 aquavits in its portfolio produced in-house.

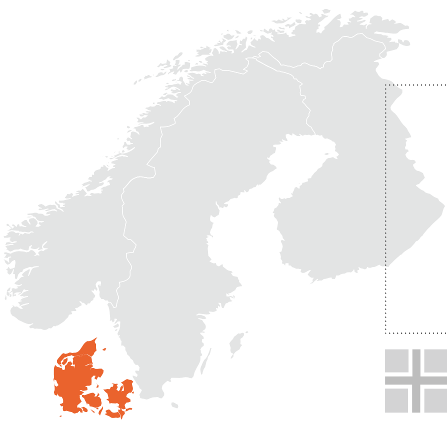
Gammel Dansk is a Danish national icon and is far and away the country's most purchased bitter dram. The brand also has a solid position in several export markets.

CORPORATE STRUCTURE

Arcus Denmark A/S is 100% owned by Arcus-Gruppen AS. The plant in Ålborg is responsible for spirits production, while bottling is carried out by an external partner in Svendborg.

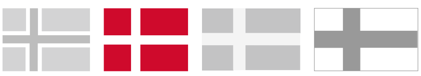
Marketing, sales and distribution of ArcusGruppen's Danish-produced spirits occur in Det Danske Spiritus Kompagni A/S, a company established in 2012 with Arcus-Gruppen AS and Fleming Karberg Familieholding ApS as equal owners and partners. This arrangement allows ArcusGruppen to leverage its partner's comprehensive understanding of the unique Danish market.

In 2013, Det Danske Spiritus Kompagni began an important turnaround process for Aalborg and Gammel Dansk, with a somewhat higher price position and substantial investment in communication. This initiative will continue in 2014 and in the years ahead. The aim is to build lasting brands in the Danish market, following on good results in 2013.



Net sales
MNOK

154.2



SCHNAPPS AND BITTER DRAMS

In Denmark, ArcusGruppen is concentrating on spirits. Aalborg Akvavit accounts for the majority of sales. This long-established and much-loved schnapps comes in many – and ever-increasing – varieties. After taking over the brands and production, ArcusGruppen now has a market share for aquavit in Denmark of more than 60%, including the not-inconsiderable sales of Norwegian Lysholm Linie. Gammel Dansk, the country's most popular bitters, is another brand that ArcusGruppen is working to revitalise and introduce to new consumer markets.

Finland

ArcusGruppen is at present a small player in Finland, but we see considerable potential and have ambitions for further growth. Finland has the highest consumption of spirits in the Nordic countries, with 23.5 million litres in total sales of spirits in 2013. On the other hand, wine sales are the lowest in the Nordic region. ArcusGruppen's market shares for both wine and spirits are growing in volume and value.

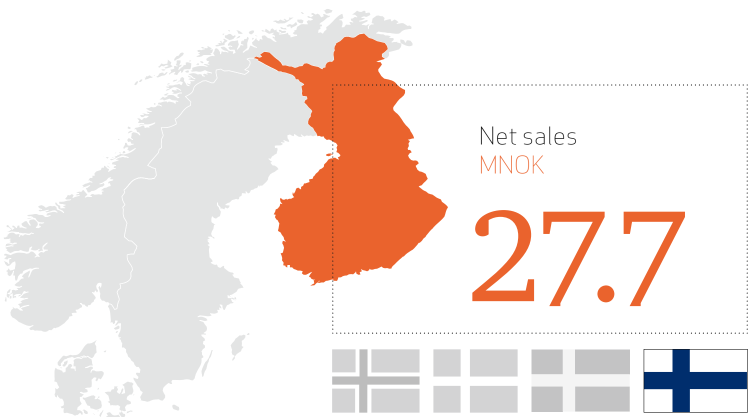
ArcusGruppen imports, markets and sells spirits and wine in Finland. Though the operation is still relatively small, the business is growing well, and we have ambitions to grow further in the Finnish spirits market in the years ahead.

Clear spirits in the viina and vodka categories sell best and are the most popular in Finland. Both categories are very price-sensitive and the market is heavily influenced by local brands. Clear spirits are experiencing a sharp setback in a generally falling Finnish spirits market. It is therefore in the cognac, and to some extent whisky, categories that ArcusGruppen sees immediate potential for winning new market share.

ArcusGruppen's Finnish wine sales increased somewhat in volume, and even more in value, in 2013. In the long term, Finland's relatively modest wine consumption suggests interesting possibilities. It is probable that over time Finland will become more aligned with European consumption patterns and that the market for wine will grow. It is important for ArcusGruppen to be well positioned to take part in this growth when it comes.

CORPORATE STRUCTURE

Arcus Finland Oy was established in 2002 and is based in Helsinki, with a growing staff focused on sales. ArcusGruppen's wine-related operation in Finland is run under the auspices of Vingruppen i Norden AB through the subsidiary company Vinum Oy (50% stake) and associated company Vinunic Finland Oy (30%). These companies mainly import and sell wines from the same suppliers that are used by the Swedish companies in Vingruppen i Norden AB.



COGNAC, SPARKLING WINE AND MULLED WINE

ArcusGruppen is a small player in the large Finnish spirits market, but is expanding its sales of quality products, especially Braastad cognac. Braastad cognac is produced by the Tiffon cognac house, in which ArcusGruppen has an ownership stake of 34%. Close cooperation with Tiffon has produced a range of new cognac varieties that have sold well. Finns prefer sparkling wine for their toasts, so ArcusGruppen sells significant quantities of both Australian Taltarni Brut Taché and Colonnara Cuvée Tradition Brut from Italy. The Finns also appreciate Herrgårds Glögg – mulled red wine sharpened with whisky.

Business area: Spirits

OPERATING INCOME
MNOK
887.5

Better prices and higher market shares contributed to both top and bottom line growth in a falling Norwegian spirits market. New agencies, product development based on expert knowledge and market insight, and the acquisition of Aalborg Akvavit and Gammel Dansk were the most important drivers behind a 387.2% improvement in operating profit.

BUSINESS AREA SPIRITS	2013	2012	2011	2010	2009
Volume (million litres)	13.5	9.0	8.5	8.5	8.6
Total operating income (MNOK)	887.5	647.1	591.6	611.1	614.6
EBIT (MNOK)	136.5	28.0	49.9	95.9	70.0
EBIT, adjusted for non-recurring items (MNOK)	139.0	75.3	72.7	92.1	70.0
Operating margin adjusted for non-recurring items	15.7%	11.6%	12.3%	15.1%	11.4%

THE NORDIC MARKET

The Nordic spirits market is complex, and differs significantly from country to country. There are large variations in structure, conditions, regulatory regimes and advertising opportunities, as well as pricing and listing mechanisms. Sweden, Finland and Norway are heavily influenced by their respective state-owned retail monopolies, Systembolaget, Alko and Vinmonopolet. The monopolies control market access through their own purchasing processes, which are intended to ensure fair competition among producers and importers. The retail monopolies are the result of social policies designed to regulate and restrict access to alcohol by means of availability, price and responsible trading practices.

Approximately 80-90% of total Nordic spirits volume is sold off-trade in shops, and approximately 10-20% is sold on-trade (HORECA).

In Denmark, spirits are sold to consumers through retail chain stores. They control access to the market through agreements, and sales are subject to fierce price competition. Campaigns run in collaboration with the chains are essential for promoting sales. The restaurant industry in Denmark is important, but consists of many small, independent players, with few chains.

There is an increasing number of Nordic producers of wine and spirits. The biggest, including ArcusGruppen in Norway and Altia in Sweden and Finland, are companies split off from the alcohol monopolies, which were previously also responsible for production. In Denmark, ArcusGruppen is the largest spirits producer after acquiring the long-established brands Aalborg Akvavit, Malteserkreuz and Gammel Dansk and their associated production operations. In addition, there are smaller niche producers of spirits in all the Nordic countries. These mainly deliver vodka, aquavit and whisky.

The Nordic spirits market (excluding Duty Free) fell by a total of -2% in volume in 2013. The decline is the result of economic uncertainty, large duty increases in Norway and Finland in recent years, and increased cross-border and tax-free trade in the whole Nordic region. In 2014, a continued slight decline in the spirits market is expected, and Euromonitor estimates that the Nordic market is unlikely to stabilise or rise until 2016-2017.

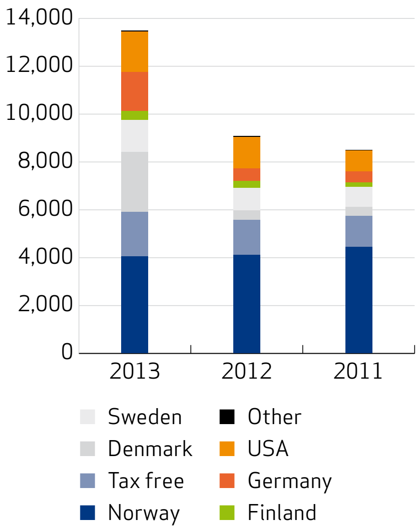
PRODUCT CATEGORIES

Aquavit

Aquavit is a key profit driver for ArcusGruppen. Our market share in Norway is over 80% and in Denmark it is over 60% after the acquisition of the Aalborg Akvavit brand. ArcusGruppen sold a total of 5.7 million litres of aquavit last year.

With the addition of the long-established Danish products, ArcusGruppen now has more than 40 in-house produced aquavits in its portfolio. The spectrum of products includes variants for different times of the year and different occasions, e.g. 'avec' (after-dinner) aquavits that are consumed in the same way as cognac, and aquavits specially developed to accompany a wide range of dishes. Innovation and product development are continual. Among the brands that were launched in 2013 were the exclusive avec-aquavit Gammel Opland EDEL in two variants (matured in Madeira and port wine casks respectively), and Lysholm Linie Double Cask, which is also an avec-aquavit that has been further cask-matured.

VOLUME GROWTH
by market, 1000 l



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One critical part of the aquavit strategy is to clarify the brand portfolio structure and the individual brands' roles and positioning:

• Lysholm	*The original, which launched the Norwegian aquavit adventure*
• Løiten	*Norwegian dram*
• Gammel Opland	*Refined to perfection*
• Gilde	*Constant companion to Norwegian food traditions since 1953*
• Simers	*Honest taste*
• Regional aquavits	*Engagement in local aquavits*
• Aalborg	*The authentic Danish aquavit*
• Høker	*Danish quality aquavit at a good price*
• Malteserkreuz	*According to Danish tradition – enjoyed ice cold!*

2013 saw significant investments in new strategies and campaigns to enhance the market position of Aalborg aquavits, aiming to reverse several years of a modestly negative trend. Good results were evident by the end of the year.

Vodka

Vodka is the world's best-selling spirits category. ArcusGruppen has six vodka brands. Vikingfjord is the biggest, followed by Kalinka and Amundsen Arctic Vodka. Vikingfjord is especially popular in the USA, with over 13% growth in 2013. A new brand, Black, was launched in 2013. Black is a quality vodka of innovative design, specially targeted for tall drinks and shots.

Cognac and brandy

Braastad cognac is produced by the French cognac house Tiffon SA, in which ArcusGruppen has a stake of 34%. The brand is represented in all the Nordic countries and Germany, and is the market leader in the Nordic region in terms of value of sales. ArcusGruppen and Tiffon collaborate continuously in developing the product and perfecting the taste and packaging. Several new varieties were launched in 2013. ArcusGruppen also supplies several other types of brandy, the best selling of which is Concorde.

Whisky

Arcus Sweden AB took over the agency for distiller Whyte & Mackay in 2013, with well-known brands such as The Dalmore, Stewart's and Isle of Jura. This has generated significant growth. ArcusGruppen also blends, in Norway, the popular and well-regarded whisky label Upper Ten, based on bought-in Scotch whisky. In 2013 a small test batch of the first whisky produced wholly in-house by ArcusGruppen was put on sale under the brand name Gjoleid. It generated a great deal of interest and there are great expectations for the brand.

Other spirits

ArcusGruppen has two big sellers in Gammel Dansk, a traditional bitters, and Fireball, a shooter consisting of spirits mixed with other ingredients. Fireball is primarily directed at young urban professionals, and was a noteworthy success after its launch in Stockholm, where ArcusGruppen's market insight and creativity reaped rich rewards. For its part, Gammel Dansk has long been a national icon in Denmark, with good sales in Sweden and Norway as well. ArcusGruppen took over the brand and the production at the start of 2013 and during the year developed strategies and campaigns to enhance the position of Denmark's bitter dram in both traditional and new consumer segments. See the special articles on Fireball (page 42) and Gammel Dansk (Page 44).

THE NORDIC COUNTRIES

2013 was a successful year for the spirits business, with turnover growth of MNOK 240.4, a 37.2% improvement over the previous year, and an operating profit of MNOK 135.5, an improvement of 387.2% compared to 2012. The acquisition of Aalborg Akvavitt and Gammel Dansk contributed MNOK 223 in turnover. Other contributors to the year's good results include volume increases for other products, higher prices, and an increasing tendency for consumers to choose more expensive products. Steady sales growth in Germany and the USA was an additional positive factor.

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NEW VARIANTS OF LYSHOLM LINIE

Lysholm Linie is the original aquavit that launched the Norwegian aquavit adventure, and it is our biggest Norwegian aquavit. Our unique method of refining the aquavit at sea distinguishes Lysholm Linie from all other spirits and it has given the aquavit a premium position. Lysholm Linie adopted a new design in 2013, better illustrating the product's unique characteristics. To further develop its position, ArcusGruppen launched in the autumn of 2013 Lysholm Linie Double Cask, matured in port wine casks.

Lysholm Linie Christmas Edition was developed in 2011, and was successfully launched in the Norwegian market for the first time in 2013.


ESTABLISHED 1875
BRAASTAD
COGNAC
XO
Sverre Braastad
1879 - 1979
SVERRE BRAASTAD
ESTABLISHED 1875
BRAASTAD
COGNAC
XO
APPELLATION COGNAC CONTRÔLÉE

The business area's overarching strategy is to generate profitable growth through clear positioning and innovation, and by investing in marketing communications/PR and external activities. ArcusGruppen intends to build an even stronger position in the Nordic countries.

Sweden

Spirits sales in Systembolaget fell by 2.1% in 2013, the fourth successive year of decline. Total sales in Sweden were 18.9 million litres. The two largest categories, Gin and Whisky, fell by 2.1% and 3.2% respectively. Unless the Euro strengthens against the Swedish kroner in 2014, further decline in the spirits market is anticipated.

In 2013 ArcusGruppen increased its market share by 2.3 percentage points to 5.3%, in volume terms. The main products in Sweden are Fireball, Gammel Dansk, The Dalmore whisky, and to a lesser extent Aalborg Akvavit. ArcusGruppen's sales of spirits in the Swedish market in 2013 totalled MNOK 88.0.

Denmark

In Denmark, where spirits sales are unrestricted, the market showed a positive trend. ArcusGruppen sold 13.1 million litres in 2013, an increase of 2.6%. The biggest categories in Denmark are Aquavit, Vodka and Whisky, with trends of -4.3%, +13.6% and +3.5% respectively.

ArcusGruppen's marketing, sales and distribution of Aalborg aquavits and Gammel Dansk in Denmark are handled by Det Danske Spiritus Kompagni A/S. The company was established in 2012 as an equal partnership between Arcus-Gruppen AS and Fleming Karberg Familieholding ApS. For the time being, Lysholm Linie aquavit and Braastad cognac are being sold through Hans Just.

Aalborg Akvavit is the market leader in Denmark with a value share of around 50%. Lysholm Linie has a value share of approximately 13%, giving ArcusGruppen a total 63% value share. Gammel Dansk is in a class of its own as Denmark's best-selling bitters. It had a market share of 29.4%, compared to 30.9% in 2012. The market share for Braastad in 2013 increased by 2.4 percentage points, making its share of the Danish cognac market 17.6%.

Norway

Norway's Vinmonopolet had total spirits sales of 11.5 million litres in 2013, a reduction in volume of 3.1%. This decline was led by cognac and other brandies, which accounted for some 50% of the decrease, and in 2013 comprised 13% and 5%, respectively, of the total Norwegian spirits market. All other categories also fell, except bitters, which grew by 3%. The relatively strong economy in Norway, combined with lower prices for journeys abroad, contributed to increased travel activity. This led to a significant increase in tax-free sales and cross-border shopping. This trend is expected to continue in 2014.

ArcusGruppen's total 2013 spirits sales in Norway amounted to 3.9 million litres. This represents a value share of 33.3%, which is off just -0.6 percentage points from 2012. ArcusGruppen had small declines or flat development in most categories, except for spirits with less than 22% alcohol. The biggest loss was in brandy (-3.3%), while the decline in aquavit was restricted to -0.5%. ArcusGruppen's total sales of spirits in the Norwegian market in 2013 were MNOK 334.

BRAASTAD CONTEMPORARY

Braastad Contemporary is an important initiative to build up and maintain Braastad's strong market position in Norway and the rest of the Nordic region. In this new series, Braastad challenges artists working in a variety of media, who share the common traits of innovativeness and creativity, to design a visual expression of what inspires them in the world of cognac. The artists include painters, photographers, graphic artists and authors from the Nordic countries. Braastad XO Contemporary – Act I – was developed in collaboration with photographer Per Heimly and attracted much press attention. The launch will enhance Braastad's image, while the primary volumes come from Braastad's classic series.

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Finland
Finland has the highest consumption of spirits in the Nordic countries, with total spirits sales of 23.5 million litres in 2013. This is a trend of -5.1% compared with 2012. The decrease affects all categories, though whisky suffered least with a decline of -1.4%. The Finnish consumer still has a preference for vodka and viina, which are the two dominant categories of spirits in the country. Local brands have a strong position and the market is subject to acute price competition. As the economic climate is still under pressure and duties are rising, more and more Finns are travelling to Estonia to shop for cheaper products. The duty increases in recent years have weakened sales of spirits in Finland significantly and the trend is expected to continue in 2014.

Total 2013 Finnish spirits sales equalled MNOK 1,400, down -3.4% versus 2012. ArcusGruppen is a small player in this large Finnish market, with a total spirits market share of 1.8%, up from 1.3% in 2012. In 2013, ArcusGruppen's sales of spirits in Finland totalled MNOK 28.

Nordic Duty Free market
ArcusGruppen has a strong presence in the Nordic Duty Free market with a particularly strong position in retail outlets in Norway. There is good growth outside Norway as well, especially in the Baltic region. In Norway, sales are dominated by known brands such as Gammel Opland, Lysholm Linie and Braastad cognac, with Vikingfjord and Fireball also selling well. In the Baltics, Braastad and Fireball are showing the strongest growth. ArcusGruppen's total 2013 Duty Free sales in the Nordic region were MNOK 109.

ARCUSGRUPPEN OUTSIDE THE NORDIC REGION
Since 2011 ArcusGruppen has collaborated with the importer Kobrand Wine & Spirits in order to establish Vikingfjord in the USA. This collaboration has resulted in strong growth, with 1.4 million litres sold in 2013, an increase of around 13%. The American vodka market continued its growth in 2013, but is subject to fierce price competition. Kobrand also distributed 35,000 litres of Lysholm Linie aquavit in 2013. ArcusGruppen's total 2013 sales to the USA were MNOK 27.

Sales to ArcusGruppen's distributor Eggers & Franke in Germany increased by 61% in 2013, with Lysholm Linie as the best performer in a pressurised market. Other brands include Aalborg Jubilæum Akvavit and Malteserkreuz, an aquavit produced in Denmark but sold mainly in Germany. Smaller quantities of Vikingfjord vodka and Braastad cognac account for the rest. Sales in Germany showed a positive trend in 2013, while sales for the Aalborg portfolio dropped in step with the category as a whole. Total 2013 sales for ArcusGruppen in Germany were MNOK 61.

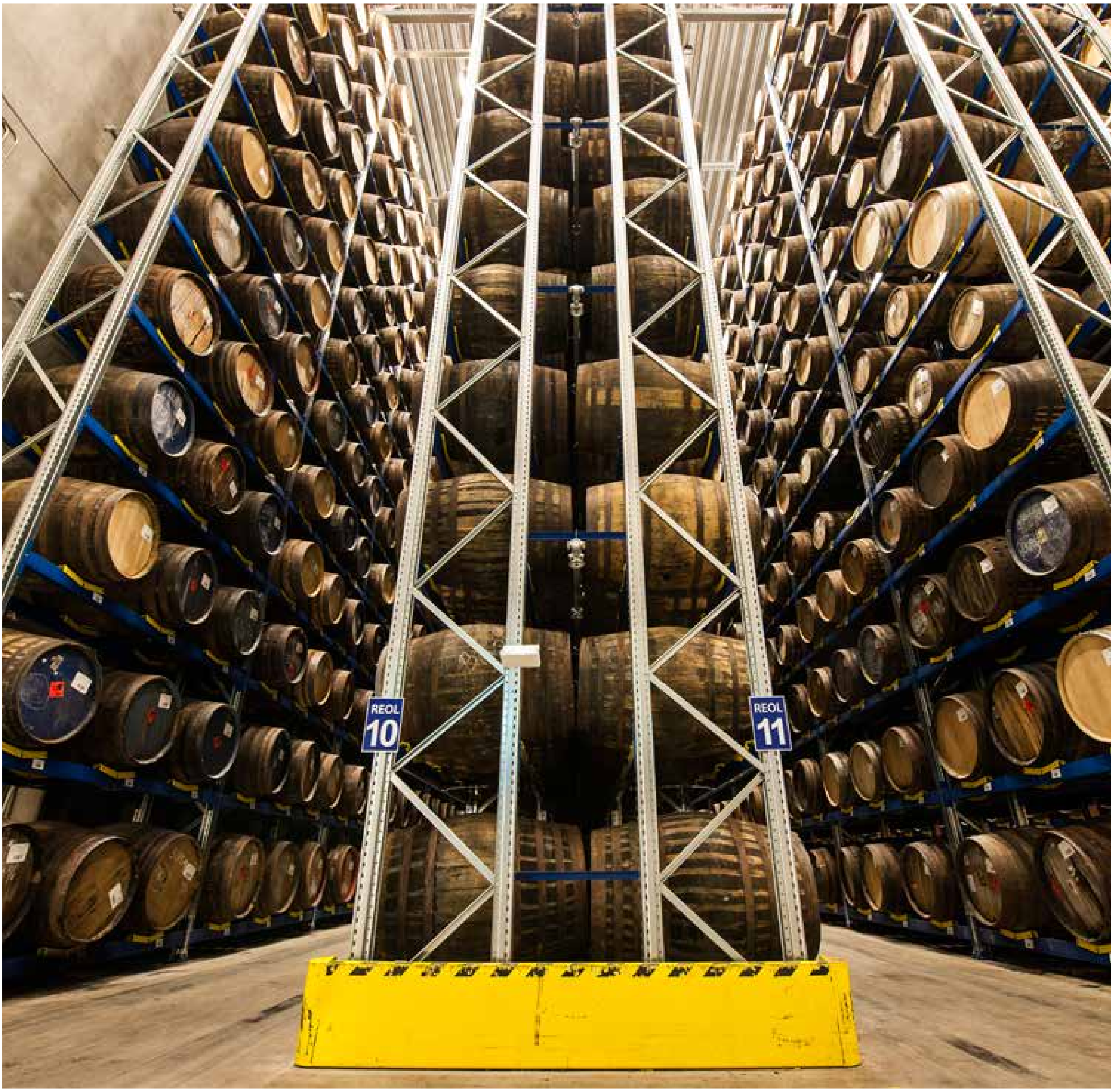
GJOLEID – NORWEGIAN WHISKY

In 2013 Arcus bottled its first in-house produced Norwegian malt whisky. It has been christened Gjoleid, an old Norse name for Gjelleråsen, which is ArcusGruppen's home town just north of Oslo. There was a restricted launch of around 1,800 bottles in two variants, stored in bourbon and sherry casks respectively. This launch marks the start of what ArcusGruppen believes will be an important investment in Norwegian whisky, first in Norway, then in the rest of the Nordic region. ArcusGruppen's cask warehouse, where many towering rows of spirits are being matured, is a key to this ambition. The cask warehouse will facilitate the launch of new varieties and greater volumes in the years ahead.

VIKINGFJORD VODKA IN NORTH AMERICA

In collaboration with the importer Kobrand Wine & Spirits, ArcusGruppen has worked to establish Vikingfjord in the USA under the slogan "The World's Coldest Vodka. Made from the purest glacial water frozen for thousands of years." Sales grew over 68% in 2012, and a further 30% in 2013.

Vikingfjord is also available in a range of flavoured variants. One such variant is pre-mixed mojito in a 1.5 litre Bag in Box, sold in Norway and Sweden.



MATURING AND REFINING

ArcusGruppen's cask warehouse at Gjelleråsen houses more than 8,000 casks of maturing aquavit and other spirits. Most casks are old sherry or Madeira casks and some of them are more than one hundred years old. Others are new and are made of European or American oak.

Business area: Wine

OPERATING INCOME
MNOK
1,177.1

Turnover for ArcusGruppen's wine business increased in 2013, despite a fall in total Nordic wine volume. This trend was due to a shift toward sales of more expensive products, as well as to continuous and skilled adaptation of our product portfolio to rapidly evolving consumer demand. The 2013 operating profit decreased by 2.7%.

BUSINESS AREA WINE	2013	2012	2011	2010	2009
Volume (million litres)	31.3	32.9	29.9	28.1	24.2
Total operating income (MNOK)	1,177.1	1,128.7	996.5	853.0	732.3
EBIT (MNOK)	191.7	197.1	139.1	102.4	55.6
EBIT, adjusted for non-recurring items (MNOK)	194.5	197.8	146.8	102.3	55.6
Operating margin adjusted for non-recurring items	16.5%	17.5%	14.7%	12.0%	7.6%

THE NORDIC WINE MARKET

Sweden, Norway and Finland all have state-owned monopolies – Systembolaget, Vinmonopolet and Alko respectively – with the exclusive right to sell alcohol to consumers. The monopolies are the consequence of social policies designed to regulate and restrict access to alcohol by means of availability, price and responsible trading practices. Importers and producers can sell directly to hotels, restaurants and cafés, referred to collectively as the HORECA market. Approximately 90% of volume in these three markets is off-trade, i.e. through the monopolies, and 10% is on-trade (HORECA and tax-free shops).

In Denmark, wine is sold to consumers through the grocery trade. Sales of wine are affected by tough price competition and the chains' own brands and promotions. The profit margin is low and ArcusGruppen has chosen to concentrate its Danish operations on spirits.

Large differences

With total sales of NOK 8.1 billion, Sweden is far and away the largest of the Nordic wine markets, followed by Norway (NOK 2.6 billion) and Finland (NOK 1.7 billion). ArcusGruppen is the biggest player in Sweden and Norway with market shares respectively of 10.3% (unchanged from 2012) and 18.1% (up from 17.9% in 2012).

The taste preferences in Sweden, Norway and Finland differ. This applies to grape varieties and wine-producing countries, as well as to wine brands. There are, therefore, no wine brands that are best sellers across national borders. However, ArcusGruppen views the combined Nordic countries as its home market, and national preferences do not prevent successful concepts being transferred from one country to another.

In Norway, traditional wine-producing countries, such as Italy, France, Spain and Germany, dominate, while the New World has a relatively stronger position in Sweden and Finland. Italian wine is moving forward in all three countries, especially Italian red wine, which is showing a positive trend despite red wines in total losing market share to white and rosé wines.

The wine market is always looking for something new, which means all three countries experience high rates of change. Wine brands have a shorter life cycle than spirits brands. Consumer insight, innovation ability, and market knowledge are crucial for maintaining a product portfolio that can rapidly adapt to changes in consumer preference. It is critical to have good contacts among wine suppliers, and in order to gain their confidence and respect, ArcusGruppen must have deep, specialist wine industry expertise.

The preponderance of wine sales in Sweden, Norway and Finland takes place through national import companies. The activity is often conducted through agencies for foreign producers' established brands, but there is a clear trend in the direction of closer collaboration between producer and importer to develop products adapted to the Nordic taste. One consequence of this closer collaboration is concept wines produced to special order from the importer, imported in bulk for local bottling, and marketed under either the producer's or the importer's brand name.

ArcusGruppen has a leading position as a brand owner, both in the own-brands segment and as a player in the bulk market. In Norway, the Group stands alone in having a large bottling plant and the advanced laboratories needed to ensure quality.

>

VOLUME GROWTH
by market, 1000 l

Cross-border shopping

Retail trade across national borders is a factor that influences all the Nordic countries, but especially Norway, where alcohol tax policy results in significantly higher prices than in the neighbouring countries. The extent is uncertain, but a survey conducted in 2012 showed that the sales of wine and spirits in Swedish Systembolaget's so-called "Norwegian shops" near the border were of a volume corresponding to almost 20% of Vinmonopolet's total volume. Sales to Norwegians made up almost two-thirds of this. The Norwegian Statistics Bureau has estimated that Norwegian cross-border shopping increased by a further 6% in 2013.

Swedish consumers for their part buy large volumes in Germany and to some extent in Denmark, while Finnish cross-border shopping mainly takes place in Estonia. It is estimated that these volumes are relatively stable.

SWEDEN

Market trends

The Swedish wine market grew by around 5% in 2013. Sales to hotels, restaurants and cafés (the HORECA market) grew marginally more than sales to Systembolaget, which in 2013 comprised 91% of the total market as opposed to 8% for HORECA and 1% for tax-free sales.

The biggest wine-producing country for Sweden in 2013 was Italy, with a market share of 26% and growth of 2.2%. France with 17.0% (+1.1%) and South Africa with 12% (-1.2%) took the next two places, while Australia suffered the greatest decline to a share of 9.0% (-1.8%).

The strong growth in Italian wine has proved to be a long-term trend that applies to all the Nordic countries.

There are more than 800 importers of wine to Sweden, and nearly 400 of them supply directly to Systembolaget. The ten largest players have a market share of around 50%, while the 30 largest have a total market share of over 88%.

ArcusGruppen's Swedish wine companies

In 2013, ArcusGruppen reinforced its position as the market leader in wine in Sweden through its subsidiary company Vingruppen i Norden AB. The market share of approximately 10.5% is almost unchanged from 2012, but both of the two closest competitors have lost market share. A 5% growth in the total market helped both our top and bottom line.

Vingruppen i Norden AB consisted in 2013 of the Swedish companies Vinunic AB, The Wineagency, BonArome Wineworld AB, Vinovum AB, Kajsa Wines AB, Opentable AB and Your Wineclub Sweden AB, plus the Finnish subsidiary Vinum Import Oy. The parent company, Vingruppen i Norden, looks after common functions such as finance, IT, HR and logistics for all of its daughter companies. The business has grown every year since it started in 1992, and in 2013 turnover was MSEK 860. Vingruppen's main strategy is to expand by means of organic growth in its existing companies, starting new businesses, and through acquisitions.

Vinunic AB was established in 1992 and is the largest company in Vingruppen. Important suppliers are Kleine Zalze from South Africa, Cline Cellars, Mulderbosch, Guigal and Louis Jadot. In addition to these, Vinunic works with some of the wine world's most famous quality producers, the largest of which are Domaine de la Romanée-Conti, Gaja, Louis Roederer, Sassicaia, Ridge, Shafer and Yalumba. There are a number of smaller producers as well.

The Wineagency Sweden AB was started by Vingruppen in 2007 and has quickly established itself as one of Sweden's largest wine wholesalers. The Wineagency's largest suppliers are Francois Lurton, Allegrini and JM Fonseca.

BonArome WineWorld AB was established in 2002. The company markets and sells Sweden's best-selling champagne, André Clouet Grande Reserve. The largest of Wineworld's suppliers is Barone Ricasoli. Vina Falernia, Cantine Paolo Leo, and Orion Wines are also important.

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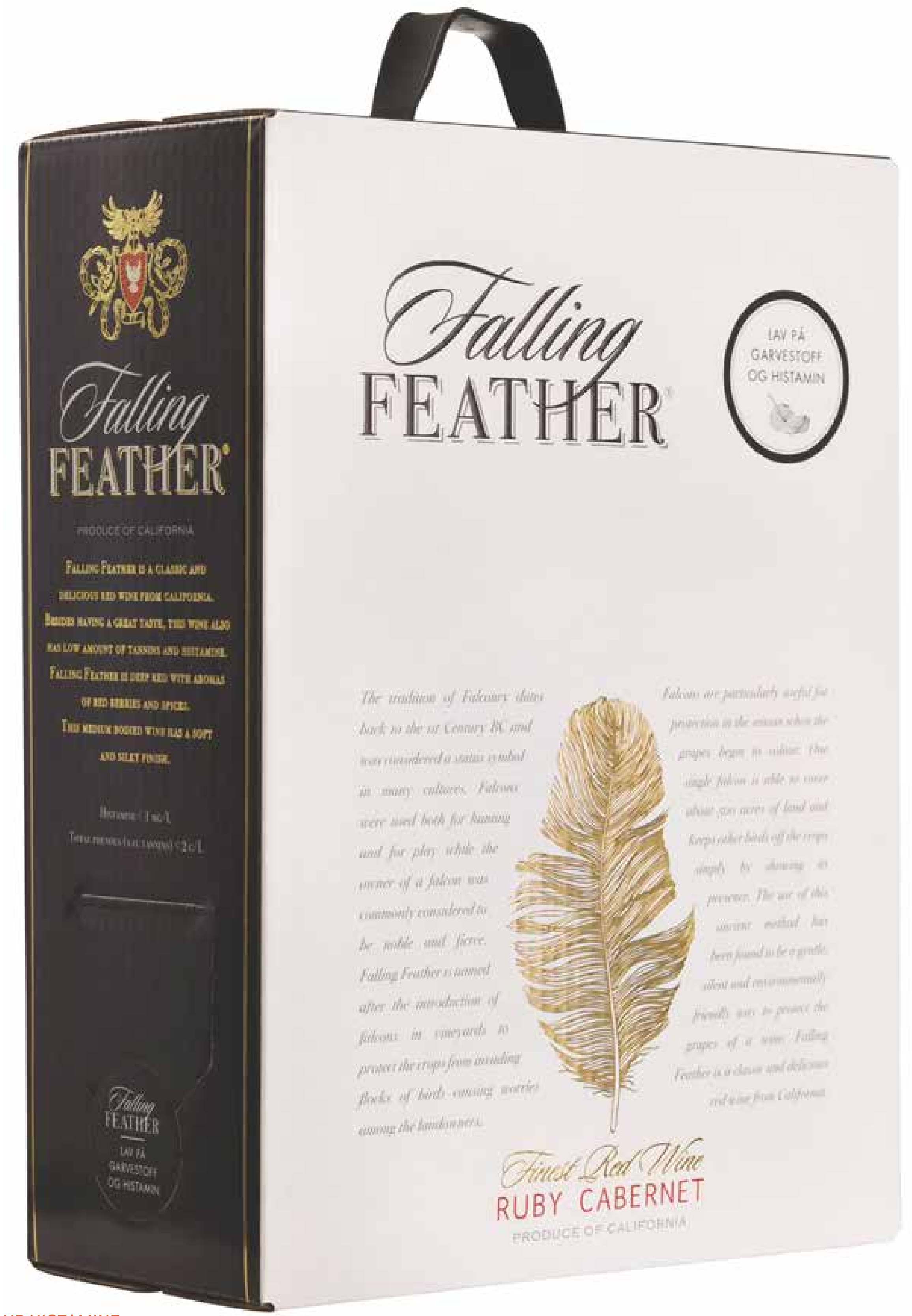
RED AND WHITE

Masi Campofiorin is a popular representative of Masi Agricola's large portfolio. This winery is one of Italy's largest wine producers and Masi is among Norway's strongest wine brands. Symposium Wines took over the agency from 1 November 2013 and ArcusGruppen has great expectations for further development of Masi products.

White wine is a growing category and Laroche Chablis, an elegant wine with an attractive suggestion of citrus, green apples and minerals, represents a type of French white wine that more and more Norwegians appreciate.



LOW IN TANNINS AND HISTAMINE

Falling Feather is one of the wines that Arcus Wine Brands has developed specially for people who like a strongly flavoured American wine with their beef, but who are prone to headaches from red wine.

Vinovum Sverige AB and its daughter company Kajsa Bergquist Wines have their most important suppliers in South Africa. Origin Wines is the largest of these.

Product development and launches

In 2013 Vingruppen i Norden and its subsidiaries again put great effort into developing and optimising their product portfolio to meet changes and trends in the Swedish market. Among the most successful launches in 2013 were The Wanted Zin, an American-inspired concept wine produced in Italy - see the separate write-up on page 46; and the South African rosé wine Mulderbosch in Bag in Box packaging, after years as the best seller in its category as a bottled wine. The Chilean red wine Que Pasa, a Bag in Box product that is certified as a Fairtrade and ecological product, was also very well received. The South African red wine Kajsa Loves Virgin Earth is the first of a new series of wines selected by Vinovum's partner Kajsa Bergquist, former world high jump champion and now a recognised sommelier.

In January 2014 the new creation Ruby Zin attracted attention. This is a Swedish extension of the Norwegian concept "Low in tannins and histamine", which has made Zanni Valpolicella a great success among histamine-intolerant Norwegian consumers.

NORWAY

Market trends

Growth in the Norwegian wine market was relatively modest in 2013. Vinmonopolet experienced an increase in consumer sales of 1.1%, compared with 2.2% the year before. The large and still increasing volume of cross-border shopping is likely to be an important reason for the low market growth. Sales to hotels, restaurants and cafés (the HORECA market) grew marginally to 10% of the total market in 2013, after a significant increase in 2012 that netted out decreases in previous years.

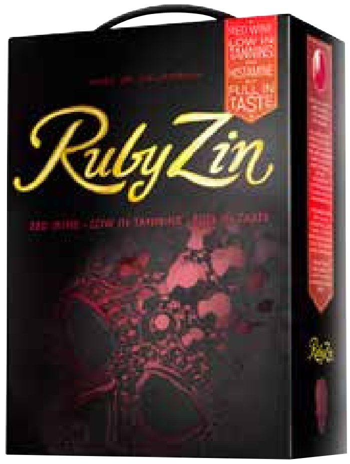
For Vinmonopolet, Italy was again the biggest wine-producing country in 2013, with a share of 32.3% (+1.7%). The next places were occupied by France with 17.9% (+0.7%), Spain with 10.8% (-0.8%), Germany with 8.3% (+0.2%) and Chile with 7.5% (+0,4%).

Red wine declined from 66% of total sales in 2012 to 64.5% in 2013. In spite of this, Italian red wine grew by 6.3% and comprised a full 40.7% of Vinmonopolet's red wine sales in 2013. Other leaders in the red wine category include France, Spain and Australia, but the main long-term trend is that red wines are losing market share to white wines. The white wine category grew by 4% in 2013 and now accounts for almost 27% of table wine sales. Germany and France continue to dominate the white wine market with 31% and 28% volume shares respectively. The growth of 8.5% in the rosé wine category was led by France and the USA, which grew by 24.6% and 26.7% respectively. Sparkling wine also showed a strong positive trend of 15.1%, led by Italy, Spain and France.

ArcusGruppen's Norwegian wine companies

ArcusGruppen's wine companies experienced a volume decline of -0.3 million litres in 2013, to 12.3 million litres in total. A shift in sales towards more expensive products meant that the top line increased from MNOK 400.9 to MNOK 401.2, while value share increased to 18.1% from 17.9% in 2012, reinforcing ArcusGruppen's market leading position in wine in Norway. Never willing to rest on its laurels, ArcusGruppen will continue its efforts to optimally balance its wine portfolio in response to changes in demand.

ArcusGruppen is also the leading player in the Norwegian HORECA market, and secured several important new HORECA agreements in 2013. The HORECA market comprises some 10% of total sales and is especially important in Norway as one of the few available channels for introducing products to the market. To take full advantage of this opportunity, ArcusGruppen's HORECA sales team has invested to enhance its sommelier expertise.



SWEDISH SUCCESS

Ruby Zin is a Swedish extension of the Norwegian concept "Low in tannins and histamine", which has made Zanni Valpolicella a big hit in Norway.

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The Norwegian wine market is very fragmented and brand loyalty is low. ArcusGruppen believes that deep wine expertise is crucial for success in this environment, and insists that all employees working with its wine portfolio have specialist wine industry knowledge, in addition to a thorough understanding of the market.

The Wine Business Area includes several companies wholly or partially owned by Arcus-Gruppen AS. In the first quarter of 2014, all shares in the Group's Norwegian wine companies were transferred to Vingruppen AS, a new subsidiary company. The minority shares in the individual companies will be maintained independently of the new subsidiary. The change means that there will be conformity between the legal structure and the way the business is organised in day-to-day practice.

Vingruppen AS will mainly be a holding company. Internal functions such as finance, IT, HR and logistics already lie with ArcusGruppen AS, and will remain there. Vingruppen AS will consist of Arcus Wine Brands AS, Vinordia AS, Symposium Wines AS, Excellars AS and Vinuniq AS. Vingruppen's main strategy is to expand through organic growth in its existing companies, as well as by starting new enterprises and through acquisitions.

Arcus Wine Brands AS is Norway's largest single supplier of wine to Vinmonopolet. The company's business concept is to select the best quality wines for Nordic consumers, import the wine in tanks, and tap the wine into bottles and Bag in Box in Norway. Tapping the wine near to the customer is economical and environmentally friendly, while guaranteeing that Arcus Wine Brands wines are always in good condition for customers.

Vinordia AS is ArcusGruppen's largest wine company in Norway in turnover. The product and supplier portfolios are diversified, with revenue coming mainly from the classic European wine-producing countries. The company also has good suppliers in Chile, Argentina, South Africa and Australia and will allocate greater resources to developing relationships and increasing its market share in these segments. Vinordia is one of the leading wine companies in the HORECA channel.

Symposium Wines AS has established itself in a short time as one of Norway's leading quality importers. The company's founder, Sebastian Bredal, is one of approximately 260 Masters of Wine in the world and is the only one with this ultimate qualification working in a Norwegian import company. Symposium Wines represents important quality producers such as Masi Agricola, Marchesi Mazzei, Grand Chais de France, Wongraven Wines and Von Winning. The company also represents iconic producers such as Mascarello and Valentino and is among the best in Norway for modern Bordeaux.

Excellars AS is Norway's sixth largest wine supplier. The company was established in 2007 with a clear focus on wine products tailored to the Norwegian market. Fundamental for the company are volume products such as Fumées Blanches, Château Bonnet, Johann Bihn and Boheme. Since its establishment, Excellars has gradually shifted toward its own controlled brands. One of these, Doppio Passo – a brand developed by Excellars – has the highest sales in Norway in recent years.

Agency development

The most recent addition to the portfolio is the agency for the Italian wine producer Masi Agricola from 1 November 2013. ArcusGruppen's success with Masi was due our leading position and high level of specialist wine industry expertise in Symposium Wines. Masi is at present Italy's leading wine producer and is one of Norway's strongest wine brands, with a wide range in various price classes. Masi's portfolio leans heavily to red wines, though white and rosé wines are also represented. In 2013, Masi sold around 850,000 litres of wine in Vinmonopolet and to the HORECA market, and is thus the largest producer from Veneto on sale in Norway.

BEST SELLER

Doppio Passo has been Norway's most purchased wine in recent years. The brand was developed by the wine company Excellars, which, in addition to representing well-known international wine producers, is going through a phased change of direction toward brands under its own control. This will enable the company to maximize the value of its in-depth understanding of Norwegian market conditions and preferences.

FINLAND

Market trends

The Finnish wine market showed weak development in 2013. Total sales of wine in the state monopoly, Alko, fell by around -1.4% to 55.6 million litres. Chile was again the wine-producing country that sold best in 2013 with a share of 23.9 %, (+1.9 %), followed by Spain with 13.6 % (+0.4 %), South Africa with 11.3 % (-2.4 %), Italy with 11.3 % (+0.3 %) and France with 10.8 % (unchanged).

The market share for red wine decreased from 48.6% to 47.3% and the trend in Finland, as in other Nordic countries, is that red wines are losing ground to white wines. However, white wine showed only a minimal increase in volume in 2013, increasing market share fractionally to 38.9%.

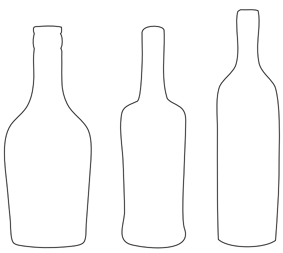
The Group's Finnish wine companies

ArcusGruppen's wine-related operation in Finland is run under the auspices of Vingruppen i Norden AB through the subsidiary company Vinum Oy (50% stake) and the associated company Vinunic Finland Oy (30%). The companies mainly import and sell wines from the same suppliers as Vingruppen's Swedish companies. Finland will again be a priority area for the Group's wine business in 2014.

CAMPOLONGO DI TORBE

The Campolongo di Torbe vineyard has a history going back to the twelfth century, and is used today to cultivate grapes for one of Masi's elegant Amarone wines. Masi Agricola itself has a long tradition. The widely recognised wine producer has been owned by the Boscaini family since the end of the 1700s.

Business area:
Group Supply Chain



ArcusGruppen's third business area, Group Supply Chain, was established on 1 October 2013, and its financial reporting will start with effect from 1 January 2014. The business area works across the Group's departments and legal entities. Its task is to plan, implement and quality-assure all aspects of production and the physical flow of goods, to ensure timely delivery to customers and cost-effective processes.

'Supply chain' is often translated into Norwegian as 'vareflyt' (literally 'flow of goods'), but in practice the concept is more comprehensive. That's why ArcusGruppen has chosen to retain the English term as the name of its new business area, which has all-embracing responsibility for all processes included in the supply chain function in all units within the Group.

Supply chain is often described as the totality of people, activities, information and resources that are involved in producing and moving a product from manufacturer to customer. More specifically, the task of Business Area Group Supply Chain includes managing the purchasing of raw materials and intermediate goods, production, warehousing, internal transport functions and distribution of finished goods out to the customer. Quality management, quality control and customer service are also part of the supply chain function, as is production planning with the aim of optimising inventory and exploiting production capacity. Additional areas of responsibility include ensuring traceability and handling returns.

CUSTOMER SATISFACTION AND COST-EFFECTIVENESS

The primary rationale for establishing the Supply Chain function as a business area in its own right is that ArcusGruppen sees potential for improving its internal processes, clarifying division of responsibility between business units, and ensuring consistency of roles across the organisation. The main objective is to increase the degree of customer satisfaction by ensuring that deliveries arrive to the customer precisely as ordered in terms of product, quality, quantity, packaging, time and place of delivery, and with the correct accompanying documentation. Another overriding objective is to achieve greater efficiency, better resource utilisation and more predictability in all physical processes so as to achieve an overall improvement in cost-effectiveness.

To achieve this, it is vitally important to permeate a supply chain mentality throughout the Group and in employees' working methods. Employees across the Group must adapt themselves to working and thinking in a more integrated way, not just on the basis of legal entities or their own departments.

INTERFACES WITH OTHER BUSINESS AREAS

The interface between Group Supply Chain and the Wine and Spirits Business Areas is organised so that these latter two areas concentrate all their activities on marketing, sales and product development. The business areas deliver their orders to Group Supply Chain, with underlying forecasts and other supporting material that is needed to accurately plan purchasing, production and inventory. For its part, Group Supply Chain has total responsibility for technical and practical processes all the way through to successful delivery of the goods to ArcusGruppen's customers. The business area will become, over time, the only point of contact with Vectura and other distributors, both for intermediate goods and finished goods.

STRUCTURE AND ACTIVITY

Among the business area's tasks are the operation and maintenance of raw materials storage and production plants for wine and spirits at Gjelleråsen, and spirits in Ålborg; as well as the cask warehouse, bottling plant and laboratory functions at Gjelleråsen. Finished goods warehousing and distribution are also part of the business area's responsibility.
In Norway, these functions are outsourced to Vectura, which distributes directly to customers such as Vinmonopolet and catering businesses. In other countries, these functions are contracted to partners and wholesalers. In Denmark, finished spirits are transported in bulk from Ålborg to an external bottling plant in Svendborg. Arcus Denmark A/S is responsible for warehousing and also has its own ordering office.

Group Supply Chain has invested a significant part of its first three months of existence, starting in October 2013, in disseminating knowledge about the supply chain mentality, both to its own employees and to the other business areas. Clear responsibilities and well-defined processes were established, while production equipment was optimised with a view to achieving best practice.

These processes will be continued in 2014. Work is also being carried out to optimise indirect costs, using industry benchmarks as targets, in parallel with developing further depth and breadth of expertise.

GJELLERÅSEN AND ÅLBORG

The Group Supply Chain Business Area is responsible for ArcusGruppen's production plants in Norway and Denmark. Here we see the new bottling plant at Gjelleråsen, busy filling bottles with Norwegian aquavit.

Always aquavit

There is always an aquavit to fit any food, time of year, or occasion. ArcusGruppen has about 40 aquavits in its portfolio. Some are still based on traditional recipes from old distilleries spread around Norway, which were taken over by Vinmonopolet in the 1920s. Others have been developed more recently, many by distiller Halvor Heuch, VP Spirits and the 'grand old man' of Norwegian aquavit.

PROTECTED DESIGNATION

Norwegian aquavit's history goes back hundreds of years. Now as before, the main aroma comes from caraway seed and/or dill, but all today's aquavits have their own characteristic spice mixtures in addition. The recipes are a carefully guarded secret.

Denmark, Sweden and Norway all regard aquavit as their national spirit. However, Norwegian aquavit is different because it is based on a traditional spirit made from carefully selected Norwegian potatoes, and not from grain. The protected designation 'Norwegian aquavit' also requires storage in old sherry casks for at least six months - and for up to twelve years in the case of really exclusive aquavits. Cask storage imparts a golden lustre, a unique character, and a rounded taste.

GREATER POTENTIAL

Many people still think of aquavit primarily as a dram to go with traditional Christmas food. However, Norway's most important contribution to the international drinking culture holds many more possibilities. There are aquavits for different times of the year and aquavits specially developed to accompany a wide range of dishes. There is an aquavit to fit any dish, whether it is spawning cod in springtime ('skrei), cod treated with lye and boiled ('lutefisk'), salted and dried ribs of mutton ('pinnekjøtt'), shellfish, pork ribs or raw meat. Gourmet chefs have discovered aquavit's potential for adding spice to food, while creative bartenders come up with more and more ways of employing it in cocktails. And the most noble of all the golden drops? They are made to be enjoyed on their own, or as an 'avec' with coffee and perhaps a good cigar.

LONG-TERM STRATEGY

ArcusGruppen has followed a long-term strategy in developing Norwegian aquavits. We have created a broad understanding that aquavit is on a par with whisky and cognac, and disseminated knowledge about correct use as well as new areas of use. This has yielded results. Aquavit is now in a class of its own in the Norwegian market, and it is growing in a spirits market that is otherwise in decline. As the world's largest and most innovative aquavit producer, ArcusGruppen is also winning stronger positions in important export markets in the Nordics, Germany and the USA. Lysholm Linie is the most international of our aquavit brands, with 95 percent of its volume sold outside the borders of Norway.

> *"Today we are in a class of our own in the Norwegian market, with Norwegian aquavit showing growth in an otherwise falling spirits market.*

GAMMEL OPLAND EDEL

In 2013, Gammel Opland was extended into a new line, named EDEL. The EDEL series consists of two variants that are based on Gammel Opland. One variant has gone through a second maturation in Madeira casks, the other in port wine casks. The EDEL series is intended to reinforce the essence of the Gammel Opland brand: matured to perfection. The aim is also to consolidate aquavit in the exclusive 'avec' segment. EDEL has been an immediate success and helped our overarching communication about aquavit as noble spirit of world-class quality.

GILDE JULEAKEVITT

Gilde Juleakvevitt ('Christmas Aquavit') came onto the market for the first time in 1988 and has developed into a great success. As has become an annual tradition, it was re-launched in 2013 with a new design and a new variation to distinguish it from previous years' editions. Gilde Juleakvevitt has consolidated its position as a reliable choice to match traditional Norwegian Christmas food.

As part of an overall effort to reinforce the role of aquavit as an 'avec,' we also launched an extra-matured variant. Since it was introduced in 2010, Ekstra Modnet Gilde Julekvevitt ('Extra-Matured Gilde Christmas Aquavit') has been a big success. The variant comes in a gift box and an exclusive 50 cl bottle. The flavour is sweeter and more permeated with cask aromas, in line with the preferred taste in an 'avec' situation.

> *We invested in Fireball specifically for people who like to be scene-setters.*

Fiery success

Canadian whisky, cinnamon, and a dash of chilli: Fireball is a shooter, a drink based on spirits mixed with other ingredients, and is generally drunk directly from a small shot glass. Or, if you prefer, on the rocks, or perhaps in a cocktail. Regardless, Fireball is a product that is a bit different from the traditional categories in the Nordic countries, with a non-traditional fiery logo that is not easily ignored.

FIRST ON THE SCENE

Fireball originated in Canada in the 1980s and spread gradually to other countries. When ArcusGruppen won the agency for Sweden in 2010 we could see that the marketing needed to be as unconventional as the product. So we deliberately invested in introducing Fireball to people who like to be first on the scene with something new. An influential blogger; some selected bartenders in the hottest in-places around Stureplan in Stockholm; certain journalists and artists. In short, people with a high degree of curiosity and in positions where many others follow in their footsteps.

It quickly became clear that we were not mistaken. The product suited the tastes of our exclusive target group. Soon Fireball was on everyone's lips, both literally and figuratively, in Stockholm's trend-setting community and among hipsters and other young urban folk.

Interest quickly spread from Stockholm to Gothenburg and Malmö and then further afield in the country. Fireball became a best seller both in trendy nightspots and at Systembolaget. Norway and Finland are next in line.

SPIN-OFFS

In our first Fireball season - the second half of 2010 - we sold 270 litres of Fireball in Sweden. In the second half of 2013 we sold 95,000 litres. A success like this attracts attention. Not least from producers who know that they need an agent who understands micro-marketing. An agent with the right knowledge and access to the right places, and who is able to follow up on a big scale when the product becomes a hit.

Indeed, the success of Fireball in Sweden has had spillover effects for ArcusGruppen in the form of new agencies with great potential.

Schnapps in a class of its own

"A little glass of schnapps as well, perhaps?" Aalborg Akvavit has a long and proud tradition in Danish food culture and has been associated with enjoyment and holidays for generations. Though the Danes are already very fond of their Aalborg, it is entirely possible to build an even stronger position for their favourite schnapps. This is precisely what ArcusGruppen has set out to do, following the Group's acquisition of *De Danske Spritfabrikker* and the Aalborg Akvavit brand in January 2013.

POTENTIAL

No firm is better qualified than ArcusGruppen to take care of this great Danish schnapps and develop it further. We are the world leader in aquavit and are proud and happy to have strengthened our Nordic position by caring for Aalborg's future and by giving these exclusive Danish products their natural place in the world's most abundant portfolio of quality aquavits.

As we develop the potential of the Aalborg aquavits, however, we must also show respect for, and be responsive to, Danish traditions and needs. In our first year as owners, we have spent a lot of time talking to customers. We have listened to their wishes, consulted them over the development of new flavours, and involved them in the work of finding new areas of consumption. Up to now, Danes have drunk aquavit at Christmas and Easter. But schnapps can be one of life's pleasures the whole year round, especially when we expand the rich spectrum of Aalborg aquavits with new varieties - for hot days, for seafood, for summer barbecues, or to go with specialities from Denmark's generous kitchen.

PARTNERSHIP

We are dependent on Danish market experience and insight to succeed in Denmark. We have found the necessary deep expertise in the firm Fleming Karberg Familieholding ApS. Fleming Karberg is now our equal partner in *Det Danske Spiritus Kompagni A/S*, a company established to manage sales, marketing and distribution of ArcusGruppen's Danish spirits brands. As such, the company will have the important duty of continually reminding Danes about what Aalborg brings to a good Danish meal: a special moment; an instant of peace and stillness around the table; a toast; then a few seconds' savouring before talking starts again, *"Skål for et øyeblikks nytelse in stillhet"* ('Cheers for a moment of peaceful enjoyment').

“No firm is better qualified than ArcusGruppen to take care of this great Danish schnapps and develop it further.

BITTERS AT ITS BEST

Many European countries’ spirits traditions include a bitter dram – spirits based on herbs, spices, berries and fruits. In Denmark, bitters is virtually synonymous with *Gammel Dansk*, a dram that has long been a national icon. It is an indelible part of the country’s culture, equally enjoyed on a weekday or a holiday. ArcusGruppen became the proud owner of Gammel Dansk upon acquiring De Danske Spritfabrikker in January 2013.

Now we are working to renew and reinforce Danes’ traditional loyalty to their bitter dram. We are introducing new uses: it might be drunk as a shot, or used as a cocktail ingredient. We are also reminding them of the traditional occasions: a small glass before or after a meal; when a job has been well done; when out fishing, or at the end of a successful hunt. These are all good moments made even better with a small glass of Gammel Dansk.

A PLAYFUL CONCEPT

The Wanted Zin is a concept wine in the best American wine style, developed in collaboration between Swedish importer WineWorld and the producer in Italy. Swedish-designed packaging, inspired by the California gold rush era, has further contributed to its success in Systembolaget.

California in Swedish

The Wanted Zin: a Swedish hit, a new and different red wine launched in 2013, and by the final quarter of the same year, already the third most sold bottled red wine in Systembolaget. A Bag in Box variant arrived in stores toward the end of the year, contributing to further rapid growth in 2014. WineWorld AB stands behind the success story of The Wanted Zin.

CONCEPT WINE

The secret behind this remarkable success? Thorough knowledge of customers, close and constructive collaboration with the producer, and, not least, WineWorld's ability to think outside the box. The result is a vigorous wine with a rich flavour, produced in Italy and adapted to Swedish preferences, and inspired by the character of American wines made from Zinfandel grapes. The grape variety is better known in Europe as 'primitivo' and one of the best areas for cultivating it is in the Puglia region in the heel of Italy. It is from here that the new Swedish best seller comes.

TEST TUBE AND PIPETTE

The development of The Wanted Zin began with WineWorld's experienced experts working with wine makers from the innovative Italian producer Orion Wines. Surrounded by wine casks and equipped with test tubes, pipettes and measuring cups, they tasted their way to a deep ruby red wine with a strong and complex bouquet and a comfortably spiced character derived from storage in American oak casks. This is a wine that hints at the New World and is a perfect accompaniment to juicy beef or lamb, or can be enjoyed entirely on its own in good company. This is clearly what the Swedish target group was looking for.

CALIFORNIA GOLD RUSH

The American-inspired concept is also reflected in the packaging, advertising, and marketing material. The playful graphical style conjures up images of California and the great gold rush of the 1850s – which also happens to be when the first Zinfandel vines were planted in that state. WineWorld has been responsible for the profile and image, in collaboration with designers.

> *"This is a wine produced in Italy and adapted to Swedish preferences, and inspired by the special character of American wine made from Zinfandel grapes.*

> *“Close collaboration based on mutual respect, and marketing expertise combined with the best of the wine maker’s art.*

Mutual respect

Allegrini is more about commitment - by producer and importers – than anything else. The committed collaboration between the Allegrini family of the Valpolicella district in Veneto, *Vinordia* in Norway, and *The Wineagency* in Sweden, has produced results.

In the course of a few years, Sweden and Norway have developed into Allegrini’s largest and third largest markets, respectively, and this is the consequence of more than just excellent wine. It is also the result of close collaboration based on mutual respect: a combination of marketing expertise and the best of the wine maker’s art. Vinordia and The Wineagency contribute their insight into Norwegian and Swedish consumers. Allegrini, for its part, knows how to make quality wine with exactly the characteristics the customers want.

Both Vinordia and The Wineagency are specialist import companies, characterised by staff with a burning enthusiasm for wine. To partner effectively with producers like Allegrini, for whom wine is both a craft and a lifestyle, one has to share their passion and pride.

TRADITION AND MARKET KNOWLEDGE

Allegrini has been in business for more than 150 years. With its seven vineyards – each with its own type of soil, sun conditions, altitude, and grape varieties - the firm produces wines with a wide spectrum of character and qualities. Traditional methods combined with innovation, knowledge and pride, mean that all these wines are among the best in their class.

QUALITY – AND NOT JUST IN BOTTLES

A special feature of the Nordic countries is that a large proportion of wine is sold in Bag in Box. It does not come naturally to an Italian wine producer to see that there might be a market for quality wine in this type of packaging. But Allegrini was persuaded to try. It thus became the first wine house to deliver Valpolicella in Bag in Box in Norway and Sweden.
It was very successful, first and foremost because no compromises were made in quality versus the same wine in bottles.

TRADITION AND INNOVATION

Allegrini is among the most advanced of the many excellent wine producers in the Veneto district. The combination of tradition and innovation has made the house a lodestar for the Italian wine industry, and Allegrini receives constant praise for wines such as La Grola and Palazzo della Torre. In close cooperation with Vinordia in Norway and The Wineagency in Sweden, Allegrini has developed quality wines adapted to Nordic consumers, including the first Valpolicella supplied in Bag in Box.

NOTHING LEFT TO CHANCE

Arcus Wine Brands' consumer insights led the way for the design of Zanni packaging. Nothing was left to chance: a classic modern look with a limited number of design elements make the packaging clear and recognisable; a carefully selected colour palette and matt sheen give an elegant visual impression. This creates expectations that are perfectly met by the contents of the carton.

"We use our consumer insights to develop wines targeted to Nordic tastes and requirements.

Red wine for sensitive heads

Do you get a headache from one or two glasses of red wine? Consumer surveys show that every third woman and every fourth man reacts this way to even moderate quantities of red wine. The main reason is an intolerance to histamine. Some think that tannins also contribute, but there is no documented research to support this. On the other hand, it is certain that many people prefer red wine with a low tannin content, as it has a softer character and is less astringent in the mouth.

CONSUMER INSIGHT

Consumer insight is a key concept and aptitude at Arcus Wine Brands, Norway's largest wine company. We regularly conduct quantitative surveys and in-depth interviews, which means we know our Nordic wine customers' wishes and needs better than anyone else. We use this consumer insight, along with our advanced laboratory and deep expertise, to develop wines targeted to Nordic tastes and requirements. That's why we are the only Nordic player to offer red wines specially developed to provide great taste experiences without the discomfort.

"LOW IN TANNINS AND HISTAMINE"

All red wines contain histamine and tannins. However, the amount varies greatly, depending on the variety of grape, production processes, and area of origin. We carried out laboratory analyses of wines from all over the world to find products with low and stable levels of both substances. We also have high-technology production equipment that allows us to further reduce and stabilise the levels, without degrading the taste or quality.

Our first wine labelled "Low in tannins and histamine" was Australian. In 2011, we pleased the many Norwegian fans of Italian red wine with another innovation, Zanni Valpolicella, from the popular Veneto region in northern Italy.

Zanni is our own brand, specially developed by Arcus Wine Brands' wine tasters in close dialogue with the Italian producer. It is a brisk and pleasant wine, well adapted to Norwegian taste preferences, and delivered in Bag in Box, the preferred packaging of Norwegian consumers.

The result was a resounding success. After just two years on Vinmonopolet's shelves, Zanni Valpolicella is now the eleventh most purchased of all red wines in Norway.

EXPECTATIONS MATCHED BY CONTENT

Consumer insight has also been central to the design of the packaging. Both the name Valpolicella, a well-known wine district with positive associations, and the text "Low in tannins and histamine," are positioned prominently on the box. The box itself has a classic modern quality, easily recognised and with a design that creates expectations matched by the content.

The success of the "Low in tannins and histamine" concept in Norway has convinced us to expand the idea to other countries. The first is Sweden, with a launch in Systembolaget in January 2014. Neither the wine nor the packaging will be carbon copies of the Norwegian editions, however. Swedes also get headaches from red wine, but based on our consumer insight we know that they have somewhat different preferences regarding the character of the wine and the design of its packaging.

Our social responsibility

In ArcusGruppen we shall:

***Ensure** that we fulfil the requirements we set for ourselves*

***Ensure** that employees feel a positive ownership of CSR*

***Ensure** continuous improvement our CSR results, so that when we meet a target, we immediately replace it with a new and more ambitious target*

***Ensure** that our own CSR measures coincide with society's expectations*

Environment

REDUCING OUR OWN ENERGY CONSUMPTION

ArcusGruppen wishes to contribute to responsible and sustainable operations.

We have established targets for energy efficiency and the proportion of renewable energy. Our efficient production plant at Gjelleråsen gives a very large environmental gain, in part because approximately 70% of the energy required for heating comes from our own geothermal plant.

By 2016, the present level of waste in production will be reduced by 10 percent in relation to production volume. This is a self-imposed requirement. Likewise our consumption of water will be reduced by 10 percent in relation to production volume. These are measures that benefit both the environment and ArcusGruppen.

Responsible trade

ANTI-CORRUPTION, HUMAN RIGHTS AND WORKERS' RIGHTS

Human rights and workers' rights have been identified as priority areas for the Wine and Spirits business areas. This is aligned with the Nordic alcohol monopolies (NAM) monitoring system for suppliers, and is based on common guidelines for social responsibility (the NAM Code of Conduct). As a leading Nordic player, ArcusGruppen has had an active role in this work since 2008.

In 2012, ArcusGruppen implemented the common Nordic Code of Conduct for all suppliers in South Africa, South America, Argentina and Australia, and we have documented this through the common monitoring system for the Nordic monopolies.

Purchasing managers throughout the Group monitor compliance, which gives ArcusGruppen good oversight and control over its own value chain. In turn, this will help reassure our customers that our products are produced in a responsible and sustainable way.

All employees have signed ethical rules that govern how employees conduct themselves. The regulations also cover employees' behaviour on the Internet and in social media. The Group has a whistle-blower telephone number, which employees can use to speak out – either openly, or with full anonymity – about breaches of rules and regulations, and any other undesirable internal conduct.

Responsible consumption

SOCIAL RESPONSIBILITY

ArcusGruppen wishes to contribute to a responsible alcohol culture among those who enjoy our products. ArcusGruppen will proactively share knowledge about how to enjoy our products responsibly, and to avoid misuse.

ArcusGruppen actively discourages alcohol misuse among its own employees, running a programme through AKAN (the workplace advisory centre for addiction problems).

The AKAN programme aims to prevent problems with intoxicants among the Group's employees and to offer help to individuals with such problems. It is important for ArcusGruppen to have a high level of competence and knowledge in the areas of alcohol and drug abuse. The AKAN work is very important for establishing and reinforcing a sound and healthy internal preventive culture in respect to alcohol consumption.

THE NORDIC ALCOHOL MONOPOLIES' (NAM) CODE OF CONDUCT

The alcohol monopolies in Sweden, Finland, Norway, Iceland and the Faroe Islands have prepared a common Code of Conduct, developed by the international consultancy firm BSCI. This went into effect in 2012 for all suppliers, along with a system for monitoring the provisions of the NAM Code of Conduct. In Norway, Vinmonopolet chose to implement its own reporting system, developed in collaboration with Det Norske Veritas. Systembolaget (Sweden) and Alko (Finland) have chosen another model, in which BSCI monitors a selection of producers directly, through a limited number of annual audits.

Organisation and people

KEY FIGURES 2013

Employees	258
Temporary employees	11
Permanent employees in the Nordic countries	
Norway	186
Sweden	38
Denmark	21
Finland	4
Absence due to illness	6.4 %
Turnover	6.3 %
Gender distribution	
Women	44 %
Men	56 %

HSE - HEALTH, SAFETY AND ENVIRONMENT

ArcusGruppen has long paid close attention to health, safety and environment. As a manufacturing organisation we are very aware of our responsibility for both safety and injury prevention. ArcusGruppen continually concentrates on procedures, dealing with variances and adjusting the work situation for individual employees in accordance with our obligations as an Inclusive Working Life (IA) company. As a responsible alcohol producer, ArcusGruppen also has an active, well-functioning AKAN, which provides a solid foundation for substance abuse prevention in the organisation.

One of the Group's most important injury-prevention measures is an efficient and thorough reporting system for hazardous situations. Hazardous situations are considered to be resolved only when there is a specific action plan put in place. Reporting shows a steady positive trend, and we are exceeding our targets by a good margin. In 2013 we had 7 injuries resulting in absence from work. This was more than our target of nil injuries, but total injuries were less serious and resulted in less work absence. ArcusGruppen has a target of nil injuries by 2016.

ABSENCE DUE TO ILLNESS 2013

ArcusGruppen is an Inclusive Working Life ('IA') company. The main intention of the IA agreement is to include more people in working life. This is achieved through a preventative HSE programme, leading to less absence due to illness among employees. The agreement also prescribes work situation adjustments for employees who have been absent due to illness, enabling an easier and faster return to work.

Our focus on monitoring absence due to illness, and associated preventative measures, has created a positive trend. We beat our target of 6.5% absenteeism due to illness in 2013, achieving 6.4%. Employees have access to an active and professional occupational health service, chiropractor, exercise facilities and ergonomically adapted work-stations. We are well on the way to a target of 5.9% for absence due to illness in 2016.

COMPANY SPORT

Physical activity is an important part of daily life for many of ArcusGruppen's employees. At Gjelleråsen the employees have access to a large exercise room with a variety of training apparatus. Group training with instructors from SATS is one of many popular activities. The company sports club also arranges trips for its members, and provides motivation and support for low-impact physical activities.

WORKING ENVIRONMENT

ArcusGruppen has an active industrial safety organisation that carries out regular exercises with local rescue services. This helps reduce the risk and degree of injuries to personnel, and damage to the environment, in the event of an incident. The industrial safety organisation is integrated with operational line management and there are always trained personnel on site. Regular risk assessments of processes and work-stations are carried out. Action plans and measures are implemented on a continuous basis to ensure that workplaces are safe and secure at all times.

ArcusGruppen has procedures for training employees, since adequate knowledge and correct use of protective equipment and tools contribute to a sound working environment.

ORGANISATION, PERSONNEL AND ENVIRONMENT

ArcusGruppen's employees are highly committed. Employees are the key to the company's success and are one of its most important resources. Clear direction, targets and leadership are prerequisites for a good working environment. In 2013, ArcusGruppen launched its new values and a new vision and mission. These were developed into a programme that has had a major influence on internal work in ArcusGruppen in 2013. They have influenced decision-making and employee development, and are deeply rooted in the Group's strategies. Employees have taken part in this work at various levels in the organisation.

By way of further reinforcement, a new leadership development programme will be launched in 2014. Workforce commitment is key to ArcusGruppen achieving its vision of being the best at wine and spirits in the Nordics!

Engaged employees are important for ArcusGruppen. The Group is already harvesting the first fruits of the work carried out in 2013. Employee engagement is measured regularly, and in 2013 the Group's score exceeded targets.

Corporate governance

ArcusGruppen's principles for good corporate governance shall contribute to value creation for the benefit of owners, employees and society.

1. CORPORATE GOVERNANCE REPORT

ArcusGruppen's Board actively monitors the requirements for good corporate governance and will at all times ensure that ArcusGruppen adheres to the 'Norwegian Code of Practice for Corporate Governance', last revised on 23 October 2012. The code is available on www.nues.no. The report below covers the points in the code and describes ArcusGruppen's compliance.

2. ABOUT THE BUSINESS

ArcusGruppen's formal purpose is: *"Import, export, production, storage and distribution of alcoholic drink products and other goods, and any activity in connection with these purposes, and to own shares in other companies engaged in the same activity."*

ArcusGruppen is engaged in the marketing, sale and production of alcoholic drink products. Further information is available on our website www.arcus.no.

3. SHARE CAPITAL AND DIVIDENDS

The Group's total equity on 31 December 2013 was MNOK 538.6. Over time, ArcusGruppen's owners will achieve a competitive return on their investment through a combination of dividends and increased value of the shares. The Board has proposed that no dividend shall be distributed for 2013.

4. EQUAL TREATMENT OF SHARE-HOLDERS AND RELATED PARTY TRANSACTIONS

ArcusGruppen has one class of shares and each share carries one vote. The share-holders are Ratos AB, Hoff SA and senior managers. The nominal value per share is NOK 1,000. The company's strategy is to not dilute existing shareholders, and accordingly no increases in the company's capital have been made in recent years. If the Board were to propose to the general meeting that existing shareholders' preferential rights should be waived in the event of an increase of capital, such proposals will be based on the common interests of the company and the shareholders, and the justification will appear in the notice for general meeting.

5. FREE TRANSFERABILITY

ArcusGruppen has a limited number of shareholders and the shares are not traded actively. The articles of association contain no special restrictions on the transfer of shares.

6. GENERAL MEETING

ArcusGruppen has a limited number of shareholders and the shares are not traded actively. The Chairman of the Board of Directors chairs the general meeting.

7. NOMINATION COMMITTEE

As an unlisted company, ArcusGruppen has decided that the company will not have a nomination committee.

8. CORPORATE ASSEMBLY AND BOARD OF DIRECTORS - COMPOSITION AND INDEPENDENCE

As an unlisted company, ArcusGruppen has decided that the company will not have a corporate assembly.

The term of office for members of the Board elected by shareholders, and alternate directors, is two years. The Board is composed with a view to looking after the interests of shareholders in general, and the company's needs for skills and qualifications, capacity and diversity. The composition of the Board satisfies the code's requirement for members of the Board to be independent of the company's management, principal shareholder and significant business connections. Two members of the Board are employees of the principal shareholder and all directors may be defined as independent of the company's management or significant business connections. There are few instances of disqualification by reason of partiality when matters are under consideration by the Board.

Representatives of general management are not members of the company's Board of Directors. On pages 60-61 there is a more comprehensive description of each director's background, qualifications, term of office, independence, how long he/she has been a director of ArcusGruppen and any significant assignments for other companies or organisations. The Group's employees have the right to elect four members of the Board of Arcus-Gruppen AS, pursuant to Norwegian law and the workers' participation scheme in force. The composition of the company's governing bodies is reported on pages 60–61.

9. THE WORK OF THE BOARD OF DIRECTORS

The rules of procedure for the Board of Directors govern the Board's tasks, responsibilities, duties and administrative procedures. The rules of procedure for the Board of Directors also contain rules setting out the CEO's duties to keep the Board informed, ensure that the Board's decisions are implemented, make sure that the company's employees and other involved parties receive sufficient information about the Board's decisions, and make certain that the guidelines for preparing agenda items for Board consideration are followed. Other Board direction and clarification to general management concerning duties, powers and responsibilities take place through routine communication. The Board decides upon an annual plan of work and meetings that cover strategic work, business issues and super-visory activities. In 2013, seven Board meetings were held in accordance with the Board's work schedule and 63 items were dealt with. The Board's work is described in more detail in the annual directors' report. The Board's agenda is prepared by the CEO in discussion with the Chairman of the Board. The Board has established two standing committees: the Remuneration Committee and the Audit Committee.

Remuneration Committee

The Remuneration Committee is chaired by the Chairman of the Board, Kaare Frydenberg, and its other members are Mikael Norlander

and Hanne Refsholt. The composition of the committee satisfies the code's requirements for independence and all members of the committee are considered to be independent of senior management.
The main tasks are:

- Prepare recommendations on the CEO's terms and conditions for the Board
- Prepare recommendations for Board approval, covering matters such as salary levels, bonus systems, pension terms, employment contracts etc. for ArcusGruppen's managers.

Audit Committee

The Audit Committee is chaired by the Chairman of the Board, Kaare Frydenberg, and its other members are Mikael Norlander and Stefan Elving. The CFO is the secretary of the Audit Committee. The composition satisfies the code's requirements for expertise and independence, and all members of the committee are considered to be independent of the activity.
The main task is:

- Ascertain that internal and external financial reporting is appropriately organised, efficiently carried out and of good technical quality, and supervise the company's arrangements for risk management.

Board self-assessment

The Board carries out an annual review of its activities and competence, and discusses improvements in the organisation and execution of the Board's work, both at an individual level and as a group.

10. RISK MANAGEMENT AND INTERNAL AUDIT

The Group's management is responsible for risk management and internal control in the company and shall contribute in this way to ensuring that business opportunities are exploited through safe and effective operations, with reliable reporting within the applicable laws and regulations, including requirements for ethical conduct and social responsibility. Through this work, risk factors that are critical for the Group will be revealed and followed up to ensure that adequate risk reduction measures are in place. In this context it will also be ensured that instructions and guidelines for risk management, emergency response and business continuation are documented.

HSE

The Group has an HSE function, which ensures that this area is monitored. Further description of the function is provided on the ArcusGruppen website.

Ethics and social responsibility

ArcusGruppen revised its CSR policy for the Group in 2013. The Group's ethical rules were revised in 2012. As part of this, the Group has established a warning system for breaches of its ethical rules ('whistle-blowing').

Financial reporting process

ArcusGruppen's financial statements are submitted in accordance with the applicable IFRS regulations. Reporting takes place using the Group's reporting systems, Cognos and SAP.

11. BOARD REMUNERATION

Information about all Board remuneration is provided in Note 8 to the accounts of Arcus-Gruppen AS. Some Board members have shares and options schemes. These are reported on in Note 8 to the annual report and accounts.

12. SENIOR MANAGERS' REMUNERATION

The Remuneration Committee develops specific recommendations for the Group CEO's terms and conditions for the Board, and supervises the general terms and conditions for other senior managers in the Group. The Board assesses the CEO and his terms and conditions once per year.

13. INFORMATION AND COMMUNICATION

ArcusGruppen's financial statements and financial reporting shall be transparent and inspire confidence. The financial statements shall be in accordance with International Financial Reporting Standards (IFRS). Annual reports are available on ArcusGruppen's website.

14. TAKEOVER OF THE COMPANY

As an unlisted company with a single principal owner, ArcusGruppen has decided not to comment on this point.

15. AUDITOR

The external auditor shall report regularly to the Board. The external auditor submits an assessment of risk, internal control and the quality of financial reporting in ArcusGruppen to the Board every autumn. At the same time the audit plan for the coming year is put forward. The external auditor also attends the Board meeting when the annual report and financial statements are discussed. Current issues may be discussed with the external auditor without the administration being present. The external auditor and Group CEO attend all meetings of the Board's Audit Committee.

Risk management

ArcusGruppen is an organisation with considerable international activity and is exposed to business risk, political risk, currency risk, interest rate risk, liquidity risk and credit risk. The responsibility for managing risk is split between the business areas, which manage the risk associated with business processes, and the Group, which manages the risks in connection with currencies, interest rates and liquidity.

The Board and Group management monitor risk through regular reporting and meetings.

BUSINESS RISK

ArcusGruppen is continuously exposed to fluctuations in demand for the Group's products. The company reports internal and external changes on a regular basis and takes corrective measures when necessary.

Access to key raw materials for making spirits is reviewed regularly to ensure flexibility. For vodka, delivery agreements have been made with foreign producers. There is, however, only one Norwegian supplier in existence for the potato spirits needed for aquavit. In 2013, satisfactory quality of raw materials was also focused upon, to reduce risk and increase efficiency.

Production is subject to the Food Act with its associated regulations and requirements for safe production for consumers. The Group's quality system takes care of these requirements and it has the only accredited laboratory for alcoholic drinks in Norway. All products that the company itself bottles are analysed to ensure quality.

ArcusGruppen has taken out insurance coverage for key areas. The Group has a fire alarm system and physical security for the property, emergency plans of a commercial and administrative nature, a quality system, and internal controls.

POLITICAL RISK

The level of alcohol duties in Norway and the other Nordic countries, and the monopoly schemes in Norway, Sweden and Finland, will affect the Group's development. To reduce the risk, ArcusGruppen is active within industry organisations so that it becomes aware of possible changes at an early stage and has the chance to influence them.

CURRENCY RISK

The Norwegian krone is the company's reporting currency. ArcusGruppen is exposed to exchange risk in connection with the Group's foreign activities. Significant changes in EUR/NOK and SEK/NOK rates will influence purchase prices and export revenues. ArcusGruppen seeks as far as possible to hedge currency exposure in accordance with expected operational developments in the business areas.

INTEREST RATE RISK

ArcusGruppen's interest rate risk is mainly associated with the Group's debt portfolio. ArcusGruppen has a Group bank that as a general rule manages all new external loans and hedging transactions for interest rates and currencies.

LIQUIDITY RISK

The Group's handling of risk shall ensure that it has the financial freedom of action to achieve its short- and long-term strategic and operational objectives. The cash flow from operations is relatively stable and is monitored in both the short and long term through reporting.

REDUCING RISK

ArcusGruppen's production activity is subject to the Food Act and associated regulations. The new and advanced laboratory at Gjelleråsen is important for ensuring that strict safety requirements are complied with satisfactorily and that the risk of faults and defects in products is minimised.

Members of the board of directors

Kaare Frydenberg *(63)*
Chairman of the Board

Master of Business Administration
Chairman of the Board of ArcusGruppen since 2005. Partner and Chairman of the Board of Saga Management AS since 2005. Group CEO Posten Norge AS 2000–05, Vice President Pripps Ringnes AB 1996–00, Managing Director Aftenposten AS 1990–96. Chairman of the Board of Industriverktøy AS and Steenberg & Plahte AS.

Eilif Due *(59)*
Board member

Civil engineer, business economist
Board member of ArcusGruppen since 2010. Chairman of the Board of Vectura since Oct 2013. Development Director St. Olav Hospital Phase 1 2002–2007, Aker Verdal as, project manager and yard manager 1988–2002. Farmer/forester since 1986. Chairman of the Board of Hoff SA and Allskog SA, board member Norwegian Forest Owners Association, board member Norske Skog ASA.

Hanne Refsholt *(53)*
Board member

MSc Agric, MBA
Board member of ArcusGruppen since 2012. Group CEO TINE SA since 2005, Deputy Group CEO TINE SA 2001-2005, Director of KLF (the Norwegian Meat and Poultry Association) 1996–98, various positions in TINE SA from 1988–96 and 1998–2001. Chairman of the Board of Røde Kors Sentrene (the Red Cross Centres), Board member of Norsk Landbrukssamvirke (the Federation of Norwegian Agricultural Cooperatives) and DLF (the Grocery Manufacturers of Norway).

Leena Saarinen *(53)*
Board member

MSc Food Technology
Senior consultant and professional board member in a number of listed and unlisted companies Etteplan Oyj, Digia Oyj, Arla Ingman Oy, I.G. Alita Ab. CEO and MD of Suomen Lähikauppa Oy 2007–2010, CEO and MD of Altia Corporation Oy, 2005–2007, Managing Director of Unilever Finland Oy 2002–2005.

Stefan Elving *(72)*
Board member

Master of Political Science
Board member of ArcusGruppen since 2005. Various board appointments since 1999. Deputy CEO ICA Sverige 1991–98, CEO Elida-Robert Group (Unilever) 1988–91, CEO Falcon (Unilever) 1984–88. Board member BioGaia AB.

Michael Holm Johansen *(57)*
Board member

Bachelor of Commerce, MBA
Various board appointments since 2011. President for Central & Southern Europe in The Coca-Cola Company 2003–11. Senior managerial positions in The Coca-Cola Company 1997–2003. Group Director in Schulstad Gruppen 1993–97. Formerly Procter & Gamble Vice-Chairman of the Board of KFI Holding and Dagrofa.

Leif Johansson *(64)*

Board member

Combined engineering and business education

Board member of ArcusGruppen since 2005. Industrial consultant for Ratos. Formerly Deputy Managing Director and COO of Ratos. Roles within Ratos include: Chairman of the Board of Euromaint, Alborg fastighets A/S, board member in Inwido, alternate in Aibel. Own consultancy 1994–2004, management positions in Procuritas AB 1989–04. CEO LB-Invest 1985–93.

Mikael Norlander *(35)*

Board member

Master of Business Administration

Board member of ArcusGruppen since 2012. Senior Investment Manager Ratos AB since 2008, Manager Bain & Co 2003–08. Board member Bisnode AB.

Knut Røe *(61)*

Board member

Staff representative

Board member of ArcusGruppen since Oct 2013. Employed by Vinmonopolet in 1975 as a mechanic. Union Secretary 1976–80, Workshop Foreman 1980–2000. Board member Norwegian Union of Commercial and Office Employees (HK), Mechanic in Arcus 2000–2013.

Erik Hagen *(59)*

Board member

Staff representative

Board member of ArcusGruppen since 1996. Staff representative, Leader of NNN (Norwegian Food and Allied Workers Union) Arcus since 1989. Bottling worker/bottling machine operator 1976–89. Member of the Association Board NNN, board member Confederation of Trades Unions Norway in Oslo, Chair of the TU Confederation's Industrial policy committee Oslo, Chairman of the Board of NNN Oslo and Akershus, board member in Diversity at Work (MIA) and the DeFacto knowledge centre for union members.

Bjørn Gunnar Nilsen *(59)*

Board member

Staff representative

Varied business education and packaging economist. Employee in Vinmonopolet and Arcus since 1981. Worked in the technical department mainly specialising in process. Bottling manager from 1989–1992. Shop steward in the senior clerical staff association OFF and board member of ArcusGruppen from 2013.

Arne Larsen *(44)*

Board member

Staff representative

Worked in the bottling plant since 1986, cooper since 1993. Board member of ArcusGruppen since 2012. Staff representative, Leader of NNN (Norwegian Food and Allied Workers Union) in Arcus AS, board member Oslo and Akershus NNN, member of the international committee in the Norwegian TU Confederation (LO) Oslo and board member of Arcus AS.

Directors' report 2013

ArcusGruppen, which has its head office at Gjelleråsen in Nittedal Municipality, Norway, is a leading Nordic player in wine and spirits. The company is the largest supplier of wine in Norway and Sweden and of spirits in Norway and Denmark. It is the global market leader in the aquavit category. ArcusGruppen is established in all the Nordic countries and it exports considerable quantities to both Germany and the USA.

ArcusGruppen continues to strengthen its position in the Nordic market. Sales of spirits increased by 46.3%, while sales of wine rose by 5.8%.

The acquisition of De Danske Spritfabrikker, with the brands Aalborg Akvavit, Gammel Dansk and Malteserkreuz, was completed and became effective for accounting purposes on 4 January 2013. This has contributed significantly to the growth in the spirits area.

ArcusGruppen has experienced more modest growth in the wine area in 2013, but has consolidated its position as market leader in Sweden and Norway through new launches and new agencies.

Vectura's distribution business was split off and established as a sister company to ArcusGruppen at the end of the third quarter. The distribution business is significantly different from the Group's brand business in wine and spirits, and the purpose of the separation is to increase focus on the opportunities and challenges that exist in each of the two businesses. In the statement of comprehensive income Vectura is presented as a discontinued operation.

FINANCIAL DEVELOPMENTS

Performance details

The Group's operating income from continuing operations was MNOK 2,053 in 2013. This is an increase of MNOK 303 (17.3 %) compared with 2012. The increase is mainly due to growth in the spirits business area, which increased its operating income by MNOK 240. The area's growth was the result of acquisitions, price increases and new agencies. Operating income for the wine business area increased by MNOK 49, due principally to new launches.

Operating costs increased by MNOK 150 (9.3%) versus 2012, primarily because of the acquisition of De Danske Spritfabrikker. The cost of goods sold increased by MNOK 155, while indirect costs were reduced by MNOK 5. Total non-recurring costs in 2012 were MNOK 105, against net non-recurring income of MNOK 5 in 2013.

Profit before tax, financial items, depreciation and amortisation (EBITDA) was MNOK 332, which is MNOK 169 (103.4%) higher than the year before. The EBITDA margin increased from 9.3% to 16.2%.

The Group's operating profit (EBIT) in 2013 was MNOK 298, which is MNOK 158 (112.8%) higher than the year before. The operating margin increased from 8% to 14.5%.

Net financial items totalled MNOK -29 in 2013, against MNOK -36 in 2012. The reduction is due to increased interest income and changes in the value of forward foreign-exchange contracts and options at market value. Interest costs have increased somewhat as a result of financing the acquisition in Denmark. The Group's foreign currency contracts led to an unrealised gain in 2013 of MNOK 4.

The Group's pre-tax profit from continuing operations was MNOK 269 versus MNOK 105 in 2012.

Up to and including 30 September, Vectura is reported as profit for the year from discontinued operations.

The profit for the year including discontinued operations was MNOK 181 compared to MNOK -22 in 2012.

The pre-tax profit in the parent company Arcus-Gruppen AS was MNOK 63 versus MNOK -27 the previous year. The profit improvement is due to the elimination of non-recurring costs in connection with the move to Gjelleråsen and increased profits attributable to subsidiary companies. Working in the opposite direction is the write-down to fair value of the shares in Vectura, prior to sale. The company has received profits attributable to subsidiaries of MNOK 208, compared with MNOK 81 in 2012.

Pursuant to Section 3-3a of the Norwegian Accounting Act it is confirmed that the going concern assumption is in effect.

Financial matters and capital structure

The Group's financial position was MNOK 2,558 on 31 December 2013, compared with MNOK 2,414 on 31 December 2012. The two statements of financial position are not directly comparable, as the distribution business is not included in 2013.

Financial risk is continually monitored in accordance with defined targets and strategy. The currency risk associated with transactions is hedged through the forward market. There is good correlation between net currency exposure in the consolidated statement of financial position as of 31/12/2013 and the expiry date structure of the corresponding forward contracts.

The Group's total equity at the end of the year was MNOK 539. The equity ratio on 31/12/2013 was 21.1 %.

As of 2009, the Group has moved to a defined contribution pension scheme, and stable pension costs are expected in future years. The capitalised obligation in connection with the earlier retirement pension scheme AFP, and other schemes, totals MNOK 25, compared with MNOK 30 in 2012.

The Group's long-term financing consists mainly of a long-term intra-Group liability to the parent company Arcus-Gruppen Holding AS of NMOK 968. MNOK 808 of this intra-Group liability was converted to equity in February 2014. A further MNOK 160 will be converted by the end of the first quarter in 2014. The Group also undertakes long-term financial leasing of equipment.

The Board considers the Group's capital adequacy and liquidity situation to be satisfactory.

ORGANISATION, ENVIRONMENT AND SOCIAL RESPONSIBILITY

Organisation

ArcusGruppen works systematically to develop its employees and its organisation to support its business strategies.

The Group had 258 employees on 31 December 2013.

The total absence due to illness in the Group, including discontinued operations up to and including the third quarter, has reduced from 6.5% in 2012 to 6.4% in 2013. For continued operations alone, absence due to illness has increased from 5.2% in 2012 to 6.4% in 2013. ArcusGruppen is an Inclusive Working Life ('IA') company and in 2013 it carried out comprehensive training of managers in monitoring absence due to illness and also involved the occupational health service in individual follow-up and remedial measures.

A total of 88 injuries and undesirable incidents were reported in 2013. This figure includes the discontinued operation up to and including the third quarter of 2013. In 2012, 91 injuries and undesirable incidents were reported. Taking into consideration that the discontinued operation was included for 9 months in 2013 and 12 months in 2012, the number of injuries and undesirable incidents reported increased. This is a result of increased attention paid to reporting. There were 9 injuries leading to absence from work in 2013, the same as in 2012. All the injuries resulting in absence from work in 2013 have been minor and employees have been back at work after a short absence.

In ArcusGruppen, 44% of personnel are women and 56% are men. The Board of ArcusGruppen consists of 12 members, of whom 8 are elected by shareholders. Two of the members elected by shareholders are women. The Group prioritises the provision of equal opportunities for all employees, regardless of gender.

ArcusGruppen works actively and purposefully to promote the aims of the Anti-discrimination Act within the business. The activities covered include recruitment, wage conditions, working conditions, development opportunities and protection against harassment, regardless of ethnicity, skin colour, language, and religion or beliefs.

The Group's aim is to be a workplace where there is no discrimination on the grounds of disability. The Group works actively and purposefully to design and adapt its physical facilities in such a way that the firm's facilities are accessible to as many people as possible. Workplaces and tasks are individually adapted for disabled employees or job applicants.

Environment

ArcusGruppen works systematically at reducing the effects of its activities on the external environment.

Target figures have been established for energy efficiency and for the proportion of renewable energy. By 2016 the waste from production will be reduced by 10 percent in relation to volume produced, a self-imposed requirement. Likewise the firm's own consumption of water will be reduced by 10 percent in relation to volume produced.

The Group's production plant at Gjelleråsen gives a substantial environmental gain, as around 70 percent of the energy required for heating comes from the firm's own geothermal plant.

Social responsibility

The Group's CSR policy and ethical rules describe the principles underlying social responsibility and the general responsibility that lies with the Group's management and employees. ArcusGruppen has a set of ethical rules that have been signed by all employees and which form a part of the contract of employment. The Group has established a whistle-blower telephone facility, which employees can use to report conduct worthy of criticism - either openly, or with full anonymity.

ArcusGruppen has been a member of the UN Global Compact since 2012 and reports annually on the Group's social responsibility work. The compact covers human rights, labour rights, the environment, anti-corruption and the approach to alcohol.

The Nordic Alcohol Monopolies (NAM) has developed a monitoring system for suppliers based on common guidelines for social responsibility (the NAM Code of Conduct). Since 2012, ArcusGruppen has implemented the common Nordic Code of Conduct for all suppliers in South Africa, South America, Argentina and Australia and has documented this through the common monitoring system for the Nordic monopolies.

CORPORATE GOVERNANCE

ArcusGruppen seeks to follow the Norwegian Code of Practice for Corporate Governance (published by the Norwegian Corporate Governance Board 'NUES') wherever relevant. A report on the Group's approach to the individual points in the NUES guidelines may be found earlier on in the annual report.

ALLOCATION OF PROFIT

The board recommends that the profit for the year in the parent company Arcus-Gruppen AS of TNOK 55,786 be allocated as follows:

Transferred to retained earnings	55,786 TNOK
Total transferred	**55,786 TNOK**

FUTURE PROSPECTS

After a record year in 2013, ArcusGruppen has a very good starting point for continued profitable growth, both in 2014 and in future years.

Continual focus on profitable growth for the brands will be accorded high priority again in 2014. ArcusGruppen will stay close to the marketplace, with the aim of enhancing the brands' positioning and value. This involves continuing to focus intently on innovation and on having an entrepreneurial commercial approach. One concrete result of this will be new launches, an activity that will be visible throughout our Nordic home market.

Nittedal 13 March 2014

Kaare Frydenberg
Chairman of the Board

Hanne Refsholt

Mikael Norlander

Eilif Due

Leena Saarinen

Leif Johansson

Stefan Elving

Michael Holm Johansen

Erik Hagen

Bjørn Gunnar Nilsen

Arne Larsen

Knut Røe

Otto Drakenberg
Group Chief Executive Officer

Accounts and Notes

CONSOLIDATED FINANCIAL STATEMENTS

Key figures 2009–2013

	Def		2013	2012	2011	2010	2009
INCOME							
Operating income *		MNOK	2 053.3	1 750.2	1 532.6	1 387.2	1 278.3
Of which operating income outside Norway		MNOK	1 243.1	977.6	912.1	832.4	718.7
EBITDA *		MNOK	**331.8**	**163.1**	**145.1**	**145.0**	**179.5**
EBIT *		MNOK	**298.3**	**140.2**	**125.8**	**125.8**	**160.5**
EBIT adjusted for non-recurring items		MNOK	293.1	245.7	161.0	130.4	93.0
Net financial profit *		MNOK	-29.3	-35.5	-17.1	-7.1	-15.2
Pre-tax profit *		MNOK	**269.0**	**104.7**	**108.6**	**118.7**	**145.3**
Profit for the year from continued operations		MNOK	210.0	74.1	80.9	88.7	94,8
Profit for the year from discontinued operations (distribution)		MNOK	-27.6	-96.3	-0.9	9.4	10.6
Profit for the year		MNOK	**180.8**	**-22.2**	**80.0**	**98.1**	**105.4**
Operating margin adjusted for non-recurring items	1	(%)	14.3%	14.0%	10.5%	9.4%	7.3%
Profit per share	2	NOK	655	-81	290	355	382
CAPITAL POSITION							
Total capital		MNOK	2 558.0	2 413.7	2 339.7	1 947.3	1 951.8
Total equity		MNOK	538.6	207.3	269.4	504.8	467.9
Equity ratio	3	(%)	21.1%	8.6%	11.5%	25.9%	24.0%
Net interest-bearing debt	4	MNOK	892.1	121.9	-241.0	-425.7	-365.6
Interest coverage ratio	5	(%)	9.3	-1.2	22.4	-65.4	-40.4
Remaining duration of debt	6	Year	4.0	3.8	4.8	-	-
Capital turnover	7	Per yr	0.8	0.8	0.8	0.8	0.8
Return on equity	8	(%)	48.9%	-9.3%	20.7%	19.4%	22.5%
Return on capital employed, adjusted for non-rec. items*	9	(%)	27.3%	43.7%	36.7%	23.6%	17.2%
CASH FLOWS							
Net cash flows from operational activities		MNOK	185.7	43.6	99.8	-10.6	168.7
Net cash flows from investment activities		MNOK	-599.9	-107.9	-200.8	146.3	-187.2
Net cash flows from financing activities		MNOK	603.1	14.5	82.7	-79.3	-67.1
Net cash flows		MNOK	-109.5	-49.8	-18.7	60.1	-80.3
Cash flow per share from operational activities	10	NOK	673	158	362	-38	611
SHARES							
Average number of shares outstanding in parent company		Number	276 000	276 000	276 000	276 000	276 000
PERSONNEL							
Number of employees as at 31 Dec continued operations		Number	258	240	251	242	230
Number of employees as at 31 Dec discontinued operations		Number	-	201	218	210	239
Average number of FTEs		Number	397	450	454	460	469

* The figures have been adjusted after the sale of the distribution operation in 2013, so that the distribution operation is no longer included in the historic figures.

Definisjon:
1. EBIT adjusted for non-recurring items / Operating income
2. Profit for the year / average number of shares
3. Equity / Total capital
4. Interest-bearing debt - cash and cash equivalents
5. (Pre-tax profit + net cost of interest) / Net cost of interest
6. Remaining duration of interest-bearing debt
7. "Operating income / Average total capital"
8. Profit for the year / Average equity
9. EBIT adjusted for non-recurring items / average capital employed **
10. Net cash flows from operational activities / average number of shares

** Capital employed = Equity + interest-bearing debt - cash and cash equivalents.

Statement of income 01.01. – 31.12.

Figures in NOK 1 000	Note	2013	2012
OPERATING INCOME AND EXPENSES			
Net sales	**5**	**1 950 031**	**1 658 896**
Net gain on sale of fixed assets	12, 27	0	293
Other operating income	6	103 299	91 022
Total operating income		**2 053 330**	**1 750 211**
Cost of goods	16	-1 127 113	-972 526
Salaries and other personnel costs	8,9	-244 300	-203 616
Depreciation	12,13	-33 481	-22 851
Other operating expenses	7,14	-366 113	-311 478
Other income and expenses	7	5 246	-105 439
Total operating expenses		**-1 765 761**	**-1 615 910**
Share of profit from associated companies and jointly controlled entities	2	10 733	5 937
Total share of profit from associated companies and jointly controlled entities		**10 733**	**5 937**
Operating profit		**298 302**	**140 238**
FINANCIAL INCOME AND COSTS			
Interest income	10	6 978	4 805
Other financial income	10	10 991	2 856
Interest costs	10	-41 494	-28 591
Other financial costs	10	-5 753	-14 618
Net financial profit		**-29 278**	**-35 548**
PRE-TAX PROFIT		**269 024**	**104 690**
Tax	11	-60 723	-30 595
Profit for the year from continued operations		**208 301**	**74 095**
Profit for the year from discontinued operations	24	-27 550	-96 326
Profit for the year		**180 751**	**-22 231**
The profit for the year is attributable to			
Non-controlling interests		27 656	30 702
Parent company shareholders		153 095	-52 933
		180 751	**-22 231**
Earnings for the year per share for that part of the annual profit attributable to parent company shareholders (figures in NOK)			
Earnings per share, continued operations (= diluted earnings per share)	19	655	157
Earnings per share, discontinued operations (= diluted earnings per share)	19	-100	-349

Statement of other comprehensive income 01.01. – 31.12.

Figures in NOK 1 000	2013	2012
Income for the year	**180 751**	**-22 231**
Items that will not be reclassified against the comprehensive income statement:		
Pension effects of Revised IAS 19	-5 989	0
Total items that will not be reclassified against the comprehensive income statement, before tax	**-5 989**	**0**
Tax on items that will not be reclassified against the comprehensive income statement	1 677	0
Total items that will not be reclassified against the comprehensive income statement, after tax	**-4 312**	**0**
Items that may be reclassified against the comprehensive income statement:		
Translating differences in translation of foreign subsidiaries	145 780	-3 931
Total items that may be reclassified against the comprehensive income statement, before tax	**145 780**	**-3 931**
Tax on items that may be reclassified against the comprehensive income statement	0	0
Total items that may be reclassified against the comprehensive income statement, after tax	**145 780**	**-3 931**
TOTAL OTHER COMPREHENSIVE INCOME	**141 468**	**-3 931**
TOTAL PROFIT FOR THE YEAR	**322 219**	**-26 162**
The total profit for the year is attributable as follows		
Non-controlling interests	29 855	30 469
Parent company shareholders	292 364	-56 631
	322 219	**-26 162**

Statement of financial position 31 December

Figures in NOK 1 000	Note	2013	2012
ASSETS			
Fixed assets			
Intangible assets			
Goodwill	13	602 622	220 923
Brands	13	400 588	8 787
Software	13	10 718	890
Total intangible assets		**1 013 928**	**230 600**
Tangible fixed assets			
Land, buildings and other real estate	12	13 109	1 626
Machinery and equipment	12	239 950	357 983
Fixtures and fittings, tools, office equipment etc.	12	26 795	38 902
Assets under construction	12	214	5 708
Total tangible fixed assets		**280 068**	**404 219**
Long-term financial assets			
Deferred tax asset	11	41 759	95 424
Investments in associated companies and jointly controlled entities	2	47 669	36 443
Other investments in shares	3	227	225
Long-term receivables from group companies	15	62 477	0
Other long-term receivables	15	166	262
Total long-term financial assets		**152 298**	**132 354**
Total fixed assets		**1 446 294**	**767 173**
Current assets			
Inventories	16	319 069	248 721
Receivables			
Accounts receivable	4	327 705	890 756
Accounts receivable from group companies	4	175 300	50
Prepayments to suppliers	17	13 239	95 579
Other receivables	15	9 453	23 639
Other receivables from group companies	15	20 998	32 332
Total receivables		**546 695**	**1 042 356**
Cash and cash equivalents in the group cash pool system	4,18	97 785	171 822
Other cash and cash equivalents	4,18	148 176	183 641
Cash and cash equivalents		**245 961**	**355 463**
Total current assets		**1 111 725**	**1 646 540**
TOTAL ASSETS		**2 558 019**	**2 413 713**

Statement of financial position 31 December

Figures in NOK 1 000	Note	2013	2012
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital	19	276 000	276 000
Share premium		23 545	23 545
Total paid-in equity		**299 545**	**299 545**
Retained earnings			
Retained earnings		214 333	-115 526
Total retained earnings		**214 333**	**-115 526**
Non-controlling interests		24 749	23 266
Total equity		**538 627**	**207 285**
Liabilities			
Provisions			
Deferred tax liability	11	97 018	0
Pension obligations	9	24 575	29 493
Liabilities at fair value through profit or loss	4,21,24	171 137	171 831
Other provisions	22	733	4 197
Total provisions		**293 463**	**205 521**
Other long-term liabilities			
Debt to credit institutions	4,20	159 690	464 610
Long-term liabilities to group companies		882 794	0
Total other long-term liabilities		**1 042 484**	**464 610**
Current liabilities			
Debt to credit institutions	20	10 034	12 726
1st year's repayment on long-term liabilities to group companies		85 500	0
Accounts payable		244 040	456 557
Accounts payable to group companies		4 027	0
Tax payable	11	52 205	24 195
Public taxes	23	145 893	808 844
Current liabilities to group companies	22,23	32 012	227
Other current liabilities	22,23	109 734	233 748
Total current liabilities		**683 445**	**1 536 297**
Total liabilities		**2 019 392**	**2 206 428**
TOTAL EQUITY AND LIABILITIES		**2 558 019**	**2 413 713**

Nittedal 13 March 2014

Kaare Frydenberg, Chair of the Board · Hanne Refsholt · Mikael Norlander · Eilif Due · Leena Saarinen · Leif Johansson · Stefan Elving

Michael Holm Johansen · Erik Hagen · Bjørn Gunnar Nilsen · Arne Larsen · Knut Røe · Otto Drakenberg, Group CEO

Statement of cash flows 01.01. – 31.12.

Figures in NOK 1 000	Note	2013	2012
CASH FLOWS FROM OPERATIONS			
Pre-tax profit		269 024	104 690
Ordinary depreciation	12,13	33 481	22 851
Share of profit from associated companies and jointly controlled entities	2	-10 733	-5 937
Tax payable		-60 437	-42 913
Pension costs without cash effect		-318	-4 835
Interest costs without cash effect		2 686	2 986
Value changes without cash effect		-18 986	6 669
Loss/gain on sale of shares/fixed assets		-14 056	-293
Other financial items without cash effect		6 856	7 957
Unrealised agio		14 595	-1 181
Change in inventories	16	-35 688	3 267
Change in accounts receivable		-146 722	38 298
Change in accounts payable		64 247	-51 183
Change in other current assets and other liability items		81 774	-49 612
Net cash flows from operational activities		**185 723**	**30 764**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Payment on acquisition of intangible fixed assets	13	0	-143
Proceeds from sale of tangible fixed assets	12,13	172 446	538
Payments on acquisition of tangible fixed assets	12,13	-14 446	-30 822
Payments on acquisition of business	24	-680 469	-52 480
Net cash effect through sale of business	24	-75 426	0
Payments on acquisition of other financial investments	3	-2 031	-1 241
Net cash flow from investment activities		**-599 926**	**-84 148**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends received from associated companies	2	1 966	1 839
Proceeds from new long-term interest-bearing debt to credit institutions	4,20	160 000	54 000
Repayment of long-term interest-bearing debt		-235 173	-3 906
Proceeds from new long-term interest-bearing debt to group companies		808 294	0
Repayment of long-term interest-bearing debt to group companies		-24 676	0
Payments on issuance of long-term interest-bearing loans to group companies		-62 478	0
Payments of dividends/group contributions		-44 792	-35 883
Net cash flow from financing activities		**603 141**	**16 050**
Effect of exchange rate changes on cash and cash equivalents		28 504	-1 792
Effect of exchange rate changes on cash and cash equivalents		**28 504**	**-1 792**
Cash flows from discontinued operations	24	**-326 944**	**-12 432**
Net change in cash and cash equivalents		**-109 502**	**-51 558**
Holdings of cash and cash equivalents on 01.01.		355 463	407 021
Holdings of cash and cash equivalents on 31.12.	18	**245 961**	**355 463**

Statement of changes in equity

Figures in NOK 1 000	Share capital	Share premium	Translation differences	Other retained earnings	Total for owners of the parent company	Non-controlling interests	Total for the group
Equity 31 December 2011	**276 000**	**23 545**	**-1 313**	**-46 168**	**252 064**	**17 295**	**269 359**
Profit for the year 2012	0	0	0	-52 933	-52 933	30 702	-22 231
Total other comprehensive income 2012	0	0	-3 698	0	-3 698	-233	-3 931
Total profit for the year 2012	**0**	**0**	**-3 698**	**-52 933**	**-56 631**	**30 469**	**-26 162**
Transactions with owners 2012							
Dividend paid to non-controlling interests	0	0	0	0	0	-20 912	-20 912
Group contributions paid to parent company	0	0	0	-15 000	-15 000	0	-15 000
Transfer profit for the year from minority to majority *	0	0	0	3 586	3 586	-3 586	0
Total transactions with the owners 2012	**0**	**0**	**0**	**-11 414**	**-11 414**	**-24 498**	**-35 912**
Equity 31 December 2012	**276 000**	**23 545**	**-5 011**	**-110 515**	**184 019**	**23 266**	**207 285**
Profit for the year 2013	0	0	0	153 095	153 095	27 656	180 751
Total other comprehensive income 2013	0	0	143 581	-4 312	139 269	2 199	141 468
Total profit for the year 2013	**0**	**0**	**143 581**	**148 783**	**292 364**	**29 855**	**322 219**
Transactions with owners 2013							
Dividend paid to non-controlling interests	0	0	0	0	0	-33 065	-33 065
Capital increase **	0	0	0	42 188	42 188	0	42 188
Changes in non-controlling interests	0	0	0	-78	-78	78	0
Transfer profit for the year from minority to majority *	0	0	0	-4 615	-4 615	4 615	0
Total transactions with the owners 2013	**0**	**0**	**0**	**37 495**	**37 495**	**-28 372**	**9 123**
Equity 31 December 2013	**276 000**	**23 545**	**138 570**	**75 763**	**513 878**	**24 749**	**538 627**

* The Group owns 90.7% and 51%, respectively, of subsidiaries Vingruppen i Norden AB and Excellars AS. In addition, put and call options exist associated with the non-controlling interests, although the Group was not considered to have control of the shares at the end of the reporting period. These companies have been recognised as though they had been wholly owned, but with partial presentation of the non-controlling interests. Partial presentation of non-controlling interests means that the non-controlling interests' share of the profit for the year is shown in the statement of income, but not in the equity statement. The transfer refers to the non-controlling interests' share of the profit for the year, adjusted for the dividend distributed for the period.

** The acquisition of De Danske Spritfabrikker i Aalborg (Arcus Denmark A/S) was made in 2013 from Pernod Ricard. The counterparty to the agreement with Pernod Ricard was the ArcusGruppen parent company, Arcus-Gruppen Holding AS. Subsequent to the transaction, ownership was transferred from Arcus-Gruppen Holding AS to ArcusGruppen, based on accounting continuity. A technical accounting capital increase has been made in ArcusGruppen in connection with this transfer.

Brief history of the group

Arcus-Gruppen AS is registered and domiciled in Norway, and located at Gjelleråsen in Nittedal Municipality. The consolidated financial statements include the parent company and subsidiaries (together referred to as "the Group" and individually as a "Group company") as well as the Group's holdings in associated companies. The Group's principal business is the import, production, marketing, sale and distribution of wine and spirits.

Historic development
The Group has carried out the following important transactions in recent years:

2002
- Established Vinordia AS
- Established Arcus Finland OY
- Arcus-Gruppen AS bought the properties in the subsidiaries in Arcus AS and Vectura AS

2003
- Acquired W. Nagel AS
- Acquired Halden Kjemi Holding AS, Halden Kjemi AS, Markosal AS and Tendex OY

2004
- Acquired Condor AS
- Converted other receivables from 2003 TNOK 3502 to 81,227 shares in the company SAS de l'Ile Madame representing a holding of 34%

2005
- Arcus AS demerged from TMS AS (Technical Medical Alcohol Division) which in turn merged with Arcus Kjemi AS with accounting effect from 1 January 2005
- Demerged the property companies Arcus Eiendom Hamar AS, Arcus Eiendom AS and Arcus Eiendom Anders Winsvoldsvei AS with accounting effect from 1 January 2005 and with accounting and tax continuity
- Established Arcus Danmark A/S

2006
- Acquired 62.5% of Swedish Vingruppen i Norden AB
- Sold the Group's chemical operation

2007
- Sold Arcus Eiendom AS, Arcus Eiendom Anders Winsvoldsvei AS, Hjemmel Haslevangen AS and Hjemmel Anders Winsvolds vei AS
- Sold Tendex OY
- Liquidated Arcus Danmark A/S

2008
- Acquired Gjelleråsen Prosjekt 1 AS which contains the site of the new operating location at Gjelleråsen

2009
- Acquired the brands Star Gin, Red Port and Dry Anis from Pernod Ricard
- Acquired 80% of the company Symposium Wines AS
- Entered into an agreement on the sale of Gjelleråsen prosjekt 1 AS with takeover on 1 February 2010

2010
- Implemented agreement on sale of Gjelleråsen prosjekt 1 AS
- Started construction of new production and distribution building and head office at Gjelleråsen

2011
- Acquired 28.2% of the shares in Vingruppen i Norden AB, increasing holding from 62.5% to 90.7%. Entered into an option agreement on the remaining 9.3%
- Acquired 51% of the shares in Excellars AS, with option for the remaining 49%
- Swapped 34% of the shares in SAS de l'Ile Madame for 32.6% of the shares in Tiffon SA. Acquired a further 106 shares and increased holding in Tiffon SA to 34%
- Continued construction of new production and distribution building and head office at Gjelleråsen

2012
- Completed new production and distribution building and head office at Gjelleråsen
- Moved from Hasle in Oslo to Gjelleråsen
- Signed agreement with Pernod Ricard on acquisition of the aquavit brands Aalborg Akvavit and Malteserkreutz, as well is the bitters brand, Gammel Dansk

2013
- 4 January 2013, acquired all the shares in Arcus Denmark A/S from Pernod Ricard, which included the brands Aalborg Akvavit and Maltezerkreutz, as well as Gammel Dansk
- Sold the subsidiary Vectura AS (Distribution business area) to the parent company, Arcus-Gruppen Holding AS, from 30 September 2013

Accounting principles

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. Recognition and measurement of the items in the financial statements comply with applicable international financial reporting standards (IFRS). The annual financial statements were adopted by the Company's Board of Directors on 13 March 2014.

Changes in 2013

The Distribution business area has been sold during 2013. Profits from this business area are presented in the statement of income as profit for the year from discontinued operations. The statement of income for 2012, and all notes including information regarding the statement of income, have been reworked accordingly.

Receivables and liabilities to the sister company, Vectura AS, and the parent company, Arcus-Gruppen Holding AS, are presented as receivables and liabilities to companies in the same group in the statement of financial position.

As a result of the changes in IAS 1 associated with presentation of Other Comprehensive Income from 2013, the Group has opted to present OCI in a separate income statement.

A new IAS 19R on pensions means that estimate deviations can no longer be taken to profit or loss in accordance with the "corridor solution", but are recognised directly against equity and presented in the statement of other comprehensive income. The estimate deviations from the opening balance have not been reworked, since they had insignificant effect on the accounts.

New financial reporting standards

Adopted IFRSs and IFRICs with future effective dates

The standards and interpretations adopted up to the date for presentation of the consolidated financial statements, but where the effective date is in the future, are shown below. The Group's intention is to implement the relevant changes on the effective date, on the assumption that the EU approves the changes before presentation of the consolidated financial statements.

Changes relevant to ArcusGruppen:

IFRS 11 Joint Arrangements

This standard replaces IAS 31 Interests in Joint Ventures, as well as SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Ventures. IFRS 11 removes the option to recognise joint ventures in accordance with the gross method. All entities meeting the definition of joint ventures must be recognised in accordance with the equity method.

Within the EU/EEA area, IFRS 11 applies with effect from reporting years starting on 1 January 2014 or later.

The standard has not affected ArcusGruppen's existing consolidated financial statements since the businesses meeting the criteria of joint ventures are already recognised in accordance with the equity method.

IAS 28 Investment in Associates and Joint Ventures

As a result of the new standards IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, IAS 28, Investments in Associates has changed name to IAS 28, Investment in Associates and Joint Ventures, and now describes application of the equity method for investments in joint ventures in addition to associated entities. The changes apply with effect from reporting years starting on 1 January 2013 or later. Within the EU/EEA area, the changes apply with effect from reporting years starting on 1 January 2014 or later.

The standard has not affected ArcusGruppen's existing consolidated financial statements, see also the section on the new IFRS 11.

IAS 32 Financial Instruments – presentation

IAS 32 has been changed to clarify the definition of "currently has a legally enforceable right to set-off" and also to clarify the application of IAS 32's offsetting criteria for settlement systems such as clearing-house systems that use mechanisms for gross settlement that do not occur simultaneously. The changes apply with effect from reporting years starting on or after 1 January 2014.

This is not expected to have any effect on ArcusGruppen's consolidated financial statements.

IFRS 9 Financial instruments

IFRS 9, as it is currently published, reflects the first phase of the IASB's work to replace the current IAS 39, and concerns classification and measurement of financial assets and liabilities as these are defined in IAS 39. Initially the standard was to come into effect for reporting years starting on or after 1 January 2013, but changes in IFRS 9, adopted in December 2011, postponed the effective date until 1 January 2015. Later phases of this project are related to recognition of hedging relationships and write-down of financial assets.

The Group will evaluate potential effects of IFRS 9 in conjunction with the other phases, as soon as the final standard, including all the phases, is published.

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

IFRS 10 replaces those parts of IAS 27 Consolidated Financial Statements and Separate Financial Statements (2008) that deal with consolidated financial statements, and SIC-12 Consolidation - Special Purpose Entities. IFRS 10 is based on one single control model that is to be applied for all entities including special-purpose entities (SPE). The changes introduced in IFRS 10 allow management to exercise a substantial degree of discretion in deciding which entities are controlled by the parent company, when all entities under control are to be consolidated. This has led the Group to evaluate which entities are to be consolidated in accordance with IFRS 10 and compare this with the applicable IAS 27.

The content of the definition of control has been somewhat changed from IAS 27. The deciding factor for whether companies are to be consolidated in accordance with IFRS 10 is whether there is control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from the investee; and has the ability to use its power to direct the activities of the investee that substantially affect the returns. Within the EU/EEA area, IFRS 10 applies with effect from reporting years starting on or after 1 January 2014.

The change has had no effect on ArcusGruppen's consolidated financial statements.

Other, not relevant, changes:
Changes in IFRS 10, IAS 27 and IFRS 12 related to Investment Entities
The changes in IFRS 10 mean that entities meeting the definition of investment entities are no longer required to consolidate their subsidiaries. With one exception, subsidiaries delivering investment-related services to the investment entity are to be consolidated. Other investments in subsidiaries, joint ventures and associated companies are to be recognised at fair value with value changes through profit or loss. Investment entities that are required to recognise all their subsidiaries at fair value with value changes through profit or loss in accordance with IFRS 10, present the separate financial statements as their only financial statements. The note information requirements have been expanded.

The changes apply with effect from reporting years starting on or after 1 January 2014 but the EU has not, for the moment, approved the changes.

The changes will have no effect on ArcusGruppen's consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 applies to enterprises that have interests in subsidiaries, joint arrangements (joint operations or joint ventures), associates, or non-consolidated structured entities. IFRS 12 replaces the disclosure requirements previously required pursuant to IAS 27 Consolidated Financial Statements and Separate Financial Statements; IAS 28 Investments in Associates; and IAS 31 Interests in Joint Ventures. In addition it introduces a number of new disclosure requirements. The changes have no significance for the Group's financial position or comprehensive income statements. Within the EU/EEA area, IFRS 12 applies with effect from reporting years starting on or after 1 January 2014.

IAS 36 - Narrow-scope amendment Recoverable Amount Disclosures for Non-Financial Assets
The change means that disclosure must be made about the recoverable amount of impaired assets if this is set at fair value less cost of disposal. The change must be seen in the context of IFRS 13 Measurement of Fair Value.

IAS 39 - Narrow-scope amendment Novation of Derivatives and Continuation of Hedge Accounting
The IASB has adopted amendments to the hedge-accounting rules under IFRS. The amendments mean that there will not be a requirement to cease hedge accounting in those cases where derivatives specified in hedging relationships must be transferred to complete clearing with a central counterparty (CCP) as a result of laws or other regulations, given that specified criteria are met.

IFRIC 21 – Levies
IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The standard sets the criteria for recognition of liabilities. One of the criteria is that the company has an existing obligation arising from previous events, also known as an obligating event. The interpretation clarifies that the obligating event that gives rise to the government levies is the activity described in the relevant legislation that triggers the payment obligation for the levy. The interpretation also covers guidance illustrating how the interpretation is to be applied.

Accounting principles
Consolidation principles
The consolidated financial statements cover Arcus-Gruppen AS and subsidiaries in which Arcus-Gruppen AS has controlling influence. Normally these will be companies in which Arcus-Gruppen AS, either directly or indirectly via subsidiaries, owns more than 50% of the shares with voting rights.

See Note 1 for a summary of all the companies included in the consolidation.

The consolidated financial statements have been prepared in accordance with the purchase method and present the Group as though it were an entity. In the consolidated financial statements all intragroup receivables and internal transactions between companies within the Group have been eliminated. The cost price of shares in subsidiaries is eliminated against equity at the time of acquisition. Added value beyond the underlying equity in subsidiaries is attributed to those assets with which the added value may be associated. That part of the cost price that cannot be attributed to identifiable assets and liabilities represents goodwill. Accounting value including goodwill and added value belonging to foreign subsidiaries is translated from the functional currency to NOK according to the exchange rate at the end of the period. With staged acquisition of subsidiaries, the value of the assets and liabilities at the time of the formation of the Group is used. Subsequent acquisition of holdings in existing subsidiaries in excess of the majority will not affect the valuation of assets or liabilities.

Goodwill is included in the consolidated financial statements as an intangible asset.

Discontinued operations/held for sale
If a substantive part of the Group's operation is sold, held for sale, or in the event of loss of control/significant influence, this operation is presented as "Discontinued operations" on a separate line in the statement of income and the statement of cash flows. Substantive means a distinct segment or a significant asset. This means that all other figures presented are exclusive the "Discontinued operation". The comparison figures in the statement of income and the statement of cash flows are reworked and presented with the "Discontinued operation" on a single line. Comparison figures for the statement of financial position are not correspondingly reworked. If operations or assets representing less than a segment are held for sale, assets and liabilities are separated out on their own lines in the statement of financial position as "held for sale". The statement of income and cash flows are not reworked.

Currency
The functional currency of the subsidiaries is the local currency in the country in which they are domiciled. All transactions in foreign currency are translated to functional currency on the date of transaction. Money items in foreign currency are translated at the end of the reporting period to functional currency using the exchange rate at the end of the reporting period.

The Group's presentation currency is NOK, which is also the parent company's functional currency.

On consolidation of subsidiaries that have functional currency other than NOK, items of income and expenses are converted to the Group's presentation currency in accordance with average conversion rates. This means that at the end of each period, items of income and expenses are translated in accordance with the average exchange rate to date in the year. For the statement of financial position, including added value and goodwill, the closing exchange rate at the end of the reporting period is used. Currency differences arising on consolidation of entities with other functional currency are attributed to equity and presented as other comprehensive income in the consolidated statement of comprehensive income. On disposal of subsidiaries, accumulated translation differences associated with the subsidiary are charged to the statement of income.

As at 31 December 2013 the following exchange rates have been used in translation of income and financial position figures from subsidiaries with functional currencies other than NOK:
EUR average rate 7.8058 / EUR closing rate 8.3837
SEK average rate 0.9022 / SEK closing rate 0.9468
DKK average rate 1.0466 / DKK closing rate 1.1239

Investments in associated companies and jointly controlled entities
Associated companies are companies in which the Group has significant influence, normally between a 20 and a 50 per cent holding. The equity method is used for associated companies in the consolidated financial statements. Added value analysis has been carried out in regard to associated companies. The share of profit is based on profit after tax in the company in which investment has been made with deduction for depreciation of added value resulting from the cost price of the shares being higher than the acquired holding of capitalised equity. The share of profit is shown in the statement of income on a separate line before operating profit and the investment is shown as a line under financial fixed assets.

Jointly controlled companies are those in which the Group has an agreement on joint control over an entity together with one or more other parties, when none has decisive influence and all strategic, financial and operational decisions concerning the entity require unanimity between the parties. The share of profit is based on profit after tax in the company in which investment has been made with deduction for depreciation of added value resulting from the cost price of the shares being higher than the acquired holding of capitalised equity. The share of profit is shown in the statement of income on a separate line before operating profit and the investment is shown as a line under financial fixed assets.

Non-controlling interests
Non-controlling interests' share of profit after tax is shown on a separate line after the Group's profit for the year. Non-controlling interests' share of equity is shown on a separate line as a part of the Group's equity.

In instances where there are put and/or call options associated with the non-controlling interests, and where the Group does not have control over the exercising of the options, the subsidiary is presented as if it were wholly owned, but with partial presentation of non-controlling interests. Partial presentation of non-controlling interests means that for each reporting period the non-controlling interests will receive their part of the profit for the year, which is shown under the profit allocation in the consolidated statement of income and in the statement of changes in equity. At the end of each period the non-controlling minority interests' share of profit, adjusted for the distribution of dividend for the period to the non-controlling interests, will be transferred as an equity transaction from the non-controlling interests' share of equity to the majority's equity. The option liabilities will be recognised in the statement of financial position at fair value through profit or loss.

Important accounting estimates and discretionary assessments
Preparation of the annual financial statements requires management to make estimates and assumptions that affect the value of assets, liabilities and conditional liabilities in the statement of financial position, and income and expenses for the accounting year.

Future events and changes in the regulatory framework may mean that estimates and assumptions must be changed, whilst new opinions and interpretations of standards may mean that choice of principles and presentation will be changed. Estimates and underlying assumptions are examined and evaluated continuously, and changes in accounting estimates are recognised in the period the estimates are changed.

Areas in which estimates have major significance will be:
Figures in NOK 1000

Statement of Financial position line	Note	Assumptions	Book value
Goodwill	13	Present value of future cash flows	602 622
Brands	13	Present value of future cash flows	400 588
Other intangible assets	13	Recoverable amounts and correct utilisable life	10 718
Tangible fixed assets	12	Recoverable amounts and correct utilisable life	280 068
Deferred tax assets	11	Assessment of the ability to exploit tax assets in the future	41 759
Pension liabilities	9	Economic and demographic assumptions	24 575
Liabilities at fair value through profit or loss	21	Present value of future cash flows	171 137
Provisions	22	Correct basis for estimate calculations	10 858

Present value estimates of future cash flows are affected by correct assumptions and estimates of future cash flows and estimates of return requirements. Return requirements are determined using the capital asset pricing model (CAPM) and assumptions in using the CAPM are: risk-free interest; market risk premium; and beta.

The areas with greatest risk of substantial changes are capitalised goodwill and liabilities at fair value through profit/loss, on the basis that the capitalised sums are substantial. The estimates are based on assumptions on future cash flows that are discounted by a selected discount rate.

Estimates and assumptions are described in the various notes.

Fair value on acquisitions
On acquisitions, the cost price of the acquired entity is attributed, so that the consolidated opening balance reflects estimated fair value of assets and liabilities acquired. To determine fair value on acquisition for those assets for which there is no active market, alternative methods must be used to assess fair value. Added value beyond that which can be attributed to identifiable assets and liabilities is capitalised as goodwill. If fair value of the equity in an acquired company exceeds the consideration, a new valuation is carried out associated with the valuation of observable assets and liabilities; if the new valuation does not reveal variance, the variance is taken to profit or loss on the date of takeover. Allocation of cost price on business merger is changed if new information emerges on fair value, applicable on the date of takeover of control, no later than 12 months after the acquisition has been made.

Income recognition principles
Income associated with sales of goods and services is recognised when the Group has transferred risk and rights to the purchaser. This is normally on delivery of the goods and services. Other income is recognised when it is probable that transactions will involve future financial gains that will accrue to the company and the size of the sum can be estimated reliably.

Sales revenues are presented net after deduction of discounts, VAT, alcohol and packaging tax.

Other income and expenses
In order to make the statement of income more comparable, the non-recurring items of the period are separated out to a separate line in the statement of income called other income and expenses.

Inventories
Inventories are valued at the lower of acquisition cost/production cost and net selling value. Purchased inventories are valued at acquisition cost, and inventories produced in-house are valued at production cost with deduction for obsolescence.

Receivables
Accounts receivable and other receivables are shown at nominal value after deduction for provisions for expected losses. Provision for losses is made on the basis of an individual assessment of the receivables. In addition, for other trade debtors, a provision is made to cover estimated losses.

Prepayments to suppliers
Prepayments to suppliers apply to financing the purchase of inventory for individual collaborative partners. The prepayment is shown at nominal value after deduction for provisions for expected losses. Provision for losses is made on the basis of an individual assessment of the materials.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits, balances in the Group cash pool system and other means of payment with due date less than three months from acquisition date.

Arcus-Gruppen Holding AS, Vectura AS, Arcus-Gruppen AS, Arcus AS, Arcus Denmark A/S, Arcus Sweden AB, Arcus Finland Oy, Arcus Wine Brands AS, Vinuniq AS, Symposium Wines AS, Vinordia AS, De Lysholmske Brenneri- og Destillasjonsfabrikker ANS, Siemers & Cos Destillasjon ANS, Løiten Brændris Destillation ANS and Oplandske Spritfabrik ANS are included in the Group's Group cash pool system.

Tangible fixed assets
Tangible fixed assets are capitalised at cost price with deduction for accumulated depreciation and accumulated write-downs in the event of non-transitory fall in value. Depreciation is taken to expenses from the date the fixed asset is taken into use, and is calculated on the basis of expected useful life, taking account of estimated residual value.

Different rates of depreciation are used for a fixed asset's components if these have different economic life. Assets under construction are not depreciated. Depreciation is taken to expenses only when the asset is ready for use. Gains and losses on sales of fixed assets are set at the difference between the selling price and the book value at the time of sale. On sale of fixed assets, gains are recognised as operating income and losses as operating costs. If there are indications of impairment, the amount recoverable is estimated in order to assess any loss through the impairment. If the book value exceeds the amount recoverable, the asset is written down to recoverable value. Depreciation methods, residual values and estimated life are continuously assessed.

Intangible assets
Intangible assets comprise brands, software and goodwill. Intangible assets are capitalised at cost price with deduction for accumulated depreciation and accumulated write-downs in the event of non-transitory impairment.

Intangible assets with limited usable life are depreciated by the straight-line method over the expected usable life.

The capitalised value of goodwill and intangible assets with indeterminate life is tested for impairment at least once a year, or more often if there are indications that the asset has fallen in value. This requires estimates of the amount recoverable by cash-generating entities to which goodwill and other intangible assets are attributed. To determine recoverable amount the Group estimates expected future cash flows from the cash-generating entity as well as applying suitable discount rates to calculate present value of future cash flows. Expectations regarding future cash flows will vary over time. Changes in the market conditions and expected cash flows may cause losses in the event of impairment in the future. The most important assumptions with significance for the present value of the cash flows associated with the investments are the discount rate used, estimated prices in the Group's markets, as well as the maintenance of levels of demand for the goods and services offered.

Pensions
Net pension costs for defined benefit plans comprise the period's service cost, including future growth in salary and interest rates on the estimated obligation, less contributions and expected returns on the pension assets. Prepaid pension is shown as a long-term asset in the statement of financial position where it is probable that the over-financing can be used or repaid. Correspondingly a long-term liability is shown in the accounts when the pension obligation is greater than the pension assets. Net pension costs are classified as payroll costs in the statement of income. Changes in the liability resulting from changes in pension plans are taken to profit or loss immediately. Changes in the pension liability and the pension assets resulting from changes in, and deviations from, the estimate assumptions (estimate deviations), are recognized against equity and are presented in the statement of other comprehensive income.

Restructuring
Provisions for restructuring are recognised as expenses when the programme is decided and announced and the costs are identifiable, quantifiable and are not covered by associated income. Provisions linked to restructuring are included as other provisions for liabilities calculated at present value. Agreements securing future work input are recognised as expenses over the period the work input is delivered.

Taxes
The tax expense comprises both tax payable and change in deferred tax. Tax payable is based on taxable income for the year. Taxable income is different from the pre-tax profit as presented in the statement of income because of income and expenditure items that are not taxable/deductible. Tax payable is calculated based on tax rates that are adopted at the end of the period.

Deferred tax is capitalised on the basis of the temporary differences and any deficit to be carried forward existing at the end of the accounting year and that involves increased or reduced future tax payable when these differences are reversed in future periods. Temporary differences are differences between accounting and taxable result arising during a period and are reversed during a later period. Deferred tax is calculated based on nominal tax rates (rates adopted at the end of the period in the individual country) multiplied by temporary differences and deficit to be carried forward. Deferred tax assets are capitalised when the probability exists that future taxable income will enable utilisation of the asset.

Classification principles
Cash and cash equivalents mean cash, bank deposits and other liquid investments that can be converted to cash within 3 months. The Group's Group cash pool system is linked to cash and credit facilities within the same cash pool system and is presented net. Other assets included in the operating cycle or falling due within 12 months are classified as current assets. Remaining assets are classified as fixed assets.

Liabilities included in the operating cycle or falling due within 12 months are classified as current liabilities. Remaining liabilities are classified as long term.

Proposed dividend/Group contribution is capitalised in the statement of financial position as a liability when the Group has an irreversible obligation to make dividend payments/Group contribution, normally after adoption by the annual general meeting.

Measurement and classification of financial instruments
The Group classifies financial instruments in the following categories: financial instruments at fair value through profit or loss, loans and receivables, financial assets available for sale and financial liabilities. The classification depends on the purpose of the asset. Management classifies financial assets on acquisition.

Financial instruments at fair value through profit or loss
Financial instruments at fair value through profit or loss are either financial instruments held for trading purposes or financial assets held to maturity. A financial instrument is classified in the category "held for trading purposes" if it is primarily acquired with a view to producing profit from short-term price fluctuations. Derivatives are classified as held for trading purposes unless they form part of a hedge. Derivatives that are included in hedging, but that are not brought to book in accordance with the rules for hedge accounting, are classified in the category "held to maturity". Assets in this category are classified as current assets if it is expected that they will be settled within 12 months: otherwise they are classified as fixed assets.

The Group's measurement of financial instruments at fair value can be divided into three categories:
Level 1: Listed (unadjusted) prices in active markets
Level 2: Direct or indirect inputs other than listed prices included in Level 1, that are observable for the asset or the liability
Level 3: Techniques for calculation of fair value based on other than observable market data.

Loans and receivables
Loans and receivables are financial assets that are not derivatives and that have fixed or determinable payments and that are not traded in an active market. They are classified as current assets unless they fall due more than 12 months after the end of the period. Loans and receivables comprise accounts receivable and other receivables, as well as cash and cash equivalents in the statement of financial position.

Loans and receivables are measured at amortised cost, and value changes resulting from interest rate changes are not taken to account.

Financial assets available for sale
Financial assets available for sale are financial assets that are not derivatives and that have been placed in this category or that do not belong to any other category. They are classified as fixed assets provided the investment does not fall due or the management does not intend to sell the investment within 12 months from the end of the period.

Financial instruments available for sale are measured at fair value following the same principles as financial instruments at fair value.

Financial liabilities

Financial liabilities not falling into the category "financial instruments at fair value through profit or loss" are classified as other financial liabilities. For measurement of financial liabilities at fair value, see measurement of financial instruments.

Financial liabilities borrowed from credit institutions are recognised at amount received net after transaction costs. Transaction costs (arrangement charges) are capitalised in the statement of financial position and depreciated over the period of the loan.

Borrowing in currency other than functional currency is translated at the exchange rate at the end of the period.

Financial derivatives and hedging

The Group uses financial derivatives to reduce the financial loss in the event of unfavourable movements in currency or interest rates. Derivatives not qualifying for hedge accounting are on first recognition brought to book as financial instruments at fair value and value changes are taken to profit or loss. As of 31 December there are no companies in the Group that have financial instruments being treated for accounting purposes in accordance with the rules on hedge accounting. All financial derivatives are capitalised at fair value. Financial derivatives are capitalised when the contract is signed. Financial derivatives are removed from the statement of financial position when the contract expires or when gain or loss is to all intents and purposes completed. At the end of the period fair value of currency hedge instruments is calculated on the basis of the market prices for contracts with similar due date profiles.

Financial derivatives are classified as current assets or short-term liabilities in the financial position statement.

Leases

Leases where a significant part of risk and return associated with ownership continues to lie with the lessor are classified as operational leases. Lease payments from operational leases (with deduction for any financial incentives from the lessor) are charged as expenses using the straight-line method over the period of the lease.

Leases in regard to tangible fixed assets in which the Group principally has all risk and control are classified as financial leasing. Financial leasing is capitalized at the start of the lease period at the lower of fair value of the leased fixed asset and the present value of the total minimum lease amount. Each lease payment is allocated between a repayment element and an interest element in such a way that a constant interest cost on the outstanding capitalised lease liability is achieved. The lease cost is charged to profit or loss as financial expenses. The lease liability, less the cost of interest, is classified as other short-term liabilities and other long-term liabilities. Tangible fixed assets acquired through a financial lease agreement are depreciated over the expected life or the period of the lease if this is shorter.

Statement of cash flows

The indirect method is used in preparation of the statement of cash flows. Cash and cash equivalents in the statement of financial position are defined as holdings of cash and cash equivalents in the statement of cash flows.

Segment information

Operating segments are reported in the same way as for internal reporting to Group management. The Group's business areas comprise Spirits and Wine. The Distribution business area has been sold during 2013. Results from this business area are no longer presented in the segment reporting, but are presented in the statement of income as profit from discontinued operations.

The Spirits business area comprises the following companies: Arcus AS, Arcus Denmark A/S, Arcus Sweden AB, Arcus Finland Oy, De Lysholmske Brenneri- og Destillasjonsfabrikker ANS, Siemers & Cos Destillasjon ANS, Løiten Brænderis Destillation ANS and Oplandske Spritfabrik ANS.

The Wine business area comprises the following companies: Vingruppen i Norden AB and subsidiaries, Arcus Wine Brands AS, Vinordia AS, Symposium Wines AS, Vinuniq AS and Excellars AS.

In addition there are the remaining Group income and expenses that comprise Arcus-Gruppen AS.

The definition of the Group's segmentation is based on the areas' external sales. The Spirits business area also procures and refines the Group's own brands of wine. All of this is sold on to its sister company, Arcus Wine Brands AS, which markets and sells ArcusGruppen's own brands of wine.

The Group does not present the segments' assets or liabilities, since this is not done in the Group's internal reporting.

For further information about the Group operating segments, see Note 5.

Related parties

The Group's related parties, in addition to subsidiaries, associated companies and jointly controlled companies, are defined as the owners, all members of the Board of Directors, and Group Management, as well as companies in which some of these parties either have controlling interests, Board appointments, or are senior employees.

Notes to the accounts

NOTE 1 COMPANIES IN THE GROUP

The consolidated financial statements for 2013 cover the following subsidiaries and associated companies:

Figures in 1 000 (local currency) Company name	Registered office	Currency	Nominal share capital	Group holding and voting share
Arcus-Gruppen AS (parent company)	Nittedal	NOK	276 000	
Subsidiaries *				
Arcus AS	Nittedal	NOK	62 100	100%
Arcus Denmark A/S	Aalborg	DKK	10 324	100%
Vingruppen i Norden AB	Stockholm	SEK	4 192	91%
Arcus Wine Brands AS	Nittedal	NOK	100	100%
Vinordia AS	Nittedal	NOK	968	97%
Symposium Wines AS	Nittedal	NOK	500	78%
Vingruppen AS	Nittedal	NOK	30	100%
Vinuniq AS (prev. Vingruppen i Norge AS)	Nittedal	NOK	100	97%
Excellars AS	Oslo	NOK	181	51%
Shares owned by Arcus AS				
Arcus Sweden AB	Stockholm	SEK	100	100%
Arcus Finland OyY	Helsinki	EUR	311	100%
De Lysholmske Brenneri- og Destillasjonsfabrikker ANS	Nittedal	NOK	0	100%
Siemers & Cos Destillasjon ANS	Nittedal	NOK	0	100%
Løiten Brænderis Destillation ANS	Nittedal	NOK	0	100%
Oplandske Spritfabrik ANS	Nittedal	NOK	0	100%
Shares owned by Vingruppen i Norden AB				
Vinunic AB	Stockholm	SEK	145	91%
The WineAgency Sweden AB	Stockholm	SEK	100	73%
BonArome WineWorld AB	Stockholm	SEK	500	73%
VinOvum Sverige AB	Stockholm	SEK	100	59%
Kajsa Bergqvist Wines AB	Stockholm	SEK	100	63%
Your Wineclub Sweden AB	Stockholm	SEK	50	45%
Opentable AB	Stockholm	SEK	50	91%
Vinum Import Oy	Åbo	EUR	3	50%

* in addition Vectura AS was a wholly-owned subsidiary until 30 September 2013.

Associated companies				
Tiffon SA	Jarnac	EUR		34%
Vinunic Oy	Espoo-Helsinki	EUR		30%

Jointly controlled entities				
Det Danske Spiritus Kompagni A/S	Copenhagen	DKK	2 500	50%

Company name	Cost price	Book value 31.12	Equity according to last annual financial statements	Profit for the year 2013
Arcus AS	275 705	275 104	209 273	46 208
Arcus Denmark A/S	754 008	754 008	275 333	32 017
Vingruppen i Norden AB (NOK)	265 312	265 312	217 111	100 587
Arcus Wine Brands AS	125	125	4 442	17 661
Vinordia AS	4 186	4 186	4 329	9 908
Symposium Wines AS	1 000	1 000	4 145	2 008
Vingruppen AS	55	55	30	0
Vinuniq AS	132	132	103	214
Excellars AS	74 239	74 239	20 368	16 993
Shares owned by Arcus AS				
Arcus Sweden AB (NOK)	18 221	3 341	34 108	11 169
Arcus Finland Oy (NOK)	4 861	500	7 998	1 132
De Lysholmske Brenneri- og Destillasjonsfabrikker ANS	0	0	-118	23
Siemers & Cos Destillasjon ANS	0	0	518	339
Løiten Brænderis Destillation ANS	0	0	1 035	662
Oplandske Spritfabrik ANS	0	0	1 248	863

Key figures for significant companies in the group

	Arcus AS	Arcus Denmark A/S	Arcus Wine Brands AS	Vinordia AS	Excellars AS	Vingruppen i Norden AB
Net sales revenues	618 593	201 339	117 326	133 699	83 090	748 946
Other income	72	0	0	0	0	26 994
Operating costs excluding depreciation	-525 732	-155 939	-92 229	-118 382	-58 055	-652 997
Depreciation	-23 664	-3 273	-115	0	-473	-512
Operating profit	**69 269**	**42 127**	**24 982**	**15 317**	**24 562**	**122 431**
Net financial profit	-4 788	86	-149	-1 379	-934	4 315
Tax	-18 273	-10 196	-7 172	-4 030	-6 635	-26 159
Profit for the year	**46 208**	**32 017**	**17 661**	**9 908**	**16 993**	**100 587**
Fixed assets	266 513	76 568	3 119	1 601	4 163	4 991
Current assets	404 687	271 194	66 464	52 449	49 167	408 436
Totalt assets	**671 200**	**347 762**	**69 583**	**54 050**	**53 330**	**413 427**
Equity	209 273	275 333	4 442	4 329	20 368	217 111
Liabilities	461 927	72 429	65 141	49 721	32 962	196 316
Equity and liabilities	**671 200**	**347 762**	**69 583**	**54 050**	**53 330**	**413 427**

Profit for the year for Vinordia AS, Excellars AS and Vingruppen i Norden AB is before non-controlling interests.

NOTE 2 INVESTMENTS IN ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

2013

Figures in NOK 1 000	Company type	Ownership interest	Book value 01.01.2013	Buy / sell / issue	Share of income for the year	Dividend	Translation differences	Book value 31.12.2013
Tiffon SA *	AC	34%	34 311	0	5 561	-1 573	0	38 299
Vinunic Oy	AC	30%	1 162	0	814	-393	143	1 726
Det Danske Spiritus Kompagni A/S **	JCE	50%	970	2 031	4 358	0	285	7 644
Total investments in associated companies and jointly controlled entities			**36 443**	**2 031**	**10 733**	**-1 966**	**428**	**47 669**

2012

Figures in NOK 1 000	Company type	Ownership interest	Book value 01.01.2012	Buy / sell / issue	Share of income for the year	Dividend	Translation differences	Book value 31.12.2012
Tiffon SA *	AC	34%	30 354	0	5 519	-1 562	0	34 311
Vinunic Oy	AC	30%	763	0	685	-277	-9	1 162
Det Danske Spiritus Kompagni A/S **	JCE	50%	0	1 241	-267	0	-4	970
Total investments in associated companies and jointly controlled entities			**31 117**	**1 241**	**5 937**	**-1 839**	**-13**	**36 443**

* The Group buys cognac from Tiffon SA, see detailed information on these transactions with associates in Note 6. Tiffon SA has an accounting year from 01.07. - 30.06. The share of profit from Tiffon is based on an estimated annual profit for the calendar year that is equivalent to the Group's accounting year.

** Det Danske Spiritus Kompagni A/S was established in 2012 to handle sales of ArcusGruppen's products in Denmark, and is owned jointly with Flemming Karberg Familieholding ApS, which also owns Hans Just, ArcusGruppen's collaborative partner on distribution in the Danish market. See detailed information on transactions with associates in Note 6.

None of the associated companies or jointly controlled entities has listed share prices. The Group's share of profit from associated companies, after tax, is presented on a separate line before Group operating profit.

Summarised financial information about associated companies, based on 100 per cent:

2013

Figures in NOK 1 000	Total assets 31.12.2013	Total liabilities 31.12.2013	Total equity 31.12.2013	Operating income 2013	Profit for the year 2013
Tiffon SA	264 273	146 386	117 888	120 186	16 355
Vinunic Oy	1 505	303	1 202	1 424	1 047

2012

Figures in NOK 1 000	Total assets 31.12.2012	Total liabilities 31.12.2012	Total equity 31.12.2012	Operating income 2012	Profit for the year 2012
Tiffon SA	220 079	126 432	93 647	130 994	16 232
Vinunic Oy	2 514	555	1 958	1 429	1 370

Summarised financial information about jointly controlled entities, based on 100 per cent:

2013 *Figures in NOK 1 000*	Total current assets 31.12.2013	Total fixed assets 31.12.2013	Total current liabilities 31.12.2013	Total long-term liabilities 31.12.2013	Total equity 31.12.2013	Operating income 2013	Operating cost 2013	Profit for the year 2013
Det Danske Spiritus Kompagni A/S	67 514	21	51 468	0	16 067	120 914	109 463	8 716

2012 *Figures in NOK 1 000*	Total current assets 31.12.2012	Total fixed assets 31.12.2012	Total current liabilities 31.12.2012	Total long-term liabilities 31.12.2012	Total equity 31.12.2012	Operating income 2012	Operating cost 2012	Profit for the year 2012
Det Danske Spiritus Kompagni A/S	2548	42	612	0	1 977	0	526	-395

NOTE 3 OTHER INVESTMENTS IN SHARES

Figures in NOK 1 000	Registered office	Ownership interest	Currency	Cost price Currency	Cost price NOK	Book value NOK
Atlungstad Brenneri AS	Stange	18,2 %	NOK	200	200	200
Norwegian Ice-Water Company AS	Olden	13,5 %	NOK	440	440	0
AS Vinunic Estland	Tallinn	12,0 %	SEK	125	109	27
Other investments in shares					**749**	**227**

The Atlungstad Brenneri property is a historic distillery at Stange in Hedmark. In 2011 the property was taken over by the newly formed company, Atlungstad Brenneri AS, which will run the plant as a museum and national experience centre. ArcusGruppen owns 12% of this company.

Norwegian Ice-Water Company is the former supplier of glacial water for production of Vikingfjord.

These investments are classified as available for sale in categorisation of financial assets: see also Note 4.

NOTE 4 MANAGEMENT OF FINANCIAL RISK

Financial risk

The Group has a Board-adopted financial policy in which strategy and guidelines for risk management are covered. Responsibility for the administration and execution of the adopted financial policy lies with the parent company, but it is implemented in cooperation with the individual business areas. ArcusGruppen's principal source of profit is the operating profits from the core business, and the Group's main strategy in regard to risk is not to speculate, but to minimise the economic risk that the core business creates.

The most important financial risks to which the Group is exposed are associated with interest-rate risk, liquidity risk, foreign currency risk and credit risk.

For hedging purposes associated with interest-rate and currency risk, the Group to a degree uses financial derivatives. The Group does not fulfil the accounting requirements for hedge accounting and therefore does not treat these as hedging for accounting purposes. The accounting treatment of financial derivatives is described under Accounting principles.

Credit risk

Credit risk is assessed before establishing customer relationships, using examination of financial statements and other relevant and available information, and credit periods and credit limits are set. Once a customer relationship is established, risk is assessed continuously in regard to payment history and credit limits. Credit limits are adjusted in light of new financial information and payment history.

Outstanding amounts are continuously monitored, in cooperation between the finance department and the marketing departments of the individual business.

The Group has no significant credit risk associated with an individual counterparty or multiple counterparties that can be seen as a group because of similarities in the credit risk.

Overview of bad debts and age analysis of accounts receivable

Figures in NOK 1 000	**2013**	**2012**
Nominal accounts receivable	503 882	892 997

Provision for bad debt on accounts receivable as of 31 December 2013 was TNOK 877 (2012: 2191). Losses on accounts receivable are classified as other operating costs in the statement of income.

The change in provision for losses is as follows:

Figures in NOK 1 000	**2013**	**2012**
Opening balance	-2 191	-2 839
Provision for losses associated with discontinued operations	1 500	0
Provision for losses for the year	-202	-18
Confirmed losses for the year	4	-652
Received on previously written-off receivables during the period	20	0
Reversed previous provisions	0	14
Closing balance	**-877**	**-2 191**

As at 31 December the group had the following accounts receivable fallen due but not paid

	Total	**Not due**	**0-60 days**	**61-365 days**	**More than 1 year**
2013	503 882	375 886	124 805	3 282	-91
2012	892 997	824 306	37 942	30 348	401

The overview of accounts receivable fallen due is not directly comparable between 2012 and 2013. Vectura AS (discontinued operation) invoices on behalf of Group companies to Norwegian customers, including collection of VAT and alcohol duties. At the end of 2012 outstanding accounts receivable comprised external trading accounts receivable from Vinmonopolet and Horeca customers in Norway, whereas at the end of 2013 the accounts receivable are largely due from Vectura, and do not include VAT and alcohol duties, since the companies are still within the same duties group. As of 31 December 2013, Vectura was a few days delayed in settlement of intragroup accounts receivable, which explains the increase in receivables due.

Interest rate risk

The group is exposed to interest-rate risk through investments (bank deposits) and financing activities (long-term internal loan financing and financial leasing debt). As of 31 December 2013 the Group had variable interest on its short-term financing through bank deposits and credit facilities, as well as for long-term financing. At the end of 2013 the Group's long-term financing is mainly a long-term loan from the parent company, Arcus-Gruppen Holding AS, as well as external financing associated with financial leasing from Nordea Finans.

Interest on the long-term financing from the parent company is calculated at 3 months' NIBOR + 3.5%. As a result of changed rules limiting tax deduction for net internal interest costs in the group, the Board has resolved that the parent company's long-term financing is to be converted to equity during the first quarter 2014. The Group's interest-rate risk will be significantly reduced once this is in place.

Nordea Finans financial leasing has variable interest at 3 months' NIBOR + 1.85%.

Figures in NOK 1 000	Currency	Effective interest rate	Due date	2013	2012
Short-term interest-bearing debt					
1st year's repayment on long-term liabilities to group companies	NOK	NIBOR + 3.5%	2014	85 500	0
Financial leasing debt	NOK	NIBOR + 1.85%	2014	10 034	12 726
Long-term Interest-bearing liabilities					
Nordea secured loan loan, variable interest	NOK	NIBOR + 2%	2016	0	65 000
Nordea secured loan loan, fixed interest	NOK	6.26%	2016	0	160 000
Long-term liabilities to parent company	NOK	NIBOR + 3.5%	2017	882 794	0
Financial leasing debt	NOK	NIBOR + 1.85%	2017	159 690	239 610

Sensitivity analysis

Figures in NOK 1 000	Increase/ reduction in basis points	Effect on pre-tax profit
Loans in NOK	50	-5 690
Loans in NOK	-50	-5 690

Liquidity risk
Liquidity risk is the risk that the group will not be in a position to service its financial liabilities as they fall due. ArcusGruppen shall at all times have sufficient liquidity to meet its liabilities. At the same time the aim is to minimise the Group's surplus liquidity. The Group shall continuously work to develop its financial independence of action, through close monitoring of income development and capital restriction, and through continuous assessment of alternative sources of finance. Unused credit opportunities are described in Note 18.

The following table shows an overview of the maturity structure for the Group's financial liabilities, based on non-discounted contractual payments. In instances where the counterparty can demand earlier redemption the sum is recorded in the earliest period in which the payment can be demanded by the counterparty.

2013	Remaining period		
	0-1 yrs	1-5 yrs	More than 5 years
Debt to credit institutions - leasing*	10 034	159 690	0
Long-term liabilities to group companies	85 550	882 794	0
Liabilities at fair value	0	171 137	0
Other provisions	330	375	28
Accounts payable	248 067	0	0
Current liabilities	339 844	0	0
Total	**683 775**	**1 213 996**	**28**

* Read more about the financial lease maturity profile in Note 15 Leasing agreements.

2012	Remaining period		
	0-1 yrs	1-5 yrs	More than 5 years
Debt to credit institutions - secured loans	0	225 000	0
Debt to credit institutions - leasing*	12 726	239 610	0
Liabilities at fair value	0	171 831	0
Other provisions	1 318	2 450	429
Accounts payable	456 557	0	0
Current liabilities	1 067 014	0	0
Total	**1 537 615**	**638 891**	**429**

Currency risk
The Group is exposed to currency risk through production, purchase and sales in several different countries. The Group's currency exposure can mainly be divided into two groups: cash flow risk and translation risk. The Group's principal objective is to minimise the effect of exchange rate fluctuations on the company's profits and competitiveness. ArcusGruppen has different ways of compensating for negative exchange-rate movements in regard to its customers and suppliers.

The Group companies' revenues are largely in the subsidiaries' functional currency, but are also in foreign currency. Purchasing is largely done in foreign currency, i.e. in currency that is not the individual company's functional currency. The most significant currencies are EUR, GBP, USD and AUD. The risk horizon, i.e. the time it takes to compensate for negative foreign exchange movements, is largely controlled by price-changing opportunities in the wines and spirits monopolies. ArcusGruppen's customers' prices cover a period of about 3-4 months, in addition to the period between the purchase order to the manufacturer and the due date of the customer accounts receivable, which is between 6-8 months. Because of this the hedging horizon should not be longer than 12 months. Throughout the year procurement of goods is hedged in foreign currency and forward rates achieved in the market are used as transaction rates (current transactions in the accounts are recognized at the forward rates achieved in the hedging period). As a rule the currency exposure in Norway is revealed three times a year with 4-month time periods, whereas in Sweden it is revealed twice a year with 6-month time periods.

Receivables and debt, as well as money items in foreign currency, are translated at the rate of exchange at the end of the reporting period into the companies' functional currency for reporting.

The Group's presentation currency is NOK. The Group is therefore further exposed to currency risk in translation of foreign subsidiaries from their functional currency to the Group's presentation currency. This translation risk is not hedged. As of 31 December 2013 the net translation difference associated with the majority's equity was positive by MNOK 138.6, corresponding to a positive change in 2013 of MNOK 143.6 (negative by MNOK 5.0 at the end of 2012) .

The table below shows the Group's purchase of non-functional foreign exchange during 2013.

	Purchase of currency 2013			
Amounts in NOK 1 000	**Spot**	**Forward**	**Total**	**Proportion hedged through forwards**
EUR	61 493	64 295	125 788	51,1%
USD	3 427	4 905	8 332	58,9%
AUD	551	1 445	1 996	72,4%
GBP	70	340	410	82,9%
DKK	1 800	9 050	10 850	83,4%
SEK	1 900	1 490	3 390	44,0%

	Purchase of currency 2012			
Amounts in NOK 1 000	**Spot**	**Forward**	**Total**	**Proportion hedged through forwards**
EUR	33 535	81 473	115 008	70,8%
USD	5 272	4 130	9 402	43,9%
AUD	462	1 765	2 227	79,3%
GBP	548	354	902	39,2%
DKK	6 925	700	7 625	9,2%
SEK	3 025	350	3 375	10,4%

As of 31 December 2013 the Group had the following forward contracts (hedging of cash flows) that hedged financial position statement items and orders already entered into (firm commitments), which were recognised at fair value with value changes through profit or loss:

Forward contracts (NOK 1000)	Currency	Currency amounts	Value in NOK - end of period	Forward value in NOK	Fair value in NOK	Due date
Buy contracts	EUR	11 130	94 206	93 247	959	2014
Buy contracts	USD	1 200	7 347	7 315	32	2014
Buy contracts	AUD	295	1 600	1 670	-70	2014
Buy contracts	GBP	90	905	882	23	2014
Buy contracts	SEK	250	237	236	1	2014
Buy contracts	DKK	6 800	7 643	7 483	160	2014
Total					**1 105**	

All forward contracts are recognised at fair value at the end of the reporting period.

Sensitivity to currency changes:
The following table shows the Group's sensitivity to changes in the most important exchange rates, if all other variables remain constant.

The effect on the Group's profit before tax is calculated as changes in fair value of monetary assets and liabilities as of 31 December 2013 in foreign currency (not functional currency). This includes hedging derivatives recognized at fair value with value changes through profit or loss.

The effect on other comprehensive income (OCI) is calculated as the effect on the translation differences associated with subsidiaries in foreign currency as at 31 December 2013.

Figures in NOK 1 000	Change in exchange rate	Effect on profit before tax	Total effect on OCI before tax
EUR	5%	3 120	400
EUR	-5%	-3 120	-400
USD	5%	810	0
USD	-5%	-810	0
SEK	5%	3 689	16 762
SEK	-5%	-3 689	-16 762
DKK	5%	-670	47 152
DKK	-5%	670	-47 152

The Group's exposure against other currencies is insignificant as of 31 December 2013.

Categorisation of financial assets and liabilities:

Figures in NOK 1 000	Financial instruments at fair value with value changes through profit or loss	Loans and receivables	Assets available for sale	Financial liability	Total capitalised value 31.12	Fair value
Assets						
Other investments in shares	0	0	227	0	227	227
Currency derivatives 3)	1 105	0	0	0	1 105	1 105
Accounts receivable	0	503 005	0	0	503 005	503 005
Other receivables 1)	0	98 713	0	0	98 713	98 713
Cash and cash equivalents	0	245 961	0	0	245 961	245 961
Total financial assets 2013	**1 105**	**847 679**	**227**	**0**	**849 011**	**849 009**
Total financial assets 2012	**0**	**1 379 304**	**225**	**0**	**1 379 529**	**1 379 529**
Liabilities						
Debt to credit institutions	0	0	0	169 724	169 724	169 724
Long-term liabilities to group companies	0	0	0	968 294	968 294	968 294
Liabilities at fair value3)	171 137	0	0	0	171 137	171 137
Accounts payable	0	0	0	248 067	248 067	248 067
Other current liabilities2)	0	0	0	35 292	35 292	35 292
Total financial liabilities 2013	**171 137**	**0**	**0**	**1 421 377**	**1 592 514**	**1 592 514**
Total financial liabilities 2012	**186 321**	**0**	**0**	**948 087**	**1 134 408**	**1 134 408**

1) Prepayments are excluded from the overview since they are not defined as financial assets in accordance with IAS 39.
2) Accrued costs and public taxes owed are excluded from the overview since these are not defined as financial liabilities in accordance with IAS 39.
3) These are all earmarked for measurement at fair value through profit or loss on first recognition.

Fair value hierarchy
The Group uses the following hierarchy to determine and report fair value of financial instruments:
Level 1: listed (unadjusted) prices in active markets
Level 2: direct or indirect inputs other than listed prices that are included in Level 1 that are observable for the asset or the liability
Level 3: techniques for calculation of fair value based on other than observable market data

As of 31 December 2013 ArcusGruppen had the following financial liabilities at fair value in the financial position statement:

2013	Level 1	Level 2	Level 3	Book value 31.12.2013
Liabilities at fair value	0	0	171 137	171 137
Currency derivatives	0	-1 105	0	-1 105
Total liabilities	**0**	**-1 105**	**171 137**	**170 032**

2012	Level 1	Level 2	Level 3	Book value 31.12.2012
Liabilities at fair value	0	0	171 831	171 831
Interest rate derivatives	12 109	0	0	12 109
Currency derivatives	2 381	0	0	2 381
Total liabilities	**14 490**	**0**	**171 831**	**186 321**

Fair value of currency derivatives has been reclassified from Level 1 to Level 2 during the period. There have been no transfers out of Level 3 during the period.

Reconciliation of liabilities (Level 3):

	Book value 31.12.2012	Used 2013	Provision made 2013	Value changes 2013	Interest 2013	Book value 31.12.2013
Liabilities at fair value	171 831	0	0	-3 380	2 686	171 137
Total	**171 831**	**0**	**0**	**-3 380**	**2 686**	**171 137**

Further information on earmarked liabilities measured at fair value through profit or loss is provided in Note 21.

Capital management
The Group wishes as far as possible to have flexibility in its liquid assets that are associated with day-to-day operation. The Group achieves this largely through a Group cash pool system with a drawing facility, which from 2014 is being administered by Arcus-Gruppen Holding AS.

When there is an investment requirement, in-house liquidity is used as far as possible, but in larger investments internal long-term loan financing is used from the parent company, which has external financing and drawing rights. The Group also has agreements on financial leasing for larger investments in production equipment.

NOTE 5 SEGMENT INFORMATION

2013

Figures in NOK 1 000	Spirits	Wine	Other	Eliminations	Group
External operating income					
Sales between the segments	83 385	2 774	91 537	-177 696	0
Sales to other companies in the same group	3 757	16 244	74 931	0	94 932
Total operating income	**887 498**	**1 177 146**	**166 472**	**-177 786**	**2 053 330**
Cost of goods	-394 418	-816 277	0	83 582	-1 127 113
Salaries and other personnel costs	-116 820	-66 878	-60 602	0	-244 300
Depreciation	-27 335	-1 100	-5 046	0	-33 481
Other operating expenses	-219 880	-99 158	-141 279	94 204	-366 113
Other income and expenses	-2 498	-2 832	10 576	0	5 246
Total operating expenses	**-760 951**	**-986 245**	**-196 351**	**177 786**	**-1 765 761**
Share of profit from AC & JCE	9 919	814	0	0	10 733
Total share of profit from AC & JCE	**9 919**	**814**	**0**	**0**	**10 733**
Operating profit/loss	**136 466**	**191 715**	**-29 879**	**0**	**298 302**
Interest income	5 233	1 255	826	-336	6 978
Other financial income	0	0	0	10 991	10 991
Interest costs	-5 550	-603	-32 991	-2 350	-41 494
Other financial costs	-5 446	-3 439	-4 661	7 793	-5 753
Net financial profit	**-5 763**	**-2 787**	**-36 826**	**16 098**	**-29 278**
PRE-TAX PROFIT	**130 703**	**188 928**	**-66 705**	**16 098**	**269 024**

2012

Figures in NOK 1 000	Spirits	Wine	Other	Eliminations	Group
External operating income					
Sales between the segments	89 063	4 689	103 751	-197 503	0
Sales to other companies in the same group	10 942	28 984	67 919	0	107 845
Total operating income	**647 122**	**1 128 685**	**171 740**	**-197 336**	**1 750 211**
Cost of goods	-278 543	-784 592	0	90 609	-972 526
Salaries and other personnel costs	-108 584	-57 606	-37 426	0	-203 616
Depreciation	-19 490	-1 395	-1 966	0	-22 851
Other operating expenses	-170 424	-87 959	-159 822	106 727	-311 478
Other income and expenses	-47 320	-684	-57 435	0	-105 439
Total operating expenses	**-624 361**	**-932 236**	**-256 649**	**197 336**	**-1 615 910**
Share of profit from AC & JCE	5 252	685	0	0	5 937
Total share of profit from AC & JCE	**5 252**	**685**	**0**	**0**	**5 937**
Operating profit/loss	**28 013**	**197 134**	**-84 909**	**0**	**140 238**
Interest income	1 111	1 576	4 329	-2 211	4 805
Other financial income	0	1 242	0	1 614	2 856
Interest costs	-4 491	-871	-22 454	-775	-28 591
Other financial costs	-2 538	0	-3 524	-8 556	-14 618
Net financial profit	**-5 918**	**1 947**	**-21 649**	**-9 928**	**-35 548**
PRE-TAX PROFIT	**22 095**	**199 081**	**-106 558**	**-9 928**	**104 690**

The Group does not present the segments' assets or liabilities, since this is not done in the Group's internal reporting. For information regarding pricing associated with sales between the segments, see Note 6.

Net sales revenues by geographic market:	**2013**	**2012**
Norway	733 977	704 363
Sweden	836 901	764 897
Finland	27 734	22 516
Denmark	154 206	25 040
Germany	60 993	22 969
USA	26 937	21 891
Other international	109 283	97 220
Total net sales revenues	**1 950 031**	**1 658 896**

Substantial customer relationships
The Group has substantial customer relationships with Vinmonopolet in Norway and Systembolaget in Sweden, with each representing more than 10% of the Group's total operating income.

Total operating income from Vinmonopolet was approximately MNOK 672 in 2013, of which MNOK 318 in Spirits and MNOK 354 in Wine. In 2012 the corresponding total was approximately MNOK 605, of which MNOK 280 in Spirits and MNOK 325 in Wine.

Total operating income from Systembolaget was approximately MNOK 744 in 2013, of which MNOK 51 in Spirits and MNOK 693 in Wine. In 2013 the corresponding total was approximately MNOK 698, of which MNOK 38 in Spirits and MNOK 660 in Wine.

NOTE 6 TRANSACTIONS WITH RELATED PARTIES

In addition to subsidiaries and associated companies, the Group's related parties are defined as the owners, all members of the Board of Directors and Group senior management, as well as companies in which any of these parties have either controlling interests, board appointments or are senior staff.

The Group's transactions with related parties:

Purchase of goods and services:

Figures in NOK 1 000	Relationship	Deliverable	2013	2012
Hoff SA	Owner (10%)	Raw materials	22 315	20 335
Tiffon SA	Associated company (34%)	Finished goods	75 670	77 735
Det Danske Spiritus Kompagni A/S	Jointly controlled entities (50%)	Lease offices, licences	322	0
Steenberg & Plathe AS	K. Frydenberg is chair of the Arcus-Gruppen AS and Steenberg & Plathe AS boards of directors	Consultancy services	5	87
Total purchase of goods and services			**98 312**	**98 157**

Sale of goods and services:

Figures in NOK 1 000	Relationship	Deliverable	2013	2012
Tiffon SA	Associated company (34%)	Marketing support	3 140	5 120
Det Danske Spiritus Kompagni A/S	Jointly controlled entity (50%)	Sales of finished goods	110 368	0
Total sale of goods and services			**113 508**	**5 120**

Receivables from related parties:

Figures in NOK 1 000	Relationship	2013	2012
Tiffon SA	Associated company (34%)	1 258	1 210
Hoff SA	Owner (10%)	0	167
Det Danske Spiritus Kompagni A/S	Jointly controlled entity (50%)	21 694	0
Total accounts receivable from related parties		**22 952**	**1 377**

Current liabilities to related parties:

Figures in NOK 1 000	Relationship	2013	2012
Hoff SA	Owner (10%)	1 425	0
Tiffon SA	Associated company (34%)	14 495	9 728
Total current liabilities to related parties		**15 920**	**9 728**

All transactions with related parties are on market terms.

Transactions between Group companies:
Agreements have been reached between the companies in the Group on cost distribution for internal services and joint procurement. Mainly this applies to rent, maintenance and property service functions, as well as common functions such as finance, IT, payroll et cetera. The services are recognised in the various companies as other income and other operating costs respectively.

All buying and selling of goods and services between the companies is carried out on market terms and is eliminated in the consolidated financial statements.

NOTE 7 OTHER OPERATING EXPENSES

Figures in NOK 1 000	2013	2012
Sales and advertising costs	-149 894	-112 528
Logistic costs	-7 853	-6 539
Rent	-77 891	-101 177
Maintenance costs	-13 629	-9 939
Other costs associated with premises	-26 847	-29 659
Office materials and administrative costs	-7 304	-6 545
Travel expenses	-14 618	-10 763
Insurance	-3 798	-3 000
Consultants and external outsourcing of services	-37 177	-101 339
Other costs	-22 746	-21 243
Total other operating expenses	**-361 757**	**-402 732**
Of which non-recurring effects and restructuring costs, which are included in the financial statements line other income and expenses	-4 356	91 254
Total other operating expenses as presented in the statement of income line other operating expenses	**-366 113**	**-311 478**

Other income and expenses:
Other income and expenses comprises significant positive and negative non-recurring effects and restructuring costs. The main aim of this line is to show these significant non-recurring and non-periodic items, so that the development and comparability of the ordinary profit or loss lines presented in the income statement are more relevant to the business.

Figures in NOK 1 000	2013	2012
Personnel policy and other organisational measures	-4 793	-19 753
Moving costs	0	-31 561
Costs associated with double operating	0	-43 923
Pensions effects	0	3 100
Acquisition costs (M&A)	-2 144	-12 722
Other non-recurring effects	12 183	-580
Total other income and expenses	**5 246**	**-105 439**

Personnel policy and other organisational measures:
In connection with the move to Gjelleråsen, an organisational and staffing adjustment was necessary to accommodate new facilities, new work processes and new technology. During this change process the Group offered a range of personnel policy measures to its employees in order to meet the new circumstances without compulsory redundancy. In addition there are individual key personnel in the process who have received loyalty bonuses on the completion of the move project.

Moving costs and costs associated with double operating:
This is associated with costs directly related to the move from Hasle to Gjelleråsen, as well as costs for operating both at Hasle and Gjelleråsen for a period in advance of and subsequent to the move, such as for example double rent, electricity, water and other operating costs.

Pensions effects:
During 2012 the Group had gains as a result of the Group having chosen to change the discount rate from government bonds to covered bonds interest rates in accordance with the recommendations of NASB.

Acquisition costs:
During 2012 and 2013 the Group used resources on the acquisition of De Danske Spritfabrikker and the Aalborg aquavit, Maltezerkreutz and Gammel Dansk brands. The transaction was completed on 4 January 2013.

Other non-recurring effects:
Other non-recurring effects during 2013 were associated with the adjustment of the selling price for the site at Gjelleråsen, which was sold to Pareto in 2010; reversal of provision for liabilities from 2009 associated with an action that was dismissed by the Supreme Court in 2013; and depreciation of added value stocks on acquisition of De Danske Spritfabrikker. In 2012, other non-recurring effects were associated with costs of an opening party at Gjelleråsen.

NOTE 8 SALARY AND OTHER PERSONNEL COSTS

Figures in NOK 1 000	**2013**	**2012**
Salary including holiday pay	-173 217	-168 729
Social security costs	-31 031	-30 516
Pension costs including social security costs	-18 705	-13 007
Other personnel costs	-26 140	-14 824
Total salaries and other personnel costs	**-249 093**	**-227 076**
Of which non-recurring effects and restructuring costs, which are included in the financial statements line other income and expenses (see Note 7)	4 793	23 460
Total salary and personnel cost as presented in the statement of income line salaries and other personnel costs	**-244 300**	**-203 616**
Average FTEs employed during the year *	397	450

* Based on the distribution business having been included in the first three quarters of 2013.

Benefits for leading individuals	**Group CEO**	**Other senior group management**	**Board of Directors**
Salary	2 597	12 517	1 514
Pension costs	776	662	
Other remuneration	12	1 192	

In addition to salary, the Group CEO has a bonus agreement that in certain conditions will provide payment of up to 5 months' salary. The Group CEO is a member of the Swedish National Insurance and so the Group pays Swedish social security costs associated with his benefits. The Group CEO's pension agreement is in two parts. 4/5 of the pension basis is linked to an unfunded defined benefit pension scheme in Norway, which is capitalised annually in the consolidated statement of financial position and in which the return is based on the return in the Storebrand Balansert pension fund. The principles for the capitalisation are based on the same accumulation principles currently applicable in the Swedish pension scheme for "kollektiv-avtalande pensionsförmåner gjennom ITP-planen" (collectively agreed pension scheme through the ITP plan). He also has a Swedish pension agreement (1/5 of the pension basis) in accordance with the collectively agreed pension scheme through the ITP plan.

Neither loans nor surety have been provided for the Group CEO or members of the Board of Directors.

The other senior managers in the Group participate in the bonus scheme and have personal agreements that in certain conditions may produce payments with an upper limit of 4 months' salary. In addition, one senior Group manager has a personal bonus agreement.

Agreements have been entered into on a shares programme in Arcus-Gruppen Holding AS for 6 employees in the senior management group and one Board member. The Group CEO has 2470 synthetic shares and 22,230 synthetic options in this programme. The value development of the synthetic shares and options follows the same value development as the actual shares in the parent company. The synthetic shares will on settlement involve a disbursement corresponding to fair value of the actual shares in the parent company multiplied by the number of synthetic shares. The synthetic options are valued in accordance with Black & Scholes, and will on settlement involve a disbursement corresponding to the value in accordance with the Black & Scholes method multiplied by the number of synthetic options.

Setting of salary and other benefits for senior employees
The main principle for the Group's management salary policy is that its managers' salaries should be competitive, motivational and comprehensible. Benefits are provided in the form of bonus, pension, severance payments and other natural benefits customary in such positions.

The terms and conditions for the Group CEO are set by the Board of Directors. The Group CEO sets terms and conditions for other members of the Group senior management.

Auditor's remuneration
Auditors' fees are specified below. The fees cover the Group auditor, Ernst & Young, as well as other auditors of Group subsidiaries.

Figures in NOK 1 000	2013	2012
Statutory audit	1 878	1 528
Other financial audit	275	5
Other certification services	26	72
Tax advisory services	12	124
Non-audit services	1 767	1 067
Total auditor's fee	**3 958**	**2 796**

All sums exclude VAT.

Total fees to auditors for the Group include fees to entities other than the Group auditor of TNOK 911 for 2013 and TNOK 623 for 2012.

NOTE 9 PENSION COSTS, ASSETS AND OBLIGATIONS

Defined benefits pension scheme
Until 31 December 2008 ArcusGruppen and its subsidiaries had a group defined benefits scheme for their employees in Statens Pensjonskasse (the Norwegian Public Service Pension Fund – SPK) and Storebrand. The SPK pension scheme also included a contractual early retirement scheme (AFP) with financing from the commencement of employment. From 31 December 2008 the ArcusGruppen Board of Directors terminated the SPK group pension scheme for the whole Group, which resulted in non-recurring income in 2009 of MNOK 96.2 and a final settlement in 2010 resulting in a further income recognition of MNOK 3.0.

With the transition to the new pension scheme all those who were sick or disabled remained in the respective defined benefit schemes. Statens Pensjonskasse has confirmed that ArcusGruppen has no legal obligations associated with the remaining pensioners who are linked to the SPK defined benefit scheme, but is only obliged to pay annual premium contributions specified by SPK, according to the same principle as for defined contribution pensions. The Group therefore takes the current invoices from SPK to expenses in the same way as for the defined contribution scheme. Within the pension obligation as of 31 December 2012, a provision of MNOK 5.3 is linked to 3 individuals in the Storebrand defined benefit scheme. This is the only pension obligation secured with assets.

In addition, 2 individuals, one of whom is no longer employed in the company, have a defined benefit scheme for salary income above 12 G (National Insurance base amount). This scheme has been recognised with the obligation totalling MNOK 4.7 at the end of 2013. During 2012 a former senior manager chose to terminate his/her pension agreement above 12G, resulting in settlement income for the group of MNOK 0.5.

On transition to the defined contribution scheme in 2009, there were some employees who had previously been with SPK who would be worse off in the event of early retirement at age 65-67. To compensate for this, an agreement was reached on a gift pension to all employees who were with SPK before the transition. As of 31 December 2012 this gift pension is linked to 150 employees spread over the Norwegian business, whilst the total obligation has been recognised at MNOK 6.7.

The Group CEO has an unfunded defined benefit pension. Accumulation in this unfunded defined benefit pension scheme is based on the same accumulation principles currently applicable in the Swedish pension scheme for collectively agreed pension schemes through the ITP plan. This obligation is recognised at MNOK 2.1 as of 31 December 2013.

Contractual early retirement scheme pension (AFP)
Starting on 1 January 2011 a new contractual early retirement scheme (AFP) pension act was introduced in Norway, in which the Norwegian companies in the Group participate. At the same time the old scheme was terminated. The old AFP scheme was a joint Norwegian Confederation of Trade Unions (LO)/Confederation of Norwegian Enterprise (NHO) scheme which meant that all employees could choose to retire with a early pension on reaching the age of 62. The Group has a continuing reserve applicable to the Group's contribution for individuals who are prematurely retired under the old scheme. On cessation of the old AFP scheme it became apparent there was substantial underfunding in the scheme. The member companies have to redress this underfunding by continuing payment of premiums for the coming five years. The Group's share of this underfunding has been estimated and provision made in the financial statements.

As a replacement for the old AFP scheme, from 1 January 2011 a new AFP scheme was established. The new AFP scheme is, unlike the old one, not a premature early retirement scheme, but a scheme that provides a lifelong supplement to the ordinary pension. The employees may choose to take out the new AFP scheme on reaching the age of 62, in parallel with continuing working, and it provides further accumulation on working up to aged 67. This new AFP scheme is a defined benefit based multi-enterprise pension scheme, and is financed through premiums that are set as a percentage of salary. So far no reliable measurement and allocation of obligations and assets in the scheme is available. In accounting terms the scheme is treated as a defined-contribution-based pension scheme in which premium payments are charged as current costs and no provisions are made in the financial statements. In 2012 the current premium payments were set at 1.75% of total payments between 1 G and 7.1 G to the Group's employees, whereas in 2013 this figure was 2.0%. For 2014 it has been decided to increase the premium payments to 2.20%. There is no build up of funds in the scheme and it is expected that the premium level will increase for the coming years.

There are some seniority requirements associated with the new AFP scheme in regard to accumulated length of employment in the scheme. This means that the individual employee on reaching the age of 62 must have been employed for 7 of the previous 9 years to meet the seniority requirements to be able to take out AFP in accordance with the new scheme. For ArcusGruppen there were 17 individuals who did not fulfil the seniority requirements on the introduction of the new AFP scheme. In 2011 for these individuals ArcusGruppen applied for them to be allowed to count their accumulated period of employment in the old SPK AFP scheme, before transition to the LO/NHO (Norwegian Confederation of Trade Unions/ Confederation of Norwegian Enterprise) scheme from 1 January 2009. The Fellesordningen (Joint Pension Sceme) agreed to this, in return for ArcusGruppen paying the whole excess above and beyond the state supplement of 1/3 of the AFP pension. This resulted in an extra provision for ArcusGruppen of MNOK 0.2 in 2012, whilst the costs in 2013 amounted to MNOK 0.1. In 2013 one of these individuals retired with AFP, which resulted in a disbursement of MNOK 0.5. In 2012 six of these individuals retired with AFP, which resulted in a disbursement for the group of MNOK 3.1. The obligation as at 31 December 2013 amounted to MNOK 0.5, against MNOK 6.3 as of 31 December 2012.

Defined contribution pensions

ArcusGruppen's ordinary pension scheme for all other employees is a defined contribution pension scheme with Storebrand. The contribution rate is 5% of salary in the bracket 2-6 times the National Insurance basic amount (G) and 8% of salary in the bracket 6 to 12 times the National Insurance basic amount (G). In addition there is a private invalidity scheme with 66% benefits level, without free standing policy accumulation. Child and carer supplement to ArcusGruppen's group life scheme comes as a replacement for the previous spouse and child pension.

The costs associated with the defined contribution pension are linked to the routine premium invoices from the insurance company with which ArcusGruppen has contracted a defined contribution pension agreement. The current defined contribution pensions and invalidity pensions for employees in the defined contribution scheme are adjusted annually with the pension fund's profits. Employees in the defined contribution scheme who have become disabled are entitled to receive their disability obligations indexed with the same adjustment as the basis amount (G) each year. This has resulted in a cost of MNOK 0.1 in 2013 and the obligation recognised in the financial position statement was MNOK 4.7 at the end of 2013.

Other matters

The Group decided from 2012 to change the discount rate for its pension obligations from the government bond interest rate to the covered bond interest rate. This is in line with the NASB recommendations.

Schedule of cash flows associated with pension schemes	**2013**	**2012**
Premium payments, old AFP scheme recognised in the statement of financial position	353	481
Premium payments, Storebrand defined benefit scheme recognised in the statement of financial position	600	513
Premium payments, new AFP scheme not recognised in the statement of financial position	1 424	1 362
Own account share, AFP obligation linked to inadequate seniority in the new scheme recognised in the statement of financial position	461	1 893
Premium payments, remaining in SPK	176	251
Premium payments, defined contribution pension	15 299	13 110
Total	**18 312**	**17 610**

All figures include social security costs.

Premium payments associated with the ordinary defined contribution pension and the new AFP pension are the largest disbursement items associated with pensions. The basis for the premium payments to the defined contribution scheme is calculated based on actual salaries and will reflect salary development in the company.

Premium payments to the new AFP scheme are also calculated based on actual salaries, in addition to the premium rates being expected to increase in the years ahead. In 2013 the premium rate was 2.00% and increases to 2.2% in 2014.

Figures in NOK 1 000

Pension costs	**2013**	**2012**
Present value of pension earnings for the year (service cost)	1 236	1 407
Interest cost on the pension obligation	938	754
Return on pension assets	-395	-460
Estimated loss/(gain) taken to profit/loss	0	-2 541
Accrued social security contributions	259	237
Extraordinary provisions	0	424
Effect of curtailment or settlement	0	-552
Net pension cost after social security contributions	**2 038**	**-731**
Defined contribution pension scheme		
Contribution including social security contributions taken to expenses	16 666	13 738
Net pension liabilities:	**2013**	**2012**
Estimated accrued obligations, funded pension plans	-13 586	-12 993
Estimated value of pension assets	8 333	10 811
Net estimated pension obligations (-)/assets (+), funded pension plans	**-5 253**	**-2 181**
Estimated accrued obligations, non-funded pension plans	-19 322	-27 206
Net estimated pension obligations (-)/assets (+)	**-24 575**	**-29 387**
Re-measurements not recognised in profit or loss	-	-107
Net pension assets/(liabilities) recognised in the financial position statement	**-24 575**	**-29 493**
Changes in the liability:		
Net pension liability 01.01	-29 493	-38 143
Opening balance, pension liability, discontinued operations	9 956	0
Cost of pensions, continuing operations	-2 038	731
Cost of pensions, discontinued operations	0	2 681
Premium payments including SSC	1 471	5 238
Re-measurements recognised directly against owners' equity (IAS 19R)	-4 471	0
Net pension liability 31.12	**-24 575**	**-29 493**
Summary of pension assets:		
Shares and other equity instruments	8 333	10 811
Total pension assets 31.12.	**8 333**	**10 811**
Financial assumptions:		
Discount rate	4.10%	3.90%
Expected salary adjustment	3.50%	3.25%
Expected pension increases	2.75%	2.50%
Expected growth of National Insurance basic amount (G)	3.50%	3.25%
Expected returns on pension assets	4.10%	3.90%
Actuarial and demographic assumptions		
Withdrawal rate at 62 years	50%	50%
Withdrawal rate at 67 years	50%	50%
Mortality	K2013	K2005
Disability	K1963	K1963
Voluntary cessation (under aged 50)	5%	5%
Voluntary cessation (over aged 50)	0%	0%

The actuarial assumptions are based on ordinarily used assumptions in insurance in regard to demographic factors.

The Group's pension schemes satisfy the statutory requirements on obligatory occupational pension.

Sensitivity analysis on net pension liabilities:
The table below shows the effects of changes in pension obligations, deferred tax assets and equity in the event of a change in the most important financial assumptions by one percentage point up or down. The calculations are otherwise carried out in the same way as the actuarial calculations and are based on all other economic and demographic assumptions remaining unchanged.

	Discount rate		Salary growth		Adjustment NI basic amount (G)	
Change in percentage points	**1%**	**-1%**	**1%**	**-1%**	**1%**	**-1%**
Change pension liability	-3 192	4 022	1 485	-1 339	4 308	-3 599
Change in deferred tax assets	-862	1 086	401	-361	1 163	-972
Change in equity	2 330	-2 936	-1 084	978	-3 145	2 627
Change liability in percent	**-13.3%**	**16.7%**	**6.2%**	**-5.6%**	**17.9%**	**-15.0%**

NOTE 10 FINANCIAL INCOME AND COSTS

Figures in NOK 1 000	**2013**	**2012**
Financial income		
External interest income	5 554	3 865
Interest income from companies in the same group	1 424	940
Total interest income	**6 978**	**4 805**
Value change liabilities at fair value in the statement of financial position	3 380	0
Value change forward exchange contracts at fair value in the statement of financial position	3 497	1 139
Other agio gains	4 114	1 717
Total other financial income	**10 991**	**2 856**
Total financial income	**17 969**	**7 661**
Financial costs		
Interest costs to credit institutions	-25 056	-24 390
Interest costs to companies in the same group	-13 752	-1 215
Interest costs on liabilities at fair value in the statement of financial position	-2 686	-2 986
Total interest costs	**-41 494**	**-28 591**
Value change liabilities at fair value in the statement of financial position	0	-5 309
Value change interest rate swap at fair value in the statement of financial position	12 109	-2 498
Other financial expenses	-17 862	-6 811
Other financial expenses	**-5 753**	**-14 618**
Total financial expenses	**-47 247**	**-43 209**
Net financial profit/loss	**-29 278**	**-35 548**

NOTE 11 TAX

The tax cost for the year is calculated as follows:

Figures in NOK 1 000	**2013**	**2012**
Tax payable	-54 012	-43 765
Change in deferred tax	-6 715	13 168
Inadequate provision earlier years	4	2
Tax	**-60 723**	**-30 595**

Tax shown by country:	**2013**	**2012**
Tax to Norway	-20 685	4 051
Tax to Sweden	-29 444	-34 377
Tax to Denmark	-10 196	0
Tax to Finland	-398	-269
Total taxes	**-60 723**	**-30 595**

Reconciliation from nominal to actual tax rates:	**2013**	**2012**
Pre-tax profit	269 024	104 690
Expected income tax i.a.w. nominal tax rate (28%)	-75 327	-29 313
Tax effect of the following items:		
Non-deductible costs	-1 553	-6 651
Non-taxable income	3 272	0
Inadequate provision earlier years	4	2
Change in non-capitalised tax asset	0	1 528
Change in tax rate	-105	0
Differences in tax rates	9 627	2 336
Profit share associated companies	2 375	1 152
Other	984	351
Tax	**-60 723**	**-30 595**
Effective tax rate	**23%**	**29%**

Tax payable in the statement of financial position, by country	2013	2012
Tax liability to Norway	7 588	17 530
Tax liability to Sweden	7 637	6 643
Tax liability to Denmark	36 603	0
Tax liability to Finland	377	22
Total tax payable liabilities	**52 205**	**24 195**

Breakdown of tax effect of temporary differences and deficit to be carried forward:

	2013		2012	
	Asset	Liability	Asset	Liability
Tangible fixed assets	3 220	-1 200	4 678	0
Intangible fixed assets	0	98 060	0	0
Financial assets	-302	0	4 955	0
Inventories	1 541	158	1 791	0
Accounts receivable	162	0	2 189	0
Pension obligations	6 539	0	8 058	0
Provisions	8 842	0	14 080	0
Profit and loss account and other foreign tax accrual funds	-1 147	0	-8 847	0
Deficit to be carried forward	22 904	0	68 520	0
Net deferred tax in the statement of financial position	**41 759**	**97 018**	**95 424**	**0**

At the end of the year the Group had MNOK 22.9 in capitalised deferred tax assets associated with the deficit to be carried forward. The Group's Board of Directors and senior management team are working on strategy plans for the business, and based on these plans it is anticipated that the deferred tax assets can be utilised.

Deferred tax assets are associated with net negative temporary differences against the tax regime in Norway and Sweden, whereas deferred tax liability is associated with net positive temporary differences against the tax regime in Denmark.

NOTE 12 TANGIBLE FIXED ASSETS

Figures in NOK 1 000	Land, buildings and other real estate	Machinery and equipment	Fixtures and fittings, tools, office equipment etc	Assets under construction	Total tangible fixed assets
Purchase cost as at 01.01	1 626	530 254	110 348	5 708	647 936
Additions tangible fixed assets, continued operations	0	5 739	1 111	3 888	10 738
Additions tangible fixed assets, discontinued operations	0	0	5 930	0	5 930
Additions tangible fixed assets via financial lease	0	6 583	0	0	6 583
Transferred from assets under construction	0	3 689	384	-9 396	-5 323
Acquisition of business	22 498	53 798	2 097	0	78 393
Reclassifications	0	-235	-4 827	0	-5 062
Disposals purchase price (sale of fixed assets)	0	0	-186	0	-186
Disposals purchase price (sale of business)	0	-183 431	-67 074	0	-250 505
Translation differences	1 662	4 157	700	14	6 533
Purchase cost 31.12	**25 786**	**420 554**	**48 483**	**214**	**495 037**
Accumulated depreciation 01.01	0	-172 271	-71 446	0	-243 717
Acquisition of business	-11 281	-49 990	-1 900	0	-63 171
Ordinary depreciation, continued operations	-523	-26 392	-3 607	0	-30 522
Ordinary depreciation, discontinued operations	0	-7 370	-2 323	0	-9 693
Disposals accumulated depreciation (sale of fixed assets)	0	0	186	0	186
Disposals accumulated depreciation (sale of business)	0	79 409	56 263		135 672
Reclassifications	0	0	1 746	0	1 746
Translation differences	-873	-3 990	-607	0	-5 470
Accumulated depreciation 31.12	**-12 677**	**-180 604**	**-21 688**	**0**	**-214 969**
Book value 31.12	**13 109**	**239 950**	**26 795**	**214**	**280 068**
Of which book value of capitalised leases	0	168 663	0	0	168 663
Ordinary depreciation for the year - capitalised leases	0	-16 416	0	0	-16 416
Book value of capitalised interest costs	0	5 265	0	0	5 265
Annual leasing fee on non-capitalised tangible fixed assets	81 594	4 808	166	0	86 568

Both the parent company and the Group use straight-line depreciation for all tangible fixed assets.
The economic life for tangible fixed assets is estimated at:

* Machines, vehicles and plant	3-15 years
* Office machinery and inventory	4-10 years
* Land, buildings and other real estate	0 years
* Investments in leased premises	4 years

No indications of impairment or a need to change utilisable life have been identified during the period.

NOTE 13 INTANGIBLE ASSETS

Figures in NOK 1 000	Brands	Goodwill	Software	Total
Purchase cost 01.01	9 227	220 923	45 570	275 720
Addition intangible assets	0	0	3 708	3 708
Transferred from assets under construction	0	0	5 323	5 323
Acquisition of business	341 008	324 730	0	665 738
Reclassification	0	0	5 062	5 062
Translation differences	51 233	56 969	0	108 202
Purchase cost 31.12	**401 468**	**602 622**	**59 663**	**1 063 753**
Accumulated depreciation 01.01	-440	0	-44 680	-45 120
Ordinary depreciation	-440	0	-2 519	-2 959
Reclassification	0	0	-1 746	-1 746
Accumulated depreciation 31.12	**-880**	**0**	**-48 945**	**-49 825**
Capitalised value 31.12	**400 588**	**602 622**	**10 718**	**1 013 928**
Of which capitalised value of assets with indeterminate utilisable life	397 068	602 622	0	999 690
Economic life of intangible assets with set utilisable life	10 years		5-7 years	
Depreciation scheme	Straight line		Straight line	

Impairment testing
Goodwill is allocated to the Group's cash generating entities and is tested for impairment annually, or more often if there are indicators that the values may have been subject to impairment. Testing for impairment involves determining the recoverable amount for the cash generating entity. The recoverable amount is determined through discounting expected cash flows, based on the cash generating entity's board-approved business plans. The Group's cash generating entities are defined as the operational companies in the Group. The same is carried out for brands with indeterminate utilisable life.

The table below shows the Group's intangible assets with indeterminate utilisable life (goodwill and brands) by cash generating entity.

Figures in NOK 1 000	Segment	Brands	Goodwill	Total
Cash generating entity				
Arcus AS	Spirits	4 827	0	4 827
Arcus Denmark A/S	Spirits	392 241	381 699	773 940
Vingruppen i Norden AB	Wine	0	83 005	83 005
Excellars AS	Wine	0	137 918	137 918
Total		**397 068**	**602 622**	**999 690**

The recoverable amount for the cash generating entity is calculated based on the present value estimate of the expected cash flows before tax. The cash flows on which the impairment test is based are based on expectations of future sales volume, sales prices, purchase prices for input factors, salary developments, as well as other direct costs set out in board-approved budgets and long-term plans. The terminal value is based on the cash flow in the last prognosis year (2018), assuming annual growth of 2.0 per cent, which corresponds to a measure of inflation. The terminal value includes assumptions on reinvestments corresponding to expected depreciation of the entities' fixed assets.

Cash flow estimates used are discounted by a discount rate. The discount rate used on the future cash flows is based on the Group's weighted average cost of capital (WACC). The discount rate used is 12.4 per cent before tax, and reflects estimated risk and capital costs for the Group, based on a capital structure considered representative for the business in which the ArcusGruppen group is engaged.

Based on impairment tests carried out, write-downs have not been carried out in 2013.

Sensitivity
A downward adjustment of the estimated cash flows by 20% or an increase in the discount rate of 2% would not have resulted in write-downs.

NOTE 14 LEASING AGREEMENTS

Operational leasing
On 31 December 2013 the Group had the following leasing agreements which are defined and recognised as operational leases. There were no significant terms and conditions covering subletting, purchase, escalation or restrictions in the operational leases as at 31 December 2013.

Amounts in nominal NOK 1 000	Annual lease amount	Due date within 1 year	Due date 2-5 years	Due date after more than 5 years	Total
Leased premises	81 594	81 449	305 355	1 387 769	1 774 573
Vehicles	4 227	3 844	3 950	0	7 794
Machines and office equipment	747	622	377	0	999
Total	**86 568**	**85 915**	**309 682**	**1 387 769**	**1 783 366**

This overview includes the contract concluded with Gjelleråsen Prosjekt 1 AS on the lease of production, distribution and administration buildings at Gjelleråsen with the duration of 25 years starting 1 January 2012. The annual rental in this agreement is TNOK 73,578.

Financial leasing
As at 31 December 2013 the Group had entered into two contracts to lease equipment to be used at Gjelleråsen. These contracts both are from 1 June 2012, and have a duration of 15 years. This equipment has been recognised in the ArcusGruppen financial position statement as at 31 December 2012.

Amounts in nominal NOK 1 000	Annual lease amount	Due date within 1 year	Due date 2-5 years	Due date after more than 5 years	Total
Machines and equipment	15 862	15 862	170 106	0	185 968
Total	**15 862**	**15 862**	**170 106**	**0**	**185 968**

The contract partner for the financial leases is Nordea, and the contract is run on variable interest rates at three months' NIBOR (Norwegian InterBank Offered Rate) + a margin of 1.85%. The average interest charged in 2013 has been 3.57%.

The leases are in principle drawn up with a 15-year profile, but with the contracts running for five years at a time. Repayments and interest are based on a 15-year lease profile, the 4 first years of the 5-year period, but the residual amount falls due over 12 months in year 5. The Group is entitled to extend the agreements by another 5 years before the end of the 5-year period so that the total maturity profile is 15 years. Both the Group and Nordea intend to extend the agreements to a total maturity profile of 15 years.

The present value of future lease payments is MNOK 240.8 as of 31 December 2013, based on a discount rate equal to the effective interest rate on the financing in 2013.

Arcus-Gruppen AS has pledged a 100% ordinary guarantee for the fixed assets leased in ArcusGruppen and for fixed assets leased in its sister company, Vectura. The ordinary guarantee for its sister company Vectura represents MNOK 75.5, see Note 25. All fixed assets are included in pledged assets as security for the Arcus-Gruppen Holding group's long-term bank financing.

NOTE 15 OTHER RECEIVABLES

Figures in NOK 1 000	2013	2012
Long-term receivables		
Loan receivables from Arcus-Gruppen Holding AS	62 477	0
Accounts receivable from associated companies	0	96
Other long-term receivables	166	166
Total other long-term receivables	**62 643**	**262**

The group has no receivables with a due date of more than 5 years.

Figures in NOK 1 000	2013	2012
Short-term receivables		
Prepaid expenses	6 515	18 777
Fair value forward contracts	1 105	0
Other short-term receivables	1 833	4 862
Total other short-term receivables	**9 453**	**23 639**

Figures in NOK 1 000	2013	2012
Other receivables from group companies		
Loan receivables from Arcus-Gruppen Holding AS	0	31 392
Interest receivables from Arcus-Gruppen Holding AS	1 530	940
Prepaid expenses for Arcus-Gruppen Holding AS	6 376	0
Receivable contract supplement against Vectura	13 092	0
Total other short-term receivables from companies in same group	**20 998**	**32 332**

NOTE 16 INVENTORIES

Figures in NOK 1 000	2013	2012
Raw materials	21 007	15 390
Goods in progress	69 478	55 924
Finished goods/goods for resale	242 676	191 855
Obsolescence provision	(14 092)	(14 448)
Total inventories	**319 069**	**248 721**

Cost of inventories in the statement of income comprises input costs for finished goods/goods for resale and production value at cost price for goods produced in-house. The total cost of inventories was NOK 1 127 million in 2013 (2012: NOK 973 million).

The Group has its inventories pledged as security for obligations, see Note 25 Mortgages and guarantees.

NOTE 17 PREPAYMENTS TO SUPPLIERS

Figures in NOK 1 000	**2013**	**2012**
Prepayments to suppliers	13 239	101 598
Loss provisions	0	-6 019
Capitalised prepayments to suppliers	**13 239**	**95 579**

The change in provision for losses is as follows:

Figures in NOK 1 000	**2013**	**2012**
Loss provisions 1.1.	-6 019	-5 819
Provision for losses for the year	0	-200
Confirmed losses for the year	0	0
Disposal, discontinued operations	6 019	0
Loss provisions 31.12.	**0**	**-6 019**

NOTE 18 CASH AND CASH EQUIVALENTS

Figures in NOK 1 000	**2013**	**2012**
Cash and cash equivalents in the Group cash pool system	97 785	171 822
Other bank deposits	148 170	183 503
Cash holding	6	138
Total cash and cash equivalents	**245 961**	**355 463**
Credit facilities	422 249	497 640
Available liquidity	**668 210**	**853 103**

Cash and cash equivalents as of 31 December 2013 included TNOK 1,220 (2012: TNOK 2,122) in restricted funds.

In 2013 the Group changed its principal bank to Skandinaviska Enskilda Banken (SEB). The Group has a Group cash pool system which includes the majority of its subsidiaries (Excellars AS and Vingruppen i Norden AB and its subsidiaries are not included in the scheme), and that also includes its parent company, Arcus-Gruppen Holding AS, and its sister company, Vectura AS. At the end of 2013 this Group cash pool system was managed by the subsidiary Arcus AS, but during the first quarter 2014 its management was moved to the parent company, Arcus-Gruppen Holding AS.

At the end of 2013 ArcusGruppen's net balance in the Group cash pool system was shown on a separate line in the statement of financial position as bank deposit. The balance on the top account in the scheme is different from that shown in the statement of financial position since the parent company and the sister company have net drawings in the scheme. Reconciliation of this is shown in the table below.

The companies included in the scheme are jointly and severally liable for the bank debt. The joint overdraft limit in the Group cash pool system is TNOK 400,000. The total balance in the Group cash pool system on 31 December 2013 was TNOK -9.123 (2012: TNOK 171,822).

The Group's exposure to interest rate risk is described in Note 4.

Summary of top account in the Group cash pool system:

Figures in NOK 1 000	**2013**	**2012**
Balance in the ArcusGruppen Group cash pool system	97 785	171 822
Drawings on the Group cash pool system - parent company and sister company	-106 908	0
Net Group cash pool system 31.12. (top account)	**-9 123**	**171 822**

Summary of bank guarantees 31 December 2013:

Figures in NOK 1 000	**2013**	**2012**
Bank guarantees for tax deduction funds	19 893	23 900
Bank guarantees for customs and duty credit	5 171	13 357
Other bank guarantees	5 787	1 217
Total bank guarantees	**30 851**	**38 474**

NOTE 19 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital comprises:

Figures in NOK 1 000	**Number of shares**	**Nominal value**	**Book value (NOK 1 000)**
Shares	276 000	1 000	276 000
Total	**276 000**	**1 000**	**276 000**

Shareholder	**Nationality**	**Number of shares**	**Ownership and voting %**
Arcus-Gruppen Holding AS	NOR	276 000	100%

Dividends and Group contribution
The Board of Directors has proposed no distribution of dividend and Group contribution for 2013 (2012: no distribution).

Earnings per share
Basic earnings per share
Basic earnings per share are based on profit for the year attributed to the shareholders in the company and a weighted average of the number of outstanding ordinary shares for the year, reduced for ordinary shares bought by the company and held as own shares.

	2013	**2012**
Profit for the year attributed to the owners of the parent company	154 772	-52 933
Number of outstanding shares	276 000	276 000
Earnings per share (basic) in NOK	**555**	**-192**

There are no instruments that would provide a basis for dilution of the average number of shares.

NOTE 20 DEBT TO CREDIT INSTITUTIONS

Figures in NOK 1 000	Type of financing	Currency	Interest profile	Loan amount in foreign currency	Loan amount in NOK 2013	Loan amount in NOK 2012
Nordea	Secured loan	NOK	variable	0	0	65 000
Nordea	Secured loan	NOK	fixed	0	0	160 000
Nordea	Financial leasing liability	NOK	variable	169 724	169 724	252 336
Total debt to credit institutions*					**169 724**	**477 336**

Maturity structure		**Matures 2014**	**Matures 2015**	**Matures 2016**	**Matures 2017**	**Matures 2018 or later**	**Total**
Nordea **	Financial leasing liability	10 034	10 395	77 086	72 209	0	169 724
Total debt to credit institutions		**10 034**	**10 395**	**77 086**	**72 209**	**0**	**169 724**

* Of which TNOK 10,034 presented as short-term debt to credit institutions as of 31.12.2013 and TNOK 12,726 as of 31.12.2012.
** See Note 15 on leasing agreements for information on the maturity structure of annual leasing amounts.

NOTE 21 LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Earmarked liabilities, measured at fair value through profit or loss, are related to 3 matters:
1) estimated liability associated with the deferred purchase consideration for 28.19% of the shares in the subsidiary Vingruppen i Norden AB in 2011, with due dates in 2014.
2) estimated liability to purchase shares held by minority shareholders (9.34%) in the subsidiary Vingruppen i Norden AB, based on management's best estimate of the expected due date.
3) estimated liability to purchase shares held by minority shareholders (49%) in the subsidiary Excellars AS, based on management's best estimate of the expected due date.

The liabilities are estimated on the basis of the pricing mechanisms used on the purchase agreement (1) and the shareholder agreements (2 and 3), discounted to the end of the reporting period. The most important parameter in the pricing mechanisms is the development of the share values, measured through earnings before interest and tax (EBIT) until the estimated due date. As a basis for EBIT the Group's budgets and long-term plans until the expected due date have been used. The discount rate used is NIBOR with duration matched to the expected due date (1.73% on 31 December 2013).

The value changes during 2013 are principally associated with changed discount rate, changed budgets as well as currency development. Future value development will also be sensitive to changes in estimated due date.

Reconciliation of earmarked liabilities, measured at fair value through profit or loss:

Figures in 1 000 (stated currency)	Deferred purchase consideration, shares in Vingruppen i Norden AB	Options liability minority shares in Vingruppen i Norden AB	Options liability minority shares in Excellars AS	
Currency	SEK	SEK	NOK	
Nominal value of the liability in currency at the first time of recognition	82 511	76 900	83 900	
Nominal value of the liability in currency 31.12	25 243	76 300	80 700	
Figures in NOK 1 000				**Total**
Recognised value of liability 1.1	21 530	69 540	80 761	171 831
Paid during the period	0	0	0	0
Changes in value during the period	1 811	-1 190	-4 001	-3 380
Interest during the period	344	1 123	1 219	2 686
Recognised value of liability 31.12	**23 685**	**69 473**	**77 979**	**171 137**

NOTE 22 OTHER PROVISIONS

Severance pay (long-term)
Provisions for liabilities are associated with severance pay on cessation of employment. The scheme covers initially 70 group employees who have received severance packages in connection with restructuring of the companies. The obligations are paid monthly up to 2019 and are presented under other long-term provision for liabilities. The provision is calculated by discounting the future payments including social security contributions at a discount rate dependent on the length of the obligation. During 2013 the liability has been reduced as a result of Vectura having been sold out of the Group, as well as disbursements. On 31 December 2013 the provision was associated with 8 remaining individuals.

Severance pay (short-term)
In connection with the Group's move from Hasle in Oslo to Gjelleråsen, an organisational and staffing adjustment was necessary for the Group to accommodate new facilities, new work processes and new technology. During this change process the Group offered a range of personnel policy measures to its employees in order to meet the new circumstances without compulsory redundancy. The obligations associated with these personnel policy measures are estimated at MNOK 30.6 of which MNOK 18.0 was recognised as expenses during 2011 and MNOK 12.6 was recognised as expenses during 2012. The liability has in total been reduced by MNOK 14.9 during 2013, of which MNOK 7.9 was paid out during 2013 and reversed, whilst MNOK 7.0 is associated with the business sold. On 31 December 2013 the liability recognized was MNOK 10.1.

In addition there is 1 person who was previously in the senior management group whose employment ended in 2013 and who received severance pay of MNOK 1.3 in the course of 2013. At the end of 2013 there were no further obligations in the Group linked to this.

Liabilities associated with pollution on properties sold at Hamar (short-term)
Until 2006 ArcusGruppen owned a property at Hamar. During 2012 it became known that environmental pollution had been found on the site. In accordance with the sales agreement signed in 2006, ArcusGruppen was responsible for part of this clean-up. During 2012, following thorough technical environmental investigations of the ground at the site, environmental pollution was found, and recommendations were made for ameliorative work based on how the individual site area was zoned. Because of this MNOK 7.0 was estimated as a liability and taken to expenses in 2012. In 2013 the final costs were calculated at MNOK 7.5, so an additional MNOK 0.5 was taken to expenses during 2013. The entire sum was paid out in March 2013, so the Group no longer has a liability associated with this.

Compensation from Vectura (short-term)
The Group moved at the end of the first quarter 2012 from Hasle in Oslo to Gjelleråsen. Despite comprehensive testing before moving, during the second quarter the company had problems with the logistics in the plant which resulted in delivery problems. As a result of this, Vectura had a responsibility to compensate its customers. All compensation claims were examined and assessed by ArcusGruppen's senior management in cooperation with the Group's legal advisers. All compensation has been finalised and paid out during 2013.

All the short-term obligations have been recognised in the financial position statement on the line other current liabilities.

Figures in NOK 1 000	Recognised 31.12.2012	Discontinued operations 2013	Used 2013	Provision made 2013	Recognised 31.12.2013
Severance pay	4 197	-2 579	-885	0	733
Long-term provisions	**4 197**	**-2 579**	**-885**	**0**	**733**
Severance pay	25 091	-7 041	-9 261	1 336	10 125
Liabilities associated with pollution of property sold at Hamar	7 000	0	-7 500	500	0
Compensation from Vectura	15 949	-15 949	0	0	0
Other current liabilities	**48 040**	**-22 990**	**-16 761**	**1 836**	**10 125**

NOTE 23 CURRENT LIABILITIES

Figures in NOK 1 000	**2013**	**2012**
Unpaid public charges		
Special duties, alcohol	94 691	507 336
Value-added tax	36 693	276 445
Other public charges	14 509	25 063
Total unpaid public charges	**145 893**	**808 844**

The large reduction in unpaid public charges is due to that fact that Vectura invoices the end-customer and collects special duties and VAT for the Norwegian business. In 2013 Vectura was sold out of the Group and their financial position is no longer part of ArcusGruppen's statement of financial position on 31 December 2013.

Figures in NOK 1 000	**2013**	**2012**
Other current liabilities to companies in the same group		
Accrued interest, long-term loan from Arcus-Gruppen Holding AS	12 929	227
Accrued costs, Vectura	19 083	0
Total other current liabilities to companies in the same group	**32 012**	**227**

Figures in NOK 1 000	**2013**	**2012**
Other current liabilities		
Short-term interest-bearing debt	267	260
Short-term non-interest-bearing debt	2 966	10 508
Prepayments from customers	55	67
Interest rate swap derivatives	0	12 109
Forward exchange derivatives	0	2 381
Accrued interest costs, secured loan	0	3 132
Provisions, see Note 22	10 125	48 040
Other accrued costs	96 321	157 251
Total other current liabilities	**109 734**	**233 748**

All current liabilities fall due within 12 months.

NOTE 24 LARGE INDIVIDUAL TRANSACTIONS

Acquisition of De Danske Spritfabrikker

On 1 July 2012 ArcusGruppen's parent company, Arcus-Gruppen Holding AS, signed an agreement to acquire De Danske Spritfabrikker through purchase of 100% of the Pernod Ricard Danmark A/S shares. Through this acquisition the parent company obtained ownership rights to the aquavit brands Aalborg and Malteserkreutz aquavit, Gammel Dansk, which is a bitters, as well as the production plant in Aalborg. The acquisition had a total value of about MNOK 754, and was completed on 4 January 2013. The acquisition is not presented in the group's statement of financial position for 31 December 2012. On 4 January 2013, Pernod Ricard Danmark A/S changed name to Arcus Denmark A/S.

At the time of the acquisition it was already clear that the property in Aalborg was not to become a part of ArcusGruppen's operation. In the course of a few months in 2013 the property was therefore sold on to a newly formed property company in Aalborg. As part of this agreement ArcusGruppen has a right to lease the property lasting until the end of 2016.

Subsequent to the acquisition, Danish competition authorities did not approve ArcusGruppen retaining the brand Brøndums, and this was resold during the summer of 2013.

Arcus-Gruppen Holding AS retained the formal ownership responsibility for Arcus Denmark A/S until the Brøndums brand and the property in Aalborg were sold. With effect from 1 October 2013 the shares were formally moved from Arcus-Gruppen Holding AS to Arcus-Gruppen AS, and this reorganisation was conducted based on the same valuations used for the acquisition. The move of the formal ownership is to be seen as an internal reorganisation, such that the business has been consolidated into ArcusGruppen's consolidated financial statements with effect from 4 January 2013.

Observable assets and liabilities in the acquired business as at 4 January 2013

Figures in NOK 1 000	Book value in the acquired business	Observable added value	Fair value of acquired business
Brands	0	382 046	382 046
Tangible fixed assets	86 671	824	87 495
Inventories	26 842	8 978	35 820
Cash and cash equivalents	73 541	0	73 541
Deferred tax liability	-2 607	-96 201	-98 808
Public taxes	-20 862	0	-20 862
Other current liabilities	-15 388	-7 044	-22 432
Tax payable	-7 522	0	-7 522
Fair value observable net assets	**140 675**	**288 603**	**429 278**
Acquisition value			754 008
Goodwill			**324 730**

Goodwill is the part of the net added value on acquisition that is not identifiable. Estimated goodwill has been capitalised in the Group statement of financial position based on an expectation that the synergy effects with the Group's existing business will provide opportunities for increased growth in earnings in the future. See also Note 13 and the section on important accounting estimates and intangible assets in the Group accounting principles. At the end of 2013 the acquisition analysis was finalised.

Net cash expenses in connection with the acquisition:

Figures in NOK 1 000	2013	2012
Acquisition value	-754 008	0
- Cash and cash equivalents in the acquired business	73 541	0
Net cash expenses on the acquisition	-680 467	0
- Acquisition costs	-2	-13
Net cash expenses including acquisition costs taken through profit or loss	**-680 469**	**-13**

The acquisition costs of MNOK 2.1 in 2013 and MNOK 12.7 in 2012 are included in the line "Other comprehensive income" in the comprehensive income statement. Additional comments on this are shown in Note 7.

Effect on the statement of income for the year of the acquired business:

Figures in NOK 1 000	2013	2012
Sales income	201 339	0
Total operating income	**201 339**	**0**
Cost of goods	-118 138	0
Salaries and other personnel costs	-11 566	0
Depreciation	-3 273	0
Other operating costs	-26 235	0
Total operating costs	**-159 212**	**0**
Operating profit/loss	**42 127**	**0**

Sale of Distribution business area

In August 2013 the ArcusGruppen Board of Directors resolved to split off the Distribution business area, selling the subsidiary Vectura AS to the parent company, Arcus-Gruppen Holding AS, for MNOK 2.1. This resulted in a gain of MNOK 16.2 on the sale date, 30 September 2013.

Book value of assets and liabilities on the date of sale:

Figures in NOK 1 000	Vectura financial position on the date of sale	Book value of business sold
Tangible fixed assets	114 833	114 833
Long-term receivables	24 676	24 676
Deferred tax asset	67 508	67 508
Short-term receivables	616 666	616 666
Cash and cash equivalents	77 526	77 526
Pension obligations	-11 787	-11 787
Debt to credit institutions	-75 903	-75 903
Other provisions	-1 942	-1 942
Other current liabilities	-825 688	-825 688
Book value of assets and liabilities	**-14 111**	**-14 111**
Sale value		2 100
Gain on sale of business		**16 211**

Statement of income from discontinued operations:

Figures in NOK 1 000	1.1.2013 – 30.09.2013	1.1.2012 – 31.12.2012
Sales income	187 384	279 459
Other operating income	22 521	27 699
Total operating income	**209 905**	**307 158**
Salaries and other personnel costs	-122 110	-173 625
Depreciation	-9 715	-11 163
Other operating costs	-133 571	-191 478
Other comprehensive income	-3 125	-65 290
Total operating costs	**-268 521**	**-441 556**
Operating profit/loss	**-58 616**	**-134 398**
Interest income	3 481	3 405
Interest costs	-2 182	-1 047
Other financial costs	-3 143	-1 587
Net financial profit	**-1 844**	**771**
PRE-TAX PROFIT	**-60 460**	**-133 627**
Tax	16 699	37 301
Profit for the year from discontinued operations, before group items	**-43 761**	**-96 326**
Group gain from sale of business	16 211	0
Profit for the year from discontinued operations	**-27 550**	**-96 326**

Net cash flow in discontinued operations:

Figures in NOK 1 000	2013	2012
Net cash flow from operational activities	-329 866	12 807
Net cash flow from investment activities	-5 956	-23 724
Net cash flow from financing activities	8 878	-1 515
Total net cash flows in discontinued operations	**-326 944**	**-12 432**

Net cash effect associated with sale of business:

Figures in NOK 1 000	Cash effect of sale
Sale value	2 100
- Cash and cash equivalents in the sold business on the date of sale	-77 526
Net cash expenses on the sale	**-75 426**

NOTE 25 MORTGAGES AND GUARANTEES

The pledged assets below act as security for long-term loans the parent company, Arcus-Gruppen Holding AS, has with SEB.

Figures in NOK 1 000	**2013**	**2012**
Pledged assets:		
Pledges in shares	777 241	515 604
Fixed assets	290 786	366 178
Accounts receivable	503 005	747 862
Inventories	319 069	162 209
Total	**1 890 101**	**1 791 853**

Ordinary guarantee
The parent company in the Group, Arcus-Gruppen AS, has provided an ordinary guarantee in regard to leased fixed assets (financial leasing) with Nordea Finance. At the end of 2013 the guarantee amounted to TNOK 169,724 in regard to the Group's own leased fixed assets, as well as TNOK 75,553 in regard to the leased fixed assets of the sister company, Vectura AS. Ses also Note 14 Leasing agreements.

NOTE 26 EVENTS AFTER THE END OF THE REPORTING PERIOD

Capital expansion
To strengthen the Group's equity, the Group's long-term loan with the parent company, Arcus-Gruppen Holding AS, has been converted into equity. MNOK 808 was converted in February 2014, whilst a further MNOK 160 is to be converted in the course of the first quarter 2014.

Other
Beyond that described, no significant events have occurred between the end of the reporting period and the date on which ArcusGruppen's consolidated financial statements and company financial statements were approved for publication. This applies in regard to events that would have provided knowledge of factors present at the end of the reporting period or events that affect matters that have arisen after the end of the reporting period. The consolidated financial statements were approved for publication by resolution of the board of directors on 13 March 2014.

COMPANY FINANCIAL STATEMENTS

Statement of income 01.01. – 31.12.

Figures in NOK 1 000	Note	2013	2012
OPERATING INCOME AND EXPENSES			
Other operating income		4	89
Other operating income from group companies	6	166 469	171 670
Net gain on sale of fixed assets	15	0	37
Total operating income		**166 473**	**171 796**
Salaries and other personnel costs	2	-62 564	-48 990
Depreciation	3,4	-5 046	-1 966
Other operating expenses		-142 812	-205 786
Total operating expenses		**-210 422**	**-256 742**
Operating profit		**-43 949**	**-84 946**
FINANCIAL INCOME AND COSTS			
Interest income		826	1 682
Interest income from companies in the same group		0	2 647
Other financial income		19 372	238
Dividend/group contribution from companies in the same group	10	208 179	81 038
Interest costs		-19 239	-21 240
Interest costs to companies in same group		-13 751	-1 214
Write-down of financial assets		-76 959	0
Other financial costs		-11 538	-5 287
Net financial profit		**106 890**	**57 864**
PRE-TAX PROFIT		**62 941**	**-27 082**
Tax	11	-7 155	21 020
PROFIT FOR THE YEAR		**55 786**	**-6 062**
Transferred from/to other equity		55 786	-6 062
Proposed group contribution after tax		0	0
Total allocations		**55 786**	**-6 062**

Statement of financial position 31. December

Figures in NOK 1 000	Note	2013	2012
ASSETS			
Fixed assets			
Intangible assets			
Deferred tax assets	11	23 870	31 025
Software	4	10 718	890
Total intangible assets		**34 588**	**31 915**
Tangible fixed assets			
Land, buildings and other real estate		1 626	1 626
Machinery and equipment	3	13 244	12 226
Fixtures and fittings, tools, office equipment etc.	3	13 096	17 849
Assets under construction	3	0	5 323
Total tangible fixed assets		**27 966**	**37 024**
Long-term financial assets			
Investments in subsidiaries	5	1 374 161	693 839
Investments in associated companies & jointly controlled entities	5	7 665	5 633
Total long-term financial assets		**1 381 826**	**699 472**
Total fixed assets		**1 444 380**	**768 411**
Current assets			
Receivables			
Accounts receivable		2 525	15
Accounts receivable from companies in the same group	10	68 023	18 035
Group contribution/dividend from subsidiaries	10	103 105	23 500
Other receivables from companies in same group	10	6 604	84 690
Other receivables		2 609	6 310
Total receivables		**182 866**	**132 550**
Cash and cash equivalents	8	0	173 170
Total current assets		**182 866**	**305 720**
TOTAL ASSETS		**1 627 246**	**1 074 131**

Statement of financial position 31. desember

Figures in NOK 1 000	Note	2013	2012
EQUITY AND LIABILITIES			
Equity			
Paid-in equity			
Share capital	12	276 000	276 000
Share premium		23 545	23 545
Total paid-in equity		**299 545**	**299 545**
Retained earnings			
Retained earnings	12	76 228	21 094
Total retained earnings		**76 228**	**21 094**
Total equity		**375 773**	**320 639**
Liabilities			
Provisions			
Pension obligations	13	7 563	6 198
Other provisions	14	264	384
Total provisions		**7 827**	**6 582**
Other long-term liabilities			
Debt to credit institutions	9	10 082	234 205
Liabilities to companies in the same group	10	968 294	24 676
Total other long-term liabilities		**978 376**	**258 881**
Other short-term liabilities			
Accounts payable		9 181	14 984
Accounts payable to companies in the same group	10	227	262
Tax payable	11	0	0
Public taxes		3 299	2 494
Drawings on the group cash pool system		218 381	436 536
Other current liabilities to group companies	10	14 248	1 674
Other current liabilities		19 934	32 079
Total current liabilities		**265 270**	**488 029**
Total liabilities		**1 251 473**	**753 492**
TOTAL EQUITY AND LIABILITIES		**1 627 246**	**1 074 131**

Nittedal 13 March 2014

Kaare Frydenberg
Chair of the Board

Hanne Refsholt

Mikael Norlander

Ellif Due

Leena Saarinen

Leif Johansson

Stefan Elving

Michael Holm Johansen

Erik Hagen

Bjørn Gunnar Nilsen

Arne Larsen

Knut Røe

Otto Drakenberg
Group CEO

Statement of cash flows 01.01. – 31.12.

Figures in NOK 1 000	**2013**	**2012**
CASH FLOWS FROM OPERATIONS		
Pre-tax profit	62 941	-27 082
Ordinary depreciation	5 046	1 966
Group contribution provision taken through profit or loss	-103 105	-23 500
Dividend without cash effect taken through profit or loss	-5 318	0
Write-downs of long-term financial assets	76 959	0
Pension costs without cash effect	713	669
Changes other provision without cash effect	-120	-346
Tax payable	0	0
Loss/gain on sale of shares/fixed assets	0	-37
Change in accounts receivable	-52 498	-2 523
Change in accounts payable	-5 838	303
Change in other current assets and other liability items	82 966	2 010
Net cash flows from operational activities	**61 746**	**-48 540**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Proceeds from sale of tangible fixed assets	0	0
Payments on acquisition of tangible fixed assets	-4 376	-30 304
Payment on acquisition of subsidiaries	-754 008	-52 480
Proceeds from sale of subsidiaries	2 100	0
Payment on acquisition of associated companies	-2 031	-1 241
Net cash flow from investment activities	**-758 315**	**-84 025**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new long-term debt to group companies	968 294	0
Repayment of debt to group companies	-24 676	0
Proceeds from new long-term debt to credit institutions	0	54 000
Repayment of long-term debt to credit institutions	-225 000	0
Instalments paid on leasing liabilities	-565	-118
Loan arrangement costs recognised as expenses, without profit/loss effect	0	4 971
Change in intragroup balances in the group cash pool system	-218 155	-66 350
Receipts of dividends/group contributions	23 500	72 701
Payments of dividends/group contributions	0	-15 000
Net cash flow from financing activities	**523 399**	**50 204**
Net change in cash and cash equivalents	**-173 170**	**-82 361**
Holdings of cash and cash equivalents 01.01.	173 170	255 531
Holdings of cash and cash equivalents 31.12.	**0**	**173 170**

Notes to the accounts

NOTE 1 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Norwegian Accounting Act of 1998 and generally accepted accounting principles.

Income recognition principles
Sales revenues are presented net after deduction of any value added tax. Income on sales of goods and services is accrued on the delivery date.

Currency
Receivables and liabilities, as well as money items in foreign currency, are translated at the exchange-rate at the end of the reporting period.

Main rule for valuation and classification of assets and liabilities
Assets intended for continuing ownership or use are classified as fixed assets. Other assets are classified as current assets. Receivables due within one year are classified as current assets, whereas receivables due after more than one year are classified as fixed assets. In classifying current liabilities and long-term liabilities, similar criteria are applied.

Fixed assets are valued at purchase cost but are written down to fair value if the fall in value is not expected to be transient. Fixed assets with limited economic life are depreciated by schedule.

Current assets are valued at the lower of the cost of purchase and fair value. Current and long-term liabilities are capitalised at nominal sum received at the time of recognition.

Certain items are valued according to other principles and are reported below.

Shares in subsidiaries
Shares in subsidiaries are valued by the cost method. The shares are written down to fair value if the impairment is not transient. Dividend and other distributions are recognised in the statement of income in the same year as they are allocated in the subsidiary. If dividend exceeds the proportion of retained income after the acquisition, the surplus represents repayment of capital invested and the distribution is deducted from the value of the investment in the financial position statement.

Other shares
Other shares where the company does not have substantial influence are capitalised at cost of acquisition. The investments are written down to fair value if the impairment is not transient.

Receivables
Accounts receivable and other receivables are shown at nominal value after deduction for provisions for bad debt. Provision for bad debt is made on the basis of an individual assessment of the receivable. In addition, for other trade debtors, an unspecified provision is made to cover estimated losses.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits and other means of payment with due date less than three months from acquisition date.

The subsidiary Arcus AS administers the Group's Group cash pool system. Balances or drawings in the scheme are presented as intragroup receivables and liabilities. The companies in the Group are jointly and severally liable for the bank debt.

Financial instruments
Financial instruments that are not used as hedging are recognised at the end of the reporting period at fair value with value changes through profit or loss. Financial instruments used in hedging strategies are recognised through profit or loss in the same period as the effects of the objects hedged are reflected in the income statement.

Pensions
Net pension costs for defined benefit plans comprise the period's service cost, including future growth in salary and interest rates on the estimated obligation, less contributions and expected returns on the pension assets. Prepaid pension is shown as a long-term asset in the statement of financial position where it is probable that the over-financing can be used or repaid. Correspondingly a long-term liability is shown in the accounts when the pension obligation is greater than the pension assets. Net pension costs are classified as salary costs in the statement of income. Changes in the obligation resulting from changes in pension plans are taken to profit or loss immediately. Changes in the pension obligation and the pension assets resulting from changes in and deviations from calculation assumptions (estimate deviation) are attributed to equity.

Borrowing
Financial liabilities on borrowing from credit institutions are recognised at amount received net after transaction costs. Transaction costs (arrangement charges) are capitalised in the statement of financial position and depreciated over the period of the loan.

Borrowing in currency other than functional currency is translated at the exchange rate at the end of the period.

Options for employees
Options for employees are measured at fair value on the allocation date and accrued by straight-line over the accumulation period up until the first time the option is exercised. Social security costs associated with options earned accrue correspondingly over the life of the option.

Restructuring
Provisions for restructuring are recognised as expenses when the programme is decided and announced and the costs are identifiable, quantifiable and are not covered by associated income. Provisions linked to restructuring are included as other provisions for liabilities calculated at present value. Agreements securing future work input are recognised as expenses over the period the work input is delivered.

Taxes
Tax expenses are matched with accounting profit/loss before tax. Tax costs comprise tax payable (tax on the year's directly taxable income) and change in net deferred tax. The tax cost is allocated to the ordinary profit/loss and profit/loss from extraordinary items in accordance with the taxation basis. Deferred tax and deferred tax assets are presented net in the financial position statement. Tax assets are only capitalised if it can be shown to be probable they will be utilisable through future taxable income.

Statement of cash flows
The indirect method is used in preparation of the statement of cash flows. Cash and cash equivalents in the statement of financial position are defined as holdings of cash and cash equivalents in the statement of cash flows.

NOTE 2 COST OF SALARIES, NUMBER OF EMPLOYEES, REMUNERATION, LOANS TO EMPLOYEES ETC.

Figures in NOK 1 000	**2013**	**2012**
Salaries	-45 218	-38 006
Social security costs	-5 720	-5 672
Pension costs including social security costs	-3 496	-1 921
Other benefits	-8 130	-3 391
Total	**-62 564**	**-48 990**
Average FTEs employed during the year	35	31

Benefits for leading individuals	**Group CEO**	**Board of Directors**
Salary	2 597	1 514
Pension costs	776	
Other remuneration	12	

In addition to salary the Group CEO has a bonus agreement that in certain conditions will provide payment of up to 5 months' salary. The Group CEO is a member of the Swedish National Insurance and so the Group pays Swedish social security costs associated with his benefits. The Group CEO's pension agreement is in two parts. 4/5 of the pension basis is linked to an unfunded defined benefit pension scheme in Norway, which is capitalised annually in the consolidated statement of financial position and in which the return is based on the return in the Storebrand Balansert pension fund. The principles for the capitalisation are based on the same accumulation principles currently applicable in the Swedish pension scheme for "kollektivavtalande pensionsförmåner gjennom ITP-planen" (collectively agreed pension scheme through the ITP plan). He also has a Swedish pension agreement (1/5 of the pension basis) in accordance with the collectively agreed pension scheme through the ITP plan.

Neither loans nor sureties have been provided for the Group CEO or members of the Board of Directors.

The other senior managers in the Group participate in the bonus scheme and have personal agreements that on certain conditions may produce payments with an upper limit of 4 months' salary. In addition one senior group manager has a personal bonus agreement.

Agreements have been entered into on a shares programme in Arcus-Gruppen Holding AS for 6 employees in the senior management group and one board member. The Group CEO has 2470 synthetic shares and 22,230 synthetic options in this programme. The value development of the synthetic shares and options follows the same value development as the actual shares in the parent company. The synthetic shares will on settlement involve a disbursement corresponding to fair value of the actual shares in the parent company multiplied by the number of synthetic shares. The synthetic options are valued in accordance with Black & Scholes, and will on settlement involve a disbursement corresponding to the value in accordance with the Black & Scholes method multiplied by the number of synthetic options.

Setting of salary and other benefits for senior employees
The main principle for the Group's management salary policy is that its managers' salaries should be competitive, motivational and comprehensible. Benefits are provided in the form of bonus, pension, severance payments and other natural benefits customary in such positions.

The terms and conditions for the Group CEO are set by the Board of Directors. The Group CEO sets terms and conditions for other members of the Group senior management.

Auditor's remuneration
Auditor's fees are specified below:

Figures in NOK 1 000	**2013**	**2012**
Statutory financial audit	323	260
Other financial audit	126	5
Tax advisory services	12	124
Non-audit services	1 666	1 067
Total auditor's remuneration	**2 127**	**1 456**

All amounts exclude VAT.

NOTE 3 TANGIBLE FIXED ASSETS

Figures in NOK 1 000	Land, buildings and other real estate	Assets under construction	Machinery and equipment	Operating assets, inventory and office machinery	Total tangible fixed assets
Purchase cost as at 01.01	**1 626**	**5 323**	**12 813**	**19 300**	**39 062**
Addition fixed assets purchased	0	0	544	124	668
Addition financial leasing	0	0	1 440	0	1 440
Transferred from assets under construction	0	-5 323	0	0	-5 323
Reclassification	0	0	0	-5 062	-5 062
Deletion tangible fixed assets sold	0	0	0	-171	-171
Purchase cost 31.12	**1 626**	**0**	**14 797**	**14 191**	**30 614**
Accumulated depreciation 01.01	0	0	-587	-1 451	-2 038
Ordinary depreciation for the year	0	0	-966	-1 561	-2 527
Reclassification	0	0	0	1 746	1 746
Accumulated depreciations, tangible fixed assets sold	0	0	0	171	171
Accumulated depreciation 31.12	**0**	**0**	**-1 553**	**-1 095**	**-2 648**
Book value 31.12.	**1 626**	**0**	**13 244**	**13 096**	**27 966**
Of which book value of leases	0	0	9 765	0	9 765
Ordinary depreciation for the year - capitalised leases	0	0	-727	0	-727
Book value of capitalised interest costs	0	0	85	0	85
Annual leasing fee on non-capitalised tangible fixed assets	73 578	0	561	426	74 565

The company uses straight-line depreciation for all tangible fixed assets.

The economic life for tangible fixed assets is estimated at:

- Machinery and equipment 3-15 years
- Fixtures and office machinery 4-10 years

NOTE 4 INTANGIBLE ASSETS

Figures in NOK 1 000	Software	Total intangible assets
Purchase cost 01.01	**45 571**	**45 571**
Addition intangible assets	3 708	3 708
Transferred from assets under construction	5 323	5 323
Reclassification	5 062	5 062
Disposals at purchase cost	0	0
Purchase cost 31.12	**59 664**	**59 664**
Accumulated depreciation 01.01	-44 681	-44 681
Ordinary depreciation for the year	-2 519	-2 519
Reclassification	-1 746	-1 746
Disposals accumulated depreciation	0	0
Accumulated depreciation	**-48 946**	**-48 946**
Book value 31.12.	**10 718**	**10 718**
Economic life	5 years	5 years
Depreciation method	Straight line	Straight line

NOTE 5 SUBSIDIARIES AND ASSOCIATED COMPANIES

Figures in 1 000 (local currency)	Registered office	Currency	Nominal share capital	Ownership and voting %
Subsidiaries				
Arcus AS	Nittedal	NOK	62 100	100%
Arcus Denmark A/S	Aalborg	DKK	10 324	100%
Vingruppen i Norden AB	Stockholm	SEK	4 192	91%
Arcus Wine Brands AS	Nittedal	NOK	100	100%
Excellars AS	Oslo	NOK	181	51%
Vinordia AS	Nittedal	NOK	968	97%
Symposium Wines AS	Nittedal	NOK	500	78%
Vingruppen AS	Nittedal	NOK	30	100%
Vinuniq AS (prev. Vingruppen i Norge AS)	Nittedal	NOK	100	97%
Associated companies				
Tiffon SA	Jarnac	EUR	1 131	34%
Jointly controlled entities				
Det Danske Spiritus Kompagni A/S	Copenhagen	DKK	2 500	50%

Company name	Cost price	Book value 31.12.	Equity according to last annual financial statements	Profit for the year 2013
Arcus AS	275 705	275 104	209 273	46 208
Arcus Denmark A/S (NOK)	754 008	754 008	275 333	32 017
Vingruppen i Norden AB (NOK)	265 311	265 312	217 111	100 230
Arcus Wine Brands AS	125	125	4 442	17 661
Vinordia AS	4 186	4 186	4 329	9 908
Symposium Wines AS	1 000	1 000	4 145	2 008
Vingruppen AS	55	55	30	0
Vinuniq AS	132	132	103	214
Excellars AS	74 239	74 239	20 368	16 993
Total	**1 374 761**	**1 374 161**	**731 135**	**225 596**

During 2013 Arcus-Gruppen AS acquired 100% of the shares in Arcus Denmark A/S from the parent company Arcus-Gruppen Holding AS for MNOK 754. In addition Arcus-Gruppen AS Sold 100% of the shares in the subsidiary, Vectura AS, to the parent company Arcus-Gruppen Holding AS. The sale of Vectura was implemented on 30 September 2013, whilst the acquisition of Arcus Denmark A/S was implemented on 1 October 2013. For further information concerning this, see Note 24 to the consolidated financial statements.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES/RELATED PARTIES

Other operating expenses comprise mainly marketing, freight and transport costs, repair and maintenance and shared Group costs.

Rent and internal services are invoiced between Group companies based on agreed and signed agreements between the companies. Principally this applies to pure maintenance and service tasks, as well as common functions such as IT, payroll and group administration. The services are reported under other operating income and other operating costs respectively.

From	To	2013	2012
Arcus-Gruppen AS	Arcus-Gruppen Holding AS	600	600
Arcus-Gruppen AS	Arcus AS	79 570	94 294
Arcus-Gruppen AS	Vectura AS	74 331	67 319
Arcus-Gruppen AS	Vinordia AS	2 368	2 654
Arcus-Gruppen AS	Arcus Wine Brands AS	5 873	5 938
Arcus-Gruppen AS	Arcus Finland OY	87	143
Arcus-Gruppen AS	Arcus Sweden AB	134	217
Arcus-Gruppen AS	Symposium Wines AS	1 175	503
Arcus-Gruppen AS	Arcus Denmark A/S	2 060	0
Arcus-Gruppen AS	Excellars AS	270	0
Arcus AS	Arcus-Gruppen AS	0	31
Vectura AS	Arcus-Gruppen AS	318	260
Arcus Sweden AB	Arcus-Gruppen AS	1 125	1 358

Ratos AB owns 83.5% of the equity in Arcus-Gruppen Holding AS, Hoff SA owns 9.9%, whilst the Board of Directors and the management of Arcus-Gruppen AS and Arcus-Gruppen Holding AS have a holding of 6.6%. Arcus-Gruppen Holding AS owns 100% of the equity of Arcus-Gruppen AS.

All purchases and sales of goods and services between the companies take place on market terms and are eliminated in the consolidated financial statements.

NOTE 7 SHARE CAPITAL AND SHAREHOLDER INFORMATION

The share capital comprises:	Number of shares	Nominal value	Capitalised TNOK
Shares	276 000	1 000	276 000
Total	**276 000**	**1 000**	**276 000**

Shareholders as at 31.12:	Shares	Ownership interest	Voting share
Arcus-Gruppen Holding AS	276 000	100.0%	100.0%

NOTE 8 BANK DEPOSITS

Arcus-Gruppen AS has a bank guarantee for tax withholding funds and other guarantee obligations of up to TNOK 4,000.

In 2013 the Group changed its principal bank to Skandinaviska Enskilda Banken (SEB). The Group has a Group cash pool system which includes the majority of its subsidiaries (Excellars AS and Vingruppen i Norden AB and its subsidiaries are not included in the scheme), and that also includes its parent company, Arcus-Gruppen Holding AS, and its sister company, Vectura AS. At the end of 2013 this Group cash pool system was managed by the subsidiary Arcus AS, but during the first quarter 2014 its management was moved to the parent company, Arcus-Gruppen Holding AS.

At the end of 2013 ArcusGruppen AS's net drawings in the Group cash pool system were shown on a separate line in the financial position statement as drawings from the Group cash pool system. This is an intragroup receivable against the Arcus AS subsidiary.

The companies included in the scheme are jointly and severally liable for the bank debt. The joint overdraft limit in the Group cash pool system is TNOK 400,000. The total balance in the Group cash pool system on 31 December 2013 was TNOK - 9,123 (2012: TNOK 171, 822).

NOTE 9 DEBT TO CREDIT INSTITUTIONS, MORTGAGES AND GUARANTEES

For present and future liabilities that the Arcus-Gruppen Holding group has/incurs to our bank, SEB, it is a condition that all companies in the Group provide security to SEB.

Long-term liabilities falling due after more than 5 years				**2013**	**2012**
Figures in NOK 1 000	**Currency**	**Effective interest rate**	**Loan amount in foreign currency**	**Loan amount in NOK**	**Loan amount in NOK**
Nordea Finans	NOK	Nibor + 1.85%	10 082	10 082	
Nordea Bank	NOK	Nibor + 2%	0	0	65 000
Nordea Bank	NOK	6.26%	0	0	160 000
Book value 31.12.				**10 082**	**225 000**

The company has no long-term liabilities falling due after more than 5 years.

Book value of pledged assets

Figures in NOK 1 000	**2013**	**2012**
Pledges in shares	1 374 161	693 839
Total	**1 374 161**	**693 839**

Arcus-Gruppen AS's shares in subsidiaries are pledged as security for the long-term loan from SEB, as well as security for the long-term loan taken up from the parent company Arcus-Gruppen Holding AS.

In addition accounts receivable, inventories and fixed assets in the subsidiaries are pledged as security for the loans. Total book value of pledged assets in other group companies is:

Figures in NOK 1 000	**2013**	**2012**
Fixed assets	290 786	366 178
Accounts receivable	503 005	747 862
Inventories	319 069	162 209
Total	**1 112 860**	**1 276 249**

NOTE 10 INTRAGROUP RECEIVABLES AND LIABILITIES

Receivables

Figures in NOK 1 000	**2013**	**2012**
Accounts receivable from companies in the same group	68 023	18 035
Group contribution from Arcus AS	58 793	5 000
Group contribution from Arcus Wine Brands AS	29 035	18 500
Group contribution from Vinordia AS	14 990	0
Group contribution from Vinuniq AS	287	0
Loan to Arcus-Gruppen Holding AS	0	31 392
Other receivables from companies in same group	6 604	53 298
Total	**177 732**	**126 225**

Liabilities

Figures in NOK 1 000	**2013**	**2012**
Accounts payable to companies in the same group	227	262
Intragroup balances in the group cash pool system	218 381	436 535
Other current liabilities to companies in the same group	14 248	1 675
Other long-term liabilities to companies in the same group	968 294	24 676
Total	**1 201 150**	**463 148**

MNOK 808 of the long-term loan to the parent company was converted into equity in February 2014. A further MNOK 160 is to be converted in the course of the first quarter 2014. Apart from this the company has no liability to related parties falling due later than 12 months after the end of the reporting period.

NOTE 11 TAX

The tax cost for the year has been calculated as follows:	**2013**	**2012**
Tax payable	0	0
Changes in deferred tax assets	7 155	-21 020
Tax	**7 155**	**-21 020**

Reconciliation from nominal to actual tax rates:	**2013**	**2012**
Pre-tax profit	62 941	-27 082
Anticipated income tax at nominal tax rate (28%)	17 623	-7 583
Tax effect of the following items:		
Non-deductible costs	518	3 033
Dividends received	-33 242	-15 627
Group contribution received without tax effect	0	-845
Share of profit from ANS (general partnerships)	5	2
Re-measurements resulting from estimate deviation charged to equity (IAS 19R)	-182	0
Re-measurements resulting from changed tax rate	884	0
Accounting losses/write-down of shares	21 549	0
Tax	**7 155**	**-21 020**
Effective tax rate	11%	78%

Specification of the tax effect of temporary differences and deficit to be carried forward:

	2013		2012	
Arcus-Gruppen AS	**Asset**	**Liability**	**Asset**	**Liability**
Tangible fixed assets	0	3 133	0	769
Tangible fixed assets - financial leasing	0	9 679	0	8 966
Liability - financial leasing	10 082	0	9 205	0
Pension assets	0	56	0	4
Pension obligations	7 563	0	6 198	0
Other provision for obligations	8 592	0	15 081	0
Profit and loss account	0	9 793	0	12 241
Deficit to be carried forward	84 833	0	102 301	0
Total	**111 070**	**22 661**	**132 785**	**21 980**
Gross deferred tax/tax assets	29 989	6 118	37 180	6 154
Deferred tax asset not recognised in statement of financial position	0	0	0	0
Net deferred tax/tax asset in the statement of financial position	**23 870**		**31 025**	

Deferred tax assets resulting from a deficit to be carried forward are recognised on the expectation of future surplus.

NOTE 12 EQUITY

	Share capital	Share premium	Retained earnings	Total equity
Equity 01.01	**276 000**	**23 545**	**21 094**	**320 639**
Profit for the year				
Estimate deviation charged to equity (IAS 19R)	0	0	-652	-652
Equity 31.12	**276 000**	**23 545**	**76 228**	**375 773**

NOTE 13 PENSION COSTS, ASSETS AND OBLIGATIONS

The company is required to have an occupational pension scheme in accordance with the Norwegian Act on Mandatory Occupational Pensions and has a pension scheme that meets these statutory requirements.

Defined benefits pension scheme
Until 31 December 2008 ArcusGruppen and its subsidiaries had a group defined benefits scheme for their employees in Statens Pensjonskasse (the Norwegian Public Service Pension Fund - SPK) and Storebrand. The SPK pension scheme also included a contractual early retirement scheme (AFP) with financing from the commencement of employment. From 31 December 2008 the ArcusGruppen Board of Directors terminated the SPK group pension scheme for the whole Group, which resulted in a non-recurring income in 2009 of MNOK 94.8 and a final settlement in 2010 resulting in an income recognition of MNOK 3.0. During 2012 Arcus-Gruppen AS received an additional settlement on the final settlement, resulting in income of MNOK 0.35.

With the transition to the new pension scheme all those who were sick or disabled remained in the respective defined benefit schemes. Within the company's pension obligation as of 31 December 2013, a provision of MNOK 1.3 is linked to 2 individuals in the Storebrand defined benefit scheme.

In addition 1 individual who is no longer employed in the company has a defined benefit scheme for salary income above 12 G ("G" - "grunnbeløpet", the Norwegian National Insurance "basic amount"). This scheme has been recognised with the obligation totalling MNOK 1.1 at the end of 2013. During 2012 a former senior manager chose to terminate his/her pension agreement above 12G, resulting in settlement income for the company of MNOK 0.5.

The Group CEO has an unfunded defined benefit pension. Accumulation in this unfunded defined benefit pension scheme is based on the same accumulation principles currently applicable in the Swedish pension scheme for collectively agreed pension schemes through the ITP plan. This obligation is recognised at MNOK 2.1 as at 31 December 2013.

Contractual early retirement scheme pension (AFP)
Starting on 1 January 2011 a new contractual early retirement scheme (AFP) pension act was introduced in Norway, in which the Norwegian companies in the Group participate. At the same time the old scheme was terminated. The old AFP scheme was a joint Norwegian Confederation of Trade Unions (LO)/Confederation of Norwegian Enterprise (NHO) scheme which meant that all employees could choose to retire with a premature pension on reaching the age of 62. The Group has a continuing reserve applicable to the company's contribution for individuals who are prematurely retired under the old scheme. On cessation of the old AFP scheme it became apparent there was substantial underfunding in the scheme. The member companies have to redress this underfunding by continuing payment of premiums for the coming five years. The company's share of this underfunding has been estimated and provision made in the financial statements.

As a replacement for the old AFP scheme, from 1 January 2011 a new AFP scheme was established. The new AFP scheme is, unlike the old one, not a premature early retirement scheme, but a scheme that provides a lifelong supplement to the ordinary pension. Employees may choose to take out the new AFP scheme on reaching the age of 62, in parallel with continuing working, and it provides further accumulation on working up to aged 67. This new AFP scheme is a defined-benefit-based multi-enterprise pension scheme, and is financed through premiums that are set as a percentage of salary. So far no reliable measurement and allocation of obligations and assets in the scheme is available. In accounting terms the scheme is treated as a defined-contribution-based pension scheme in which premium payments are charged as current costs and no provisions are made in the financial statements. In 2012 the current premium payments were set at 1.75% of total payments between 1 G and 7.1 G to the company's employees, whereas in 2013 this figure was 2.00%. There is no build-up of funds in the scheme and it is expected that the premium level will increase for the coming years.

Defined contribution pensions
ArcusGruppen's ordinary pension scheme for all other employees is a defined contribution pension scheme with Storebrand. The contribution rate is 5% of salary in the bracket 2-6 times the National Insurance basic amount (G) and 8% of salary in the bracket 6 to 12 times the National Insurance basic amount (G). In addition there is a private invalidity scheme with 66% benefits level, without free standing policy accumulation. Child and carer supplement to ArcusGruppen's group life scheme comes as a replacement for the previous spouse and child pension.

The costs associated with the defined contribution pension are linked to the routine premium invoices from the insurance company with which ArcusGruppen has contracted a defined contribution pension agreement. The current defined contribution pensions and invalidity pensions for employees in the defined contribution scheme are adjusted annually with the pension fund's profits. Employees in the defined contribution scheme who have become disabled are entitled to receive their disability obligations indexed with the same adjustment as the basic amount (G) each year.

General assumptions
The pension liabilities recognised are based on financial assumptions that are generally in accordance with the recommendations of the NASB.

Pension costs	**2013**	**2012**
Present value of pension earnings for the year (service cost)	753	684
Interest cost on pension obligations	267	237
Return on pension assets	-162	-190
Estimating loss/(gain) taken to profit/loss	0	42
Accrued social security contributions	174	12
Effect of curtailment or settlement	0	-552
Net pension cost after social security contributions	**1 032**	**233**
Income (-)/Cost (+) on transition to new pension scheme	**0**	**-353**
Defined contribution pension scheme		
Contribution including social security contributions taken to expenses	**2 464**	**2 041**
Net pension liabilities:		
Estimated accrued obligations, funded pension plans	-5 661	-5 146
Estimated value of pension assets	4 336	4 144
Net estimated pension obligations (-)/assets (+), funded pension plans	**-1 325**	**-1 002**
Estimated accrued obligations, non-funded pension plans	-6 238	-3 660
Net estimated pension obligations (-)/assets (+)	**-7 563**	**-4 662**
Non-amortised changes and differences	0	-1 536
Net pension liabilities recognised in the financial position statement	**-7 563**	**-6 198**
Changes in the liability:		
Net pension liability 01.01	-6 198	-5 529
Pension costs	-1 032	-233
Premium payments including SSC	319	266
Estimate deviation charged to equity (IAS 19R)	-652	0
Reclassification from previous year	0	-702
Net pension liability 31.12	**-7 563**	**-6 198**
Financial assumptions:		
Discount rate	4.10%	3.90%
Expected salary growth	3.50%	3.25%
Expected pension increases	2.75%	2.50%
Expected increase in National Insurance basic amount (G)	3.50%	3.25%
Expected return on pension assets.	4.10%	3.90%
Actuarial assumptions		
Withdrawal rate at 62 years	50%	50%
Withdrawal rate at 67 years	50%	50%
Mortality	K2013	K2005
Disability	K1963	K1963
Voluntary cessation (under aged 50)	5%	5%
Voluntary cessation (over aged 50)	0%	0%

The actuarial assumptions are based on ordinarily used assumptions in insurance in regard to demographic factors.

NOTE 14 OTHER PROVISIONS

Severance pay (long-term)
Provision for obligations is linked to severance pay on cessation of employment in connection with restructuring of the company. The scheme covers 1 employee as of 31 December 2013 and is paid monthly up until 2019. The obligations are presented under Other long-term provision for obligations. The provision is calculated by discounting the future payments including social security contributions at a discount rate dependent on the length of the obligation.

Severance pay (short-term)
In connection with the Group's move from Hasle in Oslo to Gjelleråsen, an organisational and staffing adjustment was necessary for the Group to accommodate new facilities, new work processes and new technology. During this change process the Group offered a range of personnel policy measures to its employees in order to meet the new circumstances without compulsory redundancy. The obligations associated with these personnel policy measures are estimated at MNOK 30.6 of which MNOK 0.9 was recognised as expenses during 2011 and MNOK 7.5 was recognised as expenses during 2012. The liability has in total been reduced by MNOK 14.9 during 2013, of which MNOK 7.9 was paid out during 2013 and reversed, whilst MNOK 7.0 is associated with the business sold. On 31 December 2013 the liability recognized was MNOK 10.1.

In addition there is 1 person who was previously in the senior management group whose employment ended in 2013 and who received severance pay of MNOK 1.3 in the course of 2013. At the end of 2013 there were no further obligations in the group linked to this.

Liabilities associated with pollution on properties sold at Hamar (short-term)
Until 2006 ArcusGruppen owned a property at Hamar. During 2012 it became known that environmental pollution had been found on the site. In accordance with the sales agreement signed in 2006, ArcusGruppen was responsible for part of this clean-up. During 2012, following thorough technical environmental investigations of the ground at the site, environmental pollution was found, and recommendations were made for ameliorative work based on how the individual site area was zoned. Because of this MNOK 7.0 was estimated as a liability and taken to expenses in 2012. In 2013 the final costs were calculated at MNOK 7.5, so an additional MNOK 0.5 was taken to expenses during 2013. The entire sum was paid out in March 2013.

The obligations are recognised as other current liabilities.

Figures in NOK 1 000	**Capitalised 31.12.2012**	**Used 2013**	**Provision made 2013**	**Capitalised 31.12.2013**
Severance pay	384	-120	0	264
Long-term provision for obligations	**384**	**-120**	**0**	**264**
Severance pay	7 697	-2 517	-500	4 680
Liabilities associated with pollution of properties sold at Hamar	7 000	-7 500	500	0
Other current liabilities	**14 697**	**-10 017**	**0**	**4 680**

Statsautoriserte revisorer
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To the Annual Shareholders' Meeting of
Arcus-Gruppen AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Arcus-Gruppen AS, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company comprise the balance sheet as at 31 December 2013, the statements of income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information. The financial statements of the Group comprise the consolidated statement of financial position as at 31 December 2013, the statements of income, comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the Parent Company and the International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

Opinion on the financial statements of the Parent Company

In our opinion, the financial statements of Arcus-Gruppen AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Opinion on the financial statements of the Group

In our opinion, the financial statements of the Group have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 14 March 2014
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

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