

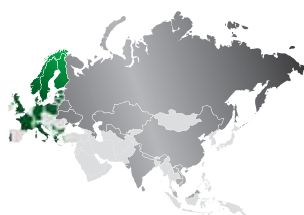
2010 Annual Report
Carlsberg A/S

Thirst for Great



Thirst for Great. Great people. Great brands. Great moments. ♣ Founded on the motto, Semper Ardens – Always Burning – we never settle, but always thirst for the better. ♣ We are stronger together because we share best practices, ideas, and successes. We brand as many, but stand as one. ♣ With the courage to dare, to try, to take risks, we constantly raise the bar. We don't stop at brewing great beer. We brew a greater future – for our consumers and customers, our communities, and our people. ♣ This passion will continue to burn and forever keep us thirsty.

Market overview



Our markets¹

	Denmark	Norway	Sweden	Finland	Poland	Germany	The Baltic States ²	United Kingdom	France	Switzerland	Italy	Greece
Population (millions)	5.5	4.9	9.3	5.4	38.1	81.6	6.9	62.2	63.0	7.8	60.2	11.2
GDP/capita PPP (USD)	36,764	52,239	37,775	34,402	18,837	35,930	16,349 ⁴	35,053	34,092	41,765	29,418	28,834
Real GDP growth (%)	2.0	0.6	4.4	2.4	3.4	3.3	-1 to 1.8	1.7	1.6	2.9	1.0	-4.0
Est. beer market growth 2011-15	↘	→	→	→	↗	→	↗	→	→	→	→	→

Our operations

	Denmark	Norway	Sweden	Finland	Poland	Germany	The Baltic States ²	United Kingdom	France	Switzerland	Italy	Greece
Breweries ⁵	1	2	1	1	3	3 ⁶	4	2 ⁶	1	2 ⁶	1	1
Employees	1,825	1,322	961	919	1,162	833	1,018	1,675	1,818	1,330	376	266

Our position

	Denmark	Norway	Sweden	Finland	Poland	Germany	The Baltic States ²	United Kingdom	France	Switzerland	Italy	Greece
Market position (no.)	1	1	1	1	3	1 ⁹	1	4	1	1	4	2
Market share (%)	56.7	52.2	31.9	46.4	13.8	17.3	37-40	15.4	30.3	43.1	7.7	12.5
Primary competitive climate (int./local)	Local	Local	Local	Int.	Int.	Int./local	Local	Int.	Int.	Int.	Int.	Int.

Consumption characteristics

	Denmark	Norway	Sweden	Finland	Poland	Germany	The Baltic States ²	United Kingdom	France	Switzerland	Italy	Greece
On-trade share of market, approx. (%)	22	22	19	15	18	19	6-13	52	23	42	33	60
Per capita beer consumption (l)	84	54	53	89	87	107	67-86	78	29	58	27	36
Per capita pure alcohol consumption (l)	8	5	6	9	8	11	8-12	9	10	9	9	6
Beer of total alcohol consumption (%)	40	51	42	48	53	50	37-45	43	14	33	16	29

1) 2010E; 2) Estonia, Latvia, Lithuania; 3) Bulgaria, Serbia, Croatia; 4) Weighted average; 5) Beer only; 6) The brewery in Dresden was sold in January 2011. The breweries in Leeds and Fribourg are to be closed in 2011; 7) Excl. Chongqing; 8) Excl. Habeco; 9) Northern Germany (Schleswig-Holstein, Hamburg, Lower Saxony); 10) Western China, excl. Chongqing.



Portugal	South East Europe ^a	EASTERN EUROPE							ASIA								
		Russia	Ukraine	Kazakhstan	Uzbekistan	Belarus	Azerbaijan	Malaysia	Singapore	Hong Kong	China	Vietnam	Laos	Cambodia	Nepal	India	
10.6	19.3	140.4	45.5	15.6	28.2	9.4	9.0	28.2	5.1	7.1	1,341.4	88.3	6.4	14.3	28.2	1,215.9	
23,114	13,546 ⁴	15,807	6,656	12,402	3,022	13,865	9,954	14,603	57,238	42,277	7,518	3,123	2,435	2,086	1,250	3,291	
1.1	-1.5 to 1.5	4.0	3.7	5.4	8.0	7.2	4.3	6.7	15.0	6.0	10.5	6.5	7.7	4.8	3.0	9.7	
→	↗	↗	↗	↑	↑	↗	↗	→	→	→	↗	↑	↑	↗	↑	↑	
2	4	10	3	1	1	1	1	1	-	-	19 ⁷	6 ⁸	2	1	1	5	
694	1,413	9,485	1,727	431	473	462	225	681	71	194	6,182	804	758	1,086	332	227	
1	2-3	1	2	1	1	2	1	2	2	2	1 ¹⁰	2	1	1	1	n/a	
47.7	17-28	39.7	28.6	40.8	56.3	30.7	78.0	41.0	19.8	20.4	57.8 ¹⁰	37.0	98.0	60.1	80.0	n/a	
Int.	Int.	Int.	Int.	Int.	Local	Int./local	Local	Int.	Int.	Int.	Local ¹⁰	Int.	Local	Int.	Local	Int.	
58	26-40	8	11	n/a	n/a	n/a	n/a	74	73	42	45	80	n/a	35	n/a	36	
57	62-74	66	56	37	13	47	7	5	18	22	35	31	29	14	1	1	
8	4-8	18	7	7	n/a	11	n/a	0	1	2	4	2	n/a	n/a	n/a	2	
35	39-69	25	41	28	n/a	22	n/a	67	73	49	43	77	n/a	n/a	n/a	3	

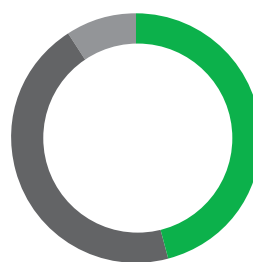
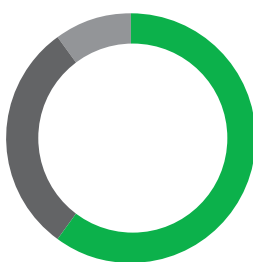
Sources: IMF, Canadean and Carlsberg estimates.

Our regions

Volume

Net revenue

Operating profit



■ Northern & Western Europe ■ Eastern Europe ■ Asia

NORTHERN & WESTERN EUROPE

Mid-term operating margin target:
15-17%

The Carlsberg Group is the second-largest brewer in the region with market leader positions in a large number of countries and significant positions in others.

The region is the mature asset of the portfolio, comprising markets such as the Nordic countries, the UK, France and Switzerland. The economic crisis had a negative impact on beer consumption but, as a general trend, volumes in these markets are expected to be flat or slightly declining. However, value growth is still likely to be positive. The region also includes the beer markets of Poland, the Baltic States and some Balkan countries, in which beer consumption is still expected to grow.

The beer markets are generally characterised by a well-established retail structure, a strong tradition of beer consumption in most of the region, and consumers who are receptive to innovation.

The competitive landscape varies. In the Nordic countries, Carlsberg mainly competes with local players, while in most other markets we compete with large international brewers.

Read more about our performance in Northern & Western Europe on page 12.

EASTERN EUROPE

Mid-term operating margin target:
26-29%

The Carlsberg Group holds a strong no. 1 position in Eastern Europe.

Eastern Europe is viewed as a growth region, comprising Russia, Ukraine and a number of emerging former CIS beer markets. The Russian beer market was negatively impacted by the significant duty increase in 2010 and the challenging macroeconomic environment, but growth is expected to resume in 2011. Mid-term average annual market growth in Russia is expected to be 3-5%. The other markets in the region had positive growth rates in 2010 after a depressed 2009 and the positive growth rates are expected to continue.

Volumes are driven by increasing disposable income, strong consumer dynamics and consumers generally aspiring to brands and innovation. The retail structure is still in its developing stage and the on-trade sector still accounts for a smaller share of the total beer market than in the mature Western European markets.

The competitive landscape is dominated by international players.

Read more about our performance in Eastern Europe on page 15.

ASIA

Mid-term operating margin target:
15-20%

The Carlsberg Group is a significant player in the Asian markets in which we have chosen to compete. The region comprises both old, mature Carlsberg markets (Hong Kong, Malaysia, Singapore) and new emerging beer markets such as China, Vietnam and India.

The Group's exposure to the emerging markets in Asia offers considerable prospects for growth, and as such the region is considered an important contributor to the future growth of the Group.

The strong growth outlook is underpinned by fast growing economies, which proved to be resilient to the global recession. Furthermore, with expanding populations, rising disposable income levels and relatively lower per capita consumptions, the outlook for continued growth is positive.

The retail structure in the emerging markets is still in its developing stage.

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

Read more about our performance in Asia on page 18.

DISCLAIMER

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe, anticipate, expect, estimate, intend, plan, project, will be, will continue, will result, could, may, might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements.

Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of market value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

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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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Strong results

Carlsberg delivered another year of strong performance with market share gains in large parts of the business

INCREASING OPERATING MARGIN

We are very pleased with the strong performance in 2010 as it was a unique year due to a very large excise duty increase in our largest market.

As the year progressed, we started to see improving trends in all regions compared to the very challenging 2009, when most markets were impacted by the economic crisis. While Northern & Western European beer markets remained challenging with an overall market decline, the trend in 2010 improved versus the weaker 2009 market development. The Russian market dynamics were more difficult to forecast than usual due to the substantial price increases needed to cover the large excise duty increase of 200% on 1 January 2010. Driven by an improved macroeconomic environment, a warm summer in Q3 and the phased implementation of price increases, the Russian market trend improved throughout the year. The other Eastern European markets improved significantly compared to 2009. The Asian beer markets, which were largely unaffected by the economic crisis in 2009, continued their very strong growth pattern.

Organic beer volumes declined by 2%. Including acquisitions, net, the decline was 1% to 114.2m hl (116.0m hl in 2009). Adjusting for the Russian destocking impact, the Group's organic beer volume growth would have been 1%.

Northern & Western European organic beer volume development was flat despite an estimated market decline of 2-3%. Beer volumes in Eastern Europe declined organically by 9% (-3% excluding destocking), mainly driven by the destocking in Q1 and the significant price increases in Russia following the excise duty increase in January. The Asian region continued to perform strongly with 14% organic beer volume growth.

The Q4 organic beer volume decline was 5%, mainly attributable to the Eastern European region, which faced tough comparables due to strong growth in Q4 2009 from stock-building among distributors ahead of the excise duty increase (flat adjusted for the stock-building).

Pro rata Group volumes of other beverages were 19.3m hl (19.8m hl in 2009). The decline was mainly driven by the strikes in Denmark and Finland in Q2 and portfolio optimisations in a few markets.

The Group increased marketing investments by double-digit percentages in all three regions in 2010 to drive profitable market share growth. This was effected through support of our key brands, new products and innovations including major customer and consumer activations. Innovations, new product launches and relaunches of existing brands will remain a key focus area for the Group in 2011.

The introductions and relaunches were carried out across all three regions and were a combination of innovations, relaunches of existing brands and the roll-out of Group brands in new markets. Examples include new products under the Baltika umbrella in Russia, Zatecky Gus Dark in Russia, Tuborg Lime Cut in the Nordic markets, Kronenbourg Sélection in France, relaunches and line extensions in several Asian markets such as Vietnam, China and Cambodia, and the roll-out of Kronenbourg 1664, Somersby and Eve in new markets across the three regions.

Despite a challenging year in Russia, Group net revenue grew by 1% to DKK 60,054m (DKK 59,382m in 2009) with a 3% organic decline (total volume -2% and -1% price/mix), currency impact 5% and -1% net acquisition impact.

To ensure that volume and value market share growth are maximised across channels and customers, the Group continued to apply and develop our value management and channel marketing tools.

In 2010, the Group benefited from favourable hedges, lower input costs and efficiency initiatives. Cost of sales per hl declined with large variations between markets and regions. Hence, gross profit margin increased by 260bp to 51.7%. The organic gross profit growth was 1%. Gross profit per hl increased in all regions with particularly strong improvement in Asia.



Jørgen Buhl Rasmussen
President, CEO

Group operating profit grew by 9% to DKK 10,249m (DKK 9,390m in 2009). Organic growth was 1%, currency impact was 8% and there was no net effect from acquisitions. Q4 operating profit declined by 33% (organic decline of 36%). Northern & Western Europe and Asia reported strong organic growth in Q4, while Eastern European profits declined, as expected, due to the stock-building in Russia in Q4 2009 and increasing input costs in the quarter. Adjusted for the Russian stock-building in Q4 2009, which added an estimated DKK 300m in operating profit, the organic operating profit growth would have been an estimated 8% for 2010.

Although the Group is focusing intensively on driving profitable market share growth, this was balanced with the strong focus on improving efficiencies across the Group. This is a continuous process and an integrated part of the Carlsberg strategy and business model.

Operating margin improved by 130bp to 17.1% (15.8% in 2009). The Group is well on track to meet the medium-term margin targets for both the Group and our three regions, although margins will fluctuate between years depending on both external and internal factors such as input costs, price increases and country mix.

Net profit was DKK 5.4bn (DKK 3.6bn in 2009) and earnings per share was DKK 35.1 (DKK 23.6 in 2009), a 49% increase.

Operating cash flow was DKK 11bn, compared to the exceptionally strong operating cash flow of DKK 13.6bn in 2009. The 2009 operating cash flow benefited significantly from a substantial working capital improvement. In 2010 the Group managed to further reduce working capital, both as an average throughout the year and at the end of the financial year. This was a result of the ongoing efforts to optimise working capital management. For 2010 and onwards the Group has shifted focus from the end-of-year working capital level to the average level for the year. The positive impact from reduced working capital was DKK 0.7bn (DKK 3.7bn in 2009). Average trade working capital to net revenue declined to 2.6% (5.6% in 2009).

Free cash flow was DKK 5.2bn (DKK 10.5bn in 2009). In 2010, a significantly higher level of cash was spent on acquisitions, and total financial investments in 2010 amounted to DKK 2.7bn (DKK 0 in 2009). The acquisitions were primarily in Asia, where the Group increased its holdings in companies where it already had ownership.

Driven by the improved profitability, the return on average invested capital in the beverage activities grew to 9.8% (9.3% in 2009), which is the highest level since the Scottish & Newcastle acquisition. Northern & Western Europe reported particularly strong improvement from 13.6% to 17.2%. For both Northern & Western Europe and Eastern Europe, capital expenditures were kept below depreciation, while the opposite was the case in Asia due to capacity expansions.

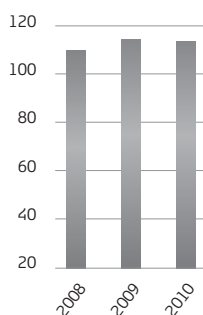
Deleveraging has been a high priority in recent years, and in 2010 net debt was further reduced. At the end of 2010, net debt amounted to DKK 32.7bn (DKK 35.7bn at the end of 2009). Net debt/EBITDA declined to 2.3x (2.7x at the end of 2009). The Group is committed to an investment grade credit quality.

Following the deleveraging that has taken place, it has been decided to propose to the Annual General Meeting a 43% increase in dividends to DKK 5.00 per share (DKK 3.50 for 2009).

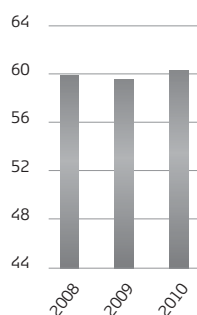
In October 2010 the Group established a new 5-year multi-currency revolving credit facility of EUR 1.75bn and issued 7-year EUR notes of EUR 1bn with attractive prices and conditions. The new facilities were mainly used to refinance the Scottish & Newcastle acquisition facilities. Following the refinancing, the Group has extended the maturity profile of its debt and achieved more balanced funding sources.

During 2010, several structural changes took place. Most of these changes were in the Asian region. In January, the Group received the final approvals to increase its direct and indirect shareholding in

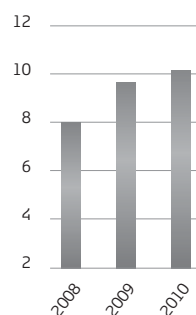
Beer volume, pro rata
(Million hl)



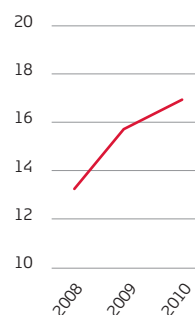
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)



the Wusu Xinjiang Beer Group in China's Xinjiang Province to 65%. In November, the Group increased the shareholding in Gorkha Brewery in Nepal to 90%, including put options. In December, the Group obtained the final approvals to increase the shareholding in the Chinese Chongqing Brewery Co. Ltd. from 17.46% to 29.71%. Lastly, the Group increased the shareholding in Olivaria Brewery in Belarus from 37% to 68%.

Organisationally, several tools continued to be developed and rolled out to drive capability building, improved processes and decision-making.

2011 earnings expectations

2011 will be a year in which profitable market share growth will be driven by innovations, investments in key brands combined with "The Carlsberg way of doing business" initiatives, improved route-to-market models and continued value and channel management efforts.

The efforts to drive revenue and market share growth will be carefully balanced with the continuous efforts to improve operational and capital efficiencies.

The key assumptions underpinning the outlook for 2011 are:

- Low single-digit decline in Northern & Western European markets
- Russian market growth of 2-4%
- Continued growth in key markets across Asia
- Increasing cost of sales due to higher input costs
- Marketing investments as percentage of sales at slightly higher levels than in 2010

Consequently, for 2011 the Carlsberg Group expects:

- Market share growth in markets representing 2/3 of our business
- High single-digit percentage growth in operating profit
- Adjusted net profit growth of more than 20%¹

The impact from increased input costs will be mitigated by higher sales prices in all regions. In Eastern Europe, the impact from increased input costs will be higher than the Group average and consequently operating profit margin in the region will be impacted negatively for 2011.

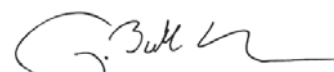
The year-over-year profit development by quarter in Eastern Europe in 2011 will show a different pattern than usual. For instance, it is expected that in Q1 the Eastern European region will deliver very strong year-over-year top-line growth as Q1 2010 was very weak due to destocking and as the excise duty increase impacted both market development and the net sales prices for the quarter.

The Group confirms the mid-term operating margin targets that were announced in February 2010, both for all regions and for the Group.

Ambition remains intact

On behalf of the Carlsberg Group I would like to thank our many employees around the world for their efforts and contribution to making 2010 yet another year of strong performance. I would also like to thank our customers, partners and suppliers around the world for their continued support and cooperation. And finally, I would like to thank our shareholders for endorsing our strategy.

Our ambition to be "The fastest growing global beer company" remains intact and our strategy has five key priorities guiding this ambition: our people; our consumers and customers; products and innovation; structure and society; and efficiency. A core element of our strategy is to ensure that corporate social responsibility (CSR) is integrated into everything we do. CSR is our licence to operate and we view it as an important means to being a preferred brand, employer and partner.



Jørgen Buhl Rasmussen

EXPECTATIONS AND RESULTS 2010

		Operating profit	Carlsberg's share of net profit
23.02.2010	Actual (Financial Statements for 2009)	DKK 9.4bn	DKK 3.6bn
23.02.2010	Financial Statements for 2009	In line with 2009*	> 20% growth
17.08.2010	Interim results Q2 2010	Around DKK 10bn	Around 40% growth**
11.11.2010	Interim results Q3 2010	More than DKK 10bn	Around 40% growth**
21.02.2011	Actual (Financial Statements for 2010)	DKK 10.25bn	DKK 5.4bn

* Operating profit expected to improve underlying by DKK 600m when adjusting for Russian stock-building in 2009 and subsequent destocking in 2010.

** A non-cash, non-taxable DKK 390m income related to the step acquisition of Wusu Xinjiang Beer Group is not included in the net profit expectations (ref. IFRS 3).

¹ Reported 2010 adjusted for the DKK 598m non-cash, non-taxable income in special items related to step acquisitions.



CAMBODIA

Our Cambodian business, Cambrew, was highly successful in 2010, significantly growing volumes, net revenue and operating profit. In 2008, Cambrew introduced the Angkor draught beer tower in the on-trade market, and it has since been growing very fast. The 3-litre draught container has been widely embraced because it makes it easy and convenient for consumers to serve themselves at their table.

DKK million

Sales volumes, gross (million hl)

	2006	2007	2008	2009	2010
Beer	100.7	115.2	126.8	137.0	136.5
Other beverages	20.2	20.8	22.3	22.2	22.5

Sales volumes, pro rata (million hl)

	2006	2007	2008	2009	2010
Beer	72.6	82.0	109.3	116.0	114.2
Other beverages	17.5	17.8	19.8	19.8	19.3

Income statement

Net revenue	41,083	44,750	59,944	59,382	60,054
Operating profit before special items	4,046	5,262	7,978	9,390	10,249
Special items, net	-160	-427	-1,641	-695	-249
Financial items, net	-857	-1,201	-3,456	-2,990	-2,155
Profit before tax	3,029	3,634	2,881	5,705	7,845
Corporation tax	-858	-1,038	312	-1,538	-1,885
Consolidated profit	2,171	2,596	3,193	4,167	5,960
Attributable to:					
Non-controlling interests	287	299	572	565	609
Shareholders in Carlsberg A/S	1,884	2,297	2,621	3,602	5,351

Statement of financial position

Total assets	58,451	61,220	142,639	134,515	144,232
Invested capital	43,160	45,394	118,643	109,538	117,101
Interest-bearing debt, net	19,229	19,726	44,156	35,679	32,743
Equity, shareholders in Carlsberg A/S	17,597	18,621	54,750	54,829	64,248

Statement of cash flows

Cash flow from operating activities	4,470	4,837	7,812	13,631	11,020
Cash flow from investing activities	65	-4,927	-57,153	-3,082	-5,841
Free cash flow	4,535	-90	-49,341	10,549	5,179

Investments

Acquisition and disposal of property, plant and equipment, net	2,864	4,596	4,669	2,342	2,197
Acquisition and disposal of entities, net	-18	179	51,438	95	477

Financial ratios

Operating margin	%	9.8	11.8	13.3	15.8	17.1
Return on average invested capital (ROIC)	%	9.2	11.7	8.2	8.2	8.8
Equity ratio	%	30.1	30.4	38.4	40.8	44.5
Debt/equity ratio (financial gearing)	x	1.01	0.99	0.74	0.60	0.47
Debt/operating profit before depreciation and amortisation	x	2.73	2.43	3.80	2.71	2.30
Interest cover	x	4.72	4.38	2.31	3.14	4.76

Stock market ratios*

Basic earnings per share (EPS)	DKK	19.9	24.3	22.1	23.6	35.1
Cash flow from operating activities per share (CFPS)	DKK	47.1	51.2	65.8	89.3	72.1
Free cash flow per share (FCFPS)	DKK	48.0	-1.0	-415.4	69.1	33.9
Dividend per share (proposed)	DKK	4.8	4.8	3.5	3.5	5.0
Pay-out ratio	%	24	20	20	15	14
Share price (B shares)	DKK	452.9	498.1	171.3	384.0	558.5
Number of shares (year-end, excl. treasury shares)	1,000	76,271	76,246	152,554	152,553	152,539
Number of shares (average, excl. treasury shares)	1,000	94,479	94,466	118,778	152,550	152,548

* Stock market ratios for 2006-2008 are adjusted for bonus factor from rights issue in June 2008 in accordance with IAS 33. Number of shares (year-end) is not adjusted. Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines "Recommendations and Financial Ratios 2010". Comparative figures have been restated.

Northern & Western Europe

VOLUME AND VALUE SHARE GROWTH

For 2010 the overall beer market in Northern & Western Europe declined by an estimated 2-3% – a slightly improved trend compared to the estimated 5% decline in 2009. Consumer dynamics remained challenging in most markets, which continued to negatively impact beer market development.

After several years of flat market share development, the Group gained volume and value market share in the region by approximately 50bp. The market share improvement was mainly driven by strong performance in markets such as the UK, Poland, Denmark, South East Europe, Greece and Norway, while the Group's market share in Sweden and the Baltics declined.

During the year, several significant initiatives were taken across the region to support market share growth and brand positions. These initiatives included product launches such as the introduction of Tuborg Lime Cut in Denmark and Norway, Kronenbourg Sélection des Brasseurs in France, LAV relaunch in Serbia and Bosnia, Kasztelan Niepasteryzowany (Kasztelan Non-pasteurised) in Poland, and Mythos relaunch in Greece. Existing brands were rolled out in new markets such as Tuborg in the Baltics.

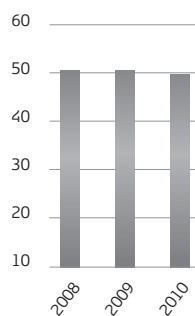
Organic beer volumes were flat for the year (-2% for Q4). Reported beer volume development declined by 1% due to the disposal of the Braunschweig brewery in August 2009. Total beverage volumes (including non-beer) declined organically by 1% (-2% in Q4) due to the strikes in Denmark and Finland in Q2 and portfolio optimisation within non-beer in a couple of markets.

Organic net revenue declined by 1% (-3% for Q4) with a reported decline of 1% to DKK 36,156m (DKK 36,466m in 2009). Net revenue for beer grew by 1% (flat volume, flat price/mix, currency 3% and net acquisitions -2%). There was a small positive pricing effect in most markets in the region, while mix was slightly negative, mainly driven by a negative country mix and the channel shift across the region.

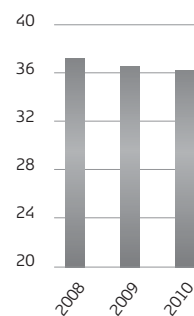
Gross profit improved due to the ongoing production efficiencies and favourable hedging for input costs in 2010 compared to the unfavourable cost level in 2009. For 2011, the Group will face higher input costs, which will lead to increased sales prices.

Despite marketing investments, which grew by double-digit percentages, the Group still managed to keep total operating expenses flat.

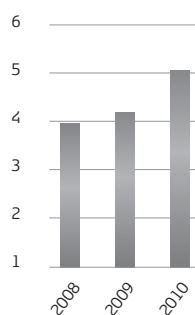
Beer volume
(Million hl)



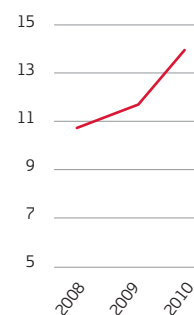
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)





UK

The UK on-trade sector has been declining for some time, but in recent years Carlsberg has been able to increase its market share in this very competitive sales channel. 2009 was the beginning of a remarkable turnaround. In that year a multi-million-pint deal was signed with JD Wetherspoon, and in 2010 a number of deals were signed with other pub companies. By 2010 Carlsberg UK had a total market share of 15.4%, compared to 13.3% in 2008.

Operating profit grew by 20% to DKK 5,086m (DKK 4,237m in 2009) with 17% organic growth (23% for Q4). Operating margin improved by 250bp to 14.1% (11.6% in 2009). All markets, with the exception of the Baltics and Greece, had organic operating profit growth and operating margin improvements in 2010.

The UK, France, Switzerland and South East Europe

The Group continued to strengthen its position in the UK growing both value and volume market share in both the on-trade and off-trade channels. In a UK market which declined by 4%, the Group grew volumes and, consequently, gained 110bp market share to 15.4%. In 2010 the Carlsberg brand family became the largest off-trade beer brand in the UK.

The French market declined by an estimated 1%, but the Group's beer volumes declined by approximately 3% and the overall French market share declined slightly. For the two most important French brands, Kronenbourg and 1664, the past 18 months have shown an improving trend. Several commercial initiatives were taken in 2010, including the launch of Kronenbourg Sélection des Brasseurs and the relaunch of Grimbergen in the latter part of 2010. Despite flat revenue development, the French business reported strong operating profit growth due to positive price/mix, acquisition synergies and the ongoing operational efficiency improvements which are being executed.

Driven by several commercial activities, the Group managed to strengthen its market share in South East Europe. Despite challenging market conditions with declining markets and down-trading, the Group's beer volumes grew slightly. The market share gains were especially strong in Bulgaria and Serbia. In Bulgaria, the Group gained approximately 150bp market share and is now number two in the market with a market share of approximately 28%. In Serbia, the relaunch of LAV contributed very positively and the Group grew volumes in a declining market.

In Greece, the relaunch of Mythos was executed very successfully and the Group gained market share in a market that is under significant pressure due to weak macroeconomic conditions.

The efficiency improvements continued across the markets and in 2010 it was announced that the Swiss Fribourg brewery would close by June 2011. Beer production for the Swiss market will be concentrated at the brewery in Rheinfelden.

Denmark, Poland, the Baltics, Norway and Germany

The Danish market declined by approximately 6% in 2010 (before adjusting for the growing border trade). The Carlsberg Group gained approximately 50bp market share. Both volumes and profits were negatively impacted by the strikes in May. In addition, the Danish business was negatively impacted by the excise duty increase on cider implemented in August. This led to a double-digit decline in domestic cider volumes.

The Polish business underwent a significant turnaround in 2010. The Polish market declined by an estimated 1%, but the Group grew volumes by more than 15%, resulting in a market share gain of 230bp to 13.8%. The volume growth was driven in particular by widened distribution in general, strong performance of the Harnas brand and the successful launch of Kasztelan Niepasteryzowany (Kasztelan Non-pasteurised). The profitability of the Polish business improved significantly with organic operating profit growth of close to 50%. The improvement was driven by initiatives started in 2009, including efficiency improvements and product launches.

In Norway, the Group gained market share in a market which declined by approximately 3%. The launch of Kronenbourg 1664, together with Tuborg, was the key driver of the market share gain. At the beginning of 2011 it has been decided to strengthen and streamline the organisational structure of the Norwegian business, entailing a significant head-count reduction.

The Baltic markets recovered following the very challenging 2009 and all three markets grew in 2010. The Tuborg brand was rolled out in all three markets.

The disposal of the Dresden brewery in Germany was announced in January 2011. Following the disposal of the Braunschweig brewery in 2009 and the Dresden brewery, the Group has focused the German business on the two remaining breweries in Hamburg and Lütz in Northern Germany and a portfolio of five brands: Holsten, Astra, Carlsberg, Lütz and Duckstein.

Eastern Europe

AN EXTRAORDINARY YEAR IN RUSSIA

The Group's plans for 2010 were to mitigate the significant Russian excise duty increase of 200% at 1 January 2010 and the subsequent very high consumer price increases and less predictable market dynamics. The plans were based on balancing market share performance and optimising profitability and free cash flow.

Market conditions in most markets in the region improved throughout 2010 as the improved macro-economic environment started to positively impact the beer markets. Helped by warm weather in Q3, all markets in the region, including Russia, grew in the second half of 2010.

The duty increase led to substantial stock-building in Q4 2009 and subsequent destocking in Q1 2010, impacting Group performance for 2009 and 2010. The stocking-up effect had an estimated positive impact of 1.5m hl of beer and an estimated operating profit of DKK 300m in Q4 2009, as well as a similarly negative impact in Q1 2010.

Beer volumes declined organically by 9% for 2010 (-14% for Q4). Adjusted for the impact of the Russian stocking and destocking, the organic volume decline for the region would have been an estimated 3% (estimated flat for Q4).

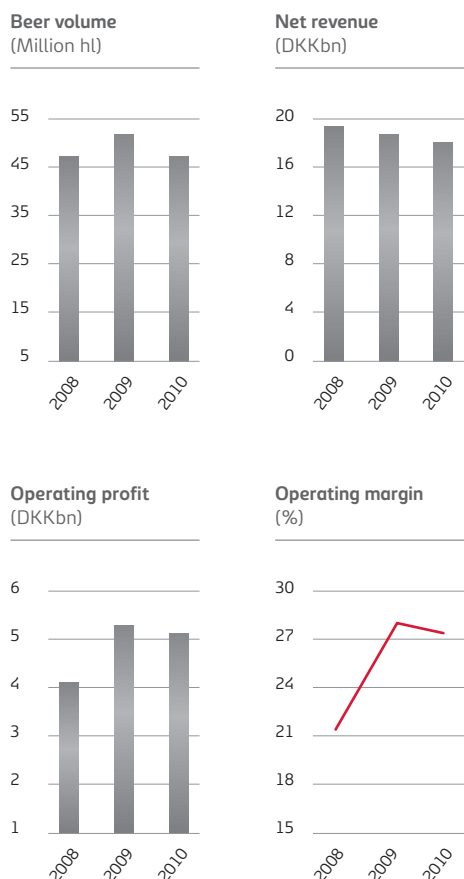
The marketing spend increased by double-digit percentages to support brands, consumer and customer activations, innovations and product introductions. Consequently, a number of new products and innovations were launched across the region. Examples include: Baltika Draught, Baltika anniversary limited edition, Baltika Cooler PET extension, Nevskoe Imperial and Zatecky Gus Dark, which were all launched in Russia; Derbes Draught and Alma-Ata, new varieties in Kazakhstan; Lvivske Live Beer, Baltika 7 and Holsten PET extension in Ukraine; and Alivaria Live Beer in Belarus. Other Group brands such as Grimbergen and Eve were introduced in Russia. Eve was also launched in Kazakhstan.

Within non-beer products the Group has selectively launched mineral water and increased distribution of soft drinks in Russia. Kvas expansion continued with the launch in Uzbekistan and the line extension

7 Grains in Russia. Further non-beer development includes Somersby in Russia and ice tea in Ukraine.

Net revenue declined by 2% to DKK 18,187m (DKK 18,545m in 2009) with a very positive impact from the recovering Russian rouble. The organic net revenue decline was 11%. Price/mix was -2% with positive price/mix in all markets except for Russia due to the phased implementation of price increases needed to offset the significant excise duty increase.

Q4 organic net revenue declined by 19%, driven by tough comparisons to Q4 2009, which was significantly impacted by the stocking-up. Price/mix was





RUSSIA

Every year, summer beer and kvas festivals in Russia are organised with the participation of Carlsberg's Russian brewery, Baltika. They attract many visitors who come to have a good time and enjoy different types of beer and kvas (a traditional Eastern European rye-based soft drink). In 2010, the festivals took place in 10 Russian cities and attracted more than 1.5 million people. Baltika's portfolio has recently been expanded with both beer and non-beer products. One example is the successful launch of its kvas drink Khlebniy Krai.

-5%. As the Group increased prices in Q4 2009 ahead of the duty increase, which led to a strong pricing impact in Q4 2009, price/mix for Q4 2010 was weaker than for 2010 as a whole.

Reported operating profit declined by 5% with an organic decline of 15% for 2010. While organic operating profit declined in Russia, the rest of the region delivered strong organic operating profit growth of approximately 65%. Adjusting for the Russian stocking and destocking impact, the organic operating profit decline would have been 3%.

As expected, Q4 profits were significantly negatively impacted by tough comparisons, higher marketing spend and rising input costs. Consequently, Q4 operating profit declined organically by 57%. Excluding the Russian stocking and destocking impact, organic operating profit would have declined organically by an estimated 41%.

Russia

At the beginning of the year, the Carlsberg Group expected a market decline of low double-digit percentages following the duty increase as consumer price increases of approximately 25% were needed to offset the duty increase. However, due to favourable weather conditions in Q3, overall faster and ongoing recovery of the Russian economy and improving consumer sentiment, the Russian beer market improved in the second half of 2010, leading to a decline of approximately 4% for the year (H2: +1%).

In 2010, the Group's Russian in-market sales ("off-take") declined by 4%. The Group's beer volumes ("shipments") declined considerably more, by around 13%, due to the impact of the destocking in 2010.

In Q4 in-market sales increased by an estimated 2%. Shipments fell by 21% due to the year-over-year impact of the stocking in Q4 2009.

According to Nielsen¹ data, the Group's Russian market share was unchanged at 39.7% (39.8% in 2009). Q4 market share grew by 40bp to 39.7%. For most of the year, the Group's products were leading on price versus most of the competitors in the market, which had a negative impact on market share development, mainly in the modern trade. Significant innovations in terms of products and processes are in the pipeline for 2011. With the extraordinary 2010 behind us, the Group expects a continuation of the positive long-term market share trend in Russia.

Price/mix for the year was -4% and -6% for Q4. The negative price impact was due to the fact that price increases were implemented in several small steps from November 2009 up until June 2010 to fully cover the excise duty increase.

Ukraine

Driven by improved macroeconomic conditions, the Ukrainian market recovered in 2010 with 4% market growth following the 7% market decline in 2009.

The mainstream brand Lvivske continued its strong performance and, supported by the Baltika brand in the premium category, the Group's Ukrainian business continued to gain market share, which grew by 150bp to 28.6% (27.1% in 2009). The Ukrainian business now accounts for around 17% of total Group beer volumes in the region.

Within the non-beer category the kvas brand Taras continued its strong performance and gained approximately 15 percentage points market share in the category to become the largest kvas brand in Ukraine.

The business delivered double-digit organic revenue growth, driven by 7% organic beer volume growth and very positive price/mix. Organic operating profit growth was around 40% for 2010.

Other markets

The other markets in the Eastern European region recovered during 2010. The Group's beer volumes grew in all markets and, in addition, price/mix was very positive across the markets.

The beer market in Kazakhstan grew by almost 10% in 2010. While the Group lost market share, profits improved strongly due to the benefits of integrating the Russian export business with the Group's local operation. Q4 was particularly strong due to stock-building ahead of an excise duty increase in January 2011.

The Carlsberg Group's ownership of Olivaria in Belarus was increased from 37% to 68% during the year. The business will now be fully integrated into the Carlsberg Group.

¹ The external data provider Nielsen has excluded alcoholic malt-based cocktails from the beer universe. Historical data have been restated accordingly.

Asia

STRONG GROWTH RATES 2010 was a year of very strong performance in the Asian region with high organic volume and revenue growth as well as a strong margin improvement. The Group continues to see substantial growth opportunities in the region and continued to strengthen our positions during 2010 by increasing shareholdings in Nepal and in two of our businesses in China. In November the Group opened its fifth brewery in Hyderabad in India and also commenced production at a new brewery in Vung Tau in southern Vietnam.

All markets in the region delivered double-digit organic volume growth for the year and organic beer volumes grew by 14% (10% in Q4).

Net revenue grew by 33% to DKK 5,613m (DKK 4,224m in 2009). Organic net revenue growth was 17% (15% in Q4), consisting of 13% organic volume growth (including non-beer volumes) and 4% price/mix.

Operating profit grew by 57% to DKK 1,044m (DKK 666m in 2009) with 39% organic operating profit growth (35% in Q4). Operating profit margin improved by 280bp to 18.6%.

China

Organic beer volume growth in China was approximately 10% in a market which grew by an estimated 4%. The strong volume performance is a result of good growth experienced across all the China operations, in particular for our international brands. Supported by targeted marketing campaigns, the Carlsberg and Carlsberg Chill brands performed very well, with more than 20% volume growth, and consequently gained market share in the premium category. Kronenbourg 1664 was introduced in China to strengthen the premium portfolio.

The volume growth in western China was driven by a combination of improved sales execution, several marketing initiatives and relaunches of local brands in key provinces such as Xinjiang, Yunnan and Ningxia. Notwithstanding the increasingly competitive environment, the Group's Chinese business reported positive price/mix of 5% driven by a combination of premiumisation initiatives and price increases.

As a result of the strong volume growth, positive price/mix and execution of capability building and Excellence programmes/efficiency improvements, organic operating profit grew by almost 40% for the year.

Indochina

Organic beer volumes grew strongly at 22% in Indochina (Vietnam, Laos and Cambodia) reflecting strong performance delivered across all three markets.

The brand portfolios in all markets were strengthened, in part through line extensions in Laos with Beer Lao Gold and in Vietnam with Huda Extra, Halida Thang Long and Truc Bach Beer. Moreover, Kronenbourg 1664 and Eve were introduced in Vietnam. These introductions performed well and contributed to improved price/mix in all three markets.

Capacity in Indochina has been expanded with the opening of the Vung Tau brewery in southern Vietnam and a further capacity expansion project is under way in Cambodia.

Malaysia

Our Malaysian business grew very strongly in 2010 by low double-digit percentages. The Carlsberg brand performed well, driven by successful execution of the 2010 Chinese New Year campaign and the football activations in a World Cup year.

Profitability improved strongly supported by efficiency improvements, lower input costs and the successful integration of the Singapore business into the Malaysian business in 2009.

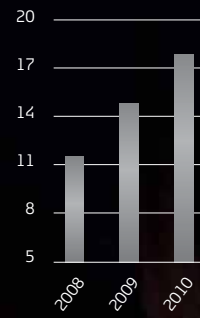
India

The Indian beer market grew rapidly by around 17% for 2010. The Group's business grew significantly, with organic beer volume growth of more than 70% and with particularly strong performance in Q4, when volumes more than doubled. The portfolio was further strengthened with the introduction of Tuborg Strong, which has been particularly well received by consumers.

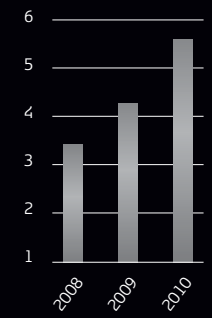
LAOS

Laos is a strong market for Carlsberg and our local business partner. Beer Lao has a strong following among consumers and our market share in Laos is 98%.

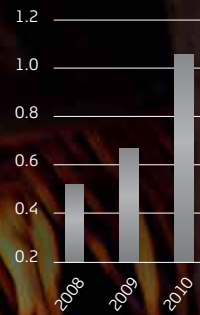
Beer volume
(Million hl)



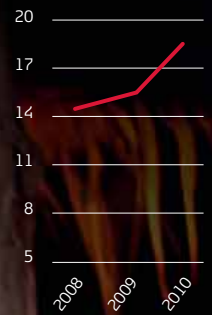
Net revenue
(DKKbn)



Operating profit
(DKKbn)



Operating margin
(%)



CHINA

With its flagship brand Carlsberg and the line extension Carlsberg Chill, Carlsberg holds the number two position in the international super-premium segment in China. In 2010, Kronenbourg 1664 was introduced to further strengthen the portfolio. In western China Carlsberg holds a strong number one position with a market share of approximately 60%, mainly through strong local brands such as Wusu, Xixia and Dali.



Global beer market

A VIEW BY CANADEAN

Canadean is a global market research and data management company focusing on the international beverage industry and its suppliers. The company captures, analyses and delivers historic data, forecasts and trends for the global beverage industry, providing beverage-specific data for commercial, strategic and marketing purposes.

Canadean provides comprehensive consumption data across nearly 200 markets, featuring comparative data tables and top-line analyses as well

as complete volume analyses of the domestic and international activities of the world's leading beer companies.

Carlsberg uses Canadean as one of several suppliers of beer market intelligence.

Carlsberg has asked Canadean to provide an external view on the global beer markets with special emphasis on the overall market characteristics, trends and growth expectations in Northern & Western Europe, Eastern Europe and Asia. The views expressed below on the global beer market thus represent the opinion and analyses of Canadean.



CURRENT GLOBAL BEER MARKET

The current situation of the global beer market has to be viewed through the prism of the global economic crisis. Global beer market growth slowed from an average of 4.5% in the period 2005-2008 to just 0.8% in 2009. Global per capita consumption remains low at just 28.7 litres. This compares to average per capita consumption of 66 litres in West Europe and 75 litres in North America. However, most Asian markets saw very little disruption to their impressive growth patterns. Indeed, the Chinese beer market grew by 7.1% in 2009 and is now almost twice the size of the US beer market. In Vietnam, volumes tripled between 2000 and 2009, with Vietnam now ranking as the 8th largest beer market in the world.

Brewers

The global beer industry has consolidated dramatically over the past 10 years. In 2000 the top 10 brewing companies accounted for 37% of the global market. By 2010 this had risen to 63%. The acquisition of Anheuser-Busch by InBev, Carlsberg's and Heineken's acquisition of Scottish & Newcastle, and Heineken's acquisition of FEMSA have seen the emergence of four global brewing giants: ABInBev, SABMiller, Heineken and Carlsberg. By 2010, these four companies accounted for an estimated 48% of all beer consumed worldwide.

As the beer industry enters a post-consolidation phase, with multinational brewers seeking greater

efficiencies and creating strategies focused on particular brands and business models, it seems possible that there may be a further realignment of companies and brands.

Brands and segmentation

In almost all markets, premium and super-premium beer brands are outperforming mainstream brands, even in the face of the economic downturn. In part, this is due to consumers seeking better value. A parallel development has been the growth of strong beers (above 5.6% abv). Many of these brands are moving away from their rather downmarket image towards a more upscale speciality positioning.

One of the paradoxes of the consolidation of the global beer industry has been the proliferation of brands and brand extensions, and the fact that there are still no real global beer brands. The growth of emerging markets often driven by local brands has limited the development of truly international brands.

Amongst the world's leading brands, the fastest growing have been Chinese. Of truly international brands, excluding their domestic volumes, Tuborg has been the fastest growing with a CAGR (compound annual growth rate) of 8% between 2000 and 2009.

Distribution

The biggest consequence of the economic downturn has been the acceleration of the

decline in on-premise consumption in favour of off-premise. Eating and drinking out are traditionally among the first casualties of an economic downturn as consumers tighten their belts. In West Europe, the decline in on-premise consumption was 6% in 2009. Generally, on-premise consumption in the southern European markets and in the UK accounts for half or more of total beer consumption, whereas in the northern and eastern European countries off-premise consumption is much more prevalent, accounting for approximately 80% or more of total beer consumption. In Asia, the consumption patterns are more fragmented.

Outlook

Global beer markets showed early signs of recovery in 2010, though not to the pre-2008 level. Canadean is forecasting global average growth of 2.8% for the period 2011-2015. Global consumption is forecast to reach 2 billion hectolitres by 2013.

Asia will continue to grow faster than the rest of the world and is expected to account for nearly 40% of all global beer consumption by 2015, which is more than Europe and North America combined.

Despite this growth, global per capita consumption is not expected to reach more than 30 litres per capita by 2015-2016, suggesting that there is considerable potential for further growth in the longer term.

Group strategy

THE FASTEST GROWING The Carlsberg Group is characterised by a high degree of diversity of brands, markets and cultures. But the Group is also united by a shared passion to continuously raise the bar and do better.

The Carlsberg Group strategy embraces the three regions in which we have chosen to compete: Northern & Western Europe, Eastern Europe and Asia. In addition, the Group has exports to and licences with a number of markets outside its core markets.

Carlsberg's activities are focused on markets in which we have the strength and the right products to secure a leading position. Due to the variation in the markets, the contribution to growth, earnings and development within the Group differs both at present and in the long-term projections.

Ambition

Against this background, the Group has defined its ambition: *to be the fastest growing global beer company*, measured in terms of average organic growth in net revenue and operating profit over a three-year period.

Our ambition, defined in 2008, makes Carlsberg attractive to all our stakeholders. These include employees, for whom Carlsberg is able to create new and exciting career opportunities as well as a feeling of pride throughout the organisation. People want to be part of a success. For consumers and customers, Carlsberg will be at the forefront when it comes to bringing new innovative products to the market, thereby attracting increased interest from consumers and more attention from customers. For suppliers, licence partners, other business partners and key players in local societies, Carlsberg is an attractive business partner because they also want to grow. For shareholders, Carlsberg creates value while at the same time gaining and maintaining financial flexibility and freedom to operate.

Five strategic priorities

The strategy implies that Carlsberg will accelerate our focus on driving volume and value growth while at the same time continuing our strong focus on efficiency. While consistent with previous years, the strategy is continuously evolving in order to ensure the right balance between growth and efficiency.

STRATEGY WHEEL – FIVE PRIORITIES



The Carlsberg Group strategy is illustrated by means of a strategy wheel which includes five closely linked core priorities providing a clear direction for the entire business in how the Group's ambition is to be achieved.

The priorities are of equal importance and not one can be neglected if the ambition to be the fastest growing global beer company is to be achieved. At certain times or in certain parts of the organisation, some of the priorities may get more focus than others. In general, however, the priorities must be balanced against each other.

Winning Behaviours

The overall Group strategy is the same in all three regions, but as markets sometimes differ significantly, the strategy is of course adjusted locally. The Carlsberg Group Stand unites the employees of the Group across regions and cultures. A set of Winning Behaviours provides guidance on how to work with and implement the strategy and drive a performance culture. The Winning Behaviours pull our company together across national borders and functions as well as promoting commitment and engagement.

Our Winning Behaviours are:

- 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



UKRAINE

Lvivske is the oldest beer brand in Ukraine. Monks set up the Kleparov Brewery in 1715 and it grew to be one of the largest in the Austro-Hungarian Empire. A well-known beer brand in Ukraine, Lvivske was particularly popular in the western part of the country. But in 2008 the brand underwent an extensive makeover that focused on the beer's long history. Today, Lvivske is the largest brand in the Slavutich portfolio.



People

- Drive a performance culture
- Recruit and retain talent and continuously develop the competences of our people
- Instil a leadership culture based on trust, ownership and diversity

The success of Carlsberg is due to our people, because great people create great results.

The Group's ambition requires qualified employees at all levels of the organisation, as well as dedicated and highly professional leaders with a strategic and international mindset who know the business and can seize opportunities and respond to challenges. Carlsberg is driving a winning performance culture and instilling a leadership culture based on trust, ownership and diversity. The continuous development and capability building of teams, employees and managers is therefore an important part of Carlsberg's people philosophy.

A number of initiatives and programmes support the people agenda. They not only span senior and middle management development, but embrace the needs of the entire organisation. The strategic focus is on talent development, succession planning, career pathing and personal development. The tools applied include leadership programmes and internal academies to build and develop functional competences, all closely linked to a performance management system with clearly defined KPIs for the individual employee.

Carlsberg believes that creating an international and diverse company will add substantial value to the business. High priority is given to cultural integration. By mixing competences, business experience, cultures and gender, the Group's employees mirror the markets in which we operate, thereby allowing for a much better understanding of customers, consumers and other stakeholders.



EMPLOYEE ENGAGEMENT

Employee engagement is widely recognised as a key driver of business performance across industries, and research demonstrates a clear and positive link between employee engagement and financial performance.

Every two years since 2004, an employee attitude survey (EAS) has been conducted to assess employee attitudes towards and opinions of the Carlsberg Group, to measure employee engagement, and to identify the critical drivers of employee engagement.

In 2010, the Carlsberg Group decided to further strengthen the focus on employee engagement by introducing a new engagement survey. The survey was conducted twice in the Northern & Western European region and will be implemented in all Group companies worldwide in 2011.

The purpose of the new survey is to strengthen the feedback culture in the Group by conducting surveys on a more frequent basis that ask employees to give their opinion of their direct managers. The survey is based on the key drivers of employee engagement as measured in the EAS and focuses on aspects of immediate management.

The survey represents a great tool for developing operational leadership, and by regularly measuring employee engagement levels the survey will help improve the day-to-day leadership in the Carlsberg Group.

TALENT MANAGEMENT

Talent management in the Carlsberg Group is a strategic priority which includes the identification of critical positions, successors and talent planning actions based on global strategic business requirements. Aligning talent management with the business strategy is a prerequisite for the Group to achieve our ambition to be the fastest growing global brewer.

In 2010, Carlsberg developed and implemented a standardised talent management system across the Group. The global talent management system ensures a common definition of talents – based on performance and potential – and a consistent global identification process.

Global talent management provides transparency concerning the Group's highly skilled employees and their current and required development. It supports an increased ratio of internal hires for critical positions, thereby reducing recruiting and onboarding costs while also ensuring a sustainable flow of leaders and functional experts, even in times of scarce resources.

Going forward, Carlsberg will continue to develop the talent management system to fill the Group's talent pools with international high potentials for different global functions, thus also helping to increase talent rotation across borders and functions.



Consumers and customers

- Revitalise Carlsberg and grow through a winning portfolio of international premium and strong local brands
- Excel in all commercial areas with an emphasis on route-to-market and superior outlet execution

Our brands, product portfolio and commercial execution fall under this strategy priority. Carlsberg is a branded company and our portfolio is a compelling combination of significant international brands and a number of strong regional and local brands.

Carlsberg is the Group's flagship brand and has a special status. Carlsberg is a universally known brand with a strong history, long tradition and global footprint. A core element of the strategy is to continuously revitalise the Carlsberg brand.

Another critical element of the strategy is to offer a winning portfolio of both international premium brands and strong local power brands. The objective is to accelerate growth by improving the offerings to customers and consumers in each local market. The portfolio should be optimised by market and by clusters of markets in order to best meet the needs, trends and opportunities among consumers, while at the same time avoiding duplication. In this way, portfolio efficiencies can be realised both within and across markets.

In many markets, local brands will continue to be by far the biggest volume and value contributor. However, the strategy is to strengthen the role

and value contribution of Carlsberg's international premium and super-premium brands by increasing the revenue and value market share of these brands and making them a driver for premiumisation of the total product portfolio in the local markets.

Globally, revitalising the Carlsberg brand is a core element in the winning portfolio strategy. But the winning portfolio is also to be achieved through the Group's other international premium and super-premium brands, including Tuborg, Kronenbourg 1664 and Grimbergen.

An important element of the consumer and customer strategy is commercial execution. It is the Group's strategy to excel in all commercial areas with an emphasis on route-to-market and superior outlet execution. This entails equipping the commercial organisation with the capabilities to craft and develop better solutions to meet the needs of consumers, customers and wholesalers in a superior way, quickly transforming plans and insights into action.

Outstanding commercial execution is not only front-end focused but goes across all processes and activities such as:

- Optimising the Sales & Operations Planning process (S&OP)
- Consistent brand execution
- Converting unique shopper insights into value-driving actions
- Excellence in value management
- Converting deep customer understanding into value creation
- Optimised route-to-market control in all markets



DIGITAL SIGNAGE – COMMERCIAL EXECUTION

Carlsberg has a leading position among retail suppliers in Denmark within digital signage. The Group has developed different in-store TV formats that suit the environment

in all kinds of channels, including on-trade and off-trade channels. The digital signage concept includes dynamic spots and pricing. Central control of content on the screens enables each channel or store to respond within seconds.

The screen formats have been tested on coolers, video walls, stand alone, end gondolas etc. The concept has proved successful, leading to positive sales growth. Different spots, text and pricing on the screens can target the individual channel's shoppers during the day according to shopper demographic, for example gender, age and shopping mode.

PREMIUMISATION IN CHINA

The off-trade channels in Xinjiang Province predominantly sell mainstream beers, including the Carlsberg Wusu brand. In order to increase net sales value in the off-trade outlets, it was decided to increase the distribution and

visibility of the upper mainstream variants Wusu Red and Wusu can in targeted modern off-trade outlets. The beers are priced 30%+ compared to the mainstream variant.

The increased distribution was supported by advertising and promotion activities and visibility materials. The results were strong, increasing the volumes of the two brand variants significantly. The premiumisation initiative increased the share of upper mainstream and premium products of the total portfolio, thereby also contributing to a very positive development in net revenue/hl.



Products and innovation

- Focus on beer as core
- Drive growth by innovating beer and other cereal-based beverages
- Selectively pursue local market opportunities where there is a strong fit with our core competences

The core business of Carlsberg is beer. Our core competences are within cereals/grain, yeast, fermentation and brewing. Innovation and new products must and will therefore build on these core competences and focus primarily on beer and adjacent new platforms.

Innovation must be fuelled by a deep understanding of consumer insights, trends and opportunities. Based on this, the Group has defined key innovation platforms which include women, health & well-being, convenience and improved draught beer experience.

Other beverages, for example soft drinks or water, can be tactically added to the portfolio in markets in which this is supported by infrastructure and in which the specific business case is strong. However, such beverages will not be a focus area for the internal innovation efforts.

Carlsberg must excel in step change innovation and value engineering. The aspiration is for less but smarter and more efficient “product news” across more countries to add short-, medium- and long-term value to the business. The focus is not only on developing and launching new products, but also on enhancements and innovations for existing products or new types of packaging.

In order to ensure the focus, efficiency, speed and scale of the innovation efforts, the Group’s integrated Innovation, Research and Development organisation spans the entire innovation process, from raw materials, through consumer insights and trends, to idea generation, production processes and packaging. Innovation will continue at local level in terms of line extension and local product renovation (adjustments and modifications).

WOMEN – AN IMPORTANT CONSUMER GROUP

Women are an increasingly important target group for Carlsberg, representing a big untapped opportunity. 80% of Carlsberg’s global volume is consumed by men, yet women make up half of the world’s population. Around the world, women influence a staggering 80% of all consumer purchases, and they account for more than one third of all alcohol consumption.

Research shows that women are becoming increasingly independent around the world. They are working more and having families later. And many of them are spending more time enjoying themselves with friends in cafes, bars and restaurants. Up to now, though, Carlsberg has not really focused on women, or non-beer drinkers in general. In fact, for many years the Group did not really have any products aimed at women, although there was a reason. Women may be consuming more alcohol, but they generally prefer other categories such as cider, white spirits, wine or FABs (flavoured alcoholic beverages) to beer.

The lack of focus on women is rapidly changing. Carlsberg now has a few drinks in our armoury aimed at women or a unisex platform, including Somersby, Baltika Cooler, Kronenbourg 1664 and Eve. Eve is a good example of what makes these drinks different from Carlsberg’s male-oriented brands. As a drink targeted at women aged 25-35, Eve is packaged in an elegantly feminine bottle. Although it is brewed on a beer base, it has a light and crisp fruit flavour (lychee, passion fruit or grapefruit) and a relatively low alcohol percentage. Eve is available in markets across Europe and Asia, including Switzerland, the UK, Denmark, Russia and Vietnam.

THE 1-LITRE BEER CAN

For many years, the Russian beer market grew in terms of both frequency of purchasing and volume purchased. At the same time, the market was characterised by consumers trading up.

In order to respond to the demand for increasing volumes while also making premium products available in attractive bigger-size packaging formats suitable for premium products, Carlsberg’s Russian business came together with can producer Rexam to develop the world’s first one-piece 1-litre can. The 1-litre can was launched for Baltika 7, the local flagship premium brand in Russia, in 2007. The can became the only upside solution for premium consumers rejecting a PET upside option. Since then, the 1-litre can range has been expanded with other premium as well as mainstream brands.

In Russia, the 1-litre can represents a value-for-money option just as multi-packs do in Northern & Western Europe. The 1-litre can has expanded the Baltika premium range into new consumer occasions, avoiding cannibalisation of the 0.5-litre can.

The market potential of the 1-litre can turned out not to be confined to Russia. In 2010, Carlsberg introduced the big-size can in Estonia, Denmark and Finland, where the can is the perfect size for consumer occasions where friends get together and beer is poured into glasses. This could be parties, watching televised sport or, in the case of Finland, sauna evenings. The big can also proved to be a popular novelty present among friends who like to enjoy beer together. In line with the Group’s simplification project, the 1-litre cans for the Danish and Finnish markets are produced and filled by Carlsberg’s brewery in Estonia.





EVE
Eve was originally developed in Switzerland specifically targeted at women. Eve is a malt-based drink which serves the needs of the cosmopolitan woman, providing a ready-to-drink beverage which is light in alcohol and calories. Eve has been launched in several European markets, including Russia, as well as in Asia.



Structure and society

- Be a significant player in the markets in which we choose to compete
- Balance presence between growth and mature markets
- GloCal approach in a matrix organisation
- Share best practices
- Integrate CSR perspective throughout the value chain

The Carlsberg Group must be a significant player in the markets in which we choose to compete in order to run a profitable business. The Group's brands, systems and strategies work best in markets in which we are the market leader or have a clear plan of how to become the market leader – or a strong number two.

The Group's 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. Each market and each region has its role to play, and each market offers opportunities for Carlsberg to develop, positioning the Group for profitable future growth.

In Carlsberg we strongly believe in our GloCal approach to doing business. The GloCal approach – finding the right balance between working closely together at a GLObal level while allowing loCAL brands and initiatives to flourish – sets the Group apart from its competitors and is critical to the future success of the Group.

Substantial value is created locally in each market in which the Carlsberg Group companies are operating close to consumers and customers. However, significant value is also created by using the strength of being a Group, benefiting from scale, streamlining and centralising across borders in all areas in which this promotes efficiency, growth and improved practices. Finding the right GloCal balance in a matrix structure is key to the Group's ambition and success.

The structure and society strategy priority also encompasses the integration of corporate social responsibility (CSR) perspectives into the business behaviour of the Group and our employees – throughout the value chain from the relationship with suppliers to how we innovate, run our operations and interact with customers, consumers and society. CSR is about understanding and interacting with our stakeholders and growing our company in a responsible way. CSR is also about earning Carlsberg's licence to operate and is viewed as an important means to being a preferred brand, employer and partner. Read more about Carlsberg's approach to CSR on the following pages.



LOCAL IDEA WITH GLOBAL SCOPE

Carlsberg has marketed a beer list to increase beer sales in bars and restaurants. Originally, the list was developed by Carlsberg in the UK, Denmark, Finland and Switzerland respectively. Group Sales, Marketing and Innovation (GSMI) then took up the idea, adapted it and improved it based on best practice from the markets so that the beer

list could be used by the entire Carlsberg Group.

Essentially the equivalent of a wine list, the beer list provides consumers with information about the restaurant's beer and soft drinks range. With photos and clear descriptions of each beverage, the beer list enables consumers to choose exactly what to drink with their meal – and gives them the

chance to try something different. The beer list is also a great example of Winning Behaviours in action, with GSMI adapting best practices from four different countries. It puts the customer at the heart of what we do in Carlsberg, because each beer list is tailored to the individual customer.

CARLSBERG IN ASIA

Carlsberg's presence in Asia represents an important exposure to growth markets, providing both current and future growth opportunities. The strategy in Asia is to further strengthen our presence and build a platform for long-term expansion through organic growth as well as through M&A activities.

In 2010, the Carlsberg Group became the largest shareholder

in Chongqing Brewery Co. Ltd. (Chongqing). As a shareholder since 2008, the Carlsberg Group has had a constructive relationship with Chongqing. The intention is to explore opportunities for sharing best practices and developing the Shancheng brand, the leading brand in the markets in which Chongqing operates.

Chongqing operates 16 breweries in the municipality of Chongqing and the surrounding provinces of Sichuan, Hunan, Anhui and Zhejiang. The Shancheng brand family, which is largely focused in the mainstream market segment, accounts for the majority of Chongqing's volumes. The Shancheng brand has a long-standing regional heritage and is accorded "China Famous Brand" status by the Chinese Government.



Efficiency

- More activities in fewer locations to leverage scale
- Continuously optimise cost structure and asset base

Improving efficiency and adjusting and optimising the cost and capital base in all markets is a continuous journey encompassing the entire value chain. Our approach is to work with change projects combining efficiency gains with growth opportunities at local, regional and Group level. Many initiatives have been and are taken locally, regionally and globally in the pursuit of efficiency improvements – from cash flow management to network optimisation.

Optimising value chain processes, including network optimisation and divestitures, has been and will remain part of the continuous efficiency improvement efforts, not least in Northern & Western Europe. Optimising the brewery network must be evaluated in accordance with, among other things, portfolio optimisation and simplification, trends within packaging and production footprint.

Another lever to increase efficiency across the Group involves globalising and centralising a number of back-office functions, as well as other relevant areas in which it makes sense to create centres of excellence at global, regional or sub-regional level. Examples currently include a shared accounting service centre in Poland, a centralised procurement centre in Switzerland, a centralised IT organisation for the Northern & Western European region, and an integrated Innovation, Research and Development organisation at Group level.

The next steps on the efficiency journey are business standardisation and portfolio optimisation and simplification. The aim of the business standardisation programme – inspired by best practices in other fast moving consumer goods companies – is to standardise work processes across a number of areas throughout the value chain – from sales and production forecasting to billing processes – within each company and across several countries. The ultimate aim is to provide the right tools and processes to help Carlsberg professionals perform their jobs faster, smarter and leaner, giving employees more time to focus on local market needs and thereby generating growth in revenue and earnings.

Portfolio optimisation and simplification means a common, aligned packaging strategy for more markets or regions. This leads to a greater choice of, and flexibility in, packaging solutions in each market while reducing the overall number of packaging solutions, resulting in a number of efficiency gains within procurement and supply chain. Portfolio optimisation and simplification will increase efficiency and reduce costs, and at the same time be a driver for growth.



PORTFOLIO SIMPLIFICATION

In September 2010, Carlsberg publicly announced its portfolio simplification project, which is all about standardising the types of bottles, cans and packaging formats used in Northern & Western Europe. This will allow more products to be produced in one place and shipped cross-border, leading to fewer types of bottles and cans being produced in each brewery – and fewer line stoppages.

Stopping a production line to switch package size is very expensive. But a wide variety of packages is important to sales teams, which use the different packages to match different customer needs, occasions and price points, and to create consumer excitement around beer. A simplified portfolio provides an answer to this eternal sales-vs-production dilemma: it provides a wider variety of products for all markets as it allows packages from

one country to be used in another while at the same time reducing production complexity, and hence costs.

Hot products cross borders

The hottest product of the summer of 2010, Tuborg Lime Cut, was brewed and packaged in Lithuania and then shipped to Denmark and Norway to be enjoyed during the all-too-short Scandinavian summer.

Tuborg Lime Cut is not the only shared product in Northern Europe. Bottled Somersby Cider is produced in Sweden and then shipped across to other Nordic countries.

Furthermore, kvas, a traditional Eastern European brewed soft drink, positioned as an alternative to carbonated soft drinks, is produced in Ukraine and then transported to consumers in Estonia, Latvia and Lithuania.

Corporate social responsibility

GROWING RESPONSIBLY A central element of the Carlsberg Group's strategy is the integration of corporate social responsibility (CSR) throughout the value chain. Embedding CSR aspects and considerations in existing business processes, developing policies to ensure standards, and setting global and local targets to improve CSR performance form the cornerstone of this strategic process.

Implementing CSR activities is instrumental in addressing business challenges such as water scarcity, in creating new opportunities through, for example, energy-efficient brewing processes, in earning our licence to operate, and in growing by working with communities and partners.

During 2010, the Group continued to implement our Group-wide approach to CSR. Furthermore, three-year targets and key CSR initiatives were developed to support the Group's objective of growing responsibly.

Implementing CSR policies

In 2010, a new phase was reached by introducing CSR policies across the entire organisation. The integration of the CSR policies in the day-to-day business operations has been initiated across Group companies. The focus has been on creating awareness among employees through communication and training, which has resulted in structural changes such as increased focus on health & safety on the work floor.

Carlsberg has developed a measurement scale to evaluate how far each company has progressed in implementing the policies. Using this information, necessary actions will be initiated to further align all companies with Group standards.

Carlsberg's CSR policies are available online at www.carlsberggroup.com/csr.

Improving CSR reporting and management

In 2009, CSR performance data were gathered for the first time for all CSR areas (environment, health & safety, community engagement, labour & human rights, business ethics and responsible marketing). This provides us with better insight into individual company performance against the Group average and helps to identify areas for efficiency improvement, risk mitigation, cost saving and improvement of stakeholder relationships.

In 2010, we continued improving our reporting principles and performance measurement by expanding the scope of the CSR reporting. The 2010 CSR data confirmed that Group performance improved in several CSR areas. The positive development is the result of strong local performance, as well as an increased and coordinated approach at Group level.

KPMG Sustainability has provided independent assurance on key environmental indicators. The results and conclusions of this process can be found at <http://www.carlsberggroup.com/csr/approach/ReportingonProgress/Pages/2010Assurance.aspx>.

GROWING RESPONSIBLY – 2013 TARGETS

CSR area	2009 performance	2010 performance	2013 targets
Water	3.7 hl/hl	3.5 hl/hl	3.2 hl/hl
CO ₂	8.9 kg CO ₂ /hl	8.7 CO ₂ /hl	8.2 kg CO ₂ /hl
Energy	32.2 kWh/hl	32.3 kWh/hl	29 kWh/hl
Lost-time accidents in production per 1,000 employees	20.1	16.7	11.7 (-30%)

In 2008, the Carlsberg Group initiated a Group-wide approach to CSR. Although strong progress has been made, the Group is committed to improving further. New three-year targets and key ambitions have been developed to improve business performance and strengthen the commitment to grow in a responsible way. The Group will review its targets and ambitions periodically to ensure they reflect the right level of ambition and issues for our business and our stakeholders alike.

The table above lists the main targets for environment and health & safety. The full set of performance data for all Carlsberg Group CSR areas and 2013 targets is available at www.carlsberggroup.com/CSR.

EUROPE – PROMOTING RESPONSIBLE DRINKING AT FESTIVALS

In 2010, several Group companies carried out responsible drinking initiatives aimed at combating under-age drinking during events sponsored by the Carlsberg Group. At the Roskilde Festival in Denmark, sponsored by Carlsberg Danmark, we worked with the festival organisers, providing bracelets to people of legal drinking age in order to prevent beer being sold to any under-age persons. Carlsberg's Swiss brewery Feldschlösschen promotes responsible drinking during ice-hockey games. During the games, responsible drinking messages are communicated on the stadium screens and posters, and local team players encourage fans to drink in moderation by using the slogan: "Enjoy the game – drink responsibly".

UKRAINE – BIOENERGY GENERATION FROM WASTE-WATER PLANT

The upgrade of the wastewater treatment plant at Carlsberg's Ukrainian brewery Slavutich Zaporozhye decreased the brewery's carbon footprint. The boilers were modernised and a system was installed to capture the biogas generated from the brewery's wastewater treatment. Following the installation of the new system, the energy generated from captured biogas now amounts to 8.8% of the site's total fuel use.



VIETNAM – HELPING FLOOD VICTIMS

In October 2010, the worst flooding in 20 years hit the central region of Vietnam. As a leading corporation in the region, Carlsberg and Hué Brewery Limited agreed on a Rapid Relief Programme worth USD 100,000 to assist suffering families. The programme provided 7,500 relief packs, including rice, food, school notebooks and cash, to help families get through the disaster. Within days of the disaster striking, Hué Brewery trucks carried the relief packs to eight selected districts in the three provinces for distribution to the affected families.

RUSSIA – AWARD FOR ENERGY EFFICIENCY INITIATIVES

In 2010, Carlsberg's Russian brewery Baltika received the award for "Best Business Energy Conservation Plan of the Year" for the successful implementation of alternative energy and energy efficiency projects. The award, which is given by the Moscow City Government and supported by the Ministry of Energy and the Russian Energy Agency, honours leaders in energy conservation and energy efficiency. The award was made in recognition of Baltika's continuous efforts to improve energy efficiency in its Russian breweries. Efforts include an "Energy Leader" campaign to identify new ideas to increase energy efficiency in the breweries, installation of solar panel systems, and use of biogas as an alternative energy source.

The independent assurance process helps to raise awareness and further embed CSR throughout the Group. The aim is to widen the scope of the assurance to cover a larger range of indicators in 2011.

Reducing environmental impact

The Carlsberg Group is among industry leaders when it comes to energy and water efficiency in production. The Group intends to maintain this position and has taken several initiatives to further improve efficiency within the supply chain. In 2010, the Group's water consumption improved by 5%. Upgrading of equipment and optimisation of processes through LEAN and ProdEx programmes contributed greatly to the improvements. Energy consumption and CO₂ emissions remained at the 2009 levels, despite a slight decrease in production.

A continuous supply of affordable water is a key prerequisite for the Group's ambition to be the fastest growing global beer company. In 2010, the Group carried out a pilot assessment to better understand our exposure to water risks such as scarcity, poor quality and increased costs. In 2011, the Group will carry out a full risk assessment at all sites and develop a water management strategy to cover the entire value chain. The Group intends to work with external partners in addressing the issue of water scarcity.

Responsible drinking

The Group is committed to promoting responsible drinking of beer and to preventing misuse. Targeted activities focus on contexts where the risk of harmful drinking is high. While policies are developed centrally, our companies tailor and implement activities appropriate to the local culture and address critical issues with highest local relevance such as under-age drinking and drink driving.

In 2010, the Group finalised the development of a global e-learning tool to train marketing and communication managers in responsible marketing of alcoholic beverages. Roll-out of the global training programme in 2011 will further ensure compliance with local and international self-regulation marketing codes.

Online CSR report

The Carlsberg Group is a signatory to the United Nations Global Compact. The management review does not comprise a full report on CSR. Reference is made to the separate communication on progress in accordance with the UN Global Compact, which can be found at www.carlsberggroup.com/csr/approach/ReportingonProgress/Pages/2010COP.aspx.

The Carlsberg Group publishes a web-based CSR report on its corporate website: www.carlsberggroup.com/csr. The report includes the full scope of the 2010 performance data as well as the 2013 targets.

CSR in the value chain

R&D



Our strong expertise in research provides significant opportunities to continuously improve the Group's environmental impact through the development of new solutions and the use of alternative raw materials and new processes and products.

2010 activities

- A new type of barley was developed. It reduces the amount of pesticides needed as well as the energy needed for cooling during transport
- Trials with energy production from brewery by-products showed promising results with regard to potential energy and water savings

Going forward

The Group will continue to explore possibilities to create climate-resistant barley, leading to reduced transportation cost and water usage. The use of alternative raw materials in order to reduce energy consumption will be investigated. Research on the production of energy from by-products will be strengthened through the establishment of a pilot plant for energy production.

Procurement



Through our Procurement Responsible Supplier Management programme, we work with our suppliers and licensees to ensure that our CSR standards are adhered to and that the social and environmental impact of the products and services purchased is reduced. The programme consists of: 1) ensuring compliance with the Group's Supplier and Licensee Code of Conduct; 2) including CSR criteria in purchasing decisions; and 3) monitoring suppliers' CSR performance through assessments and audits.

2010 activities

- Agro projects with the aim of developing local grain supplies to reduce the need for imports
- Reducing the weight of packaging. For example, our Swiss company worked with its suppliers to reduce the weight of a 33-cl bottle by 7%, leading to an approximate saving of 1,575 tons of glass per year

Going forward

We will increase efforts to improve CSR performance in procurement, with focus on including environmental considerations in the sourcing process. Furthermore, we will continue to carry out projects such as agro projects and light weighting of bottles.

Brewing and bottling



Within our production facilities, our CSR focus is to ensure a safe working environment for all our employees and improve efficiency and processes to reduce the environmental impact. All production sites are required to have made three-year plans to improve performance.

2010 activities

- A new environmental policy was introduced at all sites containing new requirements regarding water risk assessment
- 830 actions were implemented across the Group's production sites to improve workers' safety
- A pilot assessment was initiated to analyse Carlsberg's exposure to water risks

Going forward

The Group's objective is to maintain our position as industry leader in terms of energy and water efficiency, and new targets have been set for 2013. The Group is committed to increasing our understanding of the exposure to water risks, for example scarcity or poor quality, and to taking necessary actions to mitigate risks. Going forward, possibilities to increase the amount of renewable energy will be explored.

In the area of health & safety, specific reduction targets for lost-time accidents in production have been set for 2013.

Logistics



Optimisation of logistics activities and ongoing improvement of transportation efficiency represent significant opportunities to reduce the Group's environmental impact. In several markets, eco-driving and use of support software have been introduced.

2010 activities

- New environment-friendly technologies related to truck engines and fuel were monitored
- New environmental standards for the purchase of new trucks were drawn up
- In several markets, route planning tools were tested and implemented to improve efficiency
- Improvement of transportation and distribution efficiency continued

Going forward

We will further strengthen our focus on logistics efficiency. Fuel savings initiatives will be further addressed, including driver training, driver behaviour and monitoring systems. Environmental guidelines will be developed for warehouses. We will continue to implement route planning tools in Group companies.

Sales and marketing



We are committed to presenting and communicating about our beer brands in a way that promotes responsibility and enjoyment in moderation. By implementing our Marketing Communication Policy, the Group aims to ensure that all marketing activities adhere to the same standards.

2010 activities

- Implementation of an e-learning system to improve awareness among marketing employees
- The development of a carbon calculator was initiated to improve the understanding of the environmental impact of different packaging options

Going forward

Training of marketing managers to improve understanding of the Marketing Communication Policy will continue. We intend to carry out audits to measure compliance with the principles of the Marketing Communication Policy.

Consumers and customers



We maintain an open dialogue with our customers to better understand their requirements regarding the quality and sustainability of our products and to improve the understanding of consumer demands.

The Group is committed to playing a proactive part in promoting responsible drinking and to tackling misuse of our products through initiatives such as “don't drink and drive” campaigns and campaigns aimed at discouraging under-age drinking.

Group companies are actively engaged with society through the initiation of community activities ranging from university support to sponsoring art and recreational sports activities.

2010 activities

- Initiatives were carried out at Group company-sponsored music festivals across Europe to promote responsible drinking at point of sale
- “Don't drink and drive” campaigns were organised in a number of markets

Going forward

Self-regulation in combination with targeted responsible drinking initiatives will form the cornerstones of our efforts to help consumers make informed decisions and promote responsible drinking.

Risk management

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

EFFECTIVE RISK MANAGEMENT

The Carlsberg Group considers effective risk management an integral part of its business operations as it reduces uncertainty, helps the Group achieve its strategic ambition and facilitates value creation for all stakeholders.

The Group's risk management involves the identification, assessment and economic management of risks that might prevent the Group from achieving its strategic ambition. The risk management policy sets out the requirements for implementing a risk management process in the Group.

Risk management framework

Carlsberg's risk management framework is a systematic process of risk identification, analysis and evaluation providing a comprehensive overview of strategic risks and enabling the Group to mitigate and monitor the most significant risks. The risk management framework is based at the strategic level to ensure that the risks related to carrying out the Group's strategy – both short term and long term – are identified and that relevant preventive actions are taken.

The risk management framework is a top-down approach and covers all major entities across regions, markets and functions.

Risk management governance structure

Ultimately, the Supervisory Board is responsible for risk management. The Supervisory Board has appointed the Audit Committee to act on behalf of the Supervisory Board. The Audit Committee monitors the overall strategic risk exposure and the individual risk factors associated with the Group's activities. Monitoring is mainly performed

in connection with the quarterly reporting process. The Audit Committee adopts guidelines for key areas of risk, monitors developments and observes that plans are in place for the management of individual risk factors, including commercial and financial risks.

Once a year the Executive Committee (ExCom) reviews the overall risk exposure associated with the Group's activities. Strategic risks are assessed according to a two-dimensional heat map rating system which estimates the impact of the risk on net revenue or brand/image and the likelihood of the risk materialising. Based on this assessment, ExCom updates the existing heat map to reflect changes in perceived risks to the business. Following this review, a number of high-risk issues for the coming year are identified. In addition, any risks in relation to the Group strategy for the subsequent three-year period are identified and appropriate actions are agreed upon.

In accordance with the Risk Management Policy, ExCom identifies owners of short-term and long-term risks who are responsible for mitigating the risks through a programme of risk-reducing activities.

Local entities (Group functions and business units) are responsible for the identification, evaluation, qualification, recording and reporting of the management of strategic risk at local level. Local-level risk assessment follows the same principles as Group-level risk assessment and is based upon the heat map described above. The local risk review is carried out once a year, and following the review local risk owners are appointed and given the responsibility for mitigating the risks through a programme of risk-reducing activities.

Group Internal Audit is responsible for facilitating and following up on risk-reducing activities/action plans for the most significant risks in the Carlsberg Group.

The financial risks, including foreign exchange, interest rate, credit and liquidity risks are described in the notes to the consolidated financial statements.

Risk assessment 2011

In September 2010, ExCom carried out the annual risk management workshop to evaluate the adequacy of the existing heat map. The review resulted in a revision of the identified high risks, and a revised set of high risks for 2011 were defined. Local risk man-

agement workshops and heat mapping were also carried out during the third quarter of 2010.

The correlation between the high risks identified at Group level and at local level was significant, which indicates that the strategy and associated risks at local and regional level are aligned with the overall Group strategy.

The high risks for 2011 are presented on the following page.

Four strategic high risks were identified for 2010. Their impact on the Group and the proactive steps taken were as follows:

Beer excise duty

A high risk identified for 2010 was beer excise duty increases, in particular in Russia, where an extreme 200% increase in beer excise duties was implemented as of 1 January 2010.

Carlsberg increased its Russian sales prices in several small steps up to the end of the second quarter, with a subsequent negative impact on net sales prices. Carlsberg was the price leader throughout the year as the price increases of all but one competitor were effected with a longer than anticipated time lag in relation to Carlsberg. Consequently, the Russian market share was under pressure during 2010.

Beer excise duties remain a high risk for 2011 and preventive actions are described on the following page.

Public regulation

Changes in public regulation such as advertising regulations and sales restrictions were deemed a high risk in 2010. No significant changes in public regulations were implemented in the Group's markets in 2010. Public regulation remains a high risk for 2011 and preventive actions are described on the following page.

Economic downturn

The continuation of the global economic downturn was identified as a high risk for 2010. In addition to ongoing efficiency improvements, contingency plans were established to ensure Carlsberg's ability to react to changes in beer market conditions.

Despite overall challenging markets, the Group did not have to implement contingency plans but was able to offset the negative impact of market decline by planned commercial and operational initiatives.

Price risk – materials

The risk of unexpected price changes for materials was assessed as a high risk for 2010. Raw material prices were favourable in the first nine months of the year, but due to very hot weather in Eastern Europe, fires in Russia and the lack of hedging options, the spot prices faced by the Group in the Eastern European region hiked in the fourth quarter, impacting margins for the quarter negatively.

The price risk for commodities remains high for 2011 and risk-reducing measures are elaborated on the following page.

High risks for 2011

The Carlsberg Group's Executive Committee has identified four strategic high risks facing the Group in 2011. The financial risks are described in the notes to the consolidated financial statements.

BEER EXCISE DUTIES

Description

Beer is a highly taxable consumer product. The Group views beer excise duties as tax on the consumer and as a general rule any increase in beer excise duties is therefore added to the Group's sales prices.

Possible impact

Beer consumption is price-sensitive and major changes in beer excise duties may therefore significantly impact the demand for the Group's products. Decreasing demand leading to lower volumes may negatively impact net revenue and, subsequently, operating profit.

Mitigation

The Group closely monitors the risks related to increases in excise duties and acts to limit the potential impact.

Carlsberg carries out thorough scenario planning based on known and anticipated increases in beer excise duties. The scenarios include evaluation of prices, price sensitivity analyses, packaging and product mix, regional and national market positions, and microeconomic factors such as changes in the supply/demand balance for various input costs.

On a case-by-case basis, local markets are supported by the Group's central public affairs department. The support includes lobbying tools and guidance as well as economic impact assessments to promote informed political decisions. Carlsberg plays an active role in the local brewers' associations in operating markets. In addition, Carlsberg is active in The Brewers of Europe and supports the Worldwide Brewing Alliance to provide tools to brew and market beer freely, cost-effectively and responsibly.

LEGAL RESTRICTIONS

Description

Several of the Group's markets already operate with restrictions regarding sales, availability and advertising regulation. Increasingly, the brewing sector is facing pressure from authorities and other stakeholders to reduce alcohol consumption.

Possible impact

Viewed separately, changes in regulations may impact consumer behaviour and the impact may result in decreased demand. Decreasing demand leading to lower volumes may negatively impact the Group's net revenue and, subsequently, its operating profit.

Mitigation

Through targeted campaigns in local markets the Group works to limit the negative consequences of inappropriate consumption of beer and other alcoholic beverages and actively promotes responsible sale and consumption. In local markets, Carlsberg actively works to establish marketing self-regulation systems and CSR initiatives, including campaigns against under-age drinking, the promotion of responsible drinking messages on packaging, and campaigns against drinking and driving.

Carlsberg is active in The Brewers of Europe and supports the Worldwide Brewing Alliance to provide tools to brew and market beer freely, cost-effectively and responsibly.

PRICE INCREASES

Description

A large number of the Group's input costs are increasing and the Group will increase its sales prices to offset the higher input costs.

Possible impact

Offsetting higher input costs through higher sales prices is important in order for the Group to continuously deliver on its mid-term financial margin targets.

Mitigation

Identifying top-line growth levers, Carlsberg has developed sophisticated value management tools addressing these levers in order to be able to increase net revenue/hl in addition to what can be achieved as pure price list increases. The value management levers embrace price, customer investment, promotions, value engineering and product mix, and the execution of value management represents a step change in Carlsberg's capabilities to drive net revenue/hl.

COMMODITY PRICE VOLATILITY

Description

Failure to purchase adequate commodities, including raw materials and packaging materials, at competitive prices.

Possible impact

Commodity price volatility introduces uncertainty as to the price of the Group's input costs and, consequently, potentially lower profitability.

Mitigation

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, Carlsberg has centralised its procurement organisation. Hedging of both volume and price is used actively when deemed appropriate, and this includes the management of long-term Group agreements with key suppliers and fixed-price policies. In markets where hedging is not easily obtained, Carlsberg seeks to develop cooperation with local farmers to ensure volume and quality of barley supply and reduce the exposure to spot-market price volatility.

RUSSIA

The off-trade channel represents 92% of total market volumes in Russia. It is dominated by traditional trade, which makes up approximately 80% of the channel. Kiosks account for about 15% of the off-trade market, serving consumers on the go who are looking to buy small, inexpensive consumables such as beer, crisps, cigarettes and sweets.



Corporate governance

SUITABLE STRUCTURES AND CONTROL SYSTEMS

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.

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 for issuers of shares, and the Company's Articles of Association.

Recommendations on Corporate Governance

The recommendations of the Danish Committee on Corporate Governance form part of NASDAQ OMX Copenhagen A/S's rules for issuers of shares. These recommendations can be found at www.corporate-governance.dk/graphics/Corporategovernance/recommendations2010.pdf. As in other European countries, companies must either comply with the recommendations or explain any deviation.

In 2010, the Supervisory Board decided on some changes which mean that Carlsberg will generally comply with the recommendations of the Committee on Corporate Governance from April 2010. In particular, these changes include the following:

- The term of office for Supervisory Board members. The Supervisory Board has decided to propose to the Annual General Meeting in March 2011 that it amend the Articles of Association so that Supervisory Board members will be elected for a term of one year
- In December 2010, the Supervisory Board decided to establish a Remuneration Committee and a Nomination Committee
- The Annual General Meeting in March 2011 will be asked to approve the remuneration of the Supervisory Board specifically for the 2011 financial year

When the changes decided by the Supervisory Board in 2010 have been fully implemented, Carlsberg will generally comply with all the recommendations with one exception, namely that a majority of the Supervisory Board members elected by the General Meeting are not independent as defined in the recommendations:

Recommendation 5.4.1.

In order for the members of the Supervisory Board to act independently of special interests, the Committee recommends that at least half of the members elected by the general meeting be independent persons. The recommendations set out a number of situations that would preclude independence. It means that e.g. any person who represents the interests of a controlling shareholder and/or any person who has been a member of the Supervisory Board for more than 12 years is not regarded as independent.

Explanation

Five of the eight members of Carlsberg A/S'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 Board and represent the interests of the Foundation, while the three other members elected by the General Meeting have a business background. These five members are thus not independent as defined in the recommendations. In addition, two of them have served on the Board for more than 12 years. The independent members of the Supervisory Board are of the opinion that this combination ensures that the Supervisory Board has the necessary decision-making power for the Company to work in the highly competitive environment of FMCG companies, ensures appropriate breadth in the members' approach to their duties and helps to ensure careful consideration and well-considered decisions.

Carlsberg's statutory report on corporate governance includes a full list of the recommendations of the Committee on Corporate Governance along with Carlsberg's comments with regard to each recommendation; see www.carlsberggroup.com/company/governance/pages/UKrecommendations.aspx.

Shareholders and capital structure

Carlsberg aims to provide information and opportunities for dialogue to its shareholders through regular publication of news, interim reports and annual reports, and at General Meetings. The Company's website is continuously updated with published information. Regular teleconferences, conferences and meetings are also arranged with 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 and value creation. The Company's Articles of Association contain no limits on ownership or voting rights.

Carlsberg's share capital is divided into two classes. All shares have the same nominal value (DKK 20). An A share carries 20 votes, while a B share carries two votes and is entitled to a preferential dividend. Both classes of shares are listed on NASDAQ OMX Copenhagen. The Supervisory Board believes that the division into A shares and B shares, combined with the Carlsberg Foundation's position as principal 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 at least three weeks prior to the meeting and is sent to all shareholders who have provided an e-mail address or have requested to be notified of General Meetings by ordinary mail. All shareholders who own shares one week before the General Meeting are entitled to participate in and vote at the General Meeting provided they have requested an admission card no later than three days before the meeting. Any shareholder is also entitled to put forward proposals for consideration at the Annual General Meeting to the Supervisory Board no later than six weeks before the date of the meeting. Any shareholder who has the right to attend the General Meeting may give proxy to the Supervisory Board or to somebody else attending the General Meeting for each individual item on the agenda or vote by letter as set out in the notice of the General Meeting.

Minutes of the General Meeting will be available on the Company's website no later than two weeks after the meeting.

According to the authorisation of the General Meeting, the Supervisory Board may in the period until 24

March 2015 allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital at the price quoted on NASDAQ OMX Copenhagen at the time of acquisition with a deviation of up to 10%.

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.

Stakeholders and the Company

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

Therefore, the Company has formulated policies for a number of key areas, such as communications, human resources, environment, business ethics, marketing communication and responsibility to customers and society in general. One element of the Supervisory Board's work is to ensure compliance with and regular adjustment of the 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 and others is made available to them and published in accordance with applicable rules and regulations.

Communication with investors and analysts is handled by the Company's Executive Board supported by the Investor Relations department. This dialogue includes a comprehensive programme of activities, and complies with the rules of NASDAQ OMX Copenhagen A/S. All company announcements are published simultaneously in English and Danish, and

are distributed directly to shareholders and others who have requested them 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 the employees in accordance with the Danish Companies Act. The Supervisory Board thus has a total of 12 members. The Supervisory Board finds this number of members appropriate.

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 2010.

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. The Supervisory Board believes that this helps to ensure careful consideration and well-considered decisions.

The members of the Supervisory Board are elected individually. Under the current Articles of Association, the members of the Supervisory Board have effectively been elected for a two-year period as, according to the Articles of Association, at each Annual General Meeting the four longest-serving members elected by the shareholders step down (but may be re-elected). As explained above, the Supervisory Board will propose to the General Meeting in March 2011 that it amend the Articles of Association so that members of the Supervisory Board be elected for a term of one year at a time and that re-election be possible. Members must step down at the first General Meeting after they reach the age of 70.

Each year the Supervisory Board considers the skills that should be represented on the Supervisory Board and takes this into consideration when recommending new candidates. A specification of the skills is posted on Carlsberg's website. 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 or have been involved in the executive management of the Group.

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 and specification of skills it has laid down. In December 2010, the Supervisory Board decided to establish a Nomination Committee that will comprise three Supervisory Board members elected by the General Meeting to propose candidates to the Supervisory Board, who will then decide on the final nomination of candidates.

In November 2010, Carlsberg signed up to the "Recommendations for more women on supervisory boards" together with a number of large Danish companies and institutions. This is an initiative driven by the Danish Ministry of Gender Equality, and through its participation Carlsberg has undertaken to work purposefully to develop and recruit more female managers to the supervisory boards of Danish limited liability companies. Currently, Carlsberg's Supervisory Board has no female members. Carlsberg believes that it is important to work actively for more women in executive positions to create a pipeline for potential female supervisory board members. Carlsberg has given a general instruction to the search firms it uses asking them to ensure presentation of qualified female candidates for executive positions in Carlsberg, and the Supervisory Board and the Nomination Committee will do the same when they look for potential new Supervisory Board candidates.

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 market developments and the companies' performance, profitability and financial position.

The Supervisory Board of Carlsberg A/S held seven meetings in 2010 and a two-day strategy session. Four meetings and the strategy session were attended by all Supervisory Board members, while three members had to be excused from attending one meeting each during the year. According to its Rules of Procedure, the Supervisory Board meets at least six times a year in addition to an annual strategy meeting at which the Company's strategy and overall organisation are discussed. In between its ordinary meetings, the Supervisory Board receives written information on the Company's operations and financial position. Extraordinary meetings are convened if necessary. The Supervisory Board decides on major investments and divestments, the size and composition of the Company's capital base, long-term obligations, significant policies, control and audit issues, risk management 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 organises meetings of the Supervisory Board in cooperation with the Executive Board. The Chairmanship held six meetings in 2010 and they were all attended by both the Chairman and the Deputy Chairman. 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 in a structured dialogue with each board member. This evaluation also includes the cooperation between the Supervisory Board and the Executive Board, and the work, accomplishments and composition of the Executive Board. Finally, the process includes a meeting without the presence of the Chairman (or the Executive Board) at which the performance of the Chairman is discussed. During the evaluation process in 2010 the Supervisory Board members generally expressed that they were very content with the structure and function of the Supervisory Board and, in particular, with the detailed meeting planning, the amount and quality of meeting material and the presentation of issues by the Executive Board and the subsequent open discussions at the Supervisory Board meetings. The process led to a few suggestions for changes which have been incorporated in the changes to the corporate governance position as described in the section above on Recommendations on Corporate Governance.

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

In March 2009, the Supervisory Board established an Audit Committee in accordance with the Danish Act on Approved Auditors and Audit Firms. In 2010, the Audit Committee consisted of three members of the Supervisory Board (Jess Søderberg, Chairman, Povl Krogsgaard-Larsen and Richard Burrows). Jess Søderberg and Richard Burrows both qualify as being independent of the Company and both possess the relevant financial expertise. The Audit Committee is appointed for one year at a time.

The Audit Committee works according to Terms of Reference, which are reviewed and approved annually by the Supervisory Board, and a detailed annual meeting plan approved by the Supervisory Board prior to the beginning of each financial year.

In 2010, the Audit Committee held five meetings. All members participated in all meetings except for one meeting at which one member was absent. 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. In accordance with the Terms of Reference, four of the Audit Committee meetings were held prior to approval and announcement of the external financial reporting. In addition, and in accordance with the Terms of Reference, all minutes and material have been made available to the Supervisory Board, internal and external auditors and the Executive Board. The Audit Committee Chairman has also reported at each Supervisory Board meeting on the key findings and conclusions from the preceding Audit Committee meeting.

At each Audit Committee meeting, the Audit Committee goes through relevant issues with the external auditors and the head of Group Internal Audit, and the Committee invites other relevant function heads from the Carlsberg organisation depending on the topics being discussed at the meeting. The heads of Group Finance and Group Accounting are usually invited to participate in the Audit Committee meetings. In 2010, the Audit Committee held meetings with the external auditors and Group Internal Audit as well as with other relevant function heads without the presence of the Executive Board of the Company.

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, which sets out the individual remuneration in 2010 of each member of the Executive Board and the Supervisory Board. The guidelines for the incentive programmes for the Executive Board were approved at the Annual General Meeting on 10 March 2008. A proposal regarding changes to the general guidelines will be made at the Annual General Meeting on 24 March 2011. 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 other management personnel. 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 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.

In December 2010, the Supervisory Board decided to establish a Remuneration Committee, which will comprise four of the members elected by the General Meeting, to make proposals on the remuneration policy, oversee compliance with the policy and verify that the information in the annual report on remuneration is correct, true and sufficient.

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 reports any significant findings regarding accounting matters and any significant internal control deficiencies to the Supervisory Board via the Audit Committee and through its written long-form audit reports to the Supervisory Board, which are issued at least twice a year.

Internal control and risk management related to the financial reporting process

Overall control environment

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 and risk management systems related to the financial reporting process on an ongoing basis.

The internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process. Internal controls related to the financial reporting process are established to mitigate, detect and correct material misstatements in the consolidated financial statements.

The Company has a number of policies and procedures in key areas of financial reporting, including the Finance Manual, the Chart of Authority, the Risk Management Policy, the Treasury Policy, the Information Security Policy and the 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.

Risk assessment

The risk assessment process related to financial reporting is conducted annually based on a top-down, risk-based approach.

The significant accounts in the consolidated financial statements are identified based on the assessment of quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the impact of the risks materialising and the likelihood of the risks materialising.

The risk assessment process related to the financial reporting process is approved by the Audit Committee on an annual basis.

Control activities

Based on the risk assessment, the Group has established minimum requirements for the conducting and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. Relevant Group companies and functions establish and implement internal controls comprising relevant control activities for significant processes. The local management is responsible for ensuring that the internal control activities are performed and documented, and is required to report the compliance quarterly to the Group's finance organisation.

In addition, the Group has implemented a formalised financial reporting process for the strategy process, budget process, quarterly estimates and monthly reporting on actual performance. The accounting information reported by all Group companies is reviewed both by controllers with regional links and in-depth knowledge of the individual companies and by technical accounting specialists. In addition, significant Group companies have controllers with extensive commercial and/or accounting knowledge and insight.

Information and communication

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

All Group companies are using a standardised financial reporting system. The Group has established a project which will standardise processes and reduce the number of financial reporting systems over the coming years.

Monitoring

The monitoring of the internal control and risk management systems related to financial reporting is performed at multiple levels in the Group, such as periodical review of control documentation, controller visits, audits performed by Group Internal Audit and monitoring by the Audit Committee.

The Audit Committee's Terms of Reference outline its roles and responsibilities related to supervision and monitoring of the internal control and risk management systems related to financial reporting. The monitoring is performed on the basis of periodical reporting from the finance organisation, internal and external audit.

Group Internal Audit

The Internal Audit department ensures objective and independent assessment of the adequacy, efficacy and quality of the Group's internal controls. The head of Group Internal Audit reports to the chairman of the Audit Committee and with a dotted line to the CFO, and the Audit Committee must approve the appointment and potential dismissal of the head of Group Internal Audit. Group Internal Audit works in accordance with a charter and Terms of Reference approved by the Audit Committee.

Group Internal Audit conducts an annual review of business risks. On the basis of this and input from the Supervisory Board, the Audit Committee and senior executives in the Group, an audit plan is drawn up for the year. The plan is reviewed and approved by the Audit Committee and the Supervisory Board. Group 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.

When conducting an audit, Group Internal Audit assesses whether the audited entity/function 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.

In April 2010, the Carlsberg Group launched the Carlsberg Group Whistleblower System, which enables employees to report activities that may involve criminal conduct or violations of the Carlsberg Group's policies and guidelines.

The Whistleblower System consists of a website and a hotline set up by an independent third party to ensure the highest level of security and confidentiality. Reports filed through the Whistleblower System are handled by a few specific employees within Group Internal Audit who are charged with the responsibility of evaluating any potential violation. Group Internal Audit regularly reports to the Audit Committee on issues reported via the Whistleblower System and action taken as a result thereof.

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. Prior to joining Carlsberg, Mr Rasmussen held senior managerial positions covering Western and Central Eastern Europe, the Middle East, Africa and parts of Asia in several global FMCG companies, amongst others Gillette Group, Duracell, Mars and Unilever.

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 FMCGs, having worked for Toms Nordic in Sweden, Bacardi-Martini and Leaf.

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. Member of the Supervisory Board of DONG Energy A/S. Prior to joining Carlsberg, Mr Jensen held senior managerial positions in, amongst others, Nilfisk Advance A/S and Foss Electric A/S.

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.

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 in 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.

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.

Roy Bagattini



Senior Vice President, Asia since 2009.

Mr Bagattini joined Carlsberg from SAB-Miller, where he was Regional Managing Director for Eastern Europe. Prior to that, Mr Bagattini held senior general management 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.

Khalil Younes



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

Mr Younes joined Carlsberg after 15 years with The Coca-Cola Company, where his last position was Vice President of Global Juice Marketing. Prior to that role, Mr Younes held several positions in global brand stewardship, country general management and regional marketing leadership around the world. Mr Younes started his career with Procter & Gamble in France.

Anne-Marie Skov



Senior Vice President, Group Communications & CSR 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.

Roger Muys



Senior Vice President, Group HR since 2010.

Mr Muys joined Carlsberg from a position as Senior Vice President HR at Royal Philips NV Lighting Sector. Before that, he was SVP HR for Philips Consumer Electronics in Amsterdam. Prior to joining Philips, Mr Muys was with General Electric (GE), where he held a number of key HR positions.

Shareholder information

PROVIDING TIMELY AND RELEVANT INFORMATION

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

Carlsberg's shares are listed on NASDAQ OMX Copenhagen in two classes: Carlsberg A and Carlsberg B. Each A share carries 20 votes, while each B share carries two votes and is entitled to a preferential dividend. The B share is included in NASDAQ OMX Copenhagen'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.

As a supplement to Carlsberg's listing on NASDAQ OMX Copenhagen, Carlsberg has established a sponsored level I ADR (American Depositary Receipt) programme with the Bank of New York Mellon. The ADRs trade over-the-counter in the USA under the symbol CABGY.

The B share gained 45% in 2010 and ended the year at DKK 558.5, compared to DKK 384 at the end of 2009. The market value of the Company's shares was DKK 85.7bn at the end of 2010, compared to DKK 58.8bn at the end of 2009.

Annual General Meeting and dividend

The Company's Annual General Meeting will be held on Thursday, 24 March 2011, at Tap 1, Ny Carlsberg Vej 91, Copenhagen. The Parent Company has posted a loss for 2010 of DKK 41m. The Supervisory Board recommends that the Annual General Meeting approve payment of a dividend of DKK 5.00 per share. This will involve a total payment of DKK 763m, which will be deducted from retained earnings.

Shareholders

At 31 December 2010, the Company's largest shareholder was the Carlsberg Foundation, holding 30% of the share capital and 74% of the votes. At the end of 2010, Carlsberg had more than 56,000 registered shareholders, together holding nominal capital of DKK 2,734m, corresponding to 90% of the share capital.

FINANCIAL CALENDAR 2011

Annual General Meeting

24 March
Annual General Meeting

Quarterly financial statements

11 May
Interim results – Q1

17 August
Interim results – Q2

9 November
Interim results – Q3

SHAREHOLDERS (FREE FLOAT)

%	End- 2010	End- 2009	End- 2008
DK	22	23	23
USA	30	27	22
UK	18	17	15
Other	30	33	40

GROUP INVESTOR RELATIONS

Vice President
Peter Kondrup +45 3327 1221

Manager
Iben Steiness +45 3327 1232

investor@carlsberg.com

Management holdings of Carlsberg shares

At the end of 2010, the members of the Supervisory Board held a total of 10 A shares and 9,781 B shares in Carlsberg, corresponding to a market value of DKK 5.5m, and the members of the Executive Board held a total of 400 A shares and 8,948 B shares, corresponding to a market value of DKK 5.2m. In addition to this, the Executive Board has been granted 255,120 share options, corresponding to a market value of DKK 68m. The number of shares held by each Supervisory Board member and the number of shares and share options held by each Executive Board member are set out in note 12 to the consolidated financial statements.

Members of the Supervisory Board and the Executive Board are included in Carlsberg's insider register and must disclose any trading in the Company's shares. The members and their relatives may only trade in Carlsberg's shares during a four-week period after the publication of financial 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-

tial shareholders, including domestic and international institutional investors as well as private investors. The Group's Investor Relations department handles day-to-day contact with analysts and investors.

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 40 analysts had initiated coverage of Carlsberg at the end of 2010, nine 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.

SHARE PRICE 2010
(DKK per share, Carlsberg B)



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	32,422,077	20	DKK 20	DK001018167-6	CARLA DC	CARCa.CO	DKK 572.0	DKK 5.00
B	118,857,554	13,841,895	2	DKK 20	DK001018175-9	CARLB DC	CARCb.CO	DKK 558.5	DKK 5.00
Total	152,556,886	46,263,972							

Financial review

Income statement

The Group generated total net revenue of DKK 60,054m (DKK 59,382m in 2009), an increase of 1% compared to 2009. Gross profit was DKK 31,072m (DKK 29,185m in 2009) and gross profit margin was 51.7% (2009: 49.1%).

Sales and distribution expenses were DKK -17,158m, up DKK 1,169m compared to 2009, primarily due to higher marketing costs. Administrative expenses amounted to DKK -4,040m (DKK -3,873m in 2009). Other operating income, net, was DKK 227m (DKK -45m in 2009). The increase was mainly due to real estate gains and the disposal of a brand in the French business. The Group's share of the net profit of associates was DKK 148m against DKK 112m in 2009.

Operating profit before special items was DKK 10,249m against DKK 9,390m in 2009. Organic, net acquisition and currency impact on volume, net revenue and operating profit for the Group and the regions is specified on page 153.

Net special items include costs in connection with the restructuring measures implemented across the Group and amounted to DKK -249m against DKK -695m in 2009. Special items were positively affected by a fair value non-cash revaluation of previously owned shareholdings in connection with step acquisitions, including Wusu Xinjiang Beer Group and Gorkha Brewery in Nepal, cf. note 7 to the consolidated financial statements, related to a new acquisition accounting regulation. A DKK -300m non-cash cost related to impairment of Eastern European brands, including the Slavutich brand in Ukraine, has been recognised.

Net financial items amounted to DKK -2,155m against DKK -2,990m in 2009. Net interest costs accounted for DKK -1,933m, compared with DKK -2,161m in 2009, reflecting the lower net debt following the continued deleveraging in 2010. Other net financial items were DKK -222m (DKK -829m in 2009). The positive development is due to significantly lower foreign currency borrowings in Eastern Europe, last year's significant losses on foreign debt denominated in foreign currency, primarily in Eastern Europe, and the fact that in 2009 there were write-downs on financial assets, which was not the case in 2010.

Tax totalled DKK -1,885m against DKK -1,538m in 2009. Excluding the non-cash, non-taxable income under special items of DKK 598m this equals a tax rate of 26%.

Consolidated profit was DKK 5,960m against DKK 4,167m in 2009. Carlsberg's share of net profit was DKK 5,351m against DKK 3,602m in 2009.

Statement of financial position

At 31 December 2010, Carlsberg had total assets of DKK 144.2bn (DKK 134.5bn at 31 December 2009). The increase of DKK 9.7bn primarily relates to currency adjustments.

Assets

Intangible assets totalled DKK 87.8bn against DKK 81.6bn at 31 December 2009. The increase is mainly related to currency impact and the acquisition of additional shares in Wusu Xinjiang Beer Group and Gorkha Brewery Pvt Ltd. Property, plant and equipment were DKK 32.4bn (DKK 31.8bn at 31 December 2009). Financial assets amounted to DKK 8.1bn (DKK 5.9bn at 31 December 2009). The increase is primarily due to the increased shareholding in Chongqing Brewery Co. Ltd.

Current assets totalled DKK 15.5bn against DKK 14.8bn at 31 December 2009.

Liabilities

Total equity was DKK 69.6bn, of which DKK 64.2bn can be attributed to shareholders in Carlsberg A/S and DKK 5.4bn to non-controlling interests. The increase in equity compared to 31 December 2009 was DKK 10.1bn, mainly due to currency adjustments of approximately DKK 5.9bn, profit for the period of DKK 6.0bn, payment of dividends to shareholders of DKK -1.2bn, value adjustments of hedging instruments of DKK -0.8bn, and acquisition of entities of DKK 0.4bn.

Total liabilities were DKK 74.6bn (DKK 75.0bn at 31 December 2009). Non-current liabilities decreased by DKK 2.6bn compared with 31 December 2009, while current liabilities excluding the current portion of borrowings were DKK 23.1bn, up DKK 1.5bn compared to 31 December 2009.

Statement of cash flows

Operating profit before depreciation and amortisation was DKK 14,236m, an increase of DKK 1,067m compared to 2009. The change in working capital was DKK 716m (DKK 3,675m in 2009). The positive impact was driven in particular by higher trade payables and lower trade receivables which were partly offset by higher inventories.

Cash flow from operating activities in 2010 was DKK 11,020m against DKK 13,631m for the same period

of 2009. The reduction was as expected due to the smaller positive impact from change in working capital in 2010 compared to 2009.

Paid net interest etc. amounted to DKK -2,089m against DKK -1,597m for the same period of 2009. The development was in line with expectations as 2009 was positively impacted by accrued interests and settlement of financial instruments.

Free cash flow was DKK 5,179m against DKK 10,549m for 2009.

Cash flow from investing activities was DKK -5,841m against DKK -3,082m in 2009. Operational capital expenditure was DKK 652m higher than in 2009, impacted by capacity expansion at the Northampton brewery in the UK and capacity expansion projects in Asia. Financial investments were higher by DKK 2,706m compared to 2009, primarily due to the acquisition of shares in Wusu Xinjiang Beer Group and Chongqing Brewery Co. Ltd. Finally, cash flow from investing activities was

positively impacted by disposal of real estate, DKK 409m (DKK -190m in 2009).

Financing

At 31 December 2010, the gross interest-bearing debt amounted to DKK 36.5bn and net interest-bearing debt amounted to DKK 32.7bn. The difference of DKK 3.8bn is other interest-bearing assets, including DKK 2.7bn in cash and cash equivalents. Of the gross interest-bearing debt, 89% (DKK 32.6bn) is long term, i.e. with maturity more than one year from 31 December 2010, and consists primarily of facilities in EUR.

In October, the Group established a new 5-year multi-currency revolving credit facility of EUR 1.75bn and issued 7-year EUR notes of EUR 1bn with attractive prices and conditions. The new facilities were mainly used for refinancing of the Scottish & Newcastle acquisition facilities. Following the refinancing, the maturity profile of the debt has been extended and funding sources have become more balanced.

Segment reporting by quarter

DKK million	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010	Q2 2010	Q3 2010	Q4 2010
Net revenue								
Northern & Western Europe	7,200	10,705	10,110	8,451	7,309	10,199	10,198	8,450
Eastern Europe	3,466	5,841	5,135	4,103	2,386	6,294	6,016	3,491
Asia	1,074	1,049	1,060	1,041	1,234	1,492	1,464	1,423
Not allocated	46	28	52	21	44	-11	30	35
Beverages, total	11,786	17,623	16,357	13,616	10,973	17,974	17,708	13,399
Other activities	-	-	-	-	-	-	-	-
Total	11,786	17,623	16,357	13,616	10,973	17,974	17,708	13,399
Operating profit before special items								
Northern & Western Europe	140	1,740	1,700	657	406	1,892	1,949	839
Eastern Europe	695	1,952	1,550	1,092	321	2,276	1,969	482
Asia	155	167	197	147	231	299	320	194
Not allocated	-169	-184	-108	-271	-230	-194	-35	-473
Beverages, total	821	3,675	3,339	1,625	728	4,273	4,203	1,042
Other activities	-33	-20	-35	18	7	-26	-36	58
Total	788	3,655	3,304	1,643	735	4,247	4,167	1,100
Special items, net	-107	-84	-180	-324	349	5	-462	-141
Financial items, net	-904	-546	-767	-773	-515	-302	-725	-613
Profit before tax	-223	3,025	2,357	546	569	3,950	2,980	346
Corporation tax	65	-878	-683	-42	-48	-1,067	-804	34
Consolidated profit	-158	2,147	1,674	504	521	2,883	2,176	380
Attributable to:								
Non-controlling interests	54	207	183	121	50	251	229	79
Shareholders in Carlsberg A/S	-212	1,940	1,491	383	471	2,632	1,947	301

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Income statement

DKK million	Note	2010	2009
Revenue		81,295	75,676
Excise duties on beer and soft drinks etc.		-21,241	-16,294
Net revenue		60,054	59,382
Cost of sales	3	-28,982	-30,197
Gross profit		31,072	29,185
Sales and distribution expenses	4	-17,158	-15,989
Administrative expenses	5	-4,040	-3,873
Other operating income	6	815	554
Other operating expenses	6	-588	-599
Share of profit after tax, associates	17	148	112
Operating profit before special items		10,249	9,390
Special items, net	7	-249	-695
Financial income	8	1,085	609
Financial expenses	8	-3,240	-3,599
Profit before tax		7,845	5,705
Corporation tax	9	-1,885	-1,538
Consolidated profit		5,960	4,167
Attributable to:			
Non-controlling interests	10	609	565
Shareholders in Carlsberg A/S		5,351	3,602
DKK			
Earnings per share	11		
Basic earnings per share		35.1	23.6
Diluted earnings per share		35.0	23.6

Statement of comprehensive income

DKK million	Note	2010	2009
Profit for the year		5,960	4,167
Other comprehensive income:			
Foreign exchange adjustments of foreign entities	8	5,947	-3,135
Value adjustments of hedging instruments	8, 35, 36	-768	23
Value adjustments of securities	8	1	1
Retirement benefit obligations	25	-167	-382
Share of other comprehensive income in associates	17	-	31
Other		11	-6
Corporation tax	9	47	39
Other comprehensive income		5,071	-3,429
Total comprehensive income		11,031	738
Total comprehensive income attributable to:			
Non-controlling interests		1,043	171
Shareholders in Carlsberg A/S		9,988	567

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.

Statement of financial position

ASSETS

DKK million	Note	31 Dec. 2010	31 Dec. 2009
Non-current assets:			
Intangible assets	14, 15	87,813	81,611
Property, plant and equipment	15, 16	32,420	31,825
Investments in associates	17	4,877	2,667
Securities	18	124	94
Receivables	19	1,747	1,604
Deferred tax assets	26	1,301	1,483
Retirement benefit plan assets	25	8	2
Total non-current assets		128,290	119,286
Current assets:			
Inventories	20	4,191	3,601
Trade receivables	19	5,687	5,898
Tax receivables		172	175
Other receivables	19	1,766	1,750
Prepayments		938	666
Securities	18	34	17
Cash and cash equivalents	21	2,735	2,734
Total current assets		15,523	14,841
Assets held for sale	22	419	388
Total assets		144,232	134,515

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2010	31 Dec. 2009
Equity:			
Share capital	23	3,051	3,051
Reserves		-7,056	-11,816
Retained earnings		68,253	63,594
Equity, shareholders in Carlsberg A/S		64,248	54,829
Non-controlling interests		5,381	4,660
Total equity		69,629	59,489
Non-current liabilities:			
Borrowings	24	32,587	36,075
Retirement benefit obligations and similar obligations	25	2,434	2,153
Deferred tax liabilities	26	9,929	9,688
Provisions	27	1,506	1,353
Other liabilities	28	922	746
Total non-current liabilities		47,378	50,015
Current liabilities:			
Borrowings	24	3,959	3,322
Trade payables		9,385	7,929
Deposits on returnable packaging		1,279	1,361
Provisions	27	512	1,092
Corporation tax		534	411
Other liabilities etc.	28	11,378	10,845
Total current liabilities		27,047	24,960
Liabilities associated with assets held for sale	22	178	51
Total liabilities		74,603	75,026
Total equity and liabilities		144,232	134,515

Statement of changes in equity

DKK million	Shareholders in Carlsberg A/S							2010	
	Share capital	Currency translation	Hedging reserves	Available for sale investments	Total reserves	Retained earnings	Equity, shareholders in Carlsberg A/S	Non-controlling interests	Total equity
Equity at 1 January 2010	3,051	-10,578	-1,384	146	-11,816	63,594	54,829	4,660	59,489
Profit for the year	-	-	-	-	-	5,351	5,351	609	5,960
Other comprehensive income:									
Foreign exchange adjustments of foreign entities	-	5,516	-	-	5,516	-	5,516	431	5,947
Value adjustments of hedging instruments	-	-1,069	301	-	-768	-	-768	-	-768
Value adjustments of securities	-	-	-	1	1	-	1	-	1
Retirement benefit obligation	-	-	-	-	-	-170	-170	3	-167
Other	-	-	-	-	-	11	11	-	11
Corporation tax	-	82	-71	-	11	36	47	-	47
Other comprehensive income	-	4,529	230	1	4,760	-123	4,637	434	5,071
Total comprehensive income for the year	-	4,529	230	1	4,760	5,228	9,988	1,043	11,031
Acquisition/disposal of treasury shares	-	-	-	-	-	-9	-9	-	-9
Exercise of share options	-	-	-	-	-	-38	-38	-	-38
Share-based payment	-	-	-	-	-	34	34	-	34
Dividends paid to shareholders	-	-	-	-	-	-534	-534	-709	-1,243
Acquisition/disposal of non-controlling interests	-	-	-	-	-	-22	-22	-55	-77
Acquisition of entities	-	-	-	-	-	-	-	442	442
Total changes in equity	-	4,529	230	1	4,760	4,659	9,419	721	10,140
Equity at 31 December 2010	3,051	-6,049	-1,154	147	-7,056	68,253	64,248	5,381	69,629

DKK million	Shareholders in Carlsberg A/S							2009	
	Share capital	Currency translation	Hedging reserves	Available for sale investments	Total reserves	Retained earnings	Equity, shareholders in Carlsberg A/S	Non-controlling interests	Total equity
Equity at 1 January 2009	3,051	-7,693	-1,515	145	-9,063	60,762	54,750	5,151	59,901
Profit for the year	-	-	-	-	-	3,602	3,602	565	4,167
Other comprehensive income:									
Foreign exchange adjustments of foreign entities	-	-2,739	-	-	-2,739	-	-2,739	-396	-3,135
Value adjustments of hedging instruments	-	-116	139	-	23	-	23	-	23
Value adjustments of securities	-	-	-	1	1	-	1	-	1
Retirement benefit obligation	-	-	-	-	-	-382	-382	-	-382
Share of other comprehensive income in associates	-	-	-	-	-	31	31	-	31
Other	-	-	-	-	-	-7	-7	1	-6
Corporation tax	-	-30	-8	-	-38	76	38	1	39
Other comprehensive income	-	-2,885	131	1	-2,753	-282	-3,035	-394	-3,429
Total comprehensive income for the year	-	-2,885	131	1	-2,753	3,320	567	171	738
Capital increase	-	-	-	-	-	-	-	7	7
Exercise of share options	-	-	-	-	-	-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

The proposed dividend of DKK 5.00 per share, in total DKK 763m (2009: DKK 3.50 per share, in total DKK 534m), is included in retained earnings at 31 December 2010. Dividends paid out in 2010 for 2009 amount to DKK 534m (paid out in 2009 for 2008: DKK 534m), which is DKK 3.50 per share (2009: DKK 3.50 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	2010	2009
Operating profit before special items		10,249	9,390
Adjustment for depreciation and amortisation		3,987	3,769
Adjustment for impairment losses ¹		-	10
Operating profit before depreciation, amortisation and impairment losses		14,236	13,169
Adjustment for other non-cash items	29	493	265
Change in working capital	29	716	3,675
Restructuring costs paid		-446	-507
Interest etc. received		255	255
Interest etc. paid		-2,344	-1,852
Corporation tax paid		-1,890	-1,374
Cash flow from operating activities		11,020	13,631
Acquisition of property, plant and equipment and intangible assets		-3,326	-2,767
Disposal of property, plant and equipment and intangible assets		181	255
Change in trade loans	29	-430	-411
Total operational investments		-3,575	-2,923
Free operating cash flow		7,445	10,708
Acquisition and disposal of entities, net	30	-477	95
Acquisitions of associated companies		-2,041	-48
Disposals of associated companies		-	-7
Acquisition of financial assets		-35	-11
Disposal of financial assets		18	44
Change in financial receivables	29	-233	-98
Dividends received		93	56
Total financial investments		-2,675	31
Other investments in property, plant and equipment		-51	-388
Disposal of other property, plant and equipment		460	198
Total other activities²		409	-190
Cash flow from investing activities		-5,841	-3,082
Free cash flow		5,179	10,549
Shareholders in Carlsberg A/S	29	-581	-540
Non-controlling interests	29	-878	-591
External financing	29	-3,950	-8,862
Cash flow from financing activities		-5,409	-9,993
Net cash flow		-230	556
Cash and cash equivalents at 1 January ³		2,583	2,065
Foreign exchange adjustment of cash and cash equivalents ⁴		248	-38
Cash and cash equivalents at 31 December³	21	2,601	2,583

¹ Impairment losses excluding those reported in special items.

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

³ Cash and cash equivalents less bank overdrafts.

⁴ Foreign exchange adjustment of cash and cash equivalents for 2010 mainly relates to the appreciated exchange rate of RUB.

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 41 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.

Following the economic downturn in 2008 and parts of 2009, most economies are regaining their former strength. International economic and financial markets are reverting to more normal conditions, and prior years' significant and sometimes unexpected fluctuations in interest and currency exchange rates have also stabilised at more normal levels. The year saw a general recovery in the consumption of many products, including beverages, and consumers having more financial capacity and optimism than in the prior years. The impact on business development and the 2010 financials is described in the Management review, especially the sections describing the segment developments.

Estimates in the consolidated financial statements for 2010 have been prepared taking the recovery in the economic and financial markets into consideration, but still ensuring 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, including breweries, brands and goodwill, should be seen with the long-term perspective of the investment in mind.

The 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 a significant risk of changes 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. The allocation of goodwill is based on the expected future cash flows for each activity.

In each business combination, management decides whether or not to recognise goodwill related to non-controlling interests. If such goodwill is recognised, it is estimated based on the fair value of the non-controlling interests less the non-controlling interests' share of the fair value of acquired assets, liabilities and contingent liabilities. The fair value of the non-controlling

interests is estimated based on the net present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity excluding a control premium paid and other fair value models as applicable for the transaction.

In a step acquisition, the Group gains control of an entity in which the Group already holds a shareholding immediately before the step acquisition. In 2010 the Group completed two step acquisitions. In January 2010, the Group acquired an additional shareholding in Wusu Xinjiang Beer Group, China, and through changes in the shareholders agreement gained control. In November 2010 the Group acquired an additional shareholding in Gorkha Brewery, Nepal.

Management estimates the total fair value of the shareholding in the entity held immediately after the completion of the step acquisition. The estimated total fair value is accounted for as the cost of the total shareholding in the entity. The shareholding held immediately before the step acquisition is remeasured at fair value at the acquisition date. The resulting gain or loss is recognised in the income statement under special items. The fair value of the shareholding held immediately before the step acquisition is calculated as the estimated total fair value less the fair value of consideration paid for the shareholdings acquired in the step acquisition and the fair value of non-controlling interests.

The total fair value is based on the net present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity including a control premium paid and other fair value models as applicable for the transaction, e.g. multiples.

The net present value of expected future cash flows (value in use) is based on budgets and business plans for the next three years and projections for subsequent years as well as management's expectations for the future development following the gain of control of the business. 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. As the risk on cash flows is not included in the expected cash flows for newly acquired entities, the expected future cash flows are discounted using a WACC rate, cf. the description below.

Most items in the statement of net interest-bearing debt of S&N at 28 April 2008 were finally agreed and settled with the consortium partner during 2010, resulting in a total cost of acquisition of DKK 52,663m. The increased cost of acquisition has been allocated to the entities in Eastern Europe, increasing goodwill in that region.

Management believes that the purchase price accounted for in the consolidated financial statements reflects the best estimate of the total fair value of the business and the fair value of the non-controlling interests, and hence the allocation of goodwill to controlling and non-controlling interests.

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 demand.

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.

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

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 2010.

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 the 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.

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 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 impairment test of trademarks resulted in an impairment loss of DKK 300m mainly related to trademarks with indefinite useful life.

The useful life of trademarks is assessed yearly, especially in relation to trademarks which have been impaired. At year-end 2010, the useful life has been changed for two trademarks.

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 2010. At year-end 2010, most risk-free interest rates had stabilised to more normal movements and correlations in the financial and economic markets. The impairment tests performed at year-end 2010 are therefore based on observed market data. The risk premium for the risk-free interest rate (spread) is fixed at market price or slightly lower than the current market level, which is comparable to 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 41 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.

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

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 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 analyses on the basis of customers' expected ability to pay, historical information on payment patterns, doubtful debts, 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 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 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 38.

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 and 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, new cooperation agreements and changes in shareholders 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. Key figures for proportionally consolidated entities are disclosed in note 34.

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 effectiveness of recognised hedge instruments is assessed at least quarterly, 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. During 2010 all projects were 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 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 market in general. 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.

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

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, gains and losses on the disposal of activities, revaluation of shareholdings in an entity held immediately before a step acquisition of that entity and transaction cost in a business combination.

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 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 normally not 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.

Deposit liabilities. In a number of countries, the local entities have a legal or contractual obligation to buy back returnable packaging from the market. When invoicing customers, a deposit is added to the sales price and the entity recognises a deposit liability. The deposit is paid out on return of bottles. The deposit liability provided for is estimated based on movements during the year in recognised deposit liabilities and on historical information about return rates and loss of bottles in the market.

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 38 and 39.

For leases an assessment is made as to whether the lease is a finance lease or an operating lease. The 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 segments. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on intra-Group sale of trademarks and activities, 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.

DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non- beverage	2010 Carlsberg Group, total
Income statement:							
Net revenue	36,122	18,141	5,613	178	60,054	-	60,054
Intra-segment revenue	34	46	-	-80	-	-	-
Total net revenue	36,156	18,187	5,613	98	60,054	-	60,054
Share of profit/loss after tax in associates	9	-11	142	1	141	7	148
Operating profit before special items	5,086	5,048	1,044	-932	10,246	3	10,249
Special items, net					-249	-	-249
Financial items, net					-2,137	-18	-2,155
Profit before tax					7,860	-15	7,845
Corporation tax					-1,847	-38	-1,885
Consolidated profit					6,013	-53	5,960
Operating margin	14.1%	27.8%	18.6%		17.1%		17.1%

Not allocated revenue, DKK 98m, consists of DKK 2,549m net revenue from other companies and activities and DKK 2,451m from eliminations of sales between these other companies and the segments.

Not allocated operating profit before special items, DKK -932m, consists of DKK -928m from other companies and activities and DKK -4m from eliminations.

DKK million**Other segment items:**

Total assets	52,275	74,496	14,449	-9,090	132,130	12,102	144,232
Assets held for sale	79	-	-	205	284	135	419
Invested capital, cf. note 32	28,216	67,553	10,808	-1,722	104,855	12,246	117,101
Acquisition of property, plant and equipment and intangible assets	1,644	745	549	384	3,322	55	3,377
Depreciation and amortisation	2,057	1,507	287	115	3,966	21	3,987
Impairment losses	440	240	43	-	723	-	723

Not allocated total assets, DKK -9,090m, 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	2009
							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, net					-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
Operating 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.

In 2009, special items were affected by an intra-Group sale between a company within the beverage activity and a company within other activities which is eliminated at Group level.

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

DKK million

Other segment items:							
Total assets	50,183	69,002	7,368	-4,667	121,886	12,629	134,515
Assets held for sale	80	-	-		80	308	388
Invested capital, cf. note 32	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.

Information on geographical allocation of net revenue and non-current assets	Net revenue		Non-current assets	
	2010	2009	2010	2009
Denmark (Carlsberg A/S's domicile)	4,604	4,847	2,192	2,298
Russia	14,466	15,580	63,335	59,349
Other countries	40,984	38,955	62,763	57,639
Total	60,054	59,382	128,290	119,286

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

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

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

NOTE 3 COST OF SALES

DKK million	2010	2009
Cost of materials	16,682	16,981
Direct staff costs	1,311	1,270
Machinery costs	929	818
Depreciation, amortisation and impairment losses	2,728	2,581
Indirect production overheads	3,293	3,353
Purchased finished goods and other costs	4,039	5,194
Total	28,982	30,197
Of which staff costs, cf. note 12	2,638	2,579

NOTE 4 SALES AND DISTRIBUTION EXPENSES

DKK million	2010	2009
Marketing expenses	5,857	4,508
Sales expenses	4,808	4,837
Distribution expenses	6,493	6,644
Total	17,158	15,989
Of which staff costs, cf. note 12	4,724	4,517

NOTE 5 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2010	2009
KPMG:		
Statutory audit	29	29
Assurance engagements	1	1
Tax advisory	5	5
Other services	2	5

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.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

DKK million	2010	2009
Other operating income:		
Gains on disposal of real estate under other activities	134	60
Gains on disposal of real estate within beverage activities	49	61
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	176	40
Interest and amortisation of on-trade loans	105	103
Rental income, real estate	95	53
Funding and grants received for research and development activities	12	23
Income from grants and subsidies	27	21
Loss compensation	20	-
Other	197	193
Total	815	554
Other operating expenses:		
Loss on disposal of real estate within beverage activities	-51	-10
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	-7	-61
Losses and write-downs on on-trade loans	-73	-97
Real estate costs	-115	-98
Expenses relating to research centres	-146	-167
Other	-196	-166
Total	-588	-599
Of which staff costs, cf. note 12	-95	-90

Funding and grants received for research and development activities include funding from the Carlsberg Foundation of DKK 12m (2009: DKK 14m) for the operation of the Carlsberg Laboratory.

NOTE 7 SPECIAL ITEMS

DKK million	2010	2009
Special items, income:		
Adjustment to gain on disposal of entities in prior year	134	-
Gain on disposal of Braunschweig Brauerei and Fighter brand activities, Carlsberg Deutschland	-	49
Revaluation gain on step acquisition of entities	598	-
Income total	732	49
Special items, cost:		
Impairment of trademarks	-300	-37
Impairment of Dresden Brauerei, Carlsberg Deutschland	-128	-
Impairment of properties, Unicer-Bebidas de Portugal	-65	-
Impairment of Lingwu Brewery, Ningxia, China	-40	-
Restructuring of Fribourg Brauerei, Feldschlösschen, Switzerland	-161	-
Restructuring of Leeds Brewery, Carlsberg UK	-19	-67
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark	-4	-40
Termination benefits etc. in connection with Operational Excellence programmes	-20	-31
Termination benefits in connection with restructuring of sales force, logistics and administration, Carlsberg UK	-29	-34
Termination benefits etc., Carlsberg Italia	-28	-56
Termination benefits and impairment of non-current assets in connection with new administration structure at Brasseries Kronenbourg, France (2009: Termination benefits in connection with restructuring)	-77	-95
Termination benefits in connection with restructuring, Carlsberg Deutschland	-	-72
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-	-20
Provision for onerous contracts, including reversal of unused provision from previous year	-7	-175
Costs in relation to acquisitions of entities, mainly Wusu Xinjiang Beer Group, China, and Chongqing Brewery Co. Ltd., China (2009: Acquisition of part of the activities in S&N)	-71	-17
Other restructuring costs etc., other entities	-32	-100
Cost total	-981	-744
Special items, net	-249	-695
If special items had been recognised in operating profit before special items, they would have been included in the following items:		
Cost of sales	-627	-353
Sales and distribution expenses	-52	-157
Administrative expenses	-171	-179
Other operating income	807	94
Other operating expenses	-206	-100
	-249	-695
Impairment of goodwill	-	-
Special items, net	-249	-695

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 and 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 trademarks and gains and losses on the disposal of activities.

Special items also include gains on revaluation of shareholdings in associated companies prior to a step acquisition of the entities.

Special items, income amount to DKK 732m (2009: 49m) and relate to an adjustment to a gain from disposal of an entity in prior years and revaluation on step acquisitions of Wusu Xinjiang Beer Group, China, and Gorkha Brewery, Nepal.

Special items, costs amount to DKK -981m (2009: DKK -744m).

Impairment of trademarks of DKK 300m primarily relates to trademarks in Eastern Europe, including Slavutich in Ukraine and Nevskoye in Russia, cf. note 15.

The Dresden Brauerei, Germany, was sold in January 2011. Prior to the sale an impairment of DKK 128m was recognised on the brewery assets corresponding to the difference between the carrying amount and the sales price agreed with the acquirer.

In 2010 it was announced that the Fribourg Brauerei, Switzerland, would be closed. The restructuring costs and impairment in relation to the closing of the brewery amount to DKK 161m.

NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial items recognised in the income statement

DKK million	2010	2009
Financial income:		
Interest income	232	211
Dividends from securities	8	6
Fair value adjustments of financial instruments, net, cf. note 36	495	80
Realised gains on disposal of associates and securities	1	3
Expected return on plan assets, defined benefit plans	325	270
Other financial income	24	39
Total	1,085	609
Financial expenses:		
Interest expenses	-2,165	-2,372
Foreign exchange losses, net	-473	-581
Realised losses on disposal of securities	-9	-41
Impairment of financial assets	-25	-119
Interest cost on obligations, defined benefit plans	-390	-342
Other financial expenses	-178	-144
Total	-3,240	-3,599
Financial items, net recognised in the income statement	-2,155	-2,990

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

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 and cost in other operating income and expenses (cf. note 6), as such loans are seen as a prepaid discount to the customer.

Financial items recognised in other comprehensive income

DKK million	2010	2009
Foreign exchange adjustments of foreign entities:		
Foreign currency translation of foreign entities	5,976	-3,146
Recycling to income statement of cumulative translation differences related to foreign operations acquired in step acquisitions/disposed of in the year	-29	11
Total	5,947	-3,135
Value adjustments of hedging instruments:		
Cash flow hedges, effective portion of changes in fair value	-301	-311
Net change in fair value of cash flow hedges transferred to income statement	602	450
Net investment hedges, net change in fair value	-1,069	-116
Total	-768	23
Value adjustments of securities:		
Securities, net change in fair value	1	1
Total	1	1
Financial items, net recognised in other comprehensive income	5,180	-3,111
Financial items, net recognised in comprehensive income	3,025	-6,101

Of net change in fair value of cash flow hedges DKK -1m (2009: DKK 148m) is included in cost of sales and DKK 603m (2009: DKK 302m) is included in financial items.

NOTE 9 CORPORATION TAX

DKK million	2010	2009
Tax for the year comprises:		
Current tax on profit for the year	1,915	1,584
Change in deferred tax during the year	45	-17
Change in deferred tax from change in tax rate	-63	-26
Adjustments to tax for previous years	-59	-42
Tax on comprehensive income for the year	1,838	1,499
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	37	82
Tax for the year on items recognised in other comprehensive income	1	-23
Adjustments to tax for previous years	9	-20
Tax on other comprehensive income for the year	47	39
Tax on profit for the year recognised in the income statement	1,885	1,538

Reconciliation of the effective tax rate for the year:

	2010		2009	
	%	DKK million	%	DKK million
Nominal weighted tax rate for the Carlsberg Group	22.1%	1,739	22.4%	1,276
Change in tax rate	-0.8%	-63	-0.4%	-23
Adjustments to tax for previous years	0.7%	51	-1.1%	-63
Non-capitalised tax assets, net movements	-0.9%	-71	2.1%	120
Non-taxable income	-0.5%	-39	-0.7%	-40
Non-deductible expenses	2.3%	181	3.7%	211
Tax incentives etc.	-0.8%	-63	-2.4%	-137
Special items and tax in associates	-1.6%	-126	1.1%	63
Withholding taxes	3.8%	299	2.3%	131
Other	-0.3%	-23	-	-
Effective tax rate for the year	24.0%	1,885	27.0%	1,538

Nominal weighted tax rate for the Group is calculated as domestic tax rates applicable to profits in the entities as a proportion of each entity's share of the Group's profit before tax.

Tax recognised in other comprehensive income:

DKK million	2010			2009		
	Recognised item before tax	Tax expense/benefit	Net of tax	Recognised item before tax	Tax expense/benefit	Net of tax
Foreign exchange adjustments	5,947	-	5,947	-3,135	-	-3,135
Hedging instruments	-768	11	-757	23	-38	-15
Securities	1	-	1	1	-	1
Retirement benefit obligations	-167	38	-129	-382	75	-307
Share of other comprehensive income in associates	-	-	-	31	-	31
Other	11	-2	9	-6	2	-4
Total	5,024	47	5,071	-3,468	39	-3,429

An interest ceiling reduces the tax deduction for value adjustments of hedging instruments recognised in other comprehensive income.

DKK million	2010	2009
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	-42	-939
Deferred tax from change in tax rate	-63	-26
Intangible assets and property, plant and equipment etc.	124	1,004
Change in deferred tax recognised in the income statement	19	39

Adjustment to tax for previous years of DKK 9m (2009: DKK -20m) is included in the tax income/expense for hedging instruments.

NOTE 10 NON-CONTROLLING INTERESTS

DKK million	2010	2009
Non-controlling interests' share of profit for the year relates to the following:		
Baltika Breweries	419	413
Carlsberg Malaysia Group	115	58
Other	75	94
Total	609	565

NOTE 11 EARNINGS PER SHARE

DKK	2010	2009
Basic earnings per share of DKK 20 (EPS)	35.1	23.6
Diluted earnings per share of DKK 20 (EPS-D)	35.0	23.6
1,000 shares		
Average number of shares	152,557	152,557
Average number of treasury shares	-9	-7
Average number of shares outstanding	152,548	152,550
Average dilutive effect of outstanding share options	398	104
Diluted average number of shares outstanding	152,946	152,654

Diluted earnings per share exclude 462,596 share options (2009: 913,743) which do not have a dilutive effect as the total of the exercise price and the fair value of the options at grant date is higher than the average

market price of the Carlsberg B share in the year. These share options could potentially dilute earnings in the future.

DKK million		
Consolidated profit	5,960	4,167
Non-controlling interests	-609	-565
Profit attributable to shareholders in Carlsberg A/S	5,351	3,602

NOTE 12 STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

DKK million	2010	2009
Salaries and other remuneration	7,828	7,467
Severance pay	90	264
Social security costs	1,154	1,077
Retirement benefit costs – defined contribution plans	214	170
Retirement benefit costs – defined benefit plans	94	115
Share-based payment	34	52
Other employee benefits	138	79
Total	9,552	9,224

Staff costs are included in the following items in the income statement:

Cost of sales	2,638	2,579
Sales and distribution expenses	4,724	4,517
Administrative expenses	1,964	1,644
Other operating expenses	95	90
Special items (restructuring)	131	394
Total	9,552	9,224

The Group had an average of 41,402 (2009: 43,271) full-time employees during the year.

DKK million	2010			2009		
	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel
Remuneration of the Executive Board and key management personnel:						
Fixed salary	10.5	9.1	41.6	10.5	9.1	43.0
Cash bonus	6.3	5.5	21.6	5.3	4.6	17.9
Non-monetary benefits	0.3	0.2	1.3	0.3	0.2	2.0
Share-based payment	3.5	3.5	7.9	3.0	3.0	11.6
Total	20.6	18.3	72.4	19.1	16.9	74.5

Executive Board share options:

Grant year	Exercise year	Number					DKK million	
		1 Jan. 2010	Granted	Expired/forfeited	Exercised	31 Dec. 2010	For exercise 31 Dec.	Fair value
Jørgen Buhl Rasmussen:								
2007	2010-2015	12,388	-	-	-	12,388	12,388	2
2008	2011-2016	44,776	-	-	-	44,776	-	9
2009	2012-2017	30,000	-	-	-	30,000	-	11
2010	2013-2018	-	15,000	-	-	15,000	-	4
Total		87,164	15,000	-	-	102,164	12,388	26
Jørn P. Jensen:								
2002	2005-2010	9,105	-	-	-9,105	-	-	-
2003	2006-2011	13,008	-	-	-	13,008	13,008	5
2004	2007-2012	13,008	-	-	-	13,008	13,008	4
2005	2008-2013	12,388	-	-	-	12,388	12,388	4
2006	2009-2014	12,388	-	-	-	12,388	12,388	3
2007	2010-2015	12,388	-	-	-	12,388	12,388	2
2008	2011-2016	44,776	-	-	-	44,776	-	9
2009	2012-2017	30,000	-	-	-	30,000	-	11
2010	2013-2018	-	15,000	-	-	15,000	-	4
Total		147,061	15,000	-	-9,105	152,956	63,180	42
Executive Board total		234,225	30,000	-	-9,105	255,120	75,568	68

NOTE 12 STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD – CONTINUED

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

Employment contracts for members of the 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.

Key management personnel comprise Senior Vice Presidents and Vice Presidents heading regions and Group business functions and CEOs in significant Group entities. The key management personnel are, together with the Executive Board, responsible for the planning, directing and controlling of the activities of the Group.

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

DKK million	2010	2009
Remuneration of the Supervisory Board:		
Povl Krogsgaard-Larsen (Chairman)	1.05	1.05
Jess Søderberg (Vice Chairman, Audit Committee Chairman)	0.96	0.86
Flemming Besenbacher	0.35	0.35
Lars Stemmerik	0.26	-
Richard Burrows	0.35	0.29
Kees van der Graaf	0.35	0.29
Per Øhrgaard	0.35	0.35
Niels Kærgård	0.35	0.35
Hans Andersen	0.35	0.35
Bent Ole Petersen	0.35	0.35
Ulf Olsson	0.26	-
Peter Petersen	0.26	-
Henning Dyremose	-	0.09
Axel Michelsen	0.09	0.35
Erik Dedenroth Olsen	0.09	0.35
Hanne Buch-Larsen	0.09	0.35
Total	5.51	5.38

The Supervisory Board of Carlsberg A/S received remuneration 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 pro-

grammes, retirement benefit plans and other schemes. No agreements have been entered into concerning termination benefits and no such payments were made.

Management's holdings of Carlsberg A/S shares:

		Number				DKK million
		At the beginning of the year	Addition during the year	Sold during the year	At the end of the year	Market value
Supervisory Board:						
Povl Krogsgaard-Larsen (Chairman)	B shares	-	-	-	-	-
Jess Søderberg (Vice Chairman, Audit Committee Chairman)	B shares	2,000	3,900	-	5,900	3.30
Flemming Besenbacher	B shares	600	-	-	600	0.33
Lars Stemmerik	B shares	-	-	-	-	-
Richard Burrows	B shares	1,000	-	-	1,000	0.56
Kees van der Graaf	B shares	-	-	-	-	-
Per Øhrgaard	B shares	1,822	-	208	1,614	0.90
Niels Kærgård	B shares	600	-	-	600	0.33
Hans Andersen	B shares	1	-	-	1	0.00
Bent Ole Petersen	B shares	54	-	-	54	0.03
Ulf Olsson	A shares	10	-	-	10	0.01
Ulf Olsson	B shares	12	-	-	12	0.01
Peter Petersen	B shares	-	-	-	-	-
Supervisory Board total		6,099	3,900	208	9,791	5.47
Executive Board:						
Jørgen Buhl Rasmussen	B shares	7,140	-	-	7,140	3.99
Jørn P. Jensen	A shares	400	-	-	400	0.23
Jørn P. Jensen	B shares	1,188	9,105	8,485	1,808	1.01
Executive Board total		8,728	9,105	8,485	9,348	5.23
Total		14,827	13,005	8,693	19,139	10.70

The holdings include the holdings of the related parties of the Supervisory Board and the Executive Board.

No members of the Supervisory Board or the Executive Board own shares or bonds in any of the subsidiaries or associated companies of Carlsberg A/S.

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 other management personnel and to align their interests with those of the shareholders. Other management personnel comprise the Executive Committee, Senior Vice Presidents, Vice Presidents and other key employees as well as the management of major subsidiaries. No share option programme has been set up for Carlsberg A/S's Supervisory Board.

Since 2001 the Group has issued share options yearly as part of the remuneration packages. In 2008 the 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 for the reporting period. 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 Group has not purchased a significant number of treasury shares to meet this obligation. Treasury share holdings at 31 December 2010 totalled 17,756 shares (2009: 3,472 shares).

In 2010, a total of 276,211 (2009: 450,180) share options were granted to 154 (2009: 217) employees. The fair value at grant date of these options was a total of DKK 45m (2009: DKK 51m). The fair value is recognised in the income statement over the vesting period of three years. In 2010, DKK 14m (2009: DKK 15m) was recognised in respect of share options granted in the year. The total cost of share-based payment was DKK 34m (2009: DKK 52m) in respect of options granted in the period 2007-2010 (2009: 2006-2009) and included options granted under the long-term incentive programme. The cost of share-based payment is included in staff costs. At 31 December 2010 an amount of DKK 51m (2009: DKK 63m) has not been recognised in respect of current share option programmes.

Share option programme:

	Number				Exercise price
	Executive Board	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding at 31 December 2008	183,330	920,700	204,685	1,308,715	360.37
Granted	60,000	229,245	-	289,245	203.50
Forfeited/expired	-9,105	-113,417	-14,340	-136,862	390.76
Exercised	-	-39,142	-9,662	-48,804	258.89
Transferred	-	-189,948	189,948	-	369.03
Share options outstanding at 31 December 2009	234,225	807,438	370,631	1,412,294	328.81
Granted	30,000	106,150	-	136,150	417.34
Forfeited/expired	-	-50,766	-1,951	-52,717	367.71
Exercised	-9,105	-43,456	-130,726	-183,287	252.52
Transferred	-	-47,321	47,321	-	359.54
Share options outstanding at 31 December 2010	255,120	772,045	285,275	1,312,440	347.08
Exercisable at 31 December 2009	59,897	184,715	214,581	459,193	252.82
Exercised options as % of share capital	0.00%	0.03%	0.01%	0.03%	
Exercisable at 31 December 2010	75,568	156,678	255,832	488,078	276.94
Exercised options as % of share capital	0.01%	0.03%	0.09%	0.12%	

NOTE 13 SHARE-BASED PAYMENT – CONTINUED

Long-term incentive programme:

				Number	Exercise price
	Executive Board	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding at 31 December 2008	-	269,071	-	269,071	371.25
Granted	-	160,935	-	160,935	500.33
Adjustment	-	-122,043	-	-122,043	296.52
Transferred	-	-33,598	33,598	-	406.36
Share options outstanding at 31 December 2009	-	274,365	33,598	307,963	420.48
Granted	-	140,061	-	140,061	558.50
Adjustment	-	18,663	2,640	21,303	404.82
Forfeited/expired	-	-142,749	-19,959	-162,708	352.21
Transferred	-	-9,075	9,075	-	518.23
Share options outstanding at 31 December 2010	-	281,265	25,354	306,619	531.36
Total outstanding share options	255,120	1,053,310	310,629	1,619,059	381.98

There are no exercisable share options in the long-term incentive programme as at 31 December 2010. The average share price at the exercise date for share options was DKK 482 (2009: DKK 372). At 31 December 2010, the exercise price for outstanding share options was in the range of DKK 173.12 to DKK 558.50 (2009: DKK 173.12 to DKK 531.80). The average remaining contractual life was 4.7 years (2009: 5.1 years).

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 2010 was DKK 360m (2009: DKK 270m), which is DKK 90m higher than at year-end 2009.

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 2010, 306,619, relate to the Group's long-term

incentive programme, of which 100,311 will be adjusted in 2011, 100,311 in 2012 and 47,046 in 2013. In 2010 the preliminary number of options regarding options granted in 2009 has been adjusted to 58,951 based on the assumptions available after publishing the Annual Report for 2009. These assumptions are presented below. The change in assumptions led to a positive adjustment of 4,546 options regarding 2009 and 16,757 regarding 2008. The performance conditions related to share options granted under the long-term incentive programme in 2008 are not expected to be fulfilled, hence the share options are not expected to vest. A reversal of cost of DKK 11m has been recognised in 2010 in respect of the non-vesting of share options.

The assumptions underlying the calculation of the grant date fair value for share options outstanding at year-end are stated below. The stated exercise prices and number of outstanding share options are adjusted for bonus adjustment in connection with share rights issues in 2004 and 2008.

Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at measurement date	2010	2009
									Options outstanding	Options outstanding
Share option programme:										
01.03.2002	01.03.2010	Grant 2002	261.39	30%	4.5%	1.4%	5.5	41.56	-	33,820
01.03.2003	01.03.2011	Grant 2003	173.12	25%	4.1%	1.8%	5.5	126.35	22,763	57,297
01.03.2004	01.03.2012	Grant 2004	216.65	29%	3.5%	1.8%	5.5	81.51	59,485	80,973
01.03.2005	01.03.2013	Grant 2005	232.71	27%	3.1%	1.7%	5.5	74.27	83,619	112,116
01.03.2006	01.03.2014	Grant 2006	306.89	19%	3.3%	1.3%	5.5	89.37	130,983	174,987
01.03.2007	01.03.2015	Grant 2007	472.11	19%	3.9%	1.0%	5.5	136.67	191,210	213,823
01.03.2008	01.03.2016	Grant 2008	457.82	22%	3.6%	1.1%	5.5	141.72	213,795	220,206
01.06.2008	01.06.2016	Special grant	531.80	23%	4.3%	0.9%	5.5	181.08	183,755	202,327
01.09.2008	01.09.2016	Special grant	448.18	27%	4.3%	1.3%	5.5	128.83	40,000	40,000
01.03.2009	01.03.2017	Grant 2009	203.50	52%	3.0%	1.7%	5.5	88.41	255,346	276,745
01.03.2010	01.03.2018	Grant 2010	417.34	30%	3.1%	0.8%	8.0	154.23	131,484	-
Total outstanding share options under the share option programme									1,312,440	1,412,294
Long-term incentive programme:										
01.01.2008	01.01.2014	LTI 8-10 year 1 (final)	203.50	52%	2.4%	1.7%	3.5	73.07	-	72,740
01.01.2008	01.01.2014	LTI 8-10 year 2 (prelim.)	384.00	57%	3.5%	0.9%	3.5	213.70	-	37,144
01.01.2008	01.01.2014	LTI 8-10 year 2 (final)	417.34	30%	2.1%	0.8%	4.0	120.61	-	-
01.01.2008	01.01.2014	LTI 8-10 year 3 (prelim.)	558.50	36%	1.4%	0.6%	3.5	114.64	-	37,144
01.01.2009	01.01.2015	LTI 9-11 year 1 (prelim.)	384.00	57%	2.3%	0.9%	3.5	158.73	-	53,645
01.01.2009	01.01.2015	LTI 9-11 year 1 (final)	417.34	30%	2.4%	0.8%	5.0	136.10	58,951	-
01.01.2009	01.01.2015	LTI 9-11 year 2 (prelim.)	558.50	30%	1.6%	0.6%	4.2	139.68	53,265	53,645
01.01.2009	01.01.2015	LTI 9-11 year 3 (prelim.)	558.50	30%	1.6%	0.6%	4.2	139.68	53,265	53,645
01.01.2010	01.01.2016	LTI 10-12 year 1 (prelim.)	558.50	29%	1.9%	0.6%	5.2	151.52	47,046	-
01.01.2010	01.01.2016	LTI 10-12 year 2 (prelim.)	558.50	29%	1.9%	0.6%	5.2	151.52	47,046	-
01.01.2010	01.01.2016	LTI 10-12 year 3 (prelim.)	558.50	29%	1.9%	0.6%	5.2	151.52	47,046	-
Total outstanding share options under the long-term incentive programme									306,619	307,963
Total outstanding share options									1,619,059	1,720,257

NOTE 13 SHARE-BASED PAYMENT – CONTINUED

The calculation of the number of share options where no exercise price has been determined at year-end is based on the assumptions available at year-end (preliminary). The final number of share options will be adjusted to reflect the assumptions available at the time of vesting of each part of the long-term incentive programme (final).

The share price and exercise price for share options are calculated as the average price of Carlsberg A/S's class B shares on NASDAQ OMX Copenhagen during 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 for share options granted or measured prior to 2010 was based on the historical volatility in the price of Carlsberg A/S's class B shares over the previous two years. For share options granted or measured after 1 January 2010, the volatility is based on presently observed data on Bloomberg's Options Valuation Function.

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 (2009: DKK 3.6 per share) divided by the share price.

The expected life of share options granted or measured prior to 2010 was based on exercise in the middle of the exercise period. For share options granted or measured after 1 January 2010 the expected life was based on exercise at the end of the exercise period.

NOTE 14 INTANGIBLE ASSETS

DKK million	Goodwill	Trademarks	Other intangible assets	Pre- payments	2010
					Total
Cost:					
Cost at 1 January 2010	46,928	34,171	2,064	39	83,202
Entities acquired in a step acquisition	977	58	31	-	1,066
Revaluation of previously recognised assets acquired in a step acquisition	-	38	39	-	77
Acquisition of ownership interest in proportionally consolidated entities	119	1	-	-	120
Additions	545	-	152	411	1,108
Disposals	-	-	-75	-	-75
Transfers	-	-	-154	162	8
Transfer to/from assets held for sale	-	-	-31	-	-31
Foreign exchange adjustments etc.	2,264	2,145	52	1	4,462
Cost at 31 December 2010	50,833	36,413	2,078	613	89,937
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2010	17	225	1,349	-	1,591
Acquisition of ownership interest in proportionally consolidated entities	-	1	-	-	1
Disposals	-	-	-73	-	-73
Amortisation	-	38	272	-	310
Impairment losses	-	300	-	-	300
Transfer to/from assets held for sale	-	-	-28	-	-28
Foreign exchange adjustments etc.	-4	5	22	-	23
Amortisation and impairment losses at 31 December 2010	13	569	1,542	-	2,124
Carrying amount at 31 December 2010	50,820	35,844	536	613	87,813

DKK million	2010	2009
Amortisation and impairment losses for the year are included in:		
Cost of sales	53	39
Sales and distribution expenses	56	45
Administrative expenses	201	151
Special items	300	37
Total	610	272

NOTE 14 INTANGIBLE ASSETS – CONTINUED

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	
Transfers	-	-	24	-25	-1	
Foreign exchange adjustments etc.	-1,379	-1,307	21	-	-2,665	
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	
Disposal of entities	-	-	-9	-	-9	
Disposals	-	-	-20	-	-20	
Amortisation	-	35	200	-	235	
Impairment losses	-	37	-	-	37	
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						
				2010	2009	
Additions to goodwill during the year can be specified as follows:						
Acquisition of non-controlling interests					217	
Entities acquired in a step acquisition					977	
Acquisition of ownership interest in proportionally consolidated entities					119	
Recognition and revaluation of put options					261	
Adjustment to acquisition of entities in prior period					284	
Total					1,641	335

Additions to goodwill is further described in notes 30 and 31.

The carrying amount of trademarks which have an indefinite useful life and therefore not amortised was DKK 35,213m (2009: DKK 33,401m) at 31 December 2010, equivalent to 97% (2009: 98%) of the capitalised 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.

The carrying amount of other intangible assets at 31 December 2010 included capitalised software costs of DKK 277m (2009: DKK 342m) and beer delivery rights of DKK 79m (2009: DKK 59m).

Research and development costs of DKK 109m (2009: DKK 101m) have been recognised in the income statement.

NOTE 15 IMPAIRMENT TEST**Goodwill and trademarks with an indefinite useful life**

General assumptions. The Carlsberg Group annually performs impairment tests of goodwill and trademarks with an indefinite useful life. Intangible assets with finite life and property, plant and equipment are tested if there are indications of impairment. The Carlsberg Group has performed impairment tests of the carrying amounts based on the budget and target plans approved by the Supervisory Board and the Executive Board in December 2010.

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 comprises 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2010. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with indefinite useful life at 31 December 2010.

DKK million	2010	%	2009	%
Northern & Western Europe:				
Northern Europe	6,841	14%	6,681	14%
Western Europe excl. Unicer-Bebidas de Portugal	13,329	26%	13,096	28%
Unicer-Bebidas de Portugal	536	1%	540	1%
Eastern Europe:				
Eastern Europe	26,378	52%	24,309	52%
Asia:				
Greater China, Malaysia and Singapore	2,216	4%	1,346	3%
Indochina	980	2%	939	2%
India	119	0%	-	0%
Gorkha, Nepal	421	1%	-	0%
Total	50,820	100%	46,911	100%

The impairment test of goodwill for each cash-generating unit is based on the discounted value of expected future free cash flows (value in use) based on budgets and target 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 target plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Budgets and target plans for the next three years are based on solid 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 on 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 seg-

Goodwill

The impairment test of goodwill is performed at regional level for Northern & 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 centralised and driven through the regional managements, which are responsible for performance, investments and growth initiatives in their respective regions.

The management structure and responsibilities are supporting and promoting optimisations across countries focusing on the whole Group or region – and not just on the specific country. The procurement and sourcing between countries is increasing the intercompany trade/transactions, which will also have an increasing impact on allocation of profits.

For the Group's cash-generating units, the carrying amount of goodwill at 31 December was as follows:

ments. 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 in the table on the following page.

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.

Trademarks

The carrying amount for the Group's trademarks with an indefinite useful life at 31 December was as follows:

DKK million	2010	%	2009	%
Northern & Western Europe	6,405	18%	6,446	19%
Eastern Europe	28,808	82%	26,955	81%
Total	35,213	100%	33,401	100%

The trademark is allocated to the segment that owns the trademark. Royalty income generated by the trademark is based on the Group's total

income and earned globally, i.e. the income is also earned outside the segment that owns the trademark.

NOTE 15 IMPAIRMENT TEST – CONTINUED

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 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 individual trademark.

The royalty rate is based on the actual market position of the individual trademark in the global, regional and local markets. If external licence agreements for the 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 trademark, the growth in individual years is above, equal to or below the current inflation level in the countries where the individual trademark is sold. The curve for each individual trademark is determined with reference to its market position, the overall condition of the markets 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 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 comparable trademarks in the projection period, especially at 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 2010 incorporates tax rates of 9-34%.

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, which corresponds to the approach used for determining the fair value of the trademark at the acquisition date.

Significant assumptions for goodwill and trademarks

The main assumptions on growth in the terminal period and the discount rate applied in the impairment tests can be summarised as follows:

	Growth in the terminal period		Discount rates	
	2010	2009	2010	2009
Goodwill:				
Northern Europe	1.5%	1.5%	3.9%	4.8%
Western Europe excl. Unicer-Bebidas de Portugal	1.5%	1.5%	3.6%	4.6%
Unicer-Bebidas de Portugal	1.5%	1.5%	3.3%	4.0%
Eastern Europe	2.5%	2.5%	9.2%	9.2%
Greater China, Malaysia and Singapore	2.5%	2.5%	4.1%	4.8%
Indochina	2.5%	2.5%	10.3%	12.2%
India	3.5%	-	8.3%	-
Nepal	2.5%	-	15.1%	-
Trademarks:				
Northern & Western Europe	2.0%	2.0%	5.7-11.1%	5.9-9.4%
Eastern Europe	2-5%	2-5%	10.6-17.0%	10.2-16.2%

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.

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 at a level that 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. A slight increase in revenue is expected 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 2010. In 2011 a flat market combined with increasing market shares driven by investments in marketing, innovation and new product launches is 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 more mature markets.

NOTE 15 IMPAIRMENT TEST – CONTINUED**Sensitivity test**

Sensitivity tests have been performed to determine the lowest growth rates and/or highest discount rates that can occur in the cost-generating units without resulting in any impairment loss.

Goodwill. Sensitivity tests show that for the cash-generating unit (less integrated entity) with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 0.6 percentage points. Alternatively, the discount rate can increase by around 0.4 percentage points without resulting in any impairment losses. For the region with the lowest margin the interest rate can increase by 2 percentage points or the growth rate decrease by 2 percentage points without resulting in any impairment loss.

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 without resulting in any additional impairment losses. Alternatively, the discount rate can increase by around 0.5 percentage points without resulting in any additional impairment losses.

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.

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	2010	2009
Trademarks:		
Trademarks with finite useful life	-	37
Trademarks with indefinite useful life	300	-
Property, plant and equipment:		
Impairment of Dresden Brauerei, Carlsberg Deutschland	128	-
Impairment of Fribourg Brauerei, Feldschlösschen, Switzerland	119	-
Impairment of property, Unicer-Bebidas de Portugal	65	-
Impairment of Lingwu Brewery, Ningxia, China	40	-
Impairment of buildings, Brasseries Kronenbourg, France	35	-
Other	36	55
Total	723	92

The impairment losses on trademarks (indefinite and finite) in 2010 relate to local trademarks in Russia (Nevskoye), Ukraine (Slavutich), Kazakhstan and Lithuania 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.

For 2009 the impairment losses on trademarks relate to minor local trademarks in Latvia and Kazakhstan.

The impairment of the Dresden Brauerei is a consequence of the disposal of the brewery in January 2011.

The impairment of the Fribourg Brauerei is a consequence of the decision to close the brewery by June 2011.

The impairment of other property, plant and equipment relates to restructuring projects resulting in a declining recoverable amount of tangible assets.

The impairment losses of DKK 723m (2009: DKK 82m) are recognised under special items in the income statement, while DKK 0m (2009: DKK 10m) has been included in cost of sales. The impairment losses are included in the relevant segments, cf. note 2.

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 2010.

NOTE 16 PROPERTY, PLANT AND EQUIPMENT

					2010
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Under construction	Total
Cost:					
Cost at 1 January 2010	18,278	25,811	10,214	1,471	55,774
Entities acquired in a step acquisition	82	209	6	46	343
Revaluation of previously recognised assets acquired in a step acquisition	67	204	2	10	283
Increase in ownership interest in proportionally consolidated entities	29	86	2	11	128
Additions	260	868	876	935	2,939
Disposals	-419	-1,519	-1,003	-166	-3,107
Transfers	246	549	251	-1,059	-13
Transfer to/from assets held for sale	-243	-360	-119	-109	-831
Foreign exchange adjustments etc.	982	1,449	512	72	3,015
Cost at 31 December 2010	19,282	27,297	10,741	1,211	58,531
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2010	4,902	12,701	6,346	-	23,949
Disposals	-205	-1,439	-904	-	-2,548
Depreciation	545	1,786	1,346	-	3,677
Impairment losses	246	173	4	-	423
Transfers	-99	90	3	-	-6
Transfer to/from assets held for sale	-170	-336	-110	-	-616
Foreign exchange adjustments etc.	232	681	319	-	1,232
Depreciation and impairment losses at 31 December 2010	5,451	13,656	7,004	-	26,111
Carrying amount at 31 December 2010	13,831	13,641	3,737	1,211	32,420
Assets held under finance leases:					
Cost	7	97	13	-	117
Depreciation and impairment losses	-3	-48	-2	-	-53
Carrying amount at 31 December 2010	4	49	11	-	64
Carrying amount of assets pledged as security for loans	1,263	-	-	-	1,263
DKK million					
Depreciation and impairment losses are included in:				2010	2009
Cost of sales				2,675	2,542
Sales and distribution expenses				781	803
Administrative expenses				221	199
Special items				423	45
Total				4,100	3,589

NOTE 16 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

	2009				
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Under construction	Total
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
Transfers	1,328	-88	1,220	-2,215	245
Transfer to/from assets held for sale	-318	-220	203	-	-335
Foreign exchange adjustments etc.	-89	-186	94	-49	-230
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
Transfers	38	274	-20	-	292
Transfer to/from assets held for sale	-4	-19	-3	-	-26
Foreign exchange adjustments etc.	78	168	130	-	376
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

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 64m (2009: DKK 32m) have been pledged as security for lease liabilities totalling DKK 65m (2009: DKK 31m).

NOTE 17 ASSOCIATES

DKK million	2010	2009
Cost:		
Cost at 1 January	2,547	2,079
Acquisition of entities	-	475
Additions	2,041	87
Entities acquired in a step acquisition transferred to other asset groups	-14	-
Disposals	-	-1
Foreign exchange adjustments etc.	188	-93
Cost at 31 December	4,762	2,547
Value adjustments:		
Value adjustments at 1 January	120	145
Dividends	-93	-52
Impairment losses	-	-117
Share of profit after tax	148	112
Share of other comprehensive income	-	31
Entities acquired in a step acquisition transferred to other asset groups	-62	-
Foreign exchange adjustments etc.	2	1
Value adjustments at 31 December	115	120
Carrying amount at 31 December	4,877	2,667

Entities acquired in a step acquisition transferred to other asset groups comprise the carrying amount of investment in associates which is fully consol-

idated when control is obtained. The transfer of assets and liabilities at carrying amount in the step acquisition is further specified in note 30.

DKK million	Revenue	Profit after tax	Assets	Liabilities	2010 Carlsberg Group share		
					Ownership interest	Profit after tax	Equity
Key figures for associates:							
Chongqing Brewery Co. Ltd.	1,800	198	12,439	1,762	29.7%	34	3,172
Tibet Lhasa Brewery Co. Ltd.	340	74	492	30	33%	24	164
Lanzhou Huanghe Jianjiang Brewery Company	310	24	390	69	30%	7	101
Hanoi Beer Company	-	224	-	-	16%	36	578
The Lion Brewery	258	40	323	122	25%	10	48
Other associates, Asia (3 entities)	183	95	277	66	30-33%	44	78
International Breweries BV	-	-32	826	700	16%	-5	20
Nuuk Imeq A/S	151	22	213	73	31.9%	7	45
Nordic Getränke GmbH	2,297	3	1,621	905	50%	1	358
Other	861	-21	2,675	1,874	20-50%	-10	313
						148	4,877

In December 2010 Carlsberg acquired an additional 12.25% of the shares in Chongqing Brewery Co. Ltd., resulting in a total shareholding of 29.71%.

DKK million	Revenue	Profit after tax	Assets	Liabilities	2009 Carlsberg Group share		
					Ownership interest	Profit after tax	Equity
Key figures for associates:							
Chongqing Brewery Co. Ltd.	1,569	107	7,535	1,758	17.5%	18	1,011
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%	20	535
The Lion Brewery	160	13	224	66	25%	3	37
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	1,827	-27	1,604	1,224	20-50%	4	323
						112	2,667

NOTE 17 ASSOCIATES – CONTINUED

DKK million	2010	2009
Fair value of investments in listed associates:		
Chongqing Brewery Co. Ltd., Chongqing, China	6,757	1,515
The Lion Brewery Ceylon, Biyagama, Sri Lanka	178	70
Total	6,935	1,585

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

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

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

NOTE 18 SECURITIES

DKK million	2010	2009
Securities are classified in the statement of financial position as follows:		
Non-current assets	124	94
Current assets	34	17
Total	158	111
Types of security:		
Listed shares	18	4
Unlisted shares	140	107
Total	158	111

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

No shares in unlisted entities were disposed of during 2010 and 2009.

Shares in unlisted entities comprise a number of small holdings. Most of these shares are not recognised at fair value as the fair value cannot be calculated on a reliable basis. Instead the assets are recognised at cost.

NOTE 19 RECEIVABLES

DKK million	2010	2009
Receivables are included in the statement of financial position as follows:		
Trade receivables	5,687	5,898
Other receivables	1,766	1,750
Total current receivables	7,453	7,648
Non-current receivables	1,747	1,604
Total	9,200	9,252

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

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 138m (2009: DKK 128m) falling due more than five years from the end of the reporting period.

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

NOTE 19 RECEIVABLES – CONTINUED

DKK million	2010	2009
Receivables by origin:		
Receivables from the sale of goods and services	5,057	5,269
On-trade loans	2,065	2,143
Loans to associates	48	36
Loans to partners	225	-
Fair value of hedging instruments	318	271
Other receivables	1,487	1,533
Total	9,200	9,252

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.

%	2010	2009
Average effective interest rates:		
Loans to associates	2.9	2.9
On-trade loans	7.9	6.7

NOTE 20 INVENTORIES

DKK million	2010	2009
Raw materials and consumables	2,213	1,953
Work in progress	310	261
Finished goods	1,668	1,387
Total	4,191	3,601

Production costs of inventories sold amount to DKK 28,754m (2009: DKK 30,094m).

Obsolete beer and soft drinks and raw materials are generally scrapped due to limited shelf life and are fully written down. Cost of scrapped goods are included in production costs.

Raw 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 7m (2009: DKK 21m) and are included in cost of sales.

NOTE 21 CASH AND CASH EQUIVALENTS

DKK million	2010	2009
Cash at bank and in hand	2,734	2,729
Short-term marketable securities with a term of three months or less	1	5
Total	2,735	2,734

In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:

Cash and cash equivalents	2,735	2,734
Bank overdrafts	-134	-151
Cash and cash equivalents, net	2,601	2,583

Of which pledged as security

- -

Short-term bank deposits amounted to DKK 1,253m (2009: DKK 1,680m). The average interest rate on these deposits was 5.1% (2009: 5.6%).

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

NOTE 22 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2010	2009
Assets held for sale comprise the following individual assets:		
Intangible assets	3	-
Property, plant and equipment	295	380
Other non-current assets	7	-
Current assets	70	-
Financial assets	29	8
Deferred tax	15	-
Total	419	388
Liabilities associated with assets held for sale:		
Interest-bearing loans and liabilities	3	-
Deferred tax liabilities	52	-
Other provisions	41	51
Other liabilities	82	-
Total	178	51

Assets that are reclassified as held for sale are measured at fair value. Any impairments in relation to such assets have been recognised as impairments of assets before the reclassification. Consequently, the selling price is at minimum expected to be equal to the carrying amount of assets held for sale. Accordingly, neither depreciation nor impairment losses have been recognised in the income statement relating to assets classified as held for sale.

At 31 December 2010, assets held for sale primarily comprised activities in Dresden in Germany, which were disposed of in early January 2011. In addition assets held for sale include real estate assets on the former Tuborg site in Hellerup, Denmark, that are expected to be disposed of in the near future, and land and property which are disposed of as part of the 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 2011.

Other provisions associated with assets held for sale amounting to DKK 41m (2009: DKK 51m) comprise liabilities related to terminating the agreements and disposing of the assets classified as held for sale. Other liabilities associated with assets held for sale amounting to DKK 82m comprise liabilities related to the activities in Dresden.

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 had been entered into in relation to the asset and the sale took place in 2010. In addition, assets held for sale included manufacturing and distribution assets in France and land and property. Identification of and negotiations with buyers had begun, and sales agreements had been entered into or were expected to be entered into in 2010.

Assets (properties) which no longer qualified for recognition as assets held for sale were transferred to property, plant and equipment in 2010 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 5m (2009: DKK 2m) and affected the income statement by a total of DKK 0m (2009: 0m) in depreciation.

In 2009, assets (shares) which no longer qualified for recognition as assets held for sale were transferred to financial assets as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 14m. In 2010, no assets held for sale have been transferred to financial assets.

Gains or losses 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 118m (2009: DKK 6m).

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 2009	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
No change in 2010	-	-	-	-	-	-
31 December 2010	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.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
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%
1 January 2010	3,472	-	0.0%
Acquisition of treasury shares	197,571	4	0.1%
Used to settle share options	-183,287	-4	-0.1%
31 December 2010	17,756	-	0.0%

At 31 December 2010 the fair value of treasury shares amounted to DKK 10m (2009: DKK 1m).

According to the authorisation of the General Meeting, the Supervisory Board may, in the period until 24 March 2015, allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital, at a price quoted on NASDAQ OMX Copenhagen at the time of acquisition with a deviation of up to 10%.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 4m (2009: DKK 1m) at an average price of DKK 480 (2009: DKK 382), corresponding to a purchase price of DKK 95m (2009: DKK 19m). 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 48m (2009: DKK 13m). The disposal was made in connection with settlement of share options.

NOTE 24 BORROWINGS

DKK million	2010	2009
Non-current borrowings:		
Issued bonds	19,216	13,522
Mortgages	1,982	1,990
Bank borrowings	11,193	20,110
Finance lease liabilities	46	13
Other non-current borrowings	150	440
Total	32,587	36,075
Current borrowings:		
Issued bonds	2,160	-
Current portion of other non-current borrowings	217	589
Bank borrowings	991	2,424
Finance lease liabilities	19	17
Other current borrowings	572	292
Total	3,959	3,322
Total non-current and current borrowings	36,546	39,397
Fair value	37,745	40,652

Other non-current borrowings include employee bonds of DKK 18m (2009: 18m). No new employee bonds have been issued in 2010.

Borrowings are measured at amortised cost. The Group has designated a fixed interest rate GBP 300m bond issue 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 this borrowing is adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of this borrowing is DKK 2,693m (2009: DKK 2,433m).

Time to maturity for non-current borrowings

DKK million						2010
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Issued bonds	-	1,734	7,414	-	10,068	19,216
Mortgages	-	-	-	-	1,982	1,982
Bank borrowings	8,642	574	425	1,552	-	11,193
Finance lease liabilities	8	4	4	4	26	46
Other non-current borrowings	33	49	19	22	27	150
Total	8,683	2,361	7,862	1,578	12,103	32,587
DKK million						2009
	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
Finance 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

NOTE 24 BORROWINGS – CONTINUED

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2010
					Interest rate risk
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6.63%	0 - 1 year	2,160	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	2-3 years	1,734	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6.22%	3-4 years	7,414	Fair value
GBP 300m maturing 28 November 2016	Fixed	7.41%	>5 years	2,693	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3.55%	>5 years	7,375	Fair value
Total issued bonds		5.55%		21,376	
Mortgages:					
Floating-rate	Floating	1.98%	0 - 1 year	1,248	Cash flow
Fixed-rate	Fixed	4.10%	>5 years	734	Fair value
Total mortgages		2.76%		1,982	
Bank borrowings:					
Floating-rate	Floating			1,503	Cash flow
Fixed-rate	Fixed		2-5 years	10,681	Fair value
Total bank borrowings				12,184	

All interest rates stated in the table include 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.

In 2010 Carlsberg repaid two fixed-rate mortgages and refinanced through two floating-rate mortgages. The fixed-rate mortgages comprise three mortgages with a time to maturity of more than five years, of which two loans

(total DKK 525m) were originally at floating rates but were swapped to fixed rates. The floating-rate mortgage contains one loan (DKK 1,248m) which is repriced semi-annually with reference to 6-month CIBOR.

The floating-rate loan was repriced in December 2010 at a rate of 1.98% (excl. margin) commencing in January 2011 and will be repriced again in June 2011. Time to maturity is more than five years.

The main part of the bank borrowing (98%) was originally floating but has been swapped to a fixed interest rate at an average fixed rate of 4.87%, including margin.

DKK million	Net financial interest-bearing debt ¹	Interest rate ²			
		Floating	Fixed	Floating %	Fixed %
EUR	29,708	4,106	25,602	14%	86%
DKK	-2,892	-3,644	752	126%	-26%
PLN	1,590	1,583	7	100%	-
USD	458	535	-77	117%	-17%
CHF	2,921	2,921	-	100%	-
RUB	462	462	-	100%	-
Other	1,564	-174	1,738	-11%	111%
Total	33,811	5,789	28,022	17%	83%

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	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 include margin.

Swaps were 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) had been used to change the interest from fixed to floating 6-month EURIBOR +4.01%. The bond and the swap were designated as a fair value hedge relationship, meaning that the book value of the bond is the fair value.

The floating-rate mortgages comprised 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 were 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) was 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 was repriced in June 2010, and the rest was repriced in December 2010.

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

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

DKK million	Net financial interest-bearing debt ¹	Interest rate ²			
		Floating	Fixed	Floating %	Fixed %
CHF	2,582	2,582	-	100%	-
DKK	-875	-1,265	390	145%	-45%
EUR	28,141	10,224	17,917	36%	64%
PLN	1,780	1,774	6	100%	-
RUB	-259	-259	-	100%	-
USD	757	55	702	7%	93%
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

				2010					
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	2011	2012	2013	2014	2015	2016-
CHF	-64	2,988	2,924	-64	-	-	-	-	-
DKK	1,976	-4,762	-2,786	1,224	-	-	5	13	734
EUR	17,157	13,169	30,326	-8,327	69	7,509	7,483	2,994	7,429
GBP	6,667	-6,667	-	4,933	-	1,734	-	-	-
NOK	69	486	555	69	-	-	-	-	-
PLN	105	1,489	1,594	98	2	2	3	-	-
RUB	-5	560	555	-5	-	-	-	-	-
SEK	-10	-203	-213	-10	-	-	-	-	-
SGD	6	-	6	6	-	-	-	-	-
USD	9,957	-8,884	1,073	9,957	-	-	-	-	-
Other	688	1,824	2,512	684	4	-	-	-	-
Total	36,546	-	36,546	8,565	75	9,245	7,491	3,007	8,163

Cf. also note 35, Financial risks.

				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

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 individual countries. 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 69% (2009: 60%) 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. A retirement benefit obligation is recognised in the statement of financial position based on an actuarial cal-

ulation 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.

A number of plans, especially in Germany, Sweden and Italy, are unfunded. For these plans the retirement benefit obligations amount to approximately 16% (2009: 17%) 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	2010	2009
Defined benefit plans are recognised in the statement of financial position as follows:		
Retirement benefit obligations and similar obligations	2,434	2,153
Plan assets	-8	-2
Net obligations	2,426	2,151
Specification of net obligations:		
Present value of funded plans	7,874	6,640
Fair value of plan assets	-6,904	-5,823
Net obligation for funded plans	970	817
Present value of unfunded plans	1,456	1,334
Net obligations recognised	2,426	2,151
Specification of total obligations:		
Present value of funded plans	7,874	6,640
Present value of unfunded plans	1,456	1,334
Total obligations	9,330	7,974
Changes in obligations:		
Total obligations at 1 January	7,974	7,036
Current service cost	150	133
Interest cost	390	342
Actuarial gains (-) and losses (+)	364	613
Benefits paid	-473	-441
Curtailments and settlements	-56	-18
Employee contributions to pension scheme	16	16
Transfer from other provisions	28	7
Entities acquired in a step acquisition	52	-
Disposal of entities	-	-7
Foreign exchange adjustments etc.	885	293
Total obligations at 31 December	9,330	7,974
Changes in plan assets:		
Fair value of assets at 1 January	5,823	5,245
Expected return	325	270
Actuarial gains (+) and losses (-)	197	231
Contributions to plans	187	203
Benefits paid	-380	-339
Foreign exchange adjustments etc.	752	213
Fair value of assets at 31 December	6,904	5,823

The Group expects to contribute DKK 234m (2009: DKK 144m) to the plan assets in 2011.

NOTE 25 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2010	2009
Actual return on plan assets:		
Expected return	325	270
Actuarial gains (+) and losses (-)	197	231
Actual return	522	501

	2010		2009	
	DKK million	%	DKK million	%
Breakdown of plan assets:				
Shares	2,139	31%	1,936	33%
Bonds and other securities	3,212	47%	2,505	44%
Real estate	1,274	18%	1,012	17%
Cash and cash equivalents	279	4%	370	6%
Total	6,904	100%	5,823	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.

	2010		2009	
	Range	Weighted average	Range	Weighted average
Assumptions applied:				
Discount rate	2.0-5.4%	3.7%	2.0-5.9%	4.5%
Expected return on plan assets	2.4-6.2%	4.4%	4.0-6.5%	4.6%
Future salary increases	2.0-6.0%	3.4%	2.0-4.8%	3.1%
Future retirement benefit increases	1.0-3.8%	2.1%	1.0-4.0%	2.3%

DKK million	2010	2009
Recognised in the income statement:		
Current service cost	150	133
Expected return on plan assets	-325	-270
Interest cost on obligations	390	342
Curtailements and settlements	-56	-18
Total recognised in the income statement	159	187
The cost is recognised in the income statement as follows:		
Cost of sales	15	19
Sales and distribution expenses	53	74
Administrative expenses	28	29
Special items (restructuring)	-2	-7
Total staff costs, cf. note 12	94	115
Financial income	-325	-270
Financial expenses	390	342
Total	159	187

NOTE 25 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2010	2009
Recognised in other comprehensive income:		
Recognised at 1 January	-1,124	-704
Actuarial gains/losses	-167	-382
Foreign exchange adjustment of foreign entities	-133	-38
Recognised in other comprehensive income during the year	-300	-420
Recognised at 31 December	-1,424	-1,124
Of which accumulated actuarial gains/losses	-1,523	-1,356

DKK million	2010	2009	2008	2007	2006
Five-year overview:					
Obligations	9,330	7,974	7,036	8,151	8,134
Plan assets	-6,905	-5,823	-5,245	-6,234	-6,334
Deficit	2,425	2,151	1,791	1,917	1,800
Experience adjustments to obligations	108	-34	-69	-42	-15
Experience adjustments to plan assets	-815	-544	-323	-899	-366

NOTE 26 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2010	2009
Deferred tax at 1 January, net	8,205	8,631
Adjustments to previous years	50	-41
Entities acquired in a step acquisition	30	-
Revaluation of previously recognised deferred tax acquired in a step acquisition	52	-
Disposal of entities	-	-19
Recognised in other comprehensive income	-37	-82
Recognised in the income statement	82	65
Change in tax rate	-63	-26
Foreign exchange adjustments	347	-323
	8,666	8,205
Of which transferred to assets held for sale	-38	-
Deferred tax at 31 December, net	8,628	8,205
Specified as follows:		
Deferred tax liabilities	9,929	9,688
Deferred tax assets	-1,301	-1,483
Deferred tax at 31 December, net	8,628	8,205

NOTE 26 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and liabilities at 31 December

DKK million	Deferred tax assets		Deferred tax liabilities	
	2010	2009	2010	2009
Intangible assets	420	92	7,964	7,412
Property, plant and equipment	517	484	3,043	2,732
Current assets	110	104	54	46
Provisions and retirement benefit obligations	552	707	229	198
Fair value adjustments	128	63	163	123
Tax losses etc.	1,955	1,667	895	811
Total before set-off	3,682	3,117	12,348	11,322
Set-off	-2,366	-1,634	-2,366	-1,634
Transferred to assets held for sale	-15	-	-53	-
Deferred tax assets and liabilities at 31 December	1,301	1,483	9,929	9,688
Expected to be used as follows:				
Within 12 months after the end of the reporting period	123	386	138	888
More than 12 months after the end of the reporting period	1,178	1,097	9,791	8,800
Total	1,301	1,483	9,929	9,688

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 1,247m (2009: DKK 1,289m) relate to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 1,503m (2009: DKK 1,456m) 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 1,036m (2009: DKK 1,069m).

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2009: DKK 0m).

Deferred tax of DKK 104m (2009: DKK 106m) has been recognised in respect of earnings in the Eastern European 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 409m (2009: DKK 565m) relate primarily to restructurings of Carlsberg Sverige, Carlsberg Deutschland, Carlsberg UK, Feldschlösschen Getränke, Brasseries Kronenbourg and Carlsberg Italia. 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.

The Group has made provision for certain contracts which are deemed to be onerous. Onerous contracts totalling DKK 315m (2009: DKK 676m) primarily relate to raw materials.

Other provisions totalling DKK 1,294m (2009: DKK 1,204m) relate primarily to profit sharing in France, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

DKK million	Restructurings	Onerous contracts	Other	2010
				Total
Provisions at 1 January 2010	565	676	1,204	2,445
Additional provisions recognised	88	31	236	355
Used during the year	-290	-204	-161	-655
Reversal of unused provisions	-25	-215	-24	-264
Transfers	62	-	35	97
Discounting	17	-	61	78
Foreign exchange adjustments etc.	-8	27	-57	-38
Provisions at 31 December 2010	409	315	1,294	2,018
Provisions are recognised in the statement of financial position as follows:				
Non-current provisions	214	257	1,035	1,506
Current provisions	195	58	259	512
Total	409	315	1,294	2,018

NOTE 27 PROVISIONS – CONTINUED

DKK million				2009
	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2009	603	245	1,327	2,175
Additional provisions recognised	300	459	133	892
Disposal of entities	-21	-	-5	-26
Used during the year	-282	-28	-329	-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	676	1,204	2,445
Provisions are recognised in the statement of financial position as follows:				
Non-current provisions	339	-	1,014	1,353
Current provisions	226	676	190	1,092
Total	565	676	1,204	2,445

DKK 1,116m (2009: DKK 1,272m) of total non-current provisions falls due within five years from the end of the reporting period.

NOTE 28 OTHER LIABILITIES ETC.

DKK million	2010	2009
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	922	746
Current liabilities	11,378	10,845
Total	12,300	11,591
Other liabilities by origin:		
Excise duties and VAT payable	2,851	2,642
Staff costs payable	1,812	1,542
Interest payable	735	834
Fair value of hedging instruments	2,276	2,485
Liabilities related to the acquisition of entities	1,138	649
Amounts owed to associates	1	2
Deferred income	1,384	1,514
Other	2,103	1,923
Total	12,300	11,591

NOTE 29 CASH FLOWS

DKK million	2010	2009
Adjustment for other non-cash items:		
Share of profit after tax, associates	-148	-112
Gains on disposal of property, plant and equipment and intangible assets, net	-293	-90
Amortisation of on-trade loans etc.	934	467
Total	493	265
Change in working capital:		
Inventories	-291	1,568
Receivables	347	1,014
Trade payables and other liabilities	1,082	955
Retirement benefit obligations and other liabilities related to operating activities before special items	-443	147
Adjusted for unrealised foreign exchange gains/losses	21	-9
Total	716	3,675
Change in on-trade loans:		
Loans provided	-1,050	-1,104
Repayments	620	693
Total	-430	-411
Change in financial receivables:		
Loans and other receivables	-240	-121
Repayments	7	23
Total	-233	-98
Shareholders in Carlsberg A/S:		
Dividends to shareholders	-534	-534
Acquisition of treasury shares	-95	-19
Disposal of treasury shares	48	13
Total	-581	-540
Non-controlling interests:		
Acquisition of non-controlling interests	-169	-286
Non-controlling interests' share of capital increase in subsidiaries	-	7
Dividends to non-controlling interests	-709	-312
Total	-878	-591
External financing:		
Proceeds from issue of bonds	7,368	9,931
Debt institutions, long-term	-9,465	-19,901
Debt institutions, short-term	-1,766	1,116
Loans from associates	-36	103
Finance lease liabilities	-23	-5
Other financing liabilities	-28	-106
Total	-3,950	-8,862

NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES

Acquisition of entities acquired in a step acquisition. In 2010 Carlsberg gained control of Wusu Xinjiang Beer Group in China, which was previously proportionally consolidated, and Gorkha Brewery in Nepal, which was previously recognised using the equity method.

DKK million	Previous method of consolidation	Previously held ownership interest	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	2010
							Cost
Acquired entity:							
Wusu Xinjiang Beer Group	Proportionally	60.12%	4.88%	65.00%	1 Jan. 2010	Brewery	228
Gorkha Brewery	Equity method	49.97%	40.03%	90.00%	12 Nov. 2010	Brewery	228
Total							456

Carlsberg's interest in Gorkha Brewery includes put options recognised at the time of acquisition.

DKK million	Wusu Xinjiang Beer Group	Gorkha Brewery	Total
Fair value of consideration transferred for acquired ownership interest	228	228	456
Fair value of previously held ownership interest	660	285	945
Fair value of non-controlling ownership interest	385	57	442
Fair value of entities acquired in a step acquisition, total	1,273	570	1,843
Carrying amount of identified assets and liabilities recognised before step acquisition	31	76	107
Revaluation of identified assets and liabilities recognised before step acquisition	235	-	235
Fair value of acquired identified assets, liabilities and contingent liabilities	179	76	255
Fair value of identified assets, liabilities and contingent liabilities	445	152	597
Total goodwill	828	418	1,246
Goodwill recognised before a step acquisition	269	-	269
Change in total recognised goodwill	559	418	977
Goodwill is attributable to:			
Shareholders in Carlsberg A/S	599	376	975
Non-controlling interests	229	42	271
Total goodwill	828	418	1,246
Gain on revaluation of previously held ownership interest in entities acquired in a step acquisition:			
Carrying amount of previously held ownership interest	-300	-76	-376
Fair value of previously held ownership interest	660	285	945
Recycling of cumulative exchange differences	30	-1	29
Total	390	208	598
Elements of cash consideration paid:			
Cash	228	-	228
Cash and cash equivalents, acquired	-5	-30	-35
Total cash consideration paid	223	-30	193
Contingent consideration	-	228	228
Total consideration transferred	223	198	421

Acquired cash only comprises the additional consolidated share in the step acquisition due to the change from proportional consolidation to full

consolidation equal to the difference between the previous ownership interest and 100% for previously proportionally consolidated entities.

NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

DKK million	Acquired share of net assets recognised at fair value			Revaluation of previously recognised net assets at fair value	Total change in net assets from acquisition
	Wusu Xinjiang Beer Group	Gorkha Brewery	Total		
Intangible assets	89	-	89	77	166
Property, plant and equipment	281	62	343	283	626
Investments, excl. deferred tax	-	-	-	-76	-76
Inventories	49	18	67	18	85
Loans and receivables, current	2	44	46	44	90
Cash and cash equivalents	5	15	20	15	35
Pension liabilities	-52	-	-52	-	-52
Deferred tax assets and liabilities, net	-28	-2	-30	-52	-82
Borrowings	-37	-30	-67	-30	-97
Trade payables and other payables	-130	-31	-161	-44	-205
Net assets	179	76	255	235	490

Revaluation of previously recognised net assets at fair value includes revaluation of net assets at fair value proportionally consolidated prior to step acquisition of the entity. In addition, it includes investments in associate transferred to other net assets and revaluated at fair value at the time of acquisition.

In Q1 2010, Carlsberg gained control of Wusu Xinjiang Beer Group through a step acquisition. The shareholdings held before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 390m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has been completed.

This step acquisition is a natural step for Carlsberg and in line with the strategy of obtaining full control of key operating activities. The calculation of goodwill represents staff competences as well as expectations of positive growth. Goodwill related to the non-controlling interests' share of Wusu Xinjiang Beer Group has been recognised as part of goodwill.

In Q4 2010, Carlsberg gained control of Gorkha Brewery through a step acquisition. The shareholdings held immediately before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 208m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is still ongoing and has not yet been completed. Adjustments may therefore be made to all items in the opening statement of financial position. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

This step acquisition is a natural step for Carlsberg and in line with the strategy of obtaining full control of key operating activities. The preliminary calculation of goodwill represents staff competences as well as expectations of positive growth. Goodwill related to the non-controlling interests' share of Gorkha Brewery has been recognised as part of goodwill.

The Carlsberg Group is under certain circumstances obligated to pay a contingent consideration calculated partly as a function of future operating profits before amortisations, depreciations and impairments for Gorkha Brewery and partly as fair value of ownership interests owned by the non-controlling interests in Gorkha Brewery. At the time of acquisition the contingent consideration was recognised at a fair value of DKK 228m.

The acquired entities contributed positively to operating profit before special items for 2010 by approximately DKK 36m and to the profit for the year by approximately DKK 19m. The net profit for the year had the acquisition of Gorkha Brewery been completed at 1 January 2010 is estimated at DKK 5,382m. As the acquisition of Wusu Xinjiang Beer Group was completed at 1 January 2010, the result has already been included in net profit for the year.

The fair value of the non-controlling ownership interest is estimated based on the net present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity, excluding control premium, and other fair value models as applicable for the transaction. The key assumptions applied for the Wusu Xinjiang Beer Group transaction were an after-tax WACC of 10.5% and a terminal growth rate of 2.5%. For the Gorkha transaction the applied after-tax WACC was 16.8% and the applied terminal growth rate was 2.5%.

In acquired net assets of entities acquired in a step acquisition are receivables from customers included at a fair value of DKK 90m. None of the acquired receivables from customers are considered irrecoverable at the time of acquisition.

Goodwill recognised regarding transactions completed in the year is not deductible for tax purposes.

Acquisition of proportionally consolidated entities. In Q4 2010, Carlsberg acquired an additional 22.5% of the shares in the jointly controlled entity South Asian Breweries Pte. Ltd. (India) which is recognised by proportional consolidation. The purchase price allocation, including contingent consideration, of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has not yet been completed. Fair value of identified assets, liabilities and contingent liabilities less the cost of the acquisition, DKK 119m, is recognised as goodwill. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

Acquisition of entities. The purchase price of part of the activities in S&N (acquired in 2008) has been adjusted by DKK 284m as a result of allocation of debt according to agreement. The adjustment was recognised as goodwill. The purchase price is expected to be further adjusted depending on the final allocation of debt according to agreement.

The Group did not complete any acquisitions of entities during 2009.

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.

DKK million	2010	2009
Intangible assets	-	208
Property, plant and equipment	-	135
Financial assets, non-current	-	28
Inventories	-	25
Receivables	-	456
Cash and cash equivalents	-	87
Provisions	-	-26
Deferred tax liabilities, net	-	-19
Borrowings	-	-42
Trade payables and other liabilities etc.	-	-216
Net assets	-	636
Interest in disposed entity retained by Carlsberg	-	-4
Equity, Carlsberg's share	-	632
Recycling of cumulative exchange differences	-	11
Directly attributable cost	-	-1
Gains recognised under special items	-	49
Losses recognised under financial items	-	-41
Transferred to investments in associates	-	-475
Cash consideration received	-	175
Cash and cash equivalents, disposed of	-	-87
Cash inflow, net	-	88
DKK million	2010	2009
Acquisition and disposal of entities, net:		
Acquisitions, cash outflow	-193	-
Payment regarding acquisition in prior period	-284	-
Disposals, cash inflow (2009: Includes disposal of associates)	-	88
Net	-477	88

NOTE 31 ACQUISITION AND DISPOSAL OF NON-CONTROLLING INTERESTS

DKK million	Increase in ownership					Decrease in ownership		2010
	Baltika Breweries	Olivaria	Bottling and Brewing Group Ltd. ¹	Parag Breweries Ltd. ¹	Slavutich Brewery ²	Carlsberg Singapore Pte Ltd. ³	Derbes Company Ltd. ⁴	
Entity	Russia	Belarus	Malawi	India	Ukraine	Singapore	Kazakhstan	
Ownership interest increased/decreased	0.15%	30.22%	3.90%	10.00%	0.48%	-49.00%	-1.08%	Total
Paid/received	-55	-114	-	-	-	-	-	-169
Change in provision for put option	-	92	-	-	-	-	-	92
Proportionate share of equity acquired/disposed of	54	22	16	2	7	-43	-3	55
Difference recognised directly in equity	-1	-	16	2	7	-43	-3	-22
Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:								
1 January 2010	29,472	129	107	24	986	76	208	31,002
Effect of acquisition/disposal	54	22	16	2	7	-43	-3	55
Comprehensive income	5,782	22	33	-69	384	51	65	6,268
Dividends, capital injections etc.	-4,718	-5	-	74	174	-61	21	-4,515
31 December 2010	30,590	168	156	31	1,551	23	291	32,810

NOTE 31 ACQUISITION AND DISPOSAL OF NON-CONTROLLING INTERESTS – CONTINUED

2009

Entity	Increase in ownership						Total
	Derbes Company Ltd. ⁵	A/S Aldaris	Svyturys-Utenos Alus AB ⁶	Slavutich Brewery	Carlsberg Uzbekistan	Olivaria ⁷	
Country	Kazakhstan	Latvia	Lithuania	Ukraine	Uzbekistan	Belarus	
Ownership interest increased	10%	3.74%	24.65%	0.41%	24.90%	7.48%	
Paid	-153	-29	-25	-3	-76	-	-286
Change in provision for put option	8	-	-360	-	-	-54	-406
Proportionate share of equity acquired/disposed of	27	10	290	3	16	11	357
Difference recognised as goodwill	-118	-19	-95	-	-60	-43	-335
Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:							
1 January 2009	406	261	858	813	30	138	2,506
Effect of acquisition	27	10	290	3	16	11	357
Comprehensive income	-185	6	106	95	-10	-20	-8
Dividends, capital injections etc.	-40	-	-50	75	37	-	22
31 December 2009	208	277	1,204	986	73	129	2,877

¹ The increase in ownership interest was settled by transfer of non-cash assets or conversion of debt.

² Effect of merger between two Ukrainian subsidiaries of the Group which changed the ownership interest between the shareholders of the continuing entity Slavutich Brewery. In accordance with local legislation the ownership of the continuing entity was based on the proportionate ownership of the share capital of the merged entities rather than the proportionate equity value of the entities, thereby creating a change in relative ownership of Slavutich Brewery. No payment was received from the change in ownership interest in Slavutich Brewery.

³ Effect of change in ownership structure in Malaysia and Singapore which caused part of the investment to be indirectly owned by the non-controlling interests of Carlsberg Malaysia. No payment was received from the decrease in ownership interest of Carlsberg Singapore.

⁴ Carlsberg's Russian subsidiary Baltika Breweries made an in-kind injection of tangible assets in Derbes Company Ltd. for a 10% share of the company. The change in ownership in Derbes Company Ltd. is related to the non-controlling shareholding in Baltika Breweries.

⁵ Non-controlling interests of Derbes Company Ltd.'s exercise of put options held against the Group.

⁶ Acquisition of a non-controlling shareholding and revaluation of put options held by non-controlling shareholders of Svyturys-Utenos against the Group. The change in value has been recognised as goodwill as the put options relate to transactions completed prior to 1 January 2010.

⁷ Revaluation of put options held by non-controlling shareholders of Olivaria against the Group. The change in value has been recognised as goodwill as the put options relate to transactions completed prior to 1 January 2010.

NOTE 32 SPECIFICATION OF INVESTED CAPITAL

DKK million	2010	2009
Invested capital is calculated as follows:		
Total assets	144,232	134,515
Less:		
Deferred tax assets	-1,301	-1,483
Loans to associates (current)	-27	-36
Interest income receivable, fair value of hedging instruments and financial receivables	-330	-342
Securities (current and non-current)	-158	-111
Cash and cash equivalents	-2,735	-2,734
Assets held for sale	-419	-388
Total assets included	139,262	129,421
Trade payables	-9,385	-7,929
Deposits on returnable packaging	-1,279	-1,361
Provisions, excluding restructuring	-1,609	-1,880
Corporation tax	-534	-411
Deferred income	-1,384	-1,514
Finance lease liabilities, included in borrowings	-65	-30
Other liabilities, excluding deferred income, interest payable and fair value of hedging instruments	-7,905	-6,758
Total liabilities offset	-22,161	-19,883
Total invested capital	117,101	109,538

NOTE 33 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2010	2009
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	32,587	36,075
Current borrowings	3,959	3,322
Gross interest-bearing debt	36,546	39,397
Cash and cash equivalents	-2,735	-2,734
Loans to associates, interest-bearing portion	-24	-36
Loans to partners	-225	-
On-trade loans	-2,065	-2,143
Non-interest-bearing portion	1,286	1,368
Other receivables	-1,487	-1,533
Non-interest-bearing portion	1,447	1,360
Net interest-bearing debt	32,743	35,679
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	35,679	44,156
Cash flow from operating activities	-11,020	-13,631
Cash flow from investing activities, excl. acquisition of entities, net	5,364	3,177
Cash flow from acquisition of entities, net	477	-95
Dividends to shareholders and non-controlling interests	1,243	846
Acquisition of non-controlling interests	169	286
Acquisition/disposal of treasury shares and exercise of share options	47	6
Acquired net interest-bearing debt from step acquisition/disposal of entities	97	45
Change in interest-bearing lending	15	-
Effect of currency translation	808	562
Other	-136	327
Total change	-2,936	-8,477
Net interest-bearing debt at 31 December	32,743	35,679

NOTE 34 INVESTMENTS IN PROPORTIONALLY CONSOLIDATED ENTITIES

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

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

DKK million	2010	2009
Revenue	2,558	2,593
Total costs	-2,083	-2,228
Operating profit before special items	475	365
Consolidated profit	319	225
Non-current assets	2,254	2,477
Current assets	1,068	914
Assets held for sale, net	16	10
Non-current liabilities	-260	-625
Current liabilities	-1,575	-1,270
Net assets	1,503	1,506
Free cash flow	355	250
Net cash flow	232	82
Cash and cash equivalents, year-end	308	75
Contingent liabilities in joint ventures	132	135
Capital commitments in joint ventures	-	15

The investment in Wusu Xinjiang Beer Group was proportionally consolidated in 2009 (60.12%). In 2010 it is fully consolidated following a step acquisition as at 1 January, cf. note 30.

NOTE 35 FINANCIAL RISKS

The Group's activities create exposure to a variety of financial risks. These risks include market risk (foreign exchange risk, interest rate risk and raw material risk), credit risk and liquidity risk.

The Group's financial risks are managed by Group Treasury in accordance with the Treasury Policy approved by the Supervisory Board, including the hedging of aluminium prices. The risks related to the purchase of main raw material categories are managed by Group Procurement. The risk management framework is described in the Management review. The Group has not identified any additional financial risk exposures in 2010 compared to 2009.

The risk management activities are unchanged compared to 2009.

Capital structure

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. The overall objective is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and statement of financial position ratios.

This includes the assessment and decision on the split of financing between share capital and loans, which is a long-term strategic decision to be made in connection with major acquisitions and similar transactions.

Committed non-current credit facilities at 31 December:

DKK million	2010	2009
1-2 years	10,687	5,813
2-3 years	2,360	25,048
3-4 years	7,863	1,875
4-5 years	13,213	7,525
>5 years	12,103	5,196
Total	46,226	45,457
Current borrowings	3,959	3,322
Non-current borrowings	32,587	36,075
Total	36,546	39,397

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's net result and/or equity.

To minimise the exposure to these risks the Group enters into a variety of financial instruments and generally seeks to apply hedge accounting to minimise volatility in profit and loss.

Foreign exchange risk

A significant part of the Group's activities and investments take place outside Denmark and in currencies other than DKK. Foreign exchange risk is therefore a principal financial risk for the Group and as such exchange rate fluctuations can have a significant impact on the income statement and the statement of financial position.

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 this structure enables and supports the long-term development of the Carlsberg Group.

As an element of strategic capital structure decisions, management assesses the risk of changes in the Group's investment grading. In 2006 the Carlsberg Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. The ratings were reaffirmed in May 2010.

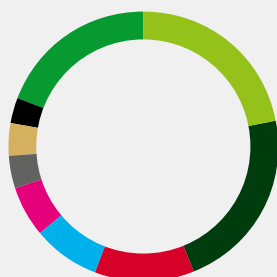
Other operational decisions relate to the issue of bonds and the entering into and changing of bank loan agreements. To facilitate these decisions and manage the operational capital structure, management assesses committed credit facilities, expected future cash flows and the net debt ratio.

At 31 December 2010, the Carlsberg Group had net interest-bearing debt totalling DKK 32,743m (2009: DKK 35,679m). The credit resources available and the access to unused committed credit facilities are considered reasonable in the light of the Group's current needs in terms of financial flexibility.

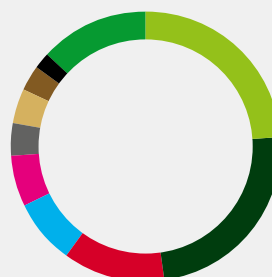
The Group is exposed to foreign exchange risks on revenue and purchases, as the predominant part of revenue and purchases originates from foreign entities and is translated into the Group's functional currency, DKK. The Group is primarily exposed to RUB, GBP and UAH. There is also some exposure to a number of Asian currencies, which in total represent 5-10% of the Group's operating profit. The exposure to fluctuations in EUR/DKK is considered insignificant due to Denmark's fixed exchange rate policy towards EUR.

Furthermore, the Group has a foreign exchange risk on cash flow from operations in countries where there is no natural hedge relationship between cash flow from operations and loans.

Revenue exposure to currencies is illustrated on the following page:

NOTE 35 FINANCIAL RISKS – CONTINUED**Distribution of net revenue 2010,**
DKK 60,054m

22% RUB 22% EUR 12% DKK 8% GBP 6% CHF 4% SEK 4% NOK 3% UAH 19% Other

Distribution of net revenue 2009,
DKK 59,382m

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

The Group has chosen not to hedge the exposure from 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 Group is exposed to transaction risks on purchases in currencies other than the functional currency of the local entities. It is therefore Group policy to hedge future cash flows in currencies other than the functional currency of the entities for a one-year period. This policy applies to Northern and Western Europe, excluding the Baltic and Balkan states. Hedging is carried out when plans for the following year are being prepared, effectively hedging the entities' operating profit in local currency. Since a major part of the purchases 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. The foreign exchange risk in the entities in Eastern Europe is managed differently from Carlsberg's operations in the main parts of the rest of the Group. The reason is the excessive cost of hedging these currencies over a longer period of time.

With regard to transaction risk, it is Baltika Breweries' policy to reduce the financial risk measured in RUB by balancing expenses in the foreign currencies USD and EUR. As long as the Russian Central Bank manages the RUB in accordance with the basket (consisting of 55% USD and 45% EUR), this procedure will reduce the transaction risk. However, appreciation and depreciation of RUB have affected and will continue to affect operating profit measured in both DKK and RUB.

Investment in and financing of local entities. The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the functional currency of the individual Group entity. Interest on borrowings is denominated in the currency of the borrowing.

The main principle for funding of 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 local entity's functional currency without the foreign exchange risk being hedged. This applies primarily to 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, is so high that it justifies a foreign exchange risk – in some countries financing in local currency is not available at all.

At 31 December 2010, 88% of the Group's net financial debt was in EUR (2009: 77%); cf. note 24 Borrowings.

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to foreign exchange risks. The Group uses net investment hedges to hedge 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 CHF, CNY, EUR, GBP, MYR, NOK, PLN, RUB and SEK. The basis for hedging is reviewed annually, and the two parameters, risk reduction and cost, are balanced. The effect of net investment hedges on the income statement and other comprehensive income is summarised in note 36.

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

Applied exchange rates. The exchange rates to DKK applied for the most significant currencies when preparing the consolidated financial statements are presented below. The average exchange rate for the year was calculated using the monthly exchange rates weighted according to the phasing of the Group's net revenue throughout the year.

DKK	Closing rate		Average rate	
	2010	2009	2010	2009
Swiss Franc (CHF)	5.9755	5.0017	5.4070	4.9287
Chinese Yuan (CNY)	0.8504	0.7604	0.8365	0.7859
Euro (EUR)	7.4544	7.4415	7.4473	7.4462
Pound Sterling (GBP)	8.6659	8.2319	8.7169	8.3745
Malaysian Ringgit (MYR)	1.8226	1.5149	1.7484	1.5216
Norwegian Krone (NOK)	0.9534	0.8942	0.9311	0.8542
Polish Zloty (PLN)	1.8801	1.8040	1.8620	1.7211
Russian Rouble (RUB)	0.1848	0.1715	0.1876	0.1687
Swedish Krona (SEK)	0.8270	0.7228	0.7830	0.7015
Ukrainian Hryvnia (UAH)	0.7050	0.6500	0.7216	0.6901

NOTE 35 FINANCIAL RISKS – CONTINUED**Interest rate risk**

The most significant interest rate risk in the Group relates to borrowings. The Group's exposure to an increase in short-term interest rates is primarily in EUR, GBP and USD, and secondarily DKK. The exposure to medium- and long-term interest rates is primarily in EUR.

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

The interest rate risk is measured by the duration of the net borrowings. The management objective is to have a duration between one and five years.

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

Sensitivity analysis. At the reporting date, 83% of the net borrowings consisted of fixed-rate loans with rates fixed for more than one year (2009: 62%). It is estimated that an interest rate increase of 1 percentage point would lead to an increase in annual interest expenses of DKK 58m (2009: DKK 118m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At 31 December 2010, the duration of the borrowings was 3.1 years (2009: 2.3 years) and in value terms amounted to DKK 1,061m (2009: DKK 850m). If the market interest rate had been 1 percentage point higher (lower) at the reporting date, it would have led to a financial gain (loss) of DKK 1,061m (2009: DKK 850m). However, since only interest rate swaps and not fixed-rate borrowings are recognised at fair value, marked-to-market, only the duration contained in financial instruments will impact comprehensive income. It is estimated that DKK 290m (2009: DKK 425m) 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. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2010, shareholders' equity would have been DKK 290m (2009: DKK 425m) higher (lower). The remaining duration is included in borrowings with fixed interest – primarily the issued bonds described in note 24, which are carried at amortised cost.

The sensitivity analysis is based on the financial instruments recognised at the reporting date. The sensitivity analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the same basis as for 2009.

The recognised impact from interest rate derivatives is disclosed in note 36.

Raw material risk. Raw material risks are associated in particular with purchasing of cans (aluminium), malt (barley) and energy. Management of raw material risks and foreign exchange risks is coordinated centrally. The aim of the risk management process 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, the Group's purchase price under the majority of purchase agreements is variable and based on the global market price of aluminium (London Metal Exchange, LME). The Group is thus able to hedge the underlying aluminium price risk. For 2011 the majority of the aluminium price risk has been hedged for Northern & Western Europe and Eastern Europe, whereas the risk has been partially hedged for the period up to 2012. The total volume of aluminium purchased via financial instruments was approximately 78,000 tonnes at the end of 2010 (2009: 57,000 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 110m (2009: DKK 65m). Fair values are specified in note 36.

It is Group policy to secure delivery of malt and hops for the coming budget year, and the exposure for 2011 was thus hedged through fixed-price purchase agreements in 2010.

Credit risk

Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Group. The Group is exposed to credit risk on financial assets such as trade and other receivables, on-trade loans, cash balances (including fixed deposits and cash and cash equivalents), investments and derivative financial instruments with a positive fair value.

Trade receivables, on-trade loans and other receivables. Credit risk related to trade receivables arises when the Group makes sales for which no cash payments are received when goods are delivered. Exposures on trade receivables are managed locally in the operating entities and credit limits set as deemed appropriate for the customer taking into account the current market conditions.

The Group does not generally renegotiate the terms of trade receivables with the individual customer and trade receivables are not changed to on-trade loans. However, if a negotiation takes place, the outstanding balance is included in the analysis based on the original payment terms. No significant trade receivables or on-trade loans have been renegotiated during 2009 and 2010.

Under certain circumstances the Group grants loans to the on-trade. On-trade loans are concentrated in France, UK, Germany, Switzerland and Sweden, and spread across a large number of customers/debtors. The operating entities monitor and control these loans in accordance with central guidelines. 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. It is estimated that the provisions made are sufficient to cover expected losses.

Significant adverse developments of the on-trade market 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 in the assessment of impairment losses.

It is Group policy to reduce the credit risk through prepayments or cash payments on delivery, especially for certain categories of customers in each country. The local entities assess the credit risk and whether it is appropriate and cost-effective to hedge the credit risk by way of credit or bank guarantees, credit insurance, conditional sale etc. Such security is taken into account when assessing the necessary impairment losses. Security is primarily received from on-trade customers.

The credit risk on on-trade loans is usually reduced through collateral and pledges of on-trade movables (equipment in bars, cafés etc.). The fair value of the pledged on-trade movables cannot be estimated reliably but is assessed to be insignificant as the movables are used. The movables received through pledges usually need major repair before they can be used again.

Other financial assets. Credit risk relating to cash and cash equivalents, investments and financial instruments arises due to uncertainty as to whether the counterparty will be able to meet its contractual obligations when they fall due. The Group has established a credit policy under which financial transactions may be entered into only with financial institutions with a high credit rating. The credit exposure on financial institutions is effectively managed by Group Treasury.

The credit risk on other loans is secured through collateral in shares, which the borrower holds in one of the Group's subsidiaries.

The Group primarily enters into financial instruments and transactions with the Group's relationship banks, i.e. extending loans to the Group. In most cases, the Group will be in a net debt position with its relationship banks.

NOTE 35 FINANCIAL RISKS – CONTINUED

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 assets and liabilities. There are no historic losses related to bank balances and derivative financial instruments due to the counterparty's inability to pay, and management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk. The carrying amount of financial assets represents the maximum credit exposure. The carrying amount of financial assets, DKK 11,935m (2009: DKK 11,986m), is summarised below.

DKK million	2010				
	Net carrying amount at 31 Dec.	Neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivable from sale of goods and services	5,057	4,634	163	105	155
On-trade loans	2,065	217	5	1,731	112
Loans to associates	48	48	-	-	-
Loans to partners	225	225	-	-	-
Fair value of hedging instruments	318	318	-	-	-
Other receivables	1,487	1,025	14	298	150
Cash and cash equivalents	2,735	2,735	-	-	-

DKK million	2009				
	Net carrying amount at 31 Dec.	Neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivable from sale of goods and services	5,269	4,354	323	221	371
On-trade loans	2,143	-	-	2,143	-
Loans to associates	36	36	-	-	-
Fair value of hedging instruments	271	271	-	-	-
Other receivables	1,533	-	-	1,533	-
Cash and cash equivalents	2,734	2,734	-	-	-

Impairment losses are based on an individual review for impairment in connection with customer insolvency, anticipated insolvency and past due amounts, and on mathematically computed impairment losses based on classification of debtors, maturity and historical information.

No significant impairment losses were incurred in respect of individual trade receivables or on-trade loans in 2010 and 2009. The impairment losses at 31 December 2010 relate to several minor customers that have – in different

ways – indicated that they do not expect to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of the underlying customers' credit ratings.

The movement in impairment losses in respect of trade receivables was as follows:

DKK million	2010			
	Trade receivables	On-trade loans	Other receivables	Total
Impairment losses at 1 January	-751	-276	-	-1,027
Impairment loss recognised	-133	-83	-	-216
Realised impairment losses	189	82	-	271
Reversed impairments	17	7	-	24
Disposals	3	3	-	6
Impairment losses at 31 December	-675	-267	-	-942

DKK million	2009			
	Trade receivables	On-trade loans	Other receivable	Total
Impairment losses at 1 January	-719	-241	-	-960
Impairment loss recognised	-237	-109	-	-346
Realised impairment losses	169	45	-	214
Reversed impairments	47	13	-	60
Disposals	-11	16	-	5
Impairment losses at 31 December	-751	-276	-	-1,027

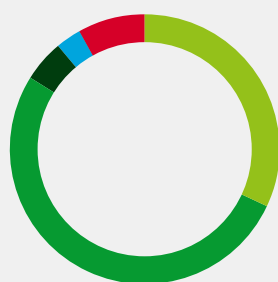
NOTE 35 FINANCIAL RISKS – CONTINUED**Liquidity risk**

Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. The Group's liquidity policy is managed by Group Treasury. The approach is 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 2010, the Group had unutilised long-term committed credit facilities of DKK 13,639m (2009: DKK 9,382m).

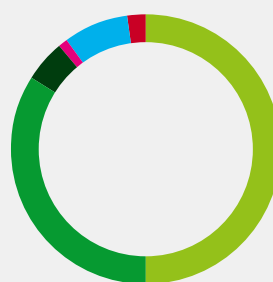
In addition to efficient working capital management and credit management, the Group mitigates liquidity risk by arranging borrowing facilities with highly rated financial institutions.

**Distribution of gross financial debt 2010,
DKK 36,546m**



32% Non-current bank borrowings
52% Issued bonds
5% Non-current mortgages
3% Current bank borrowing
8% Other short-term funding

**Distribution of gross financial debt 2009,
DKK 39,397m**



50% Non-current bank borrowings
34% Issued bonds
5% Non-current mortgages
1% Other long-term funding
8% Current bank borrowing
2% Other short-term funding

The Group uses cash pools in its day-to-day liquidity management for most of the entities in Northern & Western Europe, as well as 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. This is also the case for the joint venture in Portugal (Unicer-Bebidas).

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

DKK million	2010	2009
Total non-current committed loans and credit facilities	46,226	45,457
Total current and non-current borrowings	-36,546	-39,397
Unused committed non-current credit facilities	9,680	6,060
Cash and cash equivalents	2,735	2,734
Credit resources available	12,415	8,794

The unused committed non-current credit facilities of DKK 9,680m (2009: DKK 6,060m) are net of non-current and current borrowings, and therefore DKK 3,959m (2009: DKK 3,322m) (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 13,639m (2009: DKK 9,382m).

A few insignificant long-term committed credit facilities include financial covenants with reference to the ratio between net debt and EBITDA. Management monitors this ratio, and at 31 December 2010 there was sufficient headroom below the ratio.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, and summarise the liquidity risk.

The risk implied from the values shown in the maturity table below reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities mainly originate from the financing of assets in the ongoing operations such as property, plant and equipment and investments in working capital, e.g. inventories and trade receivables.

NOTE 35 FINANCIAL RISKS - CONTINUED

Financial liabilities						2010
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	2,294	1,444	842	9	2,276	
Non-derivative financial instruments:						
Financial debt, gross	36,628	3,966	20,573	12,090	36,546	
Interest expense	6,176	1,488	4,018	670	N/A	
Trade payables and other liabilities	10,664	10,664	-	-	10,664	
Liabilities related to the acquisition of entities	1,138	535	91	512	1,138	
Financial liabilities associated with assets held for sale	178	178	-	-	178	
Non-derivative financial instruments, total	54,784	16,831	24,682	13,272	-	
Financial liabilities, total	57,078	18,275	25,524	13,281	-	

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	5,664	1,229	3,936	498	N/A	
Trade payables and other liabilities	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-derivate financial instruments, total	55,259	14,019	34,965	6,274	-	
Financial liabilities, total	57,516	14,568	36,436	6,511	-	

All items are stated at their nominal amounts. Derivative financial instruments are presented gross. Derivative financial instruments are in general traded within the Group's relationship banks. The nominal amount/contractual cash flow of the financial debt is DKK 82m (2009: DKK 208m) higher than the carrying amount. The difference between the nominal amount and the carrying amount at initial recognition is cost that has been capitalised and is amortised over the duration of the borrowings, and the difference between the nominal amount of the bond and the two mortgages, which is carried at fair value. The interest expense is the contractual cash flows expected on the financial gross debt at 31 December 2010. For the part of bank

borrowing and mortgages that has been swapped, the expected interest (before swaps but including margin) has been included. The expected net cash flow from the swaps related to the borrowings is included in the contractual cash flow for the derivative financial instrument. It should be noted that the cash flow regarding the interest expenses is estimated cash flow based on the notional amount of the above-mentioned borrowings and forward interest rates at year-end 2010 and 2009. Interest on the debt existing at year-end 2010 and 2009, for which no contractual obligation (current borrowing and part of the amount drawn on cash pools) exists, has been included for a two-year period.

NOTE 35 FINANCIAL RISKS – CONTINUED

Accounting classification and fair values. The accounting classification and fair values can be specified as follows:

DKK million	Note	2010		2009	
		Carrying amount	Fair value	Carrying amount	Fair value
Securities	18	158	158	111	111
Available for sale instruments		158	158	111	111
Fair value hedges	36	108	108	17	17
Cash flow hedges	36	151	151	90	90
Net investment hedges	36	59	59	164	164
Derivative financial instruments	19	318	318	271	271
Trade receivables	19	5,057	5,057	5,269	5,269
On-trade loans	19	2,065	2,065	2,143	2,143
Other receivables	19	1,487	1,487	1,533	1,533
Loans to partners	19	225	225	-	-
Loans to associates	19	48	48	36	36
Cash and cash equivalents	21	2,735	2,735	2,734	2,734
Loans and receivables		11,617	11,617	11,715	11,715
Fair value hedges	36	-846	-846	-1,135	-1,135
Cash flow hedges	36	-935	-935	-1,166	-1,166
Net investment hedges	36	-495	-495	-184	-184
Derivative financial instruments	28	-2,276	-2,276	-2,485	-2,485
Issued bonds	24	21,376	22,576	13,522	14,777
Mortgages	24	1,982	1,982	1,990	1,990
Bank borrowings	24	12,184	12,184	20,110	20,110
Finance lease obligations	24	65	65	13	13
Other non-current borrowings	24	939	939	1,321	1,321
Trade payables	31	9,385	9,385	7,929	7,929
Financial liabilities measured at amortised cost		45,931	47,131	44,885	46,140

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

Securities. Shares in unlisted entities comprise a number of small holdings. These unlisted entities are not recognised at fair value when the fair value cannot be calculated on a reliable basis. Instead such unlisted securities are recognised at cost.

Derivative financial instruments – level 2. The fair value of all derivatives, and in most cases non-derivative financial instruments, is determined based on observable market data using generally accepted methods. Valuation reports as well as internally calculated values based on discounted cash flows of financial derivatives are used. Where internally calculated values are used, these are compared to external market quotes on a quarterly basis.

The fair value of all derivatives is calculated internally (whether designated as fair value or economic hedges, cash flow hedges or net investment hedges) 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; and c) converting the amounts in foreign currency into the functional currency at the end-of-period foreign exchange rate.

Loans and other receivables. The carrying amount of trade receivables and other receivables approximates the fair value.

On-trade loans. 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 2,065m (2009: DKK 2,143m).

Other financial liabilities. Other financial liabilities, including issued bonds, mortgages, bank borrowings, finance lease obligations, trade payables and other liabilities, are measured at amortised cost.

NOTE 36 FINANCIAL INSTRUMENTS**Fair value hedges and financial derivatives not designated as hedging instruments (economic hedges)**

DKK million	2010		2009	
	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-	-	-10	-
Exchange rate instruments	569	-739	97	-1,111
Other instruments	-23	1	-	-
Ineffective portion of hedge	-51	-	-7	-7
Total	495	-738	80	-1,118

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 (cf. note 8). Financial income amounted to DKK 495m (2009: DKK 80m).

The ineffective portion is due to the reclassification of fair value adjustments on interest rate hedges designated as cash flow hedges. The total ineffective portion is a loss of DKK -51m (2009: DKK -7m). The ineffective portion of hedge is split between ineffectiveness of hedges DKK -28m (2009: DKK -7m), and hedged item no longer likely to occur DKK -23m (2009: DKK 0m).

The fair value of the entire derivative is classified under cash flow hedges. Other instruments are primarily aluminium hedges, which were not classified as cash flow hedges throughout the year. The fair value adjustment for the part of the year in which they were not designated as cash flow hedges is recognised as a fair value adjustment in the income statement. By the end of the year they were designated as cash flow hedges and the fair value of these aluminium derivatives are classified under cash flow hedges.

The value of fair value hedges recognised at 31 December amounted to DKK -738m (2009: DKK -1,118m). There is no ineffectiveness on these hedges.

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

Instrument:	Maturity	Purpose
EUR 1,000m interest rate swap	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap	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	2011-2012	Fixing of aluminium risk related to purchase of cans

The two 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.

DKK million	2010			2009		
	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	284	-892	2011-2015	-118	-1,130	2010-2015
Exchange rate instruments	-24	-43	2011	-88	-25	2010
Other instruments	41	151	2011-2012	345	79	2010-2012
Total	301	-784		139	-1,076	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK 301m (2009: DKK 139m). The adjustments are included in financial income and financial expenses (cf. note 8).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -784m (2009: DKK -1,076m). This includes the ineffective portion reclassified to the income statement, but does not include the value of cash flow hedges closed and not yet transferred to the income statement.

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 36 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			2010	2009		
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	-1,069	-436		-116	-20	
Total	-1,069	-436		-116	-20	

Fair value adjustments of net investment hedges in the financial year are recognised in other comprehensive income and amounted to DKK -1,069m (2009: DKK -116m).

The fair value of net investment hedges recognised at 31 December 2010 amounted to DKK -436m (2009: DKK -20m).

2010					2009				
Million	Hedging of investment, amount in local currency	Addition to net investment, amount in local currency	Total adjustment to other comprehensive income (DKK)	Income statement (DKK)	Hedging of investment, amount in local currency	Addition to net investment, amount in local currency	Total adjustment to other comprehensive income (DKK)	Income statement (DKK)	
SEK	-390	3,740	-428	-	-9,877	5,787	-172	-	
NOK	-750	3,182	134	-	-750	3,182	340	-	
CHF	-460	-	-429	-	-460	-	-7	-	
GBP	-70	90	-2	-	-70	-	1	-	
MYR	-450	-	-137	-5	-450	-	10	-	
EUR	-398	663	44	-	-398	635	7	-	
RUB	-	-	-25	-	-2,857	-	-236	-	
PLN	-820	-	-102	-	-820	-	-29	-	
CNY	-1,250	-	-85	-	-1,400	-	4	-	
HKD	-	2,810	-40	-	-500	-	-9	-	
EEK	-	-	1	-	-	1,152	-1	-	
LVL	-	-	-	-	-	-	-24	-	
Total			-1,069	-5			-116	-	

NOTE 37 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 74.2% of the voting power in Carlsberg A/S, excluding treasury shares. Apart from dividends and grants, cf. note 6, 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, key management personnel, or companies outside the Carlsberg Group in which these parties have significant influence.

Related parties exercising significant influence comprise the Group's Supervisory Board, Executive Board and key management personnel and close members of their families.

Related parties also comprise companies in which the persons referred to above have significant influence. Remuneration to the Supervisory Board, Executive Board and key management personnel is disclosed in note 12.

Related parties also include the Group's associates (companies in which Carlsberg has significant influence) and jointly controlled entities (companies that are jointly controlled by Carlsberg and other venturers).

The income statement and the statement of financial position include the following transactions:

DKK million	Associates		Proportionally consolidated entities	
	2010	2009	2010	2009
Revenue	379	218	7	10
Cost of sales	-229	-291	-2	-4
Loans	48	36	-	-
Receivables	105	49	11	17
Borrowings	-150	-193	-	-
Trade payables and other liabilities etc.	-1	-12	-	-

NOTE 38 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

The Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 86m (2009: DKK 79m) and for loans etc. raised by third parties (non-consolidated entities) of DKK 828m (2009: DKK 835m).

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 Group is party to certain lawsuits, disputes etc. of various scopes. It is management's opinion that, apart from what is 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 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	2010	2009
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:		
Intangible assets	5	9
Property, plant and equipment and construction contracts	171	145
Total	176	154

NOTE 39 OPERATING LEASE LIABILITIES

DKK million				2010
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Future lease payments:				
Within one year	156	35	354	545
Between one and five years	338	86	666	1,090
After more than five years	232	6	91	329
Total	726	127	1,111	1,964

DKK million				2009
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Future lease payments:				
Within one year	197	39	344	580
Between one and five years	334	84	683	1,101
After more than five years	255	-	25	280
Total	786	123	1,052	1,961

DKK million	2010	2009
Operating lease recognised in the income statement	545	463
Expected future income under non-cancellable subleases (matures within 10 years)	84	105

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

NOTE 40 EVENTS AFTER THE REPORTING PERIOD

Apart from 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 41 ACCOUNTING POLICIES

The 2010 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, 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.

New International Financial Reporting Standards (IFRSs) and Interpretations

Implementation of new IFRSs and Interpretations. With effect from 1 January 2010 the following new and amended IFRSs and Interpretations were implemented:

- IFRS 3 "Business Combinations"
- IAS 27 "Consolidated and Separate Financial Statements"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets: Effective Date and Transition"

NOTE 41 ACCOUNTING POLICIES – CONTINUED

- Amendment to IFRS 2 “Share-based Payment – Group Cash-settled Share-based Payment Transactions”
- Amendment to IAS 32 “Financial Instruments: Presentation – Classification of Rights Issue”
- Improvements to IFRSs issued in April 2009
- Amendments to IFRIC 9 “Reassessment of Embedded Derivatives” and IAS 39 “Financial Instruments: Recognition and Measurement – Embedded Derivatives”
- IFRIC 18 “Transfer of Assets from Customers”

Except for IFRS 3 and IAS 27, the new and amended standards and interpretations have not changed the recognition and measurement.

IFRS 3 has changed the accounting treatment of business combinations as follows:

- Transaction costs directly attributable to a business combination are recognised in the income statement and included in special items, cost. Such costs were previously included in the cost of a business combination.
- Contingent consideration paid in a business combination is accounted for at fair value at the acquisition date and included in the cost of the acquisition. Subsequent fair value adjustments are recognised in the income statement under special items. Such adjustments were previously recognised in the cost of the acquisition.
- In a business combination achieved in stages (step acquisition), the shareholding acquired before obtaining control is recognised at fair value. The fair value adjustment is recognised in the income statement under special items. Previously each significant transaction was accounted for separately to determine the cost and fair value of identifiable assets, liabilities and contingent liabilities acquired, and fair value adjustments were recognised in other comprehensive income.
- Goodwill related to non-controlling interests’ share of an acquired business may be recognised as part of the total goodwill. The recognition of such goodwill is optional and will be chosen for each individual transaction. The choice will be disclosed in the notes.

IAS 27 has changed the accounting for transactions with non-controlling interests. Acquisition and disposal of non-controlling interests without the loss of control is recognised directly in equity. Disposal of shareholdings with the loss of control is recognised in the income statement, and the remaining shareholding is remeasured at fair value. The fair value adjustment is recognised in the income statement.

In accordance with IFRS 3 and IAS 27, the comparative figures have not been restated.

New and amended IFRSs and Interpretations not yet mandatory. The IASB has issued the following new and amended IFRSs 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:

- IAS 24 “Related Party Disclosures”. The standard changes some definitions of related parties and the requirements on disclosures of transactions with related parties
- Amendment to IFRIC 14 “Prepayments of a Minimum Funding Requirement”
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”

The new and amended IFRSs and Interpretations are effective for financial years beginning on or after 1 July 2010 or 1 January 2011 and will be adopted by the Carlsberg Group as of the financial year 2011.

New and amended IFRSs and Interpretations not yet adopted by the EU.

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

- Improvements to IFRSs issued in May 2010. The improvements have various application dates, the earliest for financial years beginning on or after 1 July 2010.
- IFRS 9 “Financial Instruments” most recently revised in November 2010. As further changes to the standard are being drafted and planned, the impact of the final standard on the consolidated financial statements cannot yet be estimated. The standard is effective for financial years beginning on or after 1 January 2013.
- Amendments to IFRS 7 “Financial Instruments: Disclosures – Transfer of Assets”. The amendments will change disclosures on financial instruments

in a transfer of assets. The standard is effective for financial years beginning on or after 1 July 2011.

- IFRS Practice Statement: Management Commentary, which provides a broad, non-binding framework for the presentation of a management commentary on financial statements that have been prepared in accordance with IFRS. The practice statement may be applied to management reviews presented prospectively from 8 December 2010.
- Amendments to IAS 12 “Deferred Tax: Recovery of Underlying Assets”. The amendments provide further guidance on deferred tax on investment properties and are therefore not relevant to the Group.

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2010. 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 interest.

A Group chart is included in note 42.

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. Deferred tax on revaluations is recognised.

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the fair value of that adjustment is included in the cost of the combination.

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

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly.

Changes in estimates of contingent purchase considerations, except in cases of material error, are recognised in the income statement under special items. Changes in estimates of contingent purchase considerations in business combinations completed before 31 December 2009 are recognised as an adjustment to goodwill.

Step acquisitions. In a business combination achieved in stages (step acquisition), the shareholding held immediately before the step acquisition is remeasured at fair value at the acquisition date. The resulting gain or loss is recognised in the income statement under special items. The total fair value of the shareholding held immediately after the step acquisition is estimated and recognised as the cost of the total shareholding in the entity.

Non-controlling interests in a business combination. In each business combination, management decides whether or not to recognise goodwill related to non-controlling interests. If such goodwill is recognised, it is estimated based on the fair value of the non-controlling interests less the non-controlling interests' share of the fair value of acquired assets, liabilities and contingent liabilities.

Business combinations prior to 1 January 2004. 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.

Disposal. 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 remeasured at fair value.

On acquisition of non-controlling interests, the difference between the cost and the non-controlling interests' share of total carrying amount including goodwill is transferred from the non-controlling interests' share of equity to equity attributable to shareholders in Carlsberg A/S. The amount deducted cannot exceed the non-controlling interests' share of equity immediately before the transaction.

On disposal of shareholdings to non-controlling interests, the difference between the sales price and the share of total carrying amount including goodwill acquired by the non-controlling interests is transferred from equity attributable to shareholders in Carlsberg A/S to the non-controlling interests' share of equity.

Fair value adjustment of put options written on non-controlling interests on or after 1 January 2010 is recognised directly in the statement of changes in equity. Fair value adjustment of put options written before 31 December 2009 is recognised in 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 statement 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 statement 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

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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 and other comprehensive income 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 and other comprehensive income 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 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.

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

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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-over-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 trademarks and gains and losses on the disposal of activities, revaluation of shareholdings in an entity held immediately before a step acquisition of that entity and transaction cost in a business combination.

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.

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.

CO₂ 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 CO₂ 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, fixtures and fittings, and other property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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	3-5 years

Land is not depreciated.

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.

Regarding 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. 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 securi-

NOTE 41 ACCOUNTING POLICIES – CONTINUED

ties 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.

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 with 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 in connection with the exercise of share options are recognised directly in equity.

Share-based payment. The value of services received in exchange for granted options is measured at the fair value of the options granted.

The share option programme for the Executive Board and other management personnel 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 settlement in share options and a cash bonus. 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 management personnel 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.

NOTE 41 ACCOUNTING POLICIES – CONTINUED

For all 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 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.

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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. 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 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 rates 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.

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 2010", 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 33¹.

Debt/operating profit before depreciation, amortisation and impairment. Net interest-bearing debt² 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 33¹.

Equity ratio. Equity attributable to shareholders in Carlsberg A/S at year-end as a percentage of total assets at year-end.

Financial gearing. Net interest-bearing debt² at year-end divided by total equity at year-end.

Free cash flow per share (FCFPS). Free cash flow³ divided by average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33¹.

NOTE 41 ACCOUNTING POLICIES – CONTINUED

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, divestitures 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 capital⁴.

Volumes. The Group's total sale of beverages, including the total sales through pro rata-consolidated and associated companies.

¹ 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.

² The calculation of net interest-bearing debt is specified in note 33.

³ The calculation of free cash flow is specified in the statement of cash flows.

⁴ The calculation of invested capital is specified in note 32.

NOTE 42 GROUP COMPANIES

			Ownership share	Nominal share capital ('000)	Currency	Exchange rate
Carlsberg Breweries A/S, Copenhagen, Denmark		○	100%	501	DKK	100.00
Northern & Western Europe						
Carlsberg Danmark A/S, Copenhagen, Denmark	2 subsidiaries	○	100%	100,000	DKK	100.00
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries	○	100%	70,000	SEK	82.70
Ringnes a.s., Oslo, Norway	2 subsidiaries	○	100%	238,714	NOK	95.34
Oy Sinebrychoff Ab, Helsinki, Finland		○	100%	96,707	EUR	745.44
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	4 subsidiaries	○	100%	26,897	EUR	745.44
Nordic Getränke GmbH, Germany		■	50%	1,000	EUR	745.44
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries	○	100%	41,250	EUR	745.44
Tuborg Deutschland GmbH, Mönchengladbach, Germany		○	100%	51	EUR	745.44
Carlsberg Polska S. A., Warsaw, Poland	2 subsidiaries	○	100%	28,721	PLN	188.01
Saku Õlletehase AS, Estonia		○	100%	80,000	EEK	47.64
A/S Aldaris, Latvia		○	89%	7,500	LVL	1,050.21
Svyturys-Utenos Alus AB, Lithuania	3)	○	76%	118,000	LTN	215.89
Carlsberg GB Limited, Northampton, UK		○	100%	692	GBP	866.59
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries	○	100%	90,004	GBP	866.59
Emeraude SAS, France	4 subsidiaries	5) ○	100%	405,037	EUR	745.44
Brasseries Kronenbourg SAS, France		○	100%	547,891	EUR	745.44
Sorex Holding SAS, France		○	100%	14,600	EUR	745.44
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries	○	100%	95,000	CHF	597.55
Carlsberg Italia S.p.A, Lainate, Italy	5 subsidiaries	○	100%	82,400	EUR	745.44
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	6 subsidiaries	5) ◆	44%	50,000	EUR	745.44
Mythos Brewery S.A., Greece		○	100%	39,405	EUR	745.44
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries	○	80%	2,989,921	RSD	7.07
Carlsberg Croatia d.o.o., Koprivnica, Croatia		○	80%	239,932	HRK	100.94
Carlsberg Bulgaria AD, Mladost, Bulgaria		○	80%	37,325	BGN	381.14
B to B Distribution EOOD, Mladost, Bulgaria		○	100%	10	BGN	381.14
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary		○	100%	25,400	HUF	2.67
CTDD Beer Imports Ltd., Quebec, Canada		○	100%	(-)	CAD	561.54
Carlsberg Canada Inc., Mississauga, Ontario, Canada		○	100%	5,000	CAD	561.54
Investeringsselskapet RH, Oslo, Norway	7 subsidiaries	○	100%	49,900	NOK	95.34
Pripps Ringnes AB, Stockholm, Sweden	2 subsidiaries	○	100%	287,457	SEK	82.70
Baltic Beverages Eesti, Estonia		○	100%	400	EEK	47.64
Dyland BV, Bussum, Netherlands	1 subsidiary	○	100%	18,198	EUR	745.44
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	561.33
Eastern Europe						
Baltika Breweries, St. Petersburg, Russia	6 subsidiaries	1) ○	89%	164,364	RUB	18.48
Baltika – Baku Brewery, Baku, Azerbaijan		○	100%	26,849	AZN	696.12
Slavutich Brewery, Ukraine		○	93%	853,692	UAH	70.50
Olivaria, Belarus	3)	○	68%	61,444,801	BYR	0.19
Carlsberg Kazakhstan Ltd., Kazakhstan		○	99%	4,820,426	KZT	3.82
UzCarlsberg LLC, Uzbekistan	5)	○	100%	35,217,146	UZS	0.34
Baltic Beverages Invest AB, Stockholm, Sweden		○	100%	11	EUR	745.44
BBH – Baltic Beverages Holding AB, Stockholm, Sweden		○	100%	12,000	EUR	745.44
Asia						
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary	○	100%	260,000	HKD	72.13
Carlsberg Brewery Guangdong Ltd., Huizhou, China		○	100%	442,330	CNY	85.04
Kunming Huashi Brewery Company Ltd., Kunming, China		○	100%	79,528	CNY	85.04
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	10 subsidiaries	○	65%	105,480	CNY	85.04
Ningxia Xixia Jianiang Brewery Ltd., China		○	70%	194,351	CNY	85.04
Dali Beer (Group) Limited Company, Dali, China		○	100%	97,799	CNY	85.04
Chongqing Brewery Co. Ltd., China	8 subsidiaries	1.5) ■	29%	483,971	CNY	85.04

NOTE 42 GROUP COMPANIES – CONTINUED

		Ownership share	Nominal share capital ('000)	Currency	Exchange rate
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China		■ 33%	380,000	CNY	85.04
Lanzhou Huanghe Jianjiang Brewery Company Limited, China		■ 30%	210,000	CNY	85.04
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China		■ 33%	85,000	CNY	85.04
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China		■ 30%	15,000	CNY	85.04
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China		■ 30%	16,620	CNY	85.04
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1) ○ 51%	154,039	MYR	182.26
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia		○ 100%	10,000	MYR	182.26
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia		○ 100%	100	MYR	182.26
Luen Heng F&B Sdn BHD Selangor Darul Ehsan, Malaysia		○ 70%	5,000	MYR	182.26
Carlsberg Singapore Pte Ltd., Singapore		○ 100%	1,000	SGD	435.12
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1) ■ 25%	850,000	LKR	5.06
Carlsberg Distributors Taiwan Ltd., Taiwan	1 subsidiary	■ 50%	100,000	TWD	19.30
Cambrew Pte Ltd., Singapore		5) ◆ 50%	21,720	SGD	435.12
Cambrew Ltd., Phnom Penh, Cambodia	1 subsidiary	5) ◆ 50%	125,000	USD	561.33
Carlsberg IndoChina, Vietnam		○ 100%	8,000	VND	0.03
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
Huế Brewery Ltd., Huế, Vietnam		◆ 50%	216,788,000	VND	0.03
Hanoi Vung Tau Joint Stock, Vietnam		5) ■ 51%	345,190,377	VND	0.03
Halong Beer and Beverage, Vietnam		■ 31%	9,000,000,000	VND	0.03
Hanoi Beer Company, Vietnam		5) ■ 16%	2,318,000,000	VND	0.03
Lao Brewery Co. Ltd., Vientiane, Laos		◆ 50%	14,400,000	LAK	0.07
Lao Soft Drinks Co. Ltd., Laos		○ 65%	2,448,000	LAK	0.07
Carlsberg India Pvt Ltd., India		3) ◆ 68%	618,288	INR	12.55
Parag Breweries Ltd., India		3) ◆ 62%	5,200	INR	12.55
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2,5) ○ 50%	1,267,128	MWK	3.71
Brewery Invest Pte. Ltd., Singapore		○ 100%	3,200	SGD	435.12
Caretech Ltd., Hong Kong, China		5) ◆ 50%	10,000	HKD	72.13
South Asian Breweries Pvt Ltd., Singapore		3) ◆ 41%	65,000	SGD	435.12
Carlsberg Asia Pte Ltd., Singapore		○ 100%	54,914	SGD	435.12
Not allocated					
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	188.01
Carlsberg Finans A/S, Copenhagen, Denmark		○ 100%	25,000	DKK	100.00
Carlsberg International A/S, Copenhagen, Denmark		○ 100%	1,000	DKK	100.00
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary	○ 100%	31,000	DKK	100.00
Carlsberg IT A/S, Copenhagen, Denmark		○ 100%	50,000	DKK	100.00
Carlsberg Insurance A/S, Copenhagen, Denmark		○ 100%	25,000	DKK	100.00
Vores By CB P/S, Copenhagen, Denmark		○ 100%	1,000	DKK	100.00
Carlsberg Accounting Centre Sp. z.o.o., Poznan, Poland		○ 100%	50	PLN	188.01
Non-beverage					
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	2 subsidiaries	○ 100%	500	DKK	100.00
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark		4) ◆ 50%	-	DKK	100.00
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark		4) ◆ 50%	-	DKK	100.00
Vores By CAS P/S, Copenhagen, Denmark		○ 100%	1,000	DKK	100.00

○ Subsidiary ◆ Proportionally consolidated entity ■ Associate


1) Listed company 2) Carlsberg is responsible for management 3) The consolidation percentage is higher than the ownership share due to written put 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	2010	2009
Administrative expenses		-48	-50
Other operating income	3	192	130
Other operating expenses	3	-199	-170
Operating profit		-55	-90
Financial income	4	127	154
Financial expenses	4	-75	-177
Profit before tax		-3	-113
Corporation tax	5	-38	27
Profit for the year		-41	-86
Attributable to:			
Dividends to shareholders		763	534
Reserves		-804	-620
Profit for the year		-41	-86

Statement of comprehensive income

DKK million	Note	2010	2009
Profit for the year		-41	-86
Other comprehensive income:			
Value adjustments of hedging instruments	23	-9	-6
Retirement benefit obligations	17	-14	-2
Other		-1	-2
Corporation tax	5	6	2
Other comprehensive income		-18	-8
Total comprehensive income		-59	-94

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.

Statement of financial position

ASSETS

DKK million	Note	31 Dec. 2010	31 Dec. 2009
Non-current assets:			
Property, plant and equipment	8	978	1,429
Investments in subsidiaries	9	45,761	45,642
Investments in associates and joint ventures	10	-	-
Securities	11	7	9
Deferred tax assets	18	67	116
Total non-current assets		46,813	47,196
Current assets:			
Receivables from subsidiaries	12	1,518	1,876
Tax receivables		17	17
Other receivables	12	207	100
Cash and cash equivalents	13	29	33
Total current assets		1,771	2,026
Assets held for sale	14	128	308
Total assets		48,712	49,530

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2010	31 Dec. 2009
Equity:			
Share capital	15	3,051	3,051
Reserve for fair value adjustments		-30	-23
Retained earnings		43,474	44,073
Total equity		46,495	47,101
Non-current liabilities:			
Borrowings	16	752	760
Retirement benefit obligations and similar obligations	17	36	25
Provisions	19	27	22
Other liabilities	20	175	175
Total non-current liabilities		990	982
Current liabilities:			
Borrowings	16	922	960
Trade payables		38	31
Provisions	19	5	12
Other liabilities etc.	20	262	444
Total current liabilities		1,227	1,447
Liabilities associated with assets held for sale	14	-	-
Total liabilities		2,217	2,429
Total equity and liabilities		48,712	49,530

Statement of changes in equity

DKK million	Shareholders in Carlsberg A/S			2010
	Share capital	Fair value adjustments	Retained earnings	Total equity
Equity at 1 January 2010	3,051	-23	44,073	47,101
Profit for the year	-	-	-41	-41
Other comprehensive income:				
Value adjustments of hedging instruments	-	-9	-	-9
Retirement benefit obligation	-	-	-14	-14
Other	-	-	-1	-1
Corporation tax	-	2	4	6
Other comprehensive income	-	-7	-11	-18
Total comprehensive income for the year	-	-7	-52	-59
Acquisition/disposal of treasury shares	-	-	-9	-9
Exercise of share options	-	-	-38	-38
Share-based payment	-	-	7	7
Share-based payment to employees in subsidiaries	-	-	27	27
Dividends paid to shareholders	-	-	-534	-534
Total changes in equity	-	-7	-599	-606
Equity at 31 December 2010	3,051	-30	43,474	46,495

DKK million	Shareholders in Carlsberg A/S			2009
	Share capital	Fair value adjustments	Retained earnings	Total equity
Equity at 1 January 2009	3,051	-18	44,650	47,683
Profit for the year	-	-	-86	-86
Other comprehensive income:				
Value adjustments of hedging instruments	-	-6	-	-6
Retirement benefit obligation	-	-	-2	-2
Other	-	-	-2	-2
Corporation tax	-	1	1	2
Other comprehensive income	-	-5	-3	-8
Total comprehensive income for the year	-	-5	-89	-94
Exercise of share options	-	-	-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

The proposed dividend of DKK 5.00 per share, in total DKK 763m (2009: DKK 3.50 per share, in total DKK 534m), is included in retained earnings at 31 December 2010. Dividends paid out in 2010 for 2009 amount to DKK 534m (paid out in 2009 for 2008: DKK 534m), which is DKK 3.50 per share (2009: DKK 3.50 per share). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg A/S.

Fair value adjustments comprise accumulated changes in the fair value of hedging transactions that qualify for recognition as fair value hedges and where the hedged transaction has not yet been realised.

Statement of cash flows

DKK million	Note	2010	2009
Operating profit		-55	-90
Adjustment for depreciation		13	15
Operating profit before depreciation		-42	-75
Adjustment for other non-cash items	21	-77	-45
Change in working capital	21	-23	406
Interest etc. received		43	198
Interest etc. paid		-63	-257
Corporation tax paid		3	-3
Cash flow from operating activities		-159	224
Acquisition of property, plant and equipment		-4	-
Total operational investments		-4	-
Capital injections in subsidiaries		-	-1
Loans to subsidiaries (2009: Repayment)		-	4,724
Dividends from subsidiaries		70	-
Dividends from associates, joint ventures and securities		1	1
Total financial investments		71	4,724
Other investments in property, plant and equipment		-51	-454
Disposal of other property, plant and equipment		362	181
Total other activities¹		311	-273
Cash flow from investing activities		378	4,451
Free cash flow		219	4,675
Shareholders in Carlsberg A/S	21	-581	-540
External financing	21	441	-4,128
Cash flow from financing activities		-140	-4,668
Net cash flow		79	7
Cash and cash equivalents at 1 January ²		-50	-57
Cash and cash equivalents at 31 December²	13	29	-50

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's financial statements, management makes various accounting estimates and assumptions which form the basis of presentation, 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 27.

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.

Following the economic downturn in 2008 and parts of 2009, most economies are regaining their former strength. International economic and financial markets are reverting to more normal conditions, and prior years' significant and sometimes unexpected fluctuations in interest and currency exchange rates have also stabilised at more normal levels. The impact on the business development and 2010 financials is described in the 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 41 to the consolidated financial statements. It is management's assessment that no indications of impairment existed at year-end 2010. 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 18.

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	2010	2009
KPMG:		
Statutory audit	1	1
Assurance engagements	-	-
Tax advisory	-	-
Other services	-	-

NOTE 3 OTHER OPERATING INCOME AND EXPENSES

DKK million	2010	2009
Other operating income:		
Gains on disposal of real estate	96	48
Rental income, real estate	28	10
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	12	14
Other, incl. grants received	56	58
Total	192	130
Other operating expenses:		
Real estate costs	-71	-51
Expenses relating to the Carlsberg Research Center	-98	-103
Other	-30	-16
Total	-199	-170
Of which staff costs, cf. note 6	-70	-73

NOTE 4 FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial items recognised in the income statement

DKK million	2010	2009
Financial income:		
Interest income	48	153
Dividends from subsidiaries	70	-
Other financial income	9	1
Total	127	154

Interest income relates to interest from cash and cash equivalents.

Financial expenses:

Interest expenses	-57	-165
Interest cost on obligations, defined benefit plans	-1	-1
Other financial expenses	-17	-11
Total	-75	-177

Financial items, net recognised in the income statement

52 **-23**

Interest expenses primarily relate to interest on borrowings.

Financial items recognised in the statement of comprehensive income

DKK million	2010	2009
Value adjustments of hedging instruments:		
Cash flow hedging instruments, effective portion of changes in fair value	-9	-6
Financial items recognised in other comprehensive income	-9	-6
Total financial items, net recognised in comprehensive income	43	-29

NOTE 5 CORPORATION TAX

DKK million	2010	2009
Tax for the year comprises:		
Change in deferred tax during the year	34	-27
Adjustments to tax for previous years	-2	-2
Total tax for the year	32	-29

Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	6	2
Tax on profit for the year	38	-27

Reconciliation of the tax for the year:		
Tax rate in Denmark	-1	-28
Tax on partnerships	9	2
Adjustments to tax for previous years	-2	-2
Non-capitalised tax loss	45	-
Non-deductible expenses	1	1
Tax-free dividend	-14	-
The tax for the year	38	-27

Tax recognised in other comprehensive income

DKK million	2010			2009		
	Recognised item before tax	Tax expense/benefit	Net of tax	Recognised item before tax	Tax expense/benefit	Net of tax
Hedging instruments	-9	2	-7	-6	1	-5
Retirement benefit obligations	-14	4	-10	-2	1	-1
Other	-	-	-	-2	-	-2
Total	-23	6	-17	-10	2	-8

DKK million	2010	2009
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	5	-13
Property, plant and equipment etc.	35	-12
Deferred tax recognised in the income statement	40	-25

NOTE 6 STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

DKK million	2010	2009
Salaries and other remuneration	78	80
Retirement benefit costs – defined contribution plans	6	7
Share-based payment	7	6
Total	91	93
Staff costs are included in the following items in the income statement:		
Administrative expenses	21	20
Other operating expenses	70	73
Total	91	93

The Company had an average of 124 (2009: 134) full-time employees during the year.

Remuneration of Group Executive Board

Remuneration of the Group Executive Board is based on a fixed salary, cash bonus payments 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. These programmes and schemes cover a number of years. The remuneration is specified in note 7.

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.

Remuneration of the Group Executive Board and Supervisory Board as well as their holdings of shares in the Company are specified in note 12 to the consolidated financial statements.

NOTE 7 SHARE-BASED PAYMENT

In 2010, a total of 31,200 (2009: 64,100) share options were granted to 3 employees. The grant date fair value of these options was a total of DKK 5m (2009: DKK 6m). The total cost of share-based payment was DKK 7m

(2009: DKK 6m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

Share option programme	Number				Exercise price
	Executive Board	Other employees	Resigned employees	Total	Fixed, weighted average
Share options outstanding at 31 December 2008	183,330	24,187	119,514	327,031	315.43
Granted	60,000	4,100	-	64,100	203.50
Forfeited/expired	-9,105	-1,332	-9,105	-19,542	312.02
Transferred	-	-20,739	20,739	-	241.87
Share options outstanding at 31 December 2009	234,225	6,216	131,148	371,589	296.30
Granted	30,000	1,200	-	31,200	417.34
Exercised	-9,105	-	-28,616	-37,721	225.61
Share options outstanding at 31 December 2010	255,120	7,416	102,532	365,068	313.95
Exercisable at 31 December 2009	59,897	-	102,294	162,191	239.66
Exercised options as % of share capital	0.00%	0.00%	0.00%	0.00%	
Exercisable at 31 December 2010	75,568	1,858	99,693	177,119	262.63
Exercised options as % of share capital	0.01%	0.00%	0.02%	0.03%	

Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at grant date	2010	2009
									Options outstanding	Options outstanding
Share option programme:										
01.03.2002	01.03.2010	Grant 2002	261.39	30%	4.5%	1.4%	5.5	41.56	-	22,112
01.03.2003	01.03.2011	Grant 2003	173.12	25%	4.1%	1.8%	5.5	126.35	16,910	31,869
01.03.2004	01.03.2012	Grant 2004	216.65	29%	3.5%	1.8%	5.5	81.51	34,471	35,121
01.03.2005	01.03.2013	Grant 2005	232.71	27%	3.1%	1.7%	5.5	74.27	33,241	33,241
01.03.2006	01.03.2014	Grant 2006	306.89	19%	3.3%	1.3%	5.5	89.37	39,848	39,848
01.03.2007	01.03.2015	Grant 2007	472.11	19%	3.9%	1.0%	5.5	136.67	52,649	52,649
01.03.2008	01.03.2016	Grant 2008	457.82	22%	3.6%	1.1%	5.5	141.72	52,649	52,649
01.09.2008	01.09.2016	Special grant	448.18	27%	4.3%	1.3%	5.5	128.83	40,000	40,000
01.03.2009	01.03.2017	Grant 2009	203.50	52%	3.0%	1.7%	5.5	88.41	64,100	64,100
01.03.2010	01.03.2018	Grant 2010	417.34	30%	3.1%	0.8%	8.0	154.23	31,200	-
Total outstanding share options under the share option programme									365,068	371,589

The average share price at the exercise date for share options was DKK 434. No share options were exercised in 2009.

The assumptions underlying the calculation of the fair value of share options are described in note 13 to the consolidated financial statements.

At 31 December 2010 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 472.11 (2009: DKK 173.12 to DKK 472.11). The average remaining contractual life was 4.3 years (2009: 4.6 years).

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

					2010
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2010	1,303	102	6	448	1,859
Additions	-	-	-	55	55
Disposals	-5	-	-1	-124	-130
Transfers	-239	4	-	-269	-504
Transfer to/from assets held for sale	-5	-	-	-109	-114
Cost at 31 December 2010	1,054	106	5	1	1,166
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2010	330	96	4	-	430
Depreciation	8	4	1	-	13
Transfers	-255	-	-	-	-255
Depreciation and impairment losses at 31 December 2010	83	100	5	-	188
Carrying amount at 31 December 2010	971	6	-	1	978
Carrying amount of assets pledged as security for loans	967	-	-	-	967

Depreciation is included in administrative expenses.

In 2010 Carlsberg A/S transferred some of its buildings to newly established partnerships as capital injection.

					2009
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
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

NOTE 9 INVESTMENTS IN SUBSIDIARIES

DKK million	2010	2009
Cost:		
Cost at 1 January	45,642	45,630
Additions during the year	250	1
Disposals during the year	-25	-
Share-based payment to employees in subsidiaries	-106	11
Cost at 31 December	45,761	45,642
Carrying amount at 31 December	45,761	45,642

The carrying amount includes goodwill of DKK 11,207m (2009: DKK 11,207m) on acquisition of subsidiaries.

Share-based payment to employees in subsidiaries comprises exercised as well as outstanding share options.

NOTE 10 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

DKK million	2010	2009
Cost:		
Cost at 1 January	-	-
Additions	-	-
Disposals	-	-
Cost at 31 December	-	-

The dividends received from associates and joint ventures exceed the original investments.

NOTE 11 SECURITIES

DKK million	2010	2009
Unlisted shares	7	9

Shares in unlisted entities comprise a number of small holdings. Most of 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 2010 or 2009.

NOTE 12 RECEIVABLES

DKK million	2010	2009
Receivables by origin:		
Loans to subsidiaries	1,475	1,864
Receivables from subsidiaries	43	12
Other receivables	207	100
Total	1,725	1,976
%	2010	2009
Average effective interest rates:		
Loans to subsidiaries	1.6	5.4

The fair value of receivables corresponds in all material respects to the carrying amount.

NOTE 13 CASH AND CASH EQUIVALENTS

DKK million	2010	2009
Cash at bank and in hand	29	33
Total	29	33

In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:

Cash and cash equivalents	29	33
Bank overdrafts	-	-83
Cash and cash equivalents, net	29	-50

NOTE 14 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2010	2009
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	113	308
Deferred tax	15	-
Total	128	308

At 31 December 2010, 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 2011.

NOTE 15 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 2009	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
No change in 2010	-	-	-	-	-	-
31 December 2010	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.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
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%
1 January 2010	3,472	-	0.0%
Acquisition of treasury shares	197,571	4	0.1%
Used to settle share options	-183,287	-4	-0.1%
31 December 2010	17,756	-	0.0%

At 31 December 2010 the fair value of treasury shares amounted to DKK 10m (2009: DKK 1m).

According to the authorisation of the General Meeting, the Supervisory Board may, in the period until 24 March 2015, allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital, at a price quoted on NASDAQ OMX Copenhagen at the time of acquisition with a deviation of up to 10%.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 4m (2009: DKK 1m) at an average price of DKK 480 (2009: DKK 382), corresponding to a purchase price of DKK 95m (2009: DKK 19m). 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 48m (2009: DKK 13m). The disposal was made in connection with settlement of share options.

NOTE 16 BORROWINGS

DKK million	2010	2009
Non-current borrowings:		
Mortgages	734	742
Other non-current borrowings	18	18
Total	752	760
Current borrowings:		
Bank borrowings	1	83
Borrowings from subsidiaries	921	877
Total	922	960
Total non-current and current borrowings	1,674	1,720
Fair value	1,674	1,722

Other non-current borrowings include employee bonds of DKK 18m (2009: DKK 18m). No bonds have been issued in 2010.

Borrowings are measured at amortised cost.

NOTE 16 BORROWINGS – CONTINUED

Time to maturity for non-current borrowings

DKK million						2010
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Mortgages	-	-	-	-	734	734
Other non-current borrowings	-	-	5	13	-	18
Total	-	-	5	13	734	752

DKK million						2009
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Mortgages	-	-	-	-	742	742
Other non-current borrowings	-	-	-	5	13	18
Total	-	-	-	5	755	760

Interest rate risk on non-current borrowings

DKK million					2010	
	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk	
Mortgages:						
Fixed-rate	Fixed	4.10%	>5 years	734	Fair value	
Total mortgages		4.10%		734		

The fixed-rate mortgages comprise three mortgages with a maturity time of more than five years. Two loans (total DKK 525m) were originally at floating

rates but were swapped to fixed rates. The third loan has a fixed interest rate for more than five years.

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	Next repricing (of principal before currency swaps)					
				2011	2012	2013	2014	2015	2016-
	752	-	752	-	-	-	5	13	734

Interest rate risk on non-current borrowings at 31 December 2009

DKK million					2009	
	Interest rate	Average effective interest rate	Fixed for	Carrying amount	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 mortgages		3.45%		742		

The floating-rate mortgages comprised three mortgages with a time to maturity of more than five years. Two loans (total DKK 370m) 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 8m and DKK -8m respectively (2009: DKK -8m and DKK 8m).

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

NOTE 16 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

NOTE 17 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	2010	2009			
Changes in obligations:					
Total obligations at 1 January	25	27			
Interest cost	1	1			
Actuarial losses	14	2			
Benefits paid	-4	-5			
Total obligations at 31 December	36	25			
Assumptions applied:					
Discount rate	2.0%	2.0%			
Future retirement benefit increases	2.8%	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	-31	-29			
Actuarial gains/losses	-14	-2			
Recognised at 31 December	-45	-31			
Five-year overview:					
Unfunded obligations	36	25	27	29	28
Experience adjustments to obligations	-	-	-	-1	-1

NOTE 18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2010	2009
Deferred tax at 1 January, net	116	88
Recognised in other comprehensive income	6	2
Recognised in income statement	-40	27
	82	117
Of which transferred to assets held for sale	-15	-1
Deferred tax at 31 December, net	67	116
Specified as follows:		
Deferred tax assets	67	116
Deferred tax at 31 December, net	67	116

NOTE 18 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and liabilities at 31 December

DKK million	Deferred tax assets		Deferred tax liabilities	
	2010	2009	2010	2009
Property, plant and equipment	4	46	-	4
Provisions and retirement benefit obligations	25	17	-	-
Tax losses etc.	53	58	-	-
Total before set-off	82	121	-	4
Set-off	-	-4	-	-4
Total after set-off	82	117	-	-
Transferred to assets held for sale	-15	-1	-	-
Deferred tax assets and liabilities at 31 December	67	116	-	-
Expected to be used as follows:				
Within 12 months after the end of the reporting period	7	39	-	-
More than 12 months after the end of the reporting period	60	77	-	-
Total	67	116	-	-

Of the total deferred tax assets recognised, DKK 53m (2009: DKK 52m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

NOTE 19 PROVISIONS

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes and lawsuits etc.

DKK million	2010	2009
Provisions at 1 January	34	38
Additional provisions recognised	4	8
Used during the year	-6	-11
Reversal of unused provisions	-	-1
Provisions at 31 December	32	34

Of provisions, DKK 6m (2009: DKK 12m) falls due within one year and DKK 0m (2009: DKK 0m) after more than five years from the end of the reporting period.

NOTE 20 OTHER LIABILITIES ETC.

DKK million	2010	2009
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	175	175
Current liabilities	262	444
Total	437	619
Other liabilities by origin:		
Staff costs payable	18	17
Interest payable	1	-
Fair value of hedging instruments	40	31
Deferred income	180	347
Other	198	224
Total	437	619

NOTE 21 CASH FLOWS

DKK million	2010	2009
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-82	-48
Other non-cash adjustments	5	3
Total	-77	-45
Change in working capital:		
Receivables	-11	120
Trade payables and other liabilities	-3	298
Retirement benefit obligations and other provisions	-9	-12
Total	-23	406
Shareholders in Carlsberg A/S:		
Dividends to shareholders	-534	-534
Acquisition of treasury shares	-95	-19
Disposal of treasury shares	48	13
Total	-581	-540
External financing:		
Proceeds from issue of bonds	-	13
Debt institutions, long-term	-	-4,150
Intercompany loans, short-term	441	9
Total	441	-4,128

NOTE 22 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2010	2009
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	752	760
Current borrowings	922	960
Gross interest-bearing debt	1,674	1,720
Cash and cash equivalents	-29	-33
Loans to subsidiaries	-1,475	-1,864
Net interest-bearing debt	170	-177
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	-177	-774
Cash flow from operating activities	159	-224
Cash flow from investing activities	-378	-4,451
Dividends to shareholders	534	534
Acquisition/disposal of treasury shares and exercise of share options	47	6
Change in interest-bearing lending	-11	4,724
Other	-4	8
Total change	347	597
Net interest-bearing debt at 31 December	170	-177

NOTE 23 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.

Carlsberg A/S has used two forms of financial hedging during 2010:

Fair value hedge

Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. In Carlsberg A/S interest rate swaps are used to swap two fixed-rate to floating-rate mortgages. Foreign exchange adjustments of both financial instruments and underlying loans are recognised in the income statement. This had no net effect on the profit. By the end of 2010 the loans had been replaced, see note 16.

DKK million	2010	2009
Recognised in the income statement:		
Interest rate instruments	-8	7
Total	-8	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 December 2010 and hedges against the floating rate on a mortgage. Both swaps have a 10-year maturity.

DKK million	2010	2009
Recognised in statement of comprehensive income:		
Interest rate instruments	-9	-6
Total	-9	-6

DKK million		2010		2009	
		Positive	Negative	Positive	Negative
Fair value of financial instruments:					
Cash flow hedge	Interest rate	-	-39	-	-31
Fair value hedge	Interest rate	-	-	8	-
Total		-	-39	8	-31

NOTE 24 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 74.2% of the voting power in Carlsberg A/S, excluding treasury shares. Apart from 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 Company 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 (2009: DKK 0m) were received from associates.

DKK million	2010	2009
The income statement and statement of financial position include the following transactions with associates:		
Receivables	12	12

No losses on loans to or receivables from associates were recognised or provided for in either 2010 or 2009.

Subsidiaries. Dividends of DKK 70m (2009: DKK 0m) were received from subsidiaries.

DKK million	2010	2009
The income statement and statement of financial position include the following transactions with subsidiaries:		
Other operating income	49	45
Other operating expenses	-18	-16
Interest income	23	19
Interest expenses	-8	-118
Loans	1,491	1,876
Receivables	43	-
Trade payables	-30	-21
Borrowings	-922	-878

NOTE 25 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg A/S has issued guarantees for loans etc. of DKK 343m (2009: DKK 804m) raised by subsidiaries.

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

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

Capital commitments

DKK million	2010	2009
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	18	32
Total	18	32

Carlsberg A/S has entered into an operating lease which relates to transport equipment. The lease contains no special purchase rights etc. Future lease payments are less than DKK 1m (2009: less than DKK 1m). Operating lease

payments recognised in the income statement in 2010 are DKK 1m (2009: DKK 1m).

NOTE 26 EVENTS AFTER THE REPORTING PERIOD

Apart from the events recognised or disclosed in the financial statements, no events have occurred after the reporting date of importance to the financial statements.

NOTE 27 ACCOUNTING POLICIES

The 2010 financial statements of Carlsberg A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, 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), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Carlsberg Group, cf. note 41 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 are calculated and recognised as described in note 41 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 41 to the consolidated financial statements for a description of accounting policies.



DRAUGHTMASTER™

Improved draught beer experience is one of Carlsberg's key innovation platforms. To this end, Carlsberg has developed a patented one-way keg technology targeted at small-scale on-trade outlets serving the needs of small-volume customers by offering a mobile fridge that ensures best quality. A convenient, eco-friendly and innovative solution, which so far has been launched in 17 markets.

Business development

DKK million	2009	Change			2010	Change Reported
		Organic	Acq., net	FX		

Carlsberg Group

Q4						
Beer sales (million hl)	27.1	-5%	-4%		24.5	-9%
Net revenue	13,616	-6%	0%	4%	13,399	-2%
Operating profit	1,643	-36%	-1%	4%	1,100	-33%
Operating margin (%)	12.1				8.2	-390bp
12 mths						
Beer sales (million hl)	116.0	-2%	1%		114.2	-1%
Net revenue	59,382	-3%	-1%	5%	60,054	1%
Operating profit	9,390	1%	0%	8%	10,249	9%
Operating margin (%)	15.8				17.1	130bp

Northern & Western Europe

Q4						
Beer sales (million hl)	11.4	-2%	0%		11.1	-2%
Net revenue	8,451	-3%	-1%	4%	8,450	0%
Operating profit	657	23%	0%	5%	839	28%
Operating margin (%)	7.8				9.9	210bp
12 mths						
Beer sales (million hl)	50.2	0%	-1%		49.5	-1%
Net revenue	36,466	-1%	-3%	3%	36,156	-1%
Operating profit	4,237	17%	-1%	4%	5,086	20%
Operating margin (%)	11.6				14.1	250bp

Eastern Europe

Q4						
Beer sales (million hl)	11.1	-14%	0%		9.5	-14%
Net revenue	4,103	-19%	0%	4%	3,491	-15%
Operating profit	1,092	-57%	0%	1%	482	-56%
Operating margin (%)	26.6				13.8	-1,280bp
12 mths						
Beer sales (million hl)	51.3	-9%	0%		46.8	-9%
Net revenue	18,545	-11%	0%	9%	18,187	-2%
Operating profit	5,289	-15%	0%	10%	5,048	-5%
Operating margin (%)	28.5				27.8	-70bp

Asia

Q4						
Beer sales (million hl)	4.6	10%	-25%		3.9	-15%
Net revenue	1,041	15%	11%	11%	1,423	37%
Operating profit	147	35%	-17%	14%	194	32%
Operating margin (%)	14.1				13.6	-50bp
12 mths						
Beer sales (million hl)	14.5	14%	9%		17.9	23%
Net revenue	4,224	17%	9%	7%	5,613	33%
Operating profit	666	39%	8%	10%	1,044	57%
Operating margin (%)	15.8				18.6	280bp

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 2010.

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 2010 and of the results of the Carlsberg Group's and the Parent Company's operations and cash flows for the financial year 2010.

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, of the result for the year and of the Carlsberg Group's 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, 21 February 2011

Executive Board of Carlsberg A/S



Jørgen Buhl Rasmussen



John P. Jensen

Supervisory Board of Carlsberg A/S



Povl Krogsgaard-Larsen
Chairman




Jess Søderberg
Deputy Chairman



Hans Andersen



Flemming Besenbacher



Richard Burrows



Kees van der Graaf



Niels Kærgård




Ulf Olsson



Bent Ole Petersen



Peter Petersen



Lars Stemmerik



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 2010, pp 54-150. 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 2010 and of the results of the Carlsberg Group's and the parent company's operations and cash flows for the financial year 2010 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, 21 February 2011

KPMG

Statsautoriseret Revisionspartnerselskab



Henrik Kronborg Iversen
State Authorised Public Accountant



Jesper Koefoed
State Authorised Public Accountant

Supervisory Board

Povl Krogsgaard-Larsen



Chairman Professor, D.Pharm. Born 1941. Elected 1993 and 2009. Election period expires 2011. Chairman of the Executive Board of the Carlsberg Foundation. Chairman 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 the Drug Research Academy. He also has experience from directorships at other international companies.

Jess Søderberg



Deputy Chairman Chairman of the Audit Committee. Managing Director. Born 1944. Elected 2008 and 2010. Election period expires 2012. Former CEO of the A.P. Møller - Mærsk Group (1993-2007) and before that CFO of the same company from 1981. Member of the Supervisory Board and Audit Committee of The Chubb Corporation, advisor to Permira and member of Danske Bank's Advisory Board. Managing Director of J.S. Invest ApS, J. Søderberg Shipping ApS and KF Invest ApS.

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.

Flemming Besenbacher



Professor, D.Sc. Born 1952. Elected 2005 and 2010. Election period expires 2012. 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 and a member of the Boards of the Tuborg Foundation, Nanofence and MedTech Innovation Center.

Mr Besenbacher is director of the Interdisciplinary Nanoscience Center (iNANO), Aarhus University. He has extensive experience of managing large knowledge-based organisations and is a member of the Board of Directors of the Materials Research Society, USA, Professor Honoris Causa at a number of universities, including Chongqing University, China, and a recipient of the prestigious Einstein Professorship from the Chinese Academy of Sciences.

Lars Stemmerik



Professor, D.Sc. Born 1956. Elected 2010. Election period expires 2012. Member of the Executive Board of the Carlsberg Foundation and the Board of Directors of the Carlsberg Laboratory. Also member of the Board of Management of GeoCenter Denmark and the Board of GEUS (Geological Survey of Denmark and Greenland).

Mr Stemmerik is Head of Institute at the Department of Geography and Geology at the University of Copenhagen. With this background, he has particular expertise in the analysis of complex issues and the presentation of plans and results.

Richard Burrows



Born 1946. Elected 2009. Election period expires 2011. 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. He is a member of the European Advisory Council of the IMF.

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.

Peter Petersen ^{E)}



Chairman of the Staff Association Carlsberg and Demand Planner, Carlsberg Danmark A/S. Born 1969. Elected 2010. Election period expires 2014. Deputy Chairman of the Board of Carlsberg Staff – Gifts and Entertainment. Employee representative on the Boards of Carlsberg Danmark A/S and Carlsberg Breweries A/S.

Kees van der Graaf



Born 1950. Elected 2009. Election period expires 2011. 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 now also the co-director of the IMD Global Center: Competing in a connected future.

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 and 2010. Election period expires 2012. Member of the Executive Board of the Carlsberg Foundation and the Supervisory Boards of property companies affiliated to the Carlsberg Foundation. Mr. Øhrgaard is Chairman of Leonhardt & Høier Literary Agency A/S and of the folk high school Østersøen, Åbenrå, Denmark.

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 and 2009. Election period expires 2011. 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.

Bent Ole Petersen ^{E)}



Senior Technician, Carlsberg Laboratory. Born 1954. Elected 2002 and 2010. Election period expires 2014.

Ulf Olsson ^{E)}



Scientist, Carlsberg Research Center. Born 1970. Elected 2010. Election period expires 2014.

Hans S. Andersen ^{E)}



Brewery Worker, Carlsberg Danmark A/S. Born 1955. Elected 1998 and 2010. Election period expires 2014. Employee representative on the Board of Carlsberg Danmark A/S.

^{E)} Elected by employees. 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.

We brand as many, but stand as one

INTERNATIONAL BRANDS



ASIA



NORTHERN & WESTERN EUROPE



EASTERN EUROPE



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