09 CARLSBERG A/S ANNUAL REPORT

Carlsberg Group

The Carlsberg Group is one of the leading brewery groups in the world, with a large portfolio of beer and other beverage brands.

The flagship brand – Carlsberg – is one of the best-known beer brands in the world. More than 43,000 people work for the Carlsberg Group, and our products are sold in more than 150 markets.

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CEO statement

STRONG PROFIT GROWTH

2009 was a challenging year for Carlsberg and the global brewing industry. The global economy affected consumer behaviour negatively and overall beer market volumes declined. While the Asian markets were less affected by the crisis, the Northern & Western European and, in particular, the Eastern European markets were materially impacted. Although consumers reduced their consumption, they remained loyal to their favourite brands leading to a positive price/mix across many markets. This occurred despite the negative channel mix from on-trade to off-trade.

Carlsberg was well prepared entering 2009. In late 2008 and early 2009 the Group implemented and accelerated numerous efficiency improvement initiatives to protect earnings and improve cash flow and as a result was able to mitigate the impact from the declining markets. Carlsberg delivered a strong operating profit improvement, improved overall market shares and delivered a very substantial free cash flow improvement.

A busy agenda

In early 2009, Carlsberg integrated its global R&D, innovation, sales and marketing activities into one organisation. The goal is to expand and focus the innovation process driving key concepts across more markets more quickly so as to accelerate revenue growth and gain volume and value shares in all regions. As part of these efforts Carlsberg will evolve and develop brand positions and portfolio structure. Several product launches took place in 2009, key events being the relaunch of the 1664 and Kronenbourg brands in France and the kvass Khlebny Krai launch in Russia. In China, Carlsberg Light was launched targeting the restaurant sector, and Somersby Cider was rolled out across new markets in Northern & Western Europe.

We were well prepared entering 2009 and as a result we were able to mitigate the impact from challenging markets and thereby deliver earnings growth and significant cash flow.

Driven by Carlsberg's ambition to improve efficiency, several structural initiatives were carried out in 2009. The Norwegian Arendal brewery was sold, the Finnish Pori brewery was closed, the German Braunschweig brewery with its fighter brand activities was divested, Carlsberg entered into a distribution cooperation with the Nordmann Group in Germany and it was decided to close the Leeds brewery in 2011. Carlsberg also signed two Memoranda of Understanding with the aim of increasing its shareholdings in the Habeco and Hué breweries in Vietnam.

In addition to these efforts a number of projects were continued and initiated with the aim of improving governance, driving best practice, growing revenue and ultimately improving efficiency. Major projects included: establishment of a global procurement organisation, strengthened shared services, centralised IT organisation, expansion of value management toolbox, establishment of on-trade programmes based on consumer insights across regions, and a new integrated people performance assessment and organisational succession-planning process.

In 2009, the Executive Committee was strengthened by the appointments of Khalil Younes, Senior Vice President, Group Sales, Marketing & Innovation; Jesper Friis, Senior Vice President, Western Europe; Jørn Tolstrup Rohde, Senior Vice President, Northern Europe; and Roy Bagattini, Senior Vice President, Asia. These appointments have further strengthened the leadership competences and added further experience in global fast moving consumer goods to the Group.

Business development

Organic Group beer volumes declined by 4%. Including acquisitions beer volumes increased by 6% to 116.0m hl (109.3m hl in 2008). In Q4 organic beer volumes were flat. Although there were signs of improvements in some Northern & Western European markets at the end of the year, underlying beer volumes continued to decline in the region. In Eastern

Europe, volumes grew slightly in Q4. This growth was solely due to the Russian stockbuilding ahead of the excise duty increase on 1 January 2010. The Asian business continued to grow. Pro rata Group volumes of other beverages were 19.8m hl as in 2008.

Net revenue declined by 1% to DKK 59,382m (DKK 59,944m in 2008) driven by flat organic growth (consisting of total volume -4% and price/mix +4%), currency impact -7% and acquisition impact 6%. Organic net revenue growth was 3% in Q4.

The continued focus on portfolio and value management coupled with pricing and strong sales execution were the key drivers behind the price/mix effect of 4%. The positive mix in Northern & Western Europe and Asia was offset by the negative mix in Eastern Europe resulting from a shift in channel and packaging mix, and from Q3, also from a marginal shift between brands. The negative currency effect was mainly driven by weaker Eastern European currencies.

Higher input costs affected the Group negatively and cost of sales per hl increased organically by approximately 2% for the year. While Carlsberg benefited from lower raw material prices in Eastern Europe in 2009, the Group was negatively affected by higher raw material prices in Northern & Western Europe and Asia. Driven by increase in net revenue per hl, lower input costs in Eastern Europe and production efficiencies across the Group, organic gross profit growth per hl was 8% (8% in Q4). Organic gross profit margin improvement per hl was around 130bp (approximately 180bp improvement in Q4).

The Group has maintained a focused marketing spend supporting our key brands and activities. The share of voice in 2009 was on a level with 2008 despite lower brand marketing costs. The lower brand marketing costs were primarily driven by media deflation, lower media activity overall and the EURO 2008 sponsorship impacting 2008.

Group operating profit increased by 18% to DKK 9,390m (DKK 7,978m in 2008). Organic operating profit growth was 21%, currency impact was -13% and acquisitions contributed 10%. Operating profit for the beverage activities was DKK 9,460m (DKK 7,604m in 2008) with organic growth of 28% (14% in DKK). Organic operating profit growth accelerated in Q4 due to the Russian stockbuilding and was 35% for the Group and 32% for the beverage activities in the quarter.

Strong organic profit growth was achieved despite the volume decline. This is largely attributable to the Group's thorough planning for and execution during the year. The efficiency improvements consisting of both long-term projects and accelerated efficiency programmes were a key driver of the organic operating profit growth. Also, value management initiatives driving net revenue per hl, the synergies from the S&N acquisition and favourable raw material costs in Eastern Europe all contributed positively. The efficiency improvements were necessary due to the challenging market conditions and although some cost reductions were linked to volume, it is Carlsberg's expectation that a significant part of the cost base reduction is sustainable as it has predominantly been driven by structural and process changes.

Eastern Europe generated organic operating profit growth of 38%, and the region was a key contributor to the Group's strong performance. This growth was achieved despite very challenging markets. Northern & Western Europe delivered 6% organic operating profit growth while the Asian business continued its strong organic performance throughout the year with 19% organic operating profit growth.

Net profit was DKK 3.6bn (DKK 2.6bn in 2008) and earnings per share were DKK 23.6 (DKK 22.1 in 2008).

Operating cash flow grew by 74% to DKK 13.6bn (DKK 7.8bn in 2008) and free cash flow increased substantially to DKK 10.5bn. The intense focus throughout the Group on improving cash flow was very successful, especially within working capital management. Also, capital expenditures, cash charges for taxes and interest costs were markedly reduced and profits improved.

Although capital expenditures have been reduced, the Group has continued to invest in markets with capacity constraints and long-term growth opportunities. In 2009 Carlsberg initiated construction of breweries in India and Vietnam.

A key focus area in 2009 has been debt reduction and as a result of the very strong free cash flow, net interest-bearing debt was reduced to DKK 35.7bn as at 31 December 2009 compared to DKK 44.2bn at the end of 2008. Net debt/EBITDA declined to 2.7x at 31 December 2009 compared to the Group's expectations of "below 3x".

Thank you

On behalf of the whole Carlsberg Group, I would like to take this opportunity to thank our many employees around the world for their extraordinary work and loyalty in times of uncertainty, workforce reduction and other efficiency measures, which had an impact on the daily lives of all Carlsberg employees. I would also like to thank our customers, suppliers and other partners for productive cooperation. And finally, I want to thank our shareholders for supporting our strategy.

We will continue to ensure that our consumers everywhere get the best beer in the world.

Jørgen Buhl Rasmussen

DKK million		2005	2006	2007	2008	2009

Sales volumes, gross (million hl)

		2005	2006	2007	2008	2009
Beer		101.6	100.7	115.2	126.8	137.0
Non-beer		19.1	20.2	20.8	22.3	22.2

Income statement

		2005	2006	2007	2008	2009
Net revenue		38,047	41,083	44,750	59,944	59,382
Operating profit before special items		3,518	4,046	5,262	7,978	9,390
Special items, net		-386	-160	-427	-1,641	-695
Financial items, net		-1,240	-857	-1,201	-3,456	-2,990
Profit before tax		1,892	3,029	3,634	2,881	5,705
Corporation tax		-521	-858	-1,038	312	-1,538
Consolidated profit		1,371	2,171	2,596	3,193	4,167
Attributable to:						
Non-controlling interests		261	287	299	572	565
Shareholders in Carlsberg A/S		1,110	1,884	2,297	2,621	3,602

Statement of financial position

		2005	2006	2007	2008	2009
Total assets		62,359	58,451	61,220	142,639	134,515
Invested capital		42,734	43,160	45,394	118,643	109,538
Interest-bearing debt, net		20,753	19,229	19,726	44,156	35,679
Equity, shareholders in Carlsberg A/S		17,968	17,597	18,621	54,750	54,829

Cash flow

		2005	2006	2007	2008	2009
Cash flow from operating activities		4,734	4,470	4,837	7,812	13,631
Cash flow from investing activities		-2,354	65	-4,927	-57,153	-3,082
Free cash flow		2,380	4,535	-90	-49,341	10,549

Investments

		2005	2006	2007	2008	2009
Acquisition and disposal of property, plant and equipment, net		1,323	2,864	4,596	4,669	2,342
Acquisition and disposal of entities, net		738	-18	179	-51,438	95

Financial ratios

		2005	2006	2007	2008	2009
Operating margin	%	9.2	9.8	11.8	13.3	15.8
Return on average invested capital (ROIC)	%	7.8	9.2	11.7	8.2	8.2
Equity ratio	%	31.3	32.5	32.6	42.0	44.2
Debt/equity (financial gearing)	x	1.06	1.01	0.99	0.74	0.60
Debt/operating profit before depreciation, amortisation and impairment	x	3.29	2.73	2.43	3.80	2.71
Interest cover	x	2.84	4.72	4.38	2.31	3.14

Stock market ratios*

		2005	2006	2007	2008	2009
Earnings per share (EPS)	DKK	11.7	19.9	24.3	22.1	23.6
Cash flow from operating activities per share (CFPS)	DKK	50.1	47.1	51.2	65.8	89.3
Free cash flow per share (FCFPS)	DKK	25.2	48.0	-1.0	-415.4	69.1
Dividend per share (proposed)	DKK	4.0	4.8	4.8	3.5	3.5
Pay-out ratio	%	34	24	20	20	15
Share price (B shares)	DKK	272.8	452.9	498.1	171.3	384.0
Number of shares (year-end)	1,000	76,278	76,271	76,246	152,554	152,553
Number of shares (average, excl. treasury shares)	1,000	94,433	94,479	94,466	118,778	152,550

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".
* Stock market ratios in 2008 were adjusted for the bonus factor from the rights issue in June 2008 in accordance with IAS 33. The number of shares (period-end) has not been adjusted.

Consumer dynamics will remain challenging in 2010 but the Group sees opportunities to further strengthen market positions in several key markets and grow net profit.

Earnings expectations

EARNINGS AND MARGINS

Driven by the Group's initiatives implemented in late 2008 and early 2009, Carlsberg managed to exceed the profit, cash flow and financial leverage expectations set out at the beginning of 2009.

Although there are positive signs in some markets, consumer dynamics will remain challenging. Despite this, the Group sees opportunities to further strengthen its market position in several key markets.

2010 earnings expectations

The Russian market will undoubtedly be negatively impacted by actual and phased consumer price increases following the 200% excise duty increase on 1 January 2010. However, based on our strong business set-up in Russia and a carefully planned pricing strategy, the Group believes this will bring opportunities to further strengthen the market position.

For 2010 Carlsberg is assuming the following:

- A slight decline in Northern & Western European markets.
- A low double-digit percentage decline in the Russian market.
- Continued market growth in Asia.
- Continued implementation of operational and capital efficiency improvements.
- Increased investments in brands and channel marketing to grow volume and value market shares.

For 2010 Carlsberg expects:

- Operating profit to be in line with that reported for 2009 (notwithstanding the extra earnings generated by stockbuilding in Q4 in Russia ahead of the excise duty increase as set out below).
- Net profit growth of more than 20%.

Due to the Russian stockbuilding in Q4 2009 and subsequent destocking in Q1 2010, the Group's Q1 2010 and 2010 full-year operating profit will be negatively affected by approximately DKK 300m. This is included in the 2010 expectations.

Furthermore, due to the chosen detailed strategy for phasing of price increases in Russia to compensate for the significant increase in excise duties on 1 January 2010, earnings in Eastern Europe in general will be skewed towards the second half of the year more than has been experienced in prior years.

Working capital improvement will continue to be a key focus area. However, the focus is changing from "year over year" improvement to "day over day" improvements. This is being done with the aim of achieving a higher reduction in average working capital during the year.

EXPECTATIONS AND RESULTS 2009 (DKKbn)

		Net revenue	Operating profit	Carlsberg's share of net profit	Free cash flow	Operating capital expenditures	Net interest-bearing debt to EBITDA
18.02.2009	Actual (Financial Statements for 2008)	59.9	8.0	2.6	-49.3	-5.3	3.8
18.02.2009	Financial Statement for 2008	~ 63	> 9	> 3.5	> 6	< -3.75	~ 3
06.05.2009	Q1 Interim results 2009	~ 61	> 9	> 3.5	> 6	< -3.75	~ 3
04.11.2009	Q3 Interim results 2009	59-60	> 9	> 3.5	> 6.5	< -3.5	< 3
17.12.2009	Earnings upgrade	59-60	> 9.3	> 3.5	> 6.5	< -3.5	< 3
23.02.2010	Actual (Financial Statements for 2009)	59.4	9.4	3.6	10.5	-2.8	2.7

Medium-term financial targets

With an operating margin of 28.5%, the Eastern European region exceeded the region's medium-term operating margin target of 23-25% in 2009. Margin targets have been revised and the following medium-term (3-5 years) operating margin targets have been set:

- Northern & Western Europe at 15-17% (previously 14-16%)
- Eastern Europe at 26-29% (previously 23-25%)
- Asia at 15-20% (new)
- Carlsberg Group at around 20% (new)

These ambitious margin targets will be met through a combination of intensified focus on driving volume and value market shares, and a continuous drive for efficiency improvements.

The role of the top management group, the Executive Committee, is to drive the strategic development of the Carlsberg Group and to ensure clear objectives and priorities across the Group.

Executive Committee

Jørgen Buhl Rasmussen

President, CEO since 2007.

Appointed to the Executive Board of Carlsberg A/S in 2006. Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Member of the Supervisory Board of Toms Gruppen A/S. Prior to joining Carlsberg, Mr Rasmussen held senior managerial positions in Western and Central Eastern Europe, the Middle East and Africa in, amongst others, Gillette Group, Duracell, Mars and Unilever.

Jørn P. Jensen

Deputy CEO since 2007; CFO since 2004.

Appointed to the Executive Board of Carlsberg A/S in 2000. Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Prior to joining Carlsberg, Mr Jensen held senior managerial positions in, amongst others, Nilfisk Advance A/S and Foss Electric A/S.

Anton Artemiev

Senior Vice President, Eastern Europe since 2008.

President of Baltika Breweries since 2005. Executive Vice President of Baltic Beverages Holding AB (BBH) from 2000. Prior to joining BBH, Mr Artemiev headed the Russian operations department of Bossard Consultants/Gemini Consulting. In 1992 Mr Artemiev was directly involved in the recommendations that led to foreign investments in Baltika Breweries.

Jørn Tolstrup Rohde

Senior Vice President, Northern Europe since 2009.

Mr Tolstrup Rohde joined Carlsberg in 2004 to initiate the ComEx project and was appointed CEO of Carlsberg Danmark the same year. From 2007 to 2009, Mr Tolstrup Rohde was President & CEO of 3C GROUPS A/S. Mr Tolstrup Rohde has also held senior managerial positions in, amongst others, ORKLA Group and Sara Lee.

Jesper Friis

Senior Vice President, Western Europe since 2009.

Mr Friis has been with Carlsberg since 2005. Before joining Carlsberg's Executive Committee, Mr Friis was CEO of Ringnes, Carlsberg's Norwegian subsidiary, from 2007. Mr Friis has a broad career within fast moving consumer goods, having worked for Toms Nordic in Sweden, Bacardi-Martini and Leaf.

Roy Bagattini

Senior Vice President, Asia since 2009.

Mr Bagattini joined Carlsberg from SABMiller where he was Regional Managing Director for Eastern Europe. Prior to that, Mr Bagattini held senior general managerial positions in South Africa and the USA as well as being Country Managing Director of SABMiller in India, China and Italy. Mr Bagattini is based in Hong Kong.

Kasper Madsen

Senior Vice President, Group Supply Chain (production and logistics) since 2005.

Mr Madsen joined Carlsberg in 1986 and has held several managerial positions in the supply chain in Copenhagen as well as abroad: Thailand, Malaysia and the United Kingdom. Member of the Supervisory Boards of Carlsberg Group companies, including Baltika Breweries.

Khalil Younes

Senior Vice President, Group Sales, Marketing & Innovation since 2009.

Prior to joining Carlsberg, Mr Younes worked 15 years for The Coca-Cola Company, most recently as President of Global Juice Marketing. Mr Younes was responsible for a number of successful brand developments and change processes around the world.

Thomas Ekvall

Vice President, Group Human Resources since 2007.

Responsible for Carlsberg's top executive recruitment, executive assessment and development of key executives, talent development programmes, remuneration programmes etc. Prior to joining Carlsberg, Mr Ekvall was Director Human Resources at Tele 2, Sweden. Before coming to Tele 2, Mr Ekvall spent 23 years in the military.

Anne-Marie Skov

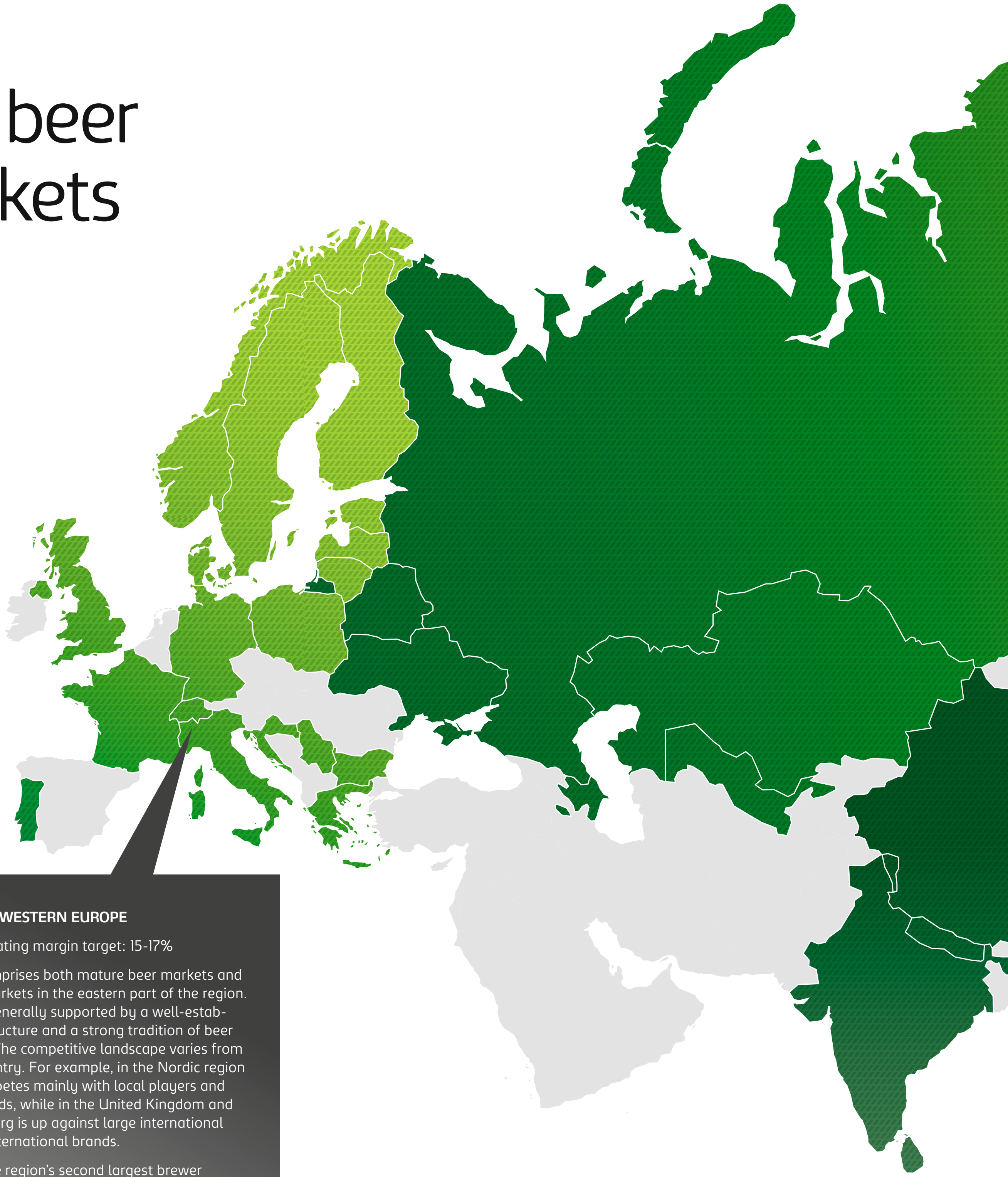
Vice President, Group Communications since 2004.

Responsible for Carlsberg's corporate communication activities, including investor and media relations, and the CSR unit. Member of the Supervisory Board of WWF Denmark. The Tuborg Foundation, Erik Møller Architects and Nørrebro Teater. Prior to joining Carlsberg, Ms Skov worked with the Novo Group, most recently as Vice President and member of the Executive Management of Novozymes A/S.

Creating a good atmosphere

INNOVATION
Carlsberg's primary innovation efforts are within the beer category but will increasingly also include malt- and cereal-based beverages focusing on women and health. Traditionally, up to 75% of beer is consumed by men, leaving the female consumer segment an interesting target group.

Our beer markets



NORTHERN & WESTERN EUROPE

Mid-term operating margin target: 15-17%

The region comprises both mature beer markets and less mature markets in the eastern part of the region. Volumes are generally supported by a well-established retail structure and a strong tradition of beer consumption. The competitive landscape varies from country to country. For example, in the Nordic region Carlsberg competes mainly with local players and local beer brands, while in the United Kingdom and France, Carlsberg is up against large international brewers and international brands.

Carlsberg is the region's second largest brewer with market leader positions in a large number of countries and significant market positions in other countries.

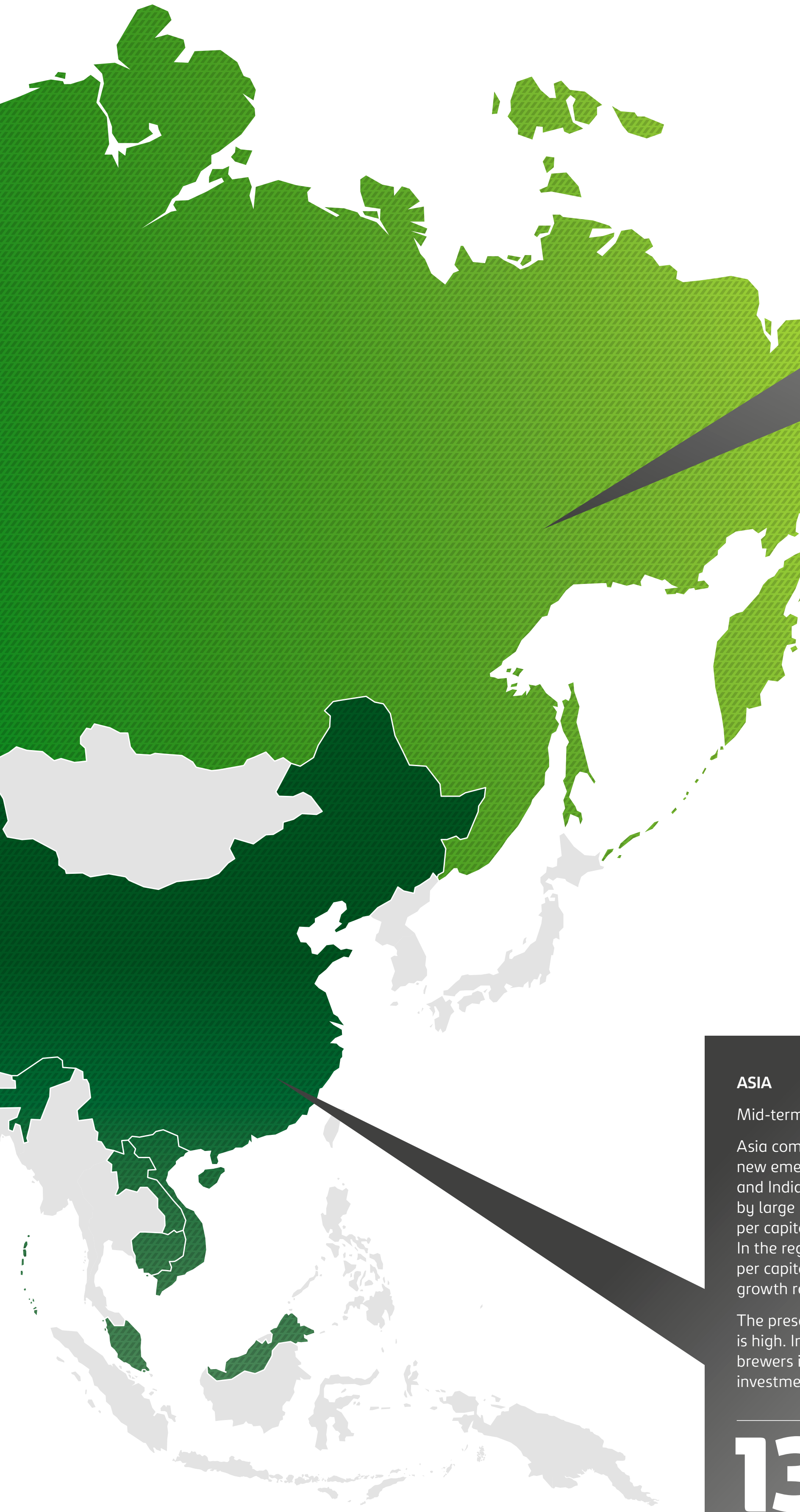
43% OF TOTAL VOLUME

Beer volume **50.2**m hl
Net revenue DKK **36.5**bn
Operating profit DKK **4.2**bn
Operating margin **11.6**%

OTHER MARKETS

In countries where Carlsberg has no breweries, the 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, Baltika and 1664 through dynamic partnerships with licensing, export and duty-free partners around the world.

www.carlsberggroup.com/company/markets



EASTERN EUROPE

Mid-term operating margin target: 26-29%

The region is a growth region despite short-term negative impact from the economic crisis, and covers markets like Russia, the Ukraine and a number of emerging beer markets. The region is characterised by strong consumer dynamics, by consumers generally aspiring to brands and a distribution environment still in its developing stages. The emergence of an aspirational middle class has historically had a positive effect on beer consumption, not least in the premium and super-premium segments.

Carlsberg is the largest brewer in the region holding strong market leader positions in Russia and all other markets in the region except for the Ukraine, where Carlsberg holds a no. 2 position, having increased its market share significantly in 2009, and Belarus.

44% OF TOTAL VOLUME

Beer volume **51.3**m hl
Net revenue DKK **18.5**bn
Operating profit DKK **5.3**bn
Operating margin **28.5**%

ASIA

Mid-term operating margin target: 15-20%

Asia comprises old, mature Carlsberg markets and new emerging beer markets in China, Indochina and India. The Asian beer markets are characterised by large populations, growing economies, rising per capita incomes and improving infrastructure. In the region's emerging markets beer consumption per capita is generally low but with high projected growth rates in the coming years.

The presence of international brewers in the region is high. In many cases, exposure of the international brewers is through joint venture arrangements or investments in local brewers.

13% OF TOTAL VOLUME

Beer volume **14.5**m hl
Net revenue DKK **4.2**bn
Operating profit DKK **0.7**bn
Operating margin **15.8**%

Market overview

Our markets[1] / Our operations

	Population (million)	GDP/ capita PPP (USD)	Real GDP growth (%)	Market maturity	Market growth 2010-14	Breweries	Employees[12]
Northern & Western Europe							
Denmark	5.5	34,870	-5.1	●●●	↘	1	2,011
Norway	4.7	55,580	-1.1	●●●	→	2	1,459
Sweden	9.2	35,390	-4.5	●●●	↘	1	1,009
Finland	5.3	34,110	-7.3	●●●	↘	1	957
The Baltic States[3]	7.0	16,004[6]	-14 to -16.9	●●	↗	4	1,147
Great Britain	61.4	34,280	-4.6	●●●	↘	2[7]	1,757
Germany	82.1	33,440	-4.8	●●●	↘		
Northern Germany[4]						3	1,236
Switzerland	7.6	41,540	-1.6	●●●	→	2	1,385
France	62.1	33,780	-2.3	●●●	↘	1	2,002
Italy	59.9	29,820	-4.8	●●●	↗	1	494
Greece	11.2	29,990	-2.7	●●●	↗	1	263
Portugal	10.6	21,840	-2.9	●●●	↗	2	706
Poland	38.1	18,020	1.4	●●	↑	3	1,203
South East Europe[5]	19.4	12,914[6]	-3.5 to -5.7	●●	↗	4	1,504
Eastern Europe							
Russia	141.8	14,960	-7.8	●●	↗	11	11,087
Ukraine	46.3	6,350	-15.3	●●	↑	3	1,833
Kazakhstan	15.7	11,060	-1.8	●	↑	1	515
Uzbekistan	27.3	2,790	7.8	●	↑	1	423
Belarus	9.7	12,310	-1.5	●	↑	1	472
Azerbaijan	8.7	12,520	9.1	●	↑	1	-
Asia							
Malaysia	27.0	13,532	-1.7	●●●	→	1	662
Singapore	4.8	38,889	-2.1	●●●	↗	-	68
China	1,325.6	6,719	8.3				4,857
Western China[8]				●	↑	19	
Vietnam[9]	86.2	2,940	4.7	●	↑	5[11]	686
Laos	6.8	2,200[10]	6.0	●	↑	2	733
Cambodia	14.7	1,888	-1.5	●	↑	1	1,699
India	1,140.0	3,117	6.5	●	↑	4[11]	171

1) 2008E; 2) 2009F (except on-trade share of market: 2008); 3) Estonia, Latvia, Lithuania; 4) Schleswig-Holstein, Hamburg, Lower Saxony; 5) Bulgaria, Croatia, Serbia; 6) Weighted average; 7) The brewery in Leeds will close in 2011; 8) Data on operations and market position excl. Chongqing;

Carlsberg's business portfolio consists of brewery activities in three regions; the beer markets in the regions vary widely, from very mature markets to new, emerging markets.

Our position				Consumption characteristics[2]		
Market position (no.)	Market share	Primary competitive climate (international/local)	Approx. on-trade share of market (%)	Per capita beer consumption (litre)	Per capita pure alcohol consumption (litre)	Beer: share of total alcohol consumption (%)

1	56.3	Local	23	90	9	41
1	51.9	Local	23	57	6	52
1	35.1	Local	21	53	6	42
1	49.7	International	18	85	8	51
1	40-46	Local	7-10	59-88	7.6-12.8	34-39
4	14.4	International	53	81	9	44
	4.4		20	107	11	51
1		International/local				
1	43.8	International	45	60	9	34
1	31.7	International	26	28	11	13
3	7.8	International	38	29	9	16
2	10.8	Local	64	40	7	30
1	48.5	International	60	57	8	35
3	12.2	International	21	90	8	54
2-3	16-26	International	29-42	55-79	4-9	39-67

1	40.6	International	8	70	18	25
2	29.0	International	21	63	7	42
1	44.3	International	23	35	7	27
1	59.0	Local	27	7	n/a	n/a
2	28.7	International/local	4	50	11	22
1	-	Local	n/a	n/a	n/a	n/a

2	44.1	International	71	5	>1	67
2	20.4	International	73	19	1	67
		International	44	33	3	49
1	59.1	Local	38			
4	34.7	International	71	27	2	75
1	98.7	Local	n/a	n/a	n/a	n/a
2	41.0	International	n/a	n/a	n/a	n/a
-	-	International	37	1	2	3

9) Data on operations excl. Habeco; 10) Carlsberg estimate; 11) An additional brewery under construction; 12) Pro rata.
Sources: World Bank, Economist Intelligence Unit, Canadean, Carlsberg estimates.

The strength of the Group's brand portfolio is highlighted by the fact that Baltika, Carlsberg and Tuborg are among the six biggest brands in Europe, with Baltika ranked as number one.

Beer portfolio

STRONG LOCAL AND INTERNATIONAL BRANDS

Carlsberg is a branded company and the Carlsberg beer portfolio is a strong combination of significant international brands and a number of strong regional and local brands. The brands vary considerably in volume, price, target audience and geographic penetration and include the leading international brands Carlsberg, Tuborg, Baltika and 1664, and strong local brands such as Kronenbourg (France), Koff (Finland), Slavutich (Ukraine) and Dali (Western China).

Quality is always high on Carlsberg's agenda and many resources in R&D are committed to ensuring the highest-quality beer portfolio possible. Carlsberg's brands are household names. They play a part in the lives of millions of consumers all over the world. Carlsberg's ambition is to build memorable, motivating and powerful brands appealing to consumers.

Beer segmentation

Beer brands can be segmented along a number of variables such as consumer needs, consumer groups and occasions. Beer is generally priced according to four broad segments: discount, mainstream, premium and super-premium. The size of the different price segments varies from market to market. For example, France and Norway are characterised by relatively strong premium and super-premium segments, whereas in Germany discount brands have a much greater market penetration.

Portfolio strategy and management

The objective of the portfolio strategy is to maximise the value of the brands by having a portfolio that fulfils consumer needs and occasions, a clear strategy for how the brands should work together, premiumising and driving the portfolio efficiently. Globally, this is achieved through Carlsberg's international premium and super-premium brands, including Carlsberg, Tuborg, 1664 and Grimbergen. In local markets, it is achieved through strong regional and local brands using the platform of these brands to offer trade-up opportunities to the consumer by introducing new packaging or line extensions (such as flavour variants or reduced-calorie and low-alcohol versions).

Management of Carlsberg's international brand portfolio is carried out centrally at Group level to ensure correct prioritisation and streamlining, and to build strong and efficient brand platforms and growth models in order to optimise profits. Final execution and implementation of the strategies are secured through the local sales organisations. As a rule, management of local brands is decentralised but in order to achieve synergies across markets, a central brand network has been established at Group level to facilitate the development and sharing of ideas, concepts and experiences, enabling these to be applied to local brands in different markets.

Carlsberg continuously assesses and adjusts the product portfolio in line with consumer demand to capture and secure market shares not only in the premium and mainstream beer segments but also, in times of economic downturn, in the discount segment.

Expanding outside beer

Carlsberg constantly looks for profitable opportunities to strengthen the portfolio both within beer and adjacent beverages. The successful launch of Somersby Cider in Norway and Denmark is an example of a premium product development outside the beer category. Another example is Eve, a malt-based premium drink targeted at the very interesting female consumer group. Eve bridges brewing technology and consumer insights, delivering a refreshing drink with a taste and look very different from beer.

www.carlsberggroup.com/brands

BALTIKA
Baltika No. 3 is Russia's most popular beer, sold across the entire country. The Baltika brand family consists of a number of line extensions differentiated by numbers.

1664
Kronenbourg 1664 is associated with French art and pleasure and is a super-premium brand in Carlsberg's international portfolio.

CARLSBERG
The Carlsberg brand is the flagship in the portfolio. Green Label is the centrepiece but a number of line extensions exist across markets to broaden the brand franchise.

TUBORG
Tuborg is the youth brand in Carlsberg's international portfolio and is a catalyst for fun and partying, sponsoring several European music events.

Group strategy

CREATING VALUE AND GROWTH

Carlsberg's activities are focused on the markets where the Group has the expertise and the right products to secure a leading position. Due to the variation of the markets, the contribution to growth, earnings and development within the Group differs, both at present and in the longer-term projections.

Ambition

Carlsberg's ambition is based on one important principle: creating value for our shareholders and all other stakeholders.

- To build the fastest growing global beer company.
- To be a significant player in the markets where we choose to compete.

Strategy

The overall Group strategy is the same in all three regions but as the various markets differ, sometimes very significantly, the strategy is of course adjusted locally.

Value creation and profitable growth play a key role in Carlsberg's strategy. The strategy includes five priorities and provides a clear direction for the business as a whole as to how the Group ambition is to be achieved.

Five priorities

Geography
The Carlsberg Group business portfolio is split into three geographical regions:

- Northern & Western Europe
- Eastern Europe
- Asia

The regional split provides a strong balance between mature and growth markets, positioning the Company well for profitable future growth.

Products & Innovation
Carlsberg's core business is beer. Innovation and newly developed products will first of all be within the beer category but Carlsberg's core competences are within malt- and cereal-based beverages. Innovation and new products will therefore build on these core competences and focus on beer and adjacent new platforms like, for example, women and health.

Other beverages, for example soft drinks, cider or water, can be added to the portfolio in markets where this is supported by infrastructure and the individual business case.

Brands
Carlsberg is a branded business. Carlsberg will remain focused on developing and strengthening its brand portfolio based on a combination of local power brands and international brands. An essential part of the brand strategy is premiumisation of the portfolio. Wherever possible, Carlsberg will be the brand owner of premium products, but where this is not possible Carlsberg will engage with partners to increase premiumisation.

Assets
Carlsberg will continue to own assets where they make up an essential part of our core competences. However, where this is not the case Carlsberg will be open-minded about alternative ownership models.

Leadership organisation
Continuous development and capability building are an important part of everyday life at Carlsberg. This ongoing work is supplemented by 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.

WINNING BEHAVIOURS

Carlsberg's Winning Behaviours were launched in September 2008 to unite 45,000 employees around the world in a mutual Carlsberg Group culture. Each Carlsberg Group company was given one year to introduce the Winning Behaviours and to get the ball rolling, they were first introduced to local top management to link them to local business targets.

More than 700 Winning Behaviour "stories" were collected and countries successfully shared best practices. In a tough 2009, Winning Behaviours made a difference in many countries, being a catalyst for performance despite challenging times.

Winning Behaviours are still in the process of being integrated into people's everyday work life. At Group level, all HR processes, including recruitment tools, talent programmes, leadership competences and performance evaluations, have been adjusted to link to the Winning Behaviours.





Four focus areas

Within the strategic context, four areas have been defined as focus areas where Carlsberg sees the opportunity to make step changes and win in the market place.

Step change innovation
Carlsberg will excel in step change innovation and value engineering. The aspiration is for fewer but more efficient and visible "product news" across more countries. This will be within the beer category as well as within malt- and cereal-based beverages but also includes packaging, marketing and execution. 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.

Efficiency
Carlsberg will continuously adjust and optimise the cost and capital base, including the brewery structure, in all markets.

In recent years, a number of Excellence programmes have covered systematic streamlining of processes and procedures across the whole value chain in areas such as production, procurement, administration and logistics. Carlsberg will continue to improve and excel in efficiency in the commercial area, in production, procurement, logistics and in administration. This also includes centralising tasks and functions where a centralised set-up makes business sense.

As a natural extension of the Excellence programmes and accelerated structural changes, standardisation across functions and geographies is the next phase and the new enabler in the ongoing work to increase the efficiency of all parts of the business.

Commercial execution
Outstanding commercial execution is both back-end and front-end focused and entails areas such as:

- Optimising sales forecasting process.
- Consistent brand execution.
- Converting unique shopper insights into actionable strategies.
- Excellence in value management.
- Converting deep customer understanding into value creation.
- Ensuring optimised route-to-market control in all markets.

People and Winning Behaviours
Carlsberg is committed to enhancing the skills of managers and employees, and to developing strong Winning Behaviours, pulling the Company together across national borders and functions, and promoting commitment and engagement. The Winning Behaviours have been introduced under the following headlines:

- Our consumers and customers are at the heart of every decision we make.
- We want to win!
- Together we are stronger.
- We are each empowered to make a difference.
- We are engaged with society.

www.carlsberggroup.com/company/strategy

EAS
Despite a challenging business environment and the S&N integration, the 2009 employee attitude survey (EAS) showed the best results ever, improving scores in most areas compared to 2007 as well as being more positive than the global FMCG average. The survey included 33,000 people in 30 countries.

People agenda

LEADERSHIP AND TALENT DEVELOPMENT

Carlsberg's ambition of building the fastest growing global beer company requires qualified employees at all levels in the organisation as well as dedicated and highly professional managers with a strategic and international mindset who know the business and who can seize opportunities and tackle challenges. Employing and developing the right people is therefore key to Carlsberg's success, and the ambition is to create attractive leadership and career opportunities at different levels in the organisation, making it possible to attract, develop and retain the best leaders and talents.

Three different initiatives provide an insight into how Carlsberg actually works with leadership development and capability building throughout the organisation and across regions.

Strategic People Management Processes

In 2009, Carlsberg optimised its main human resource processes in order to establish a more strategically aligned and integrated approach to the development of key employees throughout the Group, for example for future top positions.

The optimised processes include Performance Management, Succession Management, Learning and Development, Competence Management and Compensation.

The target of the optimised human resource processes is to ensure that all processes are:

- Linked to business needs, ensuring that focus and time/money spent actually add value.
- Data rich, storing historical employee data in order to have detailed and relevant information on education and prior work experience to ensure relevant personal development and career planning.
- Based on integrated and transparent data that make it possible to work with, compare and benchmark data obtained across processes, functions, markets and regions in order to align Group needs and opportunities with individual qualifications and aspirations.
- Aligned in terms of use of scales and terminologies, making it easier to communicate about high performers, high-potential employees, key positions etc.

The International Talent Programme

Carlsberg's International Talent Programme is an important part of establishing an international pool of strong and skilled employees wanting to, being able to and feeling responsible for delivering results and building an international, multidisciplinary network within Carlsberg.

The employees enrolled in the International Talent Programme come from all markets across Carlsberg's three regions and they have a unique role in leading change, acting as role models and growing the business through professional leadership and exploring new ways of creating value.

The Leadership Academy

The Leadership Academy is aimed at middle management. The aim of the Academy is to increase participants' business insight and their understanding of the opportunities and challenges faced by the Carlsberg Group.

Participants gain a detailed insight into Carlsberg's way of doing business and into local and global aspects of the business. They also receive in-depth training in Carlsberg's core leadership competences, including Carlsberg Winning Behaviours. In addition, the Leadership Academy stimulates and enhances the interest in sharing and learning from experience and results across the organisation by giving managers an opportunity to network across national borders and functions.

INTERNATIONAL TALENT PROGRAMME

The main objectives of the International Talent Programme are:

Leadership
- Provide leadership development in the context of Carlsberg's business.
- Ensure a pipeline of highly talented people who can take on senior leadership positions.
- Make participants aware of their responsibility to develop the strength and capability of their teams to drive performance and deliver results.

Business acumen
- Make the programme relevant and directly valuable to current business issues.
- Develop leadership capabilities hand in hand with commercial understanding.

Winning Behaviours
- Enable participants to become role models for Carlsberg's Winning Behaviours.
- Build an international, cross-functional, networking and diverse pool of people with a winning spirit.
- Nurture and secure commitment to Carlsberg.

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www.carlsberggroup.com/careers

Corporate social responsibility

GROWING RESPONSIBLY

In 2008, a new strategic CSR approach was initiated in the Carlsberg Group. In 2009, Carlsberg continued the work of implementing the CSR strategy to make it an integrated part of business throughout the Group. Highlights of 2009 are presented below.

Policies, reporting and management system

In 2009, Carlsberg developed six CSR Policies. The policies will set common standards for all Group companies and provide guidelines for employees in their day-to-day work in areas most relevant to the business: Labour & Human Rights, Health & Safety, Environment, Responsible Marketing Communication, Business Ethics and Community Engagement. The policies are now being introduced throughout the Carlsberg Group.

Concurrent with the development of the policies, a new CSR reporting and management system has been implemented to gather local CSR data and identify areas for improvement within each area. The new system allows for Group and local management of CSR issues to set targets going forward in each of the areas, to be followed by concrete action plans as the policies are implemented.

As part of the CSR reporting strategy, Carlsberg has requested KPMG's sustainability team to provide assurance on selected key environmental indicators. Their conclusions are available at www.carlsberggroup.com/csr/ourfocusareas/2009assurance. Carlsberg intends to further develop its CSR reporting and extend the scope of the assurance engagement to other key indicators in the coming years.

UK – Safety first. Carlsberg UK has implemented a project to reduce manual accidents in the delivery of products to on-trade outlets and to reduce ill health for warehouse employees. The introduction of palletised handling for loading and delivery of goods to the on-trade has substantially reduced the number of manual handling accidents.

Central Europe – Award for best environmental report. In 2009, Carlsberg Srbija received special honours for its environmental report. Deloitte Serbia administers and grants the award to companies in Central Europe which publish an environmental or sustainable development report as part of the company's annual or CSR report. Carlsberg Srbija was recognised for being a strong promoter of environmental sustainability and producing a report that provides detailed and relevant information on the company's environmental performance in 2008 and detailed plans for 2009.

Environmental strategy and targets

In 2008, an analysis of Carlsberg's water and carbon footprint was carried out. It demonstrates that Carlsberg is a top performer in the international brewing sector in terms of efficiency of water and energy consumption. The findings were used in 2009 to develop a new environmental strategy for the Group with three main objectives:

- Sustaining our industry leadership in water and energy use and greenhouse gas emissions.
- Reducing packaging and promoting reuse and recycling of packaging material.
- Supporting communities in managing their watersheds to reduce water supply problems.

To sustain its industry leadership, Carlsberg has set targets for water consumption and CO_2 emissions for 2012 and is implementing efficiency programmes in every part of the operations to achieve these.

2012 TARGETS FOR WATER CONSUMPTION AND CO_2 EMISSIONS

	Performance 2009	Targets 2012
Water	3.7 hl/hl	3.3 hl/hl
CO_2 emissions	8.9 kg CO_2/hl	8.5 kg CO_2/hl

Carlsberg has continued to implement various activities throughout the business and in local companies to reduce the environmental impact, such as biogas recovery from waste water treatment plants in Sweden, Malaysia, Switzerland, France, Russia, and now in the Ukraine and China, corresponding to 5-15% of a brewery's energy intake. Furthermore, Carlsberg is also active in reducing packaging by using lightweight materials. One example is the UK, where a 330 ml bottle was redesigned to include less packaging material, resulting in a reduction of glass used by 240 tonnes per year.

China – Efficient and more environmentally friendly production. To further improve efficiencies in the production processes, Carlsberg has developed and implemented a focused Production Excellence (ProdEx) programme in China, aimed at more effective maintenance processes, lower energy consumption and reduced water usage. A key component of ProdEx is the sharing of best practice across several breweries and the joint approach to problem solving. Encouraging results have been achieved at several sites.

Russia – Using vapour in the brewing processes. Carlsberg's Russian brewery has introduced an energy-saving scheme designed to reduce heating energy costs and the negative environmental impact of water vapour released into the atmosphere. Instead of releasing the vapour into the atmosphere, it is now stored in a specially designed reservoir and is reused for heating water in the production process.

Carlsberg is committed to growing its business responsibly, and making a positive contribution to society and the environment by developing and implementing responsible business practices.

Responsible Supplier Management Programme

In 2009 Carlsberg continued the implementation of the Supplier and Licensee Code of Conduct through the development of a Responsible Supplier Management Programme. All new global supplier contracts now contain a set of social and environmental standards to which suppliers are required to adhere. In 2009 Carlsberg also joined the Supplier Ethical Data Exchange (Sedex) to increase the level of knowledge of CSR issues for both Carlsberg and its suppliers.

Going forward CSR criteria will form part of the evaluation of investments and procurement initiatives above a certain yearly spend and part of the standardised sourcing processes at Carlsberg.

Group – Climate-friendly coolers. Since 2006 Carlsberg has been a member of Refrigerants Naturally, a coalition of companies and NGOs dedicated to increasing the use of HFC-free coolers. In 2009 Carlsberg redefined its strategy, ensuring that newly purchased coolers have the more climate-friendly HC as coolant and are equipped with an energy-saving management system in markets where supply and the required technical support are available.

Promoting responsible consumption

Carlsberg is committed to playing a proactive role in combating misuse of its products. Carlsberg Group companies therefore develop local activities to inform consumers how to avoid misuse and how to enjoy beer in a responsible way. Focus is on addressing crucial issues such as underage drinking and drink driving.

In 2009, Carlsberg developed a dedicated web section which focuses on informing consumers about various aspects related to alcohol consumption to help them make informed decisions.

Russia – Beer patrols. In Russia, Baltika Breweries operates "Beer patrols" to prevent sale of beer to minors and alcohol misuse. The patrols consist of Baltika Breweries employees, celebrities and representatives of social organisations. At music festivals and other events they aim to prevent alcohol being sold to people under the legal drinking age and engage in dialogue with young people about the dangers of alcohol misuse. The beer patrol campaigns have received very positive feedback and are now being introduced in other countries in the region, such as Kazakhstan.

UN GLOBAL COMPACT

The UN Global Compact principles are part of Carlsberg's day-to-day work. This year, we are publishing our first Communication On Progress (COP) to demonstrate our advancement towards implementing the principles of Global Compact. Carlsberg also signed the "CEO Water Mandate" and endorsed the Global Compact initiative "Caring for Climate".

These initiatives provide Carlsberg with a framework to advance practical solutions to reduce water consumption and to avoid contributing to climate change.

Read Carlsberg's COP at
www.carlsberggroup.com/csr/ourfocusareas/2009COP

CEO Jørgen Buhl Rasmussen conveys the Carlsberg Group's support for the UN Global Compact to United Nations Secretary-General Ban Ki-moon.

To see Carlsberg's CSR performance data, please visit www.carlsberggroup.com/csr/ourfocusareas

Carlsberg's strategic approach to CSR is identifying how to improve the social and environmental impact in each part of the value chain – from the relationship with suppliers to how we run our operations and interact with customers and consumers.

R&D

Carlsberg's strong tradition in and focus on research are vital in our ambition to market high-quality beer but also to grow responsibly. We are constantly working on new brewing techniques to lower the carbon footprint of our products and reduce the amount of raw materials used in the production process, for example increasing the proportion of non-malted barley in the brewing process to reduce the energy and water needed for malting.

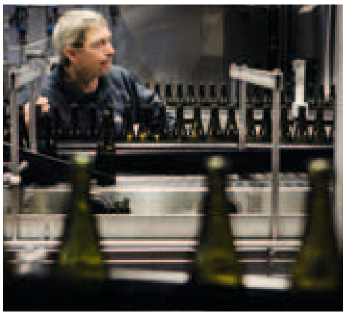
New initiatives will include alternative, environmentally friendlier one-way packaging for beer and plastic bottles. Moreover, work is ongoing to explore the possibilities of reusing the main by-product, spent grain, for either production of biogas, oil or direct combustion. Combustion of the spent grains can cover approx. 50% of the total thermal energy used in a brewery. Carlsberg is also looking into barley breeding research, focusing on novel barley which involves less raw material and energy usage while generating higher yields.

PROCUREMENT

Through Carlsberg Procurement's Responsible Supplier Management Programme, Carlsberg works with suppliers to continuously reduce the environmental impact from the products and services purchased by Carlsberg. In order to ensure that suppliers are complying with Carlsberg's CSR Policies, the internationally acknowledged services of Sedex (Supplier Ethical Data Exchange) are being used and Carlsberg is currently developing an audit system that goes beyond packaging and raw materials.

In the coming years, Carlsberg's target is to include all critical and high-risk suppliers in Sedex in order to improve suppliers' CSR standards through collaboration with other international companies committed to CSR. In addition, CSR criteria will be included when assessing future purchasing initiatives.

BREWING AND BOTTLING



Carlsberg continuously strives to optimise production processes by reducing energy and water consumption and lowering greenhouse gas emissions. The Labour & Human Rights and Health & Safety Policies aim to ensure a fair, healthy and safe workplace. Through the Environmental Policy and Strategy Carlsberg addresses environmental challenges in production and sets global standards for environmental performance.

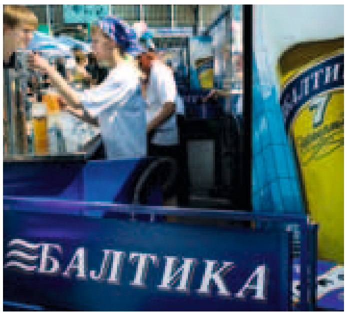
Raising awareness, training and continued implementation of the CSR Policies will raise Carlsberg's standards and performance. Moreover, Carlsberg will develop a carbon footprint calculator tool to evaluate its packaging choices and work with partners to identify opportunities to reduce water consumption in the supply chain.

LOGISTICS

Carlsberg is proud to reach millions of people with our products every day. To minimise the environmental impact of transportation, Carlsberg is constantly seeking more environmentally friendly ways of bringing our products to our customers, such as using trains instead of trucks.

To improve the sustainability of the logistics set-up, Carlsberg is investigating various initiatives, such as using hybrid and gas engines to reduce CO_2 emissions and lower the use of energy. In Switzerland, following successful pilot tests in 2009, Carlsberg will now increase the number of electric vehicles and work together with manufacturers to increase the range of the vehicles. At Carlsberg UK, several initiatives are being implemented to make the company fleet more eco-friendly. Other companies, such as Carlsberg Danmark and Baltika Breweries, will continue to use trains for transportation.

SALES AND MARKETING



Carlsberg wants to ensure that its communication to consumers and other stakeholders always reflects its philosophy of moderate beer consumption. Carlsberg's Marketing Communication Policy ensures that marketing activities are targeted at adults, are clear about the effects of alcohol and discourage irresponsible behaviour. Carlsberg does not advertise or market its brands directly towards children and youngsters below the local legal drinking age.

To ensure proper implementation of the Marketing Communication Policy, Carlsberg trains marketing managers and regularly assesses their understanding and execution of the policy.

CONSUMERS AND CUSTOMERS

Carlsberg's consumers are central to the decisions we make. Carlsberg is particularly determined to ensure that our products are consumed in a responsible and enjoyable way, and we strive to be open about the way we communicate about alcohol. By our being open and honest, consumers get the information they need to make informed decisions about the consumption of our products. Carlsberg develops local campaigns aimed at educating young people about responsible drinking and actively promotes initiatives to prevent people drinking and driving.

By including responsible drinking messages in marketing, sponsorship and community activities, Carlsberg emphasises its commitment to moderate beer consumption.

Events in 2009

Efficiency

VALUE MANAGEMENT

Carlsberg's Northern & Western Europe region is facing major challenges to increase net revenue per hl in a market environment characterised by a number of challenges pointing towards flat or declining beer markets. Professional value management is an important way to turn this tough situation into a win-win situation for both Carlsberg and its customers.

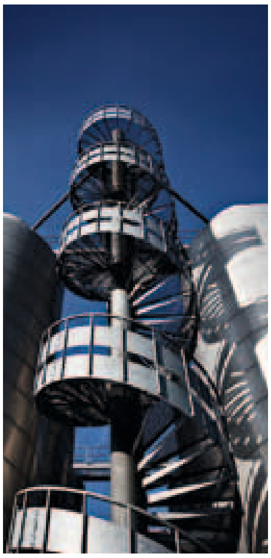
Value management aims at increasing the value pool for both Carlsberg and the retailer rather than focusing on splitting a shrinking value pool between the two. This may sound easy but it requires a fundamental shift in how Carlsberg approaches its customers. A new approach has therefore been developed by a team at Carlsberg using best practices from several countries and from other fast moving consumer goods (FMCG) companies, and combining some of the best tools on the market. The approach covers various levers, including but not limited to product mix optimisation, pack sizes, pay-for-performance incentive schemes, targeted price increases etc. in compliance with local practices and regulations. The approach is supported by tools and internal training programmes that will create a strong platform for revenue growth.

CONTINUOUS EFFICIENCY IMPROVEMENT

In the Carlsberg Group, improving efficiency is a continuous journey encompassing the entire value and demand chain and taking into account, amongst others, portfolio optimisation and simplification, trends within packaging, and production set-up changes. Optimisation of the brewery network, including brewery closures and divestitures, is evaluated in accordance with these dimensions, and has been and will continue to be part of continuous efficiency improvement, not least in Northern & Western Europe.

In 2009, three breweries in Northern Europe were either closed or sold. In Norway, the Arendal brewery was sold to a group of local investors; in Germany, the brewery in Braunschweig was sold to Oettinger Brauerei GmbH; and in Finland, production at the brewery in Pori was discontinued.

2008 was first and foremost the year in which the brewery site in Copenhagen was finally closed down and as of 2009, all production in Denmark takes place at the brewing site in Fredericia. In the UK, the brewery in Leeds will be closed in 2011.



CASH RACE

An ambitious cross-functional initiative was kicked off in Carlsberg at the beginning of 2009 with a target of significantly reducing net working capital. In the first half of 2009, there was special focus on improving payment terms with suppliers and increasing days payable outstanding. Reducing days sales outstanding and days sales of inventory became additional focus areas in the second half of 2009. By year-end 2009, working capital had been reduced by DKK 3.7bn compared to end-2008. The improvement was to a great extent driven by all three working capital items.

Carlsberg benchmarks itself against the best in class within the brewing sector as well as other FMCG companies and, as with all other efficiency improvement actions implemented across the Group, working capital management is targeted to be further improved in the years to come.

CENTRALISING BACK OFFICE FUNCTIONS – PROCUREMENT, IT

An important lever to further increase efficiency across the Carlsberg Group is the continuous work on globalising and centralising a number of back office functions. In 2009, important steps in this direction were taken within procurement and IT.

Group Procurement has developed a vision to create a world-class procurement organisation to achieve significant savings through increased spend transparency, clear directions on category strategies and standardised procurement processes and systems, using all levers and a new cross-functional way of working. As a natural step towards realising the vision, a central procurement company for the Group is being set up in order to further optimise this important function.

From 1 January 2010, all local Carlsberg IT departments in Northern & Western Europe were merged into just one IT organisation with one CIO, one budget, a mutual decision-making structure etc. to ensure a focused IT strategy and avoid duplication while still meeting the needs of the local market and the Group. The centralised IT organisation will work virtually and share people in order to have tasks and projects handled by the most qualified employees and at the best price, reducing the total IT spend.

Driving growth

INNOVATION

Most Northern & Western European beer markets are mature. In order to revitalise growth in these markets, Carlsberg will continue to step up its relentless execution of the core business while at the same time putting in place new ways to strengthen its position. Innovation and the introduction of new and exciting drinks will play a key role. Innovation in beer, the core of the Company, will continue at an accelerated pace but the innovation strategy will also target new opportunities for malt- and cereal-based beverages, including new platforms like health, women, etc.

In early 2009, Carlsberg merged departments from across the Group to create an integrated Innovation, Research and Development organisation. This trio gives Carlsberg control of the entire innovation process, from raw materials through consumer insights and trends, idea generation, production processes and packaging to distribution and marketing, and will help speed up and scale innovation in profitable areas and reduce costs.

KRONENBOURG RELAUNCH

One of the most important commercial activities in Northern & Western Europe in 2009 was the relaunch of the Kronenbourg Red & White and Kronenbourg 1664 brands in France. The two brands were included in Carlsberg's beer portfolio as part of the S&N acquisition in 2008. Kronenbourg Red & White is the local mainstream brand in France, whereas Kronenbourg 1664 is one of Carlsberg's leading international beer brands.

To improve the premium image and sales of Kronenbourg 1664 and, in an equivalent way, cement the image of Kronenbourg Red & White as the only French national beer, thereby improving sales, Carlsberg Group brand teams subjected both brands to a thorough evaluation covering everything from bottles and labels to price points and brand image in the public mindset. This resulted in a comprehensive relaunch of the French and international Kronenbourg 1664 and Kronenbourg Red & White in the spring of 2009.

Based on the tracking of the global independent consumer research firm Millward Brown, Carlsberg has seen a positive consumer impact from its marketing campaigns and, for the first time in several years, the latter part of 2009 showed a stabilisation in market shares for the two brands. Although still at an early stage, the new marketing campaign, packaging and price points seem to have been well received by French and international consumers.

STRENGTHENED POSITION IN VIETNAM

In line with Carlsberg's strategy to further strengthen its position in Asia by growing organically and through M&A activities, two Memoranda of Understanding (MoU) were signed in the latter part of 2009 with the intention to increase current shareholdings in Vietnam.

In 2008, Carlsberg was appointed strategic partner of the Vietnamese brewery Habeco and acquired a 16.1% shareholding in connection with the IPO of Habeco. In September 2009, Carlsberg and Habeco signed an MoU planning to increase Carlsberg's ownership in the company to 30%. Habeco is market leader in northern Vietnam. The increased partnership will provide opportunities for Habeco and Carlsberg to strengthen their market positions in northern Vietnam.

In November 2009, Carlsberg and Hué People's Committee signed an MoU in which the Committee confirmed its support for Carlsberg to acquire the Committee's 50% shareholding in Hué Brewery. Carlsberg acquired its current 50% stake in Hué Brewery in 1994.

Povl Krogsgaard-Larsen, Chairman of Carlsberg's Supervisory Board, and Ho Xuan Man, Hué Party Secretary, sign the MoU.

KVASS IN EASTERN EUROPE

In the spring of 2009, Carlsberg launched a new and improved version of the traditional Eastern European drink kvass in Russia and the Ukraine. This launch gave Carlsberg a solid footing in the growing kvass market in Russia and the Ukraine, and the performance of the brand has been highly successful in both countries.

Carlsberg's kvass is a mildly fermented beverage made from black rye or rye bread, which also gives it the characteristic dark colour. The "bread drink" is often flavoured with fruits or herbs such as strawberries or mint.

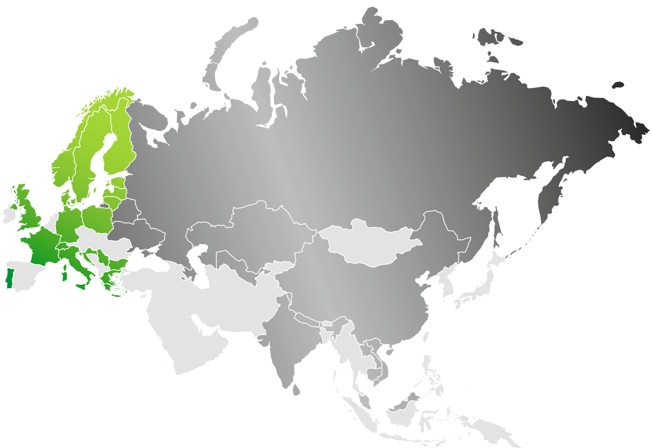
This special beverage is a very popular drink in Russia and throughout Eastern Europe. Consumer interest in natural and healthy beverages such as kvass has increased over the past ten years. In contrast to the beer segment, consumption of kvass actually showed positive growth rates in Russia in 2009.

Three regions, one Carlsberg

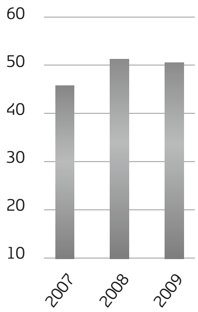
REGIONS

The commercial and cultural characteristics of Carlsberg's markets vary. In our pursuit of growth and value creation it is important to find the right balance between working closely together at a global level whilst allowing local brands and initiatives to flourish.

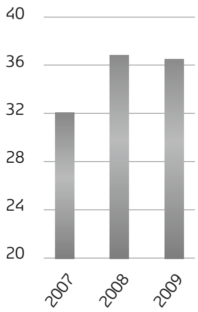
Northern & Western Europe



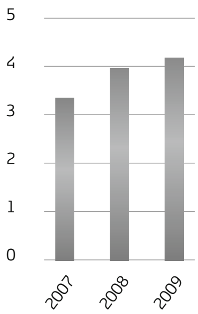
Beer volume
(Million hl)



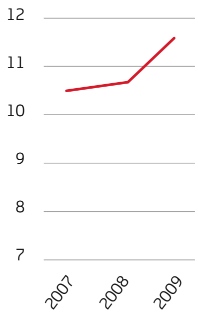
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)



EARNINGS GROWTH DESPITE VOLUME DECLINE

The overall beer markets in Northern & Western Europe declined by some 5-6% in 2009. However, during the latter part of the year there were some signs of improvement and the Q4 market decline was around 4%.

The impact from the economic crisis affected the individual markets very differently with the Finnish, Swedish, Swiss and French markets showing growth or flat development while the Baltic and Balkan markets declined by high single digits.

Carlsberg maintained an overall flat market share in the region with organic beer volumes declining by 5.6% (-3.7% for Q4). Reported beer volumes declined by 2% to 50.2m hl (51.0m hl in 2008).

Net revenue per hl increased 5% organically due to the Group's strong focus on value management across all markets which mitigated some of the negative volume impact. Organic net revenue development was -2% for the region (-2% for Q4). Net revenue for beer declined by 2% (-6% volumes, 4% price, flat mix, -4% currency and 4% from acquisitions).

Higher raw material prices for the region in 2009 compared to 2008 and the channel shift from on-trade to off-trade in several markets had a negative impact on gross profit margin. Although the full-year gross profit margin declined, the second half of the year showed an improvement as the positive impact from the accelerated production efficiency improvements became visible in the figures. In absolute terms, the higher input costs were more than offset by the higher organic net revenue per hl for the year. Mix was positive or flat in most Northern & Western European markets except the Baltics, Poland and South East Europe.

For 2009 operating profit for Northern & Western Europe increased by 7% to DKK 4,237m (DKK 3,953m in 2008) with 6% organic operating profit growth. For Q4 organic operating profit growth was -21%. Adjusting for the income from brand disposals in Q4 2008, organic operating profit growth would have been flat for the quarter and approximately 10% for the year.

Operating margin was 11.6%, an increase of approximately 100bp. This was largely driven by the accelerated efficiency improvements initiated in the second half of 2008 and at the beginning of 2009. The impact from these efforts became increasingly visible in the second half of the year. Most markets delivered organic operating profit growth for the year.

www.carlsberggroup.com/company/strategy/nwe

The brands shown are only a selection of the Northern & Western European beer brand portfolio.

LAV
LAV
FALCON
EXPORT
5.2%
SUPER
BOCK
FELDSCHLÖSSCHEN
ORIGINAL
KOFF
HOLSTEN
HOLSTEN
Pilsener
OKOCIM
Ringnes

France, the UK, Switzerland, the Balkans, and Greece

The French market was flat in 2009. As anticipated in the turnaround plan, the total market share of Brasseries Kronenbourg declined for the year as many of the consumer-facing activities started in the late spring. There was a stabilising trend in the second half of 2009 following the relaunch of the Kronenbourg and 1664 brands. According to Nielsen data for the off-trade there was no market share erosion of these two brands in the second half of the year despite the recent years of ongoing period-on-period market share decline. Synergies from the S&N transaction are on track and coupled with accelerated efficiency improvements, the new brand positioning and a changed pricing structure, the French business delivered double-digit organic operating profit growth. This is a very satisfactory result given that the turnaround plan is in its first year of implementation.

Carlsberg UK performed particularly well in 2009. There was a 4% market decline with a continued shift from on-trade to off-trade but Carlsberg gained both volume and value share in the on-trade and off-trade channels and increased its share of the total market by some 110bp to 14.4%. The positive trend accelerated in the latter part of 2009 fuelled by the impact of the JD Wetherspoon contract, strong off-trade execution and the inclusion of the super-premium San Miguel brand in the Carlsberg portfolio. Profits improved as a result of volume growth, value management efforts and efficiency initiatives.

In a flat Swiss market, Feldschlösschen continues to grow net revenue per hl and profits through premiumisation, mix and efficiency improvements. In late 2009 Feldschlösschen Premium was launched to further increase the average value per hl of the Feldschlösschen portfolio. The more female-oriented Eve continues to be a strong value contributor and will be introduced in more markets.

Carlsberg's beer volumes in South East Europe declined by 12% as the economic crisis affected consumer behaviour negatively. The Group kept margins unchanged compared to 2008 due to strong cost and value management focus.

The integration of Greek Mythos progressed and profits improved strongly.

Denmark, Finland, Poland, Germany, and the Baltics

The Danish beer market declined by 8% (before adjusting for impact from border trade), though with an improved trend in the second half of the year. Carlsberg grew its beer market share by 60bp to 56.3%. Somersby Cider continued to grow throughout the year and has effectively established the cider category in Denmark. New entrants are coming into the category which will drive further category expansion. Operating profit growth was satisfactory as a result of cost reductions and positive value/mix development.

The Finnish beer market grew by approximately 1% in 2009. Sinebrychoff's growth outstripped the market and the market share reached 50%. Despite negative packaging and channel mix, profits improved due to volume growth and efficiency improvements, including the closure of the Pori brewery.

Several structural initiatives took place in Germany during the year. The Braunschweig brewery was sold, the Göttsche wholesaler was merged into a new distribution cooperation with the Nordmann Group and a focused brand strategy was established. Organic operating profit growth was achieved as a result of efficiency improvements.

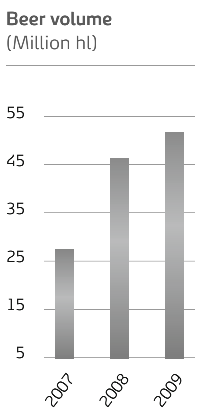
The Baltic States were very severely affected by the difficult macroeconomic environment with subsequent volume decline and downtrading having a negative impact on profits. Several structural changes were made to reduce the cost base. Carlsberg's beer volumes declined by around 10% in 2009 although the Q4 volume decline was modest. Nevertheless, the Baltic business still delivered double-digit operating profit margins.

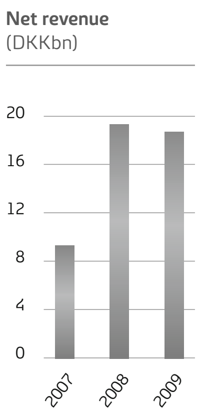
The Polish market, too, was challenging as a result of the economic recession. The market declined by 8% and there was downtrading. Carlsberg maintained market share. Despite several actions being implemented during the year, operating profit declined.

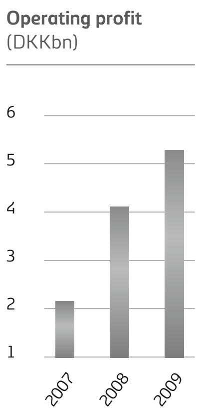
EVE

Eve is a malt-based, low-alcohol drink for women, invented and first launched in Switzerland. The unique, sparkling fruity taste makes it the perfect drink for the cosmopolitan woman to enjoy in company with her friends and colleagues.

Eastern Europe







www.carlsberggroup.com/company/strategy/ee

STRONG MARKET SHARE GAINS

2009 was a challenging year in Eastern Europe as the economic recession had a negative effect on beer consumption in the region. In this environment Carlsberg managed to gain market share in all markets except Kazakhstan.

The Group's total beer volumes in Eastern Europe increased by 10% while organic beer volumes declined by 6%. Due to the strong growth of the malt-based non-alcoholic drink kvass, the volume of other beverages increased by 26%. In Q4 organic beer volumes increased by 2%, but the recovery in the quarter was driven by stock-building in the Russian distribution chain ahead of the 200% excise duty increase on 1 January 2010. The underlying consumption trends in Q4 were unchanged.

Organic net revenue growth for the region was 1%. The positive price/mix improvement of 6% for beer offset lower beer volumes. In Q4 organic net revenue growth was 9% while reported net revenue declined by 11% due to devaluation in currencies.

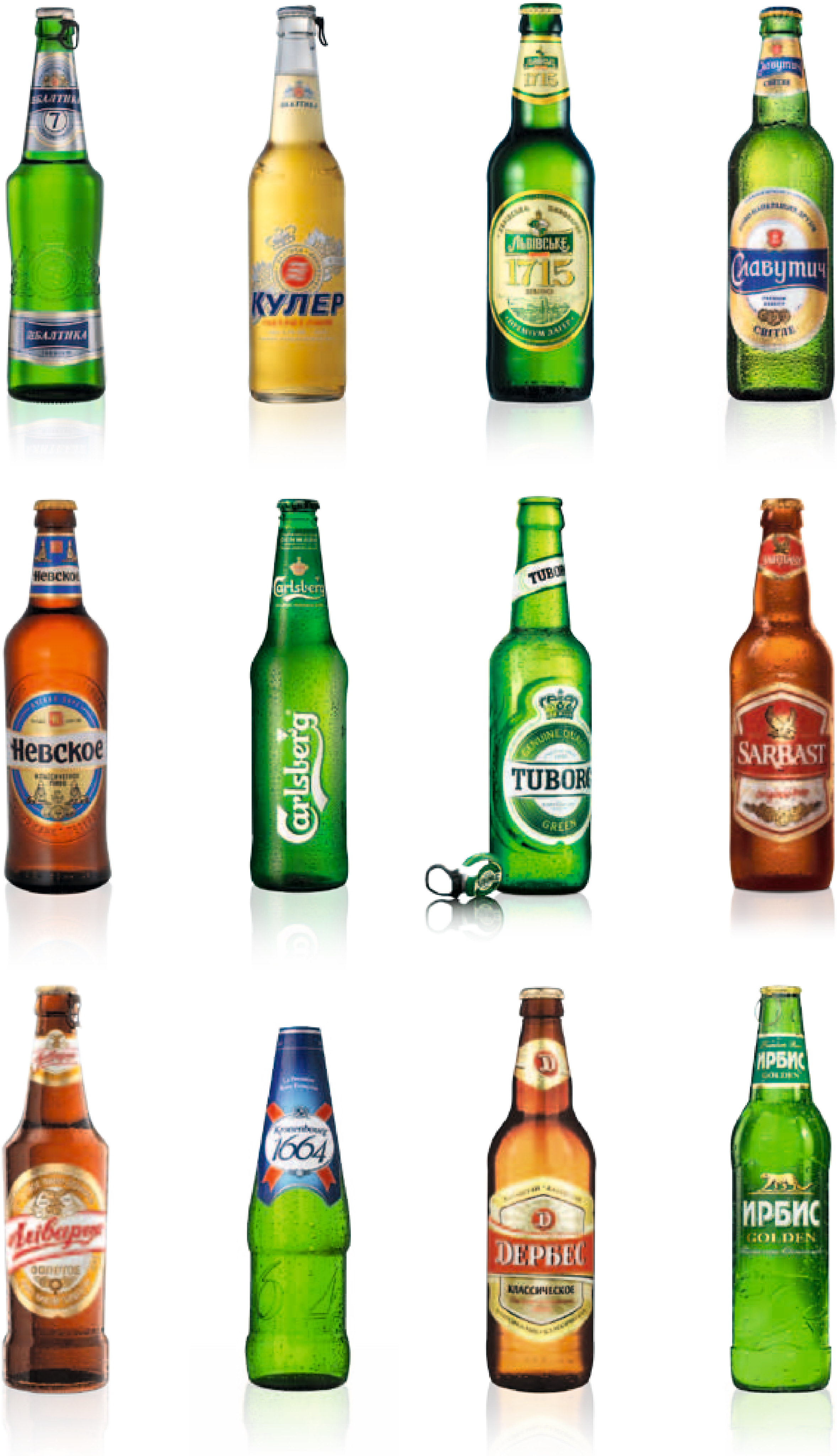
Organic gross profit margin improved strongly by approximately 525bp with higher net revenue per hl accounting for approximately 70% of the increase. The lower cost of goods sold due to synergies, efficiency improvements and lower input costs accounted for the remaining 30%. Organic operating profit growth was 38%. Including acquisitions operating profit was DKK 5,289m (DKK 4,108m in 2008). As mentioned in the Company Announcement of 17 December 2009, the stockbuilding effect in Russia affected operating profit positively by approximately DKK 300m. Consequently, Q4 organic operating profit growth was unusually strong at 64%. In 2009, operating margin increased to 28.5% (21.5% in 2008) with contribution from all markets.

The overall strong gross profit margin and operating margin improvements were driven by price increases, favourable input costs, synergies, the accelerated efficiency improvements and improved point-of-sales execution. All these initiatives enabled Carlsberg to more than offset the negative profit impact from lower volumes and negative operational leverage.

Russia

The Russian beer market development in 2009 was weaker than anticipated at the beginning of the year, declining by an estimated 10% as the weak macroeconomic environment affected consumer behaviour.

The brands shown are only a selection of the Eastern European beer brand portfolio.


БАЛТИКА
7
БАЛТИКА
КУЛЕР
1715
ЛЬВІВСЬКЕ
1715
Славутич
Невское
Невское
Carlsberg
Carlsberg
TUBORG
TUBORG
GREEN
SARBAST
Аливария
1664
D
ДЕРБЕС
КЛАССИЧЕСКОЕ
ИРБИС
GOLDEN
ИРБИС
GOLDEN

Carlsberg continued to strengthen its market share in Russia gaining 180bp and achieving a 40.6% share compared to 38.8% in 2008 (Q4 market share was 39.3% vs. 39.2% in Q4 2008). As communicated in the past, it is important to look at trends when assessing market share development since market share short term can be influenced by many factors, such as timing of price increases vis-à-vis competition, timing of innovations, promotions, etc. In 2009, Carlsberg reinforced its market leadership in all segments and increased market shares in each and every segment with the exception of lower mainstream where market share was flat. Key drivers behind the strong volume and value market share performance continue to be the superior brand portfolio and the strongest route-to-market with an integrated production, logistics and distribution set-up.

Carlsberg's Russian beer volumes (shipments) declined by 6%. Shipments in Q4 were up 1% which was substantially higher than consumer off-take as distributors were stockbuilding ahead of the excise duty increase on 1 January 2010. Carlsberg's "in-market sales" (off-take) declined by an estimated 8%. Inventory levels are closely monitored and managed and the higher inventory levels at the end of the year are expected to be reversed in Q1 2010.

There was a positive price effect of 9% and mix effect of -3%. The higher price per hl was driven by price increases, improved portfolio management and sales execution. The negative mix effect was primarily driven by a shift in packaging mix within brands and a changed channel mix in the off-trade with consumers moving from smaller outlets to discounters and supermarkets. There was also a shift between brands in the second half of the year.

In this challenging market the Russian business delivered strong operating margins throughout 2009 as a result of proactive management of costs and efficiency improvements.

In December 2009 the President of the Russian Federation signed the amendments to the Tax Code as a result of which Russian beer excise duty increased from RUB 3 to RUB 9 per litre in 2010. Due to price increases this will have a negative impact on the market development in Russia in 2010 and Carlsberg expects a low double-digit percentage decline. Carlsberg has been making detailed preparations for the new excise duty regime and is well prepared for 2010. The focus for 2010 will be to continue to strengthen the Russian market position whilst balancing volume and value development. This should be possible due to Carlsberg's superior brand portfolio and strong operational and commercial set-up.

The Ukraine

The Ukrainian market declined by approximately 7% in 2009 whilst average beer retail prices increased by almost 30% driven by the price increases following the 94% increase in beer excise duties (implemented on 1 July 2009) and consumer price inflation. Carlsberg's organic beer volume growth was 5% and our market share increased significantly to 28.9% (25.5% in 2008). The Ukrainian business now accounts for more than 15% of Carlsberg's Eastern European volumes. Carlsberg is the clear number two in the market.

The market share gain was driven by a well-executed turnaround including expanded distribution network, improved sales execution, product launches and a more performance-driven governance system. In particular, the national launch of the mainstream brand Lvivske, on top of the already established Slavutich brand, has proved successful. Within the non-beer category, the kvass brand Taras grew strongly during the year.

Organic revenue growth was almost 20% mainly driven by a 15% positive price/mix effect. Driven by the volume growth, price/mix improvements and efficiency gains the Ukrainian margins improved significantly in 2009.

Other markets

The volume development in the remaining Eastern European markets was mixed. Carlsberg gained substantial market share in Uzbekistan where volumes grew strongly in a market that declined by 12%. Beer volumes in Belarus were almost flat in a declining market with Carlsberg gaining market share.

The beer market in Kazakhstan was under significant pressure and Carlsberg lost market share on local brands. To strengthen and simplify the business model in Kazakhstan, Carlsberg has integrated the significant Russian export business with our local operation aiming to further strengthen our leading market share position.

The Group delivered significant organic operating profit growth in all markets.

UKRAINE
The strong results of the positive turnaround in Carlsberg's Ukrainian brewery, Slavutich, really showed in 2009 when the company captured a solid no. 2 market position. Despite a tough economic environment, volumes were up and operating profit growth was significant.

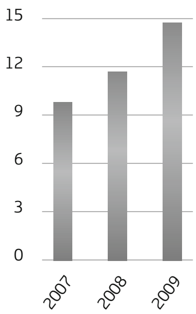
Asia

CONTINUED STRONG GROWTH The Asian markets were less affected by the economic crisis and the Group's beer volumes continued to grow throughout the year. The Asian business delivered 8% organic beer volume growth for the year (5% in Q4). The Asian beer volumes increased by 26% including acquisitions and consolidation changes. The Asian business now accounts for approximately 13% of Group beer volumes. As the Asian markets continue this growth trend the region will become even more important for Carlsberg in the future.

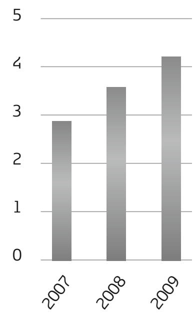
Organic net revenue growth was 14% (17% in Q4). The positive price/mix effect prevailed in the majority of the Asian markets with a particularly strong improvement in China. Operating profit increased by 30% to DKK 666m (DKK 511m in 2008) with organic growth of 19%. Q4 organic operating profit growth was 14%. Despite the negative impact from higher input costs in 2009, all markets contributed to the strong organic operating profit growth with the exception of India where establishment and investment in our business is in the early stages.

In 2009 Carlsberg started construction of two greenfield breweries – one in India and one in Vietnam.

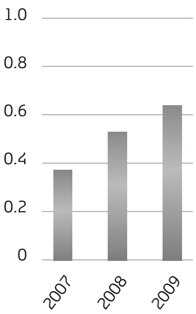
Beer volume
(Million hl)



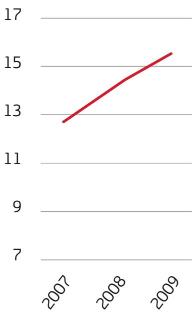
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)



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Malaysia

The Malaysian market declined by approximately 2%. The early Chinese New Year in 2009 (January) and late Chinese New Year in 2010 (February) had a negative impact on the market development as stockbuilding ahead of the Chinese New Year took place in Q4 2008 for 2009 and Q1 2010 for 2010.

Carlsberg Malaysia gained 100bp market share reaching 44.1%. The business delivered organic operating profit growth due to price/mix and efficiency improvements.

In 2009 Carlsberg Malaysia acquired Carlsberg Singapore, creating a stronger and more efficient entity on the Malaysian peninsula.

China

Carlsberg's Chinese beer volumes grew mid-single digit. The growth was driven by local brands and the Carlsberg brand. The Carlsberg brand grew by more than 15%, driven by Carlsberg Chill and the extension of the Carlsberg brand portfolio with the addition of Carlsberg Light, launched in 2009 and targeting the Chinese restaurant sector.

Carlsberg continued to gain market share both in Western China and in the international premium segment.

Organic operating profit growth was more than 30% as a result of volume growth, positive price/mix and efficiency improvements.

Indochina

The markets in Indochina (Vietnam, Laos and Cambodia) continued the strong growth trend with high single-digit growth rates. In Vietnam and Cambodia Carlsberg increased market shares substantially while the business in Laos grew in line with the market. Hence, the Group's organic beer volume growth was 22% for the year.

Carlsberg signed two MoUs in Vietnam to increase the ownership in Habeco and Hué breweries. This will strengthen the Group's market position and opportunities in northern and central Vietnam.

The brands shown are only a selection of the Asian beer brand portfolio.

Let the good times roll

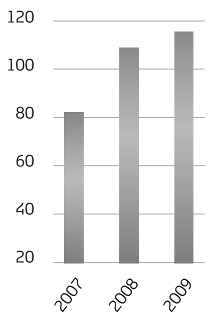
SOMERSBY

Carlsberg's international cider brand, Somersby, is a refreshing fruity cider made from real apples and has an alcohol content of 4.7%. Cider offers an opportunity to increase bottom-line growth through premium pricing. Somersby has performed very well on the markets, and new cider markets may provide attractive market opportunities.

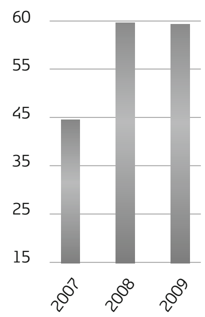
Numerous efficiency improvements implemented in late 2008 and in 2009 meant that Carlsberg was able to mitigate the impact of declining markets and deliver strong earnings and cash flow improvement.

Financial review

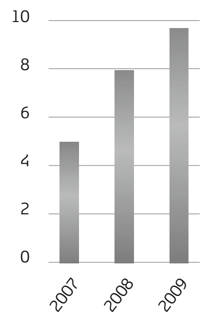
Beer volume
(Million hl)



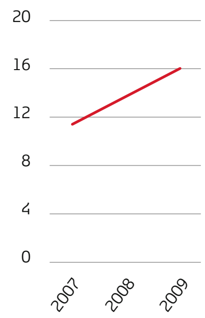
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)



STRONG GROWTH IN PROFIT AND CASH FLOW

Income statement

In 2009 the Group generated total net revenue of DKK 59,382m (DKK 59,944m in 2008), a slight decrease of 1% compared to 2008, reflecting flat organic development, net acquisitions accounting for DKK 4,712m (+6%) and a negative impact of DKK -4,652m (-7%) from exchange rate movements. Foreign exchange movements were most notably caused by adverse currency impact developments in the RUB, UAH and GBP.

The flat organic revenue was achieved despite an organic volume decline of 4%, as this was offset by positive effects from pricing, including value management efforts.

Beer sales represented DKK 46,148m of total revenue (DKK 45,503m in 2008), equivalent to 78% of total revenue.

Gross profit was DKK 29,185m (DKK 28,695m in 2008), with organic growth being DKK 903m (+3%), net acquired activities representing DKK 1,889m and a negative impact of DKK -2,302m from exchange rate movements. Gross profit margin increased by almost 130bp to 49.1%. Gross profit was negatively impacted by lower organic volumes but positively impacted by lower raw material costs in Eastern Europe and declining non-material costs. Among other things it was also impacted by the lean project in Northern & Western Europe, accelerated efficiency initiatives, network optimisation and ongoing Excellence programmes in the supply chain.

Sales and distribution expenses were DKK -15,989m, a reduction of DKK 1,603m (+9%) compared to 2008. The lower sales and distribution expenses reflect efficiency programmes within sales and logistics, the impact of lower volumes and media deflation in 2009. The organic reduction was DKK 1,411m (+8%), net acquired activities represented DKK -886m (-5%) and there was a DKK 1,078m (+6%) impact from currencies. Administrative expenses amounted to DKK -3,873m (DKK -3,934m in 2008) with organic reduction of DKK 125m (+3%), net acquired activities representing DKK -233m (-6%), and DKK 169m (+5%) impact from currencies. All in all organic development in sales and distribution expenses and administration expenses was DKK +1.5bn or +7%.

Other operating income, net, was DKK -45m (DKK 728m in 2008). The decrease was expected and the result of significant real estate gains in the first half of 2008. The Group's share of the net profit of associates was DKK 112m against DKK 81m in 2008.

Operating profit before special items was DKK 9,390m against DKK 7,978m in 2008. Beverage activities generated a profit of DKK 9,460m, an increase of DKK 1,856m with strong organic growth representing DKK 2,122m (+28%) and net acquired activities DKK 788m of the increase. All regions contributed positively to the increase in operating profit. The Group achieved an operating margin of 15.8%, up 250bp compared to 2008.

Net special items amounted to DKK -695m against DKK -1,641m in 2008 and mainly comprise restructuring and redundancy costs in Northern & Western Europe and losses on excess contracting of raw materials. A more detailed specification is shown in note 7 to the consolidated financial statements.

Net financial items amounted to DKK -2,990m against DKK -3,456m in 2008. Net interest costs accounted for DKK -2,161m compared to DKK -2,386m in 2008. The lower interest costs are primarily due to a decrease in average funding cost. Other net financial items were DKK -829m (DKK -1,070m in 2008) and were mainly related to losses on debt denominated in foreign currency, primarily in the first half of the year, of DKK 581m (Eastern Europe approximately DKK 400m) and write-downs on financial assets of DKK 119m. The decline in other net financial items is among other things explained by the one-off costs in 2008 related to the establishment of financing for the S&N transaction.

Tax totalled DKK -1,538m against DKK 312m last year. The effective tax rate in 2009 was thus 27%.

Consolidated profit was DKK 4,167m against DKK 3,193m in 2008 (+31%).

Carlsberg's share of net profit was DKK 3,602m against DKK 2,621m last year (+37%).

Statement of financial position

At 31 December 2009, Carlsberg had total assets of DKK 134,515m (DKK 142,639m at 31 December 2008). The decrease relates to a reduction in property, plant and equipment, current assets and foreign exchange movements, the last-mentioned in particular from the Russian rouble (RUB) impacting intangible assets and contributing to a reduction in current assets.

Assets
Intangible assets totalled DKK 81,611m against DKK 84,091m at 31 December 2008. The decrease is related to foreign exchange impact mainly from the RUB as no material additions or impairment write-downs have been recognised in 2009.

Property, plant and equipment totalled DKK 31,825m, down DKK 2,227m from 31 December 2008. The development has mainly been driven by additions of DKK 2.8bn, disposals of DKK -0.4bn, depreciation of DKK -3.5bn and foreign exchange impact of DKK -0.6bn.

Financial assets amounted to DKK 5,850m (DKK 5,305m at 31 December 2008). Financial assets mainly comprise associates, deferred tax assets and trade loans. Apart from the establishment of the Nordic Getränke cooperation in Germany, there have been no material fluctuations within the Group.

Current assets amounted to DKK 14,841m (DKK 19,029m at 31 December 2008). The decrease is the result of the very strong focus, particularly in the second half of the year, on inventories and receivables which has led to a significant reduction in both items compared to year-end 2008.

Equity and liabilities
Total equity was DKK 59,489m (shareholders in Carlsberg A/S DKK 54,829m and non-controlling interests DKK 4,660m). The decrease in equity compared to 31 December 2008 of DKK 0.4bn is mainly due to foreign exchange rate differences of approximately DKK -3.1bn primarily as a result of the devaluation of net assets, first and foremost in RUB, profit for the period of DKK 4.2bn, payment of dividends to shareholders and non-controlling interests of DKK 0.8bn and acquisition of non-controlling interests (in Latvia, Lithuania, Kazakhstan, the Ukraine and Uzbekistan) of DKK 0.4bn and actuarial losses on pension plans of DKK -0.4bn.

Net interest-bearing debt has been reduced from DKK 44.2bn as at 31 December 2008 to DKK 35.7bn as at 31 December 2009.

Total liabilities were DKK 75,026m (DKK 82,738m at 31 December 2008). Current liabilities were DKK 24,960m (DKK 25,616m at 31 December 2008). Excluding the current portion of borrowings, current liabilities totalled DKK 21,638m (DKK 20,325m at

31 December 2008) reflecting the focus throughout 2009 on working capital improvement.

Cash flow

Free cash flow in 2009 amounted to DKK 10,549m as a result of the very intense focus on cash flow, including net working capital and capital expenditures, throughout the Group. The strong development is a reflection of the so-called cash race programme.

Cash flow from operating activities in 2009 was DKK 13,631m against DKK 7,812m in 2008. The main contributors to the strong improvement of DKK 5,819m were operating profit before depreciation and amortisation and change in working capital. Operating profit before depreciation and amortisation was DKK 13,169m against DKK 11,610m in 2008.

Change in working capital amounted to DKK 3,675m against DKK 1,556m in 2008. The positive impact was driven by a significant reduction in inventories (DKK 1.6bn), lower receivables (DKK 1.0bn) and higher payables (DKK 1.1bn).

Paid net interests were DKK -1,597m (DKK -2,754m in 2008). The significant change in payments is due to lower interest payments, payments in 2008 related to the establishment of loan facilities linked to the acquisition of part of the activities in S&N and currency instruments (mainly hedging of the GBP 200m bond programme). Finally, in 2009 Carlsberg had a positive cash flow of approximately DKK 400m from settlement of various hedges.

Cash flow from investing activities was DKK -3,082m against DKK -57,153m in 2008. Adjusting for the acquisition of part of the activities in S&N in 2008, the decrease is essentially due to operating capital expenditures of DKK -2.8bn, down 48% from 2008, and a change in financial assets of DKK +950m. The lower operating capital expenditures are a result of the detailed planning for and continuous follow-up during 2009, and the change in financial investments is explained by prepayments and hedging instruments relating to the activities acquired in S&N in 2008.

Financing

At 31 December 2009, Carlsberg's gross interest-bearing debt amounted to DKK 39.4bn and net interest-bearing debt amounted to DKK 35.7bn. The difference of DKK 3.7bn is other interest-bearing assets, including DKK 2.7bn in cash and cash equivalents.

Of the gross interest-bearing debt, 92% (DKK 36.1bn) is long term, i.e. with maturity of more than one year, and consists primarily of facilities in EUR.

Net interest-bearing debt at 31 December 2009 was reduced by DKK 8.5bn compared to 2008. The reduction reflects the very strong free cash flow. Net debt/EBITDA at the end of 2009 was 2.7x.

In May 2009, Carlsberg established a EUR 3bn EMTN programme under which notes with principal amounts of EUR 1bn and GBP 300m were issued. The proceeds were used to refinance part of the debt related to the acquisition of parts of S&N. Consequently, Carlsberg has no refinancing needs for a number of years.

Approximately 62% of net financial debt is at fixed rates of interest (fixed-rate period exceeding one year).

10.5bn

FREE CASH FLOW

The significant development in free cash flow was primarily due to strong organic development in operating profit, very significant reduction in working capital and reduced capital expenditure.

Segment reporting by quarter

DKK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Net revenue								
Northern & Western Europe	6,633	10,776	10,804	8,915	7,200	10,705	10,110	8,451
Eastern Europe	1,972	5,888	6,661	4,616	3,466	5,841	5,135	4,103
Asia	811	828	932	984	1,074	1,049	1,060	1,041
Not allocated	20	49	46	9	46	28	52	21
Beverages, total	9,436	17,541	18,443	14,524	11,786	17,623	16,357	13,616
Other activities	-	-	-	-	-	-	-	-
Total	9,436	17,541	18,443	14,524	11,786	17,623	16,357	13,616
Operating profit before special items								
Northern & Western Europe	135	1,570	1,401	847	140	1,740	1,700	657
Eastern Europe	285	1,388	1,637	798	695	1,952	1,550	1,092
Asia	124	117	145	125	155	167	197	147
Not allocated	-163	-199	-243	-363	-169	-184	-108	-271
Beverages, total	381	2,876	2,940	1,407	821	3,675	3,339	1,625
Other activities	7	274	114	-21	-33	-20	-35	18
Total	388	3,150	3,054	1,386	788	3,655	3,304	1,643
Special items, net	-37	-91	-169	-1,344	-107	-84	-180	-324
Financial items, net	-470	-812	-893	-1,281	-904	-546	-767	-773
Profit before tax	-119	2,247	1,992	-1,239	-223	3,025	2,357	546
Corporation tax	32	-659	-583	1,522	65	-878	-683	-42
Consolidated profit	-87	1,588	1,409	283	-158	2,147	1,674	504
Attributable to:								
Non-controlling interests	42	173	188	172	54	207	183	121
Shareholders in Carlsberg A/S	-129	1,415	1,221	111	-212	1,940	1,491	383

Carlsberg's Supervisory Board constantly strives to ensure that the governance structure is appropriate and works satisfactorily.

Corporate governance and risk management

APPROPRIATE GOVERNANCE

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

With only a few exceptions, the Group's corporate governance complies with NASDAQ OMX Copenhagen A/S's recommendations for good corporate governance. The exceptions are presented on page 51.

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

Shareholders and the Company

Carlsberg aims to provide information and opportunities for dialogue to its shareholders through regular publication of news, interim reports, 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 Supervisory Board regularly assesses whether the Company's capital structure fulfils 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.

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 shares are listed on NASDAQ OMX Copenhagen A/S, so investors can choose which class they wish to invest in. The Supervisory Board believes 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 supports the long-term development of the business.

The General Meeting

The General Meeting is the Company's supreme governing body. The Supervisory Board believes that it is important that shareholders receive detailed information and are provided with an adequate basis for the decisions made at the General Meeting.

Notice of a General Meeting is published in due time prior to the meeting, giving the shareholders the opportunity to prepare for the General Meeting. All shareholders are entitled to participate in the General Meeting and to vote in person or by proxy and to put forward proposals for consideration. Any shareholder may give his/her proxy to the Supervisory Board or to somebody else attending the General Meeting for each individual item on the agenda.

Provisions governing alterations of the Articles of Association

In order to pass a resolution to alter the Articles of Association or to dissolve the Company which is not proposed or endorsed by the Supervisory Board, 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 Supervisory Board, 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.

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 Supervisory Board within 14 days of the first General Meeting, irrespective of the number of votes represented at the extraordinary General Meeting. In order for a resolution not endorsed by the Supervisory Board 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 Supervisory Board, the resolution shall be passed by the majority specified.

Stakeholders and the Company

Carlsberg aims to develop and maintain a good relationship with its stakeholders as this is important to the Company's development.

Therefore, the Company has formulated policies for a number of key areas, such as communications, human resources, environment, and responsibility to customers and society in general. One element of the Supervisory Board's 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 regulations.

Communication with investors and equity analysts is handled by the Company's Executive Board, supported by the Investor Relations department. This dialogue includes a comprehensive programme of activities in Denmark and abroad, and complies with the rules of NASDAQ OMX 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. Investor presentations are usually made available on the Company's website at the same time as the presentations are given.

The composition of the Supervisory Board

The General Meeting elects the Supervisory Board. The Supervisory Board has eight members elected by the General Meeting and four members elected by Carlsberg employees in accordance with the Danish Companies Act.

The members elected by the employees hold 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 and the 2010 elections are scheduled for March 2010.

Thus the Supervisory Board has a total of 12 members. The Supervisory Board 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 members have a business background. This composition ensures appropriate diversity and breadth in the members' approach to their duties, and the Supervisory Board believes that this helps to ensure due deliberation and well-considered decisions.

The members of the Supervisory Board are elected individually. At each Annual General Meeting the four longest-serving members elected by the shareholders step down but may be reelected. Members must step down at the first General Meeting after they reach the age of 70.

Prior to recommending candidates for election at the General Meeting, the Supervisory Board distributes a presentation of each candidate's background, relevant competences and any managerial positions or positions of responsibility, and the Supervisory Board justifies its recommendations on the basis of the recruitment criteria it has laid down.

A description of the composition of the Supervisory Board and the individual members' particular competences with respect to the work of the Supervisory Board is found on page 156. None of the members of the Supervisory Board are involved in the executive management of the Group.

The work of the Supervisory Board

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

The Supervisory Board of Carlsberg A/S held six meetings in 2009. The Supervisory Board meets at least six times each year including an annual strategy meeting during which the Company's vision, goals and strategy are discussed. In between its ordinary meetings, the Supervisory Board receives written information on the Company's operations and position, and extraordinary meetings are convened if necessary. The Supervisory Board 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 Supervisory Board's Rules of Procedure set out the procedures for the Executive Board's reporting to the Supervisory Board and for any other communication between the two bodies. The Rules of Procedure are reviewed annually by the Supervisory Board and adjusted if required.

The Chairman and Deputy Chairman of the Supervisory Board constitute the Chairmanship, which, among other things, organises meetings of the Supervisory Board in cooperation with the Executive Board. The specific 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 Supervisory Board heads a structured evaluation of the Board's work, accomplishments and composition. This evaluation also includes the cooperation between the Supervisory Board and the Executive Board, and the work, accomplishments and composition of the Executive Board.

The Supervisory Board considers regularly – and at least once a year – whether its members' expertise should be updated or strengthened with respect to their duties.

The Audit Committee

The Supervisory Board may appoint committees for specific purposes. In March 2009, the Supervisory Board established an Audit Committee in accordance with the Danish Act on Approved Auditors and Audit Firms. From March 2009 to December 2009, the Audit Committee consisted of the entire Supervisory Board. However, from December 2009, the Audit Committee consists of three members of the Supervisory Board (Jess Søderberg, Chairman, Povl Krogsgaard-Larsen and Richard Burrows). Two of the three members qualify as being independent of the Company. The Audit Committee works according to terms of reference and a detailed meeting plan approved by the Supervisory Board. In 2009, the Audit Committee held three meetings and a working group established under the Audit Committee during 2009 to help organise the Committee's work held five meetings. In accordance with its terms of reference and annual meeting plan, the Audit Committee primarily a) monitors the financial reporting process, b) monitors the effectiveness of the internal control and risk management systems, c) monitors the internal audit function, and d) monitors the external audit of financial reporting and the independence of the external audit.

At each meeting, the Audit Committee goes through relevant issues with the external auditors and the head of Internal Audit, and the Committee may also invite other relevant function heads from the Carlsberg organisation depending on the topics being discussed at the meeting.

The Executive Board

The Supervisory Board 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 Supervisory Board but attend Supervisory Board meetings.

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. The remuneration includes incentive programmes, which are to help align the interests of the Company's management and shareholders, as the programmes support both short-term and long-term goals.

The remuneration of the Executive Board comprises salary, cash bonuses, share-based payments and other usual benefits. The members take out their own pension plans.

Neither the Executive Board nor the Supervisory Board receives a bonus on the completion of a takeover bid. The Executive Board's terms of notice change on the completion of a takeover bid. The remuneration of the Executive Board and the Supervisory Board is presented in note 12 to the consolidated financial statements. The guidelines for the incentive programmes for the Executive Board were approved at the Annual General Meeting on 10 March 2008. The guidelines are published on Carlsberg's website. The Supervisory Board of Carlsberg A/S is not included in the Company's incentive programmes.

Share option programmes exist for the Group's Executive Board and key management employees. The programmes entitle them to purchase B shares in Carlsberg A/S between three and eight years after the options have been granted. The exercise price is the

Risk can and should be managed and turned into opportunities.

market price during the first five days following the publication of the consolidated financial statements for the year. The number and value of share options granted and outstanding are presented in note 13 to the consolidated financial statements.

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

Risk management

In order to reduce uncertainty, achieve the Group's strategic objectives and ensure value creation for all stakeholders, Carlsberg views effective risk management as an integral part of running its business operations.

Risk is viewed as something that can and should be managed, and managed risk is viewed as something that can be turned into opportunities.

Risk management framework

The Supervisory Board reviews the overall risk exposure and the individual risk factors associated with the Group's activities. Such reviews are performed as required and at least once a year.

The Supervisory Board adopts guidelines for key areas of risk, monitors developments and ensures that plans are in place for the management of individual risk factors, including commercial and financial risks.

The Executive Committee (ExCom) of Carlsberg annually reviews the overall risk exposure associated with the Group's activities and updates the existing "heat map" to reflect changes in perceived risks to the business. Following this review, a new set of high-risk issues for the coming year is identified and, in accordance with the Risk Management Policy, ExCom identifies risk owners, who have operational responsibility for monitoring and controlling the risks through a programme of risk-reducing activities. ExCom will continue to monitor the activities throughout 2010 to ensure that sufficient remedial action is taken in line with deadlines.

The current high-risk issues identified within the Group are:

Beer taxation
As beer consumption is price-sensitive, major changes in taxes (excise duties) may have a significant impact on demand. In Russia, an extreme 200% increase in excise duties on beer was implemented in January 2010, and in July 2009 the Ukraine implemented a significant increase of 94% in beer excise duty. The Group closely monitors the risks related to excise duty increases and acts in order to limit the potential impact. Carlsberg has carried out thorough scenario planning for 2010 and subsequent years based on already known and anticipated increases in beer excise duty levels. The scenarios include evaluation of prices, packaging and product mix, regional and national market positions and microeconomic factors such as changes in supply/demand balance for various input costs.

Economic downturn
The economic downturn has affected both consumer demand and expenditure patterns to some extent. Due to the ongoing challenging market environment, the Group accelerated and implemented a large number of cost reduction measures in late 2008 and early 2009. During 2009, contingency plans were implemented to further reduce costs and protect profitability. These actions were taken in addition to the ongoing efficiency programmes. In 2010, the Carlsberg Group will continue to closely monitor the economic environment and establish further contingency plans in order to ensure Carlsberg's ability to react to changes in market conditions.

Public regulations
Several of the Group's markets operate with restrictions on consumer behaviour like advertising regulation and smoking bans. In such markets, changes in regulations may, in isolation, be accompanied by a decrease in demand. The Group works to limit the negative consequences of inappropriate use of alcoholic products and actively promotes responsible sales and consumption. Whilst taking account of the regulations, Carlsberg also works to avoid unnecessary sales restrictions.

Price risk – materials
Carlsberg's policy is to have more than one supplier of raw materials and packaging for its production units around the world in order to mitigate the risk of increasing prices. In some areas within cans, glass and plastic bottles, there is, however, a certain dependence on individual suppliers because of their market position. In order to mitigate these risks, procurement in Carlsberg has become increasingly centralised. Hedging of both volume and price is actively used when deemed appropriate, and this includes the management of long-term Group agreements with key suppliers and fixed price policies.

Financial risks
The Group's financial risks include foreign exchange, interest rate, credit and liquidity risks. They are presented in the notes to the consolidated financial statements.

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.

According to its Charter the Foundation must at all times hold at least 51% of the votes and more than 25% of the share capital of Carlsberg A/S. At the end of 2009 the Foundation held 30% of the Company's share capital. Due to the combination of A shares and B shares held by the Foundation, it had 73% of the votes at the same time. The Foundation's Executive Board constitutes an important part of Carlsberg A/S's Supervisory Board, 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 a department of the Foundation and a unit within the Carlsberg Research Center, receives a grant from the Foundation, but the Company is required to meet the Laboratory's running costs. The Company also has an obligation to preserve a number of historical buildings on the brewery's site in Valby, Copenhagen.

www.carlsbergfondet.dk

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 Supervisory Board. Before making its recommendation, the Supervisory Board undertakes a critical evaluation of the auditor's independence, competence etc.

The auditor submits a written report to the assembled Supervisory Board at a minimum twice a year and also immediately after identifying any issues of which the Supervisory Board should be informed.

Internal controls of financial reporting

During 2009, the Group formalised the existing processes for risk management and internal control of financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework.

The Supervisory Board and the Executive Board have overall responsibility for the Group's control environment. The Audit Committee appointed by the Supervisory Board is responsible for monitoring the internal control system related to the financial reporting process on an ongoing basis.

The Supervisory Board approves a number of policies and procedures in key areas related to financial reporting, including the Code of Conduct, Finance and Legal Policy, Risk Management Policy, Treasury Policy and Business Ethics Policy. These policies and procedures apply to all subsidiaries and similar requirements are set out in collaboration with the partners of the joint ventures.

The risk assessment process related to financial reporting is approved by the Audit Committee on an annual basis. The financial reporting risks related to significant accounts in the consolidated financial statements are identified based on a top-down, risk-based approach. Based on the risk assessment, the Group has established minimum requirements for the conduct and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. 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 knowledge and insight.

The Group has established information and communication systems to ensure that accounting and internal control compliance are established, including finance manual, internal control requirements, and controller manual.

The Audit Committee charter outlines its roles and responsibilities related to supervision and monitoring of the risk management and internal control system related to financial reporting. The monitoring is performed on the basis of periodical reporting from the finance organisation, internal and external audit.

Internal Audit

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

Internal Audit's most important task is to assess whether the Group has well-established accounting practices, written policies and procedures in all important business areas, and adequate internal control procedures. This includes the assessment of whether controls in relation to key IT systems are satisfactory, and whether they comply with the IT Policy.

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

Corporate Governance recommendations

A number of recommendations for corporate governance form part of the rules for companies listed on NASDAQ OMX Copenhagen A/S. These recommendations can be found at www.nasdaqomx.com/listingcenter/nordicmarket/rulesandregulations/copenhagen. As in other European countries, companies must either comply with the recommendations or explain any deviation.

As discussed above, Carlsberg's corporate governance complies with these recommendations with only a few exceptions. The exceptions are outlined and explained below (references in brackets refer to the relevant sections of the recommendations).

CARLSBERG'S DEPARTURES FROM NASDAQ OMX COPENHAGEN A/S'S RECOMMENDATIONS

It is recommended that at least half of the members of the Supervisory Board 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 Supervisory Board 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 Supervisory Board 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 careful consideration and deliberate 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 Supervisory Board (V, 4d, 2).	In its Annual Report, Carlsberg provides information on all significant managerial positions and directorships at other companies held by members of the Supervisory Board in Denmark and abroad. Also, Carlsberg provides information on demanding organisational tasks performed by members of the Supervisory Board.
It is recommended that information be provided on shares and options held by the individual members of the Supervisory Board in the company in question, and on any changes in these holdings during the financial year (V, 4d, 3).	The members of the Supervisory Board do not hold any options in the Company. The section on shareholder information in the Annual Report contains information on the Supervisory Board's total holding of shares in the Company, but the Supervisory Board does not consider it useful to disclose information on individual members' holdings. Trading in the Company's shares by members of the Supervisory Board is reported to the Danish Financial Supervisory Authority and published via NASDAQ OMX in accordance with the provisions of the Danish Securities Trading Act, and information on this is also available on the Company's website.
It is recommended that the annual report contain detailed information on remuneration policy and the remuneration of the individual members of the Supervisory Board and the Executive Board (VI, 2 and 4-5).	Carlsberg's Annual Report presents information on the Group's remuneration schemes, the remuneration components and the total remuneration of both the Supervisory Board and the Executive Board, cf. section 69 of the Danish Financial Statements Act. It is not considered useful or reasonable to publish information on the remuneration of individuals. Remuneration schemes (including severance agreements) and remuneration are believed to be in line with similar companies.
It is recommended that the exercise price for options granted be higher than the market price at the time they are granted (VI, 3).	In the current share-based option scheme, the exercise price corresponds to the market price during the first five days following the publication of the financial statement for the previous year, while the exercise price for share options granted under the long-term incentive programme corresponds to the market price during the first five days following the publication of the financial statement for the current year.

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.

Shareholder information

TRANSPARENT INFORMATION

By providing balanced and open information to the stock market, Carlsberg aims to create the best conditions to ensure efficient and fair pricing of its shares.

Carlsberg's shares are listed on NASDAQ OMX 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 NASDAQ OMX Copenhagen A/S's Nordic Large Cap and OMXC20 blue-chip indices. NASDAQ OMX 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.

The B share gained 124% in 2009 and ended the year at DKK 384, compared to DKK 171.25 at the end of 2008. The market value of the Company's shares was DKK 58.8bn at the end of 2009 compared to DKK 26.8bn at the end of 2008.

Annual General Meeting and dividend

The Company's Annual General Meeting will be held on Thursday 25 March 2010 at Forum Copenhagen, Julius Thomsens Plads 1F, Frederiksberg. The Parent Company has posted a profit for 2009 of DKK -86m. The Supervisory Board recommends that the Annual General Meeting approve payment of a dividend of DKK 3.50 per share. This will as last year involve a total payment of DKK 534m.

Shareholders

At 31 December 2009, the Company's largest shareholder was the Carlsberg Foundation. In accordance with section 29 of the Danish Securities Trading Act, Franklin Resources Inc., USA (including Franklin Mutual Advisers, LLC and Franklin Templeton Investment Management Ltd.) has notified Carlsberg that it owns more than 5% of the share capital.

At the end of 2009, Carlsberg had more than 60,000 registered shareholders, together holding nominal capital of DKK 2,566m, corresponding to 84% of the share capital.

Management holdings of Carlsberg shares

At the end of 2009, the members of the Supervisory Board held a total of 7,139 B shares in Carlsberg, corresponding to a market value of DKK 2.7m, and the members of the Executive Board held a total of 400 A shares and 8,328 B shares, corresponding to a market value of DKK 3.4m. In addition to this, the Executive Board have been granted 234,225 share options, corresponding to a market value of DKK 36m.

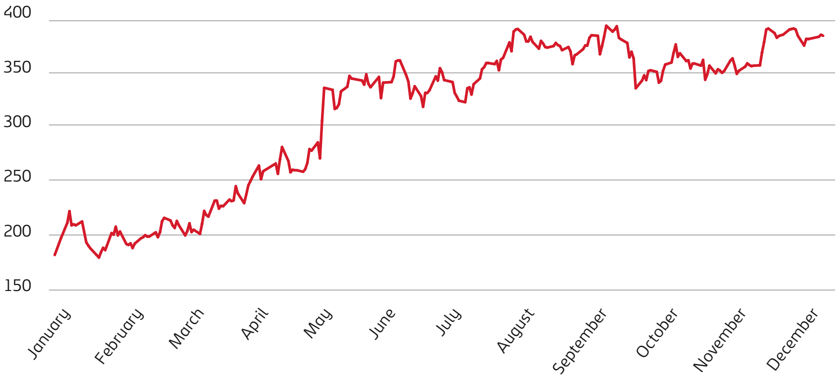
Members of the Supervisory Board and the Executive Board are included in Carlsberg's insider register and must therefore disclose any trading in the Company's shares. The members and their spouses and children under the age of 18 may trade in Carlsberg's shares only during a four-week period after the publication of financial statements or other similar statements.

Investor Relations

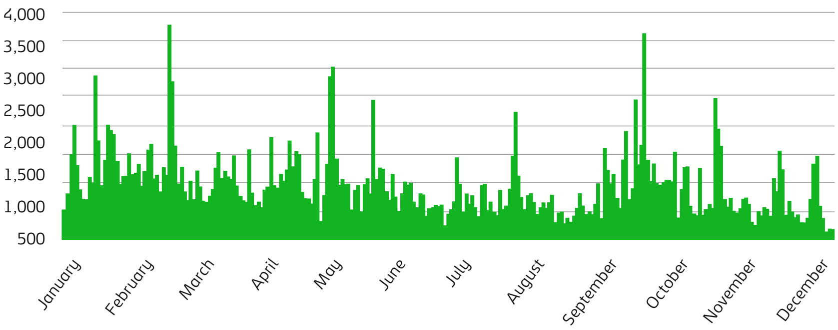
Carlsberg aims to give investors and analysts the best possible insight into factors considered relevant for ensuring efficient and fair pricing of Carlsberg's shares. This is achieved through the quality, consistency and continuity of the information provided by Carlsberg to the market.

As part of its investor relations work, Carlsberg maintains an active dialogue with both existing and poten-

Share price 2009
(DKK per share, Carlsberg B)



Trading volume 2009
('000 shares, Carlsberg B)



FINANCIAL CALENDAR 2010

Annual General Meeting

25 March
Annual General Meeting

Dividend

25 March
Dividend record date

26 March
Ex-dividend date

Quarterly financial statements

11 May
Interim results – Q1

17 August
Interim results – Q2

9 November
Interim results – Q3

SHAREHOLDERS (FREE FLOAT)

%	End-2009	End-2008	End-2007
Denmark	23	23	22
USA	27	22	32
UK	17	15	19
Other	33	40	27
Total	100	100	100

SHARE INFORMATION

Share class	Number of shares	Carlsberg Foundation	Votes per share	Par value	ISIN	Bloomberg	Reuters	Share price end of year	Proposed dividend per share
A	33,699,252	31,776,807	20	DKK 20	DK0010181676	CARLA DC	CARCa.CO	DKK 391.5	DKK 3.5
B	118,857,554	14,487,165	2	DKK 20	DK0010181759	CARLB DC	CARCb.CO	DKK 384.0	DKK 3.5
Total	152,556,886	46,263,972							

tial shareholders, including domestic and international institutional investors as well as private investors.

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

Vice President Peter Kondrup, +45 3327 1221
Manager Iben Steiness, +45 3327 1232
investor@carlsberg.com

Carlsberg's investor website 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.

A total of 39 analysts had initiated coverage of Carlsberg at the end of 2009, ten of them based in Denmark. A list of analysts covering Carlsberg, their recommendations and consensus estimates can also be found on the investor website.

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 annual reports and financial statements.

Registration and share register

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

Carlsberg's share register is managed by VP Securities A/S, Weidekampsgade 14, 2300 Copenhagen S, Denmark.

www.carlsberggroup.com/investor

Good stories between friends

UK

Despite a declining and in many respects challenging UK market in 2009, Carlsberg improved its performance strongly, delivering both volume growth and significant earnings improvement driven by a number of successful initiatives.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CARLSBERG GROUP

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Income statement

DKK million	Note	2009	2008
Revenue		75,676	76,557
Excise duties on beer and soft drinks etc.		-16,294	-16,613
Net revenue		59,382	59,944
Cost of sales	3	-30,197	-31,249
Gross profit		29,185	28,695
Sales and distribution expenses	4	-15,989	-17,592
Administrative expenses	5	-3,873	-3,934
Other operating income	6	554	1,178
Other operating expenses	6	-599	-450
Share of profit after tax, associates	17	112	81
Operating profit before special items		9,390	7,978
Special items	7	-695	-1,641
Financial income	8	609	1,310
Financial expenses	8	-3,599	-4,766
Profit before tax		5,705	2,881
Corporation tax	9	-1,538	312
Consolidated profit		4,167	3,193
Attributable to:			
Non-controlling interests	10	565	572
Shareholders in Carlsberg A/S		3,602	2,621

DKK			
Earnings per share	11		
Earnings per share		23.6	22.1
Earnings per share, diluted		23.6	22.1

Statement of comprehensive income

DKK million	Note	2009	2008
Profit for the year		4,167	3,193
Other comprehensive income:			
Foreign exchange adjustments of foreign entities	8	-3,135	-8,388
Value adjustments of hedging instruments	8, 34, 35	23	-1,552
Value adjustments of securities	8	1	115
Retirement benefit obligations	25	-382	-46
Value adjustment on step acquisition of subsidiaries	30	-	14,745
Share of other comprehensive income in associates	17	31	-
Other		-6	-9
Tax on changes in other comprehensive income	9	39	335
Other comprehensive income		-3,429	5,200
Total comprehensive income		738	8,393
Total comprehensive income attributable to:			
Non-controlling interests		171	1,777
Shareholders in Carlsberg A/S		567	6,616

Foreign exchange adjustments arise 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 a foreign entity.

Value adjustments of hedging instruments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and for which the hedged transaction has not yet been realised, and hedging transactions related to the Group's net investment in foreign entities.

Value adjustment on step acquisition of subsidiary relates to fair value revaluation of assets held by the Carlsberg Group – and recognised by proportionate consolidation – prior to obtaining complete control over the BBH Group as a result of the acquisition of part of the activities in S&N in 2008. The acquisition of additional ownership interests resulted in control, and in accordance with IFRS the acquired net assets were recognised at fair value at the acquisition date. The fair value adjustment of the assets held prior to the acquisition was recognised in other comprehensive income.

Statement of financial position

ASSETS

DKK million	Note	31 Dec. 2009	31 Dec. 2008
Non-current assets:			
Intangible assets	14, 15	81,611	84,091
Property, plant and equipment	15, 16	31,825	34,052
Investments in associates	17	2,667	2,224
Securities	18	94	118
Receivables	19	1,604	1,707
Deferred tax assets	26	1,483	1,254
Retirement benefit plan assets	25	2	2
Total non-current assets		119,286	123,448
Current assets:			
Inventories	20	3,601	5,228
Trade receivables	19	5,898	6,369
Tax receivables		175	262
Other receivables	19	1,750	3,095
Prepayments		666	1,211
Securities	18	17	7
Cash and cash equivalents	21	2,734	2,857
Total current assets		14,841	19,029
Assets held for sale	22	388	162
Total assets		134,515	142,639

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2009	31 Dec. 2008
Equity:			
Share capital	23	3,051	3,051
Reserves		-11,816	-9,063
Retained earnings		63,594	60,762
Equity, shareholders in Carlsberg A/S		54,829	54,750
Non-controlling interests		4,660	5,151
Total equity		59,489	59,901
Non-current liabilities:			
Borrowings	24	36,075	43,230
Retirement benefit obligations and similar obligations	25	2,153	1,793
Deferred tax liabilities	26	9,688	9,885
Provisions	27	1,353	1,498
Other liabilities	28	746	263
Total non-current liabilities		50,015	56,669
Current liabilities:			
Borrowings	24	3,322	5,291
Trade payables		7,929	8,009
Deposits on returnable packaging		1,361	1,455
Provisions	27	1,092	677
Corporation tax		411	279
Other liabilities etc.	28	10,845	9,905
Total current liabilities		24,960	25,616
Liabilities associated with assets held for sale	22	51	453
Total liabilities		75,026	82,738
Total equity and liabilities		134,515	142,639

Statement of changes in equity

DKK million	Share capital	Currency translation	Hedging reserves	Available for Sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
2009	Shareholders in Carlsberg A/S								
Equity at 1 January 2009	3,051	-7,693	-1,515	145	-9,063	60,762	54,750	5,151	59,901
Total comprehensive income for the year, cf. separate statement	-	-2,885	131	1	-2,753	3,320	567	171	738
Capital increase	-	-	-	-	-	-	-	7	7
Acquisition/disposal of treasury shares	-	-	-	-	-	-6	-6	-	-6
Share-based payment	-	-	-	-	-	52	52	-	52
Dividends paid to shareholders	-	-	-	-	-	-534	-534	-312	-846
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-357	-357
Total changes in equity	-	-2,885	131	1	-2,753	2,832	79	-491	-412
Equity at 31 December 2009	3,051	-10,578	-1,384	146	-11,816	63,594	54,829	4,660	59,489

DKK million	Share capital	Currency translation	Hedging reserves	Available for Sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
2008	Shareholders in Carlsberg A/S								
Equity at 1 January 2008	1,526	-170	41	26	-103	17,198	18,621	1,323	19,944
Total comprehensive income for the year, cf. separate statement	-	-7,523	-1,556	119	-8,960	15,576	6,616	1,777	8,393
Capital increase	1,525	-	-	-	-	28,413	29,938	15	29,953
Acquisition/disposal of treasury shares	-	-	-	-	-	2	2	-	2
Share-based payment	-	-	-	-	-	31	31	-	31
Dividends paid to shareholders	-	-	-	-	-	-458	-458	-265	-723
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-87	-87
Acquisition of entities	-	-	-	-	-	-	-	2,382	2,382
Disposal of entities	-	-	-	-	-	-	-	6	6
Total changes in equity	1,525	-7,523	-1,556	119	-8,960	43,564	36,129	3,828	39,957
Equity at 31 December 2008	3,051	-7,693	-1,515	145	-9,063	60,762	54,750	5,151	59,901

The proposed dividend of DKK 3.50 per share, in total DKK 534m (2008: DKK 3.50 per share, in total DKK 534m), is included in retained earnings at 31 December 2009. Dividends paid out in 2009 for 2008 amount to DKK 534m (paid out in 2008 for 2007: DKK 458m), which is DKK 3.50 per share (2008: DKK 4.84 per share). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg A/S.

Currency translation comprises accumulated 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.

Statement of cash flows

DKK million	Note	2009	2008
Operating profit before special items		9,390	7,978
Adjustment for depreciation and amortisation		3,769	3,628
Adjustment for impairment losses[1]		10	4
Operating profit before depreciation, amortisation and impairment losses		13,169	11,610
Adjustment for other non-cash items	29	265	-604
Change in working capital[2]	29	3,675	1,556
Restructuring costs paid		-507	-482
Interest etc. received		255	256
Interest etc. paid		-1,852	-3,010
Corporation tax paid		-1,374	-1,514
Cash flow from operating activities		13,631	7,812
Acquisition of property, plant and equipment and intangible assets		-2,767	-5,292
Disposal of property, plant and equipment and intangible assets		255	374
Change in trade loans	29	-411	-290
Total operational investments		-2,923	-5,208
Acquisition and disposal of entities, net	30	95	-51,438
Acquisitions of associates		-48	-587
Disposals of associates		-7	300
Acquisition of financial assets[3]		-11	-961
Disposal of financial assets		44	39
Change in financial receivables	29	-98	427
Dividends received		56	69
Total financial investments		31	-52,151
Other investments in property, plant and equipment		-388	-1,117
Disposal of other property, plant and equipment		198	1,323
Total other activities[4]		-190	206
Cash flow from investing activities		-3,082	-57,153
Free cash flow		10,549	-49,341
Shareholders in Carlsberg A/S	29	-540	29,482
Non-controlling interests	29	-591	-549
External financing[5]	29	-8,862	21,151
Cash flow from financing activities		-9,993	50,084
Net cash flow		556	743
Cash and cash equivalents at 1 January[6]		2,065	1,351
Foreign exchange adjustment of cash and cash equivalents at 1 January		-38	-29
Cash and cash equivalents at 31 December[6]	21	2,583	2,065

[1] Impairment losses excluding those reported in Special items.

[2] 2008 includes DKK 1,065m received regarding an agreement with The Coca-Cola Company in June 2008.

[3] 2008 includes cost of hedging instruments acquired in 2008 prior to the acquisition of part of the activities in S&N.

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

[5] 2008 includes loans raised for the financing of the acquisition of part of the activities in S&N and repayment of parts of the loan following the capital increase.

[6] Cash and cash equivalents less bank overdrafts.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Carlsberg Group's consolidated financial statements, management makes various accounting estimates and assumptions which form the basis of presentation, 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 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 international economic downturn continued in 2009, causing fluctuations in interest and currency exchange rates, which had a derived effect on the general economic situation and led to uncertainties about future economic development. The year also saw a general reduction in the consumption of many products, including beverages, and consumers having less financial capacity and optimism. The impact on the business development and 2009 financials is described in the Management review, especially the sections describing the segment developments.

Estimates in the consolidated financial statements for 2009 have been given special attention to ensure the economic risks and uncertainties are taken into consideration. It has been ensured that one-off effects which are not expected to exist in the long term do not affect estimation and determination of factors, including discount rates and expectations of the future.

The assessment of the value of assets acquired in S&N in 2008, including breweries, brands and goodwill, should be seen with the long-term perspective of the investment in mind.

The Carlsberg Group 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 Group are discussed in the relevant sections of the Management review and in the notes.

Assumptions about the future and estimation of uncertainty at the end of the reporting period are described in the notes when 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 acquisition method. The most significant assets acquired generally comprise goodwill, trademarks, non-current assets, receivables and inventories. No active market exists for the majority of acquired assets and liabilities, 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.

The unallocated purchase price (positive amounts) is recognised in the statement of financial position as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units, the cash-generating units that already existed in the Group and the allocation of goodwill. For the acquisition of part of the activities in S&N in 2008, the allocation of goodwill was based on the expected future cash flows for each activity. As the statement of net interest-bearing debt of S&N at 28 April 2008 has not yet been finally completed and agreed with the consortium partner, the total cost of acquisition might change. Management believes that the purchase price accounted for in the consolidated financial statements reflects the best estimate of the allocation of debt. Any change to net interest-bearing debt will most likely be allocated to one or a few major activities in the acquisition.

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. The estimated value of acquired trademarks includes all future cash flows associated with the trademarks, including the value of customer relations etc. related to the trademarks. For most entities acquired there is a close relationship between trademarks and sales. The consumers' demand for beer and other beverages drives sales and therefore the value of the brand is closely linked to consumer demands, while there is no separate value attached to customers (shops, bars etc.) as their choice of products is driven by consumer demands.

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 usually 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.

For each trademark or group of trademarks, measurement is based on the relief from royalty method under which the value is calculated based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life, royalty rate and growth 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 a risk premium associated with the particular trademark.

The estimates are based on assessments of the expected useful life of each trademark on the basis of its relative local, regional and global market strength. This assessment will also influence the estimate of the expected future royalty rate that may be obtained for each trademark in a royalty agreement entered into with a third party on market terms for each of the markets.

Annual assessment of trademarks. Management performs an annual assessment of whether the current market situation in the relevant market has reduced the value or changed the useful lives of trademarks. When there is an indication of a reduction in the value or useful life, the trademark is tested for impairment and is written down if necessary or the amortisation period is reassessed and if necessary changed in line with the trademark's shorter useful life. The impairment test of trademarks is based on the same approach used to determine the fair value at the acquisition date. Note 15 describes the impairment test performed at 31 December 2009.

Customer agreements and portfolios in business combinations. 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. Usually there is a particularly close relationship between trademark and sales, and no separate value for customer relations will be recognised in these cases, as these relations are closely associated with the value of the acquired trademarks.

Impairment testing. 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 cash-generating units are determined based on Group structure, linkage of the cash flows between entities and the individual entities' integration in regions or sub-regions. The structure and cash-generating units are reassessed each year.

The estimates of future 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. Projections beyond the next three years are based on general expectations and risks.

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

The cash flows used incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used. Potential upsides and downsides identified during the budget process and in the daily business are reflected in scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect, among other things, factors such as assumptions on market, price developments and input cost developments. 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 borrowing interest rate in each particular geographical area for the cash-generating units are used to calculate recoverable amounts.

Estimates of future earnings from trademarks with an indefinite useful life are made using the same approach used to measure trademarks in business combinations, cf. above. Assessment of indications of impairment of trademarks with indefinite useful lives is based on the Group's total royalty income for each trademark.

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 assets may be impaired. Due to the economic downturn some of the recently acquired trademarks with a finite useful life experienced a decline in revenue. These trademarks have been impairment-tested using the same model as for trademarks with an indefinite useful life. The test resulted in an impairment loss on trademarks with finite useful life of DKK 37m.

The discount rate is an after-tax wacc calculated country by country based on long-term expectations for each trademark.

For a description of impairment testing for intangible assets, see note 15.

Discount and growth rates applied for 2009. At year-end 2009, some risk-free interest rates – in particular short-term interest rates – were still impacted by the economic crisis. Investments in the Group's entities (goodwill) and trademarks are expected to be maintained for an indefinite period of time, which should be reflected in the discount rate. The discount rates used are based on the expectation that the financial markets will stabilise again in the long term, and the risk premium for the risk-free interest rate (spread) is fixed somewhat lower than the current market level and slightly higher than the market level in spring/summer 2008.

For each country the applied growth rates for projections and discount rates are compared to ensure a reasonable link between the two (real interest rate).

Fair value of property, plant and equipment. In business combinations, the fair value of land and buildings, standard production and office equipment is based, as far as possible, on the fair value of assets of similar type and condition that may be bought and sold in the open market.

Property, plant and equipment for which there is no reliable evidence in the market of the fair value (in particular breweries, including production equipment) are valued using the depreciated replacement cost method. This method is based on the replacement cost of a similar asset with similar functionality and capacity. The calculated replacement cost for each asset is then reduced to reflect functional and physical obsolescence.

The expected synergies and the user-specific intentions for the expected use of assets are not included in the determination of the fair value.

For a description of impairment testing for property, plant and equipment, see note 15.

Useful lives and residual values for intangible assets with finite useful life and property, plant and equipment. Intangible assets with finite useful life and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses. 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. Reassessment of the expected future use is as a minimum made in connection with an evaluation of changes in production structure, restructuring and brewery closures. 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 14 and 16.

For operating equipment in the on-trade, a physical inspection of assets is made 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 expected tax value 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.

Receivables. Receivables are measured at amortised cost less impairment.

Write-downs are made for bad debt losses due to inability to pay. If the ability to pay deteriorates in the future, further write-downs may be necessary. Management performs analysis on the basis of customers' expected ability to pay at the end of the reporting period, historical information on payment patterns and doubtful debts, and customer concentrations, customers' creditworthiness, including the impact of the economic downturn on the markets in general as well as on the individual customer, collateral received and the financial situation in the Group's sales channels.

With regard to loans to the on-trade, the individual Group companies manage and control these loans as well as standard trade credits in accordance with Group guidelines.

Derecognition of groups of receivables, e.g. in business combinations or other structured transactions, is based on management's judgement of contractual terms and other factors related to the transaction.

Write-downs made are expected to be sufficient to cover losses. The financial uncertainty associated with write-downs for bad debt losses is usually considered to be limited. As a result of the international economic crisis, the risk of bad debt losses has increased. This has been taken into consideration in the assessment of impairment at the end of the reporting period and in the general management and monitoring of usual trade credits and loans to the on-trade.

Retirement benefit obligations and similar obligations. When calculating the value of the Carlsberg Group's defined benefit plans, a number of significant actuarial assumptions are made, including discount rates, expected return on plan assets, expected growth in wages and salaries, mortality and retirement benefits. The range and weighted average for these assumptions are disclosed in note 25.

The value of the Group's defined 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

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

influences the classification as current or non-current liabilities respectively. Provision for losses on onerous procurement contracts is based on agreed terms with the supplier and expected fulfilment of the contract based on the current estimate of volumes and use of raw materials.

Warranty provisions are based on the substance of the agreements entered into, including the guarantees issued covering customers in the on-trade.

Provisions are disclosed in note 27 and contingent liabilities in note 37.

Assessment in applied accounting policies

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognised in the consolidated financial statements.

Such judgements include classification of shareholdings, including joint ventures, classification and recognition of financial instruments, recognition of revenue and excise duties, recognition of revenue from real estate projects, timing of the recognition of revenue and costs relating to loans to the on-trade, use of special items, measurement of inventories and classification of lease agreements.

Business combinations. When accounting for business combinations and new cooperation agreements, 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 interests 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 the financial statements differently 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. The effect has been limited considerably following the acquisition of control over the entities in the former BBH Group in connection with the acquisition of part of the activities in S&N in 2008. Key figures for proportionally consolidated entities are disclosed in note 33.

Financial instruments. When entering into financial instruments, management assesses whether the instrument is an effective hedge of recognised assets and liabilities, expected future cash flows or financial investments. The hedge effectiveness of recognised hedge instruments is assessed at least monthly, and any ineffectiveness is recognised in the income statement.

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 excluding 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.

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. At the end of 2009 all 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.

Loans to the on-trade. Under certain circumstances the Carlsberg Group grants loans to on-trade customers 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 revenue from the loan between income, customer discounts and other operating income. Management also assesses whether developments of importance to the on-trade could indicate impairment of on-trade loans in a country/market in general. Special attention is paid to changes following the economic downturn and its effect on the individual markets and segments. Such developments also include changes in local legislation, which may have an adverse effect on the earnings in the industry as a whole, and where the effect cannot be allocated to individual loans.

Special items. The use of special items entails management judgement in the separation from other items in the income statement, cf. the accounting policies. Special items constitute 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 carried out to enhance the Group's future earnings potential.

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

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, 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 be scrapped instead. Following the economic downturn, the individual entities in the Group have paid special attention to inventory turnover and the remaining shelf life when determining net realisable value and scrapping.

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 notes 37 and 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 Group's activities are segmented on the basis of geographical regions in accordance with the management reporting structure.

For segment reporting purposes, the Chief Operating Decision Maker is the Executive Committee. The Executive Committee manages and makes business decisions based on geographical regional information. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on financing and tax planning are made based on information for the Group as a whole and therefore not segmented. The "Not allocated" segment relates mainly to headquarters functions which consist of management fees, royalty charges, central marketing, sponsorships, receivables etc. and of eliminations. Intra-segment revenue is based on arm's length prices. The non-beverage activities are managed separately and therefore also shown separately. The segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Group.

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 non-brewing 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 15.

							2009
DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non-beverage	Carlsberg Group, total
Income statement:							
Net revenue	36,434	18,543	4,224	181	59,382	-	59,382
Intra-segment revenue	32	2	-	-34	-	-	-
Total net revenue	36,466	18,545	4,224	147	59,382	-	59,382
Share of profit/loss after tax in associates	7	-5	102	-	104	8	112
Operating profit before special items	4,237	5,289	666	-732	9,460	-70	9,390
Special items					-262	-433	-695
Financial items, net					-2,980	-10	-2,990
Profit before tax					6,218	-513	5,705
Corporation tax					-1,561	23	-1,538
Consolidated profit					4,657	-490	4,167
EBIT margin	11.6%	28.5%	15.8%		15.9%		15.8%

Not allocated net revenue, DKK 147m, consists of DKK 973m net revenue from other companies and activities and DKK -826m from eliminations of sales between these other companies and the segments.

Not allocated operating profit before special items, DKK -732m, consists of DKK -748m from other companies and activities and DKK 16m from eliminations.

Special items are affected by intra-Group sale between a company within the beverage activity and a company within other activities which is eliminated at Group level.

DKK million							
Other segment items:							
Total assets	50,183	69,002	7,368	-4,667	121,886	12,629	134,515
Invested capital, cf. note 31	28,466	63,270	5,154	464	97,354	12,184	109,538
Acquisition of property, plant and equipment and intangible assets	1,400	879	258	230	2,767	388	3,155
Depreciation and amortisation	2,119	1,349	208	77	3,753	16	3,769
Impairment losses	73	17	2	-	92	-	92

Not allocated total assets, DKK -4,667m, comprise entities that are not business segments and eliminations of investments in subsidiaries, receivables, loans etc.

NOTE 2 SEGMENT INFORMATION – CONTINUED

DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non-beverage	2008 Carlsberg Group, total
Income statement:							
Net revenue	37,059	19,136	3,552	197	59,944	-	59,944
Intra-segment revenue	69	1	3	-73	-	-	-
Total net revenue	37,128	19,137	3,555	124	59,944	-	59,944
Share of profit/loss after tax in associates	15	7	50	-	72	9	81
Operating profit before special items	3,953	4,108	511	-968	7,604	374	7,978
Special items					-1,641	-	-1,641
Financial items, net					-3,455	-1	-3,456
Profit before tax					2,508	373	2,881
Corporation tax					383	-71	312
Consolidated profit					2,891	302	3,193
EBIT margin	10.6%	21.5%	14.4%		12.7%		13.3%

Not allocated net revenue, DKK 124m, consists of DKK 894m net revenue from other companies and activities and DKK -770m from eliminations of sales between these other companies and the segments.

Not allocated operating profit before special items, DKK -968m, consists of DKK -964m from other companies and activities and DKK -4m from eliminations.

DKK million							
Other segment items:							
Total assets	45,556	71,351	6,803	5,958	129,668	12,971	142,639
Invested capital, cf. note 31	31,493	68,771	5,485	351	106,100	12,543	118,643
Acquisition of property, plant and equipment and intangible assets	2,517	2,149	391	235	5,292	1,117	6,409
Depreciation and amortisation	2,124	1,240	183	68	3,615	13	3,628
Impairment losses	336	-	-	-	336	-	336

Not allocated total assets, DKK 5,958m, comprise entities that are not business segments and eliminations of investments in subsidiaries, receivables, loans etc.

Information on geographical allocation of net revenue and non-current assets	Net revenue 2009	Net revenue 2008	Non-current assets 2009	Non-current assets 2008
Denmark (Carlsberg A/S's domicile)	4,847	4,838	2,298	2,384
Russia	15,580	13,671	59,349	37,047
Other countries	38,955	41,435	57,639	84,017
Total	59,382	59,944	119,286	123,448

The geographical allocation is made on the basis of the selling countries' domicile and comprises countries each accounting for more than 10% of the Group's consolidated net revenue as well as that of the domicile country.

Non-current assets comprise non-current assets other than financial instruments, deferred tax assets and retirement benefit plan.

Information on major customers. The Carlsberg Group does not have any customers that account for more than 10% of the Group's net revenue.

NOTE 3 COST OF SALES

DKK million	2009	2008
Cost of materials	16,981	16,879
Direct staff costs	1,270	1,508
Machinery costs	818	920
Depreciation, amortisation and impairment losses	2,581	2,513
Indirect production overheads	3,353	3,131
Purchased finished goods and other costs	5,194	6,298
Total	30,197	31,249
Of which staff costs, cf. note 12	2,529	2,535

NOTE 4 SALES AND DISTRIBUTION EXPENSES

DKK million	2009	2008
Marketing expenses	4,508	5,304
Sales expenses	4,837	4,899
Distribution expenses	6,644	7,389
Total	15,989	17,592
Of which staff costs, cf. note 12	4,517	4,440

NOTE 5 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2009	2008
KPMG:		
Statutory audit	29	43
Assurance engagements	1	10
Tax advisory	5	10
Other services	5	25

The statutory audit fees have decreased compared to 2008, which included the audit of the opening balances of each of the acquired entities in the acquisition of part of the activities in S&N.

In 2009 assurance engagements included fees for assurances in relation to the bond issue and other opinions to third parties. Tax advisory services mainly related to fees for assistance on Group restructuring projects and general tax consultancy.

In 2008 assurance engagements included fees for audit opinions issued in connection with the rights issue and the capital increase as well as other opinions to third parties. Tax advisory services related to the S&N transaction and general tax consultancy. Other services included assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and other services related to the capital increase in Carlsberg A/S in June 2008.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

DKK million	2009	2008
Other operating income:		
Gains on disposal of real estate under other activities	60	487
Gains on disposal of real estate within beverage activities	61	69
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	40	212
Interest and amortisation of on-trade loans	103	105
Rental income, real estate	53	65
Funding and grants received for research and development activities	23	21
Other	214	219
Total	554	1,178
Other operating expenses:		
Loss on disposal of real estate within beverage activities	-10	-
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	-61	-44
Losses and write-downs on on-trade loans	-97	-45
Real estate costs	-98	-95
Expenses relating to research centres	-167	-152
Other	-166	-114
Total	-599	-450
Of which staff costs, cf. note 12	-90	-106
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	-	184
Production costs	-	-107
Total	-	77

Gains on construction contracts are recognised under Gains on disposal of real estate under other activities and comprise a construction contract for owner-occupied property. The construction contract was completed and the real estate delivered in 2008.

Other operating income in 2008 included gains on disposal of trademarks of DKK 149m.

Funding and grants received for research and development activities include funding from the Carlsberg Foundation of DKK 14m (2008: DKK 11m) for the operation of the Carlsberg Laboratory.

NOTE 7 SPECIAL ITEMS

DKK million	2009	2008
Gain on sale of Braunschweig Brauerei and Fighter brand activities, Carlsberg Deutschland (2008: impairment of brewery)	49	-135
Impairment of finite brands	-37	-
Impairment (2008) and restructuring of Leeds Brewery, Carlsberg UK	-67	-197
Loss on disposal of Türk Tuborg	-	-232
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark	-40	-19
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-20	-30
Provision for onerous procurement contracts	-175	-245
Termination benefits etc. in connection with Operational Excellence programmes	-31	-150
Termination benefits in connection with restructuring of sales force, logistics and administration, Carlsberg UK	-34	-
Termination benefits etc., Carlsberg Italia	-56	-93
Termination benefits etc. in connection with restructuring, Brasseries Kronenbourg, France	-95	-291
Termination benefits in connection with restructuring, Carlsberg Deutschland	-72	-
Restructuring, Ringnes, Norway	-	-26
Other restructuring costs etc., other entities	-100	-154
Integration costs related to acquisition of part of the activities in S&N	-17	-69
Special items, net	-695	-1,641
If special items had been recognised in operating profit before special items, they would have been included in the following items:		
Cost of sales	-353	-919
Sales and distribution expenses	-157	-114
Administrative expenses	-179	-226
Other operating income	94	27
Other operating expenses	-100	-409
	-695	-1,641
Impairment of goodwill	-	-
Special items, net	-695	-1,641

Special items constitute significant items that cannot be attributed directly to the Group's ordinary operating activities and are significant over time.

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial items recognised in the income statement

DKK million	2009	2008
Financial income:		
Interest income	211	249
Dividends from securities	6	21
Fair value adjustments of financial instruments, net, cf. note 35	80	556
Realised gains on disposal of associates and securities	3	126
Expected return on plan assets, defined benefit plans	270	308
Other financial income	39	50
Total	609	1,310

Interest income relates to interest from cash and cash equivalents measured at amortised cost.

DKK million	2009	2008
Financial expenses:		
Interest expenses	-2,372	-2,635
Realised foreign exchange losses, net	-581	-1,358
Realised losses on disposal of securities	-41	-5
Impairment of financial assets	-119	-3
Interest cost on obligations, defined benefit plans	-342	-340
Other financial expenses	-144	-425
Total	-3,599	-4,766
Net financial items recognised in the income statement	-2,990	-3,456

Interest expenses primarily relate to interest on borrowings measured at amortised cost.

Interest, losses and write-downs from trade loans, which are measured at amortised cost, are included as revenue in other operating income (note 6), as such loans are seen as a prepaid discount to the customer.

In 2008 other financial expenses mainly consisted of payment to establish credit facilities and the fee for unutilised draws on these facilities. Approximately DKK 315m of the total financial expenses related to up-front and commitment fees etc. for establishing of financing related to the acquisition of part of the activities in S&N.

In addition, in 2008 fair value adjustments of financial instruments were affected by DKK 110m related to the inefficient portion of the currency options acquired to hedge the GBP exposure on the S&N transaction.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of self-constructed qualifying assets is 6.0%. The rate is a weighted average of borrowing costs as the Group has no specific borrowings to finance the qualifying assets.

In 2009 no interest has been capitalised as part of self-constructed qualifying assets (2008: DKK 0m).

Financial items recognised in other comprehensive income

DKK million	2009	2008
Foreign exchange adjustments of foreign entities:		
Foreign currency translation of foreign entities	-3,146	-8,319
Recycling of cumulative translation differences related to foreign entities disposed of in the year to income statement	11	-69
Total	-3,135	-8,388
Value adjustments of hedging instruments:		
Cash flow hedges, efficient portion of changes in fair value	-311	-1,984
Net change in fair value of cash flow hedges transferred to income statement	450	-27
Net investment hedges, net change in fair value	-116	459
Net change in fair value of net investment hedges transferred to income statement	-	-
Total	23	-1,552
Value adjustments of securities:		
Securities, net change in fair value	1	-33
Net change in fair value of securities transferred to income statement	-	-21
Net change in fair value of securities transferred to associates	-	169
Total	1	115
Net financial items recognised in other comprehensive income	-3,111	-9,825
Total net financial items recognised in comprehensive income	-6,101	-13,281

NOTE 9 CORPORATION TAX

DKK million	2009	2008
Tax for the year comprises:		
Current tax on profit for the year	1,584	1,072
Change in deferred tax during the year	-17	-227
Change in deferred tax from change in tax rate	-26	-1,508
Adjustments to tax for previous years	-42	16
Tax on comprehensive income for the year	1,499	-647
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	82	334
Tax for the year on items recognised in other comprehensive income	-23	1
Adjustments to tax for previous years	-20	0
Tax on other comprehensive income for the year	39	335
Tax on profit for the year recognised in income statement	1,538	-312
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25.0%	25.0%
Change in tax rate, foreign subsidiaries	-0.4%	-52.3%
Differences in tax rates, foreign subsidiaries	-2.6%	-3.6%
Adjustments to tax for previous years	-1.1%	-0.4%
Non-capitalised tax assets, net movements	2.1%	10.2%
Non-taxable income	-0.7%	-0.6%
Non-deductible expenses	3.7%	5.4%
Tax incentives etc.	-2.4%	-4.5%
Special items/tax in associates	1.1%	2.8%
Withholding taxes	2.3%	7.4%
Other	0.0%	-0.2%
Effective tax rate for the year	27.0%	-10.8%

Change in tax rate in foreign subsidiaries in 2008 mainly relates to the reduction of the corporate tax rate in Russia in 2009 from 24% to 20%.

Tax recognised in other comprehensive income:

	2009			2008		
DKK million	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Foreign exchange adjustments	-3,135	-	-3,135	-8,388	-	-8,388
Hedging instruments	23	-38	-15	-1,552	325	-1,227
Securities	1	-	1	115	4	119
Retirement benefit obligations	-382	75	-307	-46	6	-40
Share of other comprehensive income in associates	31	-	31	-	-	-
Value adjustment on step acquisition of subsidiary	-	-	-	14,745	-	14,745
Other	-6	2	-4	-9	-	-9
Total	-3,468	39	-3,429	4,865	335	5,200

DKK million	2009	2008
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	-939	2,436
Deferred tax from change in tax rate	-26	-1,508
Intangible assets and property, plant and equipment etc.	1,004	-2,328
Change in deferred tax recognised in the income statement	39	-1,400

Adjustment to tax for previous years, DKK -20m, is included in the tax expense for hedging instruments.

NOTE 10 NON-CONTROLLING INTERESTS

DKK million	2009	2008
Non-controlling interests' share of profit for the year relates to the following:		
Baltika Breweries	413	445
Other entities in Eastern Europe	23	-40
Northern & Western Europe	37	73
Carlsberg Brewery Malaysia Berhad	58	57
Other entities in Asia	34	35
Other, non-beverage	-	2
Total	565	572

NOTE 11 EARNINGS PER SHARE

In 2008 Carlsberg adjusted the calculation of basic and diluted earnings per share for the current year as well as the comparative years in accordance with IAS 33 Earnings per Share. The standard requires that if the number of ordinary shares outstanding increases as a result of a bonus element in a rights issue to existing shareholders, the per share calculation for the current and any prior periods presented shall be based on the new number of shares.

As the Carlsberg rights issue in May 2008 was offered to all existing shareholders, the number of ordinary shares to be used in calculating basic and diluted earnings per share for all periods prior to the rights issue is the number of ordinary Carlsberg B shares outstanding before the issue, multiplied by an adjustment factor calculated as the fair value of B shares in Carlsberg A/S immediately before the exercise of rights divided by the theoretical ex-rights fair value per share.

The theoretical ex-rights fair value per share is calculated by adding the aggregate market value of the shares immediately before the exercise of the rights to the proceeds from the exercise of the rights, and dividing by the number of shares outstanding after the exercise of the rights.

The closing price of Carlsberg's B share on 21 May 2008 was DKK 651.

The price of Carlsberg's new B shares, cf. prospectus published on 15 May 2008, was DKK 400.

Resulting adjustment factors:
Exercise price: 1.23882017

DKK million	2009	2008
Consolidated profit	4,167	3,193
Non-controlling interests	-565	-572
Shareholders in Carlsberg A/S	3,602	2,621
1,000 shares		
Average number of shares	152,550	118,785
Average number of treasury shares	-7	-7
Average number of shares outstanding	152,543	118,778
Average dilutive effect of outstanding share options	104	-
Diluted average number of shares outstanding	152,647	118,778
DKK		
Earnings per share of DKK 20 (EPS)	23.6	22.1
Diluted earnings per share of DKK 20 (EPS-D)	23.6	22.1

Diluted earnings per share exclude from the calculation 913,743 share options (2008: 1,577,786) that do not have a dilutive effect due to the sum of the exercise price and the fair value of the options at grant date being higher than the average market price of the Carlsberg B share in the year.

NOTE 12 STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD, THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2009	2008
Salaries and other remuneration	7,467	6,831
Severance pay	264	198
Social security costs	1,077	988
Retirement benefit costs – defined contribution plans	170	155
Retirement benefit costs – defined benefit plans	115	90
Share-based payment	52	31
Other employee benefits	79	421
Total	9,224	8,714
Staff costs are included in the following items in the income statement:		
Cost of sales	2,579	2,535
Sales and distribution expenses	4,517	4,440
Administrative expenses	1,644	1,517
Other operating expenses	90	106
Special items (restructuring)	394	116
Total	9,224	8,714

The Group had an average of 43,271 (2008: 45,505) full-time employees during the year.

	2009		2008	
DKK million	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Remuneration of Group Executive Board and executive employees:				
Salaries and other remuneration	30	65	27	53
Retirement benefit costs	-	4	-	3
Share-based payment	6	13	3	3
Total	36	82	30	59

Following the acquisition of part of the activities in S&N the salary to the Group Executive Board increased as of May 2008. The salary and other remuneration have not increased during 2009 and will not increase during 2010.

Remuneration of the Group Executive Board and executive employees is based on a fixed salary and cash bonus payments of up to 60% of the fixed salary and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes and incentive schemes have been established for the Group Executive Board, executive employees and other key management personnel as defined in note 13. These programmes and schemes cover a number of years.

Employment contracts for members of the Group Executive Board contain terms and conditions that are considered 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 members of the Executive Committee, Senior Vice Presidents and Vice Presidents heading Group functions at Carlsberg's headquarters in Copenhagen, a total of 18 persons (2008: 21 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Supervisory Board of Carlsberg A/S received remuneration of DKK 6m (2008: DKK 6m) for duties performed in the Company and some subsidiaries. The remuneration is a fixed annual amount. The Supervisory Board is not included in share option programmes, retirement benefit plans and other schemes. No agreements have been entered into concerning termination benefits and no such payments were made.

NOTE 13 SHARE-BASED PAYMENT

The Carlsberg Group has set up share option programmes to attract, retain and motivate the Group's Executive Board and key management personnel and to align their interests with those of the shareholders. Key management personnel comprises the Executive Committee, Senior Vice Presidents, Vice Presidents and other key employees as well as the management of significant subsidiaries. No share option programme has been set up for Carlsberg A/S's Supervisory Board.

Since 2001 the Carlsberg Group has issued share options yearly to the Group's key management personnel as part of their remuneration package. In 2008 the Carlsberg Group introduced an additional long-term incentive programme. The long-term incentive programme can be settled as either a regular cash bonus or as share options. The value of the remuneration received under the long-term incentive programme is calculated as a predetermined percentage of the employee's yearly salary.

If an employee in the long-term incentive programme chooses settlement in share options, the employee will be awarded the number of share options calculated as the value of the predetermined percentage of the employee's salary divided by the fair value of one share option. The exact number of share options granted under the long-term incentive programme each year will be determined after publication of the Annual Report. The granted number of options included in the specification below is the estimated number of options that would be granted when applying the assumptions available at 31 December of the reporting year. When the actual value per share option is determined after the publication of the Annual Report in February of the next year, the number of granted options will be adjusted.

The general terms and conditions for the two programmes:

	Share option programme	Long-term incentive programme
Vesting conditions	3 years of service	3 years of service and Group's financial performance in the service period
Earliest time of exercise	3 years from grant date	3 years from grant date
Latest time of exercise	8 years from grant date	6 years from grant date
Time of valuation of option	Immediately after publication of the Annual Report for the Group for the prior reporting period	Immediately after publication of the Annual Report for the Group for the current reporting period

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 or 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 2009 totalled 3,472 shares (2008: 3,276 shares).

After the rights issue in Carlsberg A/S in 2008, an adjustment was made to the share option programme which existed at the time of the rights issue to ensure that holders of share options receive the same nominal yield on a given increase in the share price. The exercise price of the options has been adjusted for the bonus element on the issue of new shares at a discount. The bonus element has been calculated as described in note 11, Earnings per share. Correspondingly, the number of granted options was adjusted by a factor calculated as 1 divided by the bonus element. These adjustments meant that the fair value of the share option programme in place at the time of the rights issue was unchanged. In connection with the adjustments, comparative figures have been restated.

In 2009, a total of 444,164 (2008: 799,942) share options were granted to 217 (2008: 173) key employees. The fair value at grant date of these options was a total of DKK 51m (2008: DKK 74m). The fair value is recognised in the income statement over the vesting period of three years. In 2009, DKK 15m was recognised in respect of share options granted (2008: DKK 20m). The total cost of share-based payment was DKK 52m (2008: DKK 31m) in respect of options granted in the period 2006-2009 (2008: 2005-2008) and included options granted under the long-term incentive programme. The cost of share-based payment is included in staff costs. At 31 December 2009, an amount of DKK 63m (2008: DKK 73m) has not been recognised in respect of current share option programmes.

The fair value of granted share options is estimated using the Black-Scholes call option pricing model based on the exercise price. The fair value at 31 December 2009 was DKK 270m (2008: DKK 41m), which is DKK 229m higher than at year-end 2008.

The number of options granted under the long-term incentive programme is adjusted annually during the vesting period (three years). The total outstanding options at 31 December 2009, 311,832, relate to the Group's long-term incentive programme, of which 90,789 will be adjusted in 2010, 90,789 in 2011 and 53,645 in 2012. In 2009 the preliminary number of options regarding options granted in 2008 has been adjusted to 76,609 based on the assumptions available after publishing the Annual Report for 2008. These assumptions are presented below. The change in assumptions led to a negative adjustment of 116,027 options regarding 2008.

At 31 December 2009 the exercise price for outstanding share options was in the range of DKK 173.12 to DKK 490.55 (2008: DKK 173.12 to DKK 490.55). The average remaining contractual life was 5.1 years (2008: 5.6 years).

NOTE 13 SHARE-BASED PAYMENT – CONTINUED

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2009	Granted/ grant adjusted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2009	For exercise 31 Dec.	Fixed, weighted average	DKK per option, weighted average	31 Dec. 2009	31 Dec. 2008
Executive Board:												
2001	2004-2009	9,105	-	-9,105	-	-	-		312.02			-
2002	2005-2010	9,105	-	-	-	-	9,105	9,105	261.39	122.60	1	-
2003	2006-2011	13,008	-	-	-	-	13,008	13,008	173.12	211.27	3	1
2004	2007-2012	13,008	-	-	-	-	13,008	13,008	216.65	180.37	2	-
2005	2008-2013	12,388	-	-	-	-	12,388	12,388	232.71	179.06	2	-
2006	2009-2014	12,388	-	-	-	-	12,388	12,388	306.89	139.55	2	-
2007	2010-2015	24,776	-	-	-	-	24,776		472.11	111.82	3	1
2008	2011-2016	89,552	-	-	-	-	89,552		490.55	136.10	12	3
2009	2012-2017		60,000	-	-	-	60,000		203.50	237.37	14	
Total		183,330	60,000	-9,105	-	-	234,225	59,897			39	5
Key management personnel:												
2001	2004-2009	7,805	-	-7,805	-	-	-		312.02			-
2002	2005-2010	9,756	-	-	-3,902	-5,854	-	-	261.39	122.60	-	-
2003	2006-2011	18,273	-	-	-1,951	-10,469	5,853	5,853	173.12	211.27	1	1
2004	2007-2012	36,777	-	-	-2,632	-11,382	22,763	22,763	216.65	180.37	4	1
2005	2008-2013	82,486	-	-1,858	-11,148	-14,042	55,438	55,438	232.71	179.06	10	2
2006	2009-2014	152,273	-	-7,123	-19,509	-24,980	100,661	100,661	306.89	139.55	14	3
2007	2010-2015	175,108	-	-18,890	-	-31,587	124,631		472.11	111.82	14	3
2008	2011-2016	707,293	-116,027	-65,241	-	-99,718	426,307		446.90	136.10	55	22
2009	2012-2017		384,164	-12,500		-25,514	346,150		268.90	237.37	72	
Total		1,189,771	268,137	-113,417	-39,142	-223,546	1,081,803	184,715			170	32
Resigned employees:												
2001	2004-2009	14,340	-	-14,340	-	-	-		312.02			-
2002	2005-2010	20,812	-	-	-1,951	5,854	24,715	24,715	261.39	122.60	3	-
2003	2006-2011	29,918	-	-	-1,951	10,469	38,436	38,436	173.12	211.27	8	1
2004	2007-2012	37,722	-	-	-3,902	11,382	45,202	45,202	216.65	180.37	8	1
2005	2008-2013	32,106	-	-	-1,858	14,042	44,290	44,290	232.71	179.06	8	1
2006	2009-2014	36,958	-	-	-	24,980	61,938	61,938	306.89	139.55	9	1
2007	2010-2015	32,829	-	-	-	31,587	64,416		472.11	111.82	7	-
2008	2011-2016	-	-	-	-	99,718	99,718		446.90	136.10	13	-
2009	2012-2017		-	-	-	25,514	25,514		268.90	237.37	5	
Total		204,685	-	-14,340	-9,662	223,546	404,229	214,581			61	4
Total		1,577,786	328,137	-136,862	-48,804	-	1,720,257	459,193			270	41

	2009					2008				
	Group Executive Board	Key management personnel	Resigned employees	Total	Average exercise price	Group Executive Board	Key management personnel	Resigned employees	Total	Average exercise price
Share options outstanding at 1 January	183,330	1,189,771	204,685	1,577,786	384.76	93,778	590,004	201,216	884,998	317.61
Granted	60,000	268,137	-	328,137	268.90	89,552	710,390	-	799,942	446.90
Expired/forfeited	-9,105	-113,417	-14,340	-136,862	393.13	-	-29,530	-2,478	-32,008	368.89
Exercised	-	-39,142	-9,662	-48,804	258.89	-	-63,440	-11,706	-75,146	259.54
Transferred	-	-223,546	223,546	-	-	-	-17,653	17,653	-	-
Share options outstanding at 31 December	234,225	1,081,803	404,229	1,720,257	353.56	183,330	1,189,771	204,685	1,577,786	352.66
Exercisable at 31 December	59,897	184,715	214,581	459,193	252.82	56,614	155,097	134,898	346,609	228.57
Exercised options as % of share capital	0.00%	0.03%	0.01%	0.03%		0.00%	0.04%	0.01%	0.05%	

The average share price at the exercise date for share options was DKK 372 (2008: DKK 485).

NOTE 13 SHARE-BASED PAYMENT – CONTINUED

The assumptions underlying the calculation of the grant date fair value for share options granted in 2009 and 2008 are as follows:

	2009		2008		
Grant	Ordinary share options	Long-term incentive (prelim.)	Ordinary share options	Long-term incentive (final)	Long-term incentive (prelim.)
Fair value per option, DKK	88.41	158.73	157.54	73.07	53.80
Share price, DKK	203.50	384.00	490.55	203.50	171.25
Exercise price, DKK	203.50	384.00	490.55	203.50	171.25
Volatility	52%	57%	19%	52%	50%
Risk-free interest rate	3.0%	2.3%	3.3%	2.4%	2.7%
Dividend yield	1.7%	0.9%	0.8%	1.7%	3.5%
Expected life of share options, years	5.5	3.6	5.9	3.5	3.7

The share price and the exercise price for share options are calculated as the average price of Carlsberg A/S's class B shares on NASDAQ OMX Copenhagen A/S in the first five trading days after the publication of Carlsberg A/S's Annual Report following the granting of the options, or after the grant date if this is different from the date of publication. The preliminary share price and exercise price for share options granted under the long-term incentive programme is the last available price before 31 December of the reporting year.

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 3.6 per share (2008: DKK 6.0 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 14 INTANGIBLE ASSETS

DKK million	Goodwill	Trademarks	Other intangible assets	Pre-payments	2009 Total
Cost:					
Cost at 1 January 2009	48,162	35,478	1,727	34	85,401
Additions	335	-	349	31	715
Disposal of entities	-190	-	-18	-	-208
Disposals	-	-	-39	-1	-40
Foreign exchange adjustments etc.	-1,379	-1,307	21	-	-2,665
Transfers	-	-	24	-25	-1
Cost at 31 December 2009	46,928	34,171	2,064	39	83,202
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2009	13	151	1,146	-	1,310
Amortisation	-	35	200	-	235
Impairment losses	-	37	-	-	37
Disposal of entities	-	-	-9	-	-9
Disposals	-	-	-20	-	-20
Foreign exchange adjustments etc.	4	2	32	-	38
Amortisation and impairment losses at 31 December 2009	17	225	1,349	-	1,591
Carrying amount at 31 December 2009	46,911	33,946	715	39	81,611

DKK million	2009	2008
Amortisation and impairment losses for the year are included in:		
Cost of sales	39	21
Sales and distribution expenses	45	39
Administrative expenses	151	133
Special items	37	-
Total	272	193

NOTE 14 INTANGIBLE ASSETS – CONTINUED

DKK million	Goodwill	Trademarks	Other intangible assets	Pre-payments	2008 Total
Cost:					
Cost at 1 January 2008	16,956	3,926	1,530	146	22,558
Acquisition of entities	34,020	18,803	111	-	52,934
Value adjustment on step acquisition of subsidiaries	-	16,388	15	-	16,403
Reversal of cost related to step acquisition	-	-	-50	-	-50
Additions	231	-	150	17	398
Disposal of entities	-	-	-33	-	-33
Disposals	-72	-	-98	-	-170
Foreign exchange adjustments etc.	-2,973	-3,639	-43	-1	-6,656
Transfers	-	-	145	-128	17
Cost at 31 December 2008	48,162	35,478	1,727	34	85,401
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2008	10	122	1,219	2	1,353
Reversal of cumulative amortisation related to step acquisition	-	-	-50	-	-50
Amortisation	-	32	161	-	193
Disposal of entities	-	-	-30	-	-30
Disposals	-	-	-89	-	-89
Foreign exchange adjustments etc.	3	-3	-65	-	-65
Transfers	-	-	-	-2	-2
Amortisation and impairment losses at 31 December 2008	13	151	1,146	-	1,310
Carrying amount at 31 December 2008	48,149	35,327	581	34	84,091

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

DKK million	2009	2008
Acquisition of non-controlling interests	335	231
Acquisition of entities, cf. note 30	-	34,020
Total	335	34,251

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 33,401m (2008: DKK 34,683m) at 31 December 2009, equivalent to 98% (2008: 98%) of the capitalised trademarks – primarily the Carlsberg, Tuborg, Baltika, Kronenbourg, 1664 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.

Goodwill is determined as the difference between purchase price and the fair value of acquired assets, liabilities and contingent liabilities in each business combination. Goodwill is allocated to the individual cash-generating units based on an allocation of the purchase price less the fair value of acquired assets, liabilities and contingent liabilities in each entity. It is management's assessment that the allocation is based on documented estimates, taking into consideration the uncertainties inherent in determining the cash flows of the acquired cash-generating units.

Value adjustment on step acquisition of subsidiaries in 2008 relates to fair value revaluation of assets held by the Carlsberg Group – and recognised by proportionate consolidation – prior to obtaining control over the BBH Group as a result of the acquisition of part of the activities in S&N in 2008. The acquisition of additional ownership interests resulted in control, and in accordance with IFRS the acquired intangible assets were recognised at fair value at the acquisition date. The fair value adjustment of the assets held prior to the acquisition has been recognised in other comprehensive income.

The carrying amount of other intangible assets at 31 December 2009 included capitalised software costs of DKK 342m (2008: DKK 300m) and beer delivery rights of DKK 59m (2008: DKK 66m).

Research and development costs of DKK 101m (2008: DKK 106m) have been recognised in the income statement.

NOTE 15 IMPAIRMENT TEST

Goodwill and trademarks with an indefinite useful life

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

DKK million	Goodwill	Trademarks [1]	Total	2009 %
Northern & Western Europe	20,317	6,446	26,763	33%
Eastern Europe	24,309	26,955	51,264	64%
Asia	2,285	-	2,285	3%
Total	46.911	33,401	80,312	100%

DKK million	Goodwill	Trademarks [1]	Total	2008 %
Northern & Western Europe	14,555	3,439	17,994	22%
Eastern Europe	23,881	28,244	52,125	63%
Asia	1,506	-	1,506	2%
Carlsberg Breweries A/S [2]	8,207	3,000	11,207	13%
Total	48,149	34,683	82,832	100%

[1] The trademark is allocated to the segment that owns the trademark. Royalty income generated by the trademark is earned globally and based on the Group's total income.

[2] Relates to Carlsberg A/S's acquisition of the non-controlling holding in Carlsberg Breweries A/S in 2004, which from 2009 has been re-allocated to the regions.

General assumptions

The Carlsberg Group annually performs impairment tests of goodwill for the Group's cash-generating units and for trademarks with an indefinite useful life. Intangible assets with finite life and property, plant and equipment are tested if there are specific indications of impairment. The Carlsberg Group has performed impairment tests of the carrying amounts based on the budgets and business plans approved by the Supervisory Board and the Executive Board in December 2009.

Goodwill and trademarks related to Baltika Breweries (Russia), Brasseries Kronenbourg (France) and the acquisition of the 40% non-controlling holding in Carlsberg Breweries A/S each comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009.

Trademarks

Trademarks are individually impairment-tested at Group level. The impairment test is performed using the relief from royalty method and is based on expected future free cash flows from the Group's total calculated royalty income generated by the individual trademark for the next 20 years and projections for subsequent years. Key assumptions include revenue, royalty rate, expected useful life, growth 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 a risk premium associated with the particular trademark.

The royalty rate is based on the actual market position of the trademark in the individual global, regional and local markets. If external licence agreements concerning each individual trademark already exist, the market terms of such agreements are considered when assessing the royalty rate which the trademark is expected to generate in a transaction with independent parties.

For each individual trademark a 20-year curve is projected reflecting the expected future growth in revenue per year. Depending on the expectations for the individual trademarks, the growth in individual years is above, equal or even below the current inflation level in the countries where the individual trademarks are sold. The curve for each individual trademark is determined with reference to its market position, overall market conditions of the market where the trademark is marketed, as well as regional and national macroeconomic trends etc. For some trademarks national, regional and international potential has been linked to the value of the trademark and significant investments in terms of product development and marketing strategy are expected to be made. For these trademarks the expected growth is generally higher than for other otherwise comparable trademarks in the projection period, especially in the beginning of the 20-year period. The growth rates determined for the terminal period are in line with the expected rate of inflation.

The tax rate is the expected future tax rate in each country, based on current legislation. The impairment test at year-end 2009 incorporates tax rates of 10-34%.

The impairment test of trademarks is based on the same approach used for determining the fair value of the trademark at the acquisition date.

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 and the carrying amount of the individual trademark.

Goodwill

The impairment test of goodwill is performed at a regional level for Northern Europe, Western Europe and Eastern Europe, while entities in Asia are tested at sub-regional levels. Entities that are less integrated in regions or sub-regions are tested at individual entity level. The cash-generating units are based on the management structure. The management of the Group is being centralised and driven through the regional managements, which are responsible for performance, investments and growth initiatives in their respective regions.

NOTE 15 IMPAIRMENT TEST – CONTINUED

The change in management structure and responsibilities is resulting in optimisations across countries focusing on the whole Group or region – not just on the specific country. The change in procurement and sourcing between countries is increasing the intercompany trade/transactions and the profit allocation will change due to transfer-pricing allocation of profits.

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 (value in use) is based on budgets and business plans for the next three years and projections for subsequent years. Key parameters include revenue growth, 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 commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. The impairment test is based on scenarios for possible future cash flows. Potential upsides and downsides identified during the budget process and in the daily business are reflected in scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect, among other things, different assumptions of combinations of market, price and input cost developments. Projections beyond the next three years are based on general expectations and risks. The terminal value beyond the next three years takes into account the 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 presented below.

Pre-tax discount rates are applied in calculating the recoverable amounts and reflect the risk-free borrowing rate in each particular geographical segment.

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 and the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

Property, plant and equipment

Property, plant and equipment are impairment-tested if there are indications of impairment, e.g. when considering restructuring programmes. Each individual impairment test is based on the lowest cash-generating unit affected by the changes that indicate impairment. The impairment test is based on budgeted and estimated cash flows from the cash-generating unit. The pre-tax discount rate reflects the risk-free interest rate with the addition of a risk premium associated with the particular asset.

Significant assumptions

	Growth in the terminal period		Discount rates[1]	
	2009	2008	2009	2008
Goodwill:				
Northern & Western Europe	1.5%	1.5%	4.2-4.8%	3.9-13.3%
Eastern Europe	2.5%	2.5%	9.2%	7.9-16.1%
Asia	2.5%	2.5%	4.8-12.1%	3.9-13.0%
Trademarks	2-5%	1-5%	5.8-16.2%	6.7-16.4%

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

Growth rates are determined for each individual cash-generating unit and trademark. For the terminal period, a growth rate equal to the expected rate of inflation is applied.

At year-end 2009, risk-free interest rates in some countries were still impacted extraordinarily as a result of the international economic crisis. Consequently, the impairment test for 2009 applies discount rates based on the expectation that the financial markets will stabilise again in the long term. The pre-tax risk-free borrowing interest rate is used for impairment testing of goodwill.

The discount rate used in impairment tests of trademarks is a post-tax discount rate for each country. In determining the discount rate, a risk premium on the risk-free interest rate (spread) is fixed somewhat lower than the current market level. Accordingly, the spread is higher than the rates applicable to the Group's borrowings and reflects management's expectations of the spread for future borrowings.

For each region, sub-region or individually tested entity, the applied growth rates for projections and discount rates are compared to ensure a reasonable link between the two (real interest rate).

Northern & Western Europe is generally characterised by stable or declining volumes and by growth markets in the central and eastern parts of the region. The entire region continues to experience strong competition, requiring ongoing optimisation of cost structures and use of capital. Revenue is expected to increase in the next three years, while the ongoing Excellence programmes and restructuring initiatives already implemented in key countries and under implementation in other countries are expected to contribute to productivity improvements and cost savings. Some countries will continue to be characterised by a high level of investment as a result of changes to the production structure.

Eastern Europe has – following the economic crisis – experienced a decline in volumes during 2009. In 2010 increasing market shares driven by investments in capacity, marketing, innovation and new product launches are expected. In the longer run increases in revenue are expected in the region.

Asia is a growth area, with significant growth in China and Indochina in particular. Increases in revenue in the emerging markets are expected, while more stable earnings are expected in the mature markets.

NOTE 15 IMPAIRMENT TEST – CONTINUED

Impairment losses

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

DKK million	2009	2008
Trademarks:		
Trademarks with finite useful life	37	-
Property, plant and equipment:		
Impairment of Leeds Brewery, Carlsberg UK	-	197
Impairment of Braunschweig Brewery, Carlsberg Deutschland	-	135
Other	55	4
Total	92	336

The impairment losses on trademarks with a finite useful life in 2009 relate to minor local trademarks in Latvia and Kazakhstan that have suffered from the economic crisis and therefore showed a recoverable amount below the carrying amount. The trademarks are therefore written down to the lower recoverable amount. The impairment of property, plant and equipment relates to restructuring projects resulting in a declining recoverable amount of tangible assets.

The impairment losses in Carlsberg UK in 2008 relate to the Leeds site. Due to the proposed closure of the brewery, the impairment test of the cash-generating unit for the Leeds site showed a recoverable amount below the carrying amount. The decline in the recoverable amount was mainly due to the decline in the property market in the last quarter of 2008. The brewery was written down (in 2008) to its fair value as this value was higher than the value in use.

Following the economic crisis, one of the activities in Carlsberg Deutschland was loss-making in 2008, partly due to difficult market conditions. The activity was taking up the full capacity of one of Carlsberg Deutschland's breweries, which resulted in a recoverable amount of the brewery that was lower than the carrying amount. The brewery was therefore written down to the value in use.

The impairment losses of DKK 82m are recognised under special items in the income statement, while DKK 10m has been included in cost of production. The impairment losses are included in the segments, cf. note 2.

Sensitivity test

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 2009. A sensitivity test has been performed to determine the lowest growth in the terminal period and the highest increase in discount rates that can be achieved for each of the regions without resulting in any impairment losses.

Goodwill. Sensitivity tests show that for the region or entity with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 9 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 3 percentage points in Asia without resulting in any impairment losses. Alternatively, the discount rate can increase by around 7 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 3 percentage points in Asia without resulting in any impairment losses.

Trademarks. Sensitivity tests show that for the trademark with indefinite useful life with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 1 percentage point in Northern & Western Europe and in Eastern Europe without resulting in any impairment losses. Alternatively, the discount rate can increase by around 0.5 percentage points in Northern & Western Europe and in Eastern Europe without resulting in any impairment losses.

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total 2009
Cost:					
Cost at 1 January 2009	17,551	27,535	8,687	2,793	56,566
Additions	184	793	778	1,090	2.845
Disposal of entities	-197	-323	-85	-7	-612
Disposals	-181	-1.700	-683	-141	-2.705
Foreign exchange adjustments etc.	-89	-186	94	-49	-230
Transfers	1,328	-88	1.220	-2,215	245
Transfer to/from assets held for sale	-318	-220	203	-	-335
Cost at 31 December 2009	18,278	25,811	10,214	1,471	55,774
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2009	4,417	12,599	5,498	-	22,514
Disposal of entities	-132	-286	-59	-	-477
Disposals	-109	-1,553	-657	-	-2,319
Depreciation	599	1,490	1,445	-	3,534
Impairment losses	15	28	12	-	55
Foreign exchange adjustments etc.	78	168	130	-	376
Transfers	38	274	-20	-	292
Transfer to/from assets held for sale	-4	-19	-3	-	-26
Depreciation and impairment losses at 31 December 2009	4,902	12,701	6,346	-	23,949
Carrying amount at 31 December 2009	13,376	13,110	3,868	1,471	31,825
Assets held under finance leases:					
Cost	7	53	21	-	81
Depreciation and impairment losses	-2	-43	-4	-	-49
Carrying amount at 31 December 2009	5	10	17	-	32
Carrying amount of assets pledged as security for loans	1,267	-	-	462	1,729

DKK million	2009	2008
Depreciation and impairment losses are included in:		
Cost of sales	2,542	2,492
Sales and distribution expenses	803	778
Administrative expenses	199	169
Special items	45	332
Total	3,589	3,771

NOTE 16 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total 2008
Cost:					
Cost at 1 January 2008	12,739	23,544	8,707	2,784	47,774
Acquisition of entities	3,812	5,351	549	1,011	10,723
Value adjustment on step acquisition of subsidiaries	1,577	1,429	53	3	3,062
Reversal of cost related to step acquisition	-192	-2,103	-87	-	-2,382
Additions	915	2,434	909	1,717	5,975
Disposal of entities	-338	-1,228	-436	-9	-2,011
Disposals	-583	-455	-851	-292	-2,181
Foreign exchange adjustments etc.	-1,193	-2,250	-481	-299	-4,223
Transfers	846	813	324	-2,122	-139
Transfer to/from assets held for sale	-32	-	-	-	-32
Cost at 31 December 2008	17,551	27,535	8,687	2,793	56,566
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2008	4,669	14,947	6,049	-	25,665
Reversal of cumulative depreciation related to step acquisition	-192	-2,103	-87	-	-2,382
Disposal of entities	-195	-1,204	-326	-	-1,725
Disposals	-129	-425	-806	-	-1,360
Depreciation	451	1,987	997	-	3,435
Impairment losses	-	332	4	-	336
Foreign exchange adjustments etc.	-177	-922	-334	-	-1,433
Transfers	-1	-13	1	-	-13
Transfer to/from assets held for sale	-9	-	-	-	-9
Depreciation and impairment losses at 31 December 2008	4,417	12,599	5,498	-	22,514
Carrying amount at 31 December 2008	13,134	14,936	3,189	2,793	34,052
Assets held under finance leases:					
Cost	16	122	18	-	156
Depreciation and impairment losses	-4	-78	-10	-	-92
Carrying amount at 31 December 2008	12	44	8	-	64
Carrying amount of assets pledged as security for loans	951	-	-	944	1,895

Value adjustment on step acquisition of subsidiaries in 2008 relates to fair value revaluation of assets held by the Carlsberg Group – and recognised by proportionate consolidation – prior to obtaining complete control over the BBH Group as a result of the acquisition of part of the activities in S&N in 2008. The acquisition of additional ownership interests resulted in control, and in accordance with IFRS the acquired tangible assets were recognised at fair value at the acquisition date. The fair value adjustment of the assets held prior to the acquisition was recognised in other comprehensive income.

The value adjustments on the step acquisition of subsidiaries in 2008 increased the basis of depreciation by DKK 3,062m without affecting the consolidated cash flows.

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 32m (2008: DKK 64m) have been pledged as security for lease liabilities totalling DKK 31m (2008: DKK 48m).

NOTE 17 ASSOCIATES

DKK million	2009	2008
Cost:		
Cost at 1 January	2,079	431
Acquisition of entities	475	1,013
Additions	87	642
Disposals	-1	-21
Foreign exchange adjustments etc.	-93	5
Transfer to assets held for sale	-	9
Cost at 31 December	2,547	2,079
Value adjustments:		
Value adjustments at 1 January	145	191
Disposals	-	-79
Dividends	-52	-38
Impairment losses	-117	-
Share of profit after tax	112	81
Share of other comprehensive income	31	-
Foreign exchange adjustments etc.	1	-10
Value adjustments at 31 December	120	145
Carrying amount at 31 December	2,667	2,224

					2009 Carlsberg Group share		
DKK million	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	279	66	438	25	33%	22	147
Lanzhou Huanghe Jianjiang Brewery Company	328	33	336	48	30%	10	90
Hanoi Beer Company	1,081	159	1,019	365	16.0%	20	535
Chongqing Brewery	1,569	107	2,743	1,758	17.5%	18	1,011
Other associates, Asia (4 entities)	413	70	379	151	30-49,8%	32	94
International Breweries BV	-	-24	855	703	16%	-4	24
Nuuk Imeq A/S	154	27	218	71	31.9%	9	47
Nordic Getränke GmbH	372	-5	1,692	933	50%	-2	359
Other	1,987	-14	1,828	1,290	20-25%	7	360
						112	2,667

Nordic Getränke GmbH was established in November 2009 through contribution of logistics activities from Carlsberg Deutschland and from the cooperation partner.

					2008 Carlsberg Group share		
DKK million	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	217	50	375	23	33%	16	127
Lanzhou Huanghe Jianjiang Brewery Company	333	18	377	118	30%	5	82
Hanoi Beer Company	-	-	-	-	16.0%	11	578
Chongqing Brewery	-	-	-	-	17.5%	-	1,013
Other associates, Asia (4 entities)	382	44	351	155	30-49.8%	21	85
International Breweries BV	342	-60	671	449	16%	-11	35
Nuuk Imeq A/S	153	27	230	85	31.9%	9	16
Other	941	195	1,857	1,347	20-25%	30	288
						81	2,224

Hanoi Beer Company was included as at 15 May 2008 and Chongqing Brewery as at 23 December 2008.

NOTE 17 ASSOCIATES – CONTINUED

DKK million	2009	2008
Fair value of investments in listed associates:		
Chongqing Brewery, Chongqing, China	1,515	1,013
The Lion Brewery Ceylon, Biyagama, Sri Lanka	70	25
Total	1,585	1,038

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.

For companies with an ownership interest of less than 20%, Carlsberg participates in the management of the company and is therefore exercising significant influence.

NOTE 18 SECURITIES

DKK million	2009	2008
Securities are classified in the statement of financial position as follows:		
Non-current assets	94	118
Current assets	17	7
Total	111	125
Types of security:		
Listed shares	4	7
Unlisted shares	107	118
Total	111	125

Securities classified as current assets are those expected to be sold within one year after the end of the reporting period.

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 a reliable basis. Instead the assets are recognised at cost.

No shares in unlisted entities were disposed of during 2008 and 2009.

NOTE 19 RECEIVABLES

DKK million	2009	2008
Receivables are included in the statement of financial position as follows:		
Trade receivables	5,898	6,369
Other receivables	1,750	3,095
Total current receivables	7,648	9,464
Non-current receivables	1,604	1,707
Total	9,252	11,171

Trade receivables comprise invoiced goods and services as well as 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 end of the reporting period, with DKK 128m (2008: DKK 171m) falling due more than five years from the end of the reporting period.

NOTE 19 RECEIVABLES – CONTINUED

DKK million	2009	2008
Receivables by origin:		
Receivables from the sale of goods and services	5,269	5,724
On-trade loans	2,143	2,278
Loans to associates	36	6
Fair value of hedging instruments	271	1,131
Other receivables	1,533	2,032
Total	9,252	11,171

Hedging instruments are measured at fair value. All other receivables are measured at amortised cost.

On-trade loans are usually repaid through discounts during the continuing sales relationship with the individual customer, which is reflected in the repayment scheme and the discounting of the loans. There are therefore no significant overdue on-trade loans.

DKK million	2009	2008
Receivables from the sale of goods and services fall due as follows:		
Not yet due or written down	4,353	4,526
Falling due in less than 30 days	323	561
Falling due between 30 and 90 days	222	195
Falling due in more than 90 days	371	442
Carrying amount at 31 December	5,269	5,724

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

DKK million	2009	2008
Write-downs on receivables from sale of goods and services are specified as follows:		
Write-downs at 1 January	-960	-850
Write-downs for the year	-346	-242
Realised bad debt losses	214	150
Reversed write-downs	61	49
Acquisitions and disposals	4	-67
Write-downs at 31 December	-1,027	-960

No significant losses were incurred in respect of an individual trade receivable or on-trade loan in 2009 and 2008.

In a number of cases the Group receives security for sales on credit and loans to on-trade customers. The fair value of such security is taken into account when assessing the necessary write-downs for bad debt losses. Security is primarily received from on-trade customers and may comprise financial guarantees, pledges or on-trade movables (equipment from bars, cafés etc.).

Loans to associates relate mainly to real estate projects. On-trade loans are concentrated in France, the United Kingdom, Germany and Switzerland, and spread across a large number of debtors. Some of these loans are 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 end of the reporting period, these loans have a fair value of DKK 2,184m (2008: DKK 2,360m). For trade receivables and other receivables, the fair value essentially corresponds to the carrying amount.

%	2009	2008
Average effective interest rates:		
Loans to associates	2.9	5.4
On-trade loans	6.7	7.1

NOTE 20 INVENTORIES

DKK million	2009	2008
Raw materials and consumables	1,953	2,734
Work in progress	261	349
Finished goods	1,387	2,145
Total	3,601	5,228

Production costs of inventories sold amount to DKK 30,094m (2008: DKK 30,439m).

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 21m (2008: DKK 2m) 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 fully written down. Scrapped goods are included in production costs.

NOTE 21 CASH AND CASH EQUIVALENTS

DKK million	2009	2008
Cash at bank and in hand	2,729	2,856
Short-term marketable securities with a term of three months or less	5	1
Total	2,734	2,857
In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	2,734	2,857
Bank overdrafts	-151	-792
Cash and cash equivalents, net	2,583	2,065
Of which pledged as security	-	-

Short-term bank deposits amounted to DKK 1,680m (2008: DKK 579m). The average interest rate on these deposits was 5.6% (2008: 5.2%).

Proportionally consolidated entities' share of cash and cash equivalents is specified in note 33.

NOTE 22 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2009	2008
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	380	122
Financial assets	8	40
Total	388	162
Liabilities associated with assets held for sale:		
Other provisions	51	453
Total	51	453

At 31 December 2009, assets held for sale primarily comprised an office building from the real estate development of the former Tuborg site in Hellerup, Denmark. Sales agreements have been entered into in relation to the asset and the sale will take place in 2010. In addition assets held for sale include manufacturing and distribution assets in France that are expected to be disposed of in the short term, and land and property which is 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 2010.

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.

Other provisions amounting to DKK 51m associated with assets held for sale comprise liabilities related to terminating the agreements and disposing of the assets classified as assets held for sale.

Assets (properties) which no longer qualified for recognition as assets held for sale were transferred to property, plant and equipment in 2009 (2008: no transfers) as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 2m (2008: no transfers) and affected the income statement by a total of DKK 0m (2008: no transfers) in depreciation.

Assets (shares) which no longer qualified for recognition as assets held for sale were transferred to financial assets in 2009 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 14m.

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 land, depots and properties and total DKK 6m (2008: DKK 5m).

NOTE 23 SHARE CAPITAL

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000
1 January 2008	33,699,252	673,985	42,579,151	851,583	76,278,403	1,525,568
Share capital increase	-	-	76,278,403	1,525,568	76,278,403	1,525,568
31 December 2008	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
No change in 2009	-	-	-	-	-	-
31 December 2009	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136

A shares carry 20 votes per DKK 20 share. B shares carry two votes per DKK 20 share. A preferential right to an 8% non-cumulative dividend is attached to B shares. Apart from dividends, all shares rank equally.

In June 2008 Carlsberg A/S carried out a capital increase by issuing 76,278,403 new class B shares with a nominal value of DKK 20 at a price of DKK 400. The nominal share capital increase amounted to DKK 1,525,568 thousand and the total proceeds from the share capital increase less costs incurred were DKK 29,938m.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2008	32,762	-	0.0%
Acquisition of treasury shares	37,283	1	0.0%
Used to settle share options	-66,769	-1	0.0%
31 December 2008	3,276	-	0.0%
1 January 2009	3,276	-	0.0%
Acquisition of treasury shares	49,000	1	0.0%
Used to settle share options	-48,804	-1	0.0%
31 December 2009	3,472	-	0.0%

At 31 December 2009 the fair value of treasury shares amounted to DKK 1m (2008: DKK 1m).

The Annual General Meeting has authorised the Supervisory Board 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 1m (2008: DKK 1m) at an average price of DKK 382 (2008: DKK 500), corresponding to a purchase price of DKK 19m (2008: DKK 20m). Class B treasury shares are primarily acquired to facilitate settlement of share option schemes. The Company holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 13m (2008: DKK 20m). The disposal was made in connection with settlement of share options.

NOTE 24 BORROWINGS

DKK million	2009	2008
Non-current borrowings:		
Issued bonds	13,522	3,425
Mortgages	1,990	1,984
Bank borrowings	20,110	37,274
Financial lease liabilities	13	28
Other non-current borrowings[1]	440	519
Total	36,075	43,230
Current borrowings:		
Issued bonds	-	2,499
Mortgages	-	203
Bank borrowings	3,013	2,390
Financial lease liabilities	17	19
Other current borrowings	292	180
Total	3,322	5,291
Total non-current and current borrowings	39,397	48,521
Fair value	40,652	48,070

[1] Other non-current borrowings include employee bonds of DKK 18m (2008: DKK 5m).

Borrowings are measured at amortised cost. Carlsberg has designated a fixed interest rate GBP 300m bond issue and two fixed-rate mortgages as the hedged items in the fair value hedge with the designated risk being movements in the benchmark interest rate (floating interest rate). Hence, the carrying amount of these borrowings is adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of these borrowings is DKK 2,803m (2008: DKK 362m).

Time to maturity for non-current borrowings

						2009
DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	2,046	-	1,647	7,396	2,433	13,522
Mortgages	-	-	-	-	1,990	1,990
Bank borrowings	743	18,308	202	113	744	20,110
Financial lease liabilities	7	5	1	-	-	13
Other non-current borrowings	338	32	25	16	29	440
Total	3,134	18,345	1,875	7,525	5,196	36,075

						2008
DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	1,895	-	1,530	-	3,425
Mortgages	1	-	-	-	1,983	1,984
Bank borrowings	15,053	2,180	18,990	175	876	37,274
Financial lease liabilities	14	8	5	1	-	28
Other non-current borrowings	241	256	1	-	21	519
Total	15,309	4,339	18,996	1,706	2,880	43,230

NOTE 24 BORROWINGS – CONTINUED

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2009 Interest rate risk
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6.63%	1-2 years	2,046	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	3-4 years	1,647	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6.22%	4-5 years	7,396	Fair value
GBP 300m maturing 28 November 2016	Fixed	7.41%	6-7 years	2,433	Fair value
Total issued bonds		6.59%		13,522	
Mortgages:					
Floating-rate	Floating	1.95%		1,618	Cash flow
Fixed-rate	Fixed	4.95%		372	Fair value
Total mortgages		2.51%		1,990	
Bank borrowings:					
Floating-rate	Floating			12,420	Cash flow
Fixed-rate	Fixed			10,703	Fair value
Total bank borrowings				23,123	

All interest rates stated in the table are including margin.

Swaps have been used to change the interest rate on the GBP 250m bond issue to a fixed EUR rate of 5.55%. A cross-currency swap (GBP 300m) has been used to change the interest from fixed to floating 6-month EURIBOR +4.01%. The bond and the swap are designated as a fair value hedge relationship, meaning that the book value of the bond is the fair value.

The floating-rate mortgages comprise three mortgages with a time to maturity of more than five years, of which two loans (total DKK 370m) 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. The third loan (DKK 1,248m) is repriced semi-annually with reference to 6-month CIBOR.

The floating-rate loans were repriced in December 2009 at a rate of 1.66-1.73% (excl. margin) commencing in January 2010. DKK 1,248m will reprice in June 2010, and the rest will reprice in December 2010.

A floating-rate mortgage of DKK 372m is swapped to a fixed rate. Time to maturity is more than 5 years.

The main part of the bank borrowing was originally floating but has been swapped to a fixed interest rate. 94% of the fixed-rate bank borrowing has an average fixed rate of 4.91% including margin.

		Interest rate[2]			
DKK million	Net financial interest-bearing debt[1]	Floating	Fixed	Floating %	Fixed %
EUR	28,141	10,224	17,917	36%	64%
DKK	-875	-1,265	390	145%	-45%
PLN	1,780	1,774	6	100%	0%
USD	757	55	702	7%	93%
CHF	2,582	2,582	-	100%	-
RUB	-259	-259	-	100%	-
Other	4,537	935	3,602	21%	79%
Total	36,663	14,046	22,617	38%	62%

[1] After swaps and currency derivatives.

[2] Before currency derivatives.

NOTE 24 BORROWINGS – CONTINUED

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2008 Interest rate risk
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6.63%	2-3 years	1,895	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	4-5 years	1,530	Fair value
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	0-1 year	2,499	Fair value
Total issued bonds		5.99%		5,924	
Mortgages:					
Floating-rate	Floating	5.52%	Variable	1,814	Cash flow
Fixed-rate	Fixed	4.95%	Variable	373	Fair value
Total mortgages		5.42%		2,187	
Bank borrowings:					
Floating-rate	Floating			18,078	Cash flow
Fixed-rate	Fixed			21,586	Fair value
Total bank borrowings				39,664	

All interest rates stated in the table are including margin.

Swaps have been used to change the interest rate on the GBP 250m bond issue to a fixed EUR rate of 5.55%.

The floating-rate mortgages comprise three mortgages with a time to maturity of more than five years and one that matured in 2009. Of these, two loans (total DKK 362m) 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. The third loan (DKK 1,248m) is repriced semi-annually with reference to 6-month CIBOR. A fourth loan (DKK 204m) is classified as a current loan with a fixed rate until December 2009.

The floating-rate loans were repriced in December 2008 at a rate of 4.93-4.97% (excl. margin) commencing in January 2009. DKK 1,248m was repriced in June 2009, and the rest in December 2009.

A floating-rate mortgage of DKK 373m is swapped to a fixed rate. Time to maturity is more than 5 years.

The main part of the long-term bank borrowing was originally floating but has been swapped to an average fixed rate of 5.03% including margin.

DKK million	Net financial interest-bearing debt[1]	Interest rate[2] Floating	Fixed	Floating %	Fixed %
EUR	34,256	12,620	21,636	37%	63%
DKK	3,136	2,759	377	88%	12%
PLN	1,577	1,568	9	99%	1%
USD	1,863	1,458	405	78%	22%
CHF	2,468	2,468	-	100%	-
RUB	-807	-808	1	100%	0%
Other	3,171	-330	3,501	-11%	111%
Total	45,664	19,735	25,929	43%	57%

[1] After swaps and currency derivatives.

[2] Before currency derivatives.

NOTE 24 BORROWINGS – CONTINUED

2009

Currency profile of borrowings before and after derivative financial instruments / Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
CHF	9	2,556	2,565	109	-100	-	-	-	-
DKK	2,015	-2,846	-831	1,625	-	-	-	5	385
EUR	25,750	2,815	28,565	7,833	-112	66	7,517	7,441	3,005
GBP	6,091	-3,449	2,642	2,399	2,045	-	1,647	-	-
NOK	-19	810	791	-19	-	-	-	-	-
PLN	26	1,750	1,776	20	2	2	2	-	-
RUB	37	558	595	37	-	-	-	-	-
SEK	12	-407	-395	12	-	-	-	-	-
SGD	12	-	12	12	-	-	-	-	-
USD	5,124	-3,837	1,287	4,422	283	271	102	46	-
Other	340	2,050	2,390	330	4	6	-	-	-
Total	39,397	-	39,397	16,780	2,122	345	9,268	7,492	3,390

Cf. also note 34, Financial risks.

2008

Currency profile of borrowings before and after derivative financial instruments / Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2009	2010	2011	2012	2013	2014-
CHF	1,942	539	2,481	1,942	-	-	-	-	-
DKK	6,528	-3,379	3,149	6,150	-	-	-	-	378
EUR	34,213	217	34,430	12,578	11,184	2	1	7,452	2,996
GBP	3,430	-3,290	140	4	-	1,895	-	1,531	-
NOK	76	865	941	76	-	-	-	-	-
PLN	134	2,160	2,294	125	2	2	2	2	1
RUB	1	1,536	1,537	1	-	-	-	-	-
SEK	46	-249	-203	46	-	-	-	-	-
USD	1,691	172	1,863	1,286	307	98	-	-	-
Other	460	1,429	1,889	384	19	24	19	14	-
Total	48,521	-	48,521	22,592	11,512	2,021	22	8,999	3,375

NOTE 25 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

A number of the Group's employees are covered by retirement benefit plans. The nature of the 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 60% (2008: 63%) of the Group's retirement benefit costs relate to defined contribution plans, which limit the Group'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 statement of financial position based on an actuarial calculation of the present value at the end of the reporting period less the plan assets. For defined benefit plans, the Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability etc.

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

In 2007 and 2008, a number of changes to the plan in the United Kingdom were agreed in order to reduce the net liability in the plan. In 2008, agreements were settled regarding the contribution of payments in 2008-2010 amounting to GBP 15m in the first year and decreasing in the following years. The employees contribute by means of increased payments or reduction of the retirement benefit in proportion to the final salary at retirement. The payment for 2008 amounted to GBP 15m and for 2009 GBP 11m.

A number of plans, especially in Germany, Sweden and Italy, are unfunded. For these plans the retirement benefit obligations amount to approximately 17% (2008: 18%) 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	2009	2008
Defined benefit plans are recognised in the statement of financial position as follows:		
Retirement benefit obligations and similar obligations	2,153	1,793
Plan assets	-2	-2
Net obligations	2,151	1,791
Specification of net obligations:		
Present value of funded plans	6,640	5,767
Fair value of plan assets	-5,823	-5,245
Net obligation for funded plans	817	522
Present value of unfunded plans	1,334	1,269
Assets not recognised due to asset ceiling	-	-
Net obligations recognised	2,151	1,791
Specification of total obligations:		
Present value of funded plans	6,640	5,767
Present value of unfunded plans	1,334	1,269
Total obligations	7,974	7,036
Changes in obligations:		
Total obligations at 1 January	7,036	8,151
Current service cost	133	139
Interest cost	342	340
Actuarial gains (-) and losses (+)	613	-462
Benefits paid	-441	-433
Curtailments and settlements	-18	-49
Employee contributions to pension scheme	16	-
Transfer from other provisions	7	-
Acquisition/disposal (-) of entities	-7	91
Foreign exchange adjustments etc.	293	-741
Total obligations at 31 December	7,974	7,036
Changes in plan assets:		
Fair value of assets at 1 January	5,245	6,234
Expected return	270	308
Actuarial gains (+) and losses (-)	231	-825
Contributions to plans	203	273
Benefits paid	-339	-347
Foreign exchange adjustments etc.	213	-398
Fair value of assets at 31 December	5,823	5,245

The Group expects to contribute DKK 144m (2008: DKK 219m) to the plan assets in 2009.

NOTE 25 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2009	2008
Actual return on plan assets:		
Expected return	270	308
Actuarial gains (+) and losses (-)	231	-825
Actual return	501	-517

	2009		2008	
	DKK million	%	DKK million	%
Breakdown of plan assets:				
Shares	1,936	33%	1,889	36%
Bonds and other securities	2,505	44%	2,068	40%
Real estate	1,012	17%	834	16%
Cash and cash equivalents	370	6%	454	8%
Total	5,823	100%	5,245	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 despite the increased risk are expected to provide a higher rate of return than bonds.

	2009		2008	
	Range	Weighted average	Range	Weighted average
Assumptions applied:				
Discount rate	2.0-5.9%	4.5%	1.3-6.4%	4.6%
Expected return on plan assets	4.0-6.5%	4.6%	4.3-6.0%	4.6%
Future salary increases	2.0-4.8%	3.1%	1.5-4.5%	2.6%
Future retirement benefit increases	1.0-4.0%	2.3%	0.5-4.3%	1.6%

DKK million	2009	2008
Recognised in the income statement:		
Current service cost	133	139
Expected return on plan assets	-270	-308
Interest cost on obligations	342	340
Curtailments and settlements	-18	-49
Total recognised in the income statement	187	122
The cost is recognised in the income statement as follows:		
Cost of sales	19	16
Sales and distribution expenses	74	77
Administrative expenses	29	2
Special items (restructuring)	-7	-5
Total staff costs, cf. note 12	115	90
Financial income	-270	-308
Financial expenses	342	340
Total	187	122

NOTE 25 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2009	2008
Recognised in other comprehensive income:		
Recognised at 1 January	-704	-818
Acquisition of entities	-	18
Actuarial gains/losses	-382	-363
Effect of asset ceiling	-	317
Foreign exchange adjustment of foreign entities	-38	142
Recognised in other comprehensive income during the period	-420	114
Recognised at 31 December	-1,124	-704
Of which accumulated actuarial gains/losses	-1,356	-974

DKK million	2009	2008	2007	2006	2005
Five-year overview:					
Obligations	7,974	7,036	8,151	8,134	8,065
Plan assets	-5,823	-5,245	-6,234	-6,334	-6,105
Deficit	2,151	1,791	1,917	1,800	1,960
Experience adjustments to obligations	-34	-69	-42	-15	-71
Experience adjustments to plan assets	-544	-323	-899	-366	-243

NOTE 26 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2009	2008
Deferred tax at 1 January, net	8,631	1,458
Foreign exchange adjustments	-323	-874
Adjustments to previous years	-41	-209
Additions due to acquisition/disposal of entities, net	-19	5,403
Value adjustment on step acquisition of subsidiaries	-	4,588
Recognised in other comprehensive income	-82	-335
Recognised in income statement	65	108
Change in tax rate	-26	-1,508
Deferred tax at 31 December, net	8,205	8,631
Specified as follows:		
Deferred tax liabilities	9,688	9,885
Deferred tax assets	-1,483	-1,254
Deferred tax at 31 December, net	8,205	8,631

Change in tax rate for 2008 mainly relates to the reduction of the corporate tax rate in Russia in 2009 from 24% to 20%.

NOTE 26 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and liabilities at 31 December:

	Deferred tax assets		Deferred tax liabilities	
DKK million	2009	2008	2009	2008
Intangible assets	92	174	7,560	8,837
Property, plant and equipment	484	326	2,732	2,559
Current assets	104	81	46	59
Provisions and retirement benefit obligations	707	474	876	40
Fair value adjustments	63	103	123	285
Tax losses etc.	2,493	3,432	811	1,441
Total before set-off	3,943	4,590	12,148	13,221
Set-off	-2,460	-3,336	-2,460	-3,336
Deferred tax assets and liabilities at 31 December	1,483	1,254	9,688	9,885
Expected to be used as follows:				
Within 12 months after the end of the reporting period	386	739	888	1,414
More than 12 months after the end of the reporting period	1,097	515	8,800	8,471
Total	1,483	1,254	9,688	9,885

Deferred tax assets and liabilities are offset in the consolidated statement of financial position if the Group has a legally enforceable right to set off current tax liabilities, and the deferred tax assets and liabilities relate to the same legal tax entity/consolidation.

Of the total deferred tax assets recognised, DKK 2,103m (2008: DKK 3,016m) 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 1,407m (2008: DKK 1,404m) 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 1,069m (2008: DKK 707m).

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2008: DKK 0m).

Deferred tax of DKK 106m (2008: DKK 159m) has been recognised in respect of earnings in the Eastern Europe region 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 trigger a significant tax liability based on current tax legislation.

NOTE 27 PROVISIONS

Restructuring provisions totalling DKK 565m (2008: DKK 603m) relate primarily to restructurings in connection with the Operational Excellence programmes and restructurings at Carlsberg Danmark A/S, Carlsberg Sverige AB, Carlsberg Deutschland GmbH, Brasseries Kronenbourg S.A. 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 1,880m (2008: DKK 1,572m) relate primarily to profit sharing in France, onerous contracts, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

			2009
DKK million	Restructuring	Other	Total
Provisions at 1 January 2009	603	1,572	2,175
Additional provisions recognised	300	592	892
Disposal of entities	-21	-5	-26
Used during the year	-282	-357	-639
Reversal of unused provisions	-13	-9	-22
Transfers	-59	20	-39
Discounting	22	64	86
Foreign exchange adjustments etc.	15	3	18
Provisions at 31 December 2009	565	1,880	2,445
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	339	1,014	1,353
Current provisions	226	866	1,092
Total	565	1,880	2,445

NOTE 27 PROVISIONS – CONTINUED

DKK million	Restructuring	Other	2008 Total
Provisions at 1 January 2008	263	480	743
Acquisition of entities	236	885	1,121
Value adjustment on step acquisition of subsidiaries	-	3	3
Additional provisions recognised	345	513	858
Disposal of entities	-	-11	-11
Used during the year	-227	-183	-410
Reversal of unused provisions	-	-17	-17
Transfers	5	-74	-69
Discounting	20	55	75
Foreign exchange adjustments etc.	-39	-79	-118
Provisions at 31 December 2008	603	1,572	2,175
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	387	1,111	1,498
Current provisions	216	461	677
Total	603	1,572	2,175

DKK 1,272m (2008: DKK 1,427m) of total non-current provisions falls due within five years from the end of the reporting period.

NOTE 28 OTHER LIABILITIES ETC.

DKK million	2009	2008
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	746	263
Current liabilities	10,845	9,905
Total	11,591	10,168
Other liabilities by origin:		
Excise duties and VAT payable	2,642	1,953
Staff costs payable	1,542	1,434
Interest payable	834	681
Fair value of hedging instruments	2,485	2,729
Liabilities related to the acquisition of entities	649	215
Amounts owed to associates	2	2
Deferred income	1,514	1,172
Other	1,923	1,982
Total	11,591	10,168

NOTE 29 CASH FLOWS

DKK million	2009	2008
Adjustment for other non-cash items:		
Share of profit after tax, associates	-112	-81
Gains on disposal of property, plant and equipment and intangible assets, net	-90	-664
Amortisation of on-trade loans etc.	467	141
Total	265	-604
Change in working capital:		
Inventories	1,568	-68
Receivables	1,014	987
Trade payables and other liabilities	955	755
Retirement benefit obligations and other liabilities related to operating activities before special items	147	-88
Adjusted for unrealised foreign exchange gains/losses	-9	-30
Total	3,675	1,556
Change in on-trade loans:		
Loans provided	-1,104	-752
Repayments	693	462
Total	-411	-290
Change in financial receivables:		
Loans and other receivables	-121	428
Other	-	-255
Repayments	23	254
Total	-98	427
Shareholders in Carlsberg A/S:		
Increase of share capital	-	29,938
Dividends to shareholders	-534	-458
Acquisition of treasury shares	-19	-20
Disposal of treasury shares	13	22
Total	-540	29,482
Non-controlling interests:		
Acquisition of non-controlling interests	-286	-299
Non-controlling interests' share of capital increase in subsidiaries	7	15
Dividends to non-controlling interests	-312	-265
Total	-591	-549
External financing:		
Proceeds from issue of bonds	9,931	-
Debt institutions, long-term	-19,901	24,522
Debt institutions, short-term	1,116	-2,701
Loans from associates	103	-712
Financial lease liabilities	-5	-205
Other financing liabilities	-106	247
Total	-8,862	21,151

NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES

Acquisition of entities. The Group has not completed any acquisitions of entities during 2009.

The Group acquired part of the activities in S&N in April 2008 and Baltika-Baku LLC in August 2008. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in these acquisitions was completed in 2009. The final allocation of fair value has resulted in total net assets of DKK 21.2bn, a decline of DKK 0.2bn compared to the preliminary allocation at 31 December 2008, and total goodwill of DKK 34.0bn, an increase of DKK 0.2bn. Furthermore, there have been some re-classifications between the individual statement of financial position items. The comparative figures and the specification below have been restated accordingly. As a consequence of the final allocation of the fair value, comparative figures have been restated with a net effect on consolidated profit of DKK -13m from DKK 3,206m to DKK 3,193m, and equity as of 31 December 2008 has been reduced by DKK 850m from DKK 60,751m to DKK 59,901m, which primarily relates to foreign exhange adjustments of goodwill. Further adjustments may be made to the purchase price for the acquisition of parts of S&N depending on the final allocation of debt according to agreement.

DKK million	Acquired ownership interest	Acquisition date	Main activity	2008 Cost
Name of acquired entities:				
Activities in S&N, including:		28 April 2008		52,379
Baltic Beverages Holding (BBH) AB	50.0%	28 April 2008	Brewery	-
Brasseries Kronenbourg	100.0%	28 April 2008	Brewery	-
Mythos Brewery	100.0%	28 April 2008	Brewery	-
Other	17.5 - 100.0%	28 April 2008	Brewery	-
Baltika-Baku LLC	100.0%	25 August 2008	Brewery	455
Total				52,834

	Activities in S&N		Baltika-Baku LLC		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition
Intangible assets	368	18,904	10	10	378	18,914
Property, plant and equipment	7,212	10,624	90	99	7,302	10,723
Investments, excl. deferred tax	1,217	2,243	-	-	1,217	2,243
Inventories	1,893	1,890	23	23	1,916	1,913
Loans and receivables, current	4,431	3,540	35	35	4,466	3,575
Cash and cash equivalents	1,340	1,452	32	32	1,372	1,484
Assets classified as held for sale	-	177	-	-	-	177
Provisions, excl. deferred tax liabilities	-910	-1,212	-	-	-910	-1,212
Deferred tax assets and liabilities, net	-213	-5,415	-	4	-213	-5,411
Borrowings	-6,217	-5,827	-	-	-6,217	-5,827
Bank overdrafts	-77	-92	-	-	-77	-92
Trade payables and other payables	-4,644	-4,632	-68	-68	-4,712	-4,700
Liabilities associated with assets held for sale	-	-591	-	-	-	-591
Net assets	4,400	21,061	122	135	4,522	21,196
Non-controlling interests	-639	-2,382	-	-	-639	-2,382
Equity, Carlsberg's share	3,761	18,679	122	135	3,883	18,814
Goodwill		33,700		320		34,020
Cash consideration paid		52,379		455		52,834
Cash and cash equivalents, acquired		-1,452		-32		-1,484
Bank overdrafts, acquired		92		-		92
Cash outflow, net		51,019		423		51,442
Elements of cash consideration paid:						
Cash		52,176		455		52,631
Directly attributable cost		203		-		203
Total		52,379		455		52,834

NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

Activities in S&N. The above-stated figures for the acquisition of part of the activities in S&N comprise the acquired 50% of the carrying amount prior to the acquisition and the fair value of the acquired share at the acquisition date for the entities in the BBH Group equivalent to the share that was acquired.

The total acquisition effect on the statement of financial position, comprising the fair value of acquired assets, liabilities and contingent liabilities plus revaluation of the originally owned 50%, was specified in the 2008 consolidated financial statements.

The acquisition of part of the activities in S&N increased the Carlsberg Group's operations and long-term growth opportunities. The acquisition was a result of Carlsberg's strategy of acquiring complete control over the most important operating activities. The acquisition comprised the remaining 50% of BBH, which operates in Russia, the Ukraine, the Baltic region, Kazakhstan, Uzbekistan and Belarus. Also, complete ownership was acquired of Brasseries Kronenbourg and other French activities and Mythos, Greece, 17.5% of Chongqing, China, and a 50% interest in the joint venture in Vietnam.

The acquisition is generating the following significant advantages:

- Complete control over BBH and the elimination of uncertainties as to long-term control over the asset and a considerable improvement in the Carlsberg Group's long-term growth profile, including realisation of synergies.
- Complete ownership of BBH and the opportunity for the Carlsberg Group to take full advantage of the potential of the Carlsberg and Tuborg brands in BBH's markets.
- Significant exposure to growth markets.
- The acquisition of the French and Greek breweries supports the Carlsberg Group's existing portfolio of leading market positions in Europe, which increases capacity and provides the opportunity for synergies through the implementation of the Carlsberg Group's Excellence programmes.
- Increased sales volumes provide the Carlsberg Group with the opportunity to generate significant synergies due to reduced indirect production overheads, implementation of best practice in the brewing industry and cost savings on purchases.
- The acquisition strengthens the Carlsberg Group's existing and growing presence in Asia through the acquisition of additional activities on the attractive Chinese and Vietnamese markets.

Assets held for sale at the acquisition date mainly comprise logistics entities in France following changes in logistics and distribution.

Goodwill represents a significant amount due to considerable synergies expected to be generated in the acquired entities, the intellectual capital represented by the acquired staff and the positive growth expectations for BBH. The synergies comprise cost savings from procurement and the Excellence programmes. Also, goodwill reflects synergies in the form of increased sales through presence in a larger part of Europe and Asia, the opportunity to launch global and/or regional brands throughout the new organisation, synergies from research and development, and improved utilisation of the workforce and its intellectual capital.

Baltika-Baku LLC. Baltika-Baku LLC is the largest brewery in Azerbaijan, providing a solid foundation for expanding the Carlsberg Group's activities in Eastern Europe. Baltika Breweries is exporting beer to Azerbaijan, which represents positive growth potential. Goodwill represents the value of the workforce acquired and synergies in the expanded business.

The acquired activities contributed positively to operating profit before special items for 2008 by approximately DKK 2,367m and to the profit for the year by approximately DKK 1,550m. No calculation was made of the estimated profit for the period January – December had the acquisition been completed at 1 January 2008, as this was not possible due to material differences in accounting policies in some of the acquired entities, which means that the effect of the difference prior to the acquisition cannot be determined.

NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

Disposal of entities. Businesses disposed of in 2009 comprise the fighter brand activities and Braunschweig Brauerei, Germany, Göttsche logistical activities in Germany, which have been contributed in kind to an associate, and Kronenbourg Vietnam Limited, Vietnam.

The entity disposed of in 2008 was Türk Tuborg.

DKK million	2009	2008
Intangible assets	208	3
Property, plant and equipment	135	286
Financial assets, non-current	28	2
Inventories	25	101
Receivables	456	258
Cash and cash equivalents	87	253
Provisions	-26	-11
Deferred tax liabilities, net	-19	-8
Borrowings	-42	-254
Trade payables and other liabilities etc.	-216	-264
Net assets	636	366
Non-controlling interests	-	6
Interest in disposed entity retained by Carlsberg	-4	-
Equity, Carlsberg's share	632	372
Recycling of cumulative exchange differences	11	-55
Directly attributable cost	-1	167
Gains/losses – recognised under special items	49	-232
Gains/losses – recognised under financial items	-41	-
Transferred to investments in associates	-475	-
Cash consideration received	175	252
Cash and cash equivalents, disposed of	-87	-253
Cash inflow, net	88	-1

DKK million	2009	2008
Acquisition and disposal of entities, net:		
Acquisitions, cash outflow	-	-51,437
Disposals, cash inflow (2009: includes disposal of associates)	88	-1
Net	88	-51,438

NOTE 31 SPECIFICATION OF INVESTED CAPITAL

DKK million	2009	2008
Invested capital is calculated as follows:		
Total assets	134,515	142,639
Less:		
Deferred tax assets	-1,483	-1,254
Loans to associates	-36	-6
Interest income receivable, fair value of hedging instruments and financial receivables	-342	-1,470
Securities (current and non-current)	-111	-125
Cash and cash equivalents	-2,734	-2,857
Assets held for sale	-388	-162
Total assets included	129,421	136,765
Trade payables	-7,929	-8,009
Deposits on returnable packaging	-1,361	-1,455
Provisions, excluding restructuring	-1,880	-1,572
Corporation tax	-411	-279
Deferred income	-1,514	-1,172
Financial lease liabilities, included in borrowings	-30	-47
Other liabilities, excluding deferred income, interest payable and fair value of hedging instruments	-6,758	-5,588
Total liabilities offset	-19,883	-18,122
Total invested capital	109,538	118,643

NOTE 32 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2009	2008
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	36,075	43,230
Current borrowings	3,322	5,291
Gross interest-bearing debt	39,397	48,521
Cash and cash equivalents	-2,734	-2,857
Loans to associates	-36	-6
On-trade loans	-2,143	-2,278
Non-interest-bearing portion	1,368	1,403
Other receivables	-1,533	-2,032
Non-interest-bearing portion	1,360	1,405
Net interest-bearing debt	35,679	44,156
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	44,156	19,726
Cash flow from operating activities	-13,631	-7,812
Cash flow from investing activities, excl. acquisition of entities, net	3,177	5,715
Cash flow from acquisition of entities, net	-95	51,438
Dividends to shareholders and non-controlling interests	846	723
Acquisition of non-controlling interests	286	299
Acquisition/disposal of treasury shares	6	-2
Acquired net interest-bearing debt from acquisition/disposal of entities	45	4,015
Change in interest-bearing lending	-	140
Proceeds from capital increase, net	-	-29,938
Effect of currency translation	562	-226
Other	327	78
Total change	-8,477	24,430
Net interest-bearing debt at 31 December	35,679	44,156

NOTE 33 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 statement of financial position, including goodwill, and in the income statement.

DKK million	2009	2008
Revenue	2,593	5,538
Total costs	-2,228	-4,484
Operating profit before special items	365	1,054
Consolidated profit	225	678
Non-current assets	2,477	2,505
Current assets	914	980
Non-current liabilities	-625	-813
Current liabilities	-1,270	-1,055
Net assets	1,496	1,617
Free cash flow	250	-563
Net cash flow	82	-469
Cash and cash equivalents, year-end	75	6
Contingent liabilities in joint ventures	135	152
Capital commitments in joint ventures	15	49

The decrease in key figures is attributable to the BBH Group, which was recognised as a proportionally consolidated entity until the acquisition of part of the activities in S&N and as a subsidiary from 28 April 2008. Accordingly, the 2008 figures included 4 months' activity from the BBH Group proportionally consolidated in the income statement and cash flows.

NOTE 34 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 foreign exchange risk and interest rate risk.

These risks, the possible impact on the Carlsberg Group and the steps taken to eliminate or mitigate the risks are described below.

The Group's financial risks are managed centrally by Group Treasury in accordance with written principles approved by the Supervisory Board, primarily through currency and interest rate instruments 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 and earnings originates from foreign entities and is translated into DKK. The Group is exposed mainly to the following currencies: RUB, EUR, GBP, CHF, NOK, SEK, PLN and UAH. There is also some exposure to a number of Asian currencies, which in total represent 5-10% of the Group's operating profit. Furthermore, a currency risk exists relating to cash flows from operations in currencies other than loan currencies.

The Carlsberg Group is exposed to fluctuations in EUR/DKK. However, due to Denmark's fixed exchange rate regime, where the DKK is pegged to the EUR, the foreign exchange risk is considered insignificant.

The Carlsberg Group has a foreign exchange risk on statement of financial position items, partly in terms of translation of debt denominated 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 debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised in other comprehensive income.

Impact on operating profit. As the Carlsberg Group has extensive operations outside Denmark, developments in exchange rates between DKK and the functional currencies of subsidiaries have a significant impact on the Carlsberg Group's operating profit measured in DKK. Operating profit has been weakened as a result of a decrease in the average RUB/DKK rate (-17% compared to 2008), GBP/DKK rate (-11% compared to 2008), NOK/DKK rate (-6% compared to 2008), PLN/DKK rate (-19% compared to 2008), UAH/DKK rate (-29% compared to 2008) and SEK/DKK rate (-10% compared to 2008). The average CHF/DKK rate had a positive impact (5% higher than 2008).

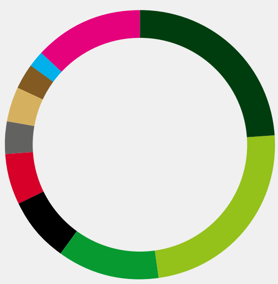
The Carlsberg Group has chosen not to hedge the translation of revenue or earnings in foreign currencies, but does in certain cases hedge specific cash flows such as dividends to be received in foreign currencies.

The Carlsberg Group is exposed to transaction risks to a lesser degree. It is therefore Group policy to hedge future contractual cash flows in currencies other than the functional currency of the entities for a one-year period. This policy applies to Northern & Western Europe, excluding the Baltics and the Balkans. Hedging is carried out when budgets for the following year are being prepared, effectively hedging the entities' EBIT in local currency. Since a major part of the costs in foreign currency is in EUR, this will not constitute a risk at Group level. However, at Group level these hedges are effectively an economic hedge of (parts of) net revenue in the relevant currency.

Impact from Eastern Europe. Following the acquisition in 2008 of the 50% of BBH that Carlsberg did not already own, the impact on Carlsberg's operating profit from entities in Eastern Europe, and especially Baltika Breweries, has increased. The currency risk in the entities in Eastern Europe is managed differently from Carlsberg's operations in main parts of the rest of the Group. The background to this is the excessive cost of hedging these currencies over a longer period of time.

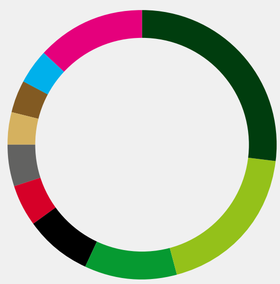
With regard to transaction risks, since 2006 it has been the policy for Baltika Breweries to reduce the financial risk measured in RUB by balancing expenses in foreign currency. This means that roughly 55% of the total foreign cost base has been denominated in USD and 45% in EUR, thus neutralising the effect of changes in the USD vis-à-vis the EUR, which proved an effective hedge for as long as the Russian central bank maintained a fixed currency against the basket (consisting of 55% USD and 45% EUR). In the last part of 2008, the Russian central bank made a devaluation against the basket on several occasions. The devaluation continued at the beginning of 2009, but was reversed to some extent in the second quarter of 2009, and since the summer of 2009 the RUB has been relatively stable against the DKK. Devaluation and depreciation of the RUB have affected and will continue to affect operating profit measured in both DKK and RUB.

Distribution of revenue 2009



24%	24%	12%	8%	6%	4%	4%	3%	3%	12%
RUB	EUR	DKK	GBP	CHF	SEK	NOK	PLN	UAH	Other

Distribution of revenue 2008



27%	19%	11%	8%	5%	5%	4%	4%	4%	13%
RUB	EUR	DKK	GBP	CHF	SEK	NOK	PLN	UAH	Other

Impact on net finance costs. The main principle for funding currency in subsidiaries is that loans and borrowings should be in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities debt is denominated 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 an 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 – in some countries financing in local currency is not available at all. At the end of 2009, for EUR and USD loans in Eastern Europe, a 10% increase in the following cross rates would

NOTE 34 FINANCIAL RISKS – CONTINUED

impact financial items as follows: USD/UAH (DKK -41m), USD/KZT (DKK -51m) and EUR/UZS (DKK -30m). For USD deposits, a 10% increase in USD/RUB would have a positive impact of DKK 48m. Baltika Breweries was in a net cash position by the end of 2009.

In 2009, the Group incurred net losses on foreign exchange and made fair value adjustments of financial instruments of DKK 501m (2008: losses of DKK 802m). The main source for the losses in both 2008 and 2009 was USD- and EUR-denominated debt in a number of Group companies in Eastern Europe.

In 2008 this applied in particular to Baltika Breweries in Russia and Slavutich in the Ukraine, as both the RUB and UAH came under pressure in the fourth quarter of 2008. In the first quarter of 2009, the RUB and UAH depreciated further against the funding currencies, and the UZS and KZT (the functional currencies of Uzbekistan and Kazakhstan) also came under pressure against the funding currencies (EUR and USD respectively).

Impact on statement of financial position and equity. The Carlsberg Group holds a number of investments in foreign subsidiaries for which 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, GBP, CNY, HKD and MYR. The basis for hedging is reviewed annually, and the two parameters, risk reduction and cost, are balanced.

Changing foreign exchange rates will also affect the level of debt, as funding is obtained in a number of currencies (cf. the table in the section on interest rate risk). In 2009, the net interest-bearing debt was increased by DKK 562m (2008: decreased by DKK 228m) due to foreign exchange rates. The primary impact derives from net debt in GBP: GBP/DKK appreciated from 7.65 at the end of 2008 to 8.23 at the end of 2009.

The Carlsberg Group's net investment in foreign currencies (including loans granted to subsidiaries as an addition to the net investment) has been greatly influenced by the acquisition of the remaining 50% of BBH. Although this transaction was completed in 2008, the PPA (Purchase Price Allocation) was not finalised until 2009.

For 2009 the total losses for Carlsberg A/S's shareholders amounted to DKK 3,600m (2008: DKK 6,454m) on net investments, loans granted to subsidiaries as an addition to the net investment and net investment hedges. The losses have primarily been incurred in the Eastern European currencies RUB and UAH. "Other" included losses in KZT and BYR of DKK 132m.

The impact on the equity is included in other comprehensive income.

The most significant net risk relates to foreign exchange adjustment of equity in RUB, which has only been hedged to some extent.

Foreign exchange adjustment of the net investment in 2008 in "Other" relates to various Eastern European and Asian currencies, and NOK.

The total foreign exchange risk is stated at 31 December 2009. If RUB/DKK, UAH/DKK and LTL/DKK had been 10% lower (higher) at 31 December 2009, the hypothetical impact on equity would have been DKK -5,338m (DKK 5,338m), DKK -186m (DKK 186m) and DKK -217m (DKK 217m) respectively (31 December 2008: DKK -5,310 (DKK 5,310m), DKK -186m (DKK 186m) and DKK -180m (DKK 180m)).

Interest rate risk

The most significant interest rate risk in the Carlsberg Group relates to borrowings. The management objective is for duration measured in years to be between one and five years.

The Group's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2009, gross debt (non-current and current borrowings) amounted to DKK 39,397m (2008: DKK 48,521m). After deducting cash and cash equivalents, net debt was DKK 36,663m (2008: DKK 45,664m), a decrease of DKK 9,001m.

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

A breakdown of the gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 24.

At year-end, 62% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2008: 57%). It is estimated that an interest rate rise of 1 percentage point would lead to an increase in annual interest expenses of DKK 118m (2008: DKK 197m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At the end of 2009, the duration of the net loan portfolio was 2.3 years (2008: 1.9 years) and in value terms amounted to DKK 850m (2008: DKK 849m). Accordingly, the effect of a 1 percentage point increase in interest rates would lead to a financial gain of DKK 850m. However, since only interest rate swaps, and not fixed-interest borrowing, are marked-to-market, only the duration contained in financial instruments will affect equity. It is estimated that DKK 425m (2008: DKK 625m) of the duration is contained in interest rate derivatives designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised in other comprehensive income. The remaining duration is borrowing with fixed interest – primarily the three issued bonds described in note 24. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2009, shareholders' equity would have been DKK 425m (31 December 2008: DKK 625m) higher (lower).

The recognised impact from interest rate derivatives is disclosed in note 35. The sensitivity analysis is based on the financial instruments recognised at 31 December 2009 (31 December 2008).

Carlsberg's exposure to an increase in short-term interest rates is primarily in EUR and USD, and secondarily DKK. The exposure to medium- and long-term interest rates is primarily in EUR. The table below shows the breakdown of currencies and interest rate fixing for the net debt.

NOTE 34 FINANCIAL RISKS – CONTINUED

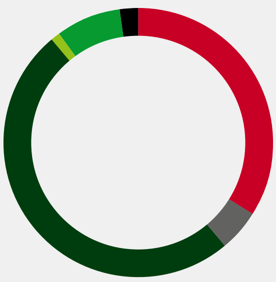
2009

Net financial debt before swaps		Next repricing					
DKK million		2010	2011	2012	2013	2014	2015-
CHF	26	126	-100	-	-	-	-
DKK	1,971	1,581	-	-	-	5	385
EUR	25,326	9,829	-112	66	7,517	7,441	3,005
GBP	6,065	-47	2,045	-	1,647	-	-
NOK	-22	-22	-	-	-	-	-
PLN	30	24	2	2	2	-	-
RUB	-817	-817	-	-	-	-	-
SEK	-16	-16	-	-	-	-	-
USD	4,594	3,892	283	271	102	46	-
Other	-494	-504	4	6	-	-	-
Total	36,663	14,046	2,122	345	9,268	7,492	3,390

2008

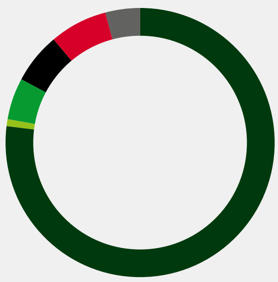
Net financial debt before swaps		Next repricing					
DKK million		2009	2010	2011	2012	2013	2014-
CHF	1,861	1,861	-	-	-	-	-
DKK	6,358	5,981	-	-	-	-	377
EUR	33,715	12,079	11,184	2	1	7,452	2,997
GBP	3,068	-358	-	1,895	-	1,531	-
NOK	-11	-11	-	-	-	-	-
PLN	134	125	2	2	2	2	1
RUB	-173	-173	-	-	-	-	-
SEK	-62	-62	-	-	-	-	-
USD	1,561	1,156	307	98	-	-	-
Other	-787	-863	19	24	19	14	-
Total	45,664	19,735	11,512	2,021	22	8,999	3,375

Distribution of gross financial debt 2009



50% Long-term bank borrowings
1% Other long-term funding
8% Short-term bank borrowing
2% Other short-term funding
34% Long-term bonds
5% Long-term mortgages

Distribution of gross financial debt 2008



77% Long-term bank borrowings
1% Other long-term funding
5% Short-term bank borrowing
6% Other short-term funding
7% Long-term bonds
4% Long-term mortgages

NOTE 34 FINANCIAL RISKS – CONTINUED

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. Group policy is that financial transactions may be entered into only with financial institutions with a high credit rating. The credit exposure on financial institutions is effectively managed at two levels. Carlsberg primarily enters into financial instruments and transactions with financial institutions that are the Group's relationship banks, i.e. extending loans to the Group. In most cases, Carlsberg will be in a net debt position with its relationship banks. Furthermore, Group Treasury monitors the Group's gross credit exposure to banks, and operates with individual limits on banks based on rating, level of government support and access to netting of asset and liabilities.

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 19, are sufficient to cover expected losses.

Developments of importance to the on-trade may increase the credit risk for groups of customers in a country/market. Such developments include changes in local legislation, which may have an adverse effect on the earnings in the industry in general, and are taken into consideration when write-downs for bad debt losses are made. The credit risk is therefore assessed to be reflected in the carrying amount.

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

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

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 funding and 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, and to some extent tapping a diversity of funding sources. At 31 December 2009, Carlsberg had unutilised long-term committed credit facilities of DKK 9,382m (2008: DKK 8,866m).

For day-to-day liquidity management, the Group uses cash pools, covering most of Northern & Western Europe, or intra-Group loans between Group Treasury and subsidiaries. As a result of withholding tax and local legislation, the majority-owned entities in Eastern Europe have their own credit facilities and borrowings from banks, as is also the case for the joint venture in Portugal (Unicer-Bebidas).

Carlsberg applies the formula below in the monitoring of credit resources available:

	2009
Total non-current committed loans and credit facilities	45,457
Total current and non-current borrowings	-39,397
Unused committed non-current credit facilities	6,060
Cash and cash equivalents	2,734
Credit resources available	8,794

The unused committed non-current credit facilities of DKK 6,060m are net of non-current and current borrowings, and therefore DKK 3,322m (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 9,382m.

The major long-term committed credit facilities include financial covenants with reference to the ratio between net debt and EBITDA. The management monitors this ratio, and at 31 December 2009 there was sufficient headroom below the ratio.

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. 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 increases. 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, Carlsberg's purchase price under the majority of purchase agreements is variable and based on the global market price of aluminium (London Metal Exchange, LME). Carlsberg is thus able to hedge the underlying aluminium price risk. The total volume of aluminium purchased via financial instruments was approximately 57,000 tonnes at the end of 2009 (2008: 80,000 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 65m (2008: DKK 75m). Fair values are specified in note 35.

For a number of entities, purchases of raw materials such as malt and hops are made in a currency other than the functional currency. It is Group policy for Northern & Western Europe to secure delivery for the coming budget year, and the exposure for 2010 was thus hedged in spring 2009.

For Eastern Europe, hedging of the foreign exchange risk has not been made for 2010, as forward prices for the currencies contained an implicit expectation of devaluation – and thereby cost of hedging – which was higher than Carlsberg's estimate of the likely development.

Capital structure and management

Management's strategy and overall goal are 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 statement of financial position ratios. In 2006 the Carlsberg Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. The rating was reaffirmed in May 2009.

Carlsberg A/S's share capital is divided into two classes (A shares and B shares). Combined with the Carlsberg Foundation's position as majority shareholder (in terms of control), management considers that this division will remain advantageous for all of the Company's shareholders, as

NOTE 34 FINANCIAL RISKS – CONTINUED

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. Management assesses total committed credit facilities, expected future cash flows and the net debt ratio as well as relevant bank covenants, which are mainly related to the aforementioned key figures. At 31 December 2009, the Carlsberg Group had net interest-bearing debt totalling DKK 35,679m (2008: DKK 44,156m). The credit resources available and the access to unused committed credit facilities are considered reasonable in light of the Group's current needs in terms of financial flexibility.

Committed non-current credit facilities at 31 December:

DKK million	2009
1-2 years	5,813
2-3 years	25,048
3-4 years	1,875
4-5 years	7,525
>5 years	5,196
Total	45,457
Current borrowings	3,322
Non-current borrowings	36,075
Total	39,397

No changes were made to the Group's guidelines for control of capital structure and management in 2009.

NOTE 35 FINANCIAL INSTRUMENTS

The fair value of financial derivatives, and in most cases also non-derivative financial instruments, is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discounting of cash flows of financial derivatives are used. Where internally calculated values are used, these are compared to external market values on a quarterly basis.

Fair value hedges and financial derivatives not designated as hedging instruments (economic hedges)

Fair value hedges and economic hedges not designated in a fair value hedge relationship are primarily exchange rate instruments used to swap the currency of borrowings and other financial instruments. They are used in the daily liquidity and risk management process as well as in the loan portfolio.

Changes in the fair value of financial instruments used as fair value hedges and derivatives not designated as hedging instruments (economic hedges) are recognised in the income statement. The non-designated instruments are primarily hedges of financial risks relating to borrowings. Financial risks primarily comprise the foreign exchange risk on borrowings.

The only fair value adjustments of designated fair value hedge relationships are a cross-currency swap of a GBP 300m bond issue with fixed interest that has been swapped to floating EUR, and two swaps hedging two fixed-rate mortgage loans. In 2009 DKK -109m (2008: DKK -7m) arising from the change in fair value of financial instruments designated as the hedged item in a fair value hedge was recognised in the income statement. The fair value adjustment of the loan was DKK +87m (2008: DKK +7m). In all three hedging relationships, the fair value adjustment relates to changes in the market risk factor (interest and foreign exchange rates) and not to credit risk.

	2009		2008	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-10	-	28	2
Exchange rate instruments	97	-1,111	533	-1,026
Ineffective portion of hedge	-7	-7	-5	-5
Total	80	-1,118	556	-1,029

NOTE 35 FINANCIAL INSTRUMENTS – CONTINUED

Value adjustments of fair value hedges in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (note 8). In 2009 financial income amounted to DKK 80m (2008: DKK 556m).

The fair value adjustment in 2008 is primarily due to the GBP 250m cross-currency swap, which is a hedge of the GBP 250m bond issue. The fair value adjustment is related to the inefficient portion of interest rate hedges. The total ineffective portion is a loss of DKK 7m (2008: DKK 5m).

The value of fair value hedges recognised at 31 December amounted to DKK -1,118m (2008: DKK -1,029m). The recognition of the fair value hedges in the consolidated financial statements is specified in a separate table below.

Cash flow hedges

Cash flow hedges are primarily used on interest rate swaps where the hedged item is the underlying (floating rate) borrowing, and on aluminium hedges where the hedged item is aluminium cans, used in a number of Group entities in Northern & Western Europe and Eastern Europe.

Main financial instruments – overview

DKK million	Maturity	Purpose
Instrument:		
EUR 500m interest rate swap	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap[1]	2015	Swap of borrowing with 1 month EURIBOR to fixed
GBP 250m currency swap	2011	Swap of fixed GBP interest to fixed DKK interest
Aluminium	2010-2012	Fixing of aluminium risk related to purchase of cans

[1] These EUR interest rate swaps were entered into during 2008 following the acquisition of part of the activities in S&N and the subsequent increase in debt.

Cash flow hedges	2009			2008		
DKK million	Fair value adjustment recognised in other comprehensive income	Fair value	Expected recognition	Fair value adjustment recognised in other comprehensive income	Fair value	Expected recognition
Interest rate instruments	-118	-1,130	2010-2015	-998	-1,102	2009-2015
Exchange rate instruments	-88	-25	2010	-832	-	-
Other instruments	345	79	2010-2012	-181	-266	2009-2012
Total	139	-1,076		-2,011	-1,368	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK 139m (2008: DKK -2,011m). The adjustments are included in Financial income and financial expenses (note 8).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -1,076m (2008: DKK -1,368m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

The impact on other comprehensive income from exchange rate instruments relates to hedges of Group entities' purchases in currencies other than their functional currencies. The impact on other comprehensive income from other instruments relates to hedges of Group entities' exposure to changes in aluminium prices.

NOTE 35 FINANCIAL INSTRUMENTS – CONTINUED

Hedging of net investments in foreign subsidiaries

A change in the fair value of financial instruments (both derivatives and debt instruments) used to hedge the foreign exchange risk associated with investments in foreign currency is recognised in other comprehensive income.

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

In addition, loans classified as additions to net investments have been granted to subsidiaries. Foreign exchange adjustments of these loans are recognised in other comprehensive income in the same line as the gains/losses on the hedges of net investments.

Hedging of net investments	2009		2008	
DKK million	Fair value adjustment recognised in other comprehensive income	Fair value	Fair value adjustment recognised in other comprehensive income	Fair value
Exchange rate instruments	-116	-20	459	799
Total	-116	-20	459	799

Fair value adjustments of net investment hedges in the financial year are recognised in other comprehensive income and amounted to DKK -116m (2008: DKK 459m). The adjustments are included in Financial income and financial expenses (note 8).

The fair value of net investment hedges recognised at 31 December amounted to DKK -20m (2008: DKK 799m). The recognition of the fair values in the consolidated financial statements is summarised in a separate table.

	2009				2008			
DKK million	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement
SEK	-9,877	5,787	-172	-	-9,282	5,424	542	-
NOK	-750	3,182	340	-	-700	3,200	-450	-
CHF	-460	-	-7	-	-385	-	-188	-
GBP	-70	-	1	-	-	-	-	-
MYR	-450	-	10	-	-450	-	2	-
EUR	-398	635	7	-	-898	5,119	-70	-
RUB	-2,857	-	-236	-	-7,644	-	422	-
PLN	-820	-	-29	-	-740	-	183	-
CNY	-1,400	-	4	-	-	-	-	-
HKD	-500	-	-9	-	-	-	-	-
EEK	-	1,152	-1	-	-	1,538	-	-
LVL	-	-	-24	-	-9	-	18	-
Total			-116	-			459	-

NOTE 35 FINANCIAL INSTRUMENTS – CONTINUED

Recognition of financial instruments – summary

Fair values of financial instruments are recognised depending on the nature of the hedge.

DKK million	2009	2008
Fair value presented in the previous table:		
Fair value/economic hedges	-1,118	-1,029
Cash flow hedges	-1,076	-1,368
Net investment hedges	-20	799
Total	-2,214	-1,598
Presentation in notes to the consolidated financial statements:		
Receivables, cf. note 19	271	1,131
Other liabilities, cf. note 28	-2,485	-2,729
Total	-2,214	-1,598

Liquidity risk

Financial liabilities 2009

DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments:					
Derivative financial instruments, payables	2,257	549	1,471	237	2,485
Non-derivative financial instruments:					
Financial debt, gross	39,605	3,322	31,029	5,254	39,397
Interest expense	5,559	1,340	3,640	579	N/A
Trade payables and deposits on returnable packaging	9,290	9,290	-	-	9,290
Liabilities related to the acquisition of entities	649	127	-	522	649
Financial liabilities associated with assets held for sale	51	51	-	-	51
Non-derivative financial instruments, total	55,154	14,130	34,669	6,355	49,387
Financial liabilities, total	57,411	14,679	36,140	6,592	N/A
Derivative financial instruments, receivables	-249	-147	-102	-	-271

NOTE 35 FINANCIAL INSTRUMENTS – CONTINUED

Derivative financial instruments and the borrowings referred to in the section above on fair value hedges are held at fair value, while other items are held at amortised cost.

All items are stated at their notional amounts. Derivative financial instruments payable and receivable are presented gross. Derivative financial instruments are in general traded within the Group's relationship banks, cf. the credit risk section in note 34. The notional amount/contractual cash flow of the financial debt is DKK 208m higher (2008: DKK 196m) than the carrying amount. The difference between the notional amount and the carrying amount is a cost that has been capitalised and is amortised over the duration of the borrowings, and the difference between the notional amount of the bond and the two mortgages which are carried at fair value. The interest expense is the contractual cash flows expected on issued bonds, the part of bank borrowing that has been swapped and mortgages (all excluding swaps but including margin). The expected cash flows from the swaps related to the borrowings are included in the contractual cash flow for the derivative financial instrument. It should be noted that the cash flows regarding the interest expense are estimated cash flows based on the notional amount of the above-mentioned borrowings and forward interest rates at year-ends 2009 and 2008.

Financial liabilities					2008
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments:					
Derivative financial instruments, payables	2,941	711	2,127	103	2,729
Non-derivative financial instruments:					
Financial debt, gross	48,717	5,291	40,546	2,880	48,521
Interest expense	4,648	1,222	2,857	569	N/A
Trade payables and deposits on returnable packaging	9,466	9,466	-	-	9,466
Liabilities related to the acquisition of entities	215	-	215	-	215
Financial liabilities associated with assets held for sale	453	453	-	-	453
Non-derivative financial instruments, total	63,499	16,432	43,618	3,449	N/A
Financial liabilities, total	66,440	17,143	45,745	3,552	N/A
Derivative financial instruments, receivables	-750	-705	-45	-	-1,131

Fair value hierarchy of financial instruments measured at fair value in the statement of financial position	2009	2008
DKK million	Level 2 – Observable data	Level 2 – Observable data
Financial assets:		
Fair value hedges	30	243
Cash flow hedges	79	-
Net investment hedges	162	888
Total	271	1,131
Financial liabilities:		
Financial debt at fair value	2,803	361
Fair value and economic hedges	1,148	1,272
Cash flow hedges	1,155	1,368
Net investment hedges	182	89
Total	5,288	3,090

Carlsberg has no financial instruments measured at fair value at level 1 (quoted prices) or at level 3 (non-observable data).

The fair value of all derivatives calculated internally (whether designated as fair value or economic hedges, cash flow hedges or net investment hedges) is calculated by: a) estimating the notional future cash flows using observable market data such as yield curves and the aluminium forward curve; b) discounting the estimated and fixed cash flow to present value; c) converting the amounts in foreign currency into the functional currency at the end-of-period foreign exchange rate. The fair value of the financial net debt is calculated using the same methodology as for derivatives – using both externally and internally generated yield curves.

NOTE 36 RELATED PARTY DISCLOSURES

Related parties exercising control. The Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, holds 30.3% of the shares and 72.9% of the voting power in Carlsberg A/S, excluding treasury shares. The Foundation participated in the capital increase in June 2008. Apart from this and dividends and grants, cf. note 6, no transactions were carried out with the Carlsberg Foundation during the year.

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

Associates

DKK million	2009	2008
The income statement and statement of financial position include the following transactions with associates:		
Revenue	218	462
Cost of sales	291	386
Loans	34	7
Borrowings	-193	27
Receivables from the sale of goods and services	49	78
Trade payables	12	114

No losses on loans to or receivables from associates were recognised or provided for in either 2009 or 2008.

Proportionally consolidated entities

DKK million	2009	2008
The income statement and statement of financial position include the following transactions with proportionally consolidated entities:		
Revenue	10	34
Costs	4	4
Interest income	-	7
Interest expenses	-	13
Receivables	17	23
Trade payables and other liabilities etc.	-	1

The decrease in key figures is attributable to the BBH Group, which was recognised as a proportionally consolidated entity until the acquisition and as a subsidiary as at 28 April 2008. Accordingly, the 2008 figures included four months' activity from the BBH Group proportionally consolidated in the income statement.

NOTE 37 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Carlsberg Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 79m (2008: DKK 125m) and for loans etc. raised by third parties (non-consolidated entities) of DKK 835m (2008: DKK 886m).

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 Carlsberg Group is party to certain lawsuits, disputes etc. of various sizes. In management's opinion, apart from as recognised in the statement of financial position or disclosed in the consolidated financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's or the Group's financial position.

Certain guarantees etc. are issued in connection with disposal of entities and activities etc. Other than as recognised in the statement of financial position or disclosed in the consolidated financial statements, these guarantees etc. will not have a material effect on the Group's financial position.

Contractual commitments. The Carlsberg Group has entered into service contracts of various lengths in respect of sales, logistics and IT. Costs related to the contracts are recognised as the services are received.

Capital commitments

DKK million	2009	2008
Capital commitments which at the end of the reporting period are agreed to be made at a later date and are therefore not recognised in the consolidated financial statements:		
Intangible assets	9	7
Property, plant and equipment and construction contracts	145	490
Total	154	497

NOTE 38 OPERATING LEASE LIABILITIES

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2009 Total
Future lease payments:					
Within one year	127	12	294	-	433
Between one and five years	963	19	434	-	1,416
After more than five years	209	-	25	-	234
Total	1,299	31	753	-	2,083

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2008 Total
Future lease payments:					
Within one year	149	41	584	-	774
Between one and five years	272	49	1,249	2	1,572
After more than five years	265	-	40	-	305
Total	686	90	1,873	2	2,651

DKK million	2009	2008
Operating lease recognised in the income statement	463	677
Expected future income under non-cancellable subleases (matures within 10 years)	105	123

The Carlsberg Group has entered into operating leases relating 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 REPORTING PERIOD

Other than the events recognised or disclosed in the consolidated financial statements, no events have occurred after the reporting period of importance to the consolidated financial statements.

NOTE 40 ACCOUNTING POLICIES

The 2009 consolidated financial statements of the Carlsberg Group have 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 statutory order pursuant to the Danish Financial Statements Act.

In addition, the consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

The consolidated financial statements are presented in Danish kroner (DKK million), which is the Parent Company's functional currency.

The consolidated financial statements have 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. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition of part of the activities in S&N was completed in April 2009 and for the acquisition of Baltika-Baku LLC in August 2009. The comparative figures for 2008 have been restated accordingly in accordance with IFRS 3 requirements as further described in note 30, Acquisition and disposal of entities.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

New International Financial Reporting Standards and Interpretations

With effect from 1 January 2009 the following IFRSs and Interpretations were implemented which did not affect the consolidated financial statements 2009 materially:

- IFRS 8 "Operating Segments". The Standard only affected the financial disclosures for the Group's segments. The Standard did not affect the Group's segmentation, which was already in compliance with the Standard, or recognition and measurement in the consolidated financial statements.
- IFRS 2 "Share-based Payment: Vesting conditions and Cancellations".
- IAS 23 "Borrowing Costs". The Standard requires that borrowing costs are included in the cost of qualifying assets (intangible assets and property, plant and equipment) that take a substantial period of time to get ready for use or sale. The Standard only applies to assets where development commences on or after 1 January 2009. The Standard affects building, repairs and maintenance of large production plants and breweries. Capitalised borrowing costs incurred in 2009 were insignificant.
- IAS 1 "Presentation of Financial Statements" describes the presentation of financial statements and changes the presentation of the primary financial statements in the consolidated financial statements for 2009.
- IFRIC 13 "Customer Loyalty Programmes" regarding customer loyalty programmes.
- Amendments to IAS 1 and IAS 32 "Puttable Financial Instruments and Obligations arising on Liquidation".
- Amendments to IFRS 1 and IAS 27 "Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate".
- Amendments to IFRS 7 "Improving disclosures about Financial Investments" which have changed the disclosures in the notes.
- Improvements to IFRSs issued in May 2008.
- IFRIC 15 "Agreements for the Construction of Real Estate".
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation".
- IFRIC 17 "Distribution of Non-cash Assets to Owners".

The IASB has issued the following new and amended Standards and Interpretations, which have been adopted by the EU but are not yet mandatory for the preparation of the Carlsberg Group's consolidated financial statements:

- IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements".
- Amendments to IAS 39 and IFRIC 9.

The new and amended Standards and Interpretations are effective for financial years beginning on or after 1 July 2009 and will be adopted by the Carlsberg Group as of the financial year 2010.

In addition, the following new or amended Standards and Interpretations of relevance to the Carlsberg Group have been issued but not yet adopted by the EU:

- Improvements to IFRS issued in April 2009.
- IFRS 9 "Financial Instruments" issued November 2009. The Standard is effective for financial years beginning on or after 1 January 2013.

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2009. The Carlsberg Group expects to adopt the Standards and Interpretations when they become mandatory.

The accounting policies used in the preparation of the consolidated financial statements are consistent with those of last year.

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 has control in some other way.

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 end of the reporting period 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 in note 41.

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 and proportionally consolidated entities 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. Non-controlling 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 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 acquisition 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

NOTE 40 ACCOUNTING POLICIES – CONTINUED

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.

When a business combination is achieved in stages (step acquisition), each significant transaction is accounted for separately to determine the cost and fair value of identifiable assets, liabilities and contingent liabilities acquired, including any goodwill.

The fair value of identifiable assets, liabilities and contingent liabilities acquired may differ at the various acquisition dates. When a transaction in a step acquisition results in control, previously acquired interests in identifiable assets, liabilities and contingent liabilities associated with existing ownership interests are remeasured at fair value at the acquisition date. The remeasurement is accounted for as a revaluation and recognised in other comprehensive income.

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 statement of financial position. 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 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 in other comprehensive income and costs to sell or winding-up expenses. Gains or losses on disposal or winding-up of subsidiaries are recognised in the income statement under Special items, whereas gains or losses on disposal or winding-up of associates are recognised as financial income or financial expenses.

On disposal of entities acquired prior to 1 January 2002 where goodwill was written off in equity in accordance with the former accounting policies and where, in accordance with the exemption in IFRS 1, goodwill is not recognised in the statement of financial position, 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 non-controlling interests. On acquisition of non-controlling 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 non-controlling interests at the acquisition date is recognised as goodwill.

On disposal of non-controlling interests, the difference between the sales amount and the carrying amount of the non-controlling 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 end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements 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 statement of cash flows are translated at the exchange rates at the transaction date and the statement of financial position items are translated at the exchange rates at the end of the reporting period. 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 end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in the consolidated financial statements in other comprehensive income 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 that of Carlsberg A/S and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised in other comprehensive income and attributed to 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 end of the reporting period. 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 end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the end of the reporting period, are recognised in other comprehensive income and attributed to a separate translation reserve in equity.

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 in other comprehensive income 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 end of the reporting period.

Derivative financial instruments. Derivative financial instruments are initially recognised in the statement of financial position at fair value on the trade date and subsequently measured at fair value. Attributable transaction costs are recognised in the income statement.

The fair values of derivative financial instruments are included in other receivables and other payables, and positive and negative values are offset only made when the Group 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.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

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. Except for foreign currency hedges, hedging of future cash flows according to a firm agreement 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 other comprehensive income. When the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item when the hedged risk impacts the income statement. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the non-financial asset is recognised.

Derivatives designated as and qualifying for recognition as a cash flow hedge of financial investments are recognised in other comprehensive income. On complete or partial disposal of the financial investment, the portion of the hedging instrument that is recognised in other comprehensive income and relates to that financial investment is recognised in the income statement when the gain or loss on disposal is recognised.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised 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 in other comprehensive income and attributed to a separate translation reserve in equity.

Embedded derivatives are recognised separately from the host contract and measured at fair value if their economic characteristics and risks are not closely related to those of the host contract, as a separate instrument with the same terms would meet the definition of a derivative, and the entire combined instrument is not measured at fair value through profit and loss. Separated embedded derivatives are subsequently 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 all significant risk and rewards 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 display expenses, 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 is the effective interest rate on on-trade loans calculated on the basis of amortised cost, expenses relating to the research activities in Denmark and France, 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 end of the reporting period 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 statement of financial position 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. Special items include significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments, as well as any gains or losses arising from disposals in this connection which have a material effect over a given period. This item also includes significant non-recurring items, including impairment of goodwill and gains and losses on the disposal of activities.

These items are shown separately in order to give a more true and fair view of the Group's operating profit.

Profits/losses from investments in associates. The proportionate share of the results of associates after tax is recognised in the consolidated income statement after elimination of the proportionate share of unrealised 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 and the ineffective portion of those designated as hedging arrangements are also included.

Borrowing costs on specific or general borrowings which are directly attributable to the development or construction of a qualifying asset are included in the cost of that asset.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

Tax on profit/loss for the year. Tax for the year comprises current tax 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 other comprehensive income is recognised in other comprehensive income. Carlsberg A/S is subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies. Danish 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 scheme and accordingly pays all income taxes to the tax authorities. The jointly taxed Danish companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish corporation tax is allocated between the Danish 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 in other comprehensive income.

Statement of financial position

Intangible assets

Goodwill. Goodwill is initially recognised in the statement of financial position 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. Cost comprises the purchase price and any costs directly attributable to the acquisition and installation until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of software, licences, components, subcontractors, wages and salaries and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset.

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; if no contract term has been agreed, normally not exceeding 5 years
Customer agreements/relationships
Depending on contract with the customer; when no contract exists, normally not exceeding 20 years

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.

Amortisation is recognised in the income statement under cost of sales, sales and distribution costs and administrative expenses to the extent that amortisation is not included in the cost of self-constructed assets.

Impairment losses of a non-recurring nature are recognised in the income statement under special items.

Tangible assets

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, wages and salaries and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset. 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 if the liabilities are provided for. 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 statement of financial position 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, are 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 cost less the residual value and 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 acquisition method is used, cf. the description under Business combinations.

Inventories. Inventories are measured at the lower of weighted average cost and net realisable value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price and 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, and maintenance and depreciation of production machinery, buildings and equipment, and production 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.

Objective indication of impairment is assessed for a portfolio of receivables when no objective indication of individual impairment losses exists. The portfolios are based on on-trade and off-trade customers and on-trade receivables and on-trade loans. The objective indications used for portfolios are based on historical experiences and actual market developments.

Impairment losses are calculated as the difference between carrying amount and net realisable value, including the expected net realisable value of any collateral provided.

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 contract revenue is measured by reference to the percentage of completion at the end of the reporting period 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 selling price 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 investments in subsidiaries or associates and bonds are classified as securities available for sale. Such securities are recognised at the trade date. Upon initial recognition securities are measured at fair value plus any directly attributable transaction costs 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 in other comprehensive income 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 other comprehensive income 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 through 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 through 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 (the relief from royalty method). 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 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.

NOTE 40 ACCOUNTING POLICIES – CONTINUED

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 operating costs. Significant impairment losses and impairment losses arising on extensive structuring of processes and fundamental structural adjustments are recognised under special items.

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 adjustments 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.

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

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 Supervisory Board and therefore expected to be paid for the year is disclosed in connection to the statement of changes in equity.

Interim dividends are recognised as a financial 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 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.

Other key employees in the Group who participate in the long-term incentive programme choose between share-based payment and cash settlement. 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. The value of the long-term incentive programme is calculated as a percentage of the employee's yearly salary. If the employee chooses to receive share options under the long-term incentive programme, the number of share options is determined based on the employee's salary and the fair value of a share option.

On initial recognition of the share options, an estimate is made of the number of options expected to vest, cf. the service condition for each programme. 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. This includes the payment to other key employees in the Group who participate in the long-term incentive programme and choose cash settlement. The cost is provided for over the vesting period of the programme and according to the service conditions and included in staff costs and provisions.

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 statement of financial position as other payables.

For all significant 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 statement of financial position under retirement benefit obligations.

Pension costs for the year are recognised in the income statement based on actuarial estimates and financial expectations at the beginning of the year. Any difference between the expected development in pension plan assets and liabilities and realised amounts determined at year-end constitutes actuarial gains or losses and is recognised in other comprehensive income.

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.

Corporation tax and deferred tax. Current tax payable and receivable is recognised in the statement of financial position 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

NOTE 40 ACCOUNTING POLICIES – CONTINUED

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.

If specific dividend plans exist for subsidiaries, joint ventures and associates in countries levying withholding tax on distributions, deferred tax is recognised on expected dividend payments.

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 entity 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 end of the reporting period when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax recognised in other comprehensive income are, however, recognised in other comprehensive income.

Provisions. Provisions, including warranty provisions, are recognised when, as a result of events arising before or at the end of the reporting period, 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 end of the reporting period. On acquisition of entities, restructuring provisions in the acquiree are only included in the opening balance when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the benefits expected 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 fair value less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the fair value less transaction costs 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 and expected return rate.

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 comprise 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 statement of financial position 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 statement of financial position 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 12 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 statement of financial position, and main items are specified in the notes. Comparative figures are restated.

Statement of cash flows

The statement of cash flows 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.

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 income tax paid.

Cash flow from investing activities. Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities

NOTE 40 ACCOUNTING POLICIES – CONTINUED

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.

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 statement of cash flows from the acquisition date. Cash flows from disposals of entities are recognised up until the disposal date.

Acquisitions of assets by means of finance leases are treated as non-cash transactions.

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 and disposal of non-controlling 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

For segment reporting purposes, the Chief Operating Decision Maker is the Executive Committee. The Executive Committee manages and makes business decisions based on geographical regional information. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on financing and tax planning are made based on information for the Group as a whole and therefore not segmented. The non-beverage activities are managed separately and therefore also shown separately. The segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Carlsberg Group. In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place. The segment information is based on the Group's accounting policies.

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 non-beverage activities, are not included in the operating profit/loss of the segments.

Total segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets, property, plant and equipment, investments in associates and current segment assets 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", unless specifically stated.

The key figures and financial ratios stated in the consolidated financial statements 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 non-controlling interests, divided by the average number of shares outstanding.

Earnings per share, diluted (EPS-D). Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares outstanding, fully diluted for share options in the money and the bonus element in a rights issue 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.

Operating profit. Expression used for operating profit before special items in the Management review.

Organic development. Measure of growth excluding the impact of acquisitions, divestments and foreign exchange from year-over-year comparisons. We believe this provides investors with a better understanding of underlying trends.

Pay-out ratio. Dividend for the year as a percentage of consolidated profit, excluding non-controlling interests.

Pro rata volumes. The Group's total sale of beverages, including the pro rata share of sales through pro rata-consolidated and associated companies.

Return on average invested capital, including goodwill (ROIC). Operating profit before special items as a percentage of average invested capital[1].

Volumes. The Group's total sale of beverages, including the total sales through pro rata consolidated and associated companies.

[1] The calculation of invested capital is specified in note 31.
[2] The calculation of net interest-bearing debt is specified in note 32.
[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 statement of cash flows.

NOTE 41 GROUP COMPANIES

				Ownership share	Nominal share capital ('000)	Currency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
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				◆
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				◆
Carlsberg Ejendomme Holding A/S, Denmark	1 subsidiary		○	100%	500	DKK	100.00				◆
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark		4)	◆	50%	-	DKK	100.00				◆
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark		4)	◆	50%	-	DKK	100.00				◆
Carlsberg Breweries A/S, Copenhagen, Denmark			○	100%	501,000	DKK	100.00				◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	◆			
Investeringsselskapet RH, Oslo, Norway	7 subsidiaries		○	100%	49,900	NOK	89.42	◆			
Ringnes a.s., Oslo, Norway	2 subsidiaries		○	100%	238,714	NOK	89.42	◆			
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96,707	EUR	744.15	◆			
Saku Õlletehase AS, Estonia		1)	○	100%	80,000	EEK	47.56	◆			
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary		○	100%	287,457	SEK	72.28				◆
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries		○	100%	70,000	SEK	72.28	◆			
BBH – Baltic Beverages Holding AB, Stockholm, Sweden			○	100%	12,000	EUR	744.15		◆		
A/S Aldaris, Latvia			○	89%	7,500	LVL	1,049.10	◆			
Svyturys-Utenos Alus AB, Lithuania			○	76%	118,000	LTL	215.52	◆			
UAB BBH Baltics, Lithuania			○	100%	10	LTL	215.52	◆			
Baltic Beverages Eesti, Estonia			○	100%	400	EEK	47.56	◆			
Baltika Breweries, St. Petersburg, Russia	2 subsidiaries	1)	○	89%	164,364	RUB	17.15		◆		
Baltika-Baku Brewery, Baku, Azerbaijan			○	100%	26,849	AZN	646.50		◆		
Slavutich Brewery, Ukraine			○	92%	853,692	UAH	65.00		◆		
Lvivska Brewery, Ukraine			○	100%	72,741	UAH	65.00		◆		
Derbes Company Ltd. Liability Partnership, Kazakhstan			○	100%	4,820,426	KZT	3.50		◆		
Olivaria, Belarus		3)	◆	30%	61,444,801	BYR	0.18		◆		
Carlsberg Uzbekistan, Uzbekistan		5)	○	100%	35,217,146	UZS	0.34		◆		
Baltic Beverages Invest AB, Stockholm, Sweden			○	100%	11	EUR	744.15		◆		
Baltic Beverages Holding Oy, Helsinki, Finland			○	100%	4	EUR	744.15		◆		
Carlsberg Italia S.p.A, Lainate, Italy	13 subsidiaries		○	100%	82,400	EUR	744.15	◆			
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	7 subsidiaries	5)	◆	44%	50,000	EUR	744.15	◆			
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95,000	CHF	500.17	◆			
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries		○	100%	26,897	EUR	744.15	◆			
Nordic Getränke GmbH, Germany			■	50%	1,000	EUR	744.15	◆			
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries		○	100%	41,250	EUR	744.15	◆			
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	744.15	◆			
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	823.17	◆			
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90,004	GBP	823.17	◆			
Emeraude SAS, France	4 subsidiaries	5)	○	100%	405,037	EUR	744.15	◆			
Brasseries Kronenbourg SAS, France			○	100%	547,891	EUR	744.15	◆			
Sorex Holding SAS, France			○	100%	14,600	EUR	744.15	◆			
Mythos Brewery S.A., Greece			○	100%	39,405	EUR	744.15	◆			
Carlsberg Polska S. A., Warsaw, Poland	3 subsidiaries		○	100%	28,721	PLN	180.40	◆			
Carlsberg Accounting Centre Sp. z o.o., Poznan, Poland			○	100%	50	PLN	180.40				◆
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18,198	EUR	744.15	◆			
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239,932	HRK	101.99	◆			
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2, 5)	○	44%	1,267,128	MWK	3.67			◆	
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	38,000	DKK	100.00	◆			
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2,523	USD	519.01	◆			
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37,325	BGN	380.48	◆			
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	380.48	◆			

NOTE 41 GROUP COMPANIES – CONTINUED

				Ownership share	Nominal share capital ('000)	Currency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2,989,921	RSD	7.76	◆			
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25,400	HUF	2.74	◆			
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			◆	
Hué Brewery Ltd., Hué, Vietnam			◆	50%	216,788,000	VND	0.03			◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380,000	CNY	76.04			◆	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries		◆	61%	105,480	CNY	76.04			◆	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210,000	CNY	76.04			◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85,000	CNY	76.04			◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15,000	CNY	76.04			◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16,620	CNY	76.04			◆	
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194,351	CNY	76.04			◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1)	○	51%	154,039	MYR	151.49			◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10,000	MYR	151.49			◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	151.49			◆	
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1,000	SGD	369.49			◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			○	100%	1,000	SGD	369.49			◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1)	■	25%	850,000	LKR	-			◆	
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary		■	50%	100,000	TWD	-			◆	
Carlsberg Asia Pte Ltd., Singapore			○	100%	54,914	SGD	369.49			◆	
Brewery Invest Pte. Ltd, Singapore			○	100%	3,200	SGD	369.49			◆	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary		○	100%	260,000	HKD	66.93			◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	100%	442,330	CNY	76.04			◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303,659	CNY	76.04			◆	
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	79,528	CNY	76.04			◆	
Lao Brewery Co. Ltd., Vientiane, Laos			◆	50%	14,400,000	LAK	0.06			◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466,325	NPR	7.06			◆	
Dali Beer (Group) Limited Company, Dali, China			○	100%	97,799	CNY	76.04			◆	
Hanio Vung Tau Joint Stock, Vietnam		5)	◆	45%	345,190,377	VND	0.03			◆	
Hanio Beer Company, Vietnam		5)	■	16%	2,318,000,000	VND	0.03			◆	
Chongqing Brewery Co. Ltd, China		1, 5)	■	18%	483,971	CNY	76.04			◆	
Caretech Ltd, Hong Kong, China		5)	◆	50%	10,000	HKD	66.93			◆	
Cambrew Pte Ltd, Singapore		5)	◆	100%	21,720	SGD	369.49			◆	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	◆	100%	125,000	USD	519.01			◆	
Lao Soft Drinks Co. Ltd, Laos			○	65%	2,448,000	LAK	0.06			◆	
Carlsberg IndoChina, Vietnam			○	100%	8,000	VND	0.03			◆	
South Asian Breweries Pvt Ltd, Singapore			◆	45%	65,000	SGD	369.49			◆	
South Asian Breweries Pvt Ltd, India			○	100%	618,288	INR	11.19			◆	
Parag Breweries Ltd, India			○	52%	5,200	INR	11.19			◆	
Halong Beer and Beverage, Vietnam			◆	31%	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	180.40				◆
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00				◆
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary		○	100%	31,000	DKK	100.00				◆
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	-	CAD	494.81	◆			
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	5,000	CAD	494.81	◆			
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50,000	DKK	100.00				◆
Carlsberg Insurance A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00				◆

○ Subsidiary ◆ Proportionally consolidated entity ■ Associate
1) Listed company 2) Carlsberg is responsible for management 3) Carlsberg can exercise control due to call options
4) A separate annual report is not prepared 5) Company not audited by KPMG

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PARENT COMPANY CARLSBERG A/S

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Income statement

DKK million	Note	2009	2008
Administrative expenses		-50	-44
Other operating income	3	130	322
Other operating expenses	3	-170	-151
Operating profit		-90	127
Financial income	4	154	1,332
Financial expenses	4	-177	-342
Profit before tax		-113	1,117
Corporation tax	5	27	-62
Profit for the year		-86	1,055
Attributable to:			
Dividend to shareholders		534	534
Reserves		-620	521
Profit for the year		-86	1,055

DKK	Note	2009	2008
Earnings per share:	6		
Earnings per share		-0.6	8.9
Earnings per share, diluted		-0.6	8.9

Statement of comprehensive income

DKK million	Note	2009	2008
Profit for the year		-86	1,055
Other comprehensive income:			
Value adjustments of hedging instruments	24	-6	-26
Retirement benefit obligations	18	-2	-5
Other		-2	-
Tax on changes in other comprehensive income	5	2	18
Other comprehensive income		-8	-13
Total comprehensive income		-94	1,042

Fair value adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and for which the hedged transaction has not yet been realised.

Statement of financial position

ASSETS

DKK million	Note	31 Dec. 2009	31 Dec. 2008
Non-current assets:			
Property, plant and equipment	9	1,429	1,418
Investments in subsidiaries	10	45,642	45,630
Investments in associates and joint ventures	11	-	-
Securities	12	9	7
Deferred tax assets	19	116	88
Total non-current assets		47,196	47,143
Current assets:			
Receivables from subsidiaries	13	1,876	6,731
Tax receivables		17	14
Other receivables	13	100	99
Cash and cash equivalents	14	33	124
Total current assets		2,026	6,968
Assets held for sale	15	308	10
Total assets		49,530	54,121

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2009	31 Dec. 2008
Equity:			
Share capital	16	3,051	3,051
Reserves		-23	-18
Retained earnings		44,073	44,650
Total equity		47,101	47,683
Non-current liabilities:			
Borrowings	17	760	2,389
Retirement benefit obligations and similar obligations	18	25	27
Provisions	20	22	38
Other liabilities	21	175	175
Total non-current liabilities		982	2,629
Current liabilities:			
Borrowings	17	960	3,549
Trade payables		31	110
Provisions	20	12	-
Other liabilities etc.	21	444	149
Total current liabilities		1,447	3,808
Liabilities associated with assets held for sale	15	-	1
Total liabilities		2,429	6,438
Total equity and liabilities		49,530	54,121

Statement of changes in equity

				2009
	Shareholders in Carlsberg A/S			
DKK million	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2009	3,051	-18	44,650	47,683
Total comprehensive income for the year, cf. separate statement	-	-5	-89	-94
Acquisition/disposal of treasury shares	-	-	-6	-6
Share-based payment	-	-	6	6
Share-based payment to employees in subsidiaries	-	-	46	46
Dividends paid to shareholders	-	-	-534	-534
Total changes in equity	-	-5	-577	-582
Equity at 31 December 2009	3,051	-23	44,073	47,101

				2008
	Shareholders in Carlsberg A/S			
DKK million	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2008	1,526	1	15,601	17,128
Total comprehensive income for the year, cf. separate statement	-	-19	1,061	1,042
Capital increase	1,525	-	28,413	29,938
Acquisition/disposal of treasury shares	-	-	2	2
Share-based payment	-	-	3	3
Share-based payment to employees in subsidiaries	-	-	28	28
Dividends paid to shareholders	-	-	-458	-458
Total changes in equity	1,525	-19	29,049	30,555
Equity at 31 December 2008	3,051	-18	44,650	47,683

The proposed dividend of DKK 3.50 per share, in total DKK 534m (2008: DKK 3.50 per share, in total DKK 534m), is included in retained earnings at 31 December 2009. Dividends paid out in 2009 for 2008 amount to DKK 534m (paid out in 2008 for 2007: DKK 458m), which is DKK 3.50 per share (2008: DKK 4.84 per share). Dividends paid out to shareholders in Carlsberg A/S do not impact taxable income in Carlsberg A/S.

Statement of cash flows

DKK million	Note	2009	2008
Operating profit		-90	127
Adjustment for depreciation		15	13
Operating profit before depreciation		-75	140
Adjustment for other non-cash items	22	-45	-244
Change in working capital	22	406	-14
Interest etc. received		198	256
Interest etc. paid		-257	-328
Corporation tax paid		-3	24
Cash flow from operating activities		224	-166
Capital injections in subsidiaries		-1	-24,000
Loans to subsidiaries (2009: repayment)		4,724	-6,545
Loans to associates		-	143
Dividends from subsidiaries		-	800
Dividends from associates, joint ventures and securities		1	223
Total financial investments		4,724	-29,379
Other investments in property, plant and equipment		-454	-963
Disposal of other property, plant and equipment		181	863
Total other activities[1]		-273	-100
Cash flow from investing activities		4,451	-29,479
Free cash flow		4,675	-29,645
Shareholders in Carlsberg A/S	22	-540	29,482
External financing	22	-4,128	169
Cash flow from financing activities		-4,668	29,651
Net cash flow		7	6
Cash and cash equivalents at 1 January[2]		-57	-63
Cash and cash equivalents at 31 December[2]	14	-50	-57

[1] Other activities cover real estate and assets under construction, including costs of construction contracts.

[2] Cash and cash equivalents less bank overdrafts.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing Carlsberg A/S' financial statements, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Company'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 Company's accounting policies are described in detail in note 28.

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 assessments from advisors 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 international economic downturn continued in 2009, causing fluctuations in interest and currency exchange rates, which had a derived effect on the general economic situation and led to uncertainties about future economic development. The impact on the business development and 2009 financials is described in the unaudited Management review, especially the sections describing the segment developments.

Assumptions about the future and estimation uncertainty at the end of the reporting period are described in the notes when 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, cf. note 40 to the consolidated financial statements. It is management's assessment that no indications of impairment existed at year-end 2009, and impairment tests have therefore not been made of 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.

A more detailed description of the Company's tax assets is presented in note 19.

Assessment in applied accounting policies

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognised in the financial statements.

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 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2009	2008
KPMG:		
Statutory audit	1	1
Assurance engagements	-	9
Tax advisory	-	-
Other services	-	-

In 2008 assurance engagements mainly included fees for issuance of declaration and other services related to the capital increase in June 2008.

NOTE 3 OTHER OPERATING INCOME AND EXPENSES

DKK million	2009	2008
Other operating income:		
Gains on disposal of real estate	48	245
Rental income, real estate	10	5
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	14	11
Other, incl. grants received	58	61
Total	130	322
Other operating expenses:		
Real estate costs	-51	-36
Expenses relating to the Carlsberg Research Center	-103	-99
Other	-16	-16
Total	-170	-151
Of which staff costs, cf. note 7	-73	-85
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	-	184
Production costs	-	-107
Total	-	77

Gains on construction contracts are recognised under "Gains on disposal of real estate" and relate to a construction contract for owner-occupied property. The construction was delivered in 2008.

NOTE 4 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial items recognised in the income statement

DKK million	2009	2008
Financial income:		
Interest income	153	307
Dividends from subsidiaries	-	800
Dividends from associates	-	223
Other financial income	1	2
Total	154	1,332

Interest income relates to interest from cash and cash equivalents.

Financial expenses:		
Interest expenses	-165	-335
Interest cost on obligations, defined benefit plans	-1	-1
Other financial expenses	-11	-6
Total	-177	-342
Net financial items recognised in the income statement	-23	990

Interest expenses primarily relate to interest on borrowings.

Financial items recognised in other comprehensive income

DKK million	2009	2008
Value adjustments of hedging instruments:		
Cash flow hedging instruments, effective portion of changes in fair value	-6	-26
Net financial items recognised in other comprehensive income	-6	-26
Total net financial items recognised in comprehensive income	-29	964

NOTE 5 CORPORATION TAX

DKK million	2009	2008
Tax for the year comprises:		
Change in deferred tax during the year	-27	46
Adjustments to tax for previous years	-2	-2
Total tax for the year	-29	44
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	2	18
Tax on profit for the year	-27	62
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	-25.0%	25.0%
Tax on partnerships	2.3%	5.0%
Adjustments to tax for previous years	-2.0%	-0.2%
Non-deductible expenses	1.1%	0.1%
Tax-free dividend	0.0%	-22.9%
Other	-0.4%	-1.5%
Effective tax rate for the year	-24.0%	5.5%

Tax recognised in other comprehensive income:

			2009			2008
DKK million	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Hedging instruments	-6	1	-5	-26	16	-10
Retirement benefit obligations	-2	1	-1	-5	2	-3
Other	-2	-	-2	-	-	-
Total	-10	2	-8	-31	18	-13

DKK million	2009	2008
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	-13	68
Property, plant and equipment etc.	-12	-4
Deferred tax recognised in the income statement	-25	64

NOTE 6 EARNINGS PER SHARE

In 2008 the calculation of basic and diluted earnings per share was adjusted in accordance with IAS 33 Earnings per Share. The Standard requires that if the number of ordinary shares outstanding increases as a result of a bonus element in a rights issue to existing shareholders, the per share calculation for the current and any prior periods presented shall be based on the new number of shares. The assumptions underlying the calculation of the adjustment of earnings per share are described in note 11 to the consolidated financial statements.

DKK million	2009	2008
Profit for the year	-86	1,055
1,000 shares		
Average number of shares	152,550	118,785
Average number of treasury shares	-7	-7
Average number of shares outstanding	152,543	118,778
Average dilutive effect of outstanding share options	34	-
Diluted average number of shares outstanding	152,577	118,778
DKK		
Earnings per share of DKK 20 (EPS)	-0.6	8.9
Diluted earnings per share of DKK 20 (EPS-D)	-0.6	8.9

Diluted earnings per share exclude from the calculation 145,298 share options (2008: 327,031) that do not have a dilutive effect since the sum of the exercise price and the fair value of the options at the grant date was higher than the average market price of the Carlsberg B share for the year.

NOTE 7 STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD, THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2009	2008
Salaries and other remuneration	80	91
Retirement benefit costs – defined contribution plans	7	6
Share-based payment	6	3
Other employee benefits	-	2
Total	93	102
Staff costs are included in the following items in the income statement:		
Administrative expenses	20	17
Other operating expenses	73	85
Total	93	102

The Company had an average of 134 (2008: 141) full-time employees during the year.

	2009		2008	
DKK million	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Remuneration of Group Executive Board and executive employees:				
Salaries and other remuneration	30	4	27	6
Share-based payment	6	-	3	-
Total	36	4	30	6

Following the acquisition of part of the activities in S&N the salary to the Group Executive Board increased as of May 2008. The salary and other remuneration have not increased during 2009 and will not increase during 2010.

Remuneration of the Group Executive Board and executive employees is based on a fixed salary and cash bonus payments of up to 60% of the fixed salary and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes and incentive schemes are established for the Group Executive Board and executive employees. These programmes and schemes cover a number of years. The renumeration is specified in note 12 to the consolidated financial statements.

The 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.

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

Executive employees comprise non-Group Executive Board members who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Supervisory Board of Carlsberg A/S received remuneration of DKK 6m (2008: DKK 6m) for duties performed in the Company and some subsidiaries. The remuneration is a fixed annual amount. The Supervisory Board is not included in share option programmes, retirement benefit plans and other schemes. No agreements have been entered into concerning termination benefits and no such payments were made.

NOTE 8 SHARE-BASED PAYMENT

In 2009 a total of 64,100 (2008: 92,649) share options were granted to 4 (2008: 4) key employees. The grant date fair value of these options was a total of DKK 6m (2008: DKK 8m). The total cost of share-based payment was DKK 6m (2008: DKK 3m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

To ensure that holders of share options receive the same nominal yield on a given increase in the share price after the capital increase in Carlsberg A/S in 2008, an adjustment was made to the share option programmes which existed at the time of the rights issue. The assumptions underlying the calculation of the adjustment of share options are described in notes 13 and 11 to the consolidated financial statements.

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2009	Granted/ grant adjusted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2009	For exercise 31 Dec.	Fixed	DKK per option	31 Dec. 2009	31 Dec. 2008
Executive Board:												
2001	2004-2009	9,105	-	-9,105	-	-	-		312.02			-
2002	2005-2010	9,105	-	-	-	-	9,105	9,105	261.39	122.60	1	-
2003	2006-2011	13,008	-	-	-	-	13,008	13,008	173.12	211.27	3	1
2004	2007-2012	13,008	-	-	-	-	13,008	13,008	216.65	180.37	2	1
2005	2008-2013	12,388	-	-	-	-	12,388	12,388	232.71	179.06	2	-
2006	2009-2014	12,388	-	-	-	-	12,388	12,388	306.89	139.55	2	-
2007	2010-2015	24,776	-	-	-	-	24,776		472.11	111.82	3	-
2008	2011-2016	89,552	-	-	-	-	89,552		490.55	136.10	12	3
2009	2012-2017		60,000	-	-	-	60,000		203.50	237.37	14	
Total		183,330	60,000	-9,105	-	-	234,225	59,897			39	5
Key management personnel:												
2001	2004-2009	1,332	-	-1,332	-	-	-		312.02			-
2002	2005-2010	3,902	-	-	-	-3,902	-	-	261.39	122.60	-	-
2003	2006-2011	5,853	-	-	-	-5,853	-	-	173.12	211.27	-	-
2004	2007-2012	1,951	-	-	-	-1,951	-	-	216.65	180.37	-	-
2005	2008-2013	2,271	-	-	-	-2,271	-	-	232.71	179.06	-	-
2006	2009-2014	2,684	-	-	-	-2,684	-	-	306.89	139.55	-	-
2007	2010-2015	3,097	-	-	-	-1,239	1,858		472.11	111.82	-	-
2008	2011-2016	3,097	-	-	-	-1,239	1,858		490.55	136.10	-	-
2009	2012-2017		4,100	-	-	-1,600	2,500		203.50	237.37	1	
Total		24,187	4,100	-1,332	-	-20,739	6,216	-			1	-
Retired employees:												
2001	2004-2009	9,105	-	-9,105	-	-	-		312.02			-
2002	2005-2010	9,105	-	-	-	3,902	13,007	13,007	261.39	122.60	2	-
2003	2006-2011	13,008	-	-	-	5,853	18,861	18,861	173.12	211.27	4	-
2004	2007-2012	20,162	-	-	-	1,951	22,113	22,113	216.65	180.37	4	1
2005	2008-2013	18,582	-	-	-	2,271	20,853	20,853	232.71	179.06	4	-
2006	2009-2014	24,776	-	-	-	2,684	27,460	27,460	306.89	139.55	4	1
2007	2010-2015	24,776	-	-	-	1,239	26,015		472.11	111.82	3	-
2008	2011-2016	-	-	-	-	1,239	1,239		490.55	136.10	-	-
2009	2012-2017			-	-	1,600	1,600		203.50	237.37	-	
Total		119,514	-	-9,105	-	20,739	131,148	102,294			21	2
Total		327,031	64,100	-19,542	-	-	371,589	162,191			61	7

NOTE 8 SHARE-BASED PAYMENT

	2009					2008				
	Group Executive Board	Executive employees	Resigned	Total	Average exercise price	Group Executive Board	Executive employees	Resigned	Total	Average exercise price
Share options outstanding at 1 January	183,330	24,187	119,514	327,031	352.48	93,778	21,090	119,514	234,382	297.91
Granted	60,000	4,100	-	64,100	203.50	89,552	3,097	-	92,649	490.55
Expired/forfeited	-9,105	-1,332	-9,105	-19,542	312.02	-	-	-	-	-
Transferred	-	-20,739	20,739	-	256.83	-	-	-	-	-
Share options outstanding at 31 December	234,225	6,216	131,148	371,589	328.91	183,330	24,187	119,514	327,031	352.48
Exercisable at 31 December	59,897	-	102,294	162,191	239.66	44,226	13,039	51,380	108,645	230.74

No share options were exercised in 2008 or 2009.

At 31 December 2009 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 490.55 (2008: DKK 173.12 to DKK 490.55). The average remaining contractual life was 4.6 years (2008: 4.8 years).

The assumptions underlying the calculation of the fair value of share options are described in note 13 to the consolidated financial statements.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total 2009
Cost:					
Cost at 1 January 2009	852	106	4	899	1,861
Additions	63	-	-	393	456
Disposals	-26	-7	1	-119	-151
Transfers	721	3	1	-725	-
Transfer to/from assets held for sale	-307	-	-	-	-307
Cost at 31 December 2009	1,303	102	6	448	1,859
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2009	343	98	3	-	444
Disposals	-21	-8	-	-	-29
Depreciation	8	6	1	-	15
Depreciation and impairment losses at 31 December 2009	330	96	4	-	430
Carrying amount at 31 December 2009	973	6	2	448	1,429
Carrying amount of assets pledged as security for loans	969	-	-	448	1,385

Depreciation is included in Administrative expenses.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	2008 Total
Cost:					
Cost at 1 January 2008	603	103	7	489	1,202
Additions	355	-	-	608	963
Disposals	-92	-	-2	-195	-289
Transfers	-	3	-	-3	-
Transfer to/from assets held for sale	-14	-	-	-	-14
Cost at 31 December 2008	852	106	5	899	1,862
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2008	371	92	6	-	469
Disposals	-31	-	-3	-	-34
Depreciation	7	6	-	-	13
Transfer to/from assets held for sale	-4	-	-	-	-4
Depreciation and impairment losses at 31 December 2008	343	98	3	-	444
Carrying amount at 31 December 2008	509	8	2	899	1,418
Carrying amount of assets pledged as security for loans	506	-	-	899	1,405

NOTE 10 INVESTMENTS IN SUBSIDIARIES

DKK million	2009	2008
Cost:		
Cost at 1 January	45,630	21,514
Additions	1	24,000
Share-based payment to employees in subsidiaries	11	116
Cost at 31 December	45,642	45,630
Carrying amount at 31 December	45,642	45,630

The carrying amount includes goodwill of DKK 11,207m (2008: DKK 11,207m) on acquisition of subsidiaries.

Share-based payment to employees in subsidiaries comprises exercised as well as outstanding share options.

NOTE 11 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

DKK million	2009	2008
Cost:		
Cost at 1 January	-	-
Additions	-	-
Disposals	-	-
Cost at 31 December	-	-
Carrying amount at 31 December	-	-

The dividends received from associates and joint ventures exceed the original investments.

NOTE 12 SECURITIES

DKK million	2009	2008
Unlisted shares	9	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.

No shares in unlisted entities were disposed of during 2009 or 2008.

NOTE 13 RECEIVABLES

DKK million	2009	2008
Receivables by origin:		
Loans to subsidiaries	1,864	6,588
Receivables from subsidiaries	12	143
Other receivables	100	99
Total	1,976	6,830

%	2009	2008
Average effective interest rates:		
Loans to subsidiaries	5.4	5.4

Loans to subsidiaries have decreased compared to 2008 due to repayment of loans from Carlsberg Breweries A/S.

The fair value of receivables in all material respects corresponds to the carrying amount.

NOTE 14 CASH AND CASH EQUIVALENTS

DKK million	2009	2008
Cash at bank and in hand	33	124
Total	33	124
In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	33	124
Bank overdrafts	-83	-181
Cash and cash equivalents, net	-50	-57

NOTE 15 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2009	2008
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	308	10
Total	308	10
Liabilities associated with assets held for sale:		
Deferred tax	-	1
Total	-	1

At 31 December 2009, assets held for sale primarily comprise an office building from the real estate development of the former Tuborg site in Hellerup, Denmark. Sales agreements have been entered into in relation to the asset and sale will take place in 2010.

NOTE 16 SHARE CAPITAL

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000
1 January 2008	33,699,252	673,985	42,579,151	851,583	76,278,403	1,525,568
Share capital increase			76,278,403	1,525,568	76,278,403	1,525,568
31 December 2008	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
No change in 2009	-	-	-	-	-	-
31 December 2009	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136

A shares carry ten votes per DKK 10 share. B shares carry one vote per DKK 10 share. A preferential right to an 8% non-cumulative dividend is attached to B shares. Apart from dividends, all shares rank equally.

In June 2008 Carlsberg A/S carried out a capital increase by issuing 76,278,403 new class B shares with a nominal value of DKK 20 at a price of DKK 400. The nominal share capital increase amounted to DKK 1,525,568 thousand and the total proceeds from the share capital increase less costs incurred were DKK 29,938m.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2008	32,762	-	0.0%
Acquisition of treasury shares	37,283	1	0.0%
Used to settle share options	-66,769	-1	0.0%
31 December 2008	3,276	-	0.0%
1 January 2009	3,276	-	0.0%
Acquisition of treasury shares	49,000	1	0.0%
Used to settle share options	-48,804	-1	0.0%
31 December 2009	3,472	-	0.0%

At 31 December 2009 the fair value of treasury shares amounted to DKK 1m (2008: DKK 1m).

The Annual General Meeting has authorised the Supervisory Board 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 1m (2008: DKK 1m) at an average price of DKK 382 (2008: DKK 500), corresponding to a purchase price of DKK 19m (2008: DKK 20m). Class B treasury shares are primarily acquired to facilitate settlement of share option schemes. The Company holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 13m (2008: DKK 20m). The disposal was made in connection with settlement of share options.

NOTE 17 BORROWINGS

DKK million	2009	2008
Non-current borrowings:		
Mortgages	742	735
Bank borrowings	-	1,649
Other non-current borrowings	18	5
Total	760	2,389
Current borrowings:		
Current portion of other non-current borrowings	-	2,499
Bank borrowings	83	181
Borrowings from subsidiaries	877	869
Total	960	3,549
Total non-current and current borrowings	1,720	5,938
Fair value	1,722	5,888

Other non-current borrowings include employee bonds of DKK 18m (2008: DKK 5m).

Borrowings are measured at amortised cost with the exception of two fixed-rate mortgages swapped to floating rates which are measured at fair value. The carrying amount of these borrowings is DKK 362m (2007: DKK 356m).

Time to maturity for non-current borrowings

DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	2009 Total
Issued bonds	-	-	-	5	13	18
Mortgages	-	-	-	-	742	742
Bank borrowings	-	-	-	-	-	-
Total	-	-	-	5	755	760

DKK million	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	2008 Total
Issued bonds	-	-	-	-	5	5
Mortgages	-	-	-	-	735	735
Bank borrowings	-	1,649	-	-	-	1,649
Total	-	1,649	-	-	740	2,389

Interest rate risk on non-current borrowings at 31 December 2009

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2009 Interest rate risk
Mortgages:					
Floating-rate	Floating	1.95%	0-1 year	370	Cash flow
Fixed-rate	Fixed	4.95%	2-10 years	372	Fair value
Total mortgage		3.45%		742	

The floating-rate mortgages comprise three mortgages with a maturity time of more than five years. Two loans (total DKK 370m) 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 -8m and DKK 8m respectively (2008: DKK -7m and DKK 7m respectively).

A floating-rate mortgage of DKK 372m is swapped to a fixed rate. Time to maturity is more than 5 years.

NOTE 17 BORROWINGS – CONTINUED

2009

Currency profile of borrowings before and after derivative financial instruments

Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
	1,720	-	1,720	1,330	-	-	-	5	385

Interest rate risk on non-current borrowings at 31 December 2008

2008

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	1-2 years	2,499	Fair value
Total issued bonds		4.88%		2,499	
Mortgages:					
Floating-rate	Floating	4.06%	0-1 year	362	Cash flow
Fixed-rate	Fixed	4.95%	2-10 years	373	Fair value
Total mortgages		4.38%		735	

The floating-rate mortgages comprise three 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 were adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps was DKK 0m (DKK 7m and DKK -7m respectively).

A floating-rate mortgage of DKK 373m is swapped to a fixed rate. Time to maturity is more than 5 years.

2008

Currency profile of borrowings before and after derivative financial instruments

Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2009	2010	2011	2012	2013	2014-
	5,938	-	5,938	5,561	-	-	-	-	377

Financial risk comprises 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 2,390m, DKK 377m are at fixed rates. There is no foreign exchange risk.

NOTE 18 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	2009	2008
Changes in obligations:		
Total obligations at 1 January	27	29
Interest cost	1	1
Actuarial losses	2	5
Benefits paid	-5	-8
Total obligations at 31 December	25	27
Assumptions applied:		
Discount rate	2.0%	2.0%
Future retirement benefit increases	3.5%	3.5%
Recognised in the income statement:		
Interest cost on obligations	1	1
Total recognised in the income statement	1	1
Recognised in other comprehensive income:		
Recognised at 1 January	-29	-24
Actuarial gains/losses	-2	-5
Recognised at 31 December	-31	-29

DKK million	2009	2008	2007	2006	2005
Five-year overview:					
Unfunded obligations	25	27	29	28	24
Experience adjustments to obligations	-	-	-1	-1	-1

NOTE 19 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2009	2008
Deferred tax at 1 January, net	88	168
Joint taxation contribution	-	-37
Adjustments to previous years	-	2
Recognised in other comprehensive income	2	18
Recognised in the income statement	27	-64
	117	87
Of which transferred to liabilities associated with assets held for sale	-1	1
Deferred tax at 31 December, net	116	88
Specified as follows:		
Deferred tax liabilities	-	-
Deferred tax assets	116	88
Deferred tax at 31 December, net	116	88

NOTE 19 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and liabilities at 31 December

	Deferred tax assets		Deferred tax liabilities	
DKK million	2009	2008	2009	2008
Property, plant and equipment	46	1	4	1
Provisions and retirement benefit obligations	17	24	-	2
Tax losses etc.	58	65	-	-
Total before set-off	121	90	4	3
Set-off	-4	-3	-4	-3
Total after set-off	117	87	-	-
Transferred to assets held for sale	-1	1	-	-
Deferred tax assets and liabilities at 31 December	116	88	-	-
Expected to be used as follows:				
Within 12 months after the end of the reporting period	39	65	-	-
More than 12 months after the end of the reporting period	77	23	-	-
Total	116	88	-	-

Of the total deferred tax assets recognised, DKK 52m (2008: DKK 65m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

NOTE 20 PROVISIONS

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes and lawsuits etc.

DKK million	2009	2008
Provisions at 1 January	38	35
Additional provisions recognised	8	3
Used during the year	-11	-
Reversal of unused provisions	-1	-
Provisions at 31 December	34	38

Of provisions DKK 12m is falling due within one year and DKK 0m after more than five years from the end of the reporting period.

NOTE 21 OTHER LIABILITIES ETC.

DKK million	2009	2008
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	175	175
Current liabilities	444	149
Total	619	324
Other liabilities by origin:		
Staff costs payable	17	14
Interest payable	-	82
Fair value of hedging instruments	31	25
Deferred income	347	5
Other	224	198
Total	619	324

NOTE 22 CASH FLOWS

DKK million	2009	2008
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-48	-246
Other non-cash adjustments	3	2
Total	-45	-244
Change in working capital:		
Receivables	120	22
Trade payables and other liabilities	298	-31
Retirement benefit obligations and other provisions	-12	-5
Total	406	-14
Shareholders in Carlsberg A/S:		
Increase of share capital	-	29,938
Dividends to shareholders	-534	-458
Acquisition of treasury shares	-19	-20
Disposal of treasury shares	13	22
Total	-540	29,482
External financing:		
Proceeds from issue of bonds	13	5
Debt institutions, long-term	-4,150	1,649
Intercompany loans, short-term	9	-1,661
Other financing liabilities	-	176
Total	-4,128	169

NOTE 23 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2009	2008
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	760	2,389
Current borrowings	960	3,549
Gross interest-bearing debt	1,720	5,938
Cash and cash equivalents	-33	-124
Loans to subsidiaries	-1,864	-6,588
Net interest-bearing debt	-177	-774
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	-774	5,473
Cash flow from operating activities	-224	166
Cash flow from investing activities	-4,451	29,573
Dividends to shareholders	534	458
Acquisition/disposal of treasury shares	6	-2
Change in interest-bearing lending	4,724	-6,497
Proceeds from capital increase, net	-	-29,938
Other	8	-7
Total change	597	-6,247
Net interest-bearing debt at 31 December	-177	-774

NOTE 24 FINANCIAL INSTRUMENTS

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discounting of cash flows are used. Where internally calculated fair values are applied, these are tested against external market valuations on a quarterly basis.

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 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	2009	2008
Recognised in the income statement:		
Interest rate instruments	7	7
Total	7	7

Cash flow hedge

A negative fair value of an interest rate swap is recognised in other comprehensive income in accordance with the 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 2017.

DKK million	2009	2008
Recognised in other comprehensive income:		
Interest rate instruments	-6	-26
Total	-6	-26

		2009		2008	
DKK million		Positive	Negative	Positive	Negative
Fair value of financial instruments:					
Cash flow hedge	Interest rate	-	-31	-	-25
Fair value hedge	Interest rate	8	-	1	-
Total		8	-31	1	-25

NOTE 25 RELATED PARTY DISCLOSURES

Related parties exercising control. The Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, holds 30.3% of the shares and 72.9% of the voting power in Carlsberg A/S, excluding treasury shares. The Foundation participated in the capital increase in June 2008. Apart from this and dividends and grants, cf. note 3, no transactions were carried out with the Carlsberg Foundation during the year.

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

Associates. Dividends of DKK 0m (2008: DKK 223m) were received from associates.

DKK million	2009	2008
The income statement and statement of financial position include the following transactions with associates:		
Interest income	-	12
Receivables	12	12
Trade payables	-	1

No losses on loans to or receivables from associates were recognised or provided for in either 2009 or 2008.

Subsidiaries. Dividends of DKK 0m (2008: DKK 800m) were received from subsidiaries.

DKK million	2009	2008
The income statement and statement of financial position include the following transactions with subsidiaries:		
Other operating income	45	48
Other operating costs	16	14
Interest income	19	251
Interest expenses	118	51
Loans	1,876	6,588
Receivables	-	99
Capital increase	-	24,000
Trade payables	21	23
Borrowings	878	869

NOTE 26 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg A/S has issued guarantees for loans etc. of DKK 804m (2008: DKK 551m) 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 is party to certain lawsuits, disputes etc. of various sizes. In management's opinion, apart from as recognised in the statement of financial position or disclosed in the Annual Report, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's financial position.

Capital commitments

DKK million	2009	2008
Capital commitments which at the end of the reporting period 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	32	-
Total	32	-

Carlsberg A/S has entered into an operating lease relating to transport equipment. The lease contains no special purchase rights etc. Future lease payments are less than DKK 1m (2008: DKK 1m). Operating lease payments recognised in the income statement in 2009 are DKK 1m (2008: less than DKK 1m).

NOTE 27 EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the financial statements, no events have occurred after the reporting period of importance to the financial statements.

NOTE 28 ACCOUNTING POLICIES

The 2009 financial statements of Carlsberg A/S have 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 statutory order pursuant to the Danish Financial Statements Act.

In addition, the financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

The financial statements are presented in Danish kroner (DKK million), 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.

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.

Tax on profit/loss for the year. Tax on profit/loss for the year comprises profit/loss from real estate partnerships (associates), as these are not individually taxed but included in taxable income of the partners. In addition, tax on profit/loss and deferred tax is calculated and recognised as described in note 40 to the consolidated financial statements.

Statement of financial position

Investments in subsidiaries, joint ventures and associates. Investments in subsidiaries, joint ventures and associates are measured at the lower of cost or recoverable amount.

Share-based payment to employees in subsidiaries. The value of granted equity-settled share options to employees in the Parent 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 sales 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 end of the reporting period between the fair value of the Parent 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 Parent Company's own employees are recognised and measured in accordance with the accounting policies used by the Carlsberg Group, cf. note 40 to the consolidated financial statements for a description of accounting policies.

MANAGEMEN
STATEMEN
AUDITOR
REPO


SUPERVISORY
BOARD

Management statement

The Supervisory Board and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Group and the parent company for 2009.

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

In our opinion the consolidated financial statements and the parent company's financial statements give a true and fair view of the Carlsberg Group's and the parent company's assets, liabilities and financial position at 31 December 2009 and of the results of the Carlsberg Group's and the parent company's operations and cash flows for the financial year 2009.

Further, in our opinion the Management's review includes a fair review of the development in the Carlsberg Group's and the parent company's operations and financial matters, the result for the year and of the Carlsberg Group and the parent company's financial position as well as describes the significant risks and uncertainties affecting the Carlsberg Group and the parent company.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 23 February 2010

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen

Jørn P. Jensen

Supervisory Board of Carlsberg A/S

Povl Krogsgaard-Larsen
Chairman

Jess Søderberg
Deputy Chairman

Hans Andersen

Flemming Besenbacher

Hanne Buch-Larsen

Richard Burrows

Kees van der Graaf

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 consolidated financial statements and the parent company financial statements of Carlsberg A/S for the financial year 2009, pp. 58-151. The consolidated financial statements and the parent company financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes for the Carlsberg Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed companies and issued a statement in this regard.

Management's responsibility
Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with Danish disclosure requirements for listed companies.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with 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 consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, 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 consolidated financial statements and the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit did not result in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Carlsberg Group's and the parent company's financial position at 31 December 2009 and of the results of the Carlsberg Group's and the parent company's operations and cash flows for the financial year 2009 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 23 February 2010

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

Jesper Koefoed
State Authorised Public Accountant

Carlsberg's Supervisory Board has 12 members; five members are attached to the Carlsberg Foundation, the Company's principal shareholder, three members have an international business background and four members are elected by the employees.

Supervisory Board

Povl Krogsgaard-Larsen

Chairman Professor, D.Pharm. Born 1941. Elected 1993, 2009. Chairman of the Executive Board of the Carlsberg Foundation. Member of the Supervisory Boards of Auriga A/S and Bioneer A/S.

Mr 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 such as PharmaBiotec, NeuroScience PharmaBiotec and Drug Research Academy. He also has experience from directorships at other international companies.

Jess Søderberg

Deputy Chairman Managing Director. Born 1944. Elected 2008. Former CEO of the A.P. Møller - Mærsk Group (1993-2007) and before that CFO in the same company from 1981. Member of the Supervisory Boards of The Chubb Corporation and member of Danske Bank's Advisory Board.

Mr Søderberg has acquired broad international experience of management and finance as a result of many years in the senior management of A.P. Møller - Mærsk.

The Chairman and Deputy Chairman of the Supervisory Board together constitute the Chairmanship.
Years given denote first and (when more than one) most recent election to the Board.

Flemming Besenbacher

Professor, D.Sc. Born 1952. Elected 2005, 2008. Member of the Executive Board of the Carlsberg Foundation and of the Supervisory Boards of property companies affiliated to the Carlsberg Foundation. Mr Besenbacher is chairman of the Supervisory Board of the Carlsberg Laboratory, member of the Board of Med Tech Innovation Center and member of the Scientific Advisory Board for SCF Technologies A/S.

Mr Besenbacher is head of iNANO, the Interdisciplinary Nanoscience Center, Aarhus University, 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.

Axel Michelsen

Professor, D.Phil. Born 1940. Elected 1986, 2008. Member of the Executive Board of the Carlsberg Foundation and of the Supervisory Board of the Carlsberg Laboratory (1986-2009).

Mr Michelsen is affiliated to the Department of Biology at the University of Southern Denmark in Odense, where he has served as Head of Department and Head of the Centre for Sound Communication 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 Supervisory Board.

Richard Burrows

Born 1946. Elected 2009. Richard Burrows has spent most of his career in the drinks business. He was joint CEO of Pernod Ricard from 2000 to 2005. He is Chairman of British American Tobacco (from 2009) and is a non-executive director of Rentokil Initial plc.

Mr Burrows has extensive experience of the branded consumer goods sector and wide international business experience gained through his career with Irish Distillers Group plc and, more recently, Pernod Ricard.

Kees van der Graaf

Born 1950. Elected 2009. Until May 2008, Mr van der Graaf held the position of President Europe on the Board of Unilever. He is now a member of the Supervisory Boards of the Dutch automobile club ANWB, Ben&Jerry's, 3M Holdings Benelux, and Mylaps. Mr van der Graaf joined IMD, the Lausanne-based Business School, as an Executive-in-Residence in the autumn of 2008 and is also a partner of Team Heiner Management Programmes.

Kees van der Graaf has acquired extensive international management experience through his many years in management positions in Unilever.

Per Øhrgaard

Professor, D.Phil. Born 1944. Elected 1993, 2008. Member of the Executive Board of the Carlsberg Foundation and the Supervisory Boards of property companies affiliated to the Carlsberg Foundation.

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.

Niels Kærgård

Professor, D.Econ. Born 1942. Elected 2003, 2009. Member of the Executive Board of the Carlsberg Foundation and Chairman of the Supervisory Boards of property companies affiliated to the Carlsberg Foundation.

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.

Erik 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.

Hanne Buch-Larsen [E)]

Head of Section, Carlsberg A/S. Born 1952. Elected 2006.

Hans S. Andersen [E)]

Brewery Worker, Carlsberg Danmark A/S. Born 1955. Elected 1998, 2006.

[E)] Elected by employees.

Editors
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This report is available in Danish and English.
In the event of any discrepancy between the two versions, the Danish version shall prevail.

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