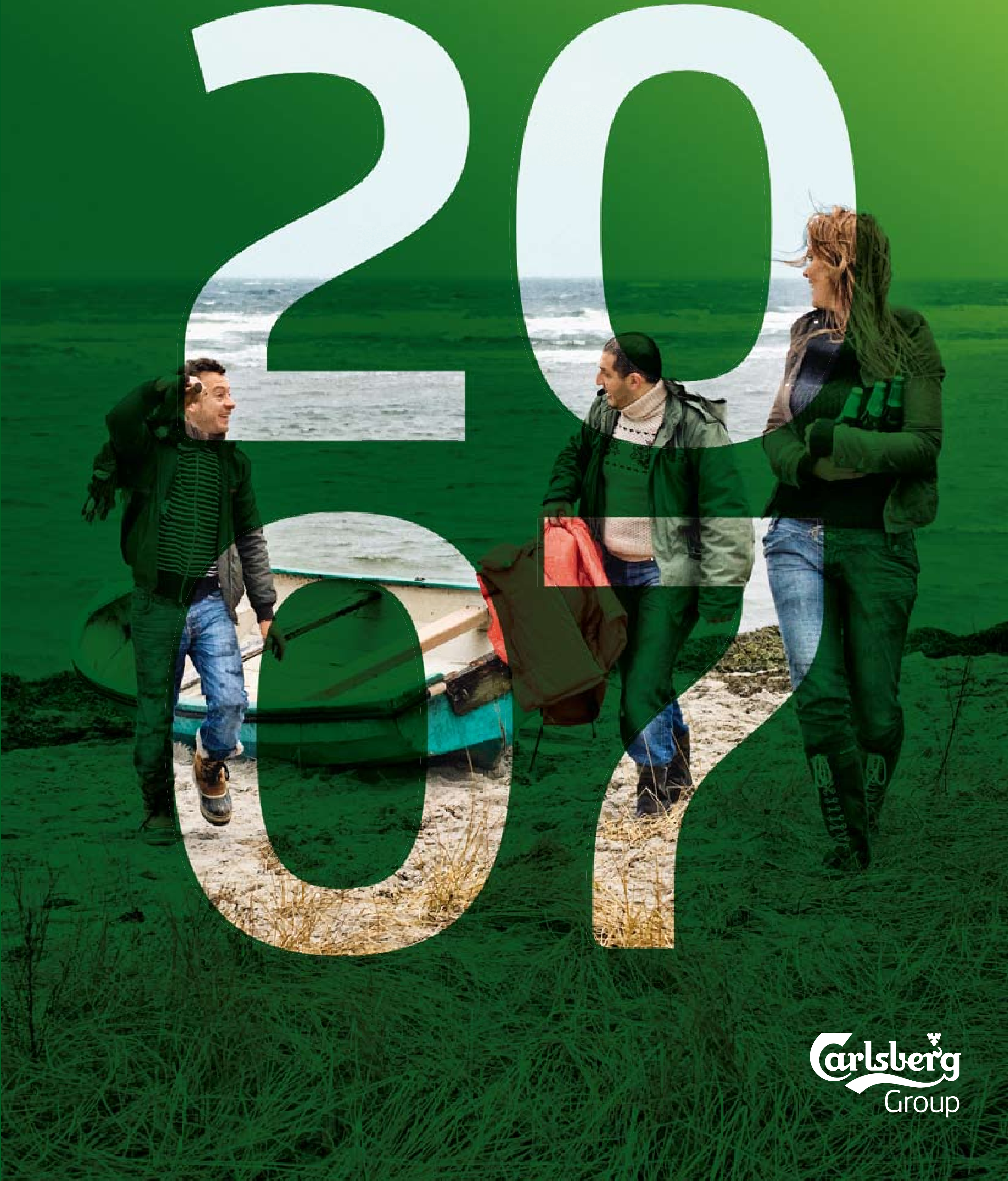
Annual Report 2007



Carlsberg Group

Probably the best …

"The results for 2007 are very satisfactory and confirm that Carlsberg is in good shape. The marked increases in raw material prices will make 2008 a challenging year, so it will be more important than ever to focus on value growth in sales and efficiency in the organisation.

The results for 2007 demonstrate once again that we are well equipped both to face challenges and for the next major transformation of Carlsberg."

Our course is set…

JØRGEN BUHL RASMUSSEN, CEO

2007 was a great year for Carlsberg with progress in important markets and record-high earnings from brewery activities. But it was also a momentous year when, together with one of our global competitors, we put in a bid to take over Scottish & Newcastle. When the acquisition of Scottish & Newcastle – hopefully – falls into place, it will bring a marked change in Carlsberg's business platform – but not in our overall business strategy. If the transaction does not go ahead, Carlsberg will remain a company with considerable development potential.

The successful course and strategy which Carlsberg has pursued in recent years will remain basically the same no matter what. The strategy has proved its worth with growth and better results, and it is now strongly rooted in our organisation. Our business is thus to focus on the beer markets in Western Europe, Eastern Europe and Asia.

2007 was also the year when I took over from Nils S. Andersen as CEO of Carlsberg A/S. This happened on 1 October, and it is a privilege for me to be able to contribute to Carlsberg's continued development and growth.

The Annual Report contains a detailed presentation of our regions, so I would merely like to highlight the following here:

Our operating results in 2007 were highly satisfactory. Altogether, the Carlsberg Group's operating profit before special items increased by 30% to DKK 5.3bn.

In Western Europe, good results were achieved despite an unusually wet summer, and Carlsberg increased its market share. The recipe for success has been innovation and the launch of new products combined with investment in advertising to strengthen our beer brands. In addition, there has been a constant focus on how processes can be made more efficient and so support better cost control.

In Eastern Europe, it was another year of solid progress. BBH, whose principal market is Russia, further cemented its position. One particular success story, not only in Russia but throughout Eastern Europe, has been the Tuborg brand. In just a few years Tuborg has grown virtually from scratch to being the leading brand in the Russian premium segment, and the brand is behind a substantial proportion of BBH's overall sales growth.

The Asian markets are ready for take-off. Carlsberg has been building up a platform in this region in the last few years as a foundation for future growth. In 2007 we extended our activities to include a joint venture in southern Vietnam and investments in India.

There are many encouraging signs in the results for the past year. There are also many challenges which we know we must tackle in the coming year. The heavily increasing raw material prices are necessitating increases in the price of beer and other beverages, and competition in our markets has not diminished. We will continue to work on enhancing our competitiveness, not least by further strengthening our innovation processes, investing in our brands and reducing our costs.

This year sees the finals of the UEFA European Football Championship – EURO 2008™ – in Switzerland and Austria, and, as on previous similar occasions, Carlsberg is a main sponsor. This is a major event which will contribute to the international strength of Carlsberg and provide an opportunity for a wide range of activities in both the on-trade and the off-trade.

With Carlsberg becoming increasingly multinational, we also want to try to make our organisation more international and engage the many strong managers and other employees throughout the Carlsberg Group.

On behalf of Carlsberg, I would like to thank all of our employees, who worked so hard to achieve the year's results. I would also like to thank our customers, suppliers and other partners for a rewarding business relationship.

Naturally, the increased freedom to manoeuvre created in recent years by improved financial performance and a strong organisation has given us the courage to set our sights even higher and introduce new targets for Carlsberg's development – to the benefit of Carlsberg, our employees, our customers and consumers, and our shareholders.

We aim to be the best beer company in the world – probably.

Management review

Financial statements

Carlsberg is one of the world's largest brewery groups.

We have a beer for every occasion and for every palate and lifestyle. The Group's broad portfolio of beer brands includes Carlsberg Pilsner, known as "Probably the best beer in the world", and strong international brands such as Tuborg, Baltika and Holsten. We also have a wide range of leading brands in our local markets.

We operate primarily in mature markets in Western Europe but are generating an ever-growing share of revenue in selected growth markets in Eastern Europe and Asia.

Carlsberg's business builds on a proud history. We were founded in 1847 and have always been renowned for consistently high quality. In recent years things have really taken off. Expansion and dynamic marketing externally, and streamlining and innovation internally, have brought growth in both revenue and earnings.

Carlsberg A/S, the Parent Company of the Group, is owned by 20,000 institutional and private investors all over the world and is listed on OMX Nordic Exchange Copenhagen A/S. The largest shareholder is the Carlsberg Foundation, established by Carlsberg's founder J.C. Jacobsen, which backs the Company as an active and long-term shareholder as well as supporting scientific research.

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2007. Carlsberg's share
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million in 2007. The
argin rose to 11.8%.

MANA

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Management review

Tuborg was launched on the UK market in April 2007, and Carlsberg UK was quickly able to establish its popularity in connection with music events. Tuborg became the Official Beer of Live Nation, the UK's biggest organiser of festivals and live music events.

Five-year summary

DKK million		2003	2004	2004 IFRS	2005 IFRS	2006 IFRS	2007 IFRS
Sales volumes (million hl)							
Beer		81.4	92.0	92.0	101.6	100.7	115.2
Soft drinks		21.2	19.4	19.4	19.1	20.2	20.8
Income statement							
Net revenue		34,626	35,987	36,284	38,047	41,083	44,750
Operating profit before special items		3,564	3,442	3,401	3,518	4,046	5,262
Special items, net		-401	-301	-598	-386	-160	-427
Financial items, net		-475	-1,079	-1,152	-1,240	-857	-1,201
Profit before tax		2,688	2,062	1,651	1,892	3,029	3,634
Corporation tax		-590	-459	-382	-521	-858	-1,038
Amortisation and impairment of goodwill[1]		-379	-976	-	-	-	-
Consolidated profit		1,719	627	1,269	1,371	2,171	2,596
Attributable to:							
Minority interests		763	150	169	261	287	299
Shareholders in Carlsberg A/S		956	477	1,100	1,110	1,884	2,297
Balance sheet							
Total assets		46,712	56,731	57,698	62,359	58,451	61,220
Invested capital		28,815	42,783	43,466	42,734	43,160	45,394
Interest-bearing debt, net		8,929	21,733	21,733	20,753	19,229	19,726
Equity, shareholders in Carlsberg A/S		11,276	14,410	15,084	17,968	17,597	18,621
Cash flow							
Cash flow from operating activities		4,517	3,806	3,875	4,734	4,470	4,837
Cash flow from investing activities		-1,904	-2,294	-2,363	-2,354	65	-4,927
Free cash flow		2,613	1,512	1,512	2,380	4,535	-90
Investments							
Acquisition and disposal of property, plant and equipment, net		1,218	1,141	1,141	1,323	2,864	4,596
Acquisition and disposal of entities, net		143	4,252	4,252	738	-18	179
Financial ratios							
Operating margin	%	10.3	9.6	9.4	9.2	9.8	11.8
Return on average invested capital (ROIC)	%	12.4	8.0	8.1	7.8	9.2	11.7
Equity ratio	%	38.3	28.4	29.1	31.3	32.5	32.6
Debt/equity (financial gearing)	x	0.50	1.35	1.29	1.06	1.01	0.99
Debt/operating profit before depreciation, amortisation and impairment	x	1.43	3.51	3.53	3.29	2.73	2.43
Interest cover	x	7.50	3.19	2.95	2.84	4.72	4.38
Stock market ratios							
Earnings per share (EPS)	DKK	15.7	6.7	15.5	14.6	24.7	30.1
Cash flow from operating activities per share (CFPS)	DKK	74.2	53.6	54.6	62.1	58.4	63.2
Free cash flow per share (FCFPS)	DKK	42.9	21.3	21.3	31.2	59.3	-1.2
Dividend per share (proposed)	DKK	5.0	5.0	5.0	5.0	6.0	6.0
Pay-out ratio	%	32	80	32	34	24	20
Share price (B-shares)	DKK	259.5	278.1	278.1	337.5	561.0	617.0
Number of shares (year-end)	1,000	60,863	76,078	76,078	76,278	76,271	76,246
Number of shares (average, excl. treasury shares)	1,000	60,862	71,006	71,006	76,228	76,265	76,254

1. Presentation in accordance with policies applied up to and including 2004. Since the transition to IFRS in 2005, impairment of goodwill is included in special items.

The accounting policies were amended with effect from 2005, cf. the section of the 2005 Annual Report on the transition to IFRS. The comparative figures for 2004 were restated accordingly, but those for previous years were not. The share price at the end of 2003 was calculated by OMX Nordic Exchange Copenhagen A/S taking into account the capital increase in 2004.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005". The calculation of some financial ratios has been adjusted in 2007, and comparative figures have been restated.

Results and expectations

For Carlsberg, 2007 was a year of significant progress and strong results, both in terms of operations and strategy.

The many initiatives launched in recent years under the Operational Excellence programme have created a more professional organisation and more effective working processes within areas such as sales, production, distribution and administration. This has strengthened Carlsberg's business model and equipped the company for the challenges it faces on the market.

Carlsberg made progress in 2007, winning market shares both on growth markets and on markets experiencing stagnation and decline.

Western Europe experienced a slowdown in total market development in comparison with the positive trend in 2006. This applied in particular to key markets such as the United Kingdom, Germany and Denmark, which all recorded a general decline, partly as a result of poor summer weather.

In the meantime, the positive trend on the growth markets in Eastern Europe and Asia continued unabated, not least on the important Russian market. On several of the other growth markets too, Carlsberg was able to outperform its competitors.

Carlsberg sold a total of 82.0m hl of beer (calculated pro rata), an increase of 13% (72.6m hl in 2006). Organic growth accounted for 11% of this growth, and acquisitions for 2%. All regions contributed to the higher sales figure. Sales of other beverages grew by 2% to 17.8m hl (17.5m hl in 2006).

The international brands Carlsberg and Tuborg both continued to develop well, achieving volume increases of 5% and 18% respectively. The positive trend for the Carlsberg brand can be attributed to higher sales, primarily in the United Kingdom, Poland and Russia, while the continued high rate of growth for the Tuborg brand was driven by BBH.

Net revenue climbed 9% to DKK 44.8bn (DKK 41.1bn in 2006). All regions contributed to the increase in revenue, although BBH and the rest of Eastern Europe accounted for more than 90% of the increase.

The change in relative distribution among the individual geographical regions resulted in a lower average selling price per litre of beer.

Operating profit before special items climbed 30% to DKK 5,262m (DKK 4,046m in 2006), of which beverage activities generated DKK 5,001m (DKK 3,997m in 2006), an increase of 25%. Western Europe accounted for approx. 30% of the increase, with the high-growth segments Eastern Europe and BBH accounting for the remainder of the positive contribution, as Asia posted earnings on a par with 2006. The higher level of earnings was due partly to the volume increase in growth markets and partly to the positive results which continue to be generated through the Excellence programmes. Other activities, including the sale of real estate, contributed DKK 261m against DKK 49m in 2006.

As a result of the positive earnings performance, the return on invested capital (ROIC) for beverage activities was 15.2% against 12.4% in 2006.

Net profit grew by 22% to DKK 2,297m (DKK 1,884m in 2006) and earnings per share also grew by 22% to DKK 30.1 (DKK 24.7 in 2006).

In recent years a number of European countries have introduced smoking bans in restaurants, bars, cafés, etc. This tends to dampen demand for beer in the short term, but experience shows that it picks up again after a while.

Earnings for the year were therefore better than anticipated at the beginning of the year, cf. financial statement for 2006, and better than anticipated in the updated outlooks during 2007, cf. quarterly financial statements, most recently the financial statement published on 7 November 2007.

Investments to increase efficiency in Western Europe continued during the year, including capacity efficiency projects in Denmark, Finland, and Italy as a result of brewery closures, plus the construction of a new high-bay warehouse in Denmark.

In the growth markets, BBH made substantial investments in new production capacity in Russia (Novosibirsk and Samara), Ukraine (Zaporizhje) and Uzbekistan (Tashkent).

There was sustained development of activities in Asia through the year, and in continuation of the investments made in recent years – primarily in China – Carlsberg invested in India, with the purchase of a brewery in Himachal Pradesh, north of New Delhi. Furthermore, Carlsberg invested in Vietnam, with the construction of a new brewery in Phu Bai, and established a joint venture with Hanoi Beer & Beverage Corp. in the southern province of Vung Tau. Finally, Carlsberg has strengthened its position in Laos with the acquisition of a majority interest in Lao Soft Drink Co. Ltd.

Work to optimise production capacity on the mature markets continued. As part of this process a decision was taken to consolidate Italian production at the Varese brewery north of Milan, and thus decommission the brewery in Ceccano. It was also decided to close the brewery in Loulé in southern Portugal.

The initiatives launched under the Excellence programmes continue to forge ahead, and will strengthen Carlsberg's competitiveness on an ongoing basis. However, increases in raw material prices are necessitating price increases for beer in all markets.

Central expenses (not allocated)

Carlsberg incurs a number of expenses for ongoing support of the Group's overall operations and development. In particular these expenses include the costs of running the head office, costs incurred in connection with business development projects for the Carlsberg Group, and costs for central marketing, including sponsorships. Central expenses totalled DKK 882m in 2007 against DKK 699m in 2006. The increase can be attributed among other things to costs in connection with projects concerning the early initiation of standardisation of processes, business procedures, IT systems etc.

Scottish & Newcastle plc ("S&N")

On 25 January 2008 Carlsberg and Heineken N.V. (together "The consortium") announced that they were submitting a joint cash offer of GBP 8 per share in S&N and that the Board of S&N was recommending that its shareholders should accept the offer.

If the transaction goes ahead, Carlsberg will subsequently acquire the remaining 50% of BBH together with the French brewery Brasseries Kronenbourg, the Greek brewery Mythos and investments in Chongqing in China and Vinatab in Vietnam.

Carlsberg has secured new binding borrowing facilities to finance the offer, including interim financing to cover the period until implementation of a capital increase of up to DKK 31.5bn with preemption rights for existing shareholders. The financing has been structured so as to allow Carlsberg to retain its investment grade rating.

The consortium's offer is set out in detail in the company announcement of 25 January 2008.

As of December 31, 2007, a total of DKK 104m has been capitalised in the balance sheet as transaction costs in relation to the offer.

Annual general meeting

The Annual General Meeting will take place on Monday 10 March 2008 at the Radisson SAS Falconer Hotel, Copenhagen.

Board resolutions and proposals to the annual general meeting

The Parent Company recorded a profit of DKK 410m for 2007. The Board of Directors will recommend to the Annual General Meeting that a dividend be paid of DKK 6.00 per share or a total of DKK 458m. It is proposed that the difference of DKK -48m be drawn on the company's reserves.

As to the Articles of Association, the Board of Directors furthermore will propose that Article 8 (widening the Board of Directors' authorisation to increase the share capital) and Articles 15, 18, and 20 (procedure as to notice of meeting) be changed and that Article 30 (guidelines regarding incentive plan for the Executive Board) be amended.

Earnings expectations

It is important to bear in mind that compared to 2007, earnings in 2008 will be phased differently over the year. This is mainly due to the exceptionally warm weather in the BBH countries during the beginning of 2007 and to the poor summer weather in Western Europe in 2007, both of which will result in higher comparative figures in the first six months of 2008.

Based on the current business, Carlsberg anticipates growth of approx. 10% in net revenue for 2008, driven by continuing strong growth in BBH, Eastern Europe and Asia.

Operating profit is expected to increase to approx. DKK 5.9bn, whereof approx. DKK 300m stem from other activities (including gains on sale of real estate).

Beverage activities are expected to show organic growth of approx. 12% compared with the figure of DKK 5,001m for 2007. Progress is expected in all geographic segments. As before, the earnings expectations include significant central expenses (in the segment "Not allocated") for marketing, for standardisation of processes, procedures, IT systems etc. and for other Group-related costs.

Agreements concerning delivery of properties/flats at Tuborg Syd have been made. The current estimate is that this will mean investments of approx. DKK 475m and DKK 300m and sales proceeds of approx. DKK 1bn and DKK 850m in 2008 and 2009 respectively. Selling profits or new rental income in 2008 and 2009 are expected to be approx. DKK 425m and DKK 250m respectively. Based on the current area plan, approx. 60,000 m^2 of housing, and approximately 10,000 m^2 of public buildings remain to be constructed and sold on the Tuborg site.

Special items are expected to be approx. DKK -200m, including most significantly redundancy payments etc. in connection with restructuring projects.

Financial expenses are expected to be higher than in 2007.

The overall effective tax rate for 2008 is expected at present to be around 27%.

The minority interests' share is expected to rise, primarily as a result of the expected positive development in BBH's activities in Russia.

Net profit in 2008 is now expected to increase by approx. 20% (DKK 2,297m in 2007).

In addition to the above, the announcement of the offer for S&N brings with it particular expectations for the development of BBH.

The Russian market has experienced significant growth in recent years but, in the light of increases in excise duty, general price increases, continued restrictions on advertising as well as exceptionally warm weather in the beginning of 2007, the market is expected to see a more moderate increase of approx. 5% in 2008.

BBH's beer volume (100%) in 2008 is expected to increase to approx. DKK 60.4m hl (approx. +12% compared with 2007). Operating profit before special items (100%) is expected to be approx. EUR 740m, including the effects of rising raw material prices and distribution costs.

Financial targets concerning earnings in Western Europe were communicated previously, and these will be maintained at present. A continuous annual improvement in the operating margin of 10-12% is thus expected in Western Europe for the period 2008-09.

The above forward-looking statements and expectations will be updated if and when acquisition of S&N's activities goes ahead. Similarly, the current geographical segmentation of Carlsberg's activities will be adjusted if appropriate.

The forward-looking statements contained herein, including forecasts on sales and earnings performance, reflect management's current expectations based on information available at the date of this document and are subject to risks and uncertainty. Such statements are made on the basis of assumptions and expectations which the Company believes to be reasonable at this time, but may prove to be erroneous. Many factors, some of which will be beyond management's control, may cause actual developments to differ materially from the expectations expressed. Such factors include, but are not limited to, economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, competition from other breweries, the availability and pricing of raw materials and packaging materials, production and distribution related problems, breach or unexpected termination of contracts, price reductions resulting from market driven price reductions, market acceptance of new products, launches of rival products and other unforeseen factors. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Carlsberg assumes no obligation to update such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements.

Expectations and results

DKK million		Net revenue	Operating profit	Carlsberg's share of net profit
20 February 2007	Actual (financial statements for 2006)	41,083	4,046	1,884
20 February 2007	Financial statement for 2006	~+5%	~4,500	A touch higher
9 May 2007	Q1 financial statement 2007	~+7%	~4,700	> 2,000
8 August 2007	Q2 financial statement 2007	~+10%	~5,000	> 2,200
7 November 2007	Q3 financial statement 2007	~+10%	~5,000	> 2,200
19 February 2008	Actual (financial statements for 2007)	44,750	5,262	2,297


РАЗЛИВНОЕ ПИВО
Балтика 7 0.5- 50
Tuborg 0.5- 60
сливки-5
чай-15
кофе (3×1)-15
кофе чёрный-20
сок холодный-20
РАЗЛИВНОЕ ПИВО
Балтика 7 0.5- 50
Tuborg 0.5- 60

In Russia most beer is bought from small shops and kiosks of modest size. The on-trade is expected to account for an ever-increasing share of beer sales in the coming years.

Focus on value creation and profitable growth is central to Carlsberg's strategy

GROWTH AND VALUE CREATION

Carlsberg's core business is brewing, marketing and selling beer.

However, it is also part of the Group's strategy to develop, produce and market other beverages such as soft drinks, cider, energy drinks and health drinks which can make a positive contribution to the business. This is coupled with a focused and well-defined innovation process intended both to deliver groundbreaking new products and to develop and improve the existing product range.

Carlsberg should be at the forefront of spotting and utilising new trends and opportunities in the outside world, and doing so better than our competitors. The keywords for the way that Carlsberg should work are efficiency and speed.

Carlsberg's regions

Carlsberg's activities are focused on the markets where the Group has the expertise and the right products to secure a leading position. The business portfolio therefore consists of brewery activities in three geographical regions: Western Europe, Eastern Europe and Asia.

The beer markets in these regions vary widely, from the very mature markets of Western Europe to the emerging beer markets of Eastern Europe and Asia. There are big differences in growth rates, consumption per capita and the types of beer consumed, as well as whether beer is enjoyed at home or in restaurants, bars, cafés etc. Consequently, the regions' contributions to growth, earnings and development opportunities in the Group differ a lot, both now and in the longer term.

Western Europe is a particularly important asset in the business portfolio. Here, the priorities are value rather than volume and a constant focus on efficiency improvements in order to sustain a stable cash flow. The agenda is to stimulate enjoyment, partly by developing and marketing new products, including both beers and other beverages.

The priority in Eastern Europe is rapid, profitable growth both now and in the coming years.

In BBH, the most important challenge by far is still to exploit the immense growth potential to be found in the Russian market and a number of the other markets in the region. One important task is to strike the best possible balance between value growth and volume growth. This will mean, on the one hand, strengthening brand loyalty and sales of more expensive beers, and, on the other hand, supplying competitive and attractively priced beers which can capture customers and revenue from other beverages, in particular spirits.

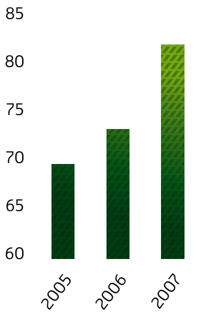
Another goal is to develop the Asian business so that this region can take over as growth engine when the growth curve in Eastern Europe eventually levels off. In the less mature markets of Eastern Europe and the emerging markets of Asia, our efforts in the coming years will be largely concentrated on generating growth that is balanced between volume and value.

In countries where Carlsberg has no breweries, the Carlsberg Group sells its products through exports and licensing agreements. Carlsberg aims to establish and develop strong market positions for the international premium brands Carlsberg, Tuborg and Holsten through dynamic partnerships with licensing, export and duty-free partners around the world. Besides these well-known international premium brands, there is also a focus on sustaining the

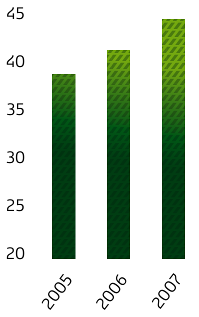
Carlsberg is closely associated with football at all levels. 2008 will be a big year for football in Europe, with the European Championship kicking off in Austria and Switzerland on Saturday 7 June. With Carlsberg as a main sponsor and the official beer of the championship, the tournament offers enormous potential on all markets worldwide.

Carlsberg's activities are concentrated on the markets where the Group has the expertise and the right products to secure a leading position.

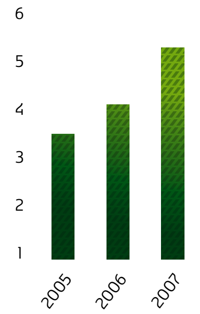
Beer sales (pro rata)
(Million hl)



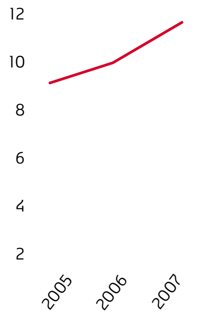
Revenue
(DKKbn)



Operating profit before special items
(DKKbn)



Operating margin
(%)



particularly strong growth in exports of the alcohol-free beer brands Moussy and Holsten Non Alcoholic to the Arab countries, where these brands command market-leading positions.

Strategic initiatives

Value creation and profitable growth play a key role in Carlsberg's strategy. These objectives are to be achieved by a number of means, some offensive and some more defensive.

Recent years have brought a growing focus on offensive initiatives to increase revenue and generate growth, but activities and target areas vary from region to region and from market to market.

To realise this growth strategy, it will be essential to be in a position to respond quickly and effectively to new consumer trends. First and foremost, this will require a more systematic and targeted approach to innovation. As well as developing the product range locally, efforts will increasingly be concentrated on larger international launches.

Carlsberg will sharpen its focus not only on developing and launching new products but also on enhancements and innovations for existing products such as new flavours or new types of packaging in response to growing sales from convenience stores. In recent years, Carlsberg has developed and marketed a number of new products and initiatives globally in both beer and other beverages, and this work will be intensified in the future.

Sales and marketing will also be refined further in the years ahead. Sophisticated methods and intelligent tools have been developed and taken into use for analysing consumer behaviour with a view to improving product placement and sales in supermarkets, convenience stores, restaurants, cafés, bars and so on. We will also make more use of new media as a platform for advertising campaigns. For example, online commercials have already been used with great success as part of a more advanced approach to sales and marketing at Carlsberg.

The defensive part of the strategy centres on constantly adjusting and optimising Carlsberg's cost base, including the brewery structure, in all markets. In Western Europe, Carlsberg has implemented a number of Excellence programmes in recent years which have covered systematic streamlining of processes and procedures in areas such as production, procurement, administration and logistics.

The execution of these programmes has resulted in a wealth of experience which is now being used, in modified form, in the less mature markets so that the cost base can be optimised here also.

As a natural extension of the Excellence programmes, standardisation is the next phase in Carlsberg's ongoing work to increase the efficiency of all parts of its business. One future area will be central procurement at Group level, to ensure the most favourable terms. The aim is to strike the best possible balance between, on the one hand, centrally defined ways of running the business regardless of national and departmental boundaries, and, on the other, respect and consideration for local markets, customers and consumption patterns.

This standardisation process will take a number of years. The first phase involves identifying and mapping the many operational and administrative processes in the Carlsberg Group with a view to designing and optimising uniform procedures and IT systems across the Group's companies. As with previous projects, the standardisation project will be rolled out first in the mature European markets and subsequently in the Group's other markets. Besides creating immediate synergies by reducing the complexity of the Group, standardisation will result in greater transparency across the Company, which will provide for new opportunities to optimise working methods and processes.

Real estate

As part of the ongoing optimisation of its brewery structure, Carlsberg has closed a number of breweries in recent years. The continued streamlining of the Group means that further brewery closures, and hence vacant brewery sites, can be anticipated. Carlsberg's goal is to maximise the value of such sites.

Carlsberg and its employees

Realising Carlsberg's ambitious commercial goals will ask a great deal of employees across the business, regardless of the differences between the three regions in the business portfolio. The Group is therefore striving to enhance the skills of managers and other employees, and to develop a strong culture which pulls the Company together across national borders and functions, and promotes commitment in people's everyday work.

Currently, there is particular focus on the following areas:

- Further developing managers' skills
- Further strengthening employees' commitment and skills with a view to developing a strong winning culture
- Involving employees more in decision-making processes
- Attracting the right employees to every part of the business
- Developing a pay and incentive structure which motivates and reflects the individual's contribution
- Tailoring the organisational structure to commercial priorities
- Greater internationalisation

Continuous development of the Group's employees is an important part of everyday life at Carlsberg. This ongoing work is supplemented with a number of programmes spanning not only management development but also talent development, internal academies for production, procurement and marketing, and personal development programmes for both managers and other employees at various levels of the organisation.

All programmes are put together on the basis of the Group's need to increase the level of competence and strengthen the corporate culture, and with a view to aligning the individual employee's ambitions and capability for personal and professional development. The overall goal is for the organisation to be able to meet constantly changing commercial challenges.

	Western Europe	BBH and the rest of Eastern Europe	Asia
Strategy	Improved profitability through innovation and streamlining	Rapid growth and higher earnings	Long-term growth through building up market positions
Group focus	• Innovation • Marketing and brand-building • Continuous streamlining • Corporate culture and management development		
Regional focus	• Maintaining and developing market positions • Marketing • Innovation • Focus on value • Streamlining at every level	• Strengthening and developing market positions • Increased focus on premium segment • Investment • Optimisation	• Strengthening the product range • Improving sales work • Strengthening existing market positions through organic growth • Establishing new market positions through acquisitions

Carlsberg's goal is to develop its market position in Asia, so that the region can take over as growth engine when the growth curve in Eastern Europe eventually levels off.

Streamlining and offensive marketing initiatives

Accounting centre in Poland

In April 2006 Carlsberg announced that it was to establish an Accounting Shared Service Center in Poznan in Poland to provide bookkeeping and accounting services for companies in the Carlsberg Group. Parts of the bookkeeping and accounting function of Carlsberg's Polish subsidiary were transferred to the new centre in 2006, and in 2007 parts of the bookkeeping and accounting functions in Germany, Switzerland and the UK followed suit. Sweden and Denmark will be transferred in the first quarter of 2008, with Norway to follow in the second quarter.

The centre has been located in Poznan because cost levels there are lower than in Western Europe. The city also has a flourishing university, and so the potential workforce is well qualified and has good language skills. Having a centralised accounting function in Poland is a natural extension of the Carlsberg Group's ongoing effort to adjust its cost structure. Bringing together overlapping administrative functions from different countries also makes it easier to harmonise and standardise processes across national borders and to develop joint IT solutions.

Commercial developed for YouTube™

On 15 January 2008 Carlsberg Denmark launched a new sports drink. Almost a week before the official launch, the commercial, which formed part of a massive campaign to launch the new sports drink, was released on YouTube™. The commercial runs for 38 seconds and was deliberately shot in a single take and with a hand-held camera to give it a more authentic YouTube™ look. A video clip like this is known as a viral. The viral universe is about finding and seeing something you have never seen before. A good thing about virals is that they create a positive expectation about an upcoming product. Friends forward the clip to one another – it is not something they are forced to watch on television.

Releasing the clip on YouTube™ a week before the commercial was broadcast on TV was therefore a very deliberate strategy, as a viral loses its impact once it has been shown on TV. During its first five days on YouTube™ the viral was viewed by more than 43,000 people – without any further effort by Carlsberg.

Virtual shopping – revolutionising the analysis of consumer behaviour

70-80% of purchasing decisions are made not back home at the kitchen table when drawing up our shopping lists but in the supermarket as we shop. It is therefore crucial to catch consumers' attention while they are in the store – and this presents a considerable challenge. Over the years, Carlsberg has used a variety of methods to build up considerable expertise in when people drink beer, on what occasions, which beers they buy, and where they buy them. However, real insight into how consumers behave can only be achieved by analysing actual behaviour in the store when purchases are being made. Over the last couple of years Carlsberg has therefore developed sophisticated software which makes it possible to send consumers out shopping in cyberspace, allowing Carlsberg to collect detailed information and acquire knowledge of behaviour, purchasing decisions, the impact of in-store advertising materials, and so on.

See also: www.carlsberggroup.com/ar

Carlsberg and society

Carlsberg's responsibilities to society and its stakeholders are an integral part of its business strategy. Responsibility is one of the Group's core values, and we work from a conviction that responsible business reduces risks, increases efficiency and contributes to a good reputation, which enhances value creation in the longer term.

At Carlsberg, responsible business spans areas such as the environment, health and safety, marketing, labour standards and human rights. The Group's approach has been translated into various policies and guidelines. These guidelines apply globally and can be found on the Group's website.

Carlsberg's management strategy has a local focus, which means that account can be taken of cultural differences and local customs when policies for responsible business are put into practice. For a global player, local adaptation is important to ensure that the spirit of Carlsberg's policies is reflected in concrete management behaviour.

The Carlsberg Group recognises the environmental responsibilities that go with its leading global position, and takes account of environmental issues in both the continued development of its existing activities and the establishment of new ones. Every second year Carlsberg publishes an Environmental Report with detailed information on the business's overall environmental impact. The most recent Environmental Report was published in 2007 and can be found on the Group's website along with previous reports.

Financial goals

Carlsberg's ambition is sustained value creation. This is to be achieved through continuous positive development and strengthening of the business to ensure continued growth in earnings and profitability.

Against this background Carlsberg has set financial goals for earnings growth in Western Europe. This segment accounts for approx. 47% of operating profit from beverage activities (before unallocated expenses). The target published for Western Europe at the beginning of 2007 was to raise the operating margin to 10-12%. The results for 2007 show a continuation of recent years' marked improvement in the operating margin, which climbed from 7.7% in 2005 to 10% in 2007, an increase of 2.3 percentage points.

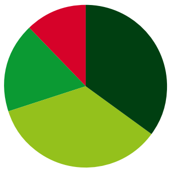
Carlsberg's activities in emerging markets – especially in Asia – are important for the future growth and development of the Group's business. Short-term earnings are therefore less of a priority in these markets.

Carlsberg aims to have an efficient capital structure. Carlsberg has been awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings, and the Group aims to maintain healthy earnings and balance sheet ratios so that the criteria for these ratings continue to be met.

The markets comprise Western Europe, BBH, Eastern Europe excl. BBH, and Asia

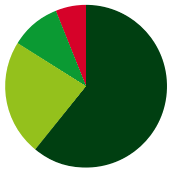
	Our markets						Our sales		
	Population (million)[1]	GDP per capita (USD)[1]	GDP growth (%)[1, 2]	Beer consumption per capita (litres per year)[3]	Market maturity	Market growth 2007-2012	Market position (No.)	Market share (%)	Global brands
Western Europe									Carlsberg
Denmark	5.5	37,400	1.7	83	●●●	↘	1	64	
Norway	4.6	55,600	4.9	59	●●●	↗	1	52	
Sweden	9.0	36,900	3.4	52	●●●	↘	1	38	
Finland	5.2	35,500	3.9	87	●●●	→	1	50	
UK	60.8	35,300	2.9	91	●●●	↘	4	13	
Germany	82.4	34,400	2.6	115	●●●	↘			
Northern Germany[4]							1		
Switzerland	7.6	39,800	2.6	59	●●●	↘	1	41	
Italy	58.1	31,000	1.9	32	●●●	↗	3	6	
Portugal	10.6	21,800	1.7	64	●●●	→	1	52	
Eastern Europe: BBH (50%)									Carlsberg, Tuborg
Russia	141.4	14,600	7.4	75	●●	↑	1	38	
Ukraine	46.3	6,900	6.9	58	●	↑	3	20	
Baltic States[5]	7.2	16,700-21,800	7.9-10.3	67-98	●●	↑	1	45	
Kazakhstan	15.3	11,100	9.5	34	●	↑	1	23	
Uzbekistan	27.8	2,200	8.1	11	●	↑	2[7]	25	
Eastern Europe excl. BBH									Carlsberg, Tuborg
Poland	38.5	16,200	6.5	88	●●	↑	3	13	
South East Europe[6]	22.0	7,700-15,500	5.6-6.1	64-84	●●	→	2-3	15-23	
Turkey	71.2	9,400	5.1	11	●●	→	2	15	
Asia									Carlsberg
Malaysia	24.8	14,400	5.7	5	●●	↘	2	44	
Singapore	4.6	48,900	7.4	19	●●	↘	2	23	
Vietnam	85.3	2,600	8.2	17	●	↑	4	~10	
China	1,321.9	5,300	11.4	29					
Western China	107.0	n/a	n/a	15	●	↑	1	>55	
Other countries	n/a	n/a	n/a	n/a	●	↑	n/a	n/a	

1. Estimate for 2007. 2. Real growth. 3. 2007F. 4. Defined here as Schleswig-Holstein, Hamburg, Mecklenburg-Western Pomerania, Lower Saxony, Bremen. 5. Estonia, Latvia, Lithuania. 6. Defined here as Serbia, Croatia, Bulgaria. 7. Market share based on 2nd half 2007. 8. Full-time equivalents. 9. As at 1 February 2008. Sources: Canadean and The World Factbook (CIA).



Beer sales, pro rata

- 35% Western Europe
- 35% BBH (50%)
- 18% Eastern Europe excl. BBH
- 12% Asia



Revenue

- 61% Western Europe
- 23% BBH (50%)
- 10% Eastern Europe excl. BBH
- 6% Asia

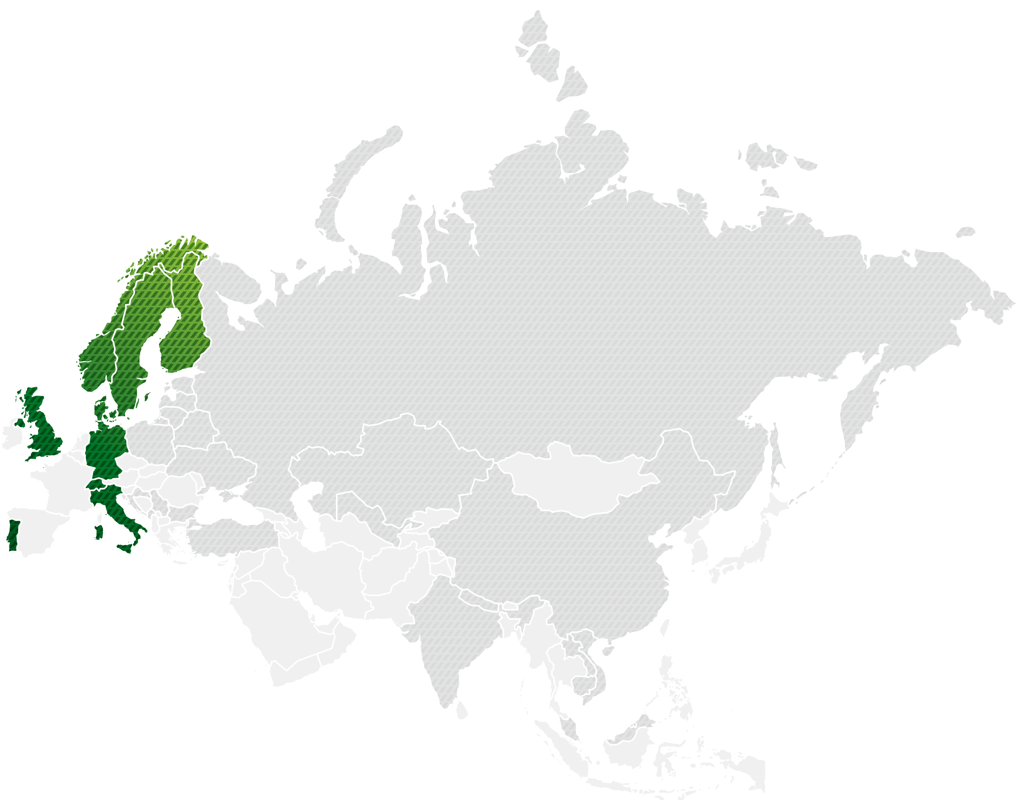
	Our resources			Our results				
Selected local brands	Employees[8]	Breweries[9]	Invested capital (DKK million)	Beer sales, pro rata (million hl)	Revenue (DKK million)	Operating profit (DKK million)	Operating margin (%)	ROIC (%)
			16,152	28.5	27,499	2,738	10.0	16.0
Carlsberg, Tuborg	2,332	2						
Tuborg, Ringnes, Lysholmer	1,554	3						
Pripps, Falcon	1,153	1						
Koff, Karhu	1,003	2						
Carlsberg, Tetley's, Holsten	2,060	2						
Holsten, Tuborg, Lübzer, Duckstein	1,449	4						
Feldschlösschen, Cardinal	1,453	2						
Splügen, Bock 1877	802	1						
Super Bock	892	2						
	8,174		8,987	29.1	10,435	2,338	22.4	29.1
Baltika, Arsenalnoye, Nevskoye, Yarpivo		10						
Slavutich, Lvivske		3						
Svyturys, Utenos, Aldaris, Saku		4						
Derbes, Irbis		1						
		2						
			4,248	14.8	4,267	477	11.2	11.3
Okocim, Harnas	1,319	3						
Tuborg, LAV, Shumensko, Pan	1,336	4						
Tuborg, Skol	564	1						
			3,033	9.6	2,535	330	13.0	11.5
Carlsberg, Danish Royal Stout, Skol	596	1						
Danish Royal Stout	67	-						
Halida, Huda	570	2						
Dali, Wusu, Huanghe, Lhasa	4,754	20						
n/a	n/a	5						

Segment reporting on beer sales, revenue, operating profits and operating margins covers beverage activities excluding revenue and profit which are not allocated. Exports and licence production are included in the resources and results for Western Europe and Eastern Europe respectively. Operating profits and operating margins in Asia include a share of the profits of associates.


WONDERBRAZZ

Just as the Carlsberg brand has long been associated with football, so Tuborg – via sponsorships, festivals and other live music events – has gradually established its position as the beer most frequently associated with live music.

Western Europe is at the heart of Carlsberg's portfolio of businesses and accounts for 61% of its revenue



Western Europe
Denmark, Norway, Sweden, Finland, the UK, Germany, Switzerland, Italy, Portugal.

WESTERN EUROPE

Western Europe is at the heart of Carlsberg's portfolio of businesses and accounts for 61% of its revenue. Carlsberg is the market leader in the Nordic countries, northern Germany, Switzerland and Portugal, and has significant market positions in the UK and Italy.

Beer consumption per capita varies but is high throughout the region. After spending a number of years in decline, consumption seems to have stabilised in some countries, but is continuing to fall slightly in others.

The competitive landscape also varies from country to country. In the Nordic region Carlsberg competes mainly with local players and local beer brands, while in the UK, for example, Carlsberg is up against large international brewers and international brands.

The overall strategic objective for Western Europe is to increase profitability, which is to be achieved through continued streamlining and cutting of costs together with an increased focus on revenue growth through innovation and excellence in the use of sales and marketing resources.

Efficiency and cost savings have been Carlsberg's strategy in Western Europe for a number of years. The Operational Excellence programme incorporated a series of initiatives spanning production, administration, procurement and, most recently, logistics, the last of which was completed in 2007.

Besides the standardisation of working processes and methods across the organisation, the next wave of streamlining includes a Lean process which was launched in 2007. The idea is to develop working methods for production in the individual breweries which ensure ongoing efforts to improve processes in order to deliver the best quality and service at the lowest possible cost.

Optimisation of the brewery structure in Western Europe has been, and will remain, on the agenda. In 2007 Carlsberg decided to decommission the brewery in Ceccano in Italy and close the brewery in Loulé in southern Portugal. Changes in the brewery structure, including closures, are based on a comprehensive business review which takes account of savings, the subsequent use of the land and buildings released, and any investment in necessary capacity.

There have also been efficiency initiatives on the administrative side, including the creation of an Accounting Shared Service Center in Poznan in Poland. By the end of 2007 the new centre was servicing Poland, Germany, Switzerland and the UK, with Denmark, Sweden and Norway due to follow in 2008.

However, increasing efficiency and reducing costs cannot create a competitive business on their own. Various other steps have therefore also been taken to ensure sustained revenue growth in the years to come.

These include an active portfolio strategy with four focus areas:

- Developing the super-premium segment (speciality beers)
- Generating growth in the premium segment, primarily through the Carlsberg brand
- Generating growth in leading local brands (the "power brands")
- Expanding the range of beverages other than beer through innovation and partnering

Carlsberg's strong local brands are important for profitability in Western Europe. The challenge has therefore been to reallocate and focus resources on the most important brands. The result has been a targeted and strategic sales and marketing drive for ten local power brands. Each country has one such brand, such as Feldschlösschen in Switzerland and Karhu in Finland. Sales of the power brands grew considerably in 2007.

When it comes to growth in the premium segment, the Carlsberg brand plays an important role in the strategy for Western Europe. The Carlsberg brand saw volume growth of 2.2% in Western Europe in 2008.

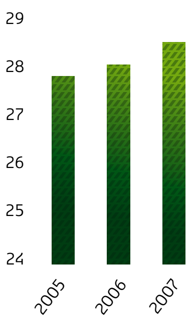
Carlsberg is making a conscious effort to develop the super-premium segment in order to increase consumers' interest in beer. This includes developing and marketing a number of new products, such as beers from the Jacobsen Brewhouse. The House of Beer concept has also been rolled out in a number of Carlsberg's markets in the region in recent years to promote interest in beer. It is against the same background that the premium brand Jacobsen has been launched in six countries in the region to date.

Carlsberg is constantly expanding and adjusting its product range to include beverages other than beer, including mineral water, cider and malt-based drinks. These beverages are aimed at different consumer segments to traditional beer drinkers. One example is the malt-based drink Eve, which was launched very successfully in Switzerland in 2007.

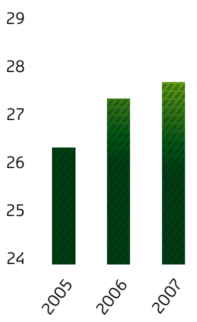
The Carlsberg Group's Commercial Excellence programme has turned the spotlight onto the use of sales and marketing resources. Employees have been trained to develop and organise local beer sales in conjunction with customers so that volumes and margins for both the customer and Carlsberg are reflected in decisions on the range and display at the point of sale.

The strategic objective for Western Europe is to increase profitability through continued streamlining and increased focus on innovation and excellence in the use of sales and marketing resources.

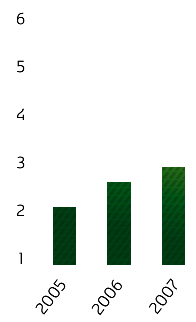
Beer sales (pro rata)
(Million hl)



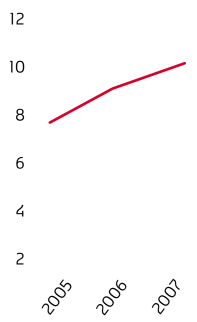
Revenue
(DKKbn)



Operating profit before special items
(DKKbn)



Operating margin
(%)



The progress made in the Western European businesses has also been achieved through a marked increase in cooperation between the different countries. This has led to more innovation in the organisation and broader interest in trying out ideas that have had good results elsewhere.

Development in 2007

In general, the mature markets of Western Europe showed a slight decline in 2007, with the beer markets in which Carlsberg operates falling by approx. 2-3%. Among other things this trend was affected by the poor weather through the summer months, and the introduction of smoking bans in pubs and restaurants in some countries.

Not least in the light of this situation, total beer sales of 28.5m hl, an increase of 1% on 2006, are satisfactory.

Carlsberg gained market shares in all countries except Portugal and Italy. The initiatives under the Commercial Excellence programme have contributed to this development, in combination with innovation including the introduction of new products and additional sales of premium beers, e.g. the DraughtMaster™ draught beer system and LITE versions of Tuborg and Ringnes for the Norwegian market. In addition, Carlsberg was successful in further capitalising on a number of local power brands. Outside the beer category, the malt-based Eve by Cardinal was well received in Switzerland, and finally, new variants of the energy drink Battery were launched on the Finnish market. Net revenue climbed 1% to DKK 27,499m, against DKK 27,307m in 2006.

During the period, overall price increases of 2-3% in local currencies for Western Europe exclusive of the UK were realised. In the UK, however, the average selling price declined due to continued switch from on-trade sale to off-trade sale, where selling prices per hl beer are lower. There have been significant price increases within a number of key raw material categories, resulting in general pressure on the relative gross margin. Continued efficiency gains, including initiatives under Logistic Excellence, and disciplined cost control have generally ensured lower operating costs, primarily within sales and distribution (-5%) and administration (-8%).

Operating profit was DKK 2,738m, against DKK 2,425m in 2006, an increase of 13%. Earnings in 2006 included DKK 92m, against DKK 94m in 2007, in gains on sales of assets and other non-recurring income. Profits in 2006 were also negatively affected by write-downs for bad debts totalling DKK 105m in Sweden and the United Kingdom. Taking this into account, the underlying profit improvement is DKK 206m (+8%). The operating margin rose by 1.1 percentage points to 10.0%.

Nordic countries

Carlsberg gained market shares in all the Nordic markets, and there was a generally positive trend with respect to total market development except in Denmark. However, the Danish business has experienced a very satisfactory and profitable development, generally strengthening its competitive position on the market. A number of new product launches in the Nordic countries helped to underpin the positive development. There was an overall positive earnings trend as a result of price increases, a better mix and a continued ongoing focus on cost development.

United Kingdom

Carlsberg made good progress in the off-trade, with significant increases in market shares, both in terms of volume and value, more than compensating for lower sales to the on-trade, resulting among other things from the poor summer weather and introduction of the smoking ban. The Carlsberg brand continued to gain market share, and the Tuborg brand, introduced in the spring, also contributed to growth. Adjusted for a large bad debt from one customer in 2006, profit in 2007 was on a par with 2006.

Germany, Switzerland, Italy and Portugal

Earnings in Switzerland and Portugal increased compared with 2006. Germany achieved a slightly lower result than in 2006, partly as a result of lower sales during the summer months, which in 2006 included sales during the Football World Cup. The strong local brands Feldschlösschen and Cardinal (both Switzerland), Super Bock (Portugal) and Holsten (Germany) all achieved higher sales.

The situation in Italy remained challenging, with falling revenues and further write-downs of receivables. Measures were taken late in the year to strengthen the management, and targeted work is now under way to optimise the product portfolio and reduce the complexity and cost base of the business, particularly within the important distribution business.

Innovations – an important contributor to growth

DraughtMaster™

DraughtMaster™ was developed by Carlsberg's innovation centre in Copenhagen. The system was launched in 2006 and has revolutionised and expanded the market for draught beer. The system consists of a plastic keg which is squeezed in a pressure tank as the keg is being emptied. The unique thing about DraughtMaster™ is that it is a completely sealed system, which gives the beer a long shelf-life. While a traditional keg can be open for no more than five to six days, the beer from a DraughtMaster™ will easily stay fresh for three weeks after opening.

DraughtMaster™ comes in a 20-litre professional version and a 5-litre version for home use. The system is currently on sale in 14 countries in Western and Eastern Europe and Asia, with more to follow in 2008.

Battery

Battery is an energy drink developed by Carlsberg's Finnish brewery Sinebrychoff, which has extensive experience of developing popular beverages other than beer. Battery contains caffeine and guarana.

Battery was launched in Finland in 1997 and was an immediate success within its segment. Two years later it was being sold in six countries, and by 2007, a decade after its launch, Battery was being sold in 30 countries worldwide. Battery is a useful and profitable complement to the product portfolio in several Carlsberg markets.

Eve by Cardinal

The idea for Eve by Cardinal arose at Carlsberg's Swiss brewery, Feldschlösschen. Eve by Cardinal is a light and refreshing malt-based drink with a moderate alcohol content of 3.1%. The target group is women, and Eve by Cardinal was also devised and developed by a project team consisting exclusively of women. It is brewed using only natural ingredients such as rice, malt and fruit juice, and comes in a range of flavours, including lychee and grapefruit. Eve by Cardinal is served in bars and cafés either in a champagne glass or with ice in a long drink glass.

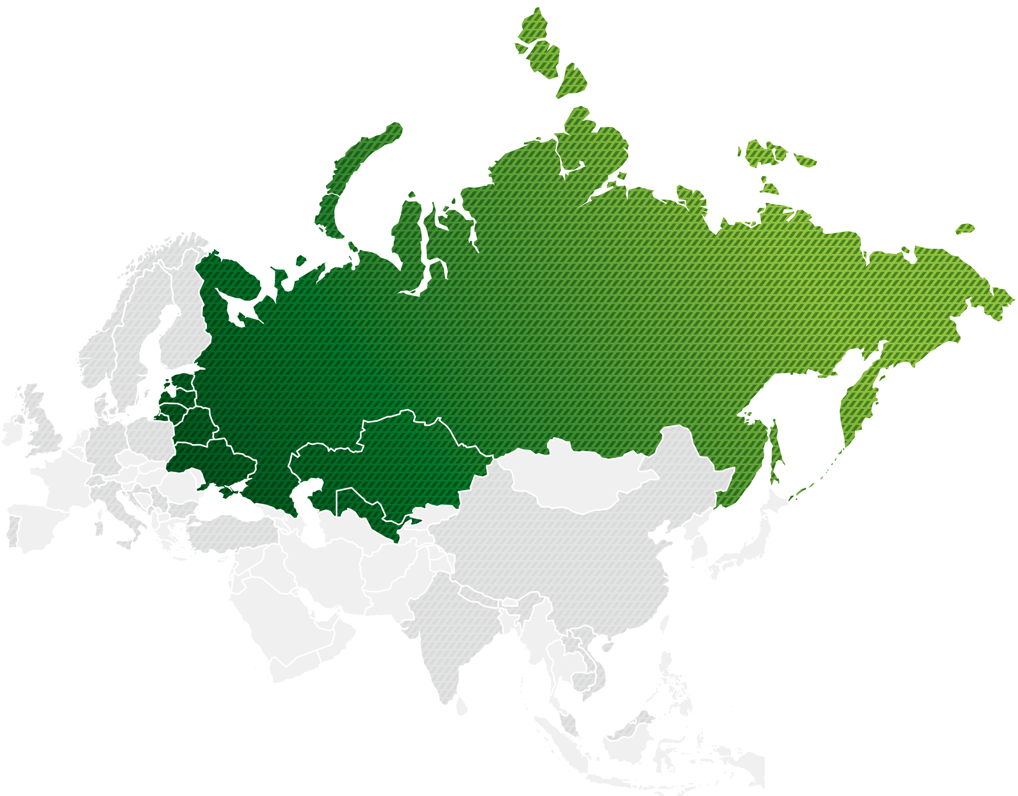
House of Beer

House of Beer was established as an independent company in 2002 with Carlsberg Danmark as its sole shareholder. The focus from the outset was on quality beers, beer-related expertise and good business acumen. House of Beer was set up to meet the growing interest in speciality and foreign beers and has played a key role in developing the super-premium segment. Beers in this segment carry higher margins than mainstream beers and therefore contribute positively to earnings for both customers and Carlsberg.

Since its establishment in Denmark, the House of Beer concept has been launched in Switzerland, Finland, Sweden and, most recently, Norway.

W
See also: www.carlsberggroup.com/ar

Russia is, and will remain, the largest and most important market for BBH, but a determined effort will be made in the years ahead to ensure that other countries in the region come to play an increasing role



Baltic Beverages Holding
Russia, the Ukraine, Estonia, Latvia, Lithuania, Kazakhstan, Uzbekistan, Belarus.

BALTIC BEVERAGES HOLDING

Baltic Beverages Holding (BBH) covers the growth markets of Russia and the Ukraine, the relatively mature markets of the Baltic States, and the emerging beer markets of Kazakhstan, Uzbekistan and Belarus. Several of these countries are expected to be among the world's fastest-growing beer markets in the coming years.

BBH has been the Group's most important growth engine for a number of years. Following consistently strong growth in recent years, BBH now accounts for 23% of Carlsberg's revenue and approx. 40% of its operating profit.

Russia is, and will remain, the largest and most important market for BBH, responsible for 79% of sales volumes and 86% of operating profit. A determined effort is currently being made – and will continue to be made in the years ahead – to ensure that other countries in the region come to play a more important role in BBH.

The management structure in BBH has been designed to promote close collaboration between the shareholders and the individual BBH markets. BBH's shareholders have extensive expertise from both mature and immature markets, and the management structure means that strong local management teams work closely with the shareholders to draw on their experience and know-how in a wide range of specialist areas, including production, logistics, sales channels, optimisation of the product range, sales, marketing and administration. Management development will also be on the agenda in the BBH countries in the coming years. This will take place in close collaboration with Carlsberg, which has worked strategically on management development and has a number of programmes which are being taken into use, in modified form, in BBH.

The overall strategy of BBH focuses on growth in both volumes and value, based on solid market positions and strong beer brands in the existing markets. The strategy also entails adding new products and new markets. Investment levels are high, as a conscious effort is being made to invest ahead of market developments.

In Russia in particular, the focus is gradually shifting away from growth in volumes and production capacity in favour of value, modern sales and marketing tools, innovation and development, new sales channels and distribution. In the Baltic States, BBH has successfully pursued a strategy covering a total beverage portfolio in recent years – in other words, a product range which includes not only beers but also soft drinks, mineral water, energy drinks, cider and so on. As beer markets mature, consumption patterns evolve, and marketing and advertising methods must change. This evolutionary process is reflected in growing demand for beers in the premium segment and foreign beers produced under licence. The Carlsberg Group's premium brands have an important role to play here, and the Tuborg brand is now by far the most important international premium brand in BBH's portfolio (11% of revenue), followed by the Carlsberg brand (2% of revenue).

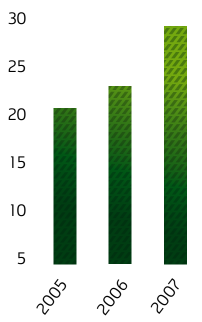
In the Ukraine, a number of steps have been taken to generate faster growth and strengthen BBH's position in the mainstream segment alongside an already strong position in the premium segment. The results have been positive, and investment is now being made in additional production capacity. Besides the Carlsberg and Tuborg brands, Holsten has also been introduced in the Ukraine.

In the other markets in the region, the strategy is to generate volume growth, but also with the aim of developing the beer market. To begin with, this entails targeted work to strengthen local brands in the mainstream segment. Later on it means expanding the premium and licence segments in order to generate value growth and maximise overall earnings.

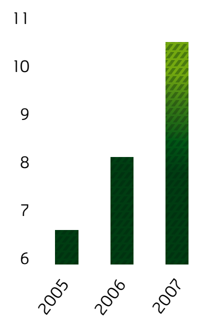
Growth in BBH is dependent on significant investments. An aggressive investment strategy has been pursued over the years, putting BBH in a favourable position and allowing it to meet the constant growth in demand. The strategy will remain the same in the coming years, ensuring that BBH continues to lead the way in developing the market. Investments will therefore be made not only in production capacity, infrastructure and logistics but also in building strong beer brands with the help of innovation, product development and advertising.

The overall strategy of BBH focuses on growth in both volumes and value, based on solid market positions and strong beer brands.

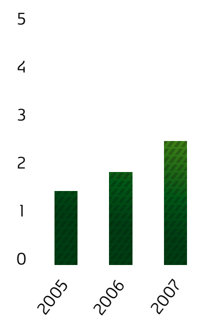
Beer sales (pro rata)
(Million hl)



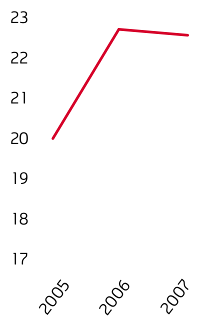
Revenue
(DKKbn)



Operating profit before special items
(DKKbn)



Operating margin
(%)



Development in 2007

The Russian market experienced an extraordinarily positive development in the first half of the year, with growth of 23%. As expected, growth in the last two quarters was more moderate, at 9% and 10% respectively, giving a full-year figure for market growth of 16%. Innovation and the introduction of new products played an important role in the continued substitution of spirits with beer and, in combination with price increases, this helped to ensure higher average selling prices.

The other BBH markets also showed a generally positive trend, with total market growing 19% in the Ukraine, 15% in Kazakhstan and 1% in the Baltic States.

In the light of these market conditions, total sales of beer in BBH rose by 22%, with a pro-rata increase of 25% to 29.1m hl as a result of continued high growth, particularly for the Tuborg brand (+70%) to 3.4m hl.

Net revenue climbed 31% to DKK 10,435m (DKK 7,953m in 2006), with this increase resulting from an improved price/mix contribution of approx. 11% and exchange rate movements of approx. -3%. Despite a strong increase in the level of activity, higher raw material and distribution prices meant that costs developed in parallel with revenue, resulting in operating profit of DKK 2,338m (DKK 1,804m in 2006), an increase of 30%. The operating margin was 22.4% (22.7% in 2006).

Innovation, relaunch and beer festivals

DLIGHT in the Baltic States

BBH's breweries in the three Baltic States – Estonia, Latvia and Lithuania – were brought together under the BBH Baltic umbrella in 2004 to meet the need for greater integration of these three relatively small markets and so achieve a number of synergies right along the value chain from procurement through production to sales and marketing. BBH Baltic also serves as a centre of excellence for strategic development, innovation, management development and more.

When BBH Baltic was created, Carlsberg was the only beer brand that was sold in all three countries. This situation has changed significantly: in 2007 BBH Baltic marketed and sold nine brands in all three Baltic States. One of them is the new DLIGHT.

DLIGHT was developed for the interesting consumer segment of young people not looking for traditional beers. DLIGHT is a light beer in the premium segment which comes in a range of flavours and has been positioned as a premium lifestyle beer for young people. DLIGHT has been a hit with consumers and won an impressive – and higher than budgeted – share of the market in its first year.

Relaunch of Irbis in Kazakhstan

In 2004 the Irbis brand from the brewery of the same name was a mainstream beer with unsatisfactory earnings. The Irbis team decided to change this, and make it the highest-priced local premium beer in Kazakhstan and associate it with national pride. In fact, Irbis is also the name of the rare snow leopard which inhabits the mountains of Kazakhstan and is a national symbol.

The relaunch of Irbis began in 2004 and included new bottles and new, experimental marketing. The latter was partly due to the highly restrictive rules on beer advertising in Kazakhstan. By 2007 Irbis was the strongest beer brand in its segment and growing at five times the market average, making it the fastest-growing beer brand in its segment as well as the biggest.

Beer festivals in Russia

What do you do when the cost of TV advertising has risen by 1,500% in the last eight years, when highly restrictive rules on beer advertising have been introduced, and when 75 commercials an hour are broadcast during the prime time for beer advertising? BBH's Russian brewery Baltika decided to reach out to consumers directly by holding a series of massive beer festivals – and with great success.

In 2007 Baltika organised 20 of these beer festivals in 16 cities, from Moscow in the west to Vladivostok in the east. All of Baltika's key brands – 15 in all – had exposure at these festivals. Each brand had its own area with activities tailored to that particular beer's image and target group. For example, there was a GreenFest area for Tuborg, a football pitch for Carlsberg, beach volleyball for Tuborg Twist, a jazz festival area for Nevskoye, and a disco with disc jockey for Baltika Cooler. Some 615,000 people attended the festivals in 2007, and 650,000 litres of beer were sold.

See also: www.carlsberggroup.com/ar

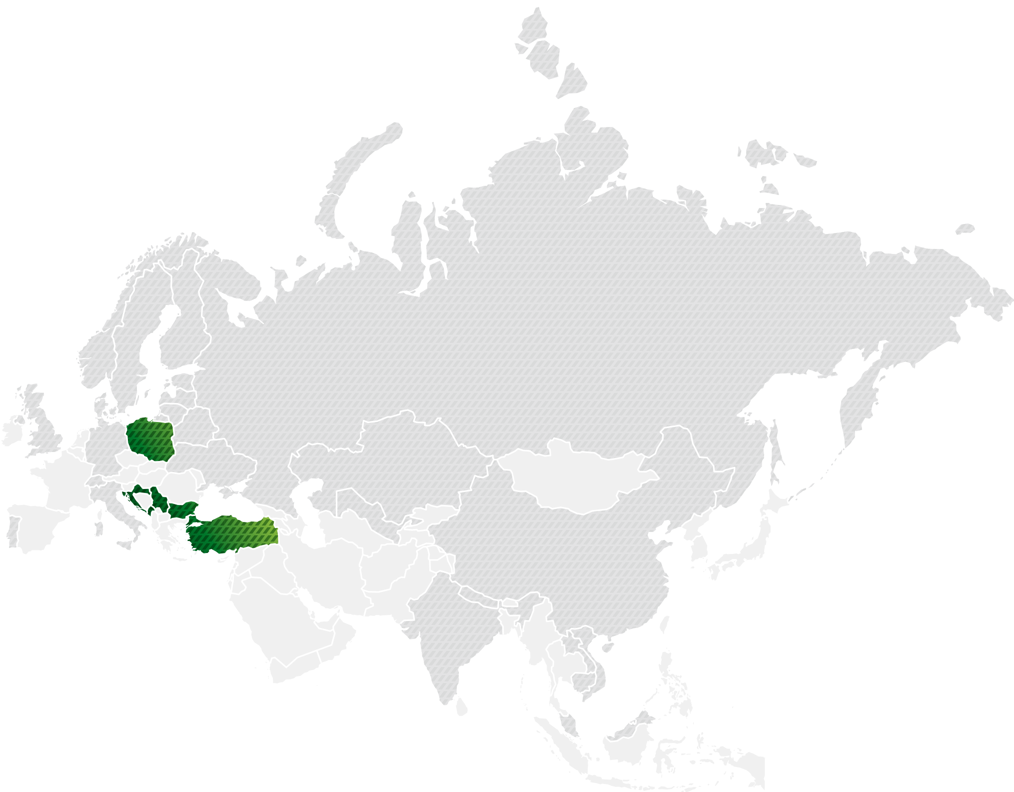
Russia

In 2007 BBH further strengthened its position in Russia, realising a market share of 37.6% (36.4% in 2006) for the year as a whole. This development was driven by a strong trend for the Baltika brand, particularly Baltika Cooler, and for the Tuborg brand in the premium segment. Tuborg and Carlsberg are now number 2 and 9 respectively on the list of BBH's biggest brands in terms of value, and are an important element in BBH's current and future success.

The Baltic States and Ukraine

The positive trend in the Baltic States continued, with market share increasing to 45.2% (44.9% in 2006). The continuing success of the product strategy, with ongoing innovations within both beer and other beverages, made a positive contribution to the trend, and strong growth in other beverages compensated for stagnation in the beer markets in Estonia and Lithuania. Work on the long-term turnaround continued in Ukraine, with the Slavutich and Tuborg brands in particular showing a positive development. Market share increased by 2.3 percentage points to 20.6%.

Carlsberg's activities in the rest of **Eastern Europe** cover Poland, Turkey and a number of countries in the Balkans

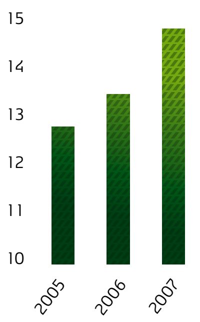


Eastern Europe
Poland, Serbia, Croatia, Bulgaria, Turkey.

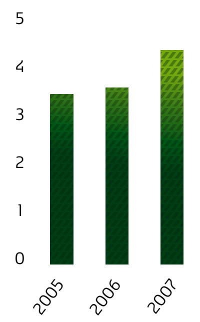
The Eastern European markets are in a development phase. The target is growth, and one of the ways this will be achieved is by strengthening Carlsberg's position in the mainstream segment with the help of local beer brands.

The Eastern European markets are in a development phase. The objective is growth, and the strategy includes initiatives to rationalise and strengthen the product range.

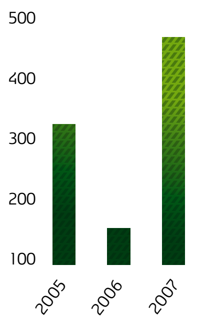
Beer sales (pro rata)
(Million hl)



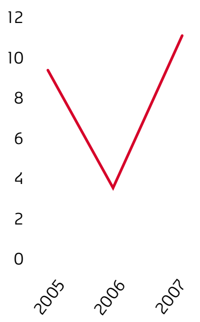
Revenue
(DKKbn)



Operating profit before special items
(DKKm)



Operating margin
(%)



EASTERN EUROPE EXCL. BBH

Carlsberg's activities in the rest of Eastern Europe account for just under 10% of revenue and cover Poland, Turkey and a number of countries in the Balkans. The markets of this region are highly attractive given their positive growth prospects.

The markets are in a development phase. The objective is therefore growth, and the strategy includes initiatives to rationalise and strengthen the product range. This partly involves strengthening positions in both the mainstream segment with the help of local beer brands, and in the premium segment with the help of both national brands and international brands such as Tuborg and Holsten.

The strategy also focuses on optimising sales and marketing work through Commercial Excellence initiatives tailored to local conditions.

Carlsberg's activities in Serbia, Bulgaria and Croatia have made great progress in recent years, and market shares have increased. To promote further growth and efficiency gains, a new structure for the breweries in the three countries was created in 2007 under the name South East Europe (SEE). Commercial responsibility still rests with the individual countries, but the management of production, procurement, logistics and so on has been concentrated in Belgrade in Serbia, with the result that the different countries can share good ideas, knowledge and key skills more quickly. This new structure puts Carlsberg in a better position to further strengthen its market position in the region in the coming years.

In Poland, the goal is to grow faster than the market as a whole. As an extension of this, the strategy is a business model which ensures continued focus on actual sales to consumers in order to avoid a build-up of stocks with distributors.

In Turkey, Carlsberg's goal is to improve the business model with a view to generating satisfactory returns.

To support the growth strategy and the very strong growth in volumes in the region, investment will be made to expand capacity at existing breweries in the coming years, primarily in SEE but also in Poland.

Tuborg and Holsten in Eastern Europe

Holsten in the Balkans

Holsten is known as a masculine German beer of authentic taste and consistently high quality, and is the third brand in Carlsberg's international portfolio. The authenticity and consistent quality stem partly from the German "Reinheitsgebot" of 1516, which rules that beer can be made from only three basic ingredients: barley, hops and water.

In 2007 Holsten was launched in Serbia, Montenegro, Bosnia, Bulgaria and Romania with a new design and new positioning. A central element of the launch campaign was four knights with different characters but with the shared mission of defending the taste, quality and purity of the Holsten brand.

In connection with the launch, tasting panels were set up in Romania, Serbia and Bulgaria. The outcome of the tastings was that Holsten had a competitive edge over the brand's closest competitors. Other surveys showed that the Holsten knights held real appeal for the target group as representatives of masculine and noble values. By the end of the year, Holsten was already a well-known brand in its target group.

Tuborg takes centre stage

Just as Carlsberg has long been associated with football, Tuborg is now firmly established as the beer most associated with live music.

Carlsberg Serbia's GreenFest was one of the highlights of 2007 for Tuborg. Around 80,000 people flocked to the small town of Indija to take part in the biggest one-day music festival ever held in the Balkans. Local musicians created a great atmosphere, which was taken to another level by English band Kasabian and almost exploded when US rockers Red Hot Chili Peppers took to the stage.

It is not only the markets hosting GreenFest which benefit from these festivals, though. For example, Carlsberg Croatia and Carlsberg Bulgaria seized the opportunity to promote Tuborg and its association with music by developing a joint campaign with Carlsberg Serbia and giving away tickets to GreenFest.

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See also: www.carlsberggroup.com/ar

Development in 2007

Carlsberg's total sales of beer in Eastern Europe grew by 11% to DKK 14.8m hl. This strong trend was driven partly by generally positive market developments, but higher market shares in countries including Poland, Serbia, Croatia, and Bulgaria also reinforced the positive trend. Net revenue was DKK 4,267m (DKK 3,509m in 2006), an increase of 22%, and operating profit was DKK 477m, against DKK 135m in 2006. This trend was the result of a marked improvement in earnings in Poland together with a similarly positive trend in the countries of South East Europe. This figure also includes income of DKK 63m from sale of real estate in Poland (realised in the first quarter of 2007).

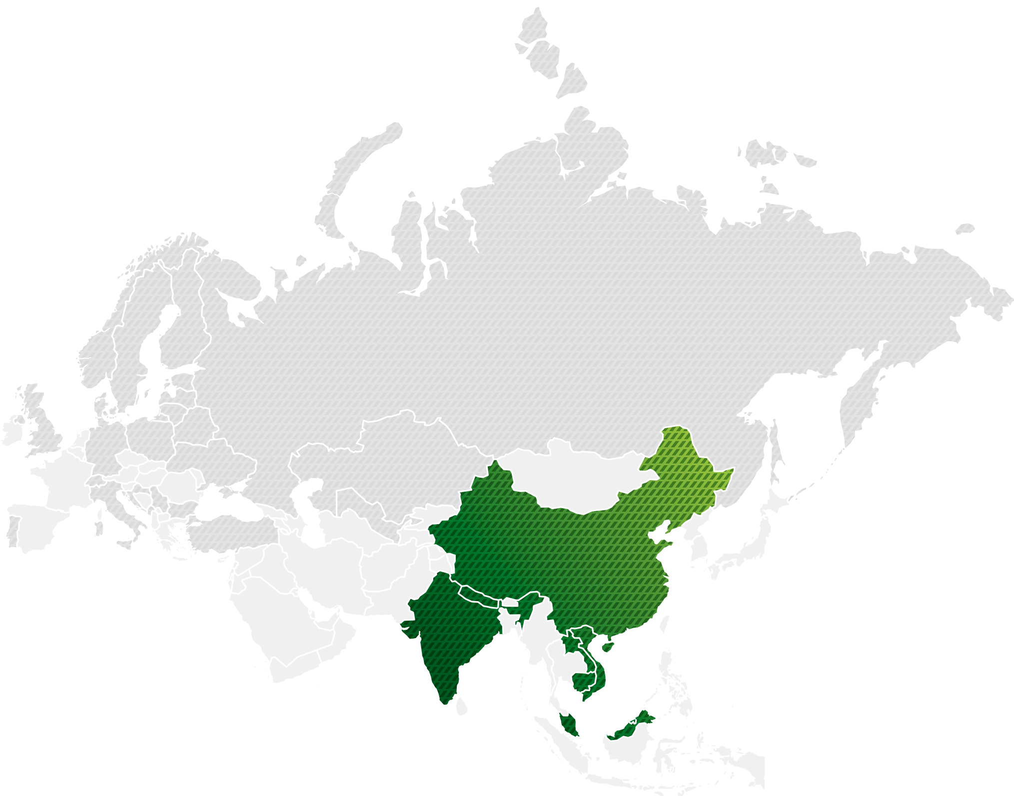
Poland and South East Europe region

In Poland there was progress for both the Carlsberg brand and for the local brands Okocim and Harnas, while Tuborg achieved good results in several of the other countries, including Bulgaria, Croatia and Serbia. Carlsberg's corporate programmes Logistic Excellence and Commercial Excellence are now being implemented in the region.

Turkey

The challenges in Turkey continued, despite a slightly positive market trend. Pricing has been challenging in Turkey and efforts were focused on improving the business model plus the launch of a new local beer brand backed by significant investments in sales and marketing.

Carlsberg is one of the leading brewery groups in Asia with leading positions in a number of mature and emerging markets

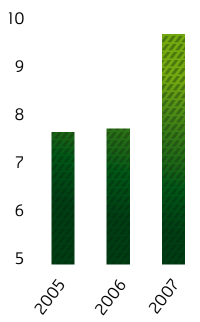


Asia
Malaysia, Singapore, China, Vietnam, Laos, Cambodia, Nepal, India.

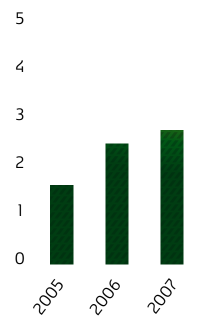
The Asia region's beer markets are among the fastest growing in the world, and Asia's share of Carlsberg's total business portfolio is expected to grow significantly in the future.

A strong starting position, continued development of activities, the region's general growth and further investment are expected to increase Asia's share of the Group's overall business portfolio in future.

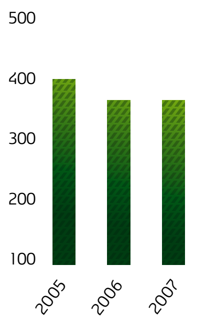
Beer sales (pro rata)
(Million hl)



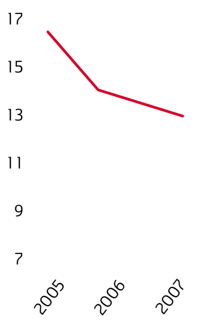
Revenue
(DKKbn)



Operating profit before special items
(DKKm)



Operating margin
(%)



ASIA

Carlsberg's presence in Asia dates back more than a century and currently comprises both activities in the Group's traditional markets in Malaysia, Hong Kong and Singapore, and investments in emerging markets in China, Vietnam, Cambodia, Laos and South Asia, most recently in India.

Asia currently accounts for approx. 6% of the Group's revenue. Carlsberg is one of the leading brewery groups in the region with leading positions in a number of markets, and the Carlsberg brand is one of the leading international beer brands in the region. Given this strong position, continued development of the activities, the region's economic growth, and further investment, Asia's share of the Group's business portfolio is expected to grow considerably in the future.

In the region's more mature markets, conditions and challenges are very similar to those in the Western European markets. In recent years greater attention has therefore been given to value growth through innovation, Commercial Excellence initiatives and developing the product portfolio with a particular focus on the Carlsberg brand.

Activities in the region's emerging markets are still in a development phase. These markets feature low but rapidly growing beer consumption per capita. This is due partly to strong economic growth and partly to a shift in consumption patterns away from spirits in favour of beer. Given its strong product range, comprising both local brands and the Carlsberg brand, the Group expects to benefit greatly from this trend. The focus at present is on establishing fundamental portfolio and sales tools in the sales organisations.

Besides commercial activities in both the emerging and the mature markets in the region, a number of Carlsberg's working methods and processes are being evaluated and tailored to the special conditions which apply in Asia. This means that experience and ideas from Operational Excellence programmes in Western Europe and experience from Eastern Europe, including BBH, are being adapted to the Asian business, and work is under way on making the most of these programmes in every area, both nationally and across the region.

Emerging markets

Carlsberg in India

Carlsberg has taken the first steps in establishing a platform in India. The country's beer market has considerable growth potential because annual consumption per capita is among the lowest in Asia at just 1 litre, and because gross domestic product is growing at more than 9% annually.

At the end of 2006 Carlsberg therefore entered into a joint venture in India, South Asia Breweries Ltd, initially with a view to building a greenfield brewery in the state of Rajasthan. This brewery is due to commence production in the first quarter of 2008.

In 2007, however, South Asia Breweries decided to bring forward the start of brewing activities in India by acquiring an existing brewery in the state of Himachal Pradesh, less than 300 km north of the capital New Delhi. The brewery is ten years old and one of the few breweries of European standard in northern India. The brewery has a unique central location in relation to the northern Indian states, especially the important Delhi market. South Asia Breweries has its head office in New Delhi.

The business in India will be expanded with further investments in the coming years as the country's beer market grows.

Carlsberg in Vietnam

Carlsberg entered Vietnam in 1993 when it formed a joint venture with Viet Ha Brewery, which is owned by the local authorities in Hanoi. Carlsberg has a 60% holding in the venture, South East Asia Brewery. In 1995 Carlsberg and the local authorities in Hue set up a 50/50 joint venture, Hue Brewery, in central Vietnam.

As in many other Asian countries, the Vietnamese beer market is growing fast. Annual consumption per capita currently stands at 17 litres but beer consumption is expected to grow by about 8% annually in the coming years.

At the beginning of 2007 the Vietnamese industry ministry approved Carlsberg as a strategic partner for the state-owned brewery Hanoi Beer & Beverage Corporation (Habeco), and a 10% shareholding has been earmarked for Carlsberg in the upcoming privatisation of Habeco.

The Habeco/Carlsberg alliance is expected to span a number of areas. The most important will be joint investment in various brewery projects, and the first joint venture between Carlsberg and Habeco was announced in September 2007. This is to build a brewery near Ho Chi Minh City in southern Vietnam, which will strengthen Carlsberg's position in that part of the country. The brewery is expected to be completed at the end of 2008.

Beer consumption in southern Vietnam amounts to around 9 million hl annually and so accounts for almost 60% of the country's total beer consumption. Southern Vietnam also has a large and promising market for premium beers, thanks to greater purchasing power than in other parts of the country.

In 2007 Carlsberg also acquired a stake in Halong Brewery in one of Vietnam's most popular tourist destinations, Halong Bay, so further strengthening its position in northern Vietnam prior to the closer collaboration with Habeco.

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See also: www.carlsberggroup.com/ar

Development in 2007

The Asian markets again experienced an overall positive trend in 2007. The growth markets, for example in China and Vietnam, grew by 12-14% and 19% respectively, demonstrating once again the importance of building a future platform for Carlsberg's overall business in this region.

Total sales of beer grew by 25% to 9.6m hl (7.7m hl in 2006), with organic growth accounting for 14 percentage points and acquisitions for 11 percentage points. Net revenue was DKK 2,535m against DKK 2,299m in 2006, an increase of 10% driven by a positive trend, primarily in China and the Indochina region. Strong growth on the low-price markets relative to the other markets resulted in an average selling price per hl of beer 3% lower than in 2006.

Operating profit was DKK 330m, against DKK 332m in 2006. This figure conceals somewhat lower earnings in Malaysia in the first half as a result of changes in the business model. Higher profits were achieved in the second half, however, bringing full-year earnings on a par with 2006.

Malaysia, Hong Kong and Singapore

Despite Carlsberg's loss of market share during the restructuring of the wholesale and sales organisation in Malaysia, the more mature markets achieved the same overall level of sales as in 2006. A number of initiatives were implemented to strengthen the Carlsberg brand, including the use of international advertising campaigns.

China and Vietnam

The business in China achieved strong organic volume growth in the western provinces, which, combined with the continuing increase in sales of Carlsberg Chill, led to a positive trend in earnings. Carlsberg's overall result in China was positive. Developments in Vietnam were also characterised by strong growth, leading at times to a shortage of production capacity.

Carlsberg's other activities include development and sale of real estate and operation of the Carlsberg Research Center.

OTHER ACTIVITIES In addition to beverage activities, Carlsberg has interests within the development and sale of real estate, primarily at its former brewery sites, and the operation of the Carlsberg Research Center. These activities generated operating profit of DKK 261m in 2007, against DKK 49m in 2006.

In common with a number of other European markets, the Danish real estate market has experienced something of a slowdown over the past year, with sales of off-plan flats declining as a result.

The brewery in Valby will close at the end of 2008, and the subsequent sale of real estate is expected to have a substantial positive effect on Carlsberg's net interest-bearing debt and balance sheet in the medium term. The Carlsberg site at Valby in Copenhagen covers a total of approx. 330,000 m^2. As part of the preparations, an architectural competition was held to explore development opportunities for the site. The winning entry proposes total development of approx. 550,000 m^2. Carlsberg anticipates continuing to use 60-70,000 m^2 of the site in Valby after production is relocated. Drafting and approval of the public plan for the site are expected to take place in 2008.

In 2007 the Carlsberg Foundation obtained approval to amend its Charter such that it must now hold at least 51% of the shares and more than 25% of the share capital, unlike previously when the Foundation was required to hold 51% of the share capital in Carlsberg A/S. The change enables Carlsberg to double its share capital, with the Foundation retaining the majority of votes in the Company.

The change to the Charter thus allows a new capital injection into Carlsberg A/S, significantly increasing the Company's room for manoeuvre and improving opportunities to create value for the shareholders.

In 2007 Carlsberg Serbia staged the largest one-day music festival – GreenFest – ever held in the Balkans. Local musicians created a fantastic atmosphere, and there were also international names such as Kasabian from the UK and Red Hot Chili Peppers from the USA.

Shareholder information

Carlsberg aims to create the best conditions for ensuring efficient and fair pricing of its shares.

Carlsberg has total share capital of DKK 1,525,568,060, divided into 76,278,403 shares each with a nominal value of DKK 20. Of these, 33,699,252 are A-shares and 42,579,151 are B-shares.

Carlsberg's shares are listed on OMX Nordic Exchange Copenhagen A/S in two classes: Carlsberg A and Carlsberg B. Each A-share carries 20 votes, while each B-share carries two votes but is entitled to a preferential dividend. The B-share is included in OMX Nordic Exchange Copenhagen A/S's Nordic Large Cap and OMXC20 blue-chip indices. OMX Nordic Exchange Copenhagen A/S also operates sector indices in accordance with the Global Industry Classification Standard, and here the Carlsberg B-share is included in the Consumer Staples index.

In 2007 Carlsberg's B-share topped DKK 770, but as a consequence of the general unrest in the financial markets plus Carlsberg/Heineken's proposed cash offer for shares in Scottish & Newcastle, the price fell and the share ended the year at DKK 617. Overall, the price of the B-share rose by 10% in 2007. The market value of the Company's shares climbed to just under DKK 46bn at the end of 2007 from DKK 41bn at the end of 2006.

Shareholders

At 31 December 2007 the Company's largest shareholder was the Carlsberg Foundation with 30,197,462 A-shares and 8,959,524 B-shares at the end of 2007. In accordance with section 29 of the Danish Securities Trading Act, Franklin Resources Inc., USA (including Franklin Mutual Advisers, LLC and Franklinton Templeton Investment Management Ltd.), has notified Carlsberg that it too holds more than 5% of the share capital.

At the end of 2007 Carlsberg had more than 20,000 registered shareholders, together holding nominal capital of DKK 1,331 million, corresponding to 85% of the total share capital. Based on the information available, it is estimated that around one fifth of the shares in free float (i.e. excluding the Carlsberg Foundation's holding) are owned by shareholders in Denmark and four fifths by foreign shareholders or unidentified shareholders (also believed to be primarily foreign).

Management holdings of Carlsberg shares

At the end of 2007 the members of the Board of Directors held a total of 2,686 A-shares and 4,079 B-shares in Carlsberg, corresponding to a combined market value of DKK 4.1m, and the members of the Executive Board held a total of 400 A-shares and 1,389 B-shares, corresponding to a market value of DKK 1.1m.

Members of the Board of Directors and the Executive Board are included in Carlsberg's insider register and must therefore disclose any trading in the Company's shares. These persons and their spouses and children

Share capital

Class of shares	Number of shares	Votes per share	ISIN	Bloomberg	Reuters
A	33,699,252	20	DK0010181676	CARLA DC	CARCa.CO
B	42,579,151	2	DK0010181759	CARLB DC	CARCb.CO
Total	76,278,403				

Shareholders

%	End-2007	End-2006	End-2005
Denmark	22	24	26
North America	32	26	23
UK	19	19	15
Other	27	31	36
	78	76	74
Total	100	100	100

Announcements to OMX Nordic Exchange Copenhagen A/S in 2007 and January 2008

20 February	Financial Statement as at 31 December 2006
27 February	Annual General Meeting (Agenda)
13 March	Annual General Meeting (Summary)
27 April	Carlsberg Foundation Applies for Approval to Amend Charter
9 May	Financial Statement as at 31 March 2007
16 May	Amendment of Carlsberg Foundation's charter approved
1 June	Share capital as at 1 June 2007
22 June	Carlsberg CEO Nils S. Andersen gets new top job
1 August	BBH Half Year 2007 Results
8 August	Financial Statement as at 30 June 2007
3 September	New CEO of Carlsberg
17 October	Carlsberg and Heineken respond to recent share price movement of Scottish & Newcastle plc
23 October	Carlsberg's response to S&N announcement regarding BBH Shareholder Agreement
25 October	Carlsberg A/S and Heineken N.V. – Approach to Scottish & Newcastle plc
31 October	Carlsberg A/S – Carlsberg response to statement by Scottish & Newcastle plc
31 October	Carlsberg A/S and Heineken N.V – Consortium Urges Scottish & Newcastle to Engage
7 November	Financial Statement as at 30 September 2007
15 November	Carlsberg A/S and Heineken N.V. – Full and fair proposal made to Scottish & Newcastle PLC
15 November	Carlsberg A/S and Heineken N.V. – S&N Board's intransigence jeopardises shareholder value
16 November	Carlsberg A/S and Heineken N.V. – Consortium's increased proposal is subject to limited customary waivable pre-conditions
20 November	Carlsberg A/S and Heineken N.V. – Nothing new from S&N plc trading and strategy update
10 December	Carlsberg A/S and Heineken N.V.
17 December	Carlsberg and Heineken (the "Consortium") note the Takeover Panel's recent announcement
3 January	Carlsberg response to statement by Scottish & Newcastle PLC regarding Swedish arbitration proceedings
8 January	Scottish & Newcastle plc analysis of BBH arbitration process based on flawed legal assumptions
10 January	Carlsberg A/S ("Carlsberg") and Heineken n.v. ("Heineken") – shareholders must act to secure enhanced 780 pence offer – consortium will not go hostile – further disclosure on BBH
17 January	Scottish & Newcastle enters into discussions with Carlsberg and Heineken
24 January	Scottish & Newcastle agrees to extend discussions with Carlsberg and Heineken
25 January	Recommended Cash Offer for Scottish & Newcastle plc by Sunrise Acquisitions Limited (a company jointly owned by Heineken and Carlsberg)

under the age of 18 may trade in Carlsberg's shares only during a four-week period after the publication of financial statements or other similar statements.

Investor Relations

Carlsberg aims to give investors and analysts the best possible insight into factors considered relevant for ensuring efficient and fair pricing of Carlsberg's shares. This is achieved through the quality, consistency and continuity of the information Carlsberg gives the market.

As part of its investor relations work, Carlsberg maintains an active dialogue with both existing and potential shareholders, including both institutional and private investors. One goal is to actively present Carlsberg's investment story to international institutional investors.

The Company's Investor Relations department handles day-to-day contact with analysts and investors.

- Investor Relations Director
  Mikael Bo Larsen, +45 3327 1223

- Investor Relations Manager
  Iben Steiness, +45 3327 1232

- investor.relations@carlsberg.com

Carlsberg's investor website, www.carlsberggroup.com/investor, includes both current and historical information about the Company and its shares, including company announcements, share prices, investor presentations, financial calendar, quarterly financial statements and annual reports.

Carlsberg's communication with investors, analysts and the press is subject to special limitations during a four-week period prior to the publication of its quarterly financial statements and annual reports.

The Carlsberg share

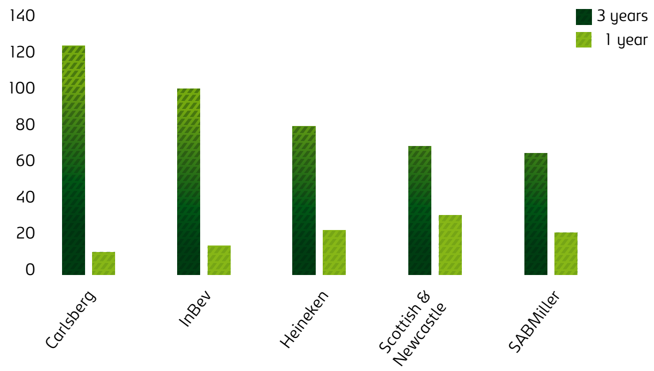
Carlsberg is one of the world's largest breweries. It has defined a peer group of breweries which, like Carlsberg, operate in many different markets in many different parts of the world.

Carlsberg aims to contribute actively to transparent and efficient pricing of its shares.

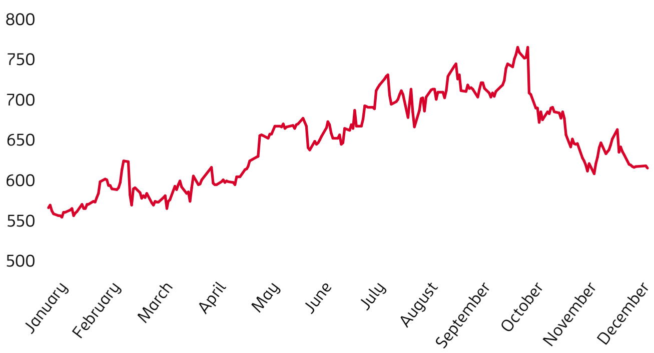
A satisfactory return on shareholders' investments in Carlsberg will always be a requirement for Carlsberg's strategic initiatives and operations.

Over the last three years, Carlsberg's shares have outperformed the peer group

Increase in share price, 3 years and 1 year as at 31 December 2007
(%)
Source: Euroland.com



Share price 2007
(DKK per share, Carlsberg B)



Financial calendar 2008

10 March	Annual General Meeting
7 May	Q1 Interim Report 2008
5 August	Q2 Interim Report 2008
5 November	Q3 Interim Report 2008
31 December	End of 2008 financial year

Registration and share register

Shares can be registered in the name of the shareholder by contacting the depository bank. Registered shareholders can receive financial statements, annual reports and other shareholder publications automatically. All registered shareholders are invited to attend Carlsberg's General Meetings.

Carlsberg's share register is managed by VP Securities Services, Helgeshøj Allé 61, Postboks 20, DK-2630 Taastrup, Denmark.

A total of 29 analysts had initiated coverage of Carlsberg at the end of 2007, 12 of them based in Copenhagen. A list of analysts covering Carlsberg can be found on Carlsberg's website, which also contains information on analysts' recommendations and consensus estimates.

A cold beer after a successful concert: Carlsberg's product portfolio offers a beer for every occasion and every age group.

Corporate governance

Carlsberg aims to develop and maintain good relations with its stakeholders, because such relations are considered to be important and positive for the Company's development.

Carlsberg's Board of Directors and Executive Board strive constantly to ensure that the Group's management structure and control systems are appropriate and working satisfactorily. A series of internal procedures have been developed and are regularly maintained in order to ensure active, reliable and profitable management of the business.

With few exceptions, Carlsberg's corporate governance complies with OMX Nordic Exchange Copenhagen A/S's recommendations for good corporate governance. These exceptions are presented at the end of this section.

The basis for the Group's corporate governance includes the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Danish Securities Trading Act, OMX Nordic Exchange Copenhagen A/S's rules and recommendations for issuers, the Company's Articles of Association and values, and good practice for companies of Carlsberg's size and global reach.

Shareholders and Carlsberg

Carlsberg aims to provide information and opportunities for dialogue with the Company's shareholders. This takes the form of regular publication of news, interim reports and annual reports, and General Meetings. The Company's website is continuously updated with published information. Regular teleconferences and meetings are also arranged with professional investors.

The Board of Directors regularly assesses whether the Company's capital structure is in the interests of the Group and its shareholders. The overall goal is to ensure a capital structure which supports long-term, profitable growth. The capital structure is part of the Group's strategy.

The Company's Articles of Association contain no limits on ownership or voting rights. Should a bid be made to take over the Company's shares, the Board of Directors will consider it in accordance with applicable legislation and the Carlsberg Foundation's Charter.

Carlsberg's share capital has been divided into two classes for many years. All shares have the same nominal value (DKK 20), but while an A-share carries 20 votes, a B-share carries two votes but is entitled to a preferential dividend. Both classes of share are listed on OMX Nordic Exchange Copenhagen A/S, and so investors can choose which class they wish to invest in. The Board of Directors is of the opinion that the division into A-shares and B-shares, combined with the Carlsberg Foundation's position as majority shareholder, has been and will remain advantageous for all of the Company's shareholders, as this structure enables and supports the long-term development of the business.

The General Meeting

The General Meeting is the Company's supreme governing body. The Board of Directors attaches importance to shareholders receiving detailed information and an adequate basis for the decisions taken at the General Meeting.

Notice of a General Meeting is given at least eight days before it is held so that shareholders have an opportunity to prepare. All shareholders have the right to take part and to vote in person or by proxy at a General Meeting, cf. the Company's Articles of Association, and have an opportunity to put forward proposals for consideration. Shareholders may give proxies to the Board of Directors or others for each individual item on the agenda.

Stakeholders and the Company

Carlsberg aims to develop and maintain good relations with its stakeholders, because such relations are considered to be important and positive for the Company's development.

Against this background, the Company has formulated policies for a number of key areas, such as communications, human resources, the environment, and responsibility to customers and society in general. One element of the Board of Directors' work is to ensure both compliance with and regular adjustment of these policies to reflect developments both inside and outside the Company.

The communications policy and related procedures serve to ensure that information of importance to investors, employees, authorities etc. is made available to them and published in accordance with applicable rules and agreements. Communication with investors and equity analysts is handled by the Company's Executive Board, supported by the Investor Relations department. This dialogue includes a broad programme of activities in Denmark and abroad, and complies with the rules of OMX Nordic Exchange Copenhagen A/S. All investor information is published simultaneously in English and Danish, and is also distributed directly to shareholders and others who have requested it immediately following publication.

The composition of the Board of Directors

The General Meeting elects the Board of Directors. The Board of Directors has eight members elected by the General Meeting and four members elected by employees in accordance with the Danish Companies Act. The employee-elected members have the same rights and obligations as the members elected by the General Meeting and are elected for a term of four years. The most recent employee elections took place in 2006.

Thus the Board of Directors has a total of 12 members. The Board of Directors finds this number of members appropriate.

Five of the members elected by the General Meeting are affiliated to the Carlsberg Foundation, the Company's principal shareholder, and have an academic background, while three have a business background. This composition ensures appropriate breadth in the members' approach to their duties, and the Board of Directors is of the opinion that this helps to ensure high-quality deliberation and decisions.

The members of the Board of Directors are elected individually. At each Annual General Meeting the four longest-serving shareholder-elected members step down. They may be reelected. Members must also step down at the first General Meeting after reaching the age of 70.

When recommending candidates for election at the General Meeting, the Board of Directors distributes in advance a presentation of each individual candidate's background, relevant competences and any other managerial positions or demanding positions of responsibility, and the Board of Directors justifies its recommendations on the basis of the criteria which the Board of Directors has laid down for recruitment.

A description of the composition of the Board of Directors and the individual members' particular competences with respect to the work of the Board of Directors can be found in a separate section of this Annual Report.

The work of the Board of Directors

The Boards of Directors of the Parent Company, Carlsberg A/S, and other companies in the Group ensure that their Executive Boards observe the goals, strategies and business procedures established by the Boards of Directors. Information from the Executive Boards of the various companies is provided systematically at meetings as well as in written and oral reports. These reports cover such areas as external developments and the companies' performance, profitability and financial position.

The Board of Directors of Carlsberg A/S meets according to a set schedule at least six times a year. An annual strategy meeting is usually held where the Company's vision, goals and strategy are discussed. In between its ordinary meetings, the Board of Directors receives regular written information on the Company's operations and position, and extraordinary meetings are convened if the situation calls for it. The Board of Directors held ten meetings in 2007.

The Board of Directors decides on issues such as acquisitions, major investments and divestments, the size and composition of the Company's capital base, long-term obligations, significant policies, control and audit issues, and significant operational matters.

The Board of Directors' Rules of Procedure set out the procedures for the Executive Board's reporting to the Board of Directors and for other communication between the two bodies. The Rules of Procedure are reviewed annually by the Board of Directors and adjusted to the Company's circumstances as required.

The Chairman and Deputy Chairman of the Board of Directors constitute the Chairmanship, which, among other things, organises meetings of the Board of Directors in cooperation with the Company's Executive Board. The particular duties of the Chairman and – in his absence – the Deputy Chairman are set out in the Rules of Procedure.

Each year the Chairman of the Board of Directors heads a structured evaluation of the Board's work, accomplishments and composition. This evaluation also covers the cooperation between the Board of Directors and the Executive Board, and the work, accomplishments and composition of the Executive Board. The Board of Directors regularly – and at least once a year – considers whether there is reason to update or strengthen its members' expertise with respect to their duties.

The Board of Directors may appoint committees for specific purposes but has not yet found it necessary to establish any permanent committees. None of the members of the Board of Directors are involved in the executive management of the Group.

The Executive Board

The Board of Directors appoints the CEO and other members of the Executive Board. Led by the CEO, the Executive Board is responsible for the preparation and implementation of strategic plans. The members of the Executive Board are not members of the Board of Directors but do attend meetings of the Board.

Remuneration

In order to attract and retain managerial expertise, the remuneration of the members of the Executive Board and other senior executives is determined on the basis of the work they do, the value they create, and conditions at comparable companies. This remuneration includes incentive programmes which are to help align the interests of the Company's management and shareholders, as these programmes support both short-term and long-term goals.

The remuneration of the Executive Board comprises salary, car, cash bonuses and share-based payments. The members take out their own pension plans, which are to amount to a set minimum as agreed with the Board of Directors. The Board of Directors of Carlsberg A/S is not included in the Company's incentive programmes.

Neither the Executive Board nor the Board of Directors receive a bonus on completion of a takeover bid. The Executive Board's terms of notice change on completion of a takeover bid.

The remuneration of the Executive Board and the Board of Directors is presented in the notes to the financial statements. With effect from the Annual General Meeting for 2007, guidelines for the remuneration of the Executive Board and the Board of Directors are to be put before the Annual General Meeting for approval.

A share option programme for the Executive Board and a number of other senior executives in the Group has been running since 2001. The programme entitles these individuals to purchase B-shares in Carlsberg A/S between three and eight years after the options are granted. The exercise price is the market price during the first five days following the publication of the financial statement for the year.

The number and value of share options granted and outstanding are presented in the notes to the financial statements.

The option programme is supplemented with performance-related bonus schemes covering a proportion of the Group's salaried employees.

Risk management

The Board of Directors reviews the overall risk exposure and the individual risk factors associated with the Group's activities (see separate section of this Annual Report). Such reviews are performed as required and at least once a year. The Board of Directors adopts guidelines for key areas of risk, monitors developments and ensures that plans are in place for the management of individual risk factors, which include commercial and financial risks, insurance and environmental matters, and compliance with competition legislation.

Auditing

To safeguard the interests of shareholders and the general public, an independent auditor is appointed at the Annual General Meeting following a recommendation from the Board of Directors. Before making its recommendation, the Board of Directors undertakes a critical evaluation of the auditor's independence, competence etc. The auditor submits a written report to the assembled Board of Directors twice a year and also immediately after identifying any issues of which the Board of Directors should be informed.

Internal control

The Group's executive management sets out general requirements for business processes and internal controls in the financial area at subsidiaries. In the case of joint ventures, these requirements are set out in conjunction with the partners in each venture.

The internal control system includes clearly defined organisational roles and responsibilities, reporting requirements and authorities. Each month the Group's companies report financial data and comments on financial and commercial developments to head office in Copenhagen. This information is used to prepare consolidated financial statements and reports for the Group's executive management. As part of this process, the accounting information reported by all of the companies in the Group is reviewed both by controllers with regional links and in-depth knowledge of the individual companies, and by accounting experts. The most important companies in the Group also have their own controllers with extensive commercial and/or accounting know-how. The governance structure for financial procedures, including the specification of responsibilities for each management level and the

The Carlsberg Foundation

The Carlsberg Foundation's ("the Foundation") holding in Carlsberg A/S is long-term and strategic. The Foundation is therefore an active, demanding but also supportive shareholder. The Foundation supports the efforts of Carlsberg's management to create value for shareholders and other stakeholders by furthering the Company's growth and strengthening its profitability.

In 2007 the Foundation obtained approval for the amendment of its Charter. This amendment means that the Foundation must now hold at least 51% of the votes and more than 25% of the share capital of Carlsberg A/S. Previously the Foundation was required to hold at least 51% of the Company's share capital. The amendment of the Charter will allow Carlsberg to strengthen its capital base and so be in a position to exploit value-creating opportunities arising as a result of the ongoing consolidation of the global brewery industry.

At the end of 2007 the Foundation held 51% of the Company's share capital. Due to the combination of A-shares and B-shares held by the Foundation, it had 82% of the votes at that same time. The Foundation's Executive Board makes up an important part of Carlsberg A/S's Board of Directors, of which the Chairman of the Foundation is also Chairman.

The Foundation's Charter and Statutes lay down a number of obligations and rights with respect to Carlsberg A/S. Thus the Carlsberg Laboratory, which is part of the Foundation and an independent unit within the Carlsberg Research Center, receives a grant from the Foundation, but the Company is required to meet its running costs. The Company also has an obligation to preserve various historical buildings on the brewery's site in Valby, Copenhagen.

See also: www.carlsbergfondet.dk

Carlsberg's departures from OMX Nordic Exchange Copenhagen A/S's recommendations

It is recommended that at least half of the members of the Board of Directors elected by the General Meeting be independent. Any person who has close links with a company's main shareholder is not regarded as independent (V, 4a)	Five of the eight members of Carlsberg's Board of Directors elected by the General Meeting have close links with the Company's principal shareholder, the Carlsberg Foundation, as they make up the Foundation's Executive Board. Thus these members are not independent as defined in the recommendations. This has been the situation for many years. The Board of Directors is of the opinion that the combination of members with an academic background and members with a business background ensures appropriate breadth in the members' approach to their duties and helps to ensure high-quality deliberation and decisions.
It is recommended that information be provided on managerial positions and directorships at Danish and foreign companies and any other demanding organisational tasks performed by members of the Board of Directors (V, 4d, 2)	In accordance with section 107 paragraph 1 of the Danish Financial Statements Act, Carlsberg provides information in its Annual Report on managerial positions at other Danish companies held by members of the Board of Directors. Information is also provided on other significant managerial positions and other organisational tasks performed in Denmark and abroad.
It is recommended that information be provided on shares and options held by the individual members of the Board of Directors in the company in question, and on any changes in these holdings during the financial year (V, 4d, 3)	The members of the Board of Directors do not hold any options in the Company. The section on shareholder information in the Annual Report contains information on the Board of Directors' total holding of shares in the Company, but the Board of Directors does not consider it useful to disclose information on individual members' holdings.
It is recommended that the annual report contain detailed information on remuneration policy and the remuneration of the individual members of the Board of Directors and the Executive Board (VI, 2-3 and 6)	Carlsberg's Annual Report presents information on the Group's remuneration schemes, the components of remuneration, and the total remuneration of both the Board of Directors and the Executive Board, cf. section 69 of the Danish Financial Statements Act. It is not currently considered useful or reasonable to publish information on the remuneration of individuals. Remuneration schemes (including severance arrangements) and remuneration are believed to be in line with comparable companies.
It is recommended that the exercise price for options granted be higher than the market price at the time they are granted (VI, 4)	In the current scheme, the exercise price corresponds to the market price during the first five days following the publication of the financial statement for the year.

financial organisation, is regulated with the help of a manual which ensures consistent and structured management of the entire Group. This is the first step towards ensuring that the Group complies with the EU's new Eighth Directive, which is expected to be implemented in Danish law in 2008.

Commercial and financial developments and the associated risks are also discussed by the Group's Executive Board, regional management teams and the individual companies' management teams at meetings three times a year.

Internal Audit

Carlsberg has set up an Internal Audit department reporting to the Group's CFO to ensure objective and independent assessment of the adequacy, efficacy and quality of the Group's internal controls.

Internal Audit's most important role is to assess whether the Carlsberg Group has well-established accounting practices, written policies and procedures in all important business areas, and adequate internal control procedures. This includes assessing whether there are satisfactory controls in relation to key IT systems, and whether these comply with the IT policy.

Internal Audit conducts an annual review of business risks. On the basis of this and input from the Board of Directors and senior executives in the Group, an audit schedule is drawn up for the year. Internal Audit is responsible for planning, executing and reporting on the audit performed. This reporting includes observations and conclusions, together with suggestions for improvements to the internal controls in each area audited.

OMX Nordic Exchange Copenhagen A/S's recommendations

Since 2005 a number of recommendations for corporate governance have formed part of the rules for companies listed on OMX Nordic Exchange Copenhagen A/S. As in other European countries, companies must either comply with the recommendations or explain departures from them.

As discussed above, Carlsberg's corporate governance largely complies with these recommendations, but with a few exceptions. These are presented and explained on the left (references in brackets are to the relevant sections of the recommendations).

Carlsberg is increasingly focussing on consumer segments not traditionally associated with beer, including women, for whom a number of products have been specially developed in recent years. One example is Eve by Cardinal, which was launched in 2007. A completely new cider, Somersby, was launched in February 2008, aimed partly at the female market.

Risk management

Carlsberg aims always to keep track of strategic, operational, insurable and financial risk factors so that the Group can achieve its goals, including by mitigating their potential severity and countering their possible consequences. The following presentation of significant risk factors is not exhaustive, and the risk factors are not listed in order of priority.

Official regulation of sales

Several of the Carlsberg Group's markets feature restrictions on advertising and other communication to consumers or regulation of behaviour in places where products are used. There can also be restrictions on sales, for example based on consumers' age. Changes in these rules can, in isolation, entail a risk of a decrease in sales in these markets.

Carlsberg works both independently and together with other breweries to limit the negative consequences of inappropriate use of alcoholic products, and actively promotes responsible sales and consumption. While taking account of this, Carlsberg also works to avoid unnecessary sales restrictions.

Competition

Carlsberg competes both with other breweries and with suppliers of other beverages. The companies in the industry compete on brands, price, service, quality and distribution. From time to time, or even for longer periods, competition in the Group's various markets results in pressure on prices, which impacts on operating results. In order to strengthen and maintain its position in these markets and so counter these risks, the Group's companies aim to maintain competitiveness through dynamic marketing and positioning of their products, constant innovation and continued efficiency gains.

Taxes and excise duties

As beer consumption is price-sensitive, changes in taxes and excise duties may have a significant impact on demand. Here too the Group's emphasis on marketing, innovation and efficiency can help to offset any negative trend in sales.

Dependence on particular customers, products or markets

Significant consolidation of customers is under way, and products are increasingly being marketed under customers' private labels. This is affecting demand and pricing in the market. Carlsberg is involved in this process and considers it to be both a risk and an opportunity. No one customer accounts for more than 5% of Carlsberg's overall revenue, but in some markets individual customers may account for a larger share.

It is an important part of Carlsberg's strategy to build up strong positions in the markets in which the Group is active. As part of the constant adjustment and renewal of the product range, sales are also being channelled increasingly through a smaller number of brands. Both of these strategies are increasing the concentration of sales and so engender a potential risk in the event of setbacks. The Group is countering this risk by also working on continued diversification and building up new activities in terms of both products and markets.

Partnerships

In some markets Carlsberg's activities are organised into partnerships or based on minority holdings, where control is shared with other owners. Joint ownership allows the partners to contribute in different ways and to different extents to their joint undertaking, but can also entail a risk of moving in a direction or at a speed not sufficiently aligned with Carlsberg's wishes.

The Group develops such activities in collaboration with the other owners with a view to obtaining good results, while seeking to control and limit potential risk factors. In these endeavours, the Group's management and individual units can draw on experience of collaborative models, agreements and management structures built up over many years all around the world.

IT

Like other companies, Carlsberg is increasingly using IT in its everyday activities and in their development. The Group is therefore exposed to the risk of the loss or unauthorised use of important data, communication lines and systems, which are increasingly important parts of the individual units' customer-oriented and internal processes and of the overall organisation's infrastructure and knowledge. IT-related operational disruption or security failures therefore engender a significant risk of operational, reputational and financial losses. The Group strives constantly to maintain high levels of hardware, process and data security. These efforts take the form of guidelines, surveillance and physical measures, and in principle cover all of the employees and partners involved.

Raw materials and packaging

Carlsberg's policy is to have more than one supplier of raw materials and packaging to its production units around the world. In some areas within cans, glass and plastic bottles, there is a certain dependence on individual suppliers because of their market position. However, most raw materials are traded at market prices and have many national and international suppliers.

Weather and season

Beer consumption is significantly affected by weather and season. When climatic factors coincide in several markets, they may have a substantial impact on the Group's earnings. The Group's presence in more than one region reduces this risk.

Quality

As a food and branded-product business, the Group is exposed to the risk of defects and impurities in its products and thus deviations from established quality requirements, which may result in product recalls and operating losses. Consequently, quality management and assurance are important elements in the Group's business procedures and processes in order to maintain the value of its brands.

Legal risks

The Group regularly enters into agreements concerning both operations and strategy, such as acquisitions and disposals. Entering into agreements brings not only opportunities but also risks, which the Group aims to manage as best possible. The Group has developed policies and activities to ensure compliance with applicable laws and competition rules in all of the markets in which it operates. A general programme for ensuring compliance has been developed at Group level.

Insurance cover

Risk cover in the form of insurance is evaluated in relation to the significance of the individual risk as well as Carlsberg's overall risk profile. Carlsberg has taken out the insurance deemed to be relevant and usual in the industry and for undertakings of Carlsberg's size. Given its ability to control a number of risks, the Group has chosen not to take out insurance in some areas but to be self-insured through the subsidiary Carlsberg Insurance A/S. Hence a small part of the Group's all-risk programme has been placed with Carlsberg Insurance. The chosen level of retained risk does not exceed that which is usual in the industry or for undertakings of Carlsberg's size.

Financial risks

Carlsberg's activities mean that the Group's profit and equity may be exposed to a variety of financial risks, primarily relating to changes in exchange rates and interest rates. The Group's financial risks are managed centrally by Group Treasury, which is responsible to the business's Executive Board and Board of Directors, on the basis of principles approved by the Board of Directors. The Group's foreign exchange, interest rate, credit and liquidity risks are presented in the notes to the consolidated financial statements.

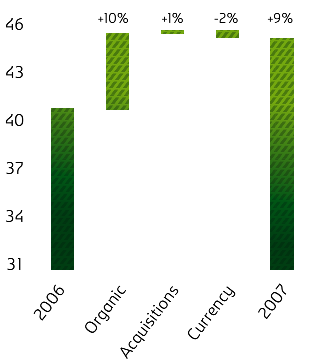
Other risks

Factors such as demand, competition, innovation, reputation, environment, employees and management also entail risks in terms of the Group's strategy and operations. These are presented in other sections of this Annual Report.

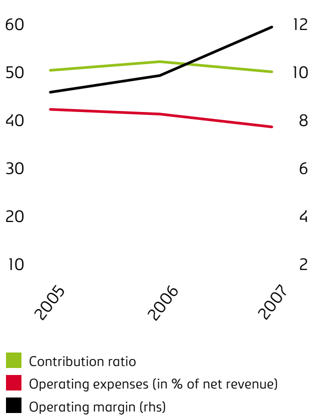
Carlsberg's beer and other beverages shall enhance our consumers' enjoyment of life.

Financial review

Net revenue
(DKKbn)



Improved cost structure
(%)



Income statement

Net revenue climbed 9% to a total of DKK 44,750m (DKK 41,083m in 2006). DKK 170m of this revenue derives from acquisitions, primarily in China and Belarus. Organic growth was DKK 4,122m (+10%), driven by progress in all regions, and in particular by a positive volume development in BBH and a generally positive mix effect. Net revenue per hl showed a positive trend in all regions except for Asia, where there has been strong volume development in the low-price markets. Exchange rate movements had a negative effect of DKK 626m (-1%). Beer sales represented DKK 32,479m of total sales (DKK 29,047m in 2006), equivalent to 72.6% (70.7% in 2006).

Cost of sales amounted to DKK 22,423m (DKK 20,151m in 2006), an increase of 11% (DKK 2,272m). This development reflects volume growth in particular (+11% pro rata) but also a general increase in raw material costs. Overall, the price trend for the key raw material categories (malt, aluminium and energy) is considered to have had a total negative effect of DKK 600-700m.

Gross profit rose by 7% to DKK 22,327m (DKK 20,932m in 2006). The gross margin was 49.9%, which was 1.1 percentage points lower than in 2006. This trend can be attributed to rising raw material prices.

Sales and distribution expenses rose by DKK 355m to DKK 14,528m (DKK 14,173m in 2006). This development was driven by an increasing level of activity in BBH, Eastern Europe and Asia, while rationalisations and efficiency gains in Western Europe have reduced sales and distribution expenses by DKK 429m. Sales and distribution expenses also include marketing expenses of DKK 4,321m (DKK 4,178m in 2006), an increase of 3%, primarily as a result of increased market-oriented activities in BBH and Asia.

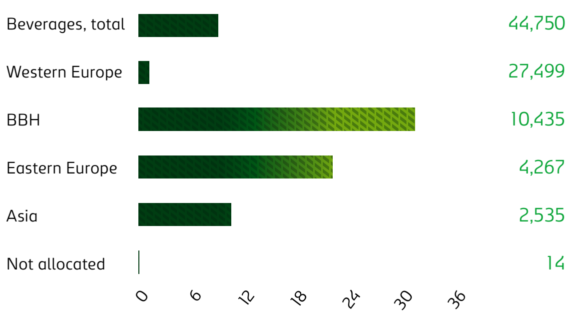
Administrative expenses were DKK 3,123m, an increase of 2% on 2006 as a result of increased activity on the growth markets in BBH, Eastern Europe and Asia. Administrative expenses in Western Europe fell by 8%.

Other operating income was DKK 933m and other operating expenses DKK 448m, or DKK 485m net against DKK 267m in 2006, an increase of DKK 218m, DKK 191m of which can be attributed to gains on the sale of real estate and other assets.

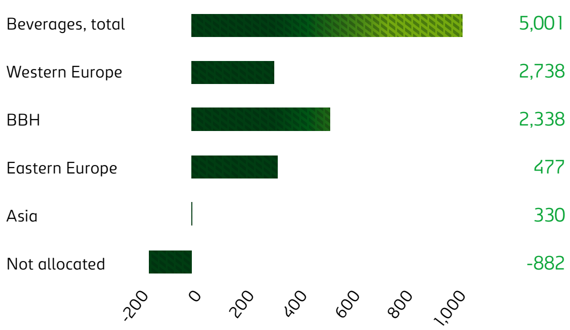
Profit from associates was DKK 101m (DKK 85m in 2006).

In 2007 Lav was named best Serbian brand in the beer and spirits category by a Serbian jury chaired by Predrag Bubalo, the country's Minister for Trade and Services.

Net revenue
(Growth in %) (DKKm)



Operating profit before special items, beverage activities
(Growth in DKKm) (DKKm)



Operating profit before special items was DKK 5,262m, against DKK 4,046m in 2006. Beverage activities generated a profit of DKK 5,001m against DKK 3,997m in 2006, an increase of 25%. This increase is the result of broadly based progress. The profit contribution from other activities, including sale of real estate, was DKK 261m against DKK 49m in 2006. The overall operating margin was 11.8% (9.8% in 2006) and 11.2% for beverage activities in isolation, which is an improvement of 1.5 percentage points on last year and can be attributed to an increase in operating margin in Western Europe and Eastern Europe as well as the increased relative importance of BBH.

Net special items were DKK -427m against DKK -160m in 2006 and concerned write-down of non-current assets in Turkey and termination costs etc. in connection with restructurings and Logistic Excellence programmes. Special items in 2006 included gains on the sale of shares in Hite Brewery Co. Ltd. (DKK 602m).

Net financial items were DKK -1,201m against DKK -857m in 2006. Net interest was DKK -1,076m against DKK -1,029m in 2006, and due to rising interest rates, which more than outweighed the lower average level of net interest-bearing debt. Other net financial items were DKK -125m against DKK 172m in 2006. This change is due in particular to currency translation adjustments on debt (DKK -175m compared with 2006) and the fact that the figure for 2006 included gains from sale of financial assets.

Tax on profit for the year was DKK -1,038 against DKK -858m in 2006. The effective tax rate was 28.7% against 28.3% in 2006.

Consolidated profit was DKK 2,596m against DKK 2,171m in 2006. Minority interests' share of this was DKK 299m (DKK 287m in 2006). In particular the increase in minority interests reflects the positive trend in BBH.

Carlsberg's share was DKK 2,297m against DKK 1,884m in 2006. This positive development can be attributed in particular to growth in operating profit from beverage activities.

Balance sheet

Carlsberg had total assets of DKK 61,220m at year-end 2007, an increase of DKK 2,769m on 2006.

Assets

Intangible assets totalled DKK 21,205m against DKK 21,279m in 2006.

Property, plant and equipment totalled DKK 22,109m (DKK 20,367m in 2006). This increase primarily reflects extraordinarily high capital expenditure as a result of capacity expansions in the growth markets, investments in Western Europe, with capacity efficiency projects in Denmark, Finland and Italy as a result of brewery closures as well as investments in real estate/"other activities".

At the closing of the accounts, impairment tests were carried out on cash-generating units, including goodwill and trademarks with an indefinite useful life. As a result, it was decided to write down the carrying amount of non-current assets in Turkey by DKK 100m.

Other non-current assets amounted to DKK 2,965m, which was on a par with 2006.

Current assets rose by DKK 935m to a total of DKK 14,907m (DKK 13,972m in 2006), primarily as a result of higher inventories and trade receivables – a significant share of which reflects a higher level of activity in BBH.

Liabilities

Total equity was DKK 19,944m, of which DKK 1,323m can be attributed to minority interests and DKK 18,621m to shareholders in Carlsberg A/S. Compared with 2006, equity was increased by DKK 957m. Financial gearing was 1.0 as in 2006.

Besides the profit for the year (DKK 2,596m), the movement in equity before minority interests was due to currency translation adjustments (DKK -670m), value adjustments of securities and hedging instruments (DKK 241m), and adjustment of actuarial losses on retirement benefit obligations etc. (DKK -532m). The dividend to shareholders was DKK 685m, and purchase and sale of treasury shares etc. reduced net equity by DKK 74m.

Total obligations were DKK 41,276m (DKK 39,464m in 2006). The increase is due to higher interest-bearing debt at the end of the year (DKK 457m) and the increase in trade payables from DKK 5,147m in 2006 to DKK 5,833m in 2007. Other liabilities have risen from DKK 4,856m in 2006 to DKK 5,611m in 2007.

Cash flow, operational investments and interest-bearing debt

Cash flow from operating activities was DKK 4,837m against DKK 4,470m in 2006.

Operating profit before depreciation and amortisation rose by DKK 1,099m, while restructuring costs paid were DKK 98m lower than in 2006. Working capital fell by DKK -230m (DKK -619m vs. 2006), primarily due to the high level of activity in BBH.

Cash flow from investing activities was DKK -4,927m against DKK +65m in 2006. The difference of DKK -4,992m can essentially be attributed to the fact that the cash flow for 2006 included proceeds from the sale of shares in Hite Brewery Co. Ltd. (approx. DKK 3.3bn) and an increase in operational investments of DKK 1,638m in 2007. The increase in – and the furthermore extraordinarily high level of – operational investments in 2007 can be attributed in particular to capacity expansions and brewery constructions in BBH (Russia, Ukraine and Uzbekistan), capacity efficiency projects in Denmark, Finland and Italy as a result of brewery closures as well as somewhat higher investments in real estate/"other activities".

Acquisition and divestment of entities, net, was DKK -179m (DKK +18m in 2006) and include acquisitions in Belarus (Olivaria), China (Ningxia) and Laos (Lao Soft Drink Co. Ltd). In 2006 cash flow from investing activities was positively affected by the sale of the shareholding in Hite Brewery Co. Ltd. (approx. DKK 3.3bn).

Other activities (real estate and assets under construction) contributed DKK -62m (DKK -186m in 2006).

After this, free cash flow was DKK -90m against DKK 4,535m in 2006.

Net interest-bearing debt was DKK 19.7bn at year-end 2007 against DKK

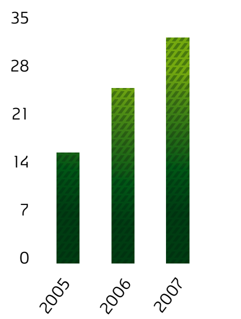
19.2bn at year-end 2006, an increase of approx. DKK 0.5bn. This development essentially reflects the fall in free cash flow, payment of dividends to shareholders in Carlsberg A/S, and currency translation adjustment of debt, primarily issued in GBP and CHF, totalling approx. DKK -0.4bn, which is however partly offset by currency translation adjustment of debt issued in USD.

Financial ratios

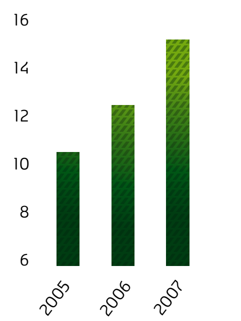
Return on invested capital (ROIC) was 11.7%, an increase of 2.5 percentage points compared with last year. This positive development can be attributed to a significantly higher level of earnings compared with the modest increase in invested capital in the Group. Western Europe and BBH had a particularly positive impact on ROIC. Invested capital in Western Europe was reduced by DKK 0.6bn from 2006 to 2007, and ROIC rose by 2.7 percentage points to 16.0%. As a result of the marked growth in BBH, invested capital increased by DKK 1.6bn in 2007 but earnings increased too, and ROIC rose by 2.6 percentage points to 29.1%.

Earnings per share (EPS) were DKK 30.1, an increase of DKK 5.4 (22%) on 2006. Cash flow per share (CFPS) was DKK 63.2, DKK 4.8 (8%) higher than 2006. The positive trend in EPS and CFPS can mainly be attributed to the positive earnings trend.

Earnings per share
(DKK)

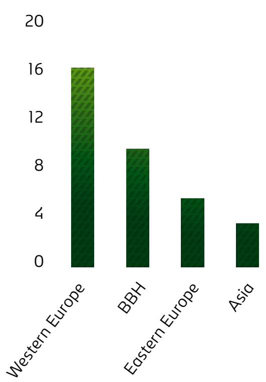


ROIC[1], beverage activities
(%)

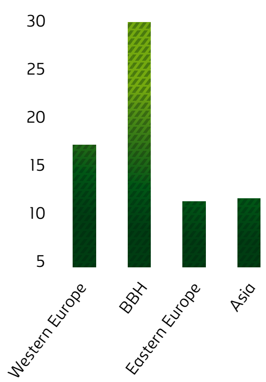


Invested capital and operating margin, beverage activities
(Index: 2005=100)

Invested capital, regions
(DKKbn)



ROIC[1], regions
(%)



1. Return on average invested capital

Segment reporting by quarter

DKK million	Q1 2006	Q2 2006	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007
Net revenue								
Western Europe	5,364	7,456	7,379	7,108	5,645	7,624	7,257	6,973
BBH	1,276	2,320	2,552	1,805	1,832	3,073	3,269	2,261
Eastern Europe	639	1,033	1,010	827	732	1,284	1,289	962
Asia	517	630	590	562	634	650	654	597
Not allocated	11	5	16	-17	20	8	-39	25
Beverages, total	7,807	11,444	11,547	10,285	8,863	12,639	12,430	10,818
Other activities	-	-	-	-	-	-	-	-
Total	7,807	11,444	11,547	10,285	8,863	12,639	12,430	10,818
Operating profit before special items								
Western Europe	16	894	986	529	197	969	918	654
BBH	153	598	733	320	333	780	846	379
Eastern Europe	-75	111	143	-44	5	187	233	52
Asia	126	94	91	21	82	87	93	68
Not allocated	-116	-134	-152	-297	-214	-213	-136	-319
Beverages, total	104	1,563	1,801	529	403	1,810	1,954	834
Other activities	-21	76	9	-15	-1	44	124	94
Total	83	1,639	1,810	514	402	1,854	2,078	928
Special items, net	-105	498	-152	-401	-31	-111	-42	-243
Special items – income	-228	-200	-200	-229	-253	-243	-277	-428
Profit before tax	-250	1,937	1,458	-116	118	1,500	1,759	257
Corporation tax	71	-571	-417	60	-32	-372	-461	-173
Consolidated profit	-179	1,366	1,041	-56	86	1,128	1,298	84
Attributable to:								
Minority interests	40	95	128	24	41	91	120	47
Shareholders in Carlsberg A/S	-219	1,271	913	-80	45	1,037	1,178	37

Carlsberg's new profile bottle was launched as part of a large-scale campaign to improve Carlsberg's position on the markets and underline the premium nature of the brand. And Carlsberg has succeeded in increasing sales and gaining market shares on the international markets where the new bottle has been launched.

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Income statement

DKK million	Note	2007	2006
Revenue		60,111	55,753
Excise duties on beer and soft drinks etc.		-15,361	-14,670
Net revenue		44,750	41,083
Cost of sales	3	-22,423	-20,151
Gross profit		22,327	20,932
Sales and distribution costs	4	-14,528	-14,173
Administrative expenses	5	-3,123	-3,065
Other operating income	6	933	660
Other operating expenses	6	-448	-393
Share of profit after tax, associates	18	101	85
Operating profit before special items		5,262	4,046
Special items, income	7	-	602
Special items, costs	7	-427	-762
Operating profit		4,835	3,886
Financial income	8	651	725
Financial expenses	9	-1,852	-1,582
Profit before tax		3,634	3,029
Corporation tax	10	-1,038	-858
Consolidated profit		2,596	2,171
Attributable to:			
Minority interests	11	299	287
Shareholders in Carlsberg A/S		2,297	1,884
Earnings per share	12		
Earnings per share		30.1	24.7
Earnings per share, diluted		30.0	24.6

Statement of recognised income and expenses for the year

DKK million	Note	Currency translation	Fair value adjust-ments	Retained earnings	Share-holders in Carlsberg A/S, total	Minority interests	2007 Total
Profit for the year		-	-	2,297	2,297	299	2,596
Foreign exchange adjustments:							
Foreign entities		-600	-	-	-600	-70	-670
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	148	84	-	232	-	232
Hedging instruments, transferred to financial items		-33	-	-	-33	-	-33
Securities		-	42	-	42	4	46
Securities, transferred to income statement on disposal		-	-3	-	-3	-1	-4
Retirement benefit obligations	26	-	-	-532	-532	-	-532
Other adjustments:							
Share-based payment	14	-	-	21	21	-	21
Other		-	-	1	1	1	2
Tax on changes in equity		-36	-36	173	101	-	101
Net amount recognised directly in equity		-521	87	-337	-771	-66	-837
Total recognised income and expenses		-521	87	1,960	1,526	233	1,759

DKK million	Note	Currency translation	Fair value adjust-ments	Retained earnings	Share-holders in Carlsberg A/S, total	Minority interests	2006 Total
Profit for the year		-	-	1,884	1,884	287	2,171
Foreign exchange adjustments:							
Foreign entities		-347	-	-	-347	-72	-419
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	108	170	-	278	-	278
Hedging instruments, transferred to financial items		-39	-	-	-39	-	-39
Securities		-	-1,078	-	-1,078	-	-1,078
Securities, transferred to income statement on disposal		-	-637	-	-637	-	-637
Retirement benefit obligations	26	-	-	-105	-105	-	-105
Other adjustments:							
Share-based payment	14	-	-	10	10	-	10
Other		-	-	7	7	-10	-3
Tax on changes in equity		-7	4	63	60	-	60
Net amount recognised directly in equity		-285	-1,541	-25	-1,851	-82	-1,933
Total recognised income and expenses		-285	-1,541	1,859	33	205	238

Currency translation comprises foreign exchange adjustments arising on the translation of the financial statements of foreign entities with a functional currency other than the Group's presentation currency, foreign exchange adjustment of assets and liabilities which constitute part of the Group's net investment in a foreign entity and foreign exchange adjustments of hedging transactions related to the Group's net investment in foreign entities.

Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges, where the hedged transaction has not yet been realised. Fair value adjustments also comprise a reserve for securities available for sale.

Balance sheet

ASSETS

DKK million	Note	31 Dec. 2007	31 Dec. 2006
Non-current assets			
Intangible assets	15, 16	21,205	21,279
Property, plant and equipment	16, 17	22,109	20,367
Investments in associates	18	622	579
Securities	19	123	170
Receivables	20	1,476	1,139
Deferred tax assets	27	733	822
Retirement benefit plan assets	26	11	14
Total non-current assets		46,279	44,370
Current assets			
Inventories	21	3,818	3,220
Trade receivables	20	6,341	6,108
Tax receivables		62	84
Other receivables	20	1,453	1,145
Prepayments	20	950	917
Securities	19	34	8
Cash and cash equivalents	22	2,249	2,490
Total current assets		14,907	13,972
Assets held for sale	23	34	109
Total assets		61,220	58,451

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2007	31 Dec. 2006
Equity			
Share capital	24	1,526	1,526
Reserves		17,095	16,071
Equity, shareholders in Carlsberg A/S		18,621	17,597
Minority interests		1,323	1,390
Total equity		19,944	18,987
Non-current liabilities			
Borrowings	25	19,385	16,241
Retirement benefit obligations and similar obligations	26	2,220	2,006
Deferred tax liabilities	27	2,191	2,425
Provisions	28	249	366
Other liabilities	29	20	54
Total non-current liabilities		24,065	21,092
Current liabilities			
Borrowings	25	3,869	6,556
Trade payables		5,833	5,147
Deposits on returnable packaging		1,207	1,159
Provisions	28	494	466
Corporation tax		197	187
Other liabilities etc.	29	5,611	4,856
Total current liabilities		17,211	18,371
Liabilities associated with assets held for sale	23	-	1
Total liabilities		41,276	39,464
Total equity and liabilities		61,220	58,451

Statement of changes in equity

	Shareholders in Carlsberg A/S							2007
DKK million	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
Equity at 1 January 2007	1,526	351	-20	15,740	16,071	17,597	1,390	18,987
Total recognised income and expenses for the year, cf. the statement on page 73	-	-521	87	1,960	1,526	1,526	233	1,759
Capital increase	-	-	-	-	-	-	43	43
Acquisition/disposal of treasury shares	-	-	-	-74	-74	-74	-	-74
Repurchase of shares	-	-	-	30	30	30	-198	-168
Dividends paid to shareholders	-	-	-	-458	-458	-458	-227	-685
Acquisition of minority inteests	-	-	-	-	-	-	-	-
Acquisition of entities	-	-	-	-	-	-	82	82
Total changes in equity	-	-521	87	1,458	1,024	1,024	-67	957
Equity at 31 December 2007	1,526	-170	67	17,198	17,095	18,621	1,323	19,944

	Shareholders in Carlsberg A/S							2006
DKK million	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
Equity at 1 January 2006	1,526	636	1,521	14,285	16,442	17,968	1,528	19,496
Total recognised income and expenses for the year, cf. the statement on page 73	-	-285	-1,541	1,859	33	33	205	238
Capital increase	-	-	-	-	-	-	23	23
Acquisition/disposal of treasury shares	-	-	-	-16	-16	-16	-	-16
Dividends paid to shareholders	-	-	-	-381	-381	-381	-148	-529
Acquisition of minority inteests	-	-	-	-	-	-	-271	-271
Acquisition of entities	-	-	-	-	-	-	53	53
Other	-	-	-	-7	-7	-7	-	-7
Total changes in equity	-	-285	-1,541	1,455	-371	-371	-138	-509
Equity at 31 December 2006	1,526	351	-20	15,740	16,071	17,597	1,390	18,987

The proposed dividend of DKK 6.00 per share, in total DKK 458m (2006: DKK 6.00 per share, in total DKK 458m), is included in retained earnings at 31 December 2007.

Currency translation comprises foreign exchange adjustments arising on the translation of the financial statements of foreign entities with a functional currency other than the Group's presentation currency, foreign exchange adjustments of assets and liabilities which constitute part of the Group's net investment in a foreign entity and foreign exchange adjustments of hedging transactions related to the Group's net investment in foreign entities.

Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges, where the hedged transaction has not yet been realised. Fair value adjustments also comprise a reserve for securities available for sale.

Cash flow statement

DKK million	Note	2007	2006
Operating profit before special items		5,262	4,046
Adjustment for depreciation and amortisation		2,768	2,953
Adjustment for impairment losses		104	36
Operating profit before depreciation, amortisation and impairment losses		8,134	7,035
Adjustment for other non-cash items	30	-403	-173
Change in working capital	30	-230	389
Restructuring costs paid		-379	-477
Interest etc. received		187	186
Interest etc. paid		-1,507	-1,512
Corporation tax paid		-965	-978
Cash flow from operating activities		4,837	4,470
Acquisition of property, plant and equipment and intangible assets		-4,929	-3,188
Disposal of property, plant and equipment and intangible assets		351	305
Change in trade loans	30	-143	-200
Total operational investments		-4,721	-3,083
Acquisition and disposal of entities, net	31	-179	18
Acquisition of financial assets		-43	-82
Disposal of financial assets		37	1,494
Change in financial receivables[1]	30	-86	1,834
Dividends received		127	70
Total financial investments		-144	3,334
Other investments in property, plant and equipment		-667	-371
Disposal of other property, plant and equipment		605	185
Total other activities[2]		-62	-186
Cash flow from investing activities		-4,927	65
Free cash flow		-90	4,535
Shareholders in Carlsberg A/S	30	-508	-397
Minority interests	30	-451	-701
External financing	30	775	-3,592
Cash flow from financing activities		-184	-4,690
Net cash flow		-274	-155
Cash and cash equivalents at 1 January		1,708	1,940
Foreign exchange adjustment of cash and cash equivalents at 1 January		-83	-77
Cash and cash equivalents at 31 December	22	1,351	1,708

[1] Includes DKK 1,928 received on the sale of shares in Hite Brewery Co. Ltd. in 2006.

[2] Other activities cover real estate and assets under construction, separate from beverage activities, including costs of construction contracts.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The 2007 Annual Report of the Carlsberg Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the reporting requirements of OMX Nordic Exchange Copenhagen A/S for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

In preparing the Carlsberg Group's Annual Report, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements are presented below. The Group's accounting policies are described in detail in note 40 to the consolidated financial statements.

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires judgements, estimates and assumptions concerning future events.

The judgements, estimates and assumptions made are based on historical experience and other factors, including judgements by consultants and specialists which management assesses to be applicable and reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Company is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively. Specific risks for the Carlsberg Group are discussed in the relevant section of the Management review and in the notes.

Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Business combinations. For acquisitions of new entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the purchase method. The most significant assets acquired generally comprise trademarks, customer agreements and non-current assets. For the determination of fair value, no active market exists for the majority of acquired assets, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently within 12 months.

The unallocated purchase price (positive amounts) is recognised in the balance sheet as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units and the allocation of goodwill. Considering the uncertainties associated with the determination of the acquired cash-generating units, it is the assessment of management that the allocation made is based on documented estimates. Negative goodwill is recognised in the income statement at the acquisition date.

The difference between the carrying amounts in the acquired entities and the fair value of identifiable assets and liabilities is specified in note 31.

Trademarks. In business combinations, the value of the trademarks acquired and their expected useful lives are assessed based on the trademarks' market position, expected long-term developments in the relevant markets and the trademarks' profitability.

When the value of a well-established trademark is expected to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period, the useful life of the trademark is determined to be indefinite. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts which are helping to maintain and increase the value of these trademarks.

Measurement is based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life and royalty rate and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark.

Management performs an annual assessment of whether the current market situation in the relevant market has reduced the value or useful lives of trademarks. When there is an indication of a reduction in the value or useful life, the trademark is written down or amortisation is increased in line with the trademark's shorter useful life.

Customer agreements and portfolios. In business combinations, the value of acquired customer agreements and customer portfolios is assessed based on the local market and trading conditions. The relationship between trademarks and customers is carefully considered so that trademarks and customer agreements are not both recognised on the basis of the same underlying cash flows. In the case of breweries in Asia, there is a particularly close relationship between trademark and sales, as geographical location and local trading are significant. Therefore, normally no separate value for customer agreements will be recognised in these cases, as customer relations are closely associated with the value of the acquired trademarks.

Measurement is based on expected future cash flows for the customer agreements on the basis of key assumptions about sales growth, operating margin, customer retention rate and theoretically calculated tax and contributions to other assets. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and future risks associated with the customer agreements.

Impairment test. In performing the annual impairment test of goodwill, an assessment is made as to whether the individual units of the entity (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the entity.

The estimates of future net free cash flows (value in use) are based on budgets and business plans for the next three years and projections for subsequent years. Key parameters are revenue growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans for the next three years are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. Projections beyond the next three years are based on general expectations and risks. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Pre-tax discount rates which reflect the risk-free interest rate with the addition of specific risks in each particular geographical segment are used to calculate recoverable amounts. The cash flows used already incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used.

For a description of impairment testing for intangible assets, see note 16.

Estimates of future earnings from trademarks with an indefinite useful life are made using the same model as is used to measure trademarks in business combinations, cf. above. Assessment of indications of impairment of trademarks with indefinite useful lives is made at Group level, as royalty income is earned globally across segments.

Management performs an annual test for indications of impairment of trademarks with a finite useful life other than the decrease in value reflected by amortisation. Impairment tests are conducted in the same way as for trademarks with an indefinite useful life when there is an indication that the

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

assets may be impaired. Management is of the opinion that there were no such indications at the end of 2007, and therefore trademarks with a finite useful life have not been impairment-tested.

Useful lives and residual values for intangible assets and property, plant and equipment. Intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and residual values are determined based on past experience and expectations of the future use of the assets. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 40 and the value of non-current assets is specified in notes 15 and 17.

For operating equipment in the on-trade, a physical inspection of assets is made annually and the continuing use evaluated in order to assess any indications of impairment.

Restructurings. In connection with restructurings management reassesses useful lives and residual values for non-current assets used in the entity undergoing restructuring. The extent and amount of onerous contracts as well as employee and other obligations arising in connection with the restructuring are also estimated.

Deferred tax assets. The Carlsberg Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

The value of recognised deferred tax assets is DKK 733m (2006: DKK 822m), of which DKK 141m is expected to be realised within 12 months and DKK 592m is expected to be realised more than 12 months after the balance sheet date. The value of unrecognised tax assets (primarily tax loss carryforwards) is DKK 837m (2006: DKK 670m) and is not expected to be realised in the foreseeable future.

For a more detailed presentation of the Group's tax assets, see note 27.

Receivables. Receivables are measured at amortised cost less impairment.

Write-downs are made for bad debt losses due to lacking ability to pay. If the ability to pay deteriorates in the future, further write-downs may be necessary. Management performs analyses on the basis of customers' expected ability to pay, historical information on payment patterns and doubtful debts, and customer concentrations, customers' creditworthiness, collateral received and the financial situation in the Company's sales channels.

As regards loans to the on-trade, the individual group companies ensure management and control of these loans as well as standard trade credit in accordance with Group guidelines.

Write-downs made are expected to be sufficient to cover losses. The financial uncertainty associated with write-downs for bad debt losses is considered to be limited.

Retirement benefit obligations and similar obligations. When calculating the value of the Carlsberg Group's defined benefit retirement benefit plans, a number of significant actuarial assumptions are made, including discount rates, expected return on plan assets and expected growth in wages and salaries and retirement benefits. The range and weighted average for these assumptions are disclosed in note 26. Changes in actuarial assumptions (gains or losses) are recognised directly in equity, and amounted to an accumulated net loss of DKK 611m at 31 December 2007 (2006: a loss of DKK 180m).

The value of the Group's defined benefit retirement benefit plans is based on valuations from external actuaries.

Provisions and contingencies. Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and established precedents. In connection with large restructurings Management assesses the timing of costs to be incurred, which influences the classification as current or non-current liabilities respectively.

Accounting policies applied

In applying the Group's accounting policies, Management makes judgements which may significantly influence the amounts recognised in the Annual Report.

Such judgements include the classification of shareholdings, including joint ventures, the recognition of revenue and excise duties, the recognition of revenue from real estate projects, and the timing of the recognition of revenue and costs relating to loans to the on-trade and sponsorship activities.

Business combinations. When accounting for business combinations and new cooperation agreements, a judgement is made concerning the classification of the acquired entity as a subsidiary, joint venture or associate. This judgement is made on the basis of the agreements entered into on the acquisition of ownership or voting rights in the entity and on the basis of shareholder agreements etc. stipulating the actual level of influence over the entity.

This classification is significant, as the recognition of proportionally consolidated joint ventures impacts differently on the financial statements from full consolidation of subsidiaries or recognition of associates using the equity method. Any amendment of IFRS preventing the use of proportional consolidation would therefore have an impact on the consolidated financial statements. Key figures for proportionally consolidated entities are disclosed in note 34.

Revenue recognition. Revenue from the sale of finished goods and goods for resale is recognised when the risk has been transferred to the buyer. Revenue is measured excl. VAT and duties, including excise duties on beer and soft drinks, and discounts.

Management assesses the local rules on the imposition of duties for the purpose of classification either as sales-related duties, which are deducted from revenue, or as part of cost of sales.

Customer discounts are recognised in the same period as the sales to which they relate. Customer discounts are deducted from revenue. Customer discounts based on accumulated sales volumes over a period of time are calculated on the basis of expected total sales based on experience from previous sales, sales up to that date and other current information about trading with the customer. These calculations are performed by Management in cooperation with sales managers.

Loans to the on-trade. Under certain circumstances the Carlsberg Group grants loans to customers in the on-trade in some markets. The agreements are typically complex and cover several aspects of the relationship between the parties. Management assesses the recognition and classification of income and expenses for each of these agreements, including the allocation of income from the loan between revenue, customer discounts and other operating income.

Special items. The use of special items entails Management judgement in the separation from other items in the income statement, cf. the accounting policies. When using special items, it is crucial that these constitute significant items of income and expenses which cannot be attributed directly to the Group's ordinary operating activities but concern fundamental structural or process-related changes in the Group and any associated gains or losses on disposal. Management carefully considers such changes in order to ensure the correct distinction between the Group's operating activities and restructuring of the Group made to enhance the Group's future earnings potential.

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

Special items also include other significant non-recurring items, such as impairment of goodwill.

Inventories. The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies and wages and salaries as well as maintenance and depreciation of the machinery, plant and equipment used for production, and costs of plant administration and management. Entities in the Carlsberg Group which use standard costs in the measurement of inventories review these costs at least once a year. The standard cost is also revised if it deviates by more than 5% from the actual cost of the individual product.

Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other factors pertaining to the individual product.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and developments in expected selling price. The calculation of net realisable value is mainly relevant to packing materials, packaging and spare parts. Net realisable value is not normally calculated for beer and soft drinks because their limited shelf-life means that slow-moving goods must instead be scrapped.

Leases and service contracts. The Carlsberg Group has entered into a number of leases and service contracts. When entering into these agreements, management considers the substance of the service being rendered in order to classify the agreement as either a lease or a service contract. In making this judgement, particular importance is attached to whether fulfilment of the agreement depends on the use of specific assets. The Group's leases and significant service contracts are disclosed in note 38.

For leases an assessment is made as to whether the lease is a finance lease or an operating lease. The Carlsberg Group has mainly entered into operating leases for standardised assets with a short duration relative to the life of the assets, and accordingly the leases are classified as operating leases.

NOTE 2 SEGMENT INFORMATION

The Carlsberg Group's activities comprise the production and sale of beer and other beverages. In accordance with the Group's management and reporting structure, beverage activities are segmented according to the geographical regions where production takes place. Intra-segment revenue is based on arm's length prices.

A segment's operating profit/loss before special items includes revenue, operating costs and share of profit/loss in associates to the extent that they can be allocated directly to the individual segment. Income and expenses related to Group functions have not been allocated and, as is the case with eliminations and other activities, are not included in the operating profit/loss before special items of the segments.

Non-current segment assets comprise intangible assets and property, plant and equipment used directly in the operating activities of the segment. Current segment assets are allocated to the segments to the extent that they can be allocated directly to the individual segment, including inventories, trade receivables, other receivables and prepayments.

Allocated goodwill and trademarks by segment are specified in note 16.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including trade payables and other payables.

2007

DKK million	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not allocated	Beverages, total	Other	Carlsberg Group, total
Income statement:								
Net revenue	27,394	10,430	4,210	2,535	181	44,750	-	44,750
Intra-segment revenue	105	5	57	-	-167	-	-	-
Total revenue	27,499	10,435	4,267	2,535	14	44,750	-	44,750
Allocated	61%	23%	10%	6%	-	100%	-	100%
Segment profit/loss	2,732	2,336	430	291	-882	4,907	254	5,161
Share of profit/loss after tax in associates	6	2	47	39	-	94	7	101
Operating profit before special items	2,738	2,338	477	330	-882	5,001	261	5,262
Special items, net						-427	-	-427
Financial items, net						-971	-230	-1,201
Profit before tax						3,603	31	3,634
Corporation tax						-1,190	152	-1,038
Consolidated profit						2,413	183	2,596
Balance sheet:								
Segment assets, non-current	17,514	8,092	3,913	2,763	471	32,753	12,170	44,923
Segment assets, current	7,155	1,907	1,517	943	558	12,080	515	12,595
Investments in associates	112	28	152	299	-	591	31	622
Assets held for sale	28	-	6	-	-	34	-	34
Other assets						4,372	-1,326	3,046
Total assets						49,830	11,390	61,220
Segment liabilities, non-current	2,380	11	22	20	1	2,434	55	2,489
Segment liabilities, current	8,424	1,406	1,329	904	698	12,761	385	13,146
Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
Interest-bearing debt, gross						19,873	3,381	23,254
Other liabilities						1,623	764	2,387
Equity						13,139	6,805	19,944
Total equity and liabilities						49,830	11,390	61,220
Other items:								
Acquisition of property, plant and equipment and intangible assets	2,004	1,657	669	517	82	4,929	667	5,596
Depreciation and amortisation	1,551	642	405	132	114	2,844	12	2,856
Impairment losses	8	-	101	-	4	113	-	113

NOTE 2 SEGMENT INFORMATION – CONTINUED

2006

DKK million	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not allocated	Beverages, total	Other	Carlsberg Group, total
Income statement:								
Net revenue	27,221	7,949	3,486	2,298	129	41,083	-	41,083
Intra-segment revenue	86	4	23	1	-114	-	-	-
Total revenue	27,307	7,953	3,509	2,299	15	41,083	-	41,083
Allocated	66%	19%	9%	6%	0%	100%	-	100%
Segment profit/loss	2,416	1,804	100	297	-699	3,918	43	3,961
Share of profit/loss after tax in associates	9	-	35	35	-	79	6	85
Operating profit/loss before special items	2,425	1,804	135	332	-699	3,997	49	4,046
Special items, net						-160	-	-160
Financial items, net						-728	-129	-857
Profit before tax						3,109	-80	3,029
Corporation tax						-920	62	-858
Consolidated profit						2,189	-18	2,171
Balance sheet:								
Segment assets, non-current	17,519	6,872	3,633	2,386	516	30,926	12,043	42,969
Segment assets, current	7,131	1,476	1,338	762	473	11,180	218	11,398
Investments in associates	118	29	124	280	-	551	28	579
Assets held for sale	27	-	40	38	4	109	-	109
Other assets						3,066	330	3,396
Total assets						45,832	12,619	58,451
Segment liabilities, non-current	2,324	11	17	20	1	2,373	53	2,426
Segment liabilities, current	7,637	1,094	1,111	771	673	11,286	342	11,628
Liabilities associated with assets held for sale	1	-	-	-	-	1	-	1
Interest-bearing debt, gross						18,082	4,715	22,797
Other liabilities						1,764	848	2,612
Equity						12,326	6,661	18,987
Total equity and liabilities						45,832	12,619	58,451
Other items:								
Acquisition of property, plant and equipment and intangible assets	1,328	1,061	514	140	145	3,188	371	3,559
Depreciation and amortisation	1,667	619	396	120	138	2,940	13	2,953
Impairment losses	295	-	55	-	-	350	-	350

NOTE 3 COST OF SALES

DKK million	2007	2006
Cost of materials	11,822	9,709
Direct staff costs	1,239	1,105
Machinery costs	759	755
Depreciation, amortisation and impairment losses	1,647	1,731
Indirect production overheads	2,491	2,324
Purchased finished goods and other costs	4,465	4,527
Total	22,423	20,151
Of which staff costs, see note 13	2,019	1,986

NOTE 4 SALES AND DISTRIBUTION EXPENSES

DKK million	2007	2006
Marketing expenses	4,321	4,178
Sales expenses	4,099	4,124
Distribution expenses	6,108	5,871
Total	14,528	14,173
Of which staff costs, see note 13	4,028	4,016

NOTE 5 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2007	2006
KPMG:		
Audit	22	20
Non-audit services	25	11

Non-audit services include fees for assistance in planning of acquisitions, tax consultancy and due diligence in connection with acquisitions.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

DKK million	2007	2006
Other operating income:		
Gains on disposal of real estate under other activities	347	161
Gains on disposal of real estate within beverage activities	150	79
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	38	66
Interest and amortisation of on-trade loans	128	124
Rental income, real estate	88	106
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	13	22
Other, incl. grants received and repaid property tax	169	102
Total	933	660
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	-84	-46
Losses and write-downs on on-trade loans	-34	-30
Real estate costs	-121	-114
Expenses relating to the Carlsberg Research Center	-91	-88
Other	-118	-115
Total	-448	-393
Of which staff costs, cf. note 13	-96	-94
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	219	130
Production costs	-177	-100
Total	42	30

Gains are recognised under ”Gains on disposal of real estate under other activitites” and comprise a construction contract for owner-occupied property.

NOTE 7 SPECIAL ITEMS

DKK million	2007	2006
Special items, income:		
Gain on disposal of shares in Hite Brewery Co. Ltd.	-	602
Total	-	602
Special items, costs:		
Impairment loss, Türk Tuborg	-100	-80
Impairment of goodwill, Carlsberg Italia	-	-144
Impairment losses and expenses relating to withdrawal from the market for discount soft drinks in Denmark (2007: reversal of provision)	7	-55
Other impairment losses, non-current assets	-	-12
Loss on disposal of Landskron Brauerei, Germany	-	-21
Loss on outsourcing of Carlsberg UK's servicing of draught beer equipment, reversal of provision	-	18
Termination benefits and impairment of non-current assets in connection with new production structure in Denmark (2007: reversal of provision)	14	-74
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-3	-59
Termination benefits etc. in connection with Operational Excellence programmes	-190	-188
Termination benefits and expenses, establishment of Accounting Shared Service Center in Poland	-29	-60
Restructuring, Carlsberg Italia	-67	-58
Costs in connection with outsourcing of distribution, Carlsberg Sweden	-26	-
Other restructuring costs etc., other entities	-33	-29
Total	-427	-762
Special items, net	-427	-160
If special items had been recognised in operating profit/loss before special items, they would have been included in the following items:		
Cost of sales	-145	-415
Sales and distribution expenses	-135	-170
Administrative expenses	-44	-60
Other operating income	-126	602
Other operating expenses	29	-21
	-421	-64
Impairment of goodwill	-6	-96
Total special items	-427	-160

NOTE 8 FINANCIAL INCOME

DKK million	2007	2006
Interest income	186	160
Dividends	19	34
Fair value adjustments of financial instruments, net	-	35
Foreign exchange gains, net	55	58
Realised gains on disposal of securities	43	88
Expected return on plan assets, defined benefit plans	321	333
Other financial income	27	17
Total	651	725

NOTE 9 FINANCIAL EXPENSES

DKK million	2007	2006
Interest expenses	1,262	1,189
Fair value adjustments of financial instruments, net	65	-
Realised losses on disposal of securities	20	-
Impairment of financial assets	4	-
Interest cost on obligations, defined benefit plans	323	322
Loss on other financial instruments	73	-
Other financial expenses	105	71
Total	1,852	1,582

Interest expenses include DKK 4m (2006: DKK 2m) related to fair value adjustment of the interest element of fixed-rate borrowings swapped to floating rates.

Other financial expenses consist mainly of payments to establish credit facilities and fees for unutilised draws on these facilities.

NOTE 10 CORPORATION TAX

DKK million	2007	2006
Tax for the year comprises:		
Current tax on profit for the year	951	833
Change in deferred tax liabilities during the year	54	113
Change in tax rate	-85	-21
Adjustments to tax for previous years	17	-127
Total tax for the year	937	798
Of which recognised in equity:		
Deferred tax on items recognised directly in equity	117	70
Tax for the year on items recognised directly in equity	-16	-10
Tax on profit for the year	1,038	858
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25.0%	28.0%
Change in tax rate, Danish subsidiaries	-1.3%	0.0%
Change in tax rate, foreign subsidiaries	-0.8%	-0.8%
Differences in tax rates, foreign subsidiaries	-2.0%	-2.2%
Adjustments to tax for previous years	-0.2%	-5.8%
Non-capitalised tax losses, net	2.9%	11.8%
Non-taxable income	-1.1%	-2.6%
Non-deductible expenses	4.6%	5.1%
Tax, associates	-0.1%	0.0%
Special items	-0.5%	-6.3%
Other	2.2%	1.1%
Effective tax rate for the year	28.7%	28.3%
The change in deferred tax liabilities recognised in the income statement can be broken down as follows:		
Tax losses	41	138
Change in tax rate	-85	-21
Intangible assets and property, plant and equipment etc.	130	45
Deferred tax liabilities recognised in income statement	86	162

NOTE 11 MINORITY INTERESTS

DKK million	2007	2006
Minority interests' share of profit for the year relates to the following:		
BBH Group	254	238
Carlsberg Brewery Malaysia Berhad	60	68
Other	-15	-19
Total	299	287

NOTE 12 EARNINGS PER SHARE

DKK million	2007	2006
Consolidated profit	2,596	2,171
Minority interests	-299	-287
Shareholders in Carlsberg A/S	2,297	1,884
1,000 shares		
Average number of shares	76,278	76,278
Average number of treasury shares	-24	-13
Average number of shares outstanding	76,254	76,265
Average dilutive effect of outstanding share options	223	215
Diluted average number of shares outstanding	76,477	76,480
DKK		
Earnings per share of DKK 20 (EPS)	30.1	24.7
Diluted earnings per share of DKK 20 (EPS-D)	30.0	24.6

NOTE 13 STAFF COSTS AND REMUNERATION OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2007	2006
Salaries and other remuneration	6,048	5,784
Termination benefits	176	116
Social security costs	840	817
Retirement benefit costs – defined contribution plans	191	227
Retirement benefit costs – defined benefit plans	158	189
Share-based payment[1]	21	10
Other employee benefits	97	158
Total	7,531	7,301
Staff costs are included in the following items in the income statement:		
Cost of sales	2,019	1,986
Sales and distribution expenses	4,028	4,016
Administrative expenses	1,174	1,101
Other operating expenses	96	94
Special items (restructuring)	214	104
Total	7,531	7,301

The Group had an average of 33,420 (2006: 31,680) full-time employees during the year.

	2007		2006	
DKK million	Executive Board	Executive employees	Executive Board	Executive employees
Remuneration of key management personnel:				
Salaries and other remuneration	26	30	22	21
Retirement benefit costs	-	3	-	2
Share-based payment[1]	6	2	1	1
Total	32	35	23	24

[1] Share-based payment comprises the cost of options granted to the Group's former CEO, which are expensed prematurely in connection with resignation. Share-based payment is specified in note 14.

Remuneration of the Group Executive Board and executive employees is based on a fixed salary and cash bonus payments of up to 50% of the fixed salary and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes are established for the Group Executive Board and executive employees.

Employment contracts for members of the Group Executive Board contain terms and conditions that are common to executive board members in Danish listed companies, including terms of notice and non-competition clauses.

In respect of other benefits and bonus schemes, the remuneration of directors in foreign subsidiaries is based on local terms and conditions.

Executive employees comprise Senior Vice Presidents and Vice Presidents engaged in Carlsberg's headquarters in Copenhagen, a total of 16 persons (2006: 14 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Board of Directors of Carlsberg A/S received emoluments of DKK 6m (2006: DKK 6m) for duties performed in the Company and some subsidiaries. The emoluments are a fixed annual amount. The Board of Directors is not included in share option programmes, retirement benefit plans and other schemes, and no agreements have been entered into concerning termination benefits and no such payments were made.

NOTE 14 SHARE-BASED PAYMENT

The Carlsberg Group has set up a share option programme to attract, retain and motivate the Group's key management personnel and to align their interests with those of shareholders. Key management personnel comprises the Group Executive Board, executive employees (see table on page 163) and the managements of significant subsidiaries. No share option programme has been set up for Carlsberg A/S's Board of Directors.

Share options currently vest over a period of three years from the grant date. The options may be exercised no earlier than three years and no later than eight years after the grant date. Upon resignation, a proportion of the options may be exercised within one to three months unless special severance terms are agreed. Special terms and conditions apply in the case of retirement, illness, death and changes in Carlsberg A/S's capital resources.

Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme). The Carlsberg Group has not purchased a significant number of treasury shares to meet this obligation. Treasury share holdings at 31 December 2007 totalled 32,762 shares (2006: 7,508 shares).

In 2007, a total of 218,100 (2006: 220,250) share options were granted to 145 (2006: 152) key employees. The grant date fair value of these options was a total of DKK 30m (2006: DKK 20m). The fair value is recognised in the income statement over the vesting period of three years. In 2007, DKK 10m was recognised in respect of share options granted (2006: DKK 5m). The total cost of share-based payment was DKK 21m (2006: DKK 10m) in respect of options granted in the period 2005-2007 (2006: 2005-2006). The cost of share-based payment is included in staff costs. At 31 December 2007, an amount of DKK 23m has not been recognised in respect of current share option programmes.

								Number	Exercise price			Fair value
Grant year	Exercise year	1 Jan. 2007	Granted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2007	For exercise 31 Dec.	Fixed	DKK per option	31 Dec. 2007	31 Dec. 2006
Executive Board												
2001	2004-2009	14,700	-	-	-	-7,350	7,350	7,350	386.54	236.05	2	3
2002	2005-2010	14,700	-	-	-	-7,350	7,350	7,350	323.82	300.95	2	4
2003	2006-2011	21,000	-	-	-	-10,500	10,500	10,500	214.47	406.42	4	7
2004	2007-2012	26,250	-	-	-	-15,750	10,500	10,500	268.39	357.27	4	8
2005	2008-2013	25,000	-	-	-	-15,000	10,000	-	288.29	341.41	3	7
2006	2009-2014	30,000	-	-	-	-20,000	10,000	-	380.18	270.30	3	7
2007	2010-2015	-	40,000	-	-	-20,000	20,000	-	584.86	153.95	3	-
Total		131,650	40,000	-	-	-95,950	75,700	35,700			21	36
Key management personnel:												
2001	2004-2009	36,725	-	-	-25,700	-1,575	9,450	9,450	386.54	236.05	2	7
2002	2005-2010	30,075	-	-	-17,475	-1,575	11,025	11,025	323.82	300.95	4	7
2003	2006-2011	29,600	-	-	-13,275	-1,575	14,750	14,750	214.47	406.42	6	11
2004	2007-2012	121,275	-	-350	-85,413	-1,575	33,937	33,937	268.39	357.27	12	37
2005	2008-2013	139,000	-	-11,001	-18,916	-1,500	107,583	-	288.29	341.41	37	41
2006	2009-2014	180,750	-	-25,417	-12,166	-1,500	141,667	-	380.18	270.30	38	41
2007	2010-2015	-	178,100	-15,750	-3,000	-1,500	157,850	-	584.86	153.95	24	-
Total		537,425	178,100	-52,518	-175,945	-10,800	476,262	69,162			123	144
Retired employees:												
2001	2004-2009	12,100	-	-	-	8,925	21,025	21,025	386.54	236.05	5	2
2002	2005-2010	7,875	-	-	-	8,925	16,800	16,800	323.82	300.95	5	2
2003	2006-2011	12,075	-	-	-	12,075	24,150	24,150	214.47	406.42	10	4
2004	2007-2012	13,125	-	-	-	17,325	30,450	30,450	268.39	357.27	11	4
2005	2008-2013	7,500	-	-	-	16,500	24,000	-	288.29	341.41	8	2
2006	2009-2014	3,000	-	-	-	21,500	24,500	-	380.18	270.30	7	1
2007	2010-2015	-	-	-	-	21,500	21,500	-	584.86	153.95	3	-
Total		55,675	-	-	-	106,750	162,425	92,425			49	15
Total		724,750	218,100	-52,518	-175,945	-	714,387	197,287			193	195

NOTE 14 SHARE-BASED PAYMENT – CONTINUED

	2007					2006				
	Executive Board	Other	Resigned	Total	Average exercise price	Executive Board	Other	Resigned	Total	Average exercise price
Share options outstanding at 1 January	131,650	537,425	55,675	724,750	315.79	101,650	524,800	-	626,450	288.29
Granted	40,000	178,100	-	218,100	584.86	30,000	190,250	-	220,250	380.18
Expired/forfeited	-	-52,518	-	-52,518	421.57	-	-25,867	-	-25,867	308.09
Exercised	-	-175,945	-	-175,945	302.35	-	-96,083	-	-96,083	286.79
Transferred	-95,950	-10,800	106,750	-	366.13	-	-55,675	55,675	-	294.29
Share options outstanding at 31 December	75,700	476,262	162,425	714,387	393.47	131,650	537,425	55,675	724,750	315.79
Exercisable at 31 December	35,700	69,162	92,425	197,287	287.42	50,400	96,400	32,050	178,850	307.78
Exercised options as % of share capital	0.00%	0.23%	0.00%	0.23%		0.00%	0.13%	0.00%	0.13%	

The average share price for share options at the exercise date was DKK 631 (2006: DKK 445).

At 31 December 2007 the exercise price for outstanding share options was in the range DKK 214.47 to DKK 584.86 (2006: DKK 214.47 to DKK 386.54).

The average remaining contractual life was 5.4 years (2006: 5.5 years).

The fair value of granted share options is estimated using the Black & Scholes call option pricing model based on the exercise price.

The assumptions underlying the calculation of the grant date fair value for share options granted in 2007 and 2006 are as follows:

DKK	2006	2007
Fair value per option	136.67	89.37
Share price	584.86	380.18
Exercise price	584.86	380.18
Volatility	19%	19%
Risk-free interest rate	3.9%	3.3%
Dividend yield	1.0%	1.3%
Expected life of share options	5.5 years	5.5 years

The share price and the exercise price are calculated as the average price of Carlsberg A/S's class B shares on OMX Nordic Exchange Copenhagen A/S the first five trading days after the publication of Carlsberg A/S's annual financial statement following the granting of the options.

The expected volatility is based on the historical volatility in the price of Carlsberg A/S's class B shares over the last two years.

The risk-free interest rate is the interest rate on Danish government bonds of the relevant maturity, while the dividend yield is calculated as DKK 6 per share (2006: DKK 5 per share) divided by the share price.

The expected life of share options is based on exercise in the middle of the exercise period.

NOTE 15 INTANGIBLE ASSETS

DKK million	Goodwill	Trade-marks	Other intangible assets	Pre-payments	Total 2007
Cost:					
Cost at 1 January 2007	16,939	3,902	1,469	149	22,459
Acquisition of entities	87	20	32	-	139
Additions	83	1	84	6	174
Disposals	-1	-	-54	2	-53
Foreign exchange adjustments etc.	-152	3	-10	-2	-161
Transfers	-	-	9	-9	-
Cost at 31 December 2007	16,956	3,926	1,530	146	22,558
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2007	4	104	1,072	-	1,180
Amortisation	-	17	191	2	210
Impairment losses	6	-	-	-	6
Disposals	-	-	-41	-	-41
Foreign exchange adjustments etc.	-	1	-3	-	-2
Amortisation and impairment losses at 31 December 2007	10	122	1,219	2	1,353
Carrying amount at 31 December 2007	16,946	3,804	311	144	21,205

DKK million	2007	2006
Amortisation and impairment losses for the year are included in:		
Cost of sales	11	6
Sales and distribution expenses	47	61
Administrative expenses	152	189
Special items	6	112
Total	216	368

NOTE 15 INTANGIBLE ASSETS – CONTINUED

DKK million	Goodwill	Trade-marks	Other intangible assets	Pre-payments	2006 Total
Cost:					
Cost at 1 January 2006	16,614	3,843	1,406	54	21,917
Acquisition of entities	456	69	21	-	546
Additions	374	-	112	101	587
Disposal of entities	-	-	-4	-	-4
Disposals	-385	-	-56	-	-441
Foreign exchange adjustments etc.	-120	-10	-16	-	-146
Transfers	-	-	6	-6	-
Cost at 31 December 2006	16,939	3,902	1,469	149	22,459
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2006	275	74	896	-	1,245
Amortisation	-	16	240	-	256
Impairment losses	96	16	-	-	112
Disposal of entities	-	-	-3	-	-3
Disposals	-385	-	-48	-	-433
Foreign exchange adjustments etc.	18	-2	-13	-	3
Amortisation and impairment losses at 31 December 2006	4	104	1,072	-	1,180
Carrying amount at 31 December 2006	16,935	3,798	397	149	21,279

Additions to goodwill during the year can be specified as follows:

DKK million	2007	2006
Acquisition of minority shareholdings:		
BBH Group	83	348
Carlsberg Deutschland	-	26
	83	374
Acquisition of entities, see note 31	87	456
Total	170	830

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 3,654m (2006: DKK 3,654m) at 31 December 2007, equivalent to 96% (2006: 96%) of the capitalised trademarks – primarily the Carlsberg, Tuborg and Holsten trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are well-established trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts which are helping to maintain and increase the value of these trademarks.

The carrying amount of other intangible assets at 31 December 2007 includes capitalised software costs of DKK 125m (2006: DKK 205m) and beer delivery rights of DKK 77m (2006: DKK 103m).

Research and development costs of DKK 108m (2006: DKK 105m) have been recognised in the income statement.

NOTE 16 IMPAIRMENT TEST

Goodwill and trademarks with an indefinite useful life. The Carlsberg Group performs impairment tests for the Group's cash-generating units. The cash-generating units are based on the management structure. Internal financial control is generally carried out at country level. Impairment test of goodwill is performed at country level and not segment level.

Trademarks are impairment-tested at Group level, as royalty income is earned globally across segments.

For the Group's cash-generating units at segment level, the carrying amount of goodwill and trademarks with an indefinite useful life at 31 December was as follows:

DKK million	Goodwill	Trademarks[1]	Total	2007 %
Western Europe	4,159	654	4,813	23%
BBH Group (50%)	1,999	-	1,999	10%
Eastern Europe excl. BBH	1,190	-	1,190	6%
Asia	1,391	-	1,391	7%
Carlsberg Breweries A/S[2]	8,207	3,000	11,207	54%
Total	16,946	3,654	20,600	100%

DKK million	Goodwill	Trademarks[1]	Total	2006 %
Western Europe	4,195	652	4,847	24%
BBH Group (50%)	1,946	-	1,946	9%
Eastern Europe excl. BBH	1,143	2	1,145	6%
Asia	1,444	-	1,444	7%
Carlsberg Breweries A/S[2]	8,207	3,000	11,207	54%
Total	16,935	3,654	20,589	100%

[1] The trademark is allocated to the segment that owns the trademark. Royalty income generated by the trademark is earned globally and across segments.

[2] Relates to Carlsberg A/S's acquisition of the minority holding in Carlsberg Breweries A/S in 2004.

General assumptions

Other than goodwill and trademarks relating to acquisition of the 40% minority holding in Carlsberg Breweries A/S, at 31 December 2007 no goodwill was associated with cash-generating units comprising 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life.

The Carlsberg Group performed impairment tests of the carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2007. Impairment tests are performed in the 4th quarter each year based on the budgets and business plans approved by the Board of Directors and the Executive Board and other assumptions.

Trademarks

Trademarks are impairment-tested at Group level. The impairment test is based on expected future free cash flows primarily from the royalty income generated by the individual trademark. Key assumptions include royalty rate, useful life and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark.

The impairment test of trademarks is based on a comparison of the recoverable amount, corresponding to the discounted value of the expected future free cash flow, with the carrying amount of the individual trademark.

Goodwill

The impairment test of goodwill is based on the discounted value of expected future free cash flows from the cash-generating unit. The expected future free cash flow is based on budgets and business plans for the next three years and projections for subsequent years. Key parameters include developments in revenue, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Budgets and business plans for the next three years are based on concrete future commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. Projections beyond the next three years are based on general expectations and risks. The terminal value beyond the next three years takes account of general growth expectations for the brewing industry in the relevant segments. Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments. The average growth rates for the terminal period are shown below.

Pre-tax discount rates are applied in calculating the recoverable amounts and reflect the risk-free interest rate with the addition of specific risks in the individual geographical segments. The effect of the estimated future risks is incorporated in the cash flows used, and these risks are not included in the discount rates used.

The impairment test of cash-generating units is based on a comparison of the recoverable amount, corresponding to the discounted value of the expected future free cash flow, with the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

NOTE 16 IMPAIRMENT TEST – CONTINUED

Significant assumptions	Growth in the terminal period		Discount rates[1]	
	2007	2006	2007	2006
Goodwill:				
Western Europe	0.5%	0.5%	4.2-6.5%	4-6%
BBH Group	2.5%	2.5%	8.3%	8.5%
Eastern Europe excl. BBH	1.5%	1.5%	7-16%	6.5-18%
Asia	2.5%	2.5%	4.5-10.9%	4.5-10.5%
Trademarks	0-3%	0-3%	4-7%	4-7%

[1] Pre-tax discount rates are used for goodwill, whereas post-tax discount rates are used for trademarks.

Western Europe is characterised by stable volumes but also by continuing stiff competition, requiring ongoing optimisation of cost structures and use of capital. A slight increase in revenue is expected in Western Europe in the next three years, while the ongoing Excellence programmes, including Logistic Excellence, and restructuring initiatives already implemented in key countries, are expected to contribute to productivity improvements and cost savings, and thus an improved operating margin. Some countries will continue to be characterised by a high level of investment as a result of changes to production structure.

The BBH Group is characterised both by growth in the market and increasing market shares, driven among other things by significant investments in increased capacity, marketing, innovation and the introduction of new products. Revenue in the BBH Group is expected to rise, with costs expected to rise in line with this, resulting in a stable operating margin. The level of investment is expected to be maintained at a high level to support growth.

Eastern Europe excl. BBH is among the Group's growth markets, with increases expected in both revenue and operating margin. The Group's Excellence programmes and product innovation are expected to contribute to improved earnings. The free cash flow in the coming years will continue to be influenced by a high level of investment.

Asia is also a growth area, with significant growth in China and Indochina in particular. Increases in revenue and operating margin on the emerging markets are expected, while stable earnings are expected on the mature markets. The ongoing marketing of the Carlsberg Chill brand is expected to make a positive contribution to sales and earnings.

Impairment losses

Based on the impairment tests performed, the following impairment losses have been recognised in respect of goodwill, trademarks with an indefinite useful life and other non-current assets:

DKK million	2007	2006
Goodwill:		
Carlsberg Italia	-	94
Other	6	2
Trademarks:		
Other	-	16
Property, plant and equipment:		
Türk Tuborg	100	80
Carlsberg Italia	-	41
Carlsberg Danmark		71
Other	7	46
Total	113	350

Türk Tuborg continues to operate under difficult market conditions on a declining market, resulting in an unsatisfactory development in earnings and lower expectations of future earnings. The impairment test of Türk Tuborg still results in a negative net present value of future cash flows, which led to write-downs of non-current assets by DKK 100m in 2007 (2006: DKK 80m). In 2005 all goodwill related to Türk Tuborg was written off.

In 2006 impairment losses were recognised in respect of Carlsberg Italia due to difficult market conditions on a declining market, resulting in an unsatisfactory development in earnings and lower expectations of future earnings. The total goodwill relating to Carlsberg Italia was written off as a result.

Other impairment losses in respect of property, plant and equipment in 2006 and 2007 relate to restructuring projects.

The impairment losses are recognised under special items in the income statement and included in the segments Eastern Europe (Türk Tuborg) and Western Europe (Carlsberg Italia, Carlsberg Danmark and other).

Based on the impairment tests performed, there were no indications of further impairment of goodwill and trademarks with an indefinite useful life at 31 December 2007.

According to sensitivity analyses, growth in the terminal period can be reduced by up to 0.5 percentage points or the discount rate can be increased by up to 3.8 percentage points without resulting in any impairment losses in respect of Western Europe, the BBH Group and Eastern Europe. In Asia growth in the terminal period can be reduced by up to 2.5 percentage points or the discount rate can be increased by up to 6 percentage points without resulting in any impairment losses.

NOTE 17 PROPERTY, PLANT AND EQUIPMENT

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	2007 Total
Cost:					
Cost at 1 January 2007	12,838	22,075	8,266	1,582	44,761
Acquisition of entities	53	97	10	7	167
Additions	252	1,542	935	2,748	5,477
Disposals	-451	-503	-730	-443	-2,127
Foreign exchange adjustments etc.	-190	-284	-5	-38	-517
Transfers	224	617	231	-1,072	-
Transfer to/from assets held for sale	13	-	-	-	13
Cost at 31 December 2007	12,739	23,544	8,707	2,784	47,774
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	4,575	13,998	5,821	-	24,394
Disposals	-216	-442	-709	-	-1,367
Foreign exchange adjustments etc.	-25	-103	13	-	-115
Depreciation	333	1,389	924	-	2,646
Impairment losses	2	105	-	-	107
Depreciation and impairment losses at 31 December 2007	4,669	14,947	6,049	-	25,665
Carrying amount at 31 December 2007	8,070	8,597	2,658	2,784	22,109
Assets held under finance leases:					
Cost	10	126	36	-	172
Depreciation and impairment losses	-2	-71	-29	-	-102
Carrying amount at 31 December 2007	8	55	7	-	70
Carrying amount of assets pledged as security for loans	495	-	-	765	1.260

DKK million	2007	2006
Depreciation and impairment losses are included in:		
Cost of sales	1,636	1,725
Sales and distribution expenses	860	856
Administrative expenses	154	152
Special items	103	202
Total	2,753	2,935

NOTE 17 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total 2006
Cost:					
Cost at 1 January 2006	12,660	21,982	8,509	1,214	44,365
Acquisition of entities	43	93	14	1	151
Disposal of entities	-38	-121	-40	-	-199
Additions	260	1,002	799	1,185	3,246
Disposals	-231	-945	-1,004	-6	-2,186
Foreign exchange adjustments etc.	-168	-383	-167	-13	-731
Transfers	224	447	155	-826	-
Transfer to/from assets held for sale	88	-	-	27	115
Cost at 31 December 2006	12,838	22,075	8,266	1,582	44,761
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2006	4,375	13,700	5,935	-	24,010
Disposal of entities	-22	-70	-34	-	-126
Disposals	-94	-948	-901	-	-1,943
Foreign exchange adjustments etc.	-105	-252	-119	-	-476
Depreciation	372	1,415	910	-	2,697
Impairment losses	55	153	30	-	238
Reversal of impairment losses	-22	-	-	-	-22
Transfer to/from assets held for sale	16	-	-	-	16
Depreciation and impairment losses at 31 December 2006	4,575	13,998	5,821	-	24,394
Carrying amount at 31 December 2006	8,263	8,077	2,445	1,582	20,367
Assets held under finance leases:					
Cost	10	132	66	-	208
Depreciation and impairment losses	-2	-60	-49	-	-111
Carrying amount at 31 December 2006	8	72	17	-	97
Carrying amount of assets pledged as security for loans	710	32	-	-	742

Fixtures and fittings, other plant and equipment include rolling equipment such as cars and trucks, draught beer equipment, coolers, returnable packaging and office equipment.

Leased assets with a carrying amount of DKK 70m (2006: DKK 97m) have been pledged as security for lease liabilities totalling DKK 65m (2006: DKK 87m).

NOTE 18 ASSOCIATES

DKK million	2007	2006
Cost:		
Cost at 1 January	435	1,061
Acquisition of entities	-	11
Additions	31	5
Disposals	-20	-66
Foreign exchange adjustments etc.	-15	-44
Transfers incl. prepayments in connection with business combinations	-	-532
Cost at 31 December	431	435
Value adjustments:		
Value adjustments at 1 January	144	44
Disposals	15	66
Dividends	-63	-36
Share of profit after tax	101	85
Foreign exchange adjustments etc.	-6	-7
Transfers	-	-8
Value adjustments at 31 December	191	144
Carrying amount at 31 December	622	579

2007

DKK million	Net revenue	Profit for the year after tax	Assets	Liabilities	Carlsberg Group share: Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	166	45	322	50	33%	15	99
Lanzhou Huanghe Jianjiang Brewery Company	313	33	345	108	30%	10	69
Other associates, Asia (4 entities)	298	34	294	100	30-49.8%	16	77
International Breweries BV	481	52	628	404	16%	11	42
Nuuk Imeq A/S	152	27	225	72	31.9%	9	22
Other	2,066	139	2,547	389	20-25%	40	313
						101	622

2006

DKK million	Net revenue	Profit for the year after tax	Assets	Liabilities	Carlsberg Group share: Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	138	38	336	17	33%	13	117
Lanzhou Huanghe Jianjiang Brewery Company	299	22	336	144	30%	7	61
Other associates, Asia (4 entities)	226	26	268	121	30-49%	12	66
International Breweries BV	416	67	562	471	16%	8	36
Nuuk Imeq A/S	140	20	264	88	31.9%	10	28
Other	2,182	118	2,577	1,964	20-25%	35	271
						85	579

DKK million	2007	2006
Fair value of investments in listed associates:		
The Lion Brewery Ceylon, Biyagama, Sri Lanka	26	40
Total	26	40

The Carlsberg Group also has minor investments in associates in which the Group is unable to exercise significant influence, as a result of which these investments are classified as securities.

NOTE 19 SECURITIES

DKK million	2007	2006
Securities are classified in the balance sheet as follows:		
Non-current assets	123	170
Current assets	34	8
Total	157	178
Types of security:		
Listed shares	-	-
Unlisted shares	157	178
Total	157	178

Securities classified as current assets are those expected to be sold within one year of the balance sheet date.

Shares in unlisted entities comprise a number of small holdings. These assets are not recognised at fair value as the fair value cannot be calculated on an objective basis. Instead the assets are recognised at cost.

Shares in unlisted entities were disposed of during the year at a gain of DKK 0m (2006: DKK 61m), which is included in financial income. The carrying amount at the disposal date was DKK 0m (2006: DKK 0m).

NOTE 20 RECEIVABLES

DKK million	2007	2006
Receivables are included in the balance sheet as follows:		
Trade receivables	6,341	6,108
Other receivables	1,453	1,145
Total current receivables	7,794	7,253
Non-current receivables	1,476	1,139
Total	9,270	8,392

Trade receivables comprise invoiced goods and services plus short-term loans to customers in the on-trade.

Other receivables comprise VAT receivables, loans to associates, interest receivables and other financial receivables.

Non-current receivables consist mainly of on-trade loans. Non-current receivables fall due more than one year from the balance sheet date, of which DKK 478m (2006: DKK 122m) falls due more than five years from the balance sheet date.

DKK million	2007	2006
Receivables by origin:		
Receivables from the sale of goods and services	5,756	5,437
On-trade loans	1,627	1,711
Loans to associates	28	221
Receivables from construction contracts (selling price)	349	130
Fair value of hedging instruments	119	36
Other receivables	1,391	857
Total	9,270	8,392

DKK million	2007	2006
Receivables from the sale of goods and services fall due as follows:		
Not fallen due or written down	4,518	4,302
Falling due in less than 30 days	781	721
Falling due between 30 and 90 days	316	294
Falling due in more than 90 days	141	120
Carrying amount at 31 December	5,756	5,437

NOTE 20 RECEIVABLES – CONTINUED

Receivables from the sale of goods and services and loans are recognised net of write-downs for bad debt losses.

DKK million	2007	2006
Write-downs are specified as follows:		
Write-downs at 1 January	-860	-887
Write-downs for the year	-191	-431
Realised bad debt losses	163	393
Reversed write-downs	38	65
Write-downs at 31 December	-850	-860

No significant losses were incurred in respect of an individual trade receivable or on-trade loan in 2007 (2006: DKK 105m in respect of receivables in the UK and Sweden).

In a number of cases the Group receives security for sales on credit and loans to the on-trade. Such security is taken into account when assessing the necessary write-downs for bad debt losses. Security may comprise financial guarantees or pledges. The maximum credit risk is reflected in the carrying amounts of the individual receivables.

Loans to associates relate mainly to property projects. In 2006 a loan was granted to Baltic Beverages Holding AB. On-trade loans are concentrated in the UK, Germany and Switzerland, and spread across a large number of debtors. These loans are largely secured against various forms of collateral. Apart from these, there is no concentration of credit risk.

On-trade loans are recognised at amortised cost. Based on discounted cash flows using the interest rates at the balance sheet date, these loans have a fair value of DKK 1,687m (2006: DKK 1,806m). For other receivables, the carrying amount essentially corresponds to fair value.

%	2007	2006
Average effective interest rates:		
Loans to associates	5.2	4.3
On-trade loans	8.6	7.8

Prepayments. A figure of DKK 104m for costs related to the offer for Scottish & Newcastle plc is included in prepayments.

NOTE 21 INVENTORIES

DKK million	2007	2006
Raw materials and consumables	2,015	1,542
Work in progress	289	233
Finished goods	1,514	1,445
Total	3,818	3,220

Production costs of inventories sold amount to DKK 22,048m (2006: DKK 19,757m).

Packing materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 3m (2006: DKK 4m) and are included in cost of sales.

Obsolete beer and soft drinks and raw materials are generally scrapped because of their limited shelf-life and written down to DKK 0. Scrapped goods are included in production costs.

NOTE 22 CASH AND CASH EQUIVALENTS

DKK million	2007	2006
Cash at bank and in hand	2,249	2,487
Short-term marketable securities with a term of three months or less	-	3
Total	2,249	2,490
In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	2,249	2,490
Bank overdrafts	-898	-782
Cash and cash equivalents, net	1,351	1,708
Of which pledged as security	310	210

Short-term bank deposits amounted to DKK 1,408m (2006: DKK 1,676m). The average interest rate on these deposits was 5.3% (2006: 5.5%), and the average duration was 56 days (2006: 72 days).

The maximum credit risk on cash and cash equivalents is reflected in the carrying amount.

Proportionally consolidated entities' share of cash and cash equivalents is specified in note 34.

NOTE 23 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2007	2006
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	34	72
Financial assets	-	37
Total	34	109
Liabilities associated with assets held for sale:		
Deferred tax liabilities	-	1
Total	-	1

Assets held for sale primarily comprise land and property which are disposed of as part of the Carlsberg Group's strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2008.

The selling price is expected to exceed the carrying amount of assets held for sale. Accordingly, no depreciation or impairment losses have been recognised in the income statement.

Assets (properties) which no longer qualify for recognition as assets held for sale have been transferred to property, plant and equipment in 2007 as a result of ongoing sales negotiations not proceeding as expected. This involves an amount of DKK 13m and has affected the income statement by a total of DKK 0.5m in depreciation.

Assets (shares) which no longer qualify for recognition as assets held for sale have been transferred to financial assets in 2007 as a result of ongoing sales negotiations not proceeding as expected. This involves an amount of DKK 37m.

Gains on the disposal of assets held for sale are recognised in the income statement under other operating income. The gains recognised as income in all material respects relate to disposal of depots and properties and total DKK 54m (2006: DKK 117m).

Information on the segment in which assets held for sale are included is provided in note 2.

NOTE 24 SHARE CAPITAL

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKKm	Shares of DKK 20	Nominal value, DKKm	Shares of DKK 20	Nominal value, DKKm
1 January 2006	33,699,252	674	42,579,151	852	76,278,403	1,526
No change in 2006						
31 December 2006	33,699,252	674	42,579,151	852	76,278,403	1,526
No change in 2007						
31 December 2007	33,699,252	674	42,579,151	852	76,278,403	1,526

Each class A share of DKK 20 carries 20 votes. Each class B share of DKK 20 carries 2 votes.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2006	167	-	0.0%
Acquisition of treasury shares	105,000	2	0.1%
Used to settle share options	-97,659	-2	-0.1%
31 December 2006	7,508	-	0.0%
Acquisition of treasury shares	201,199	4	0.3%
Used to settle share options	-175,945	-4	-0.3%
31 December 2007	32,762	-	0.0%

At 31 December 2007 the fair value of treasury shares amounted to DKK 20m (2006: DKK 4m).

The Annual General Meeting has authorised the Board of Directors to acquire treasury shares of a total nominal amount of 10% of the Company's share capital in the period up to the next Annual General Meeting.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 4m (2006: DKK 2m) at an average price of DKK 637 (2006: price DKK 415), corresponding to a purchase price of DKK 127m (2006: DKK 44m). Class B treasury shares are primarily acquired in connection with share option schemes. The Group holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 53m (2006: DKK 28m). The disposal was made in connection with settlement of share options.

Provisions governing alterations to the Articles of Association. In order to pass a resolution to alter the Articles of Association which is not proposed or endorsed by the Board of Directors, it is required that at least one third of the possible number of votes representing the total share capital shall be represented at the general meeting and the resolution shall be passed by three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting. If the resolution is proposed or endorsed by the Board of Directors, only a qualified majority of two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting is required for its passing.

If the prescribed portion of the voting share capital is not sufficiently represented at the general meeting but a resolution is nonetheless passed, such resolution may be finally passed at an extraordinary general meeting convened by the Board of Directors within fourteen days of the first general meeting, irrespective of the number of votes represented at this general meeting. In order for a resolution not endorsed by the Board of Directors to be passed successfully at this second general meeting, three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting must vote in favour of the resolution. If the resolution has been endorsed by the Board of Directors, the resolution may be passed by two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting.

NOTE 25 BORROWINGS

DKK million	2007	2006
Non-current borrowings:		
Issued bonds	7,034	7,452
Mortgages	2,180	939
Bank borrowings	9,588	7,266
Lease liabilities	37	60
Other non-current borrowings[1]	546	524
Total	19,385	16,241
Current borrowings:		
Issued bonds	-	3,873
Mortgages	-	25
Current portion of other non-current borrowings	196	331
Bank borrowings	2,643	1,414
Lease liabilities	28	27
Other non-current borrowings	1,002	886
Total	3,869	6,556
Total non-current and current borrowings	23,254	22,797
Fair value	23,422	23,035

[1] Other non-current borrowings include loans from associates of DKK 373m (2006: DKK 0m).

All borrowings are measured at amortised cost. However, fixed-rate borrowings swapped to floating rates are measured at fair value. The carrying amount of these borrowings is DKK 356m (2006: DKK 363m).

Time to maturity for non-current borrowings

DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	2007 Total
Issued bonds	2,495	-	2,507	1	2,031	7,034
Mortgages	203	1	-	-	1,976	2,180
Bank borrowings	480	5,619	61	408	3,020	9,588
Lease liabilities	23	11	1	1	1	37
Other non-current borrowings	2	156	1	-	387	546
Total	3,203	5,787	2,570	410	7,415	19,385
						2006
Issued bonds	-	2,492	-	2,737	2,223	7,452
Mortgages	30	31	226	30	622	939
Bank borrowings	284	2,856	85	1,201	2,840	7,266
Lease liabilities	30	18	9	3	-	60
Other non-current borrowings	329	1	182	-	12	524
Total	673	5,398	502	3,971	5,697	16,241

NOTE 25 BORROWINGS – CONTINUED

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
				2007	
Issued bonds:					
GBP 250m maturing 12 December 2011[2]	Fixed	6.63%	3-4 years	2,507	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	> 5 years	2,032	Fair value
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	1-2 years	2,495	Fair value
Total issued bonds		6.12%		7,034	
Mortgages:					
Floating rate[3]	Floating	4.06%	0-1 year	1,603	Cash flow
Fixed rate[4]	Fixed	5.24%	2-10 years	577	Fair value
Total mortgages		4.37%		2,180	

[2] Swaps have been used to change the interest rate to a fixed EUR rate of 5.43%.

[3] This concerns three mortgages with a time to maturity of more than five years. Two loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 4m and a negative DKK 4m respectively). The floating-rate loans will be repriced in January 2008 at a rate of 4.92%.

[4] A floating-rate mortgage of DKK 372m has been raised and swapped to a fixed rate.

Currency profile of borrowings before and after derivative financial instruments

				2007					
				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2008	2009	2010	2011	2012	2013-
CHF	1,734	494	2,228	387	1,347	-	-	-	-
DKK	5,115	-2,748	2,367	2,042	2,701	-	-	-	372
EUR	8,521	706	9,227	4,290	19	3,732	94	1	385
GBP	4,711	-2,157	2,554	170	1	1	2,507	-	2,032
NOK	203	816	1,019	203	-	-	-	-	-
PLN	668	1,838	2,506	658	2	2	2	2	2
RUB	111	-	111	111	-	-	-	-	-
SEK	116	79	195	116	-	-	-	-	-
TRY	316	-	316	316	-	-	-	-	-
USD	1,365	143	1,508	1,119	45	45	156	-	-
Other	394	829	1,223	365	5	-	24	-	-
Total	23,254	-	23,254	9,777	4,120	3,780	2,783	3	2,791

See also note 35 Financial risks.

NOTE 25 BORROWINGS – CONTINUED

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2006 Interest rate risk
Issued bonds:					
GBP 250m maturing 12 December 2011[5]	Fixed	6.63%	4-5 years	2,737	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	> 5 years	2,223	Fair value
EUR 500m maturing 5 July 2007	Fixed	5.63%	0-1 year	3,763	Fair value
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	2-3 years	2,492	Fair value
RUB 1bn maturing 20 November 2007	Fixed	8.75%	0-1 year	110	Fair value
Total issued bonds		6.00%		11,325	
Mortgages:					
Floating rate[6]	Floating	3.23%	0-1 year	363	Cash flow
Fixed rate	Fixed	5.21%	0-14 years	601	Fair value
Total mortgages		4.44%		964	

[5] Swaps have been used to change the interest rate to a fixed EUR rate of 5.43%.

[6] This concerns two mortgages with a time to maturity of more than five years. The loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 2m and a negative DKK 2m respectively). The floating-rate loans were repriced in January 2007 at a rate of 4.06%.

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	2006 Next repricing (of principal before currency swaps) 2007	2008	2009	2010	2011	2012-
CHF	1,816	398	2,214	421	3	1,392	-	-	-
DKK	5,050	-1,189	3,861	1,619	30	2,523	226	30	622
EUR	8,160	2,943	11,103	4,159	208	13	3,766	-	14
GBP	5,270	-3,468	1,802	310	-	-	-	2,737	2,223
NOK	548	166	714	548	-	-	-	-	-
PLN	737	603	1,340	721	2	2	2	2	8
RUB	144	-	144	144	-	-	-	-	-
SEK	117	-123	-6	117	-	-	-	-	-
TRY	103	-	103	103	-	-	-	-	-
USD	492	567	1,059	437	55	-	-	-	-
Other	360	103	463	360	-	-	-	-	-
Total	22,797	-	22,797	8,939	298	3,930	3,994	2,769	2,867

NOTE 26 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

The majority of the Group's employees are covered by retirement benefit plans. The nature of retirement benefit plans varies depending on labour market conditions, legal requirements, tax legislation and economic conditions in the countries in which the Group's employees work. Benefits are generally based on wages and salaries and length of employment. Retirement benefit obligations cover both present and future retirees' entitlement to retirement benefits.

Approximately 55% of the Group's retirement benefit costs relate to defined contribution plans, which limits the Company's obligation to the contributions paid. The retirement benefit plans are funded by payments from the Group's companies and employees to funds that are independent of the Group.

The other plans are defined benefit plans, and a retirement benefit obligation is recognised in the balance sheet based on an actuarial calculation of the present value at the balance sheet date less the plan assets. For defined benefit plans the Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability.

The retirement benefit plans in among other Switzerland, Norway, the UK and Hong Kong have assets placed in independent pension funds.

In 2006 and 2007 a number of changes were agreed to the plan in the UK in order to reduce the net liability in the plan. In 2006 and 2007 Carlsberg made extraordinary payments of GBP 20m to the plan. The employees contribute by means of increased payments or reduction of the retirement benefit in proportion to the final salary at retirement.

The plans in Germany, Sweden, Italy etc. are unfunded. For these plans the retirement benefit obligations amount to approximately 15% (2006: 16%) of the total gross liability.

The defined benefit plans typically guarantee the employees covered a retirement benefit based on the final salary at retirement.

DKK million	2007	2006
Defined benefit plans are recognised in the balance sheet as follows:		
Retirement benefit obligations and similar obligations	2,220	2,006
Plan assets	11	14
Net obligations	2,209	1,992
Specification of net obligations:		
Present value of funded plans	6,923	6,841
Fair value of plan assets	-6,234	-6,334
Net obligation for funded plans	689	507
Present value of unfunded plans	1,228	1,293
Assets not recognised due to asset ceiling	292	192
Net obligations recognised	2,209	1,992
Specification of total obligations:		
Present value of funded plans	6,923	6,841
Present value of unfunded plans	1,228	1,293
Total obligations	8,151	8,134
Changes in obligations:		
Total obligations at 1 January	8,134	8,065
Current service cost	162	200
Interest cost	323	322
Actuarial losses	345	113
Benefits paid	-426	-473
Curtailments and settlements	-4	-11
Additions due to acquisition of entities	-	4
Foreign exchange adjustments etc.	-383	-86
Total obligations at 31 December	8,151	8,134
Changes in plan assets:		
Fair value of assets at 1 January	6,334	6,105
Expected return	321	333
Actuarial gains	-86	123
Contributions to plans	318	238
Benefits paid	-333	-380
Foreign exchange adjustments etc.	-320	-85
Fair value of assets at 31 December	6,234	6,334

The Group expects to contribute DKK 153m (2006: DKK 172m) to the plan assets in 2008.

	2007	2006
Actual return on plan assets:		
Expected return	321	333
Actuarial gains	-86	123
Actual return	235	456

NOTE 26 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

	2007		2006	
	DKK million	%	DKK million	%
Breakdown of plan assets:				
Shares	2,314	37%	2,364	37%
Bonds and other securities	2,835	46%	2,965	47%
Real estate	837	13%	830	13%
Cash and cash equivalents	248	4%	175	3%
Total	6,234	100%	6,334	100%

Plan assets do not include shares in or properties used by Group companies.

Actuarial assumptions. The actuarial assumptions underlying the calculations and valuations vary from country to country due to local economic conditions and labour market conditions.

Calculation of the expected return on plan assets is based on a low-risk investment in bonds in the relevant countries. The rate of return is increased if the plan assets comprise shares and properties, which are expected to provide a higher rate of return, but reduced by the increased risks associated with these investments.

	2007		2006	
	Range	Weighted average	Range	Weighted average
Assumptions applied:				
Discount rate	2.0-5.7%	4.7%	2.0-5.7%	4.2%
Expected return on plan assets	4.3-6.8%	5.4%	4.3-7.0%	5.4%
Future salary increases	2.0-6.0%	3.1%	1.5-5.0%	2.8%
Future retirement benefit increases	0.5-3.5%	2.1%	0.5-3.5%	2.0%

DKK million	2007	2006
Recognised in income statement:		
Current service cost	162	200
Expected return on plan assets	-321	-333
Interest cost on obligations	323	322
Curtailments and settlements	-4	-11
Total recognised in income statement	160	178
The cost is recognised in the income statement as follows:		
Cost of sales	31	43
Sales and distribution expenses	97	120
Administrative expenses	24	26
Special items (restructuring)	6	-
Total staff costs, cf. note 13	158	189
Financial income	-321	-333
Financial expenses	323	322
Total	160	178
Recognised in equity:		
Recognised at 1 January	-300	-195
Actuarial gains/losses	-431	10
Effect of asset ceiling	-101	-115
Foreign exchange adjustment of foreign entities	14	-
Recognised in equity during the period	-518	-105
Recognised at 31 December	-818	-300
Of which accumulated actuarial gains/losses	-611	-180

NOTE 26 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2007	2006	2005	2004
Five-year overview (from 1 January 2004):				
Obligations	8,151	8,134	8,065	7,433
Plan assets	-6,234	-6,334	-6,105	-5,604
Deficit	1,917	1,800	1,960	1,829
Experience adjustments to obligations	30	-57	-97	-26
Experience adjustments to plan assets	86	123	242	-22

NOTE 27 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2007	2006
Deferred tax at 1 January, net	1,603	1,357
Foreign exchange adjustments	-54	-44
Adjustments to previous years	-66	191
Additions due to acquisition/disposal of entities, net	6	8
Recognised in equity	-117	-70
Recognised in income statement	171	183
Change in tax rate	-85	-21
	1,458	1,604
Of which transferred to assets held for sale	-	-1
Deferred tax at 31 December, net	1,458	1,603
Specified as follows:		
Deferred tax liabilities	2,191	2,425
Deferred tax assets	733	822
Deferred tax at 31 December, net	1,458	1,603

Specification of deferred tax assets and deferred tax liabilities at 31 December:

	Deferred tax assets		Deferred tax liabilities	
DKK million	2007	2006	2007	2006
Intangible assets	131	158	1,153	1,298
Property, plant and equipment	185	175	1,593	1,732
Current assets	66	94	52	60
Provisions and retirement benefit obligations	539	504	83	81
Fair value adjustments	12	53	41	74
Tax losses etc.	842	900	311	243
Total before set-off	1,775	1,884	3,233	3,488
Set-off	-1,042	-1,062	-1,042	-1,062
Total after set-off	733	822	2,191	2,426
Transferred to assets held for sale	-	-	-	-1
Deferred tax assets and deferred tax liabilities at 31 December	733	822	2,191	2,425
Expected to be used as follows:				
Within 12 months of balance sheet date	141	431	123	187
More than 12 months after balance sheet date	592	391	2,068	2,238
Total	733	822	2,191	2,425

Deferred tax assets and tax liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to set off current tax liabilities, and the deferred tax assets and tax liabilities relate to the same legal tax entity.

Of the total deferred tax assets recognised, DKK 410m (2006: DKK 605m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 837m (2006: DKK 670m) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Tax losses that will not expire amount to DKK 210m.

Deferred tax has not been calculated on temporary differences relating to investments in subsidiaries, joint ventures and associates as these investments are not expected to be disposed of within the foreseeable future and are therefore not expected to entail tax on disposal.

Deferred tax of DKK 79m (2006: 78m) has been recognised in respect of earnings in the BBH Group which are intended for distribution in the short term, as tax of 5% is payable on distributions. For other subsidiaries where distributable reserves are planned to be distributed, any distribution of earnings will not entail a significant tax liability based on current tax legislation.

NOTE 28 PROVISIONS

Restructuring provisions totalling DKK 263m (2006: DKK 327m) relate primarily to restructurings in connection with the Operational Excellence programmes and restructuring at Carlsberg Danmark A/S, Carlsberg Sverige AB, Ringnes a.s., Carlsberg Deutschland GmbH and Carlsberg Italia S.p.A.

These provisions have been calculated on the basis of detailed plans announced to the parties concerned, and relate mainly to termination benefits to employees made redundant.

Other provisions totalling DKK 480m (2006: DKK 505m) relate primarily to provisions for losses in connection with Carlsberg UK's outsourcing of the servicing of draught beer equipment, a lawsuit at Türk Tuborg concerning beer excise duties withheld, warranty obligations, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

			2007
DKK million	Restructuring	Other	Total
Provisions at 1 January	327	505	832
Additional provisions recognised	210	81	291
Used during the year	-229	-68	-297
Reversal of unused provisions	-31	-47	-78
Transfers	-	2	2
Foreign exchange adjustments etc.	-14	7	-7
Provisions at 31 December	263	480	743
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	41	208	249
Current provisions	222	272	494
Total	263	480	743

The non-current provisions are expected to be used within two to three years of the balance sheet date.

			2006
DKK million	Restructuring	Other	Total
Provisions at 1 January	379	377	756
Additional provisions recognised	288	198	486
Used during the year	-333	-36	-369
Reversal of unused provisions	-17	-59	-76
Acquisition of entities	-	8	8
Transfers	-3	35	32
Change in discount rate	-	8	8
Foreign exchange adjustments etc.	13	-26	-13
Provisions at 31 December	327	505	832
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	129	237	366
Current provisions	198	268	466
Total	327	505	832

The non-current provisions are expected to be used within two to three years of the balance sheet date.

NOTE 29 OTHER LIABILITIES ETC.

DKK million	2007	2006
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	20	54
Current liabilities	5,611	4,856
Total	5,631	4,910
Other liabilities by origin:		
Excise duties and VAT payable	1,889	1,845
Staff costs payable	980	1,039
Interest payable	321	337
Fair value of hedging instruments	603	362
Liabilities related to the acquisition of entities	90	112
Amounts owed to associates	2	5
Deferred income	171	113
Other	1,575	1,097
Total	5,631	4,910

NOTE 30 CASH FLOWS

DKK million	2007	2006
Adjustment for other non-cash items:		
Share of profit after tax, associates	-101	-85
Gains on disposal of property, plant and equipment and intangible assets, net	-464	-260
Amortisation of on-trade loans etc.	162	172
Total	-403	-173
Change in working capital:		
Inventories	-639	-288
Receivables	-749	-142
Trade payables and other liabilities	1,460	863
Retirement benefit obligations and other liabilities related to operating activities before special items	-296	-39
Adjustment for unrealised foreign exchange gains/losses	-6	-5
Total	-230	389
Change in on-trade loans:		
Loans provided	-665	-735
Repayments	522	535
Total	-143	-200
Change in financial receivables:		
Loans and other receivables	-163	-213
Repayments	77	2,047
Total	-86	1,834
Shareholders in Carlsberg A/S:		
Dividends to shareholders	-458	-381
Acquisition of treasury shares	-127	-44
Disposal of treasury shares	53	28
Repurchase of investments	24	-
Total	-508	-397
Minority interests:		
Acquisition of minority interests	-69	-576
Minority interests' share of capital increase in subsidiaries	43	23
Dividends to minority interests	-227	-148
Repurchase of investments from minority interests	-198	-
Total	-451	-701
External financing:		
Proceeds from borrowings	5,590	4,859
Repayment of borrowings	-6,337	-8,501
Current borrowings, net	1,541	111
Repayment of finance lease liabilities	-19	-61
Total	775	-3,592

NOTE 31 ACQUISITION AND DISPOSAL OF ENTITIES

				2007
DKK million	Main activity	Acquisition date	Acquired ownership interest	Cost
Name of acquired entities:				
Brewery Olivaria[1]	Brewery	1 Jan. 2007	70.0%	127
Ningxia Brewery Ltd.	Brewery	1 Jan. 2007	70.0%	102
Lao Soft Drink Co. Ltd[2]	Beverages	1 Dec. 2007	65.0%	45
Total				274

NOTE 31 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

	Other		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	35	52	35	52
Property, plant and equipment	157	167	157	167
Financial assets, non-current	3	3	3	3
Inventories	44	41	44	41
Receivables	57	57	57	57
Cash and cash equivalents	94	94	94	94
Provisions, excl. deferred tax liabilities	-	-	-	-
Deferred tax liabilities, net	2	-6	2	-6
Borrowings	-64	-64	-64	-64
Bank overdrafts	-	-	-	-
Trade payables and other liabilities etc.	-46	-75	-46	-75
Net assets	282	269	282	269
Minority interests	-43	-82	-43	-82
Equity, Carlsberg's share	239	187	239	187
Goodwill		87		87
Cash consideration paid		274		274
Transferred from other financial assets (prepayments)		-1		-1
		273		273
Cash and cash equivalents, acquired		94		94
Bank overdrafts, acquired		-		-
Cash outflow, net		179		179
Elements of cash consideration paid:				
Cash		271		271
Directly attributable acquisition costs		3		3
Total		274		274

[1] Carlsberg owns Brewery Olivaria through BBH AB, which is consolidated 50%. BBH AB owns 30% of the share capital in Brewery Olivaria and as at the acquisition date has an option to purchase an additional 21% of Brewery Olivaria's share capital. Other shareholders in Brewery Olivaria have put options on 40% of the share capital exercisable against BBH AB. The put options are exercisable from the purchase date. Accordingly, BBH AB is able to exercise control over Brewery Olivaria by way of 70% of the share capital. The purchase price of the put options is determined based on the expected price at exercise and is included in the cost of the acquisition. Any change to the expected price at exercise is adjusted in goodwill.

[2] The balance sheet for Lao Soft Drink Co. Ltd is based on a preliminary estimate of the fair value of acquired assets and liabilities, which may be adjusted in 2008.

The acquisition of Ningxia is in line with Carlsberg's strategy and strengthens the position in western China. Goodwill represents the expected synergies and expectations of increased growth in China. Ningxia is included in the earnings of the Carlsberg Group from 1 January 2007. The share of revenue is DKK 95m, and the share of operating profit before special items DKK 7m. The share of consolidated profit is DKK 4m.

The acquisition of Lao Soft Drink Co. Ltd has strengthened Carlsberg's position on the beverage market in Laos. The company has a market share of approximately 90% in the soft drinks market. Goodwill represents the acquired workforce and expected synergies. If Lao Soft Drink Co. Ltd had been included in the earnings of the Carlsberg Group from 1 January 2007, the share of revenue would have been DKK 60m, and operating profit before special items DKK 8m. The share of consolidated profit would have been DKK 7m.

Strategically the acquisition of Brewery Olivaria is in line with other acquisitions made by BBH AB aimed at potential growth markets. Brewery Olivaria has a 10% market share in Belarus and Olivaria is one of the country's most recognised brands. Goodwill represents the acquired workforce and expected synergies. Brewery Olivaria is included in the earnings of the Carlsberg Group from 1 January 2007. The share of revenue is DKK 70m, and the share of operating profit before special items DKK 1m. The share of consolidated profit is a negative DKK 2m.

Acquisition of entities after the balance sheet date. No entities have been acquired after the balance sheet date. In 2007 analyses and legal arrangements were carried out in preparation for the cash offer for Scottish & Newcastle plc, see description under Events after the balance sheet date.

NOTE 31 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

DKK million	Main activity	Acquisition date	Acquired ownership interest	2006 Cost
Name of acquired entities:				
Wusu Beer Group	Brewery	1 Jan. 2006	60.1%	351
Caretech Ltd.	Brewery	1 Jan. 2006	50.0%	214
Other	Brewery and beverage wholesalers	-	-	21
Total				586

	Wusu Beer Group		Other		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	21	82	3	8	24	90
Property, plant and equipment	143	115	34	36	177	151
Financial assets, non-current	11	11	5	5	16	16
Inventories	79	75	33	33	112	108
Receivables	33	14	50	49	83	63
Cash and cash equivalents	39	39	6	6	45	45
Provisions, excl. deferred tax liabilities	-4	-4	-6	-8	-10	-12
Deferred tax liabilities, net	-	-	3	1	3	1
Borrowings	-121	-121	-35	-36	-156	-157
Bank overdrafts	-	-	-8	-8	-8	-8
Trade payables and other liabilities etc.	-109	-115	-37	-40	-146	-155
Net assets	92	96	48	46	140	142
Minority interests	-12	-12	-	-	-12	-12
Equity, Carlsberg's share	80	84	48	46	128	130
Goodwill		267		189		456
Cash consideration paid		351		235		586
Transferred from other financial assets (prepayments)		-309		-223		-532
		42		12		54
Cash and cash equivalents, acquired		39		6		45
Bank overdrafts, acquired		-		-8		-8
Cash outflow, net		3		14		17
Elements of cash consideration paid:						
Cash		345		235		580
Directly attributable acquisition costs		6		-		6
Total		351		235		586

Wusu Beer Group. Wusu Beer Group has a strong position in Xinjiang province, providing a solid foundation for expanding the Carlsberg Group's activities in China. The intention is to retain the local brands as a supplement to the Carlsberg Group's current brands. As geographical location and local trade are important, with a close correlation between brand and sales, no separate measurement of customer agreements etc. has been carried out.

Goodwill therefore represents the value of customer agreements, the workforce acquired and access to favourable distribution and sales channels, plus expected synergies.

As stated above, the most important fair value adjustments in connection with the acquisition are the recognition of trademarks and adjustments of property, plant and equipment and trade receivables to fair value. The measurement principles for trademarks are described in note 1.

Wusu Beer Group is included in the earnings of the Carlsberg Group from 1 January 2006. The share of revenue is DKK 274m, and operating profit before special items DKK 61m. The share of consolidated profit is DKK 56m.

NOTE 31 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

Other. The Carlsberg Group made minor acquisitions during the year, including in Cambodia (Caretech Ltd.) and Germany (beverage wholesaler).

The value of goodwill in Cambodia represents access to new markets and the importance of the geographical location in relation to the distance between production and customers. The value of goodwill in Germany represents access to distribution and sales channels and expected synergies, including expected reductions in logistics and transport expenses.

Other acquisitions' share of revenue is DKK 248m, and operating profit before special items is DKK 2m. The share of consolidated profit is DKK 6m.

Acquisition of entities after the balance sheet date. No acquisitions were made after the balance sheet date. During 2006 agreements were entered into concerning the acquisition of minor entities in China and Belarus, but the acquisitions have not yet taken place. The acquisitions are expected to be made in the first quarter of 2007.

Disposal of entities

DKK million	2007	2006
Disposals relate to Landskron Brauerei in 2006:		
Intangible assets	-	1
Property, plant and equipment	-	73
Financial assets, non-current	-	4
Inventories	-	6
Receivables	-	11
Deferred tax liabilities, net	-	-9
Borrowings, net	-	-3
Trade payables and other liabilities etc.	-	-27
Net assets	-	56
Minority interests	-	-
Equity, Carlsberg's share	-	56
Gain/loss – recognised under special items	-	-21
Cash consideration received	-	35
Cash and cash equivalents, disposed of	-	-
Cash inflow, net	-	35
Acquisition and disposal of entities, net		
Acquisitions, cash outflow	-179	-17
Disposals, cash inflow	-	35
Net	-179	18

NOTE 32 SPECIFICATION OF INVESTED CAPITAL

DKK million	2007	2006
Invested capital is calculated as follows:		
Total assets	61,220	58,451
Less:		
Deferred tax assets	-733	-822
Loans to associates	-28	-221
Interest income receivable, fair value of hedging instruments and financial receivables	-138	-36
Securities (current and non-current)	-157	-178
Cash and cash equivalents	-2,249	-2,490
Assets held for sale	-34	-109
Total assets included	57,881	54,595
Trade payables	-5,833	-5,147
Deposits on returnable packaging	-1,207	-1,159
Provisions, excluding restructuring	-480	-505
Corporation tax	-197	-187
Deferred income	-171	-113
Finance lease liabilities, included in borrowings	-65	-87
Other liabilities, excluding interest payable and fair value of hedging instruments	-4,534	-4,237
Total liabilities offset	-12,487	-11,435
Total invested capital	45,394	43,160

NOTE 33 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2007	2006
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	19,385	16,241
Current borrowings	3,869	6,556
Gross interest-bearing debt	23,254	22,797
Cash and cash equivalents	-2,249	-2,490
Loans to associates	-28	-221
On-trade loans	-1,627	-1,711
Non-interest-bearing portion	821	927
Other receivables	-1,391	-857
Non-interest-bearing portion	946	784
Net interest-bearing debt	19,726	19,229
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	19,229	20,753
Cash flow from operating activities	-4,837	-4,470
Cash flow from investing activities	4,927	-65
Dividends to shareholders and minority interests	685	529
Acquisition of minority interests	69	576
Acquisition/disposal of treasury shares	74	16
Acquisition of entities, net	54	146
Change in interest-bearing lending	-209	1,832
Effect of currency translation	-325	-272
Other	59	184
Total change	497	-1,524
Net interest-bearing debt at 31 December	19,726	19,229

NOTE 34 INVESTMENTS IN PROPORTIONALLY CONSOLIDATED ENTITIES

The amounts shown below represent the Group's share of the assets and liabilities, revenue and profit of proportionally consolidated entities, as shown in the overview of Group companies. These amounts are recognised in the consolidated balance sheet, including goodwill, and in the income statement.

DKK million	2007	2006
Revenue	12,615	9,990
Total costs	-9,784	-7,882
Operating profit before special items	2,831	2,108
Consolidated profit	1,819	1,444
Non-current assets	10,569	8,877
Current assets	3,498	3,313
Non-current liabilities	-3,906	-4,090
Current liabilities	-4,438	-2,783
Net assets	5,723	5,317
Free cash flow	315	760
Net cash flow	-574	330
Cash and cash equivalents, year-end	483	1,085
Contingent liabilities	95	93
Capital commitments	439	646

An average of 12,686 (2006: 10,962) full-time employees were employed in proportionally consolidated entities in 2007.

The Group has not assumed any separate contingent liabilities or financial commitments relating to proportionally consolidated entities.

NOTE 35 FINANCIAL RISKS

As a result of the Carlsberg Group's activities, the Group's profit, debt and equity are exposed to a variety of financial risks, primarily relating to changes in exchange rates and interest rates. The Group's financial risks are managed centrally by Group Treasury in accordance with written principles approved by the Board of Directors, primarily through currency and interest rate swaps and, to a lesser extent, raw material contracts.

Foreign exchange risk. As an international business the Carlsberg Group is exposed to foreign exchange risks from currency translation, as the predominant part of revenue originates from foreign entities and is translated into DKK. The Group is exposed mainly to the following currencies: RUB, EUR, NOK, SEK, CHF and GBP. There is also some exposure to a number of Asian currencies, which in total represent 10-15% of the Group's operating profit.

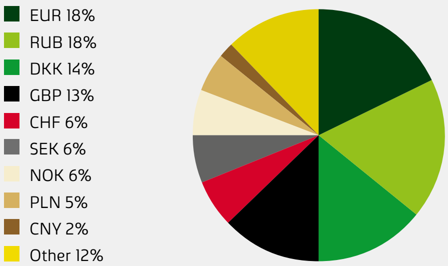
The Carlsberg Group has a foreign exchange risk on balance sheet items, partly in terms of translation of debt taken up in a currency other than the functional currency for the relevant Group entity, and partly in terms of translation of net investments in entities with a functional currency other than DKK. The former risk affects operating profit. However, where the debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised directly in equity.

Impact of exchange rates on operating profit. Developments in the exchange rates between the DKK and the reporting currencies of subsidiaries have an increasing impact on the Carlsberg Group's operating profit measured in DKK. In a number of countries (particularly in Asia) where the Carlsberg Group has activities, the currency correlates with developments in the USD. In 2007 the average USD rate (5.45) was 8.5% lower than the 2006 level (5.96). Operating profit has been weakened as a result of a fall in the average RUB rate (a negative 3% compared with 2006) and CHF rate (a negative 4.5% compared with 2006). The other currencies in which a high proportion of operating profit is generated were relatively stable.

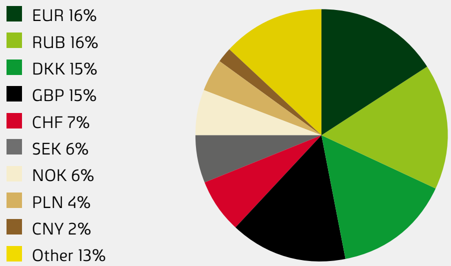
The Carlsberg Group has chosen not to hedge revenue or earnings in foreign currencies, but does in certain cases hedge dividends received in foreign currencies.

The Carlsberg Group is exposed to transaction risks to a lesser degree. It is therefore Group policy to hedge future contractual cash flows in foreign currency for a one-year period. However, transactions between countries are limited in the Carlsberg Group and so the hedging of projected cash flows in foreign currency is also limited. An exception to this policy is the purchase of certain raw materials, which is described in greater detail in the section on raw material risk.

DISTRIBUTION OF NET REVENUE 2007



DISTRIBUTION OF NET REVENUE 2006



In some Group entities debt has been taken up in a currency other than the Group entity's functional currency without the foreign exchange risk being hedged. This applies primarily to Group entities in Eastern Europe, and is based on assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, will be high enough to justify a foreign exchange risk. For 2007 gains have been realised on debt taken up in EUR in Türk Tuborg. The Turkish lire was strengthened by 9% compared with the EUR and DKK between 1 January and 31 December 2007.

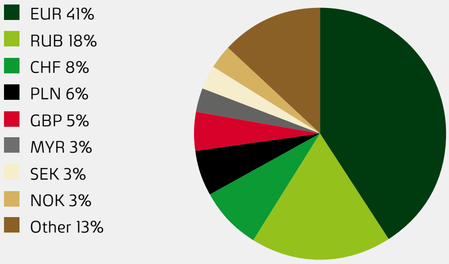
Impact of exchange rates on balance sheet and equity. The Carlsberg Group holds a number of investments in foreign subsidiaries where the translation of equity to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. This applies to net investments in NOK, CHF, SEK, EUR, RUB, PLN and MYR. In September 2007, Carlsberg stopped hedging its GBP risk. In May/June 2007, hedging of MYR was changed from a USD proxy hedge to a direct MYR hedge.

It is assessed that a 1 percentage point change in the exchange rate for the RUB would lead to a change in equity of DKK 45m, while a corresponding change for the GBP would lead to a change of DKK 14m.

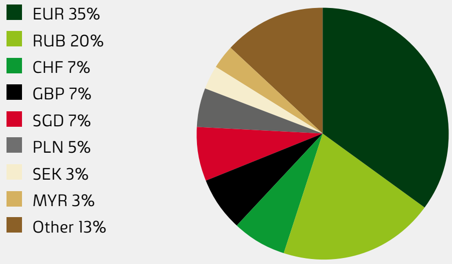
NOTE 35 FINANCIAL RISKS – CONTINUED

Distribution of equity, including loans, viewed as an addition to net investment in foreign currencies (Carlsberg's share):

EQUITY 2007



EQUITY 2006



The Carlsberg Group's net investment in foreign currencies has decreased by a total of DKK 1,740m, primarily in RUB (DKK 853m) and SGD (DKK 1,740m). The decrease in SGD is due to a repatriation of equity to DKK. The table below shows the breakdown of the net investments and the impact on equity (incl. loans which are viewed as an addition to net investment). Adjustments for the year relating to hedging of net investments amount to DKK 135m (2006: DKK 194m), excl. adjustment relating to loans in addition to net investment of DKK 20m (2006: DKK 125m).

DKK million	Carlsberg's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on Carlsberg's share
2007									
EUR	10,719	-	5	-6,696	-1	4,023	4	-	4
RUB	4,735	587	-209	-800	20	4,522	-189	-	-189
CHF	2,097	-	-65	-1,729	57	368	-8	-	-8
PLN	1,687	-	101	-1,452	-88	235	13	-	13
GBP	1,408	-	-161	-	57	1,408	-104	-	-104
MYR	844	353	-54	-688	64	509	10	-15	25
SEK	766	-	-55	-709	49	57	-6	-	-6
NOK	667	-	22	-655	-23	12	-1	-	-1
UAH	569	-	-44	-	-	569	-44	-	-44
CSD	474	60	-4	-	-	534	-4	-	-4
LAK	494	-	-23	-	-	494	-23	-	-23
Other	1,666	323	-203	-	-	1,989	-203	-55	-148
Total	26,126	1,323	-690	-12,729	135	14,720	-555	-70	-485
2006									
RUB	5,588	697	-149	-838	5	5,447	-144	-	-144
EUR	9,623	13	-2	-6,694	-8	2,942	-9	-	-9
CHF	1,959	-	-75	-1,392	55	567	-20	-	-20
GBP	1,868	-	37	-1,443	-37	425	-	-	-
SGD	1,847	-	-86	-	-	1,847	-86	-	-86
PLN	1,377	-	11	-335	2	1,042	12	-	12
SEK	956	-	16	-590	9	366	25	-	25
MYR	890	375	-60	-679	64	586	4	-20	24
NOK	712	-	-21	-661	18	51	-3	-	-3
LAK	441	-	-13	-	-	441	-13	-	-13
CSD	412	-	23	-	-	412	23	-	23
Other	2,193	305	-225	-	86	2,498	-139	-52	-87
Total	27.866	1.390	-544	-12.632	194	16.624	-350	-72	-278

The most significant net risk relates to foreign exchange adjustment of equity in RUB. Hedging of the risk in RUB was unchanged in 2007 compared with 2006.

Foreign exchange adjustment of the net investment in 2007 in "Other" relates to various Asian currencies.

NOTE 35 FINANCIAL RISKS – CONTINUED

Borrowings taken up in foreign currencies impact on interest-bearing debt measured in DKK, even if the foreign exchange risk is hedged by a financial instrument and there is no net impact on profit or equity. Changes in the fair value of financial instruments are included under other receivables/other liabilities. Net interest-bearing debt fell by approx. DKK 325m in 2007 as a result of exchange rate movements during the year, primarily the fall in the GBP.

Interest rate risk. The most significant interest rate risk in the Carlsberg Group relates to interest-bearing debt.

The Company's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2007 gross debt (non-current and current borrowings) amounted to DKK 23,254m (2006: DKK 22,797m). After deducting cash and cash equivalents, net debt is DKK 21,005m (2006: 20,307m), an increase of DKK 698m.

Interest rate risks are mainly managed using interest rate swaps and fixed-rate bonds.

A breakdown of the Carlsberg Group's gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 25.

At year-end 62% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2006: 70%). A fall in interest rates will increase the fair value of the debt but only part of this increase will be reflected in the income statement and equity. This is because fixed-rate non-current borrowings are stated at amortised cost and are therefore not adjusted to fair value. It is assessed that an interest rate rise of 1 percentage point would lead to an increase in interest costs of DKK 66m (2006: DKK 60m). Carlsberg's exposure to an increase in short-term interest rates is primarily in EUR and DKK, and secondarily in PLN. The table below shows the breakdown of currencies and interest rate fixing for the net debt.

Net debt before swaps		Next repricing					
DKK million		2008	2009	2010	2011	2012	2013-
CHF	1,664	317	1,347	-	-	-	-
DKK	4,870	1,797	2,701	-	-	-	372
EUR	8,117	3,886	19	3,732	94	1	385
GBP	4,549	8	1	1	2,507	-	2,032
NOK	193	193	-	-	-	-	-
PLN	666	656	2	2	2	2	2
RUB	-34	-34	-	-	-	-	-
SEK	29	29	-	-	-	-	-
USD	932	686	45	45	156	-	-
Other	19	-10	5	-	24	-	-
Total	21,005	7,528	4,120	3,780	2,783	3	2,791

Credit risk. Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Carlsberg Group. Credit risk is monitored centrally. Group policy is that financial transactions may be entered into only with financial institutions with a high credit rating.

The Carlsberg Group grants loans to the on-trade in certain countries. The individual Group entities monitor and control these loans as well as ordinary trade credit in accordance with central guidelines. It is estimated that the provisions made, cf. note 20, are sufficient to cover expected losses.

Cash and cash equivalents are not associated with any significant credit risks.

Liquidity risk. Liquidity risk is the risk of the Carlsberg Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for the raising of capital and investment of liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources. At 31 December 2007 Carlsberg had unutilised long-term committed credit facilities of DKK 7,033m (2006: DKK 9,485m).

For day-to-day liquidity management cash pools are used, covering most of Western Europe, or intra-group loans between Group Treasury and subsidiaries. As a result of withholding tax, the majority-owned entities in Poland and Turkey have their own credit facilities and borrowings from local banks, as is also the case for joint ventures in Portugal (Unicer) and BBH.

Refer to the description of events after the balance sheet date in note 39.

Capital structure and management. Management's strategy and overall goal is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and balance sheet ratios. In 2006 the Carlsberg Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings.

Carlsberg A/S's share capital is divided into two classes (A-shares and B-shares). Management considers that this division, combined with the Carlsberg Foundation's position as majority shareholder, will remain advantageous for all of the Company's shareholders as this structure enables and supports the long-term development of the Carlsberg Group.

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. At 31 December 2007 the Carlsberg Group had net interest-bearing debt totalling DKK 19,726m (2006: DKK 19,229m), which is considered reasonable in the light of its current needs in terms of financial flexibility.

No changes have been made to the Group's guidelines and procedures for control of capital structure and management in 2007.

Raw material risk. Raw material risks are associated in particular with purchasing of cans (aluminium), malt (barley) and energy. Management of both raw material risks and foreign exchange risks is coordinated centrally by Carlsberg Breweries. The aim of the risk management process with respect to raw materials is to ensure stable and predictable raw material prices in the long term, and to avoid capital and liquidity being tied up unnecessarily.

As the underlying markets for the specified categories of raw materials vary, so does the way in which they are hedged against price rises. The most common form of hedging is fixed price agreements in local currencies with suppliers.

To hedge the implicit risk of rising aluminium prices associated with the purchase of cans, the Carlsberg Group entered into a number of financial instruments in 2006 and 2007. Measures have also been taken to hedge increases in the settlement currency for aluminium (USD) compared with the local currency in the country where the cans are used. For accounting purposes, fair value adjustments are recognised directly in equity in the relevant entities and recognised in the income statement as the hedged item is recognised in accordance with the hedge accounting rules for cash flow hedges. Complete or partial hedging has been made for the period 2008-2012. The impact on equity in 2007 was DKK -22m (2006: DKK 0).

NOTE 36 FINANCIAL INSTRUMENTS

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods.

Fair value hedge. Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. These are mainly instruments to hedge financial risks relating to borrowings and hedges of transaction risks. Transaction risks comprise both expected and potential risks.

DKK million	2007	2006
Recognised in the income statement:		
Interest rate instruments	7	15
Exchange rate instruments	-72	21
Other instruments	-	-1
Total	-65	35

Cash flow hedge. A positive fair value for financial instruments is recognised in equity in accordance with hedge accounting rules for cash flow hedges, primarily interest rate and currency swaps related to borrowings.

An interest rate swap from floating to fixed rate has been entered into on borrowings of CHF 300m, maturing in July 2009, and EUR 500m, running from July 2007 to 2010. The fair value was a negative DKK 14m at 31 December 2007 (2006: a negative DKK 58m). An agreement has also been entered into to swap interest rates on issued bonds of GBP 250m, maturing in 2011, from GBP rate to a fixed DKK rate. The fair value was a negative DKK 385m at 31 December 2007 (2006: a negative DKK 211m). Only the fair value adjustment relating to the interest element (DKK 64m) is recognised in accordance with the rules for cash flow hedges. The currency element is recognised in the income statement. Financial instruments have also been entered into to hedge aluminium. At 31 December 2007 the fair value of these instruments amounted to a negative DKK 22m (2006: DKK 0).

DKK million	2007	2006
Recognised in equity:		
Interest rate instruments	109	155
Exchange rate instruments	2	15
Other instruments	-27	-
Total	84	170

NOTE 36 FINANCIAL INSTRUMENTS – CONTINUED

Hedging of net investments in foreign subsidiaries. A fair value for financial instruments (both derivatives and debt instruments) used to hedge the foreign exchange risk associated with investments in foreign currency is recognised in equity.

Where the fair value adjustments do not exceed the value adjustments of the investment, the adjustments of the financial instruments are recognised directly in equity; otherwise the fair value adjustments are recognised in the income statement.

In addition, in three cases loans have been granted to subsidiaries which are classified as additions to net investments. Foreign exchange adjustments of these loans are recognised directly in equity.

	2007				2006			
DKK million	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement
SEK	-1,583	5,247	-66	-	-715	2,288	14	-
NOK	-700	3,182	72	-	-730	3,182	-113	-
CHF	-385	-	57	-	-385	-	55	-
GBP	-	-	57	-	-130	-	-37	-2
USD/MYR[1]	-450	-	64	-	-120	-	64	-
EUR	-898	635	-1	-	-898	635	-7	-
RUB	-3,858	-	20	-	-3,858	-	5	-
PLN	-700	-	-88	-	-172	-	2	-
KRW[2]	-	-	-	-	-	-	86	-
Total			115	-			69	-2

[1] The exchange rate risk associated with MYR was hedged in the first half-year by selling USD 120m under forward contracts. The correlation between the MYR and USD is high, and accordingly the instrument is classified as a hedge of a net investment. In the second half-year the hedge was made directly in MYR and the hedged amount totalled MYR 450m.

[2] The investment in KRW was hedged until 2006. At the time of the sale of the shares in Hite Brewery Co. Ltd., the accumulated gain related to this hedging relationship was offset against the sales proceeds. At 31 December 2007, the accumulated value of hedges of investments in foreign currency was a negative DKK 42 million (2006: a negative DKK 157 million).

		2007		2006	
DKK million		Positive	Negative	Positive	Negative
Fair value of financial instruments:					
Cash flow hedge	Currency	-	-	-	-
	Interest rate	6	-16	36	-58
	Other	-	-22	-	-
Hedging of net investment	Currency	71	-53	-	-17
Fair value hedge	Currency	2	-496	-	-284
	Interest rate	40	-16	-	-3
Total		119	-603	36	-362

NOTE 37 RELATED PARTY DISCLOSURES

Related parties exercising control. The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark, holds 51.3% of the shares in Carlsberg A/S, excluding treasury shares. Apart from payments of dividends and grants, cf. note 6, no transactions were carried out with the Carlsberg Foundation during the year.

The Carlsberg Foundation has committed itself to participate in raising the required capital for the acquisition of Scottish & Newcastle plc in accordance with the cash offer dated 25 January 2008.

Related parties exercising significant influence. The Group was not involved in any transactions during the year with major shareholders, members of the Board of Directors, members of the Executive Board, other executive employees, or companies outside the Carlsberg Group in which these parties have interests.

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 13.

Associates

DKK million	2007	2006
The income statement and balance sheet include the following transactions with associates:		
Revenue	213	287
Cost of sales	261	349
Loans	7	4
Borrowings	7	5
Receivables from the sale of goods and services	28	51
Trade payables	15	40

No losses on loans to or receivables from associates were recognised or provided for in either 2007 or 2006.

Proportionally consolidated entities

DKK million	2007	2006
The income statement and balance sheet include the following transactions with proportionally consolidated entities:		
Revenue	41	14
Costs	4	4
Interest income	5	11
Interest expenses	1	5
Loans	24	217
Receivables	70	8
Trade payables and other liabilities etc.	23	8
Borrowings	373	12

NOTE 38 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Carlsberg Group has issued guarantees for loans etc. of DKK 6,272m (2006: DKK 12,286m) raised by subsidiaries and associates, which are recognised in the consolidated balance sheet. In addition, the Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 60m and for loans etc. raised by third parties (non-consolidated entities) of DKK 245m (2006: DKK 231m).

The Carlsberg Group has entered into significant service contracts in respect of sales, logistics and IT. The total liabilities under these contracts amount to DKK 2,035m (2006: DKK 2,299m), and are recognised as the services are received.

Carlsberg A/S is jointly registered for Danish VAT and excise duties with Carlsberg Breweries A/S, Carlsberg Danmark A/S and various other minor Danish subsidiaries, and is jointly and severally liable for payment of VAT and excise duties.

Carlsberg A/S and the other companies covered by the Danish joint taxation scheme are jointly and severally liable for payment of corporation tax for 2004 and previous tax years.

The subsidiary Pripps Ringnes AB is party to an arbitration case brought against the subsidiary by the venture partner in Baltic Beverages Holding AB. It is the assessment of management and the company's legal advisors that the claim is unfounded.

The Carlsberg Group is party to certain lawsuits etc. In management's opinion, apart from as recognised in the balance sheet or disclosed in the Annual Report, the outcome of these lawsuits will not have a material negative effect on the Company's financial position.

Certain guarantees etc. are issued in connection with disposal of entities and activities etc. Apart from as recognised in the balance sheet or disclosed in the Annual Report, these guarantees etc. will not have a material effect on the Group's financial position.

Capital commitments

DKK million	2007	2006
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Property, plant and equipment and construction contracts	972	935
Total	972	935

Operating lease liabilities

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2007 Total
Future lease payments:					
Within one year	108	78	298	-	484
Between one and five years	246	22	444	-	712
After more than five years	286	-	45	-	331
Total	640	100	787	-	1,527

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2006 Total
Future lease payments:					
Within one year	77	21	271	2	371
Between one and five years	208	49	660	-	917
After more than five years	208	-	199	-	407
Total	493	70	1,130	2	1,695

DKK million	2007	2006
Operating lease liabilities recognised in the income statement	505	502
Expected future income under non-cancellable subleases	138	168

The Carlsberg Group has entered into operating leases which relate primarily to properties, IT equipment and transport equipment (cars, trucks and forklifts). These leases contain no special purchase rights etc.

NOTE 39 EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events recognised or disclosed in the Annual Report, no events have occurred after the balance sheet date of importance to the Annual Report.

On 25 January 2008 a consortium of which Carlsberg is a member made a cash offer for the acquisition of Scottish & Newcastle plc (S&N). The offer is GBP 8 per share, corresponding to approximately GBP 10.7bn (approximately DKK 107bn) on a debt-free basis. Carlsberg's share is approximately GBP 5.8bn (approximately DKK 58.2bn). The offer is recommended by the Board of S&N. The acquisition is among other things subject to the approval of the competition authorities in various jurisdictions and the approval of the shareholders in S&N.

The financing of the acquisition has been secured through loan agreements with banks and a capital increase.

If the offer is accepted, Carlsberg will acquire 50% of BBH AB, which will become wholly owned. S&N's activities in France and Greece will also be acquired, together with joint ventures in China and Vietnam.

The cash offer is described in detail in a separate company announcement of 25 January 2008.

NOTE 40 ACCOUNTING POLICIES

The 2007 Annual Report of the Carlsberg Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the reporting requirements of OMX Nordic Exchange Copenhagen A/S for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

The Annual Report has been presented in Danish kroner (DKK), which is the Parent Company's functional currency.

The Annual Report has been prepared on the historical cost basis except for the following assets and liabilities which are measured at fair value: derivative financial instruments, financial instruments in the trading portfolio and financial instruments classified as available for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying amount before the changed classification and fair value less costs to sell.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

New International Financial Reporting Standards and Interpretations

In 2007 the following IFRS Interpretations as adopted by the EU which are of relevance to the Carlsberg Group were adopted with effect from 1 January 2007:
- IFRIC 10 "Interim Financial Reporting and Impairment"
- IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions".

IFRIC 11 has been adopted before the effective date in accordance with the commencement provisions of the Interpretation.

The adoption of these Standards and Interpretations has not affected recognition and measurement, and accordingly the accounting policies used in the preparation of the Annual Report are consistent with those of last year. The new Standards and Interpretations only result in changes to note disclosures. Comparative figures in the notes have been restated accordingly.

IFRS 8 "Operating Segments" was also adopted by the EU in 2007. The Standard will be adopted by the Carlsberg Group effective for 2009.

In addition, the following Standards and Interpretations have been issued but not yet adopted by the EU:
- IAS 1 "Presentation of Financial Statements" on the presentation of financial statements
- IAS 23 "Borrowing Costs", requiring that borrowing costs are included in the cost of qualifying assets
- IFRS 12 "Service Concession Agreements" on concession agreements, which is not relevant for the Carlsberg Group
- IFRS 13 "Customer Loyalty Programmes"
- IFRS 14 "IAS 19 – The Limit on a Defined Benefit Asset" on retirement benefit plans limited by the asset ceiling, and introducing minimum funding requirements.

The Interpretations are effective from 1 January 2008, whereas the Standards are effective from 1 January 2009. The Standards and Interpretations are not expected to significantly affect recognition and measurement in the Carlsberg Group.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company Carlsberg A/S and subsidiaries in which Carlsberg A/S has control, i.e. the power to govern the financial and operating policies. Control is obtained when Carlsberg A/S directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or which it, in some other way, controls. Entities over which the Group exercises a significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%. When assessing whether Carlsberg A/S exercises control or significant influence, potential voting rights exercisable at the balance sheet date are taken into account.

Entities which by agreement are managed jointly with one or more other parties (joint ventures) are consolidated proportionally, and the individual accounting entries are recognised in proportion to the ownership share.

A group chart is included on page 128.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the Parent Company, subsidiaries and proportionally consolidated entities prepared according to the Group accounting policies. On consolidation, intra-group income and expenses, shareholdings etc., intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's ownership share of the entity. Unrealised losses are eliminated in the same way as unrealised gains to the extent that impairment has not taken place.

Investments in subsidiaries and proportionally consolidated entities are set off against the proportionate share of the subsidiaries' fair value of identifiable net assets, including recognised contingent liabilities, at the acquisition date.

The accounting items of subsidiaries are included in full in the consolidated financial statements. Minority interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly owned is included in the Group's profit/loss and equity respectively, but is disclosed separately.

Business combinations

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognised in the consolidated income statement until the date of disposal or winding-up. The comparative

NOTE 40 ACCOUNTING POLICIES – CONTINUED

figures are not restated for entities acquired, disposed of or wound up. Discontinued operations are presented separately, cf. below.

For acquisitions of new subsidiaries, joint ventures and associates the purchase method is used. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The acquisition date is the date when the Carlsberg Group effectively obtains control of the acquired subsidiary, enters the management of the joint venture or obtains significant influence over the associate.

For business combinations made on 1 January 2004 or later, any excess of the cost over the fair value of the identifiable assets, liabilities and contingent liabilities acquired (goodwill) is recognised as goodwill under intangible assets. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test.

The cost of a business combination comprises the fair value of the consideration agreed upon and costs directly attributable to the acquisition. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of that adjustment is included in the cost of the combination if the event is probable and the adjustment can be measured reliably.

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Carlsberg Group are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate at the transaction date. Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error. However, subsequent realisation of the acquired entity's deferred tax assets not recognised at the acquisition date will require recognition of the tax benefit in the income statement and simultaneous write-down of the carrying amount of goodwill to the amount which would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the acquisition date.

For business combinations made prior to 1 January 2004, the accounting classification is maintained according to the former accounting policies, except that trademarks are now presented in a separate line in the balance sheet. Accordingly, goodwill is recognised on the basis of the cost recognised in accordance with the former policies (the Danish Financial Statements Act and Danish Accounting Standards) less amortisation and impairment losses up until 31 December 2003. Goodwill is not amortised after 1 January 2004. The accounting treatment of business combinations prior to 1 January 2004 was not changed in connection with the opening balance sheet at 1 January 2004.

Gains or losses on the disposal or winding-up of subsidiaries, joint ventures and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal or winding-up, foreign exchange adjustments recognised directly in equity plus costs to sell or winding-up expenses.

On disposal of entities acquired prior to 1 January 2002 where goodwill in accordance with the former accounting policies was written off directly in equity and where in accordance with the exemption in IFRS 1 goodwill is not recognised in the balance sheet, the goodwill written off is recognised at a carrying amount of DKK 0 in determining any gains and losses on the disposal of the entity.

Acquisition and disposal of minority interests

On acquisition of minority interests (i.e. subsequent to the Carlsberg Group obtaining control) acquired net assets are not revalued at fair value. The difference between the cost and the carrying amount of acquired minority interests at the acquisition date is recognised as goodwill.

On disposal of minority interests, the difference between the sales amount and the carrying amount of the minority interests is deducted proportionally from the carrying amount of goodwill.

Foreign currency translation

For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the primary currency used for the reporting entity's operations. Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the exchange rate in the latest annual report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of Carlsberg A/S (DKK), the income statements and cash flow statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity are recognised in the consolidated financial statements directly in equity if the balance is denominated in the functional currency of the Parent Company or the foreign entity. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign entities with a functional currency different from Carlsberg A/S and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised directly in a separate translation reserve in equity.

On recognition in the consolidated financial statements of associates with a functional currency other than the presentation currency of Carlsberg A/S, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the balance sheet date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date, are recognised directly in a separate translation reserve in equity.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

On complete or partial disposal of a foreign entity or on repayment of balances which constitute part of the net investment in the foreign entity, the share of the cumulative amount of the exchange differences recognised directly in equity relating to that foreign entity is recognised in the income statement when the gain or loss on disposal is recognised.

Prior to translation of the financial statements of foreign entities in countries with hyperinflation, the financial statements (including comparative figures) are inflation-adjusted for changes in purchasing power in the local currency. Inflation adjustment is based on relevant price indexes at the balance sheet date.

Derivative financial instruments

Derivative financial instruments are recognised in the balance sheet at cost on the transaction date and subsequently at fair value.

The fair values of derivative financial instruments are included in other receivables and other payables respectively, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of current market data and generally accepted valuation methods.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability with respect to the hedged portion. Hedging of future cash flows according to agreement, except for foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item are recognised in equity. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries, joint ventures or associates and which effectively hedge currency fluctuations in these entities are recognised in the consolidated financial statements directly in a separate translation reserve in equity.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured currently at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and measured at fair value.

Income statement

Revenue

Revenue from the sale of finished goods and goods for resale is recognised in the income statement provided that transfer of risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

Royalty and licence fees are recognised when earned according to the terms of the licence agreements.

Revenue is measured excl. VAT and duties, including excise duties on beer and soft drinks, and discounts.

Cost of sales

Cost of sales comprises costs incurred in generating the revenue for the year and development costs. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation of production plant and returnable packaging.

Sales and distribution expenses

Costs incurred in distributing goods sold during the year and in conducting sales campaigns etc. during the year are recognised as distribution expenses. Also included are costs relating to sales staff, sponsorships, advertising and in-store displays, as well as depreciation and impairment of sales equipment.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and write-downs for bad debt losses.

Other operating income and expenses

Other operating income and costs comprise items secondary to the principal activities of the entities, including income and expenses relating to rental properties and construction contracts (real estate projects) and gains and losses on the disposal of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date. Also included in this item are the effective interest rate on on-trade loans calculated on the basis of amortised cost, expenses relating to the Carlsberg Research Center and funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory.

Revenue on construction contracts (real estate projects) which are specifically negotiated is recognised as the work is carried out, corresponding to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses on a construction contract as well as the stage of completion at the balance sheet date can be determined reliably, and when it is probable that the economic benefits, including payments, will be received by the Group. On disposal of real estate projects which are not specifically negotiated, the gain is recognised at the disposal date (the sales method).

Profit on real estate projects is recognised net under other operating income. Revenue and expenses relating to construction contracts which are specifically negotiated are disclosed in the notes.

Government grants

Government grants relate to grants and funding for R&D activities, investment grants, etc.

Grants for R&D activities which are recognised directly in the income statement are recognised as other operating income.

Grants for the acquisition of assets and development projects are recognised in the balance sheet as deferred income and transferred to other operating income in the income statement as the assets for which the grants were awarded are amortised.

Operating profit before special items

Operating profit before special items is an important financial ratio for year-to-year comparison and for comparison of companies in the brewing industry.

Special items

This item includes significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive restructuring of processes and fundamental structural changes, as well as any gains or losses arising from disposals in this connection. This item also includes significant non-recurring items, including impairment of goodwill and gains on the disposal of activities.

These items are shown separately in order to provide a fairer presentation of the Group's operating profit.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

Profits/losses from investments in associates
The proportionate share of the results of associates after tax and minority interests is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets (other than loans to customers in the on-trade, which are included in other operating income) and liabilities, including defined benefit retirement benefit plans, surcharges and refunds under the on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are also included.

Tax on profit/loss for the year
Tax for the year comprises current tax, joint taxation contributions and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity. Carlsberg A/S is subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies. Subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Carlsberg A/S is the administrative company under the joint taxation and accordingly pays all corporation taxes to the tax authorities. The jointly taxed companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that have used the tax losses to reduce their own taxable profit (full absorption).

If the Carlsberg Group obtains a tax deduction on computation of the taxable income in Denmark or in foreign jurisdictions as a result of share-based payment programmes, the tax effect of the programmes is recognised in tax on the profit/loss for the year. However, if the total tax deduction exceeds the total tax expense, the tax benefit for the excess deduction is recognised directly in equity.

Balance sheet

Intangible assets
Goodwill. Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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

Other intangible assets. Research costs are recognised in the income statement as they are incurred. Development costs are recognised as intangible assets if the costs are expected to generate future economic benefits.

Costs for development and implementation of substantial IT systems are capitalised and amortised over their estimated useful life.

Trademarks and customer agreements/portfolios acquired in connection with business combinations are recognised at cost and amortised over their expected useful life. Trademarks with an indefinite useful life are not amortised but impairment-tested at least annually.

CO_2 emission rights are measured at cost at the date of allocation (i.e. normally DKK 0), while acquired rights are measured at cost. Acquired rights are amortised over the production period during which they are expected to be utilised. A liability is recognised (at fair value) only if actual emissions of CO_2 exceed allocated levels based on the holding of rights.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Amortisation is carried out systematically over the expected useful lives of the assets. The expected useful lives are as follows:

Trademarks with finite useful lives	Useful life, normally maximum 20 years
Software etc.	3-5 years
Delivery rights	Depending on contract, but not exceeding 5 years
Customer agreements/portfolios	Depending on retention rate

The useful life is reassessed annually. When changing the amortisation period due to a change in the useful life, the effect on the amortisation is recognised prospectively as a change in accounting estimates.

Property, plant and equipment
Land and buildings, plant and machinery, and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries. The present value of estimated liabilities related to dismantling and removing the asset and restoring the site on which the asset is located is added to the cost of self-constructed assets. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The cost of assets held under finance leases is stated at the lower of fair value of the assets and the present value of the future minimum lease payments. For the calculation of the net present value, the interest rate implicit in the lease or an approximation thereof is used as the discount rate.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Property, plant and equipment, including assets held under finance leases, is depreciated on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	20-40 years
Technical installations	15 years
Brewery equipment	15 years
Filling and bottling equipment	8-15 years
Technical installations in warehouses	8 years
On-trade and distribution equipment	5 years
Fixtures and fittings, other plant and equipment	5-8 years
Returnable packaging	3-10 years
Hardware	3 years

Land is not depreciated.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

The basis of depreciation is calculated on the basis of the residual value less impairment losses. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation and minor impairment losses are recognised in the income statement under cost of sales, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Significant impairment losses of a non-recurring nature are recognised in the income statement under special items.

Investments in associates

Investments in associates are recognised according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-group profits and losses and plus the carrying amount of goodwill.

Investments in associates with negative net asset values are measured at DKK 0. If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognised under provisions.

Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable. On acquisition of investments in associates, the purchase method is used, see the description under Business combinations.

Inventories

Inventories are measured at the lower of weighted average cost and the net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries, maintenance and depreciation of production machinery, buildings and equipment, and factory administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost less impairment losses. Receivables are written down for bad debt losses on the basis of customers' anticipated ability to pay and expectations of any changes to this ability, taking into account historical payment patterns, terms of payment, customer segment, creditworthiness and prevailing market conditions in the individual markets.

As regards loans to the on-trade, any difference between present value and the nominal amount at the loan date is treated as a prepaid discount to the customer, which is recognised in the income statement in accordance with the terms of the agreement. The market interest rate is used as the discount rate, corresponding to the money market rate based on the maturity of the loan with the addition of a risk premium. The effective interest rate on these loans is recognised in other operating income, and the amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

Construction contracts

Construction contracts (real estate projects) are measured at the contract revenue of the work performed less progress billings and anticipated losses.

The selling price is measured by reference to the percentage of completion at the balance sheet date and total expected revenue from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is measured as the proportion of contract costs incurred for work performed relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognised as an expense immediately. The contract revenue of construction contracts is recognised under other receivables and disclosed in the notes.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years, including in particular sponsorship and marketing costs. Prepayments are measured at cost.

Securities

Shares not classified as shares in subsidiaries or associates and bonds are classified as securities available for sale. Such securities are recognised at cost at the trade date and are subsequently measured at fair value corresponding to the market price of quoted securities and for unquoted securities an estimated fair value computed on the basis of market data and generally accepted valuation methods. Unrealised value adjustments are recognised directly in equity except for impairment losses and foreign exchange adjustments of bonds denominated in foreign currencies, which are recognised in the income statement as financial income or financial expenses. On realisation, the accumulated value adjustment recognised in equity is transferred to the income statement.

Securities available for sale are classified as current and non-current on the basis of management's selling plans. The Group has no securities classified as a trading portfolio.

Impairment of assets

Goodwill and trademarks with indefinite useful lives are subject to an annual impairment test, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment, together with the other non-current assets in the cash-generating unit to which goodwill is allocated, and written down to the recoverable amount via the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows (value in use) from the entity or activity (cash-generating unit) to which the goodwill is allocated. Impairment of goodwill is recognised under special items in the income statement.

The carrying amount of trademarks with indefinite useful lives is subject to an impairment test and written down to the recoverable amount via the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows from the trademark in the form of royalties. Impairment of trademarks is recognised under special items in the income statement.

The carrying amount of other non-current assets is subject to an annual impairment test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Minor impairment losses are recognised in the income statement under cost of sales, sales and distribution costs, administrative expenses and other cost of sales. Significant impairment losses and impairment losses arising on extensive restructuring of processes and fundamental structural changes are, however, recognised under special items.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

Equity

Translation reserve. The translation reserve in the consolidated financial statements comprises foreign exchange differences arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by Carlsberg A/S (DKK), balances considered to be part of the total net investment in foreign entities, and financial instruments used to hedge net investments in foreign entities.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement in the same item as the gain/loss.

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

Proposed dividends. Proposed dividends are recognised as a liability at the date when they are adopted at the Annual General Meeting (declaration date). The dividend recommended by the Board of Directors and therefore expected to be paid for the year is disclosed in the notes.

Interim dividends are recognised as a liability at the date when the decision to pay interim dividends is made.

Treasury shares. Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of treasury shares are deducted from the share capital at an amount corresponding to the nominal value of the shares.

Proceeds from the sale of treasury shares in connection with the exercise of share options are recognised directly in equity.

Share-based payment

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

The share option programme for the Executive Board and other key employees in the Group is an equity-settled scheme. The share options are measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period with a set-off directly against equity.

On initial recognition of the share options, an estimate is made of the number of options expected to vest. That estimate is subsequently revised for changes in the number of options expected to vest. Accordingly, recognition is based on the number of options that ultimately vested.

The fair value of granted share options is estimated using the Black & Scholes call option pricing model, taking into account the terms and conditions upon which the options were granted.

Employee benefits

Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee renders the related service.

Retirement benefit obligations and similar obligations

The Group has entered into retirement benefit schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

For defined benefit plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

Any difference between the expected development in retirement benefit plan assets and liabilities and realised amounts constitutes actuarial gains or losses and is recognised directly in the balance sheet with a set-off directly against equity.

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees.

If a retirement benefit plan constitutes a net asset, the asset is only recognised if it offsets future refunds from the plan or will lead to reduced future payments to the plan.

Interest on retirement benefit obligations and the expected return on plan assets are recognised under financial income or financial expenses.

Realised gains and losses on the adjustment of retirement benefit obligations as a result of large-scale termination of jobs in connection with restructuring are recognised in the income statement under special items.

Realised gains and losses on the curtailment or settlement of retirement benefit plans are recognised in the income statement under other operating income, net.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the balance sheet liability method. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's planned use of the asset or settlement of the liability respectively.

If specific dividend plans exist for subsidiaries, joint ventures and associates in countries levying withholding tax on distributions, deferred tax is recognised on profit generated.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the Company has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously. Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred

NOTE 40 ACCOUNTING POLICIES – CONTINUED

tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax recognised in equity are, however, recognised in equity.

Other provisions

Other provisions are recognised when, as a result of events arising before or at the balance sheet date, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Other provisions are discounted if the effect is material to the measurement of the liability. The Carlsberg Group's average borrowing rate is used as the discount rate.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan has been announced to the persons affected no later than at the balance sheet date. On acquisition of entities, restructuring provisions in the acquiree are only included in goodwill when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs.

Financial liabilities

Amounts owed to credit institutions, bonds etc. are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases, which is measured at amortised cost.

Other liabilities are measured at amortised cost.

Deposits on returnable packaging

The refund obligation in respect of deposits on returnable packaging is stated on the basis of deposit price as well as an estimate of the number of bottles, kegs, cans and crates in circulation.

Leases

For accounting purposes lease obligations are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease obligations is described under Property, plant and equipment and Financial liabilities respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Deferred income

Deferred income comprises payments received concerning income in subsequent years and is measured at cost.

Assets held for sale

Assets held for sale comprises non-current assets and disposal groups held for sale. Disposal groups are defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction and those liabilities directly associated with the assets that will be transferred in the transaction.

Assets are classified as held for sale if management has decided to sell the asset or disposal group and taken the necessary steps to carry out the sale, such that the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are not depreciated or amortised from the date when they are reclassified as held for sale.

Impairment losses on initial recognition as held for sale and gains and losses on subsequent remeasurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognised separately in the balance sheet and main items are specified in the notes. Comparative figures are not restated.

If a sale is not completed as expected, the asset or disposal group is reclassified to the items in the balance sheet from which the asset or disposal group was originally separated. This reclassification is made at the carrying amount less any depreciation charges that would have been recognised if the asset had not been classified as held for sale.

Presentation of discontinued operations

Discontinued operations comprise activities and cash flows that can be clearly distinguished from the other business areas and have either been disposed of or are held for sale, and the sale is expected to be carried out within twelve months in accordance with a formal plan. Discontinued operations also include entities which are classified as held for sale in connection with an acquisition.

Discontinued operations are presented in a separate line in the income statement and as assets and liabilities held for sale in the balance sheet, and main items are specified in the notes. Comparative figures are restated.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the acquisition date. Cash flows from disposals of entities are recognised up until the disposal date.

Cash flow from operating activities

Cash flows from operating activities are calculated using the indirect method as the operating profit before special items adjusted for non-cash operating items, changes in working capital, restructuring costs paid, interest received and paid, and corporation tax paid.

Cash flow from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Acquisitions of assets by means of finance leases are treated as non-cash transactions.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

Cash flow from financing activities
Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the acquisition of minority interests, raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents
Cash and cash equivalents comprise cash, less bank overdrafts, and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviate significantly from the exchange rate at the transaction date.

Segment information

The Group's main activity is the production and sale of beer and other beverages. This activity accounts for more than 90% of the Group's activities. In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place. Segment information is provided only on the Group's primary segments.

A segment's operating profit/loss includes revenue, operating costs and share of profit/loss in associates to the extent that they can be allocated directly to the individual segment. Income and expenses related to Group functions have not been allocated and, as is the case with eliminations and other activities, are not included in the operating profit/loss of the segments.

Non-current segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets, property, plant and equipment, and investments in associates. Current segment assets are allocated to the segments to the extent that they can be allocated directly to the individual segment, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities resulting from the operating activities of the segment, including provisions, trade payables and other payables.

Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005".

The financial key figures and ratios stated in the Annual Report have been calculated as follows:

Cash flow per share (CFPS). Cash flow from operating activities divided by the number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[3].

Debt/operating profit before depreciation, amortisation and impairment*. Net interest-bearing debt[2] divided by operating profit before special items adjusted for depreciation, amortisation and impairment.

Earnings per share (EPS). Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding.

Earnings per share, diluted (EPS-D). Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[3].

Equity ratio. Equity at year-end as a percentage of total assets at year-end.

Financial gearing. Net interest-bearing debt[2] at year-end divided by total equity at year-end.

Free cash flow per share (FCFPS)*. Free cash flow[4] divided by average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[3].

Interest cover*. Operating profit before special items divided by interest expenses, net.

Number of shares, average. The number of issued shares, excluding treasury shares, as an average for the year (= average number of shares outstanding).

Number of shares, year-end. Total number of issued shares, excluding treasury shares, at year-end (= number of shares outstanding at year-end).

Operating margin. Operating profit before special items as a percentage of revenue.

Pay-out ratio. Dividend for the year as a percentage of consolidated profit, excluding minority interests

Return on average invested capital, including goodwill (ROIC). Operating profit before special items as a percentage of average invested capital[1].

* This financial ratio is not defined in the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005".

[1] The calculation of invested capital is specified in note 32.
[2] The calculation of net interest-bearing debt is specified in note 33.
[3] The dilutive effect is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share options and the number of shares that could be issued assuming that the options are exercised.
[4] The calculation of free cash flow is specified in the cash flow statement.

Group companies

CARLSBERG A/S

Company	Subsidiaries	Note		Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Western Europe	BBH Group	Eastern Europe excl. BBH	Asia	Other activities
VersaMatrix A/S, Copenhagen, Denmark			○	100%	1,750	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsinteressentskabet Tuborg Nord B, Copenhagen, Denmark			○	70%	-	DKK	100.00					◆
Ejendomsaktieselskabet af 4. Marts 1982, Copenhagen, Denmark			○	100%	9,500	DKK	100.00					◆
Investeringsselskabet af 17. Januar 1991, Copenhagen, Denmark			○	100%	14,500	DKK	100.00					◆
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark		3)	◆	50%	-	DKK	100.00					◆
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark		3)	◆	50%	-	DKK	100.00					◆
Carlsberg Breweries A/S, Copenhagen, Denmark			○	100%	500,000	DKK	100.00					◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	◆				
Investeringsselskapet RH, Oslo, Norway			○	100%	49,900	NOK	93.51	◆				
Ringnes a.s., Oslo, Norway	6 subsidiaries		○	100%	238,714	NOK	93.51	◆				
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96,707	EUR	745.66	◆				
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary		○	100%	287,457	SEK	78.92					
Carlsberg Sverige AB, Stockholm, Sweden	9 subsidiaries		○	100%	70,000	SEK	78.92	◆				
BBH – Baltic Beverages Holding AB, Stockholm, Sweden			◆	50%	12,000	EUR	745.66		◆			
Saku Brewery AS, Estonia		1)	◆	75%	80,000	EEK	47.66		◆			
A/S Aldaris, Lithuania			◆	85%	7,500	LVL	1,069.80		◆			
Baltic Beverages Invest AB, Stockholm, Sweden			◆	100%	11	EUR	745.66		◆			
Baltic Beverages Holding Oy, Helsinki, Finland			◆	100%	4	EUR	745.66		◆			
Svyturys-Utenos Alus AB, Lithuania			◆	75%	118,000	LTL	215.96		◆			
Slavutich Brewery, Ukraine			◆	92%	853,692	UAH	100.51		◆			
Lvivska Brewery, Ukraine			◆	100%	72,741	UAH	100.51		◆			
Baltic Beverages Eesti, Estonia			◆	100%	400	EEK	47.66		◆			
Baltika Brewery, St. Petersburg, Russia		1)	◆	86%	164,364	RUB	20.73		◆			
Derbes Company Ltd. Liability Partnership, Kazakhstan			◆	90%	4,820,426	KZT	4.18		◆			
UAB BBH Baltics, Lithuania			◆	100%	10	LTL	215.96		◆			
Sarbast, Tashkent, Uzbekistan			◆	75%	35,217,146	UZS	0.40		◆			
Olivaria, Belarus			◆	30%	61,444,801	BYR	0.24		◆			
Carlsberg Italia S.p.A, Lainate, Italy	14 subsidiaries		○	100%	82,400	EUR	745.66	◆				
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	12 subsidiaries	4)	◆	44%	50,000	EUR	745.66	◆				
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95,000	CHF	449.08	◆				
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries		○	100%	26,897	EUR	745.66	◆				
Göttsche Getränke GmbH, Germany			○	100%	2,000	EUR	745.66	◆				
Holsten-Brauerei AG, Hamburg, Germany	10 subsidiaries		○	100%	41,250	EUR	745.66	◆				
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	745.66	◆				
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	1,014.80	◆				
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90,004	GBP	1,014.80	◆				
Carlsberg Polska S. A., Warsaw, Poland	3 subsidiaries		○	100%	28,721	PLN	207.04			◆		
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland			○	100%	50	PLN	207.04					◆
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18,198	EUR	745.66			◆		
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239,932	HRK	101.68			◆		
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2)	○	44%	1,267,128	MWK	3.66			◆		
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	45,679	DKK	100.00			◆		
Israel Beer Breweries Ltd, Ashkelon, Israel			■	20%	15,670	ILS	132.46			◆		
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2,523	USD	507.53			◆		
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey	1 subsidiary	1)	○	96%	99,972	TRY	436.55			◆		
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37,325	BGN	381.26			◆		
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	381.26			◆		
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2,169,547	RSD	9.30			◆		

				Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Western Europe	BBH Group	Eastern Europe excl. BBH	Asia	Other activities
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25,200	HUF	2.94			◆		
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1,000	DKK	100.00					◆
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212,705,000	VND	0.03				◆	
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10,778,000	VND	0.03				◆	
Hue Brewery Ltd., Hue, Vietnam			◆	50%	216,788,000	VND	0.03				◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380,000	CNY	69.49				◆	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries		◆	60%	105,480	CNY	69.49				◆	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210,000	CNY	69.49				◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85,000	CNY	69.49				◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15,000	CNY	69.49				◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16,620	CNY	69.49				◆	
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194,351	CNY	69.49				◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1)	■	51%	154,039	MYR	152.96				◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10,000	MYR	152.96				◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	152.96				◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1)	■	25%	850,000	LKR	4.70				◆	
Carlsberg Distributors Taiwan Ltd, Taiwan			■	50%	100,000	TWD	15.75				◆	
Carlsberg Asia Pte Ltd., Singapore			○	100%	54,914	SGD	350.96				◆	
Brewery Invest Pte. Ltd, Singapore			○	100%	3,200	SGD	350.96				◆	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary		○	100%	260,000	HKD	65.05				◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	99%	442,330	CNY	69.49				◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303,659	CNY	69.49				◆	
Carlsberg Hong Kong Ltd., Hong Kong, China			○	100%	-	HKD	65.05				◆	
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	79,528	CNY	69.49				◆	
Lao Brewery Co. Ltd., Vientiane, Laos			◆	50%	14,400,000	LAK	0.05				◆	
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1,000	SGD	350.96				◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			○	100%	1,000	SGD	350.96				◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466,325	NPR	8.05				◆	
Dali Beer (Group) Limited Company, Dali, China			○	100%	97,799	CNY	69.49				◆	
Caretech Ltd, Hong Kong, China		4)	◆	50%	10,000	HKD	65.05				◆	
Cambrew Pte Ltd, Singapore		4)	◆	100%	21,720	SGD	350.96				◆	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	4)	◆	100%	125,000	USD	507.53				◆	
Lao Soft Drink Co. Ltd, Laos			○	65%	2,448,000	LAK	0.05					◆
Carlsberg IndoChina			○	100%	500	USD	507.53				◆	
South Asian Breweries Pvt Ltd, Singapore			◆	45%	19,864	SGD	350.96				◆	
South Asian Breweries Pvt Ltd, India			○	100%	577,203	INR	12.96				◆	
Parag Breweries Ltd, India			○	52%	5,200	INR	12.96				◆	
Halong Beer and Beverage, Vietnam			○	30%	9,000,000,000	VND	0.03				◆	
Danish Malting Group A/S, Vordingborg, Denmark			○	100%	100,000	DKK	100.00					◆
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			○	100%	20,000	PLN	207.04					◆
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Carlsberg Invest A/S, Copenhagen, Denmark			○	100%	52,847	DKK	100.00					◆
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	-	CAD	518.22				◆	
Carlsberg USA Inc., New York, USA			○	100%	1,260	USD	507.53				◆	
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	750	CAD	518.22				◆	
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50,000	DKK	100.00					◆
Carlsberg Insurance A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Carlsberg Accounting Service Centre A/S, Copenhagen, Denmark			○	100%	504	DKK	100.00					◆

○ Subsidiary ◆ Proportionally consolidated entity ■ Associate

1) Listed company. 2) Carlsberg is responsible for management. 3) In accordance with section 5(1) of the Danish Financial Statements Act (exemption provision), a separate annual report is not prepared. 4) Company not audited by KPMG.

Financial statements, Parent Company Carlsberg A/S

Notes

Income statement

DKK million	Note	2007	2006
Administrative expenses	2	-38	-38
Other operating income	3	290	202
Other operating expenses	3	-164	-157
Operating profit		88	7
Financial income	4	539	991
Financial expenses	5	-297	-253
Profit before tax		330	745
Corporation tax	6	80	70
Profit for the year		410	815
Attributable to:			
Dividend to shareholders		458	458
Reserves		-48	357
Profit for the year		410	815
Earnings per share	7		
Earnings per share		5.4	10.7
Earnings per share, diluted		5.4	10.7

Statement of recognised income and expenses for the year

DKK million	Note	Fair value adjustments	Retained earnings	2007 Total
Profit for the year		-	410	410
Value adjustments:				
Hedging instruments, value adjustment for the year	25	1	-	1
Retirement benefit obligations	19	-	-6	-6
Other adjustments:				
Share-based payment	9	-	2	2
Share-based payment to employees in subsidiaries		-	19	19
Tax on changes in equity		-	4	4
Other		-	-12	-12
Net amount recognised directly in equity		1	7	8
Total recognised income and expenses		1	417	418

DKK million	Note	Fair value adjustments	Retained earnings	2006 Total
Profit for the year		-	815	815
Value adjustments:				
Retirement benefit obligations	19	-	-8	-8
Other adjustments:				
Share-based payment	9	-	1	1
Tax on changes in equity		-	2	2
Other		-	5	5
Net amount recognised directly in equity		-	-	-
Total recognised income and expenses		-	815	815

Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised.

Balance sheet

ASSETS

DKK million	Note	31 Dec. 2007	31 Dec. 2007
Non-current assets			
Property, plant and equipment	10	733	399
Investments in subsidiaries	11	21,514	21,662
Investments in associates	12	-	90
Securities	13	7	7
Deferred tax assets	20	167	159
Total non-current assets		22,421	22,317
Current assets			
Tax receivables		2	2
Other receivables	14	778	381
Cash and cash equivalents	15	-	216
Total current assets		780	599
Assets held for sale	16	-	-
Total assets		23,201	22,916

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2007	31 Dec. 2007
Equity			
Share capital	17	1,526	1,526
Reserves		15,602	15,716
Total equity		17,128	17,242
Non-current liabilities			
Borrowings	18	3,223	4,375
Retirement benefit obligations and similar obligations	19	29	28
Provisions	21	25	20
Total non-current liabilities		3,277	4,423
Current liabilities			
Borrowings	18	2,500	1,062
Trade payables		116	62
Provisions	21	10	15
Other liabilities etc.	22	170	112
Total current liabilities		2,796	1,251
Total liabilities		6,073	5,674
Total equity and liabilities		23,201	22,916

Statement of changes in equity

DKK million	Share capital	Fair value adjustments	Retained earnings	Total reserves	2007 Total equity
Equity at 1 January 2007	1,526	-	15,716	15,716	17,242
Total recognised income and expenses for the year, cf. the statement on page 133	-	1	417	418	418
Acquisition/disposal of treasury shares	-	-	-74	-74	-74
Dividends paid to shareholders	-	-	-458	-458	-458
Total changes in equity	-	1	-115	-114	-114
Equity at 31 December 2007	1,526	1	15,601	15,602	17,128

DKK million	Share capital	Fair value adjustments	Retained earnings	Total reserves	2006 Total equity
Equity at 1 January 2006	1,526	-	15,286	15,286	16,812
Total recognised income and expenses for the year, cf. the statement on page 133	-	-	815	815	815
Acquisition/disposal of treasury shares	-	-	-4	-4	-4
Dividends paid to shareholders	-	-	-381	-381	-381
Total changes in equity	-	-	430	430	430
Equity at 31 December 2006	1,526	-	15,716	15,716	17,242

The proposed dividend of DKK 6.00 per share, in total DKK 458m (2006: DKK 6.00 per share, in total DKK 458m), is included in retained earnings at 31 December 2007.

Fair value adjustments comprise accumulated changes in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised.

Cash flow statement

DKK million	Note	2007	2006
Operating profit before special items		88	7
Adjustment for depreciation and amortisation		15	11
Operating profit before depreciation, amortisation and impairment losses		103	18
Adjustment for other non-cash items	23	-206	-116
Change in working capital	23	62	36
Interest etc. received		39	26
Interest etc. paid		-290	-440
Corporation tax received		77	67
Cash flow from operating activities		-215	-409
Investments in associates and joint ventures		-97	-90
Disposal of financial assets		-	61
Loans to subsidiaries		43	2,422
Loans to associates		-23	-120
Dividends from subsidiaries		445	900
Dividends from associates and joint ventures		239	-
Total financial investments		607	3,173
Other investments in property, plant and equipment		-395	-144
Disposal of other property, plant and equipment		33	214
Total other activities[1]		-362	70
Cash flow from investing activities		245	3,243
Free cash flow		30	2,834
Shareholders in Carlsberg A/S	23	-532	-385
External financing	23	506	-2,627
Cash flow from financing activities		-26	-3,012
Net cash flow		4	-178
Cash and cash equivalents at 1 January		-67	111
Cash and cash equivalents at 31 December	15	-63	-67

[1] Other activities cover real estate and assets under construction, including costs of construction contracts.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The 2007 Annual Report of Carlsberg A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the reporting requirements of OMX Nordic Exchange Copenhagen A/S for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. In addition, the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

In preparing the Carlsberg Group's Annual Report, Management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements for the Company are presented below. The most significant accounting estimates and judgements for the Carlsberg Group are presented in note 1 to the consolidated financial statements. The Group's accounting policies are described in detail in note 29.

Estimation uncertainty

Determining the carrying amount of some assets and liabilities requires judgements, estimates and assumptions concerning future events.

The judgements, estimates and assumptions made are based on historical experience and other factors, including judgements by consultants and specialists which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Company is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively. Specific risks for Carlsberg A/S are discussed in the relevant section of the Management review.

Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Investments in subsidiaries, joint ventures and associates. Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Carlsberg Group, see note 40 to the consolidated financial statements. It is management's assessment that no indications of impairment existed at year-end 2007, and impairment tests have therefore not been carried out for subsidiaries, joint ventures and associates.

Deferred tax assets. Carlsberg A/S recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

The value of recognised deferred tax assets is DKK 167m (2006: DKK 159m), which is primarily expected to be realised within 12 months of the balance sheet date.

For a more detailed description of the Company's tax assets, see note 20.

Accounting policies applied

In applying the Group's accounting policies, management makes judgements as well as accounting estimates which may significantly influence the amounts recognised in the annual report.

Such judgements include the recognition of income from real estate projects.

Recognition of real estate projects. When entering into contracts management makes judgements as to whether the individual real estate project is sufficiently modified for the percentage of completion method to apply. The majority of projects are accounted for using the sales method under which gains on disposal of real estate are recognised when the real estate is transferred to the buyer. The selling price of real estate projects less production costs is recognised under other operating income.

NOTE 2 FEE TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2007	2006
KPMG:		
Audit	0.5	0.5

NOTE 3 OTHER OPERATING INCOME AND EXPENSES

DKK million	2007	2006
Other operating income:		
Gains on disposal of real estate	208	118
Rental income, real estate	8	11
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	13	22
Other, incl. grants received	61	51
Total	290	202
Other operating expenses:		
Real estate costs	-42	-25
Expenses relating to the Carlsberg Research Center	-91	-88
Other	-31	-44
Total	-164	-157
Of which staff costs, cf. note 8	-72	-70
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	219	130
Production costs	-177	-100
Total	42	30

Gains are recognised under “Gains on disposal of real estate” and comprise a construction contract for owner-occupied property.

NOTE 4 FINANCIAL INCOME

DKK million	2007	2006
Interest income	39	30
Dividends from subsidiaries	445	900
Dividends from associates	52	-
Realised gains on disposal of securities	-	61
Other financial income	3	-
Total	539	991

NOTE 5 FINANCIAL EXPENSES

DKK million	2007	2006
Interest expenses	294	244
Interest cost on obligations, defined benefit plans	1	1
Other financial expenses	2	8
Total	297	253

Interest expenses include DKK 4m (2006: DKK 2m) related to fair value adjustment of the interest element of fixed-rate borrowings swapped to floating rates.

NOTE 6 CORPORATION TAX

DKK million	2007	2006
Tax for the year comprises:		
Current tax on profit for the year	-	-
Change in deferred tax liabilities during the year	-111	-72
Change in tax rate	20	-
Adjustments to tax for previous years	7	-
Total tax for the year	-84	-72
Deferred tax on items recognised directly in equity	4	2
Tax on profit for the year	-80	-70
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25.0%	28.0%
Change in Danish tax rate	6.1%	-
Tax on partnerships	9.2%	-
Adjustments to tax for previous years	2.1%	-
Non-capitalised tax loss	-29.7%	-
Non-taxable income	-	-7.4%
Non-deductible expenses	1.0%	1.8%
Tax-free dividend	-38.0%	-28.8%
Other	0.1%	-3.0%
Effective tax rate for the year	-24.2%	-9.4%
The change in deferred tax liabilities recognised in the income statement can be broken down as follows:		
Tax losses	-120	-74
Intangible assets and property, plant and equipment etc.	13	4
Deferred tax liabilities recognised in income statement	-107	-70

NOTE 7 EARNINGS PER SHARE

DKK million	2007	2006
Profit for the year	410	815
1,000 shares		
Average number of shares	76,278	76,278
Average number of treasury shares	-24	-13
Average number of shares outstanding	76,254	76,265
Average dilutive effect of outstanding share options	76	48
Diluted average number of shares outstanding	76,330	76,313
DKK		
Earnings per share of DKK 20 (EPS)	5.4	10.7
Diluted earnings per share of DKK 20 (EPS-D)	5.4	10.7

NOTE 8 STAFF COSTS AND REMUNERATION OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2007	2006
Salaries and other remuneration	79	69
Social security costs	-	1
Retirement benefit costs – defined contribution plans	6	6
Share-based payment[1]	2	1
Other employee benefits	-	5
Total	87	82
Staff costs are included in the following items in the income statement:		
Administrative expenses	15	12
Other operating expenses	72	70
Total	87	82

The Company had an average of 141 (2006: 133) full-time employees during the year.

NOTE 8 STAFF COSTS AND REMUNERATION OF THE BOARD OF DIRECTORS, THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES – CONTINUED

DKK million	2007 Parent Company Executive Board	2007 Executive employees	2006 Parent Company Executive Board	2006 Executive employees
Remuneration of key management personnel:				
Salaries and other remuneration	26	4	22	3
Share-based payment[1]	6	1	1	-
Total	32	5	23	3

[1] Share-based payment comprises the cost of options granted to the Group's former CEO, which are expensed prematurely in connection with resignation. Share-based payment is specified in note 9.

Remuneration of the Executive Board comprises the total remuneration of members of the Executive Board, some of which is paid by other entities in the Carlsberg Group. The remuneration is specified in note 13 to the consolidated financial statements.

Executive employees comprise non-Group Executive Board members who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Parent Company's activities.

The Board of Directors of Carlsberg A/S received emoluments of DKK 6m (2006: DKK 6m) for duties performed in the Company and some subsidiaries. The Board of Directors is not included in share option programmes, retirement benefit plans and other schemes, and no agreements have been entered into concerning termination benefits and no such payments were made.

NOTE 9 SHARE-BASED PAYMENT

In 2007, a total of 45,500 (2006: 34,500) share options were granted to 6 (2006: 5) key employees. The grant date fair value of these options was a total of DKK 7m (2006: DKK 3m). The total cost of share-based payment was DKK 2m (2006: DKK 1m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2007	Granted	Expired/ forfeited	Exercised	Transferred[1]	31 Dec. 2007	For exercise 31 Dec.	Fixed	DKK per option	31 Dec. 2007	31 Dec. 2006
Executive Board:												
2001	2004-2009	14,700	-	-	-	-7,350	7,350	7,350	386.54	236.05	2	3
2002	2005-2010	14,700	-	-	-	-7,350	7,350	7,350	323.82	300.95	2	4
2003	2006-2011	21,000	-	-	-	-10,500	10,500	10,500	214.47	406.42	4	7
2004	2007-2012	26,250	-	-	-	-15,750	10,500	10,500	268.39	357.27	4	8
2005	2008-2013	25,000	-	-	-	-15,000	10,000	-	288.29	341.41	3	7
2006	2009-2014	30,000	-	-	-	-20,000	10,000	-	380.18	270.30	3	7
2007	2010-2015	-	40,000	-	-	-20,000	20,000	-	584.86	153.95	3	-
Total		131,650	40,000	-	-	-95,950	75,700	35,700			21	36
Key management personnel:												
2001	2004-2009	4,725	-	-	-3,650	-	1,075	1,075	386.54	236.05	-	1
2002	2005-2010	6,300	-	-	-3,150	-	3,150	3,150	323.82	300.95	1	2
2003	2006-2011	9,975	-	-	-5,250	-	4,725	4,725	214.47	406.42	2	4
2004	2007-2012	6,825	-	-	-5,250	-	1,575	1,575	268.39	357.27	-	2
2005	2008-2013	4,500	-	-	-3,000	333	1,833	-	288.29	341.41	1	1
2006	2009-2014	4,500	-	-	-3,000	667	2,167	-	380.18	270.30	1	1
2007	2010-2015	-	5,500	-	-3,000	-	2,500	-	584.86	153.95	-	-
Total		36,825	5,500	-	-26,300	1,000	17,025	10,525			5	11
Retired employees:												
2001	2004-2009	-	-	-	-	7,350	7,350	7,350	386.54	236.05	2	-
2002	2005-2010	-	-	-	-	7,350	7,350	7,350	323.82	300.95	2	-
2003	2006-2011	-	-	-	-	10,500	10,500	10,500	214.47	406.42	4	-
2004	2007-2012	-	-	-	-	16,275	16,275	16,275	268.39	357.27	6	-
2005	2008-2013	-	-	-	-	15,000	15,000	-	288.29	341.41	5	-
2006	2009-2014	-	-	-	-	20,000	20,000	-	380.18	270.30	6	-
2007	2010-2015	-	-	-	-	20,000	20,000	-	584.86	153.95	3	-
Total		-	-	-	-	96,475	96,475	41,475			28	-
Total		168,475	45,500	-	-26,300	1,525	189,200	87,700			54	47

[1] The number of transferred options relates to employees relocated internally in the Group where granted options therefore vest in an entity other than the originally granting the options.

NOTE 9 SHARE-BASED PAYMENT – CONTINUED

	2007					2006				
	Executive Board	Other	Resigned	Total	Average exercise price	Executive Board	Other	Resigned	Total	Average exercise price
Share options outstanding at 1 January	131,650	36,825	-	168,475	305.38	101,650	35,475		137,125	287.71
Granted	40,000	5,500	-	45,500	584.86	30,000	4,500	-	34,500	380.18
Exercised	-	-26,300	-	-26,300	331.78	-	-3,150	-	-3,150	355.18
Transferred	-95,950	1,000	96,475	1,525	367.44	-	-	-	-	-
Share options outstanding at 31 December	75,700	17,025	96,475	189,200	369.06	131,650	36,825	-	168,475	305.38
Exercisable at 31 December	35,700	10,525	41,475	87,700	285.11	50,400	21,000	-	71,400	293.44
Exercised options as % of share capital	0.00%	0.03%	0.00%	0.03%		0.00%	0.00%	0.00%	0.00%	

The average share price at the exercise date for share options was DKK 708 (2006: DKK 448).

At 31 December 2007 the exercise price for outstanding share options was in the range DKK 214.47 to DKK 584.86 (2006: DKK 214.47 to DKK 386.54).

The average remaining contractual life was 4.7 years (2006: 4.9 years).

The assumptions underlying the calculation of the fair value of share options are described in note 14 to the consolidated financial statements.

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

					2007
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2007	612	97	6	141	856
Additions	-	-	1	394	395
Disposals	-9	-3	-	-37	-49
Transfers	-	9	-	-9	-
Cost at 31 December 2007	603	103	7	489	1,202
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	362	89	6	-	457
Disposals	-	-3	-	-	-3
Depreciation	9	6	-	-	15
Depreciation and impairment losses at 31 December 2007	371	92	6	-	469
Carrying amount at 31 December 2007	232	11	1	489	733
Carrying amount of assets pledged as security for loans	170	-	-	489	659

DKK million	2007	2006
Depreciation and impairment losses are included in:		
Administrative expenses	15	11
Total	15	11

NOTE 10 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

2006

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2006	596	91	6	168	861
Additions	-	-	-	44	44
Transfers	-30	6	-	-6	-30
Transfer to/from assets held for sale	48	-	-	-	48
Cost at 31 December 2006	612	97	6	141	856
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2006	354	83	6	-	443
Depreciation	5	6	-	-	11
Transfers	-30	-	-	-	-30
Transfer to/from assets held for sale	33	-	-	-	33
Depreciation and impairment losses at 31 December 2006	362	89	6	-	457
Carrying amount at 31 December 2006	250	8	-	141	399
Carrying amount of assets pledged as security for loans	250	-	-	-	250

NOTE 11 INVESTMENTS IN SUBSIDIARIES

DKK million	2007	2006
Cost:		
Cost at 1 January	21,662	21,662
Share-based payment to employees in subsidiaries	-148	-
Cost at 31 December	21,514	21,662
Carrying amount at 31 December	21,514	21,662

The carrying amount includes goodwill of DKK 11,207m (2006: DKK 11,207m) on acquisition of subsidiaries.

Share-based payment to employees in subsidiaries comprises exercised as well as outstanding share options.

NOTE 12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

DKK million	2007	2006
Cost:		
Cost at 1 January	90	-
Additions	97	90
Disposals	-187	-
Cost at 31 December	-	90
Carrying amount at 31 December	-	90

The dividends received from associates and joint ventures exceed the original investments.

NOTE 13 SECURITIES

DKK million	2007	2006
Unlisted shares	7	7

Shares in unlisted entities comprise a number of small holdings. These assets are not recognised at fair value as the fair value cannot be calculated on an objective basis. Instead the assets are recognised at cost.

Shares in unlisted entities were disposed of during the year at a gain of DKK 0m (2006: DKK 61m), which is included in financial income. The carrying amount at the disposal date was DKK 0m (2006: DKK 0m).

NOTE 14 RECEIVABLES

DKK million	2007	2006
Receivables by origin:		
Loans to subsidiaries	43	86
Loans to associates	143	120
Receivables from subsidiaries	171	2
Receivables from construction contracts (selling price)	349	130
Other receivables and prepayments	72	43
Total	778	381

Costs of DKK 32m related to the offer for Scottish & Newcastle plc are included in prepayment.

The fair value of receivables in all material respects corresponds to the carrying amount.

%	2007	2006
Average effective interest rates:		
Loans to subsidiaries	4.8%	3.5%
Loans to associates	5.2%	4.0%

NOTE 15 CASH AND CASH EQUIVALENTS

DKK million	2007	2006
Cash at bank and in hand	-	216
In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	-	216
Bank overdrafts	-63	-283
Cash and cash equivalents, net	-63	-67

NOTE 16 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

Assets (properties) which no longer qualified for recognition as assets held for sale were transferred to property, plant and equipment in 2006 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 15m and did not affect the income statement by further depreciation charges.

Gains on the disposal of assets held for sale were recognised in the income statement under other operating income in 2006. The gains recognised as income related to disposal of properties and totalled DKK 69m.

NOTE 17 SHARE CAPITAL

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKKm	Shares of DKK 20	Nominal value, DKKm	Shares of DKK 20	Nominal value, DKKm
1 January 2006	33,699,252	674	42,579,151	852	76,278,403	1,526
No change in 2006						
31 December 2006	33,699,252	674	42,579,151	852	76,278,403	1,526
No change in 2007						
31 December 2007	33,699,252	674	42,579,151	852	76,278,403	1,526

Each class A share of DKK 20 carries 20 votes. Each class B share of DKK 20 carries 2 votes.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2006	167	-	0.0%
Acquisition of treasury shares	105,000	2	0.1%
Used to settle share options	-97,659	-2	-0.1%
31 December 2006	7,508	-	0.0%
Acquisition of treasury shares	201,199	4	0.3%
Used to settle share options	-175,945	-4	-0.3%
31 December 2007	32,762	-	0.0%

At 31 December 2007 the fair value of treasury shares amounted to DKK 20m (2006: DKK 4m).

The Annual General Meeting has authorised the Board of Directors to acquire treasury shares of a total nominal amount of 10% of the Company's share capital in the period up to the next Annual General Meeting.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 4m (2006: DKK 2m) at an average price of DKK 637 (2006: price DKK 415), corresponding to a purchase price of DKK 127m (2006: DKK 44m). Class B treasury shares are primarily acquired in connection with share option schemes. The Group holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 53m (2006: DKK 28m). The disposal was made in connection with settlement of share options.

Provisions governing alterations to the Articles of Association. In order to pass a resolution to alter the Articles of Association which is not proposed or endorsed by the Board of Directors, it is required that at least one third of the possible number of votes representing the total share capital shall be represented at the general meeting and the resolution shall be passed by three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting. If the resolution is proposed or endorsed by the Board of Directors, only a qualified majority of two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting is required for its passing.

If the prescribed portion of the voting share capital is not sufficiently represented at the general meeting but a resolution is nonetheless passed, such resolution may be finally passed at an extraordinary general meeting convened by the Board of Directors within fourteen days of the first general meeting, irrespective of the number of votes represented at this general meeting. In order for a resolution not endorsed by the Board of Directors to be passed successfully at this second general meeting, three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting must vote in favour of the resolution. If the resolution has been endorsed by the Board of Directors, the resolution may be passed by two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting.

NOTE 18 BORROWINGS

DKK million	2007	2006
Non-current borrowings:		
Issued bonds	2,495	2,492
Mortgages	728	733
Bank borrowings	-	1,150
Total	3,223	4,375
Current borrowings:		
Mortgages	-	25
Bank borrowings	63	283
Borrowings from subsidiaries	2,437	754
Total	2,500	1,062
Total non-current and current borrowings	5,723	5,437
Fair value	5,740	5,463

All borrowings are measured at amortised cost. However, the interest element of the fixed-rate borrowings swapped to floating rates is measured at fair value. The carrying amount of these borrowings is DKK 356m (2006: DKK 363m).

Time to maturity for non-current borrowings

DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	2007 Total
Issued bonds	2,495	-	-	-	-	2,495
Mortgages	-	-	-	-	728	728
Total	2,495	-	-	-	728	3,223

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	2006
Issued bonds	-	2,492	-	-	-	2,492
Mortgages	26	27	28	30	622	733
Bank borrowings	-	-	-	1,150	-	1,150
Total	26	2,519	28	1,180	622	4,375

Interest rate risk on non-current borrowings at 31 December 2007

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2007 Interest rate risk
Issued bonds:					
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	1-2 years	2,495	Fair value
Total issued bonds		4.88%		2,495	
Mortgages:					
Floating rate [1]	Floating	4.06%	0-1 year	356	Cash flow
Fixed rate [2]	Fixed	4.70%	2-10 years	372	Fair value
Total mortgages		4.39%		728	

[1] This concerns three mortgages with a time to maturity of more than five years. Two loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 4m and a negative DKK 4m respectively).

The floating-rate loans will be repriced in January 2008 at a rate of 4.92%.

[2] A floating-rate mortgage of DKK 372m has been raised and swapped to a fixed rate.

NOTE 18 BORROWINGS – CONTINUED

2007

Currency profile of borrowings before and after derivative financial instruments

Next repricing (of principal before currency swaps)

	Original principal	Effect of swap	After swap	2008	2009	2010	2011	2012	2013-
DKK	5,723	-	5,723	2,856	2,495	-	-	-	372

Financial risks comprise the interest rate risk on non-current borrowings at fixed rates. This risk relates primarily to issued bonds of DKK 2,500m maturing in June 2009. Of the total non-current borrowings of DKK 3,223m, DKK 2,867m is at fixed rates. There is no foreign exchange risk.

Interest rate risk on non-current borrowings at 31 December 2006

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
				2006	
Issued bonds:					
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	2-3 years	2,492	Fair value
Total issued bonds		4.88%		2,492	
Mortgages:					
Floating rate [3]	Floating	3.23%	0-1 year	363	Cash flow
Fixed rate	Fixed	5.21%	0-14 years	395	Fair value
Total mortgages		4.23%		758	

[3] This concerns two mortgages with a time to maturity of more than five years. The loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement.

The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 2m and a negative DKK 2m respectively).

The floating-rate loans were repriced in January 2007 at a rate of 4.06%.

2006

Currency profile of borrowings before and after derivative financial instruments

Next repricing (of principal before currency swaps)

	Original principal	Effect of swap	After swap	2007	2008	2009	2010	2011	2012-
DKK	5,437	-	5,437	2,575	26	2,519	28	30	259

Financial risks comprise the interest rate risk on non-current borrowings at fixed rates. This risk relates primarily to issued bonds of DKK 2,500m maturing in June 2009. Of the total non-current borrowings of DKK 4,375m, DKK 2,862m is at fixed rates. There is no foreign exchange risk.

NOTE 19 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

Retirement benefit obligations and similar obligations comprise payments to retired directors that are not covered by an insurance company. The plan is unfunded.

DKK million	2007	2006
Changes in obligations:		
Total obligations at 1 January	28	24
Interest cost	1	1
Actuarial losses	6	8
Benefits paid	-6	-5
Total obligations at 31 December	29	28
Assumptions applied:		
Discount rate	2.0%	2.0%
Future retirement benefit increases	3.5%	3.5%
Recognised in income statement under financial expenses:		
Interest cost on obligations	1	1
Total recognised in income statement	1	1
Recognised in equity:		
Recognised at 1 January	-18	-10
Actuarial losses during the period	-6	-8
Recognised at 31 December	-24	-18

DKK million	2007	2006	2005	2004
Five-year overview (from 1 January 2004):				
Unfunded obligations	29	28	24	20
Experience adjustments to obligations	-1	-1	-1	-

NOTE 20 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2007	2006
Deferred tax at 1 January, net	159	183
Adjustments to previous years	-83	-96
Recognised in equity	4	2
Recognised in income statement	107	70
Change in tax rate	-20	-
	167	159
Of which transferred to assets held for sale	-	-
Deferred tax at 31 December, net	167	159

NOTE 20 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and deferred tax liabilities at 31 December

	Deferred tax assets		Deferred tax liabilities	
DKK million	2007	2006	2007	2006
Property, plant and equipment	-	-	3	1
Provisions and retirement benefit obligations	17	18	-	-
Tax losses etc.	153	147	-	5
Total before set-off	170	165	3	6
Set-off	-3	-6	-3	-6
Total after set-off	167	159	-	-
Transferred to assets held for sale	-	-	-	-
Deferred tax assets and deferred tax liabilities at 31 December	167	159	-	-
Expected to be used as follows:				
Within 12 months of balance sheet date	1	-	-	-
More than 12 months after balance sheet date	166	159	-	-
Total	167	159	-	-

Of the total deferred tax assets recognised, DKK 153m (2006: DKK 147m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Deferred tax has not been calculated on temporary differences relating to investments in subsidiaries and associates, as these investments are not expected to be disposed of within the foreseeable future and are therefore not expected to entail tax on disposal.

NOTE 21 PROVISIONS

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes and lawsuits etc.

DKK million	2007	2006
Provisions at 1 January	35	10
Additional provisions recognised	-	15
Transfers	-	10
Provisions at 31 December	35	35
Provisions are recognised in the balance sheet as follows:		
Non-current provisions	25	20
Current provisions	10	15
Total	35	35

The non-current provisions are expected to be used within three years of the balance sheet date.

NOTE 22 OTHER LIABILITIES ETC.

DKK million	2007	2006
Other liabilities by origin:		
Staff costs payable	13	10
Interest payable	72	70
Fair value of hedging instruments	6	2
Deferred income	61	9
Other accrued expenses etc.	18	21
Total	170	112

NOTE 23 CASH FLOWS

DKK million	2007	2006
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment, net	-208	-118
Other non-cash adjustments	2	2
Total	-206	-116
Change in working capital:		
Receivables	-24	-14
Trade payables and other liabilities	93	45
Retirement benefit obligations and other provisions	-7	5
Total	62	36
Shareholders in Carlsberg A/S:		
Dividends to shareholders	-458	-381
Acquisition of treasury shares	-127	-32
Disposal of treasury shares	53	28
Total	-532	-385
External financing:		
Proceeds from borrowings	372	1,512
Repayment of borrowings	-1,549	-4,036
Borrowings from subsidiaries	1,683	-92
Other current financing, net	-	-11
Total	506	-2,627

NOTE 24 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2007	2006
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	3,223	4,375
Current borrowings	2,500	1,062
Gross interest-bearing debt	5,723	5,437
Cash and cash equivalents	-	-216
Loans to subsidiaries	-107	-86
Loans to associates	-143	-120
Net interest-bearing debt	5,473	5,015
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	5,015	5,150
Cash flow from operating activities	215	409
Cash flow from investing activities	-245	-3,243
Dividends to shareholders	458	381
Acquisition/disposal of treasury shares	75	4
Change in interest-bearing lending	-44	2,302
Other	-1	12
Total change	458	-135
Net interest-bearing debt at 31 December	5,473	5,015

NOTE 25 FINANCIAL INSTRUMENTS

Financial instruments. The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods.

Fair value hedge. Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. In Carlsberg A/S interest rate swaps are used to swap two fixed-rate mortgages to floating rate. Foreign exchange adjustments of both financial instruments and underlying loans are recognised in the income statement. This had no net effect on the profit.

DKK million	2007	2006
Recognised in the income statement:		
Interest rate instruments	-4	-2
Total	-4	-2

Cash flow hedge. A positive fair value for an interest rate swap is recognised in equity in accordance with hedge accounting rules for cash flow hedges.

The swap was entered into in December 2007 and hedges against the floating rate on a mortgage. The swap matures in 10 years.

DKK million	2007	2006
Recognised in equity:		
Interest rate instruments	1	-
Total	1	-

		2007		2006	
DKK million		Positive	Negative	Positive	Negative
Fair value of financial instruments:					
Cash flow hedge	Interest rate	1	-	-	-
Fair value hedge	Interest rate	-	-6	-	-2
Total		1	-6	-	-2

NOTE 26 RELATED PARTY DISCLOSURES

Related parties exercising control. The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark, holds 51.3% of the shares in Carlsberg A/S, excluding treasury shares. Apart from payments of dividends and grants, cf. note 3, no transactions were carried out with the Carlsberg Foundation during the year.

The Carlsberg Foundation has committed itself to participate in raising the required capital for the acquisition of Scottish & Newcastle plc in accordance with the cash offer dated 25 January 2008.

Related parties exercising significant influence. The Group was not involved in any transactions during the year with major shareholders, members of the Board of Directors, members of the Executive Board, other executive employees, or companies outside the Carlsberg Group in which these parties have interests.

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 8.

Associates. Dividends of DKK 52m (2006: DKK 0m) were received from associates.

DKK million	2007	2006
The income statement and balance sheet include the following transactions with associates:		
Interest income	8	8
Loans	48	120
Receivables	102	4
Trade payables	32	-

Subsidiaries. Dividends of DKK 445m (2006: DKK 900m) were received from subsidiaries.

DKK million	2007	2006
The income statement and balance sheet include the following transactions with subsidiaries:		
Revenue	-	-
Other operating income	37	31
Other operating costs	18	16
Interest income	3	11
Interest expenses	40	24
Loans	43	86
Borrowings	2,437	754
Receivables	64	14
Trade payables	7	4

NOTE 27 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg A/S has issued guarantees for loans etc. of DKK 353m (2006: DKK 2,804m) raised by subsidiaries.

Carlsberg A/S is jointly registered for Danish VAT and excise duties with Carlsberg Breweries A/S, Carlsberg Danmark A/S and various other minor Danish subsidiaries, and is jointly and severally liable for payment of VAT and excise duties.

Carlsberg A/S and the other companies covered by the Danish joint taxation scheme are jointly and severally liable for payment of corporation tax for 2004 and previous tax years.

Carlsberg A/S is party to certain lawsuits etc. In management's opinion, apart from as recognised in the balance sheet or disclosed in the Annual Report, the outcome of these lawsuits will not have a material negative effect on the Parent Company's financial position.

Capital commitments

DKK million	2007	2006
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Property, plant and equipment and construction contracts	73	202
Total	73	202

NOTE 28 EVENTS AFTER THE BALANCE SHEET DATE

Apart from the events recognised or disclosed in the Annual Report, no events have occurred after the balance sheet date of importance to the Annual Report.

On 25 January 2008 a consortium of which Carlsberg is a member made a cash offer for the acquisition of Scottish & Newcastle plc (S&N). The offer is GBP 8 per share, corresponding to approximately GBP 10.7bn (approximately DKK 107bn) on a debt-free basis. Carlsberg's share is approximately GBP 5.8bn (approximately DKK 58.2bn). The offer is recommended by the Board of S&N. The acquisition is among other things subject to the approval of the competition authorities in various jurisdictions and the approval of the shareholders in S&N.

The financing of the acquisition has been secured through loan agreements with banks and a capital increase.

If the offer is accepted, Carlsberg will acquire 50% of BBH AB, which will become wholly owned. S&N's activities in France and Greece will also be acquired, together with joint ventures in China and Vietnam.

The cash offer is described in detail in a separate company announcement of 25 January 2008.

NOTE 29 ACCOUNTING POLICIES

The 2007 Annual Report of Carlsberg A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the reporting requirements of OMX Nordic Exchange Copenhagen A/S for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

The Annual Report has been presented in Danish kroner (DKK), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Carlsberg Group, cf. note 40 to the consolidated financial statements, with the exception of the items below.

Income statement

Dividends on investments in subsidiaries, joint ventures and associates
Dividends on investments in subsidiaries, joint ventures and associates are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared. If distributed dividends exceed accumulated earnings after the acquisition date, the dividend is not recognised in the income statement but as a reduction of the cost of the investment.

Financial income and financial expenses
Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognised in the income statement of the Parent Company.

Balance sheet

Investments in subsidiaries, joint ventures and associates
Investments in subsidiaries, joint ventures and associates are measured at the lower of cost or recoverable amount.

Cost is written down by the amount by which the dividend distributed exceeds accumulated earnings after the acquisition date.

Share-based payment to employees in subsidiaries
The value of granted equity-settled share options to employees in the Company's subsidiaries is recognised in investments in subsidiaries, as the services rendered in exchange for the options are received in the subsidiaries, with a set-off directly against equity.

The difference between the purchase price and the selling price for the exercise of equity-settled share options by employees in subsidiaries is settled between Carlsberg A/S and the individual subsidiary with a set-off directly against investments in subsidiaries.

The difference at the balance sheet date between the fair value of the Company's equity instruments and the exercise price of outstanding equity-settled share options is recognised as a receivable in Carlsberg A/S with a set-off directly against investments in subsidiaries.

Equity-settled share options granted to the Company's own employees are recognised and measured in accordance with the accounting policies used by the Carlsberg Group, see note 40 to the consolidated financial statements for a description of accounting policies.

The Baltika brewery in St Petersburg is one of the most modern in the world, with an annual capacity of 1bn litres, equivalent to 3bn bottles. The brewery site in St Petersburg covers a total area of 30 ha (approx. 40 football pitches). The warehouse covers an area of 2 ha (approx. 3 football pitches), with capacity for 10m litres of beer. A total of 20 trucks and 16 railway wagons can be loaded simultaneously.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TOYOTA

Management statement
Auditors' report

Board of Directors,
Executive Board and
senior executives

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Group and the Parent Company for 2007.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. We consider the accounting policies used to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Carlsberg Group's and the Parent Company's assets, liabilities and financial position at 31 December 2007 and of the results of the Carlsberg Group's and the Parent Company's operations and cash flows for the financial year 2007.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 19 February 2008

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmusen

Jørn P. Jensen

Board of Directors of Carlsberg A/S

Povl Krogsgaard-Larsen, Chairman

Jens Bigum, Deputy Chairman

Hans Andersen

Flemming Besenbacher

Søren Bjerre-Nielsen

Hanne Buch-Larsen

Henning Dyremose

Niels Kærgård

Axel Michelsen

Erik Dedenroth Olsen

Bent Ole Petersen

Per Øhrgaard

The independent auditors' report

TO THE SHAREHOLDERS OF CARLSBERG A/S

We have audited the annual report of the Carlsberg Group and the Parent Company for the financial year 1 January – 31 December 2007, which comprises the management statement, management and financial reviews, accounting policies, income statement, statement of recognised income and expenses for the year, balance sheet, statement of changes in equity, cash flow statement and notes. The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Management's responsibility for the annual report

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual report.

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

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Carlsberg Group's and the Parent Company's financial position at 31 December 2007 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2007 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies.

Copenhagen, 19 February 2008

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State Authorised Public Accountant

Jesper Koefoed
State Authorised Public Accountant

Board of Directors

Povl Krogsgaard-Larsen,
Chairman

Jens J. Bigum,
Deputy Chairman

Hans S. Andersen E)

Flemming Besenbacher

Søren Bjerre-Nielsen

Hanne Buch-Larsen E)

Henning Dyremose

Niels Kærgård

Axel Michelsen

Erik Chr. Dedenroth Olsen E)

Bent Ole Petersen E)

Per Chr. Øhrgaard

BOARD OF DIRECTORS 2007

Povl Krogsgaard-Larsen, Chairman

Professor, D.Pharm. Born 1941. Chairman of the Executive Board of the Carlsberg Foundation. Member of the Boards of Directors of Auriga A/S and Bioneer A/S. Elected 1993, 2007.
Povl Krogsgaard-Larsen is affiliated to the Faculty of Pharmaceutical Sciences at the University of Copenhagen. With his background as a researcher and educator, he has particular expertise in the analysis of issues within the pharmaceutical sector and the presentation of plans and results. As former rector of what was then the Royal Danish School of Pharmacy, he also has experience of the management of large knowledge-based organisations, and he has experience from directorships at other international companies.

Jens J. Bigum, Deputy Chairman

Managing Director. Born 1938. Member of the Boards of Directors of Per Aarsleff A/S, Toms Gruppen A/S (Chairman), Gerda og Victor B. Strands Fond and the University of Aarhus (Chairman). Elected 2001, 2007.
Jens Bigum has broad national and international management experience as the former CEO of Arla Foods, particularly in businesses involved in the production and sale of consumer goods. He also has extensive experience from directorships at other companies in Denmark and abroad.

Hans S. Andersen [E)]

Brewery Worker, Carlsberg Danmark A/S. Born 1955. Elected 1998, 2006.

Flemming Besenbacher

Professor, D.Sc. Born 1952. Member of the Executive Board of the Carlsberg Foundation and of the Boards of Directors of property companies affiliated to the Carlsberg Foundation. Elected 2005, 2005.
Flemming Besenbacher is head of iNANO, the Interdisciplinary Nanoscience Center, at the University of Aarhus, with expertise in physics, chemistry, molecular biology and biology. With this background he has experience of managing large knowledge-based organisations and of the interaction between academic research and a number of hi-tech companies, as well as experience from a large number of international councils and committees.

Søren Bjerre-Nielsen

Executive Vice President, Danisco A/S. Born 1952. Member of the Boards of Directors of companies in the Danisco Group as well as of VKR Holding A/S (Deputy Chairman), VELUX A/S, Villum Kann Rasmussen Fonden and Danmarks Nationalbank (Chairman). Elected 2003, 2006.
Søren Bjerre-Nielsen is a state-authorised public accountant and has particular expertise in the management of large international businesses, including matters relating to strategic development, restructuring, complex transactions and financial management.

Hanne Buch-Larsen [E)]

Head of Section, Carlsberg A/S. Born 1952. Elected 2006, 2006.

Henning Dyremose

Managing Director. Born 1945. Member of the Boards of Directors of TDC A/S (Chairman) and Brødrene A & O Johansen A/S (Chairman). Chairman of the Confederation of Danish Industries and the Danish Trade Council. Elected 1999, 2007.
Henning Dyremose has broad national and international management experience as the former CEO of TDC A/S and from other management posts before that at Novo and DLH. He also has extensive experience of trade policy and economic affairs from having been a member of the Danish Parliament and served as both Labour Minister (1986-89) and Finance Minister (1989-93).

Niels Kærgård

Professor, D.Econ. Born 1942. Member of the Executive Board of the Carlsberg Foundation and Chairman of the Boards of Directors of property companies affiliated to the Carlsberg Foundation. Elected 2003, 2006.
Niels Kærgård has particular expertise in economics and international affairs, and headed the Chairmanship of the Danish Economic Council from 1995 to 2001. With his background as a researcher and educator, he has particular expertise in the analysis of economic and organisational issues and the presentation of plans and results.

Axel Michelsen

Professor, D.Phil. Born 1940. Member of the Executive Board of the Carlsberg Foundation. Elected 1986, 2005.
Axel Michelsen is affiliated to the Department of Biology at the University of Southern Denmark in Odense, where for many years he was head of a centre under the Danish National Research Foundation. With his background as a researcher, he has particular expertise in the analysis of complex issues, primarily within biophysics. He has also acquired a detailed insight into Carlsberg's business during his many years on the Board of Directors.

Erik Chr. Dedenroth Olsen [E)]

Head of Section, Carlsberg Danmark A/S. Born 1949. Elected 1998, 2006.

Bent Ole Petersen [E)]

Head of Section, Carlsberg Research Center. Born 1954. Elected 2002, 2006.

Per Chr. Øhrgaard

Professor, D.Phil. Born 1944. Member of the Executive Board of the Carlsberg Foundation and the Boards of Directors of JP/Politikens Hus A/S and of property companies affiliated to the Carlsberg Foundation. Elected 1993, 2006.
Per Øhrgaard is affiliated to the Copenhagen Business School, where he specialises in German. Given his background as a researcher and lecturer, he has particular expertise in the analysis of complex issues and the presentation of plans and results. He also has experience from directorships at other companies.

[E)] Elected by employees.

The Chairman and Deputy Chairman of the Board of Directors together constitute the Chairmanship. Years given denote first and most recent election to the Board.

Executive Committee

From right: Jørn P. Jensen (CFO), Jørgen Buhl Rasmussen (CEO), Jan Hillesland (Group Sales & Marketing), Kasper Madsen (Corporate Supply Chain), Jesper B. Madsen (Asia), Mikael Aro (Nordic countries), Thomas Ekvall (Group Human Resources), Alex Myers (rest of Western Europe), Anne-Marie Skov (Group Communication).

The Executive Committee in Carlsberg consists of the Executive Board plus the heads of the regions and four functions. The role of the Executive Committee is to drive the Group's strategic development and ensure that there are clear objectives across the Group.

Senior executives

EXECUTIVE BOARD AND SENIOR EXECUTIVES

Jørgen Buhl Rasmusen

President, Chief Executive Officer. Born 1955. Chairman or Deputy Chairman or member of the Boards of Directors of companies in the Carlsberg Group and member of the Board of Directors of Toms Gruppen A/S. Appointed to the Executive Board of Carlsberg A/S in 2006.

Jørn P. Jensen

Deputy Chief Executive Officer, Chief Financial Officer. Born 1964. Chairman or Deputy Chairman or member of the Boards of Directors of companies in the Carlsberg Group and member of the Boards of Directors of JL-Fondet/Vesterhavet A/S and Brightpoint Inc. Appointed to the Executive Board of Carlsberg A/S in 2000.

Western Europe

Nordic region
Mikael Aro, Senior VP, Denmark, Finland, Norway and Sweden
Pekka Tiainen, CEO, Sinebrychoff, Finland
Jesper Friis, CEO, Ringnes, Norway
Jesper Jørgensen, CEO, Carlsberg Danmark, Denmark
Otto Drakenberg, CEO, Carlsberg Sverige, Sweden

Rest of Western Europe
Alex Myers, Senior VP, UK, Switzerland, Portugal, Germany, Italy, Poland, Export & License
Thomas Amstutz, CEO, Feldschlösschen Getränke, Switzerland
Alberto Frausin, CEO, Carlsberg Italia, Italy
Wolfgang Burgard, CEO, Carlsberg Deutschland, Germany
Doug Clydesdale, CEO, Carlsberg UK
Marcin Pirog, CEO, Carlsberg Polska, Poland
Lars Lehmann, Managing Director, Export & License (from 1 May 2008)

BBH and the rest of Eastern Europe

Jørgen Buhl Rasmussen, President, Chief Executive Officer and responsible for the regions BBH and Eastern Europe
Bjørn Søndenskov, VP, Business Development
Julia Isdale, Commercial VP (from 1 April 2008)

Baltic Beverages Holding, BBH (50/50 owned)
Anton O. Artemiev, President, Russia
Anvar Aliev, General Director, Uzbekistan
Eduard Babayan, President, Kazakhstan
Peter Chernyshov, Managing Director, Ukraine
Tomas Kucinskas, President, Baltic States
Viktor Semak, Acting General Director, Belarus

Rest of Eastern Europe
Damla Birol, CEO, Türk Tuborg, Turkey
Isaac Sheps, CEO, South East Europe, incl. Serbia, Croatia and Bulgaria
Alexander Grancharov, CEO, Carlsberg Bulgaria
Thomas Kure Jakobsen, Carlsberg Croatia
Alexandar Radosavljevic, Carlsberg Bulgaria

Asia

Jesper Bjørn Madsen, Senior VP, Asia, Malawi
Sunny Wong, CEO, Greater China
Henrik Juel Andersen, CEO, Carlsberg Indochina
Søren Holm Jensen, Managing Director, Carlsberg Brewery Malaysia
Lars Stjernstrøm, Managing Director, Carlsberg Singapore
Pradeep Gidwani, Managing Director, South Asia Breweries, India

Carlsberg Group headquarters

Anne-Marie Skov, VP, Group Communication
Thomas Ekvall, VP, Group Human Resources
Jan Hillesland, VP, Group Sales & Marketing and Innovation
Kasper Madsen, Senior VP, Corporate Supply Chain
Bengt Erlandsson, VP, Global Procurement
Vibeke Aggerholm, VP, Internal Audit
Ulrik Andersen, VP, Legal Counselling and Risk Management
Lars Larsen, VP, Finance
Lars Krejberg Petersen, Carlsberg IT
Lars Vestergaard, VP, Corporate Treasury
Torben Larsen, VP, M&A
Lars Holten Petersen, VP, Carlsberg Properties
Gitte M. Hesselholt, VP, Business Development
Esko Pajunen, VP, Carlsberg Research Center

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