Carlsberg Group Annual Report

2015

Carlsberg Group

MANAGEMENT REVIEW

FINANCIAL STATEMENTS

Editor Carlsberg Group Investor Relations **Design and production** Kontrapunkt **Photos** Nana Reimers **Proofreading** Borella projects

Chairman statement

Flemming Besenbacher
Chairman of the Supervisory Board

Welcome to our 2015 Annual Report, which outlines the operational performance and financial results of the Carlsberg Group.

A YEAR OF CHANGE

It was a year of significant changes in the Carlsberg Group. At the beginning of the year, it was announced that President & CEO Jørgen Buhl Rasmussen would stand down in June, and in October our Deputy CEO & CFO, Jørn P. Jensen, also left the Group. I would like to thank them both for their significant contribution to the Group during some very challenging years.

In June, we welcomed Cees 't Hart as new President & CEO of the Group. Cees brought with him strong international experience in fast moving consumer goods and has initiated a number of important changes in the Group, all of which have the full support of the Supervisory Board.

In 2015, a number of actions were taken to develop a stronger Carlsberg Group. The most important initiatives were *Funding the Journey* and the strategic review SAIL'22.

Funding the Journey aims to deliver net benefits of DKK 1.5-2bn. It is a multi-faceted programme, incorporating, among other things, the Group-wide programme launched at the beginning of the year to improve organisational efficiencies and the introduction of operating cost management. The net benefits of *Funding the Journey* will be used in two ways – to improve profitability and to reinvest in initiatives identified by SAIL'22. The outcome of the SAIL'22 strategic review process will be communicated on 16 March 2016.

The Supervisory Board is determined to improve the flat earnings trajectory of recent years. We are confident that *Funding the Journey* and SAIL'22 will enable the Group to take advantage of the very strong fundamentals of our business and develop a business model capable of delivering sustainable value growth for our shareholders.

PERFORMANCE

The financial results of the Group did not materialise as expected at the beginning of the year. This manifested itself in the profit warning we had to issue in August. The lower-than-anticipated operating profit was mainly due to a worsening macroeconomic environment in Russia as well as a lack of anticipated savings in Western Europe. The latter emphasises the need for *Funding the Journey*.

Consequently, operating profit declined organically in Western Europe and Eastern Europe, while Asia delivered organic operating profit growth of 13%. The financial importance of Eastern Europe has declined significantly in recent years, while the continued growth of the Asian businesses now means that Asia accounts for almost 30% of Group operating profit.

Overall, adjusted net profit was DKK 4.6bn. Due to strong cash flow and despite lower profits compared with 2014, the Board recommends a dividend payment of DKK 9.00 per share. This corresponds to a 30% payout ratio of adjusted net profit, which represents almost a doubling over the last few years.

BOARD ACTIVITIES

The main focus of the Supervisory Board in 2015 was succession planning, including a smooth transition of the executive management. In addition to the appointment of Cees 't Hart, this included the appointment in early January 2016 of a new CFO, Heine Dalsgaard, who will join the Carlsberg Group no later than 1 August 2016.

Furthermore, the Supervisory Board has participated in the process of developing the new Group strategy as well as the work during the year on developing a stronger business model, including *Funding the Journey*. More details of the work of the Supervisory Board in 2015 are provided on page 42.

THE FOUNDATION
The Carlsberg Foundation is the principal shareholder of the Carlsberg Group, holding 30% of the capital and 75% of the votes.

The Foundation shares the interests of any long-term value-oriented shareholder, focusing on steady, sustainable long-term value creation. Sustainable value growth will also increase the Group's ability to increase cash returns to our shareholders, in line with the trend of recent years, when the compound annual growth rate in dividends during the period 2010-2015 was 12.5%.

RESEARCH AND DEVELOPMENT
From the very beginning, research and development have been part of the Carlsberg Group's legacy. Here, particularly in the Carlsberg Research Laboratory, we possess strong competences within the areas of barley, yeast, ingredients and brewing technology.

BOARD CHANGES
In 2015, Deputy Chairman Jess Søderberg stepped down having reached the age limit stipulated in the Articles of Association. I would like to thank Jess for his outstanding contribution to the Group during his tenure. Replacing Jess Søderberg was Lars Rebien Sørensen, CEO of Novo Nordisk A/S, who was elected by the AGM in March 2015 and subsequently nominated Deputy Chairman.

Also in 2015, employee representative Elena Pachkova stepped down from the Board and was replaced by Erik Lund. I would like to extend my thanks to Elena and welcome Erik to the Supervisory Board.

THANK YOU
It has been a year of many changes, impacting employees across the Carlsberg Group. We have had to say goodbye to many colleagues in the pursuit of making the Carlsberg Group a leaner and less complex company. On behalf of the Supervisory Board, I would like to thank the Executive Committee and all employees, both those who are still with us and those who left the Group during the year, for their very valuable contribution and dedication to the Carlsberg Group during a challenging 2015.

February 2016
The Supervisory Board
Carlsberg A/S

Our Asia region achieved strong results once again in 2015.

2015 Highlights

FUNDING THE JOURNEY

In Q3, all existing and new **profit improvement initiatives** were unified in a single programme, *Funding the Journey*, with the objective of achieving **faster delivery of benefits** and **improving profit and cash flow**. *Funding the Journey* is expected to deliver **net benefits of DKK 1.5-2bn**. Read more on page 15.

SAIL'22

In August, a **strategic review process** was initiated with the purpose of **setting the direction** for the Group during the coming years. The new strategy, **SAIL'22**, will guide us in our efforts to become a **successful, professional** and **attractive** beer-based company in the markets in which we compete.

SAIL'22 will be communicated on 16 March 2016. Read more on page 14.

CHANGE OF CEO

In mid-June 2015, **Cees 't Hart** was appointed **new CEO** of the Carlsberg Group. Read Cees' letter to shareholders on page 12 and see his CV on page 54.

FINANCIAL RESULTS

Net revenue grew by 2% organically as a result of strong Asian performance and price/mix in Eastern Europe.

Operating profit was down 7% organically. Strong Asian growth was offset by results in Eastern and Western Europe.

Special items were impacted by initiatives related to Funding the Journey and the worsened macroeconomy in Russia.

Adjusted net profit was impacted by lower operating profit and higher other financial items.

Free cash flow was positively impacted by working capital improvement, lower CapEx and sale of non-core assets.

ROIC was impacted by the continued difficult trading environment in Eastern Europe and lower operating profit in Western Europe.

65.4bn
Net revenue (DKK)

8.5bn
Operating profit (DKK)

8.7bn
Special items (DKK)

4.6bn
Adjusted net profit (DKK)

7.5bn
Free cash flow (DKK)

8.1%
ROIC

!

Read the whole financial review on page 18.

A strong portfolio of brands

INTERNATIONAL PREMIUM BRANDS

We have an **appealing range** of **international premium brands** covering all key segments from **craft** to **heritage** to **younger-oriented fun**.

BEER PORTFOLIO

Our **full-range beer portfolio** of **international premium** brands, **craft** and **speciality** beers, and **local power** brands meets **diverse consumer needs** across our markets.

PREMIUMISING THE PORTFOLIO

Our **international beer brands** contribute to the **premiumisation** of our portfolios in local markets.

25% **International premium brands' share of beer volumes.**

Read more about our brands on page 30.

STRONG LOCAL BRANDS

Our local **power brands** have a **long history** and command **high consumer** and **customer loyalty**.

NEW PRODUCTS AND INNOVATIONS

We ensure a **relevant pipeline** of new products and innovations to support **brand relevance** and **value growth**.

Leading positions in most markets

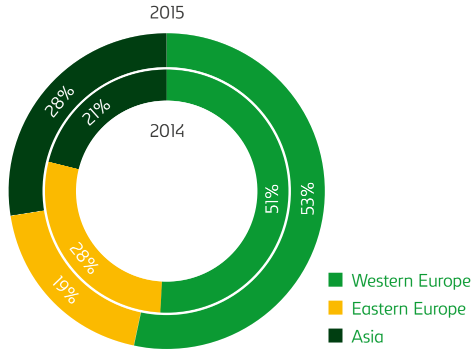
LEADING POSITIONS

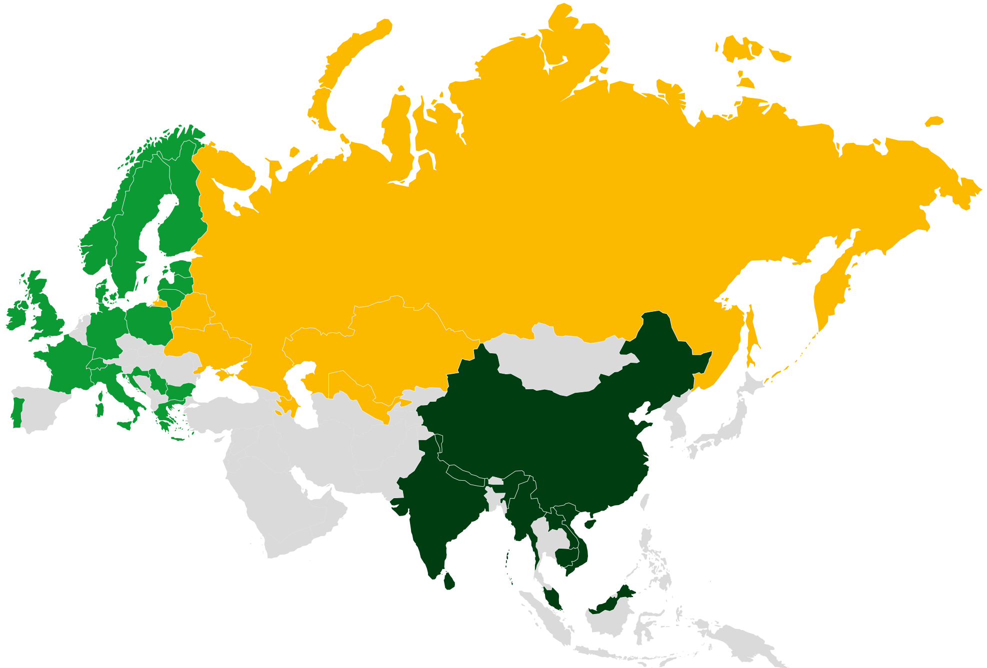
Scale and **strong market positions** are important **value drivers** in the beer business. **75%** of our beer volumes are **sold in markets** where we are **no. 1 or 2**.

75%
No. 1 or 2

BALANCED GEOGRAPHY

Our regional exposure has changed over the past years and the growing **Asia region** now accounts for **28%** of Group **operating profit**.





SUSTAINABILITY

We focus on **optimising resource efficiency**, creating a **culture of responsible drinking** and ensuring that we work **the Carlsberg way** – everywhere.

GLOBAL REACH

Our **beer** and **cider** brands are sold all over the world.

Diverse geographic spread

Our **geographic exposure** has changed significantly, today providing a **balance** between the **growth markets** of Asia and the **mature markets** of Europe.

WESTERN EUROPE

39.0bn
DKK – net revenue

5.3bn
DKK – operating profit

The Carlsberg Group is the second largest brewer in Western Europe. According to Canadean[1], beer market volumes in the region amounted to approx. 250m hl in 2015. Facts and figures on our Western European markets are shown on page 9.

The region mainly comprises mature markets, with market volumes in most markets being flat or slightly declining. In value terms, the region is growing slightly. In recent years, beer category dynamics have improved slightly, driven by innovations, increased interest in speciality/craft beers and an overall improved category perception.

The region is generally characterised by well-established retail structures and a strong tradition of beer consumption, particularly in the northern and eastern parts of the region. The share of on-trade varies between markets, but generally speaking the weak macroenvironment of recent years has led to a shift from on-trade to off-trade consumption.

The competitive landscape comprises the global and regional brewers, with intense but generally rational market behaviour.

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Read more about **Western Europe** and our 2015 performance on page 21.

EASTERN EUROPE

11.0bn
DKK – net revenue

1.9bn
DKK – operating profit

The Carlsberg Group is the market leader in the region's main market, Russia, and no. 2 in the second largest market, Ukraine. According to Canadean[1], Russia is the fourth largest beer market in the world, and total beer market volumes in the region amounted to approx. 115m hl in 2015. Facts and figures on our Eastern European markets are shown on page 9.

In recent years, Russian beer market volumes have declined due to a challenging macroeconomy, significant price increases and changed regulation. Per capita consumption has thus decreased from 80 litres in 2008 to 49 litres in 2015. The difficult market and subsequent decline of the beer category are expected to persist for the next few years.

The Ukrainian market has also been in decline due to the uncertain and challenging macroenvironment as well as increasing inflation.

The off-trade accounts for the majority of the market. On the back of the tough consumer environment, the modern off-trade, consisting of hypermarkets and supermarkets, has grown significantly in recent years, now accounting for approx. 40% of beer sales in Russia.

The global brewers are all present in Russia and, to a lesser extent, Ukraine. In Russia, local players have increased their market share in recent years, and now account for approx. 26% of market volumes, albeit less measured in value terms.

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Read more about **Eastern Europe** and our 2015 performance on page 24.

ASIA

15.3bn
DKK – net revenue

2.8bn
DKK – operating profit

The Carlsberg Group has an attractive footprint with solid market positions in Asia. According to Canadean[1], in volume terms, China is by far the largest beer market in the world and total beer market volumes in our Asian footprint amounted to approx. 630m hl in 2015. Facts and figures on our Asian markets are shown on page 9.

The Asian markets are diverse, with our Asian portfolio of businesses consisting of mature markets such as Malaysia, Hong Kong and Singapore as well as emerging beer markets such as China, India, Myanmar and Cambodia. Generally, our Asian markets offer considerable prospects for growth, underpinned by young populations, urbanisation, rising disposable income levels, growing economies and, in some markets, relatively low per capita beer consumption. However, as emerging markets, development can be subject to volatility.

With the exception of India, on-trade generally represents an important sales channel in our Asian markets. Off-trade is largely characterised by traditional outlets, although the modern off-trade is growing in urbanised areas.

Competitive intensity varies, with markets being contested by strong local brewers as well as the global brewers.

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Read more about **Asia** and our 2015 performance on page 27.

[1] Independent market research and data management provider.

Strong regional presence

We hold strong no. 1 or 2 positions in 80% of our markets.

Our markets	Market data[1]				Consumption characteristics[1]		Our position		Our operations[2]
Western Europe	Population (millions)	Est. GDP/capita PPP (USD)	Est. real GDP growth (%)	Inflation, avg. consumer prices (%)	Per capita beer consumption (litres)	On-trade share of market, approx. (%)	Market position (no.)	Market share (%)	Breweries
Denmark	5.7	45,435	1.6	0.5	89	26	1	55	1
Sweden	9.9	47,319	2.8	0.5	47	22	1	34	1
Norway	5.2	67,671	0.1	2.3	54	20	1	55	2
Finland	5.5	41,068	0.4	0.0	83	15	1	47	1
France	64.2	41,221	1.2	0.1	30	28	2	29	1
Switzerland	8.2	58,598	1.0	-1.1	56	41	1	42	1
UK	64.9	40,958	2.5	0.1	69	49	4	14	1
Poland	38.0	26,403	3.5	-0.8	100	10	3	19	3
Germany	81.7	47,033	1.5	0.2	92	17	2[5]	16[5]	2
Italy	60.9	35,665	0.8	0.2	28	39	4	7	1
Portugal	10.4	27,734	1.6	0.6	46	58	1	47	1
The Baltics[3]	6.3	27,142	1.8-2.4	-0.4-0.7	68-96	4-6	1-2	26-42	3
South East Europe[4]	29.5	20,401	-2.3-1.7	0.8-1.6	35-75	16-52	2-3	14-27	5
Eastern Europe									
Russia	146.3	23,744	-3.8	15.8	49	11	1	35	8
Ukraine	42.7	7,990	-9.0	50.0	48	12	2	30	3
Belarus	9.4	17,859	-3.6	15.1	46	5	1	29	1
Kazakhstan	17.7	24,346	1.5	6.3	27	13	2	27	1
Azerbaijan	9.4	18,512	4.0	5.0	6	20	1	75	1
Asia									
China	1,375.0	14,190	6.8	1.5	29	44	1[6]	~55[6]	37
Vietnam	91.6	6,020	6.5	2.2	33	42	4	9	3[7]
Laos	7.0	5,335	7.5	5.3	42	45	1	97	2
Cambodia	15.5	3,485	7.0	1.1	39	12	1	63	1
Nepal	28.4	2,465	3.4	7.2	2	77	1	70	1
India	1,292.7	6,209	7.3	5.4	2	20	3	15	7
Myanmar	51.8	5,164	8.5	12.2	8	50	4	2	1
Malaysia	31.1	26,141	4.7	2.4	6	73	2	38	1
Singapore	5.5	84,900	2.2	0.0	21	65	2	20	-
Hong Kong	7.3	56,689	2.5	2.9	24	29	2	26	-

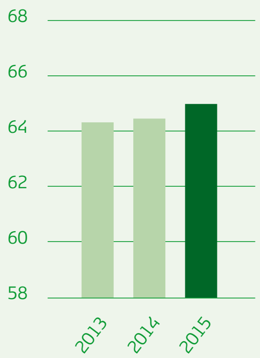
Source: Canadean, IMF, Carlsberg estimates. [1] 2015E. [2] As per the publication of this report. [3] Estonia, Latvia, Lithuania. [4] Bulgaria, Croatia, Serbia, Greece. [5] Northern Germany. [6] Western China. [7] Excl. Habeco.

Financial performance

Our changed geographic exposure and strong business fundamentals will enable us to leverage our strengths, delivering future value growth to our shareholders.

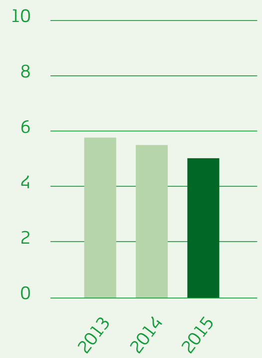
NET REVENUE
(DKKbn)

Following a flat development in 2014, net revenue was up 2% organically in 2015. The growth was mainly driven by Asia, which delivered organic growth of 5%. Asia is the primary driver of top-line growth, delivering both volume and value growth. In Western Europe, market volumes are flat, while in Eastern Europe they are declining due to a very severe macroeconomic climate and negative consumer sentiment. Asia's share of Group net revenue has increased significantly in recent years and the region is now the second largest in the Group. Consequently, the Group is well positioned for long-term organic growth.



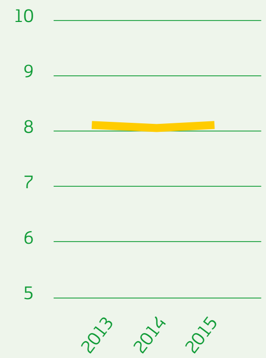
ADJUSTED NET PROFIT
(DKKbn)

Adjusted net profit is adjusted for special items after tax. In 2015, adjusted net profit declined due to the lower operating profit in addition to higher other financial items, which impairment due to foreign exchange adjustments. Net interest costs have come down consistently in recent years as a result of lower average funding costs.



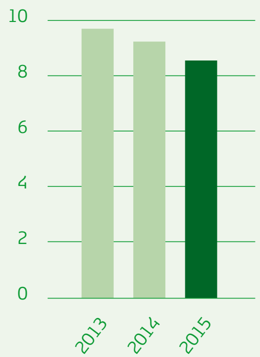
ROIC
(%)

Return on invested capital (ROIC) is a key metric for the Group. The current level of ROIC and the flat development of recent years are not satisfactory. The short-term benefits of *Funding the Journey*, the longer-term growth delivered by SAIL'22 and improved asset utilisation should increase ROIC. The large impairment in 2015 will also have a positive impact. In addition, disposal of non-core assets will contribute to an improvement in ROIC.



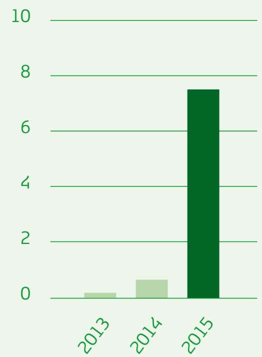
OPERATING PROFIT
(DKKbn)

In recent years, operating profit has not delivered satisfactory results, mainly due to declining results in Eastern Europe. In 2015, strong growth in Asia was offset by declining operating profits in the other two regions due to deteriorating macroeconomic conditions in Russia and lack of anticipated savings in Western Europe. To improve this negative trajectory effectively, *Funding the Journey* was launched. In addition, the new strategy will steer the Group towards a sustainable, organic business growth model.



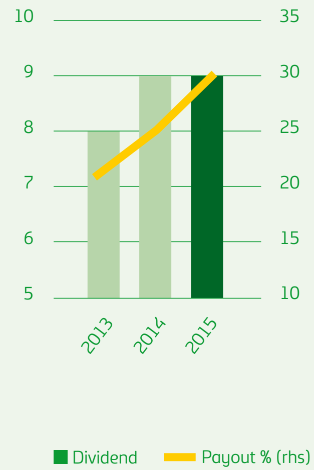
FREE CASH FLOW
(DKKbn)

Free cash flow improved significantly in 2015 versus 2013 and 2014, which were impacted by high investments driven by growth in Asia and restructuring initiatives in Western Europe. In 2015, CapEx decreased significantly and financial investments, net, were positive due to low M&A activity. Moreover, the Group sold the remaining land at the former brewery site north of Copenhagen. Disposing of non-core assets remains on the agenda, and in January 2016 the Group announced the sale of Danish Malting Group (DMG).



DIVIDEND AND PAYOUT RATIO
(%)

In spite of the decline in net profit, at the Annual General Meeting the Supervisory Board will propose a dividend per share of DKK 9.00, unchanged versus 2015. The dividend payment equates to a payout ratio of 30% of adjusted net profit and follows the upward trend of recent years.



Five-year summary

DKK million	2011	2012	2013	2014	2015
Sales volumes, gross (million hl)					
Beer	139.8	140.9	138.7	134.5	131.8
Other beverages	22.2	22.0	21.5	22.7	23.3
Sales volumes, pro rata (million hl)					
Beer	118.7	120.4	119.7	122.8	120.3
Other beverages	19.2	19.1	19.7	21.0	21.5
Income statement					
Net revenue	63,561	66,468	64,350	64,506	65,354
Operating profit before depreciation, amortisation and impairment losses	13,600	13,812	13,592	13,338	13,213
Operating profit before special items	9,816	9,793	9,723	9,230	8,457
Special items, net	-268	85	-435	-1,353	-8,659
Financial items, net	-2,018	-1,772	-1,506	-1,191	-1,531
Profit before tax	7,530	8,106	7,782	6,686	-1,733
Corporation tax	-1,838	-1,861	-1,833	-1,748	-849
Consolidated profit	5,692	6,245	5,949	4,938	-2,582
Attributable to:					
Non-controlling interests	543	638	478	524	344
Shareholders in Carlsberg A/S	5,149	5,607	5,471	4,414	-2,926
Shareholders in Carlsberg A/S, adjusted[1]	5,203	5,504	5,772	5,496	4,557
Statement of financial position					
Total assets	147,714	153,961	152,308	137,458	124,901
Invested capital	118,196	121,467	119,112	104,006	90,102
Invested capital excluding goodwill	62,199	67,553	61,946	51,143	39,832
Interest-bearing debt, net	32,460	32,480	34,610	36,567	30,945
Equity, shareholders in Carlsberg A/S	65,866	70,261	67,811	52,437	43,489

		2011	2012	2013	2014	2015
Statement of cash flows						
Cash flow from operating activities		8,813	9,871	8,142	7,405	10,140
Cash flow from investing activities		-4,883	-3,974	-8,012	-6,735	-2,618
Free cash flow		3,930	5,897	130	670	7,522
Investments						
Acquisition and disposal of property, plant and equipment, net		-3,618	-2,264	-4,522	-4,828	-2,439
Acquisition and disposal of entities, net		-260	-27	-2,314	-1,681	-33
Financial ratios						
Operating margin	%	15.4	14.6	15.1	14.3	12.9
Return on invested capital (ROIC)	%	8.4	8.0	8.1	8.0	8.1
ROIC excl. goodwill	%	14.7	14.3	14.5	15.3	16.9
Equity ratio	%	44.6	45.6	45.2	38.3	34.8
Debt/equity ratio (financial gearing)	x	0.45	0.44	0.48	0.65	0.66
Debt/operating profit before depreciation and amortisation	x	2.39	2.35	2.55	2.74	2.34
Interest cover	x	4.86	5.53	6.46	7.75	5.53
Stock market ratios						
Earnings per share (EPS)	DKK	33.8	36.8	35.9	28.9	-19.2
Earnings per share, adjusted (EPS-A)[1]	DKK	34.1	36.1	37.8	36.0	29.9
Cash flow from operating activities per share (CFPS)	DKK	57.7	64.6	53.4	48.4	66.3
Free cash flow per share (FCFPS)	DKK	25.7	38.6	0.9	4.4	49.2
Dividend per share (proposed)	DKK	5.5	6.0	8.0	9.0	9.0
Payout ratio	%	16	16	22	31	n.m.
Payout ratio, adjusted[1]	%	16	17	21	25	30
Share price (B shares)	DKK	405.0	554.0	600.0	478.8	612.5
Number of shares (year-end, excl. treasury shares)	1,000	152,523	152,555	152,533	152,538	152,552
Number of shares (average, excl. treasury shares)	1,000	152,538	152,543	152,548	152,535	152,542

[1] Adjusted for special items after tax.

CEO statement

Cees 't Hart
President & CEO

In June 2015, I joined the Carlsberg Group. Let me begin by saying that I believe the Group has a number of significant strengths. These include portfolios of strong brands, strong market positions in our geographies, and highly engaged and enthusiastic employees across the organisation.

However, on joining Carlsberg, I also realised that changes were needed in order for us to improve the flat earnings development of recent years. We have to change the way we do things and work together, rethink our priorities and establish a winning mindset with a clear and common ambition for the organisation. The profit warning issued in August only served to highlight the urgency with which things needed to be changed.

A NEW STRATEGY

To achieve this, we launched a strategic review process immediately after the summer, involving the top 60 leaders in the Carlsberg Group. It has been an exciting process, not just because of the discussions on the strategic review, but also because it has been an important catalyst for breaking down the geographical and functional silos that I found to be widespread in the organisation.

In order to be successful, we must remove the barriers to efficient working and find a way to leverage both our scale and our closeness to the market. This will require us to unite the efficiency of cross-market specialists and activities with the power of successfully implementing practical and consumer-oriented local solutions in the markets. I am pleased with the progress that I have seen in this respect.

We have named the strategy SAIL’22, indicating that this is a journey and that it will guide the Group for the next seven years. At the time of writing, we are not yet ready to communicate the conclusions of the strategic review, but we will do so on 16 March 2016.

However, I am able to provide a few insights into the thoughts behind the strategy. First of all, the ambition is to accelerate value creation for our shareholders. Secondly, the strategy will be an evolution rather than a revolution, building on the many strengths of the Group. The Carlsberg Group will remain a beer-based company and we will also in the future be in Western Europe, Eastern Europe and Asia. Coming out of the strategic review are decisions on portfolio, capabilities and culture that together will turn the Group into a successful, professional and attractive company in the markets in which we choose to compete. You can read more about our ambitions for the new strategy on page 14.

FUNDING THE STRATEGY

In order to execute the new strategy successfully, it is important to be able to provide the necessary investments and support for those areas that we choose to prioritise. Unfortunately, the current state of the business does not allow for such investments. Consequently, we launched *Funding the Journey* in the fourth quarter of 2015. This is a corporate initiative that brings together in one overall programme a range of individual programmes designed to save costs or improve profit.

The initiatives can be divided into four main areas: Value Mangement, Supply Chain Efficiency, Operating Expense Efficiency and Right-sizing of Businesses. Many of the individual programmes already existed, while some are new. One of the initiatives, involving a review of the organisation with the aim of simplifying and removing duplication in processes, resulted in a plan to reduce white-collar staff by approximately 2,000 employees, corresponding to around 15%. By the end of 2015, more than 1,700 people had left or been given their notice. In addition, we took stock of the increasingly challenging market conditions in Russia and China, and this led to significant impairment charges. Furthermore, we implemented restructuring measures in all three regions. In total, all these actions had a significant impact on special items, which amounted to DKK 8.7bn.

Importantly, *Funding the Journey* will generate the benefits that will allow us to invest in our future growth. We have committed to delivering benefits of DKK 1.5-2.0bn, of which part will be reinvested in the business to support the new strategy and part will improve earnings and cash flow. More details on *Funding the Journey* are provided on page 15.

I am confident that the very strong fundamentals of the Carlsberg Group, combined with SAIL’22 and *Funding the Journey*, will enable us to build a business that will deliver long-term sustainable organic value growth to our shareholders and benefit other Group stakeholders.

FINANCIAL RESULTS

Reported Group operating profit in 2015 was DKK 8.5bn with an organic decline of 7%. The decline was partly due to issues outside our control, namely the continued worsening of the macroeconomic climate in Russia. However, we also failed to achieve the planned savings in Western Europe. To avoid a similar situation going forward, the activities under *Funding the Journey* and the expected benefits will be closely monitored, and clear roles and responsibilities have been assigned.

Free cash flow improved significantly on the past couple of years, reaching DKK 7.5bn. The strong improvement was driven by improved trade working capital, lower capital expenditures and financial investments, as well as a positive contribution from the sales of the last plot of land at the Tuborg site north of Copenhagen and the former brewery in Leeds in the UK.

COMMERCIAL HIGHLIGHTS OF 2015

One of the great strengths of the Carlsberg Group is undoubtedly our very strong and diverse brand portfolio, which comprises an interesting range of premium international brands, covering all key segments from craft to heritage to younger-oriented fun, and an impressive number of local power brands, nearly all of which have deep roots in their local markets.

In 2015, we continued the further roll-out of our international premium brands, launched innovations across our markets and revitalised certain local power brands.

The Carlsberg brand continued to deliver growth in Asia, but declined in Western and Eastern Europe as a result of the overall market decline and cycling difficult comparables due to the previous year's World Cup. We began activating the sponsorship of UEFA EURO 2016™. This event will take place in June and July and will be an important event for the brand. Moreover, an important activity for the brand in 2015 was the revitalisation of the tagline "Probably the best...".

Tuborg celebrated another year of strong performance, growing 15%. The growth was particularly pronounced in China and India as a result of increased distribution, increased sales per outlet and well-executed above-the-line campaigns that have led to increased brand awareness and consumer demand.

Grimbergen, our Belgian abbey beer positioned in the craft beer segment, also grew by 15%. Again in 2015, it was the fastest growing internationally distributed abbey beer, now being available in 38 markets. The growth was backed by a new international TV campaign, continued growth in France, packaging innovations and further geographic expansion.

Innovations are important for supporting our local portfolios and driving value. We launched a number of new concepts in addition to the further roll-out in more markets of recent years' innovations. Examples include Brewmasters Collection, which plays in the affordable craft beer category. The Collection is progressing well and is now available in five markets. Within the growing non-/low-alcoholic segment, Nordic took leadership of the category in Denmark, Radler continued to grow across many markets, and Tourtel Twist, launched at the beginning of the year, has been very successful in France.

A SUSTAINABLE BUSINESS

In the Carlsberg Group, we make a concerted effort to implement sustainable business practices throughout our value chain.

In 2015, we continued to implement activities across our three sustainability themes: Resources & Environment, Health & Well-being and People & Policies.

You can learn more in our Sustainability Report, which is available online at www.carlsberggroup.com/sustainability/reports. In summary, we pursued our sustainability ambitions, though we did not achieve everything we set out to do in 2015. However, among many other initiatives, we launched a three-year project to develop a fully bio-based and biodegradable beer bottle, organised the first Global Beer Responsibility Day together with our industry peers, and continued to make progress towards our 2017 targets across our sustainability themes.

A FOCUSED EXECUTIVE COMMITTEE

A number of changes took place in the Executive Committee – the top management team of the Group – in 2015. At the very beginning of the year, Andraea Dawson-Shepherd joined the team as Senior Vice President, Group Corporate Affairs, and Senior Vice President Bengt Erlandsson, long-time head of Procurement, decided to retire and was not replaced.

As I wish to have a dynamic and fast decision-making top management team, it was my decision to shrink the Executive Committee, and in August we let Andraea Dawson-Shepherd go. In addition, the head of Group Commercial is no longer a member of the Executive Committee. Later in the year, our Deputy CEO & CFO, Jørn P. Jensen, left the Group by mutual agreement with the Supervisory Board and myself.

Finally, as of 1 April, Jørn Tolstrup Rohde will leave the Group. He will be replaced by Michiel Herkemij, currently interim CEO of our UK business. I would like to thank Jørn P., Bengt, Andraea and Jørn for their contributions to the Carlsberg Group. In particular, during his 15 years with the Group, Jørn P. was an important driver in transforming Carlsberg from a small Danish brewer with limited international presence into an international Group with strong market positions in Western Europe, Eastern Europe and Asia.

THANK YOU

During the year, we had to say goodbye to many colleagues in our efforts to prepare the Group for a stronger future. I would like to thank each and every one of our former employees for their contributions to the Group and wish them all the best in their future careers.

I would also like to thank the leadership team and all current employees for their enthusiasm and hard work during this challenging year. In addition, I would like to acknowledge the support of the Supervisory Board and its endorsement of *Funding the Journey* and SAIL'22.

Finally, it has been a great pleasure to meet current and potential shareholders, whom I would also like to thank for supporting the Group and the journey that we are on.

President & CEO
Cees 't Hart

SAIL'22

SAIL'22 will be communicated on 16 March 2016.

OUR STRATEGY

SAIL'22 will deliver on our aspiration to become a **successful, professional** and **attractive** beer-based company:

Successful by applying a strong balance between market share, gross profit margin after logistics and operating profit.

Professional by delivering best-in-class service to our customers.

Attractive by creating value for investors, engaging employees and contributing to the societies in which we operate.

The Carlsberg Group aspires to become a successful, professional and attractive beer-based company in the markets in which we compete.

In order to achieve that, in the late summer of 2015 we initiated a strategic review called SAIL'22. As the name suggests, the strategy has a long-term focus and is intended to set the direction for the Group during the next seven years.

The development of SAIL'22 has involved the top 60 leaders in the Group, including leaders in both markets and functions. The key focus of SAIL'22 is to establish a sustainable business model that enables the Group to generate long-term value for shareholders and other stakeholders. The Carlsberg Foundation, as a major, highly committed long-term shareholder, and the strong Carlsberg legacy are important elements in developing a strong corporate culture and overall purpose for the Group.

SAIL'22 is based on in-depth analyses of global and local trends. Careful consideration has been given to issues such as the Group's purpose, portfolio, geographies, markets and segments, and capabilities, allowing us to make the best decisions in these areas.

Funding the Journey

Funding the Journey **benefits will enable us to reinvest in the business in support of our SAIL'22 priorities.**

While SAIL'22 addresses the long-term strategic direction and sustainable value creation of the Group, short-term measures are needed to unlock the full potential of the Group and release funds for investment in our future growth.

As a result, *Funding the Journey* was launched in the second half of 2015. This brings together in a single programme all existing and new profit improvement initiatives in order to ensure a sharper focus, and fast and impactful delivery. It also addresses the need to right-size parts of the business with the objective of providing the right match with current market reality.

Funding the Journey **involves four main elements:**

VALUE MANAGEMENT

Optimising the balance between market share and profits by executing improvement initiatives that focus on creating and capturing customer value across core channels and customer segments.

Initiatives include promotional strategies, pack-price architecture and assortment to ensure a high-value, competitive offering in the marketplace. Additionally, value management work will also look to fully embed sales and pricing tools in the markets, align sales and marketing incentives with Group objectives, and set up rigorous performance management processes, resulting in a more profitable mix of brands, channels and promotional activities.

SUPPLY CHAIN EFFICIENCY

Efficiency improvements within all areas of the supply chain – procurement, brewing and bottling, warehousing and logistics.

Procurement will focus on best-in-class sourcing practices. In brewing and bottling, the focus will be on brewery efficiency gains and continuing a positive trajectory of reducing waste and utility consumption. Warehousing and logistics will focus on optimising warehouse operations, productivity of the distribution network, centralising transport operations and sourcing practices.

The business standardisation project (BSP1) is an important tool in realising these efficiency improvements, facilitating a single integrated supply chain supported by a uniform system and set of processes.

Finally, supply chain efficiency will also include a complexity reduction initiative to simplify our portfolio with the aim of delivering more value to shoppers.

OPERATING EXPENSE EFFICIENCY

Improving organisational efficiencies by simplifying, streamlining and removing duplication in processes. In total, white-collar headcount will be reduced by approximately 2,000 employees, corresponding to around 15%.

Other initiatives include the implementation of Operating Cost Management – a framework for budgeting, tracking and monitoring costs – and further outsourcing of selected shared services, including the transfer of selected Carlsberg Group shared services in Poland to Genpact, a leading supplier of a broad range of shared services.

RIGHT-SIZING OF BUSINESSES

An updated assessment of the anticipated future earnings projections of individual businesses and brands, and an assessment of our supply base relative to expected volumes.

The right-sizing initiative is an 18- to 24-month programme that commenced in the second half of 2015. It is centred around restructuring initiatives in Russia, China and the UK, as well as smaller initiatives in other markets.

BENEFITS

In 2018, ***Funding the Journey*** is expected to deliver net benefits of **DKK 1.5-2.0bn**, in constant currency, with the majority of the benefits delivered during 2017.

A proportion of the benefits will be **reinvested in the business** in accordance with SAIL'22, while the remainder will **improve operating profit**.

Russia
As a result of the continuous Russian market decline and the very challenging macroeconomic conditions in the country, it became necessary to reassess our Russian business. The conclusion was that the difficult market challenges will persist for the next few years and, consequently, that we expect the decline of the beer category to continue, negatively impacting the current and future profits of our Russian business. Further restructuring of our production network was therefore needed. Moreover, although we expect to continue to generate a significant part of the total Russian profit pool, the earnings of our brands no longer supported their book value.

China
The turnaround of Eastern Assets in China has not delivered according to expectations, as our efficiency improvements have been offset by the beer market decline and intensified competition. A thorough evaluation of the business, including options of further improvement initiatives and disposals, indicated a continuation of operating losses in the foreseeable future. Furthermore, we are reviewing our broader brewery footprint in China with the aim of implementing additional restructuring measures in order to improve the supply chain network efficiency. Finally, local brands in Chongqing Brewery Group have not achieved the expected growth rates due to higher-than-expected growth of the Tuborg brand, which in 2015 was up more than 60% in China.

UK
In recent years, the financial performance of our UK business has been deteriorating as a result of the market challenges. The delisting in October at a major retailer further added to the challenges and led to underabsorption of costs in our brewery operations. Consequently, we are refocusing and restructuring the business with the aim of reducing capacity and costs. Some of this work began in 2015.

Other
Finally, we are assessing a plan to provide better alignment of our production and logistics capacity with market requirements across various markets in the Group. The plan is to enhance the future profitability of the business and will entail reducing capacity within breweries as well as brewery closures. Charges related to this cannot be communicated at this point in time. In addition, as part of our focus on maximising return on invested capital, we will, when appropriate, release capital employed from the often small, less core assets.

Impairment and restructuring charges
The impairment tests, restructuring and right-sizing initiatives in 2015 resulted in asset impairment and restructuring costs of DKK 8.5bn. Less than 3% was cash. The majority of the impairment and restructuring charges were accounted for in 2015. In Russia, the charges amounted to DKK 4.4bn and in China, they amounted to DKK 3.3bn.

As *Funding the Journey* continues, we anticipate further changes related to the utilisation of assets. This may lead to additional restructuring charges, including impairments. In total, the impairments and anticipated actions under *Funding the Journey* are expected to amount to around DKK 10bn, of which less than 10% will be cash.

FUNDING THE JOURNEY

Four main elements
- Value Management
- Supply Chain Efficiency
- Operating Expense Efficiency
- Right-sizing of Businesses

Net benefits in 2018 (DKK)
1.5-2.0bn

Use of net benefits
- **Reinvestment** in the business in support of our SAIL'22 priorities
- **Improvement** of profits and returns

Earnings expectations for 2016

2016 will be a year of consolidation. Consequently, our expectations for 2016 are modest, with the majority of the benefits of *Funding the Journey* coming through in 2017 and full benefits in 2018.

The key priorities for 2016 will be executing *Funding the Journey* and ensuring the achievement of the net benefits, announcing SAIL'22, and taking the first steps in embedding and implementing the strategy. From a regional point of view, focus will be on improving margins in Western Europe, continuing the growth trajectory in Asia and mitigating the negative earnings impact from the weakening currencies and the continued market decline in Eastern Europe.

For 2016, we assume the development in our major beer markets to be in line with 2015:

- The Western European beer markets are expected to be flat, with some positive impact during the early summer from UEFA EURO 2016™. Generally, beer category dynamics are improving slightly, driven by innovations, increased interest in speciality and craft beers, and overall improved category perception.
- In Asia, our non-Chinese markets are expected to grow, while we assume that the Chinese beer market will show an improving trend compared with the decline of the past two years.
- The Eastern European markets are expected to remain under pressure as a result of the ongoing challenging macroeconomic situation and a highly volatile currency environment.

Based on the above market assumptions and focus areas, for 2016 the Group expects to deliver:

- Low-single-digit percentage organic operating profit growth.
- Financial leverage reduction.

OTHER SIGNIFICANT ASSUMPTIONS AND SENSITIVITIES

Although the dependency on Russia has declined (in 2015, 16% of operating profit before not allocated costs derived from Russia), the Russian rouble remains the largest single-currency exposure. Based on all current spot rates, including the current EUR/RUB spot rate of 86, the Group assumes a negative translation impact of around DKK 600m.

Cost of goods sold per hl is expected to be slightly higher than in 2015, primarily due to the currency impact in Russia.

Sales and marketing investments to net revenue are expected to be slightly higher than last year.

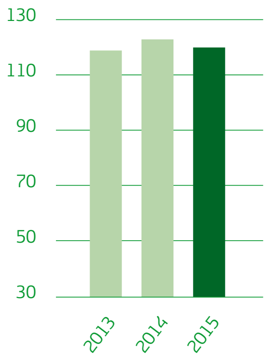
Average all-in cost of debt is assumed to be around 4.5%.

The underlying tax rate is expected to be approximately 28%.

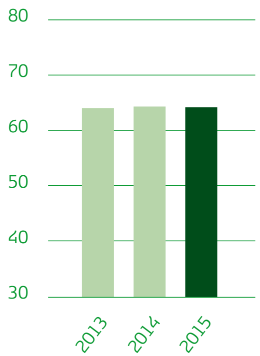
Capital expenditures will be approximately DKK 4bn in 2016 (around index 85 to expected depreciation).

Group financial review

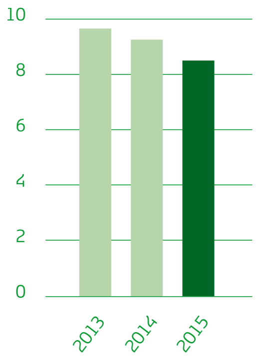
BEER VOLUME, PRO RATA
(Million hl)



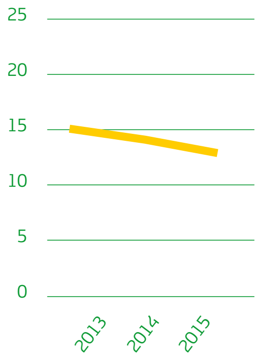
NET REVENUE
(DKKbn)



OPERATING PROFIT
(DKKbn)



OPERATING MARGIN
(%)



Strong cash flow delivery in a year of transition.

INCOME STATEMENT

In 2015, the Group's net revenue grew by 1%. In organic terms, net revenue grew by 2%, driven by an improvement in price/mix of +5%. This was mainly due to a very positive price/mix in Eastern Europe. There was a slightly positive impact on net revenue from acquisitions, although this was more than offset by the negative currency impact from the weak Russian and Ukrainian currencies, which in turn was partly offset by stronger Asian currencies.

Cost of goods sold per hl grew organically by approximately 5% due to the negative transaction impact in Eastern Europe from USD- and EUR-denominated input costs. In reported terms, cost of goods sold per hl increased by 4%.

Gross profit was flat compared with 2014. In organic terms, gross profit was up 1%, while gross profit/hl was up 4%. Reported gross profit margin declined by 40bp to 48.8%.

Sales and distribution expenses amounted to DKK 19,158m. This was an increase of a little more than 2% and mainly a result of higher sales and marketing investments, as logistics costs were down compared with 2014. Administrative expenses increased by 6%, impacted among other things by higher amortisation of IT and a negative currency impact.

Other operating income was DKK 235m, down from DKK 369m in 2014, when it was positively impacted by a terminated licence agreement in Asia. The Group's share of profit after tax in associates and joint ventures amounted to DKK 364m (DKK 408m in 2014).

Reported operating profit was DKK 8,457m, affected by a negative currency impact of DKK -130m and a negative acquisition impact from the consolidation of Eastern

GROUP

		Change				Change
Pro rata (million hl)	**2014**	**Organic**	**Acq., net**	**FX**	**2015**	**Reported**
Beer	122.8	-4%	2%		120.3	-2%
Other beverages	21.0	2%	0%		21.5	2%
Total volume	143.8	-3%	2%		141.8	-1%
DKK million						
Net revenue	64,506	2%	0%	-1%	65,354	1%
Operating profit	9,230	-7%	0%	-1%	8,457	-8%
Operating margin (%)	14.3				12.9	-140bp

SEGMENT REPORTING BY QUARTER

DKK million	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Net revenue								
Western Europe	7,640	10,945	10,575	8,602	8,163	10,709	11,093	9,035
Eastern Europe	2,484	4,992	3,916	2,708	1,735	3,821	3,011	2,396
Asia	2,732	3,193	3,583	2,983	3,537	4,411	4,210	3,181
Not allocated	40	32	46	35	36	-10	-18	44
Beverages, total	**12,896**	**19,162**	**18,120**	**14,328**	**13,471**	**18,931**	**18,296**	**14,656**
Non-beverages	-	-	-	-	-	-	-	-
Total	**12,896**	**19,162**	**18,120**	**14,328**	**13,471**	**18,931**	**18,296**	**14,656**
Operating profit before special items								
Western Europe	440	1,871	2,038	1,121	625	1,530	1,987	1,183
Eastern Europe	-8	1,518	907	545	-155	985	825	253
Asia	455	580	664	496	575	756	868	600
Not allocated	-402	-331	-190	-359	-349	-324	-189	-564
Beverages, total	**485**	**3,638**	**3,419**	**1,803**	**696**	**2,947**	**3,491**	**1,472**
Non-beverages	-32	-37	-29	-17	-35	-25	-26	-63
Total	**453**	**3,601**	**3,390**	**1,786**	**661**	**2,922**	**3,465**	**1,409**
Special items, net	-29	-95	-94	-1,135	-110	-173	-7,718	-658
Financial items, net	-346	-368	-299	-178	-454	-316	-367	-394
Profit before tax	**78**	**3,138**	**2,997**	**473**	**97**	**2,433**	**-4,620**	**357**
Corporation tax	-16	-788	-749	-195	-27	-687	139	-274
Consolidated profit	**62**	**2,350**	**2,248**	**278**	**70**	**1,746**	**-4,481**	**83**
Attributable to:								
Non-controlling interests	129	140	145	110	160	161	18	5
Shareholders in Carlsberg A/S	-67	2,210	2,103	168	-90	1,585	-4,499	78

Assets in China. Organically, operating profit declined by 7%. Asia delivered strong organic results of +13% and Western Europe a modest decline of 3%, while operating profit in Eastern Europe declined by 19%.

Group operating profit margin for the year declined by 140bp to 12.9%, primarily as a result of the market decline in Eastern Europe and higher depreciation.

Net special items (pre-tax) amounted to DKK -8,659m. Special items were significantly impacted by measures taken under the *Funding the Journey* programme, in addition to a worsening of the macroeconomic situation in Russia, which together led to impairment and restructuring charges of DKK 8.5bn. In particular, there were impairment losses of DKK 4bn relating to the Baltika trademark in Russia and of DKK 2.8bn relating to Eastern Assets in China. The impairment tests underlying the impairment losses are detailed in section 2.3 of the Consolidated Financial Statements. A specification of special items is included in section 3.1.

Net financial items amounted to DKK -1,531m against DKK -1,191m in 2014. Net interest costs were DKK -1,086m compared to DKK -1,182m in 2014, driven by lower average funding costs and lower net debt. However, the lower net interest costs were offset by higher other financial items, net, which amounted to DKK -445m versus DKK -9m in 2014. The difference versus last year was primarily foreign exchange losses and fair value adjustments, which were DKK -110m, compared to a net income of DKK 291m in 2014.

Tax totalled DKK -849m against DKK -1,748m in 2014.

Non-controlling interests were DKK 344m (2014: DKK 524m), impacted by the impairment of trademarks in Chongqing Brewery Group.

Adjusted net profit (adjusted for special items after tax) was DKK 4,557m compared to DKK 5,496m in 2014. The decline was mainly due to the lower operating profit and higher net financial costs. Carlsberg's share of net profit was DKK -2,926m due to the high special items.

STATEMENT OF FINANCIAL POSITION

At 31 December 2015, Carlsberg had total assets of DKK 124.9bn against DKK 137.5bn at 31 December 2014. Invested capital amounted to DKK 90.1bn against DKK 104.0bn at 31 December 2014.

Total assets and invested capital were both impacted by a significant reduction in intangible assets and property, plant and equipment from impairment losses (cf. *Funding the Journey*) in addition to foreign exchange adjustments, primarily RUB.

Assets

The total decrease in non-current assets amounted to DKK 11.6bn. Intangible assets declined to DKK 72.9bn from DKK 82.4bn at 31 December 2014, while property, plant and equipment declined to DKK 26.7bn from DKK 29.2bn at 31 December 2014. Financial assets amounted to DKK 8.2bn against DKK 7.8bn at 31 December 2014.

Inventories and receivables amounted to DKK 9.5bn (DKK 11.1bn at 31 December 2014), primarily driven by lower stock levels and write-offs in Russia, improved inventory planning and brewery closures in China.

Other receivables etc. totalled DKK 3.9bn against DKK 3.8bn at 31 December 2014. Cash amounted to DKK 3.1bn versus DKK 2.4bn at 31 December 2014. The increase of DKK 0.7bn was the result of improved working capital.

Liabilities

Equity decreased to DKK 47.2bn compared to DKK 56.0bn at 31 December 2014. DKK 43.5bn was attributed to shareholders in Carlsberg A/S and DKK 3.7bn to non-controlling interests.

The decline in equity of DKK 8.9bn attributed to shareholders in Carlsberg A/S was mainly due to foreign exchange losses of DKK 4.1bn, loss for the period of DKK 2.9bn, payment of dividends to shareholders of DKK -1.4bn, value adjustments of hedging instruments of DKK -0.4bn and retirement benefit obligations of DKK -0.3bn.

Liabilities were DKK 77.7bn compared to DKK 81.5bn at 31 December 2014. The most notable change was the decrease in long-term borrowings (down DKK -7.3bn versus 31 December 2014) and the increase in short-term borrowings (up DKK 2.7bn versus 31 December 2014), reflecting an improvement in free cash flow.

CASH FLOW

Operating profit before depreciation, amortisation and impairment losses was DKK 13,213m (DKK 13,338m in 2014).

The change in trade working capital was DKK +1,284m (DKK -177m in 2014). A significant contributor to the improvement in trade working capital was the lower stock levels at distributors and lower trade receivables in Russia versus last year. Moreover, the efforts to continuously improve the elements of trade working capital continued, and average trade working capital to net revenue was -5.2% at the end of 2015 compared to -3.6% at the end of 2014. The change in other working capital was DKK +561m (DKK -682m in 2014), partly due to payables from sale of assets and phasing of VAT payments.

Restructuring costs paid amounted to DKK -586m (DKK -397m in 2014). The increase reflected increased restructuring measures across the Group, including actions under *Funding the Journey*.

Paid net interest etc. amounted to DKK -1,818m (DKK -1,995m in 2014). The decline was mainly due to lower funding costs.

Cash flow from operating activities was DKK 10,140m against DKK 7,405m in 2014.

Cash flow from investing activities improved by DKK 4.1bn and amounted to DKK -2,618m against DKK -6,735m in 2014. Operational investments totalled DKK -3,307m (DKK -5,549m in 2014). The decline was as expected and positively impacted by the sale of the Leeds brewery site in the UK. Financial investments amounted to DKK +117m versus DKK -1,166m in 2014, when financial investments were impacted by the purchase of Eastern Assets.

EXPECTATIONS AND RESULTS FOR 2015

		Operating profit before special items
18.02.2015	Actual (Financial Statements for 2014)	DKK 9,230m
18.02.2015	Financial Statements for 2014	Operating profit to grow organically by mid- to high-single-digit percentages
19.08.2015	Interim results Q2 2015	Organic operating profit to decline slightly
11.11.2015	Interim results Q3 2015	Organic operating profit to decline by high-single-digit percentages (due to reclassification of certain one-off items and restructuring costs in operating profit)
10.02.2016	Actual (Financial Statements for 2015)	Organic decline in operating profit of 7%

Cash flow from other activities amounted to DKK +572m (DKK -20m in 2014), positively impacted by the sale of the remaining plot of land at the Tuborg site north of Copenhagen, Denmark.

Free cash flow amounted to DKK 7,522m versus DKK 670m in 2014. Part of the significant improvement was of a one-off nature, such as the cash gain from the sale of former brewery sites and the positive trade working capital impact from the lower stock levels at distributors and trade receivables in Russia.

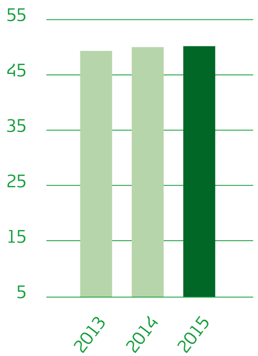
FINANCING

At 31 December 2015, gross interest-bearing debt amounted to DKK 36.0bn and net interest-bearing debt to DKK 30.9bn. The difference of DKK 5.1bn comprised other interest-bearing assets, including DKK 3.1bn in cash and cash equivalents. Net debt to EBITDA at year-end was 2.3x.

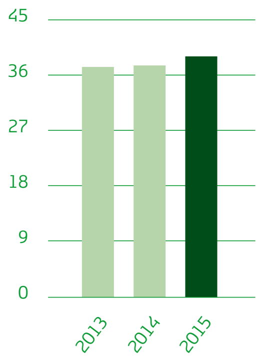
Of the gross financial debt, 87% (DKK 31.5bn) was long-term, i.e. with maturity more than one year from 31 December 2015. Of the net financial debt, 88% was denominated in EUR and DKK (after swaps) and 79% was at fixed interest (fixed-interest period exceeding one year).

Our regions
Western Europe

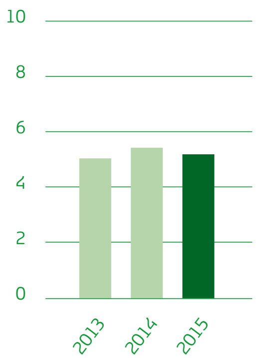
BEER VOLUME, PRO RATA
(Million hl)



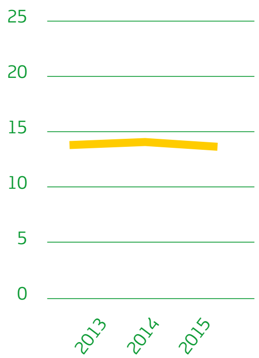
NET REVENUE
(DKKbn)



OPERATING PROFIT
(DKKbn)



OPERATING MARGIN
(%)



A difficult year in Western Europe led to earnings decline.

OUR BUSINESS

The share of Western Europe has remained fairly stable in recent years, accounting for approximately half of Group operating profit.

Our Western Europe region primarily comprises mature beer markets. While market volumes tend to be flat or slightly declining, the overall value of the market has seen a positive, albeit small, development in recent years. This has been driven by slightly improving beer category dynamics as a result of innovations, increased interest in speciality and craft beers, and an overall improved category perception.

The region is generally characterised by well-established retail structures and a strong tradition of beer consumption, particularly in the northern and eastern parts of the region. The share of on-trade varies between markets, but generally speaking the weak macroenvironment of recent years has led to a shift from on-trade to off-trade consumption.

The competitive landscape comprises the global and regional brewers, with intense but generally rational market behaviour.

Our commercial focus will be on supporting profitability by balancing market share, gross margin after logistics and operating profit. We aim to achieve this by having a disciplined value management approach and a focused portfolio approach, expanding the reach of our international premium brands, supporting and developing our strong local power brands, and launching innovations. To increase the return on our activities, we identify "pockets of growth" in our local markets, such as types of beer, packaging types, sales channels and geographic areas, in order to target our efforts and capture their growth potential.

Simultaneously, we will maintain a sharp focus on reducing costs and capital employed. We aim to achieve this by optimising asset utilisation, increasing efficiencies across the business and simplifying our business model. An important enabler for this is the business standardisation project (BSP1). Additional measures include alignment of organisational structures and harmonised ways of working across markets.

2015 RESULTS

The Western European beer markets were flat in 2015.

Our beer volumes were flat organically. Following the weak Q2, our volumes recovered in the second half. Our businesses in markets such as France, Norway, Italy and South East Europe grew, while we saw volume decline in markets such as the UK, Finland, Germany and the Baltics. Reported beer volumes were flat. Other beverages grew organically by 2%, mainly driven by

WESTERN EUROPE

		Change				Change
Pro rata (million hl)	**2014**	**Organic**	**Acq., net**	**FX**	**2015**	**Reported**
Beer	50.0	0%	0%		50.2	0%
Other beverages	15.8	2%	0%		16.2	2%
Total volume	65.8	0%	1%		66.4	1%
DKK million						
Net revenue	37,762	0%	1%	2%	39,000	3%
Operating profit	5,470	-3%	0%	0%	5,325	-3%
Operating margin (%)	14.5				13.7	-80bp

solid performance in the Nordics and the growth of Somersby.

Net revenue was flat organically for the year. In spite of a challenging pricing environment and a negative customer and channel mix, price/mix for the year was +1%. Price/mix improved during the year, reaching +3% in the last quarter of the year due to a reduction of lower-value products in the UK and Finland.

Operating profit for the year declined organically by 3% despite growth in gross profit. Although gross profit margin improved, operating margin declined by 80bp to 13.7%. The lower operating profit was mainly caused by increased marketing investments in some markets to support product launches and strengthen the brand equity of key brands, and the fact that we have not achieved the full range of anticipated savings.

The Nordics
The Nordic markets declined by 2%, impacted by the bad weather in Q2 and July. Our volumes declined by around 3%.

We gained market share in Norway as a result of strong sales execution and good performance of our products in the speciality category. The business achieved strong results from improved price/mix, growth of the speciality beer portfolio and the delivery of efficiency improvements. The Danish business strengthened its position within both beer and soft drinks, with particularly strong market share progression in the speciality and craft beer segments.

In Sweden, we strengthened our soft drinks position and kept our share flat in the beer category. The Finnish business had a challenging year, with negative channel and product mix as well as increased promotional pressure. To improve profitability we withdrew from a major retailer in Q4, significantly impacting our Finnish volumes in the quarter.

We gained market share in Denmark and Norway, particularly in the speciality and craft beer segment.

Our French business continued its strong performance.

Poland

The Polish market grew slightly but experienced increased competition and promotional pressure. Our volumes grew by 1% as we continued the positive volume and value market share trend of recent years. Although our brand mix improved due to innovations and Somersby, which grew by 30%, price/mix deteriorated as a result of the promotional pressure and negative channel mix. Our non-pasteurised beer brand, Kasztelan, delivered good performance.

France

In France, our volumes grew by 6% in a market growing by an estimated 3%. We increased our market share following the strong performance of Tourtel Twist, launched at the beginning of the year, Skøll Tuborg, Kronenbourg 1664 and Grimbergen, and supported by consumer-relevant line and flavour extensions.

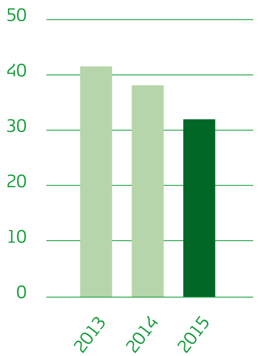
UK

Our UK business remained challenged, with volumes declining by 7% in a market that declined by an estimated 2% for the full year. While price/mix improved, the loss of some major customer contracts impacted volumes negatively, especially in Q4. The restructuring of the business is progressing as scheduled. The recent revitalisation of the Carlsberg brand and communication platform, including the tagline "Probably the best …", increased brand visibility. The Somersby portfolio was strengthened at the beginning of the year when the international flavour variants were introduced to the market.

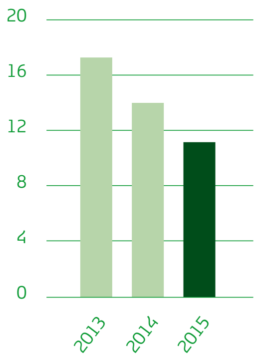
Our regions
Eastern Europe

Beer markets were negatively impacted by the difficult macroeconomy.

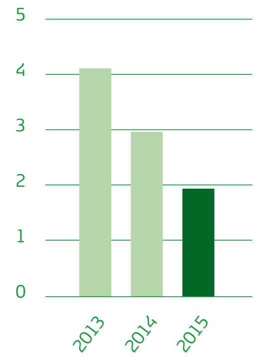
BEER VOLUME, PRO RATA
(Million hl)



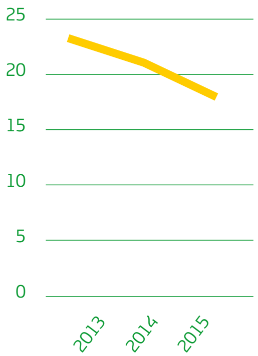
NET REVENUE
(DKKbn)



OPERATING PROFIT
(DKKbn)



OPERATING MARGIN
(%)



OUR BUSINESS

In 2015, Eastern Europe accounted for 19% of Group operating profit (excluding not allocated costs). Given that in 2010 this figure was 45%, the importance of Eastern Europe for the Group has decreased significantly in recent years.

The Group's two main markets in Eastern Europe are Russia, accounting for around 75% of regional beer volumes, and Ukraine, accounting for a little less than 20%.

In recent years, the Russian beer market has undergone significant changes, with significant volume decline resulting from a challenged macroeconomy, unavoidable significant price increases due to excise tax increases and high inflation, and changed regulation. In value terms, however, the market has generally seen positive growth rates.

The Ukrainian beer market has also been in decline due to the severe macroeconomic slowdown, further compounded in the past couple of years by the uncertain situation in the eastern part of the country.

The off-trade accounts for the majority of the beer market in Eastern Europe. The traditional off-trade accounts for around 55% of the off-trade, although it has been, and remains, in accelerating decline as consumers shift their purchasing patterns towards the modern trade, which offers more attractive and affordable pricing.

The global brewers are present in Russia and, to a lesser extent, Ukraine.

The Carlsberg Group's share of the beer profit pool in Russia exceeds our volume market share of around 35%. We are committed to maintaining our position as the undisputed leader of the beer category in both value and volume terms. Consequently, our main focus in the region is on stabilising our Russian business and supporting the long-term profitability of the business.

To this end, we are seeking to optimise our product portfolio by continuing to support our strong local and international brands while also bringing new product offerings to the market. We are continuously improving our commercial execution, including in-store communication and cooler efficiency, and optimising our route-to-market capabilities.

In response to the continued market decline, a number of actions have been taken to enhance the cost-efficiency and asset utilisation of the Eastern European business, including brewery and line closures, and to align structure, organisation and ways of working in areas such as production, logistics, marketing, sales and administration.

EASTERN EUROPE

		Change				Change
Pro rata (million hl)	**2014**	**Organic**	**Acq., net**	**FX**	**2015**	**Reported**
Beer	37.8	-14%	0%		32.3	-14%
Other beverages	1.7	2%	0%		1.7	2%
Total volume	39.5	-14%	0%		34.0	-14%
DKK million						
Net revenue	14,100	2%	0%	-24%	10,963	-22%
Operating profit	2,962	-19%	0%	-17%	1,908	-36%
Operating margin (%)	21.0				17.4	-360bp

Maintaining our licence to operate and supporting the image of the beer category are important priorities in the region. We are actively working to reduce the impact of our business on the environment and we are improving the perception of beer, for example by promoting responsible drinking. Furthermore, we have proactive interaction with local, regional and federal governments both as a company and through the brewers' associations.

2015 RESULTS

The challenging macroeconomy, high consumer price inflation, declining consumer sentiment and reduced consumer purchasing power in Eastern Europe continued to put pressure on the beer category.

Our regional beer volumes declined organically by 14%. Volumes were under pressure due to the overall market decline, market share loss in Russia and the further need for Russian distributors to reduce their inventories in response to the declining traditional trade channel.

Organic net revenue increased by 2% as the strong 16% price/mix offset the volume decline. Reported net revenue declined by 22% due to the substantial negative currency impact of -24%, as the Ukrainian hryvnia (UAH) devalued by 36% and the Russian rouble (RUB) by 25% over the year.

Operating profit declined organically by 19%. While gross profit per hl increased organically by approximately 10% due to the favourable price/mix, the lower volumes and increased sales and marketing investments impacted operating profit negatively. Reported operating profit declined by 36%, affected by the very negative currency impact.

Russia

Our Russian business had a tough year due to the macroeconomic challenges, including very high food inflation, a rapid channel shift from traditional to modern trade, leading to changes in our warehouse and logistics operations, pressure from USD- and EUR-denominated input costs and the closure of two breweries.

The Russian beer market declined by an estimated 10% for the full year. Our Russian shipments declined by 17% on account of continued inventory reduction by our distributors servicing the traditional trade, and market share loss caused by our price leadership, growth of lower-priced, local brands and the channel shift to modern trade, where we have a below-average market share. Our Russian volume market share was 34.7% in 2015 (source: Nielsen Retail Audit, Urban & Rural Russia). We delivered strong price/mix in the mid-teens as a result of several price increases throughout the year. Mix was flat.

Notwithstanding the profound challenges in Russia, our local business continued to capture a significant part of the Russian profit pool.

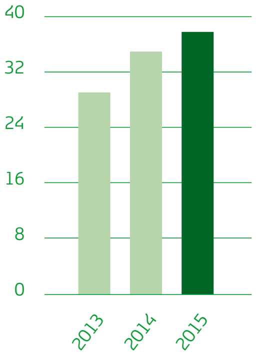
Ukraine

The Ukrainian market remained challenging as a result of the weak macroeconomy. We strengthened our market share, driven by activation of the Lvivske brand in connection with the 300th anniversary of the Lviv brewery and solid performance of regional brands in southern Ukraine. An excise tax increase of 100% at 1 January 2016 led to some stocking by distributors in Q4, positively impacting our shipments at the end of the year.

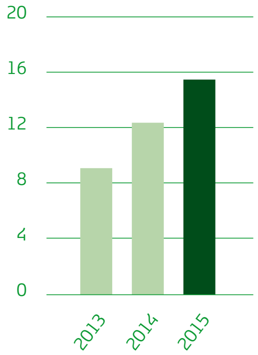
The Russian market remained challenging in 2015 and declined by an estimated 10% for the year.

Our regions
Asia

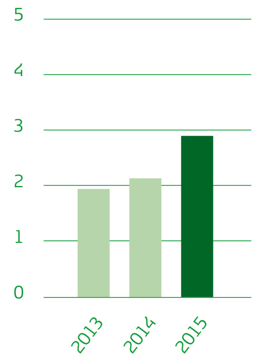
BEER VOLUME, PRO RATA
(Million hl)



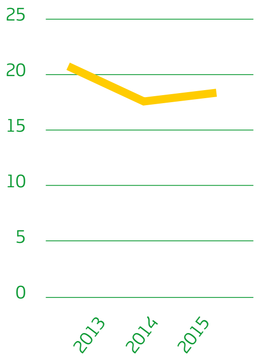
NET REVENUE
(DKKbn)



OPERATING PROFIT
(DKKbn)



OPERATING MARGIN
(%)



Tuborg delivered strong results in Asia, growing by almost 50%.

OUR BUSINESS

The importance of Asia for the Group has increased year on year, and in 2015 Asia accounted for 28% of Group operating profit.

Over the years, the Group has expanded its presence in the region, both organically and through acquisitions, and today we have a very attractive regional footprint. Our Asian portfolio of businesses is diverse, consisting of the mature markets of Malaysia, Hong Kong and Singapore as well as emerging beer markets such as China, India, Vietnam, Laos, Cambodia, Nepal and Myanmar. These markets offer considerable prospects for value growth, underpinned by young populations, urbanisation, rising disposable income levels, growing economies and relatively low per capita beer consumption. However, as emerging markets, development can be subject to volatility.

On-trade is a large sales channel in the Asian markets, with the exception of India. Competitive intensity varies, with markets being contested by strong local brewers as well as the global brewers.

Commercially, our focus in the region is on expanding the reach of our international premium brands, with Tuborg delivering very strong performance in recent years, and on strengthening and premiumising our local power brands. The latter includes upgrading packaging, visual identity and communication, as well as simplifying and rationalising the brand portfolios. In addition, we are sharpening our commercial execution capabilities. Initiatives include improving the performance and efficiency of sales teams, applying IT and smartphone applications in sales and customer management, updating channel segmentation, and increasing the frequency of customer visits.

In addition to the commercial initiatives, we are driving an efficiency agenda across our Asian businesses, with an emphasis on optimising structures and ways of working as well as reducing costs.

2015 RESULTS

Led by China, growth in the Asian beer market slowed considerably in 2015. Our beer volumes grew organically by 2% (8% including acquisitions) and 9% excluding China. We had particularly good momentum in markets such as India, Cambodia and Nepal, and in some provinces and segments in China. Other beverages grew organically by 4%, mainly driven by the non-beer business in Laos.

Net revenue grew organically by 5%, with reported net revenue growth of 23% as a result of the favourable currency impact, especially from China and Laos, and the Eastern Assets acquisition in China. Price/mix was +1%.

Despite cycling tough comparables due to income in 2014 from a terminated licence agreement, operating profit grew by 13% organically and operating margin improved by 60bp. The results were achieved through top-line growth as well as tight cost control. Markets such as India, Vietnam, Nepal and the city of Chongqing in China reported particularly strong progress, while profits in Malawi declined, and the start-up in Myanmar and the subsequent commencement of depreciation led to a significant, but planned, loss. The negative acquisition impact was related to the consolidation of Eastern Assets in China as of November 2014.

China

Our Chinese volumes declined by 2% organically in a market that declined by an estimated 5%. In the growing premium category, the Tuborg brand continued to perform particularly well, growing more than 50%. Our overall volume decline was predominantly in the mainstream category in selected provinces. Volumes grew particularly well in Xinjiang province and in the city of Chongqing. Our Eastern Assets business was challenged due to the beer market decline and intense competition.

Restructuring of the Chinese business as part of *Funding the Journey* is on track, and several actions have been taken, including closure of breweries.

Indochina

Our beer volumes grew by 3% in Indochina, mainly driven by strong performance of the Angkor brand in Cambodia and solid performance in Laos. Our volumes in Vietnam developed positively but were flat for the year as they were negatively impacted by flooding and heavy rain in the northern part of the country in July.

We achieved strong growth in net revenue per hl, driven by premiumisation, mix and pricing. In May, we opened our brewery in Myanmar, launching the Tuborg brand and a local mainstream brand, Yoma, and we are now expanding distribution.

ASIA

		Change				Change
Pro rata (million hl)	**2014**	**Organic**	**Acq., net**	**FX**	**2015**	**Reported**
Beer	35.0	2%	6%		37.8	8%
Other beverages	3.5	4%	0%		3.6	4%
Total volume	38.5	2%	6%		41.4	8%
DKK million						
Net revenue	12,491	5%	2%	16%	15,339	23%
Operating profit	2,195	13%	-3%	17%	2,799	27%
Operating margin (%)	17.6				18.2	60bp

Our Indian business continued its positive momentum, delivering a significant earnings improvement and turning profitable in 2015.

India
Our Indian business delivered 42% organic volume growth in a market growing an estimated 5%. Driven by volume growth and tight cost control, the business delivered a significant earnings improvement and is now profitable.

Our market share reached 15%, with a particularly strong presence in the states of West Bengal, Haryana and Bihar, where we have a 30% plus market share. We have seven breweries in India and have obtained approval to construct the eighth brewery in the state of Karnataka in order to meet demand. The Tuborg brand – growing almost 50% – has become the second largest beer brand in the country.

Malaysia/Singapore
Our business in Malaysia/Singapore delivered strong performance, with volume growth and solid price/mix development.

Brand portfolio

The strength of the Carlsberg Group is our full-range portfolio of international premium and strong local beer brands.

The core of our business is beer, which accounts for approx. 85% of our total beverage volume. In markets where it makes business sense, we also pursue opportunities in adjacent categories, such as cider and soft drinks.

Strong brands are at the core of the beer category, and local brands remain big, although globally international brands are growing faster. We are also seeing a strong trend towards speciality and craft beer propositions, which are reinvigorating consumer interest in the category and will drive category value growth. According to Canadean, discount and mainstream beer brands account for around 70% of global beer volumes, with premium and super-premium brands accounting for around 30%.

WINNING IN THE MARKET

We believe in winning through strong portfolios of both local and international brands that meet consumer needs on key occasions. We continuously assess our portfolios to ensure that we have the right mix of brands to deliver category growth and the right innovation pipeline to drive brand relevance and category value growth.

Three fourths of our beer volumes are made up of local power brands, such as Kronenbourg in France, Kasztelan in Poland, Baltika in Russia, Beerlao in Laos and Chongqing in China. These brands often have long histories in their markets, and command high consumer and customer loyalty.

Alongside these, we have a strong portfolio of international premium brands – Carlsberg, Tuborg, 1664 and Grimbergen – that deliver approx. 25% of our total beer volumes. These are based on global propositions proven to resonate with consumers across markets.

In recent years, Tuborg has delivered particularly impressive growth rates, not least due to very strong results in China and India. Here, the brand proposition around music and young adults resonates well with consumers.

SPECIALITY AND CRAFT BEERS

Speciality and craft beers represent one of the fastest growing beer segments, particularly in developed markets, and cater for consumers looking for authentic brands and superior taste experience. Our speciality and craft beer offerings include the Grimbergen brand, Kronenbourg 1664 Blanc and local craft propositions, such as Jacobsen in Denmark and Nya Carnegie, in collaboration with Brooklyn Brewery, in Sweden.

NON- AND LOW-ALCOHOLIC BEERS

In several markets, non- and low-alcoholic beers are seeing strong growth, as consumers look for healthy and refreshing alternatives to existing soft drinks. We have seen good results for low-alcohol Radler line extensions on our local power brands, but also for stand-alone non-alcoholic brands such as Nordic in Denmark and Tourtel Twist, launched in France in 2015.

Carlsberg

Carlsberg, our flagship brand, is available in more than 150 markets across the world. The brand dates back to 1847, when our founder, J.C. Jacobsen, pioneered the first lager beer. Since then, we have passionately strived to brew and share probably the best beer with consumers worldwide.

Our international premium brands are popular with consumers in many markets across the world.

Tuborg

Tuborg is a success story of a brand that bridges its powerful legacy with modern-day appeal. It is connected with young adults' exploration of life and growing up, and it has close ties to music. Tuborg is available in more than 70 markets and grew by 15% in 2015.

Grimbergen

Grimbergen is our super-premium Belgian abbey ale dating back to 1128. It appeals to consumers looking for high-quality ales with unique flavour variants. The geographic expansion of the brand is ongoing, and Grimbergen is currently sold in 38 markets. In 2015, it grew by 15%.

Somersby

Somersby is our international cider brand. Since its launch in Denmark in 2008, the brand has become the fastest growing international cider brand in the world and is one of the 10 largest international cider brands. Somersby is available in 51 markets and grew by 21% in 2015.

Kronenbourg 1664

Kronenbourg 1664 is the most famous French beer in the world. This premium brand is a long-standing favourite of beer connoisseurs. Sold in more than 65 markets across the globe, the brand grew by 5% in 2015.

A sustainable business

Our sustainability activities are centred around three overarching themes. Our activities within these have a significant impact on our business and society.

The Carlsberg Group is committed to making decisions that have a positive impact on our business and the communities in which we operate. We want to grow our business responsibly while enhancing the quality of life for our consumers, employees and other stakeholders.

In 2015, we continued our efforts to implement sustainable business practices throughout the Carlsberg Group value chain.

THREE KEY THEMES

In 2015, the Group's sustainability activities were centred around three key themes: Resources & Environment, Health & Well-being and People & Policies. These are the areas that we consider most relevant to both us and our stakeholders, and where our efforts will have the biggest impacts. Our activities may be adjusted going forward to reflect the results of SAIL'22.

Resources & Environment

Scarcity of resources and changing climate conditions present both short- and long-term challenges for our business, underlining the importance of our sustainability efforts.

Given the scale of the environmental challenges, we are fully aware that we cannot tackle them on our own. Consequently, our approach is to establish broader and closer cooperation with stakeholders in the form of industry partnerships or direct collaborations with suppliers, customers, independent research institutions etc.

An important sustainability priority is to reduce the environmental impact of our breweries as well as that of our wider value chain.

Our global 2017 target is a 5-10% reduction in relative consumption for CO_2, energy and water compared with a 2014 baseline. We are committed to continuous improvement, and many of our breweries have delivered outstanding achievements through best-practice implementation, an energy-saving mindset and brewery upgrades.

Resources & Environment

We strive to minimise our impact on the environment and optimise our use of resources across our operations in an effort to help build a more sustainable future.

Health & Well-being

We are committed to creating a culture of responsible drinking by promoting moderate consumption of our products and addressing alcohol-related harm in society.

People & Policies

Our aim is to protect, develop and engage our employees, and to make a positive contribution to the communities in which we operate.

In 2015, we experienced a major shift of our energy footprint from Europe to Asia, as a result of which specific energy consumption (kWh/hl) only improved by 1.4%, while relative CO_2 emissions (kg CO_2/hl) from production improved by 4.1%. Our water performance remained at a stable, low level at 3.4 hl/hl. Overall, we are progressing towards our 2017 target, though more work needs to be done to offset market-driven changes in production volumes and packaging trends.

Outside the breweries, we expanded our efforts through the Carlsberg Circular Community and added two new partners to the existing group of six. Together with our partners, we are pursuing a common goal to develop packaging that is optimised for high-quality recycling and reuse, also known as "upcycling".

Through the Carlsberg Circular Community, we kicked off a three-year project to develop the world's first fully bio-based and biodegradable beer bottle, the Green Fiber Bottle.

Health & Well-being

Beer plays an important role in many of the world's cultures and economies, and it is our belief that, when consumed in moderation, beer can have a positive impact on society. However, we do recognise that, if misused, our products can have severe harmful effects on individuals and society at large.

Our efforts related to tackling irresponsible drinking focus particularly on binge drinking, underage drinking and drink driving.

Collaboration across the industry and with key stakeholders is crucial to reducing the negative impacts of alcohol misuse on society. An important activity in 2015 was the inaugural Global Beer Responsibility Day (GBRD) – a worldwide collaborative effort to promote the responsible consumption of beer. Bringing together global and local brewers, the initiative aims to reduce the harmful use of alcohol in communities around the world. In its first year, the Group celebrated the day in 10 markets, directly engaging with over 5,500 employees and 100,000 retailers, and reaching an estimated 1.5 million consumers.

People & Policies

Carlsberg operates in many different countries and cultures. The diversity of our markets makes the need for a solid, structured framework for our employees' everyday decision-making all the more important – not least in areas such as employee health & safety, supplier and licensee standards, and anti-corruption.

Our CSR policies are designed to provide a structured framework that brings clarity and helps employees to uphold high standards of compliance with the policies. The policies include our Labour & Human Rights Policy, which outlines our commitments to universal employee rights, and our Marketing Communication Policy, which stipulates our self-imposed rules for maintaining high ethical standards in our advertising. The policies are available at www.carlsberggroup.com/sustainability/policies, underlining our commitment to transparency and our readiness to engage in dialogue with all stakeholder groups.

As part of a general review of Group policies, we will review the Group's CSR policies in 2016 with the aim of ensuring that they are still relevant and reflect any changes in our operating environment as well as society's evolving demands.

NURTURING OUR REPUTATION

Our many and diverse activities within sustainability all have an impact on the Group's reputation, both locally and globally. In key markets, we measure our reputation annually and track the changes over time in order to ensure that our actions are aligned with the expectations of key stakeholders, such as journalists, consumers, customers and legislators, and improve our reputation going forward.

REPORTING ON OUR PROGRESS

Our 2015 Sustainability Report contains more information on targets and progress, and carries an assurance statement by KPMG on selected indicators. The report also serves as our annual Communication on Progress to the United Nations Global Compact. In addition, it enables us to live up to our legal responsibility for CSR disclosure under section 99a of the Danish Financial Statements Act.

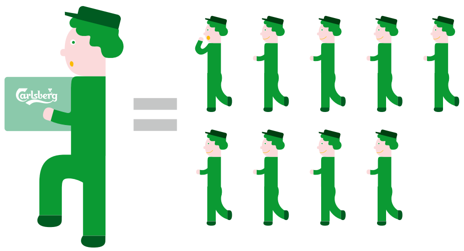
!

The Carlsberg Group 2015 Sustainability Report is available at

www.carlsberggroup.com/sustainability/reports

Economic contribution

The full extent of our economic contribution is larger than some might assume. Wherever we operate, we contribute significantly to society by creating jobs, growth and a range of government revenues.

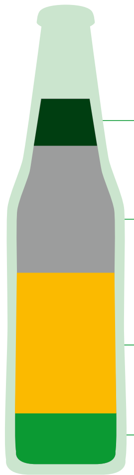


TOTAL EMPLOYMENT GENERATED

1 Carlsberg Group employee creates an **additional 9 jobs** in related industries.

In total, the Carlsberg Group generates employment for **455,000 people**.

DISTRIBUTION OF EMPLOYMENT



15% Retail

33% Suppliers, incl. agriculture

42% Hospitality

10% Carlsberg Group

TOTAL TAX CONTRIBUTION

In 2015, the Group's total tax contribution, comprising both taxes borne, including excise duties, and taxes collected, amounted to DKK 38.6bn.

TOTAL GOVERNMENT REVENUES GENERATED

104.7bn

Total government revenues (DKK) generated in 2015 by the Carlsberg Group directly and indirectly through related industries, such as suppliers, retail and hospitality.

- Total tax contribution by the Carlsberg Group
- Total tax contribution by suppliers, retail and hospitality

- Excise duties
- VAT
- Personal income and social security taxes
- Corporate income tax
- Other taxes

Risk management

The Carlsberg Group's approach to risk management encompasses the identification, assessment, prioritisation and economic management of risks that might prevent the Group from achieving its business objectives.

The Risk Management Policy sets out the requirements for the risk management process in the Group.

RISK MANAGEMENT FRAMEWORK

The Group's risk management framework is a systematic process of risk identification, analysis and evaluation, providing a comprehensive overview of business risks and enabling us to monitor and mitigate the most significant risks.

The identification of risk is based on a top-down/bottom-up regional and functional approach in order to identify potential risks, whether at Group, regional or local entity level. Risk considerations and risk management are the responsibility of each and every Carlsberg Group employee, as the awareness and management of risk at all levels is necessary for the Group to achieve its business objectives.

RISK MANAGEMENT GOVERNANCE STRUCTURE

The Supervisory Board is ultimately responsible for risk management. The Board has appointed the Audit Committee to act on its behalf to monitor the effectiveness of the Group's risk management. Monitoring is mainly performed in connection with the quarterly and half-year reviews. The Audit Committee adopts guidelines for key areas of risk, monitors developments and ensures that plans are in place for the management of individual risk factors, including commercial and financial risks.

The Executive Committee (ExCom) is responsible for reviewing the overall risk exposure associated with the Group's activities. Risks are assessed according to a two-dimensional heat map rating system that estimates the impact of the risk on operating profit or brand/image and the likelihood of the risk materialising.

Based on this assessment, ExCom identifies the high-risk issues for the coming year. In addition, any risks for the subsequent three-year period are identified and appropriate actions agreed upon. ExCom assigns risk owners, who are then responsible for mitigating the risks through a programme of risk-reducing activities.

Local entities and Group functions are also responsible for the identification, evaluation, qualification, recording and reporting to management of business risks at local level. Local-level risk assessment follows the same principles and methodology as Group-level risk assessment. The responsibility for the local review lies with the risk officer, typically the local CFO, in order to ensure that risk management is incorporated into management meetings, business reviews and key decision-making. Following the risk identification, local risk owners are appointed and given responsibility for mitigating the risks through a programme of risk-reducing activities. A formal procedure is in place for ongoing identification, assessment and reporting during the year of any new or emerging risks that are determined to have a material impact upon the business.

Group Risk Management 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, and credit and liquidity risks, are described in sections 1.4 and 4.5-4.7 of the consolidated financial statements.

RISK ASSESSMENT 2016

Local and regional risk management workshops and heat mapping were carried out in connection with budgeting and planning for 2016. In the fourth quarter of 2015, ExCom carried out its annual risk management review.

The high risks identified for 2016, placed in the upper-right quartile of the risk heat map, were successful implementation of *Funding the Journey*, attracting and retaining talent, financial flexibility, and footprint and industry consolidation. These risks are presented in more detail on the following page.

Other risks identified for 2016 but not classified as high risks were duties and regulation, execution of strategy, macro and geopolitical risks in major markets, and changes in consumer preferences. The Group is monitoring and undertaking risk-reducing activities to minimise the likelihood and potential impact of all identified risks.

ExCom will evaluate the longer-term risks facing the Carlsberg Group in connection with the revision of the strategy (SAIL'22, see page 14).

Strategic risks are assessed according to a **two-dimensional heat map** rating system that estimates the impact of the risk on **operating profit** or **brand/image** and the likelihood of the risk materialising.

THE CARLSBERG GROUP'S ONGOING RISK MANAGEMENT FRAMEWORK

Risk categories covered by the Group's risk management:

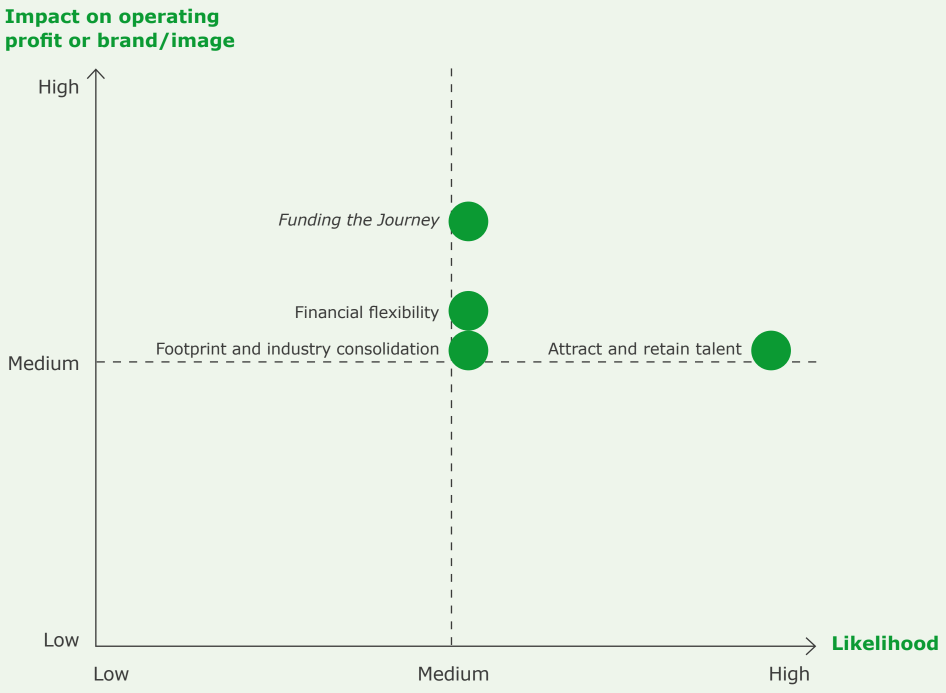
Strategic risks relate to issues such as market development, competition, stakeholders and politics.

Operational risks relate to issues such as technology, people, processes, infrastructure and information.

Compliance risks relate to issues such as corporate social responsibility, legal and tax.

Financial risks relate to issues such as foreign exchange, interest rate, and credit and liquidity risks (described in sections 1 and 4 of the consolidated financial statements).

RISK ASSESSMENT HEAT MAP – HIGH RISKS 2016



High risks 2016

The Group has identified four high risks for 2016.

A number of changes will take place in the Carlsberg Group over the next 12-18 months as we carry out the *Funding the Journey* initiatives and launch SAIL'22. In general, we will seek to mitigate risks by ensuring a strong ExCom that works together in its management, involving and engaging the Top60 leadership team from across the Group, by having monthly reviews of market and regional performance, by having a designated ExCom member overseeing the implementation and realisation of *Funding the Journey* benefits, and, finally, by having a clear and strong link between variable pay and Group targets.

FUNDING THE JOURNEY

Description

In the second half of 2015, the Group announced the *Funding the Journey* initiative to deliver net benefits of DKK 1.5-2.0bn in 2018. A number of actions related to *Funding the Journey* were initiated in 2015 and will be carried out in 2016 and 2017. *Funding the Journey* is described on page 15.

Possible impact

Failure to successfully implement the changes required under *Funding the Journey* could result in underdelivery of expected benefits.

Mitigation

Existing and new plans have been thoroughly examined in order to determine the actual net benefits arising from *Funding the Journey*. A plan for executing plans and realising benefits has been established, enabling close follow-up and prompt action in the case of deviation from the plans.

Chris Warmoth, Senior Vice President, Asia, has been given the temporary responsibility of ensuring effective implementation. After joining the Carlsberg Group as new CFO, Heine Dalsgaard will become responsible for *Funding the Journey*.

ATTRACTING AND RETAINING TALENT

Description

There are specific risks associated with attracting, developing and retaining the appropriate qualified personnel. These risks include the shortage of skilled staff to fill current and future positions, and lower-than-required quality of staff in key positions.

Possible impact

Lack of qualified people could be critical for the Group's ability to compete in its markets and grow the business in an effective and profitable way.

Mitigation

The Group will optimise the quality of placement decisions and the availability of attractive career opportunities. In addition, we will review the top 200 pivotal roles in the Group and put special emphasis on developing people from within the organisation. Moreover, we will build further on the Carlsberg Group's employer brand.

FINANCIAL FLEXIBILITY

Description

The Carlsberg Group currently has a BBB credit rating with outlook Stable with Fitch and a Baa2 credit rating with outlook Negative with Moody's. Moody's changed the outlook for the Baa2 rating from Stable to Negative in January 2015. The Group is committed to retaining an investment-grade credit rating.

Possible impact

Keeping the investment-grade credit rating is essential for controlling funding costs and terms & conditions, and for securing availability and depth of markets. Loss of rating may increase the cost of refinancing and reduce financial flexibility.

Mitigation

The Group's financial focus is to reduce financial leverage (net debt/EBITDA) and target a further leverage reduction. To achieve this, the focus is on improving the profitability and cash flow of the organic business. Consequently, M&A was a low priority for 2015 and will continue to be so in 2016.

In addition, capital expenditures in 2015 were significantly reduced versus previous year. For 2016, the Group expects another year of modest capital expenditures, around DKK 4bn, which equates to around index 85 to depreciation.

FOOTPRINT AND INDUSTRY CONSOLIDATION

Description

Carlsberg's geographic footprint consists of Western Europe, Eastern Europe and Asia. Asia is currently the only region that is expected to deliver category volume growth, as Western Europe mainly consists of mature beer markets with no volume growth prospects and Eastern Europe has been experiencing significant market volume declines in recent years.

In addition, industry consolidation is ongoing, with the announced merger of AB InBev and SABMiller creating a strong global competitor.

Possible impact

The exposure of the Carlsberg Group to flat or declining beer markets may lead to deteriorating profits. Also, the current financial constraints of the Group may preclude the Carlsberg Group from participating in upcoming consolidation opportunities.

Mitigation

The Group is focused on strengthening the profitability and return on investment of its current business. The new strategy (SAIL'22) and the *Funding the Journey* programme (see pages 14 and 15) are focused on securing sustainable value growth by increasing operating profit margins through both profitable top-line growth and operating expense reduction.

To improve our financial position, the Group may consider divesting assets that are not considered to deliver satisfying returns in the medium term.

High risks 2015

The Group identified four high risks for 2015. Their impact on the Group and actions to mitigate them are presented here.

RUSSIAN ECONOMY

Although the significance of Russia for the Group's results has decreased significantly in recent years, the development of the Russian economy, including GDP growth, consumer sentiment and the exchange rate, was assessed to be a high risk for 2015.

Consequently, when developing the plans and budget for 2015, management applied very specific, flexible assumptions and prepared detailed scenario action plans. During the year, the local Russian and Group management very closely followed developments in Russia in order to align business decisions with changes in the marketplace.

In January 2015, we announced the closure of two breweries in Russia to further optimise our structure and reduce capital employed. In addition, during the first half of the year, significant measures were taken to reduce the excessively high stock levels at distributors as a consequence of the rapid shift from traditional to modern off-trade.

During the year, consumer sentiment worsened and the Russian beer market declined by around 10%. In addition, we were price leaders during the peak season, resulting in a market share loss during the important summer months. Consequently, our Russian volumes ended up lower than expected at the beginning of the year.

In spite of several measures taken to offset the volume decline, the negative development in Russia partly caused the profit warning in August.

The Group remains very cautious in its outlook for the Russian market. We expect the market challenges to persist and, consequently, a continued decline in market volume in 2016.

DUTIES AND REGULATION

Duties and tightened regulation were classified as high risks for 2015. National governments may decide to increase excise duties to increase state revenues or as a means to reduce alcohol consumption. In addition, governments continuously assess needs for further legislation to regulate sales, availability, and advertising of beer and stronger alcohol.

Both regulatory and excise duties remained high on the agenda in many markets and will remain so going forward. In Russia, the

discussion on limitation of PET packaging for beer continued during the year. As a proactive response, the beer industry voluntarily offered to self-regulate and limit PET packaging to 1.5-litre bottles from 1 July 2016.

Excise duties remained flat in Russia in 2015, and duties increased by RUB 2 per litre in 2016. In 2016, the required implementation of the production and sale register, EGAIS, may also lead to market interruption and negative volume impact.

The industry remains in dialogue with the government on the above issues in order to limit market disruption and ensure that health measures effectively address real societal issues.

The Group will continue to monitor and be proactive in the areas of excise duties and regulation across our markets to ensure that the possible business impact of any changes is mitigated. Local markets are supported by the Group's central public affairs department through evidence and guidance as well as economic and social impact assessments.

Through targeted campaigns and efforts in local markets and at global level, the Group works to limit the negative consequences of irresponsible consumption of beer and other alcoholic beverages, and actively promotes responsible sale and consumption as a company and through industry associations.

VALUE REALISATION OF BSP1

2015 was the third and final year of implementation of the business standardisation project (BSP1) in Western Europe. The system is an important enabler for the supply chain efficiency initiatives under *Funding the Journey* (see page 15), which entails efficiency improvements within procurement, production, warehousing and logistics as well as complexity reduction.

The implementation of the BSP1 project has entailed significant changes in structures, ways of working and responsibilities in the Western Europe region. The amount of work associated with the implementation has been significant. As a result of this, and due to overoptimistic planning for the year, the planned efficiency agenda was not executed as anticipated. Consequently, not all expected savings were achieved and this contributed to the profit warning in August.

ABILITY TO INCREASE PRICES AND TRADE TERM PRESSURE

Competition is generally fierce in most of the Group's markets. Across most markets, there is an ongoing shift in the marketplace from on- to off-trade and, in some markets, to low-priced outlets within the off-trade. With the macroeconomic situation in many markets still under pressure, customers are becoming increasingly aggressive in their demand for promotions and favourable trade terms.

Being a high risk for 2015, our ability to increase prices and withstand trade term pressure was high on the management agenda. Balancing volume and value was key in our approach to customers, applying value management tools with the aim of increasing net revenue per hl.

Recognising that the previous volume/value approach turned out to have too much focus on driving volume and net revenue/hl, sometimes at the expense of profitability, Group focus has been changed to include profitability measures. Consequently, the Group's value management approach will be based on a balanced approach to market share, gross profit margin after logistics and operating profit.

Corporate governance

The Carlsberg Group aims to maintain an appropriate corporate governance framework to ensure active, reliable and profitable business management across the Group.

It is the responsibility of the Supervisory Board and Executive Board of Carlsberg A/S to ensure that the Group's management structure and control systems are appropriate and work satisfactorily. The internal procedures are regularly updated in order to safeguard active, reliable and profitable business management.

The basis of the Company's corporate governance includes the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Danish Securities Trading Act, Nasdaq Copenhagen A/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 Copenhagen A/S' rules for issuers of shares. These recommendations were last updated in November 2014 and can be found online[1].

In 2015, the Company complied with all the corporate governance recommendations, and the Supervisory Board actively used the recommendations in relevant areas to optimise the way it works.

The Company's statutory report on corporate governance includes a full list of the recommendations and our comments on each recommendation; see www.carlsberggroup.com/Company/Governance/Pages/UKrecommendations.aspx.

SHAREHOLDERS AND CAPITAL STRUCTURE

The Carlsberg Group aims to provide information and opportunities for dialogue to its shareholders through regular publication of news, interim reports and annual reports, and at Annual 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 that supports long-term profitable growth and value creation. The Company's Articles of Association contain no limits on ownership or voting rights.

Carlsberg A/S' share capital is divided into two classes. An A share carries 20 votes per DKK 20 share, while a B share carries two votes per DKK 20 share and is entitled to a preferential dividend. Both classes of shares are listed on Nasdaq Copenhagen. The Supervisory Board believes that the different share classes, combined with the Carlsberg Foundation's position as principal shareholder, have been and will remain advantageous for all of the Company's shareholders as this structure supports the long-term development of the business.

THE ANNUAL GENERAL MEETING

To ensure that shareholders receive detailed information about the Annual General Meeting (and any other General Meetings), enabling them to make informed decisions when casting their votes, the following applies:

- Notice of the Annual 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.
- All shareholders who own shares one week before the Annual General Meeting are entitled to participate in and vote at the Annual 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 Annual General Meeting may give a proxy to the Supervisory Board or to somebody else attending the Annual General Meeting for each individual item on the agenda or vote by letter as set out in the notice of the Annual General Meeting.

Minutes of the Annual General Meeting are made available on the Company's website no later than two weeks after the meeting.

According to the authorisation of the Annual General Meeting, the Supervisory Board may, in the period until 19 March 2019, 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 Copenhagen at the time of acquisition with a deviation of up to 10%.

STAKEHOLDERS AND THE COMPANY

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

For this reason, and also in order to reduce risk and promote good governance in the Carlsberg Group, the Company has formulated policies for a number of key areas, such as communications, human resources, environment, business ethics, competition law, 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 policies to reflect developments both inside and outside the Company.

[1] https://corporategovernance.dk/sites/default/files/recommendations-ebs-12401-rapport-selskabsledelse-uk-5k-nov-2014.pdf

Communication with investors and analysts is primarily handled by the Company's Executive Board and the Investor Relations department.

This dialogue includes a comprehensive programme of activities and complies with the rules of Nasdaq Copenhagen A/S. All company announcements are published in English and, for the time being, simultaneously in Danish (except interim results announcements, although an extract in Danish is published on the Group's website), and are distributed electronically, immediately following publication, directly to shareholders and others who have requested them.

Investor presentations are usually made available on the Company's website at the same time as the presentations are given. Following each quarterly statement, the Executive Board hosts a teleconference, which is open to all, where the results are presented and questions may be asked. Subsequently, a replay of the conference call as well as a transcript are made available online at www.carlsberggroup.com.

THE COMPOSITION OF THE SUPERVISORY BOARD

The General Meeting elects the Supervisory Board. The Supervisory Board currently has 10 members elected by the General Meeting and five members elected by the employees in accordance with the Danish Companies Act. Consequently, the Supervisory Board has a total of 15 members.

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 current employee representatives were elected in 2014. The next election will take place in February 2018.

Five of the 10 members elected by the General Meeting are affiliated to the Carlsberg Foundation, the Company's principal shareholder, and have an academic background, while the other five members have an international business background.

This composition ensures appropriate diversity and breadth in the members' approach to their duties. The Supervisory Board believes that this also helps to ensure that decisions are well considered.

According to the Articles of Association, the members of the Supervisory Board are elected individually and for a term of one year. Re-election is possible. Currently, the Articles of Association stipulate that members must step down at the first General Meeting after they reach the age of 70. However, the Supervisory Board will propose to the Annual General Meeting 2016 that the age limit be removed as the Supervisory Board considers that members should be assessed on the basis of their competences rather than their age.

Each year, the Supervisory Board considers the skills that should be represented on the Supervisory Board on the basis of a recommendation from the Nomination Committee.

These skills are described in the Specification of Competencies and available on www.carlsberggroup.com. The Nomination Committee and the Supervisory Board take the description of the required skills into consideration when recommending new candidates for the Supervisory Board.

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 pages 156-159 as well as on the Company's website.

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 (based on a proposal from the Nomination Committee) distributes a presentation of each candidate's background, competences and any managerial positions or positions of responsibility, and the Supervisory Board members assess the potential candidates on the basis of the recruitment criteria and Specification of Competencies laid down by the Board.

DIVERSITY

The Supervisory Board believes that its members should be chosen for their overall competences, yet it also recognises the benefits of a diverse Supervisory Board in respect of experience, culture, international experience and gender.

BOARD MEMBERS

Board member	Nationality	Ordinary meetings attended	Extraordinary meetings attended
Flemming Besenbacher[1,4]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Lars Rebien Sørensen[1,2]	Danish	– ✔ ✔ ✔ ✔ ✔	– ✘
Jess Søderberg[1,2]	Danish	✔ ✔ – – – –	✔ –
Richard Burrows[1,2]	Irish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Donna Cordner[1,2]	American	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Elisabeth Fleuriot[1,2]	French	✔ ✔ ✔ ✔ ✔ ✘	✔ ✔
Kees van der Graaf[1,2]	Dutch	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Lars Stemmerik[1]	Danish	✔ ✘ ✔ ✔ ✔ ✔	✔ ✔
Søren Peter Fuchs Olesen[1]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Nina Smith[1]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Carl Bache[1]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Eva Vilstrup Decker[3]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Hans Andersen[3]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Elena Pachkova[3]	Russian	✔ ✔ ✔ – – –	✔ –
Finn Lok[3]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Peter Petersen[3]	Danish	✔ ✔ ✔ ✔ ✔ ✔	✔ ✔
Erik Lund[3]	Danish	– – – – ✔ ✔	– –

[1] Elected by the General Meeting. [2] Independent. [3] Employee representative. [4] Chairman.
✔ Attended meeting. ✘ Did not attend meeting. – Not a Board member at the time of meeting.

SUPERVISORY BOARD WORK 2015

Strategy

- Followed the process and development of the strategic review (SAIL'22) and attended two strategy sessions with the CEO and the Top60 leadership team.
- Conducted ongoing review of and debate on M&A, R&D, innovation, branding and other strategic projects, and their role in the Group strategy.
- Scrutinised and approved the Group's capital structure and funding.
- Reviewed and approved a Group-wide project to improve organisational efficiency and effectiveness, entailing HR and Operating Cost Management initiatives.

People, succession planning and talent management

- Considered succession planning for the Executive Board, reviewed candidates, and appointed a new Group President & CEO and a new CFO.
- Discussed the composition of and succession planning for the Supervisory Board and its committees, and approved the recommendation of a new Supervisory Board member for election by the Annual General Meeting.
- Attended presentations by country CEOs and function vice presidents, and debated their areas of responsibility with them, thus further familiarising the Supervisory Board with the organisation's key people, markets and functions.
- Discussed HR strategy, organisational restructuring, management and development of the internal talent pool, and succession planning.

Compliance and core values

- Discussed on an ongoing basis the Carlsberg Group's strategic levers, winning behaviours, history and heritage, and how these are best embedded in the business and strategy.

Governance and risk management

- Reviewed the outcome of the Board evaluation process 2014, including follow-up on all suggestions.
- Reviewed and debated the Group Internal Audit reports and the working processes around them to ensure efficiency and good governance (through the Audit Committee).
- Approved a Group-wide Expense Policy, a Policy on Governance of Group Companies, a Policy on Chart of Authority and Signing Rules (through the Audit Committee), and an updated Policy on Stock Exchange Compliance.
- Held separate sessions with the head of Group Internal Audit, head of Group Finance and head of Group Accounting, without the presence of the executive directors, to ensure that these functions have the appropriate support and resources, and to allow them to raise potential concerns (through the Audit Committee).
- Discussed relevant specific issues and ways of working with the external auditor, without the presence of executives and management (through the Audit Committee).
- Introduced a Letter of Appointment setting out in contract form the fundamental duties, roles and responsibilities of members of the Carlsberg Supervisory Board elected by the Annual General Meeting. The Letter of Appointment does not apply to the employee representatives, for whom special mandatory terms apply. The purpose of the Letter of Appointment is to facilitate the onboarding of new Supervisory Board members and, in general, to ensure alignment of expectations, clarity and transparency of the terms of appointment for members of the Supervisory Board. The existing Supervisory Board members have all signed the Letter of Appointment, and new members joining the Supervisory Board will be asked to do so as well.

On that basis, the Supervisory Board has laid down the following objectives in relation to gender and international experience:

- The Supervisory Board's objective is to increase the proportion of the under-represented gender on the Supervisory Board so that it will reach at least 40% of the Supervisory Board members elected by the General Meeting no later than 2017. Currently, three Supervisory Board members in Carlsberg A/S elected by the General Meeting and one elected by the employees are women. Accordingly, the objective with regard to gender diversity on the Supervisory Board is not yet met.
- Currently, women are underrepresented compared with men, both on the Supervisory Board and in senior management positions in the Company. On that basis, the Company also has a general aim of increasing the number of women in senior management positions in the Company, and the Supervisory Board has drawn up a policy for such an increase and set out specific action points that the Executive Board must implement.
- With regard to international experience, the objective is that 50% or more of the Supervisory Board members elected by the General Meeting should have substantial international experience from managing large corporations or institutions.

Objectives regarding the proportion of the underrepresented gender on the Supervisory Board

On the basis of a recommendation from the Nomination Committee, the Supervisory Board has set out a policy to increase the proportion of women in senior management positions. The 2015 actions to implement the policy were as follows:

- Recruitment firms were asked to present at least one qualified female candidate when recruiting for senior management positions. This requirement is incorporated in the Group Recruitment Policy, and recruitment firms have been instructed to deliver accordingly. In 2015, focus on female external candidates was therefore strengthened and the Group confirmed its position that its employment offers are made to candidates who best meet the requirements of a vacant position regardless of gender.
- The Carlsberg Group has a leadership programme (ALDP – Accelerated Leadership Development Programme) to which high-potential employees are appointed once a year. The target is to ensure on a continuous basis that at least one third of the participants in each programme are women. This can be said to have been achieved in 2015 as 31% of ALDP participants were women.
- Finally, a mentoring arrangement has been in place according to which all women who, based on a very strong performance and potential rating, including full international mobility, qualify to take on a role at CEO or management level in local subsidiaries and/or at VP level in central functions, are assigned a mentor. All members of the Carlsberg Group's Executive Committee (ExCom) and one CEO of a Carlsberg Group subsidiary have acted as mentors. The mentors take on the role of encouraging the strong-performing female leaders to develop their competences within management and consider career opportunities and promotions (including in Carlsberg Group businesses in other countries). The mentor programme was reviewed during the first quarter of 2015, and both mentees and mentors appreciated the trust-based, open and transparent exchange of suggestions. The arrangement and suggestions will be evaluated with a view to implementing further initiatives within the Group in future.

The Carlsberg Group wants to be an attractive workplace for both female and male managers where men and women consider that they have equal and fair opportunities for promotion to higher managerial positions and that their competences can be used in the best possible way irrespective of gender.

International experience

The objective regarding the international experience of Supervisory Board members is met as more than half of the 10 members of the Supervisory Board elected by the General Meeting can be considered to have substantial international experience from managing large corporations or institutions, and all members elected by the General Meeting are able to operate in an international environment.

THE WORK OF THE SUPERVISORY BOARD

The Supervisory Board of the Carlsberg Group's parent company, Carlsberg A/S, and the supervisory boards 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 Supervisory Board meetings, as well as in written and oral reports covering areas such as market developments and the companies' performance, profitability and financial position.

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 and the Executive Board held seven meetings in 2015; all meetings were attended by the Chairman and six were attended by the Deputy Chairman. The specific duties of the Chairman – and in his absence the Deputy Chairman – are set out in the Rules of Procedure.

The Supervisory Board of Carlsberg A/S held eight meetings in 2015. Due to the change of CEO in June 2015, the annual strategy seminar, usually held in June, was replaced in 2015 by a strategy session in December where the Supervisory Board engaged in the process of developing a new Group strategy.

SUPERVISORY BOARD EVALUATION PROCESS

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. Prior to the evaluation, each Board member fills out a detailed questionnaire and submits it to the Chairman and company secretary. The questionnaire includes around 30 questions on the Board member's views on the Supervisory Board's key duties, composition, dynamics and processes as well as points to consider as part of the review of each individual Board member and their performance. The Board members are asked to score questions on a scale from 1 to 4, allowing a quantitative comparison across questionnaires.

The evaluation also includes the cooperation between the Supervisory Board and the Executive Board, and the work, accomplishments and composition of the Executive Board. The Supervisory Board holds a session without the presence of the Executive Board at which the performance of the Executive Board is evaluated.

Finally, the process includes a meeting without the presence of the Chairman at which the performance of the Chairman is discussed.

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 based on input from the Nomination Committee as well as the Board evaluation process. The Group conducts a detailed introduction programme for all new Supervisory Board members and holds relevant courses for all Supervisory Board members.

During the evaluation process in 2015, 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 Supervisory Board also expressed satisfaction with the focus on risk evaluation, strategy and direction-setting during Board discussions. The evaluation process led to a short catalogue of ideas for minor changes to the way the Supervisory Board works. These ideas will be considered and, where relevant, implemented by the Supervisory Board, and some of them have been incorporated into the Supervisory Board's meeting plan and procedures for 2016.

The Supervisory Board and the Executive Board have evening meetings prior to each Supervisory Board meeting where one or two CEOs or other key people from the Carlsberg Group present a market or other relevant Group topic to the Supervisory Board and members of ExCom. This enables the Supervisory Board to further familiarise itself with the business and key people from the organisation. Topics on the agenda for the evening meetings in 2015 included strategic projects, restructuring, Carlsberg Danmark, Eastern Europe/Russia, innovation and R&D.

Mid 2015, the Supervisory Board decided to invite ExCom members to attend all Board meetings in order to improve transparency and ensure accurate execution of the Board decisions. This gives the Supervisory Board a deeper understanding of the business and of the areas and responsibilities of ExCom members, and allows for immediate and detailed answers to the Board's specific queries within the members' field of expertise.

BOARD COMMITTEES

The Audit Committee

In 2015, the Audit Committee consisted of three members of the Supervisory Board: Donna Cordner (Chairwoman), Richard Burrows and Lars Rebien Sørensen.

Lars Rebien Sørensen replaced Jess Søderberg, who retired from the Carlsberg A/S Supervisory Board and the Audit Committee following the Annual General Meeting on 26 March 2015.

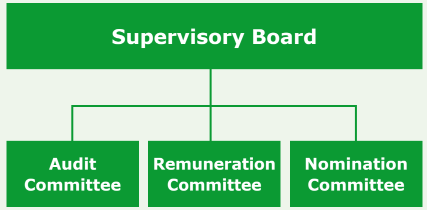
The Audit Committee is appointed for one year at a time.

The Supervisory Board elected the Audit Committee members on 26 March 2015 and they will continue as members with Donna Cordner as Chairwoman until the March 2016 Supervisory Board meeting, where new members will be elected. All qualify as being independent of the Company and all possess the relevant financial expertise.

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. The Supervisory Board approved the Audit Committee meeting plan for 2016 and the current Terms of Reference at the Supervisory Board meeting in December 2015. The Terms of Reference are available on the Company's website. In accordance with its Terms of Reference and annual meeting plan, the Audit Committee has primarily carried out the following work:

a) Monitored the financial reporting process. The presentations to the Audit Committee and the Audit Committee's discussions had special focus on management judgements, estimates, changes in accounting policies and procedures, and the disclosures being fair, balanced and understandable. The Audit Committee closely reviewed the assumptions behind the estimates made, which resulted in significant impairments in Q3, and held an extraordinary meeting with management and external auditors to assess and analyse the business development and expected future developments that led to the impairments. In addition, they focused on compliance with accounting standards, stock exchange requirements and other legal requirements related to financial reporting. The Audit Committee also discussed the assumptions behind the Company's full-year profit expectations before all releases of financial statements, paying particular attention to the revised guidance in August. The

SUPERVISORY BOARD STRUCTURE



AUDIT COMMITTEE MEETINGS

Committee member	Ordinary meetings attended	Extraordinary meetings attended
Donna Cordner[1,2,3]	● ● ● ● ●	● ●
Richard Burrows[1,2]	● ● ● ● ●	● ●
Lars Rebien Sørensen[1,2]	○ ● ● ● ●	○ ●
Jess Søderberg[1,2]	● ○ ○ ○ ○	● ○
Flemming Besenbacher[1,4]	● ● ● ● ●	● ●

[1] Elected by the General Meeting. [2] Independent. [3] Chairwoman. [4] Not a member of the committee; attends meetings in his capacity as Chairman of the Supervisory Board.
● Attended meeting. ○ Not a Board member at the time of meeting.

Audit Committee also reviewed the financial personnel succession planning.

b) Monitored the effectiveness of the internal control and risk management systems. This work included regular updates from Group Finance with regard to the Company's financial control framework. The Audit Committee reviewed the Company's relevant Group-wide policies in relation to internal control and risk management systems and the financial reporting process, and received reports and presentations from Group Finance on the effectiveness of these systems as well as the scope, plans and status for controls throughout the year. The Audit Committee also reviewed quarterly reports from Group Internal Audit and Group Risk Management, including the risk management process in the Carlsberg Group and the status of risks identified in the strategic risk map and heat map. Furthermore, the Audit Committee monitored the development and implementation of a new Policy on Governance of Group Companies and an updated Policy on Chart of Authority and Signing Rules, including a new Chart of Authority for holding companies.

c) Monitored the internal audit function. The work included a review and approval of internal audit plans and a review of the internal audit function and competences. In connection with a general restructuring in the Carlsberg Group, the Group Internal Audit function underwent changes in 2015 and the Audit Committee Chairman was involved in hiring a new VP Group Internal Audit, who joined the Company on 1 January 2016. During the transition, the Audit Committee asked the VP Group Finance to head the internal audit function, acknowledging that the VP Group Finance would not be independent.

d) Monitored the external audit of financial reporting and the independence of the external audit. KPMG Statsautoriseret Revisionspartnerselskab was re-elected as the Company's external auditor by the Annual General Meeting in March 2015. The Audit Committee's monitoring of the external auditor's work included discussions regarding audit planning and scope, terms of engagement, audit fees and a review at each meeting of the external auditor's work and findings.

In accordance with the Terms of Reference, four of the Audit Committee meetings were held prior to the approval and announcement of the external financial reporting.

In addition, and in accordance with the Terms of Reference, all minutes and material were made available to the Supervisory Board, internal and external auditors, and the Executive Board. The Audit Committee Chairman also reported at each Supervisory Board meeting on the key findings and conclusions from the previous Audit Committee meeting.

At each Audit Committee meeting, the Audit Committee examines 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 2015, the Audit Committee held regular meetings with the external auditors and Group Internal Audit as well as with other relevant internal function heads without the presence of the Executive Board of the Company.

The Nomination Committee

In 2015, the Nomination Committee consisted of three members of the Supervisory Board: Flemming Besenbacher (Chairman), Jess Søderberg (up to the Annual General Meeting in March 2015, when he was replaced by Lars Rebien Sørensen) and Kees van der Graaf. Jess Søderberg was and Lars Rebien Sørensen and Kees van der Graaf are independent of the Company as defined in the recommendations on corporate governance. Flemming Besenbacher (as Chairman), Lars Rebien Sørensen and Kees van der Graaf will continue as members of the Nomination Committee until new members are elected at the Supervisory Board meeting in March 2016.

The Nomination Committee works according to Terms of Reference, which are reviewed and approved annually by the Supervisory Board. The Terms of Reference are available on the Company's website.

In 2015, the Committee focused on succession planning at Executive Board level. This work resulted in the recommendation to the Supervisory Board of the new CEO, who joined the Company in June 2015, and the new CFO, who will join no later than 1 August 2016.

Furthermore, the Nomination Committee advised and made recommendations to the Supervisory Board with regard to candidates for the Supervisory Board, including the recommendation of Lars Rebien Sørensen as new Board member, to the Annual General Meeting in March 2015. Lars Rebien Sørensen was elected by the Annual General Meeting and replaced Deputy Chairman Jess Søderberg, who stepped down in accordance with the current age stipulation of the Articles of Association. Lars Rebien Sørensen was subsequently appointed Deputy Chairman.

Finally, the Committee considered succession planning at ExCom level.

NOMINATION COMMITTEE MEETINGS

Committee member	Ordinary meetings attended	Extraordinary meetings attended
Flemming Besenbacher[1,3]	● ● ●	● ●
Lars Rebien Sørensen[1,2]	– ● ●	– ○
Kees van der Graaf[1,2]	● ● ●	● ○
Jess Søderberg[1,2]	● – –	● –

[1] Elected by the General Meeting. [2] Independent. [3] Chairman.
● Attended meeting. ○ Did not attend meeting. – Not a Board member at the time of meeting.

The Remuneration Committee

The work of the Remuneration Committee is described in the Remuneration report on page 48.

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.

Cees 't Hart was appointed President & CEO in February 2015, replacing Jørgen Buhl Rasmussen with effect from June 2015. To replace Jørn P. Jensen, who left the Carlsberg Group as of 1 October 2015, Heine Dalsgaard was appointed CFO in early 2016 and will join Carlsberg no later than 1 August 2016. The members of the Executive Board are not members of the Supervisory Board but attend Supervisory Board meetings.

The Company also has a wider Executive Committee (ExCom), which consists of five Senior Vice Presidents in addition to the two Executive Board members. The composition of ExCom can be seen on page 54.

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 based on a proposal from the Audit Committee. 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, which are issued at least twice a year. The auditor takes part in all Audit Committee meetings and, as a minimum, the Supervisory Board meeting at which the Annual Report is discussed and approved.

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 Company has a number of policies and procedures in key areas of financial reporting, including the Finance Manual, the Controller Manual, the Chart of Authority, the Risk Management Policy, the Treasury Policy, the Information Security Policy, the Global Expense Policy and the Business Ethics Policy. The policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners in joint ventures.

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 detect, mitigate and correct material misstatements in the consolidated financial statements.

The monitoring of risk and internal controls in relation to the financial reporting process are anchored by the reporting of the maturity level of the control environment using the Company's financial control framework.

Risk assessment

The risk assessment process related to the risk in relation to the financial reporting process is assessed annually and approved by the Audit Committee.

The risk related to each accounting process and line item in the consolidated financial statements is assessed based on quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the likelihood of them materialising and their potential impact.

The identified areas are divided into areas with high, medium or low risk. High-risk areas are line items that include significant accounting estimates, including goodwill and special items, and the sales and purchase process. The Company's financial control framework reporting covers relevant Group companies and functions to the level where high-risk areas are at least 80% covered and medium-risk areas at least 60%. Low-risk areas are not covered.

Control activities

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 or functional in-depth knowledge of the individual companies/functions and by technical accounting specialists. In addition, significant Group companies have controllers with extensive commercial and/or supply chain knowledge and insight.

Based on the risk assessment, the Group has established minimum requirements for the conduct and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. The Company's financial control framework covers 132 controls relating to 23 accounting processes and areas.

The relevant Group companies and functions must ensure that the Company's financial control framework is implemented in their business and that individual controls are designed to cover the predefined specific risk. The local management is responsible for ensuring that the internal control activities are performed and documented, and is required to report compliance quarterly to the Group's finance organisation.

The entities in the Group are dependent on IT systems. Any weaknesses in the system controls or IT environment are compensated for by manual controls in order to mitigate any significant risk relating to the financial reporting. This includes the implementation of compensatory controls during implementation of the supply chain integration and business standardisation project (BSP1), given that an increased number of people will have access to systems.

Information and communication

The Group has established information and communication systems to ensure that accounting and internal control compliance is established, including a Finance Manual, a Controller Manual and internal control requirements.

In addition, the Group has implemented a formalised reporting process for reporting monthly, quarterly, budget and estimate figures from all countries and functions.

Monitoring

The Audit Committee's monitoring covers both the internal control environment and business risk. Monitoring of the internal control environment is covered by the Company's financial control framework. The business risk is assessed and reviewed at multiple levels in the Group, including periodic review of control documentation, controller visits and audits performed by Group Internal Audit.

Additionally, business risks are discussed and monitored at business review meetings between ExCom, regional management and local management at which potential financial impacts are identified.

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

GROUP INTERNAL AUDIT

The Internal Audit department ensures objective and independent assessment of the adequacy, effectiveness and quality of the Group's internal controls. The head of Group Internal Audit reports to the Chairman of the Audit Committee. The Audit Committee must approve the appointment and potential dismissal of the head of Group Internal Audit as well as changes to his or her terms. Group Internal Audit works in accordance with a charter and Terms of Reference approved by the Audit Committee.

A new VP Group Internal Audit joined Carlsberg on 1 January 2016. During the transition period, the Audit Committee asked the VP Group Finance to head the internal audit function, acknowledging that the VP Group Finance would not be independent.

Group Risk Management conducts an annual review of business risks (cf. page 35). On the basis of this and input from the Supervisory Board, the Audit Committee and senior executives in the Group, an internal 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.

WHISTLEBLOWER SYSTEM

The Carlsberg Group has a whistleblower system that enables employees to report activities that may involve criminal conduct or violations of the Carlsberg Group's policies and guidelines.

The whistleblower system allows concerns to be brought to the attention of the Chief Compliance Officer (CCO) in multiple ways, including a website, a dedicated e-mail address, regular e-mail and verbally. Reports filed through the whistleblower system are handled by the CCO, who regularly, and at least every quarter, reports to the Audit Committee on issues reported via the whistleblower system and action taken as a result. In 2015, 52 concerns that were either submitted to the system or otherwise brought to the attention of the CCO were reviewed.

Since the establishment of the whistleblower system in April 2010, some reports and their subsequent investigation have led to various disciplinary sanctions for one or more employees, including dismissal on the basis of violation of Group policies and, in some cases, relevant criminal laws.

Most of these matters related to isolated incidents of fraud carried out by individual employees in the Group. The incidents have not had any material impact on the financial results of the Group or the Group company in question.

Remuneration report

We want our executives to share our shareholders' interests, and the remuneration of executive directors should support this alignment.

OUR APPROACH TO REMUNERATION

The Carlsberg Group's remuneration is designed to enable us to recruit and retain individuals with the expertise and ability required to run a growing international company, and to do so in a way that drives our business success and rewards executives when shareholders are rewarded. Levels of fixed remuneration are set based on individuals' experience and contribution, and in the context of the external market.

While we do not seek to adhere rigidly to market benchmarks, we monitor and take into account pay levels and incentive opportunities in the principal markets from which we recruit: our European brewing and spirits peers and the global consumer goods sector, as well as companies across industry sectors in the Nordic region.

Many of our investors – including our main shareholder – are long-term holders of our shares. We want our executives to share their perspective and believe that remuneration should align their interests accordingly. The balance between the short-term remuneration package and long-term share-based pay and shareholding requirements strengthens this alignment.

The Company's full Remuneration Policy for the Supervisory Board and Executive Board, and guidelines for incentive programmes as approved at the Annual General Meeting on 20 March 2015, are available on the Company's website.

MAIN ACTIVITIES IN 2015

During 2015, the main activities of the Remuneration Committee were:

- Determining levels of long-term incentive awards for 2015.
- Considering shareholders' feedback from the 2015 Annual General Meeting.
- Determining the remuneration, including severance agreements, for the former President & CEO and Deputy CEO & CFO.
- Determining the remuneration for the new President & CEO and for the new CFO, who will be joining the Group in 2016.
- Reviewing the Remuneration Policy for the Executive Board and agreeing minor changes to that policy.
- Considering the achievement of performance criteria for the annual bonus plan for 2015 and approving levels of vesting.
- Reviewing fixed salary levels, bonus targets and levels of long-term incentive awards for 2016.
- Evaluating the remuneration of the Supervisory Board.

2016 OBJECTIVES

- Monitoring the workings and outcomes of the revised remuneration structure for 2016 to support the Group's strategy.
- Monitoring the extension of the revised remuneration structure to cover all senior management to ensure alignment throughout the Senior Management Team.

In 2015, the Remuneration Committee reviewed the Remuneration Policy for the Executive Board. The current Remuneration Policy was developed three years ago, and the Committee agreed that it was an appropriate time to review the policy, particularly given the appointment of a new CEO and the strategic review of the Company.

As a result of the strategic review, the Committee has made some minor changes to the remuneration structure, but within the existing policy. These changes relate to the performance measures for the annual bonus and long-term incentive awards to ensure alignment with the Group's strategy.

REMUNERATION OF THE EXECUTIVE BOARD

Remuneration Policy

The main elements of the executive directors' remuneration arrangements are summarised in the table on page 50 and explained in more detail in the following paragraphs.

Fixed salary

The Committee reviews fixed salaries annually, taking into account a number of relevant factors, including the individual's performance, role and responsibilities.

The Committee also takes into account levels of remuneration for similar roles at comparable companies in both the drinks and fast moving consumer goods sectors, as well as companies across industry sectors based in the Nordic region.

There is no increase to the CEO's fixed salary for 2016.

THE COMMITTEE'S RESPONSIBILITIES

The Carlsberg Group's Remuneration Committee is responsible for the Remuneration Policy (including the general guidelines for incentive programmes) for all members of the Supervisory Board and the Executive Board, for making proposals on changes to the Remuneration Policy, and for obtaining the approval of the Supervisory Board prior to seeking shareholders' approval at the Annual General Meeting.

The Committee is responsible for making proposals to the Supervisory Board on the actual structure and content of the remuneration packages of members of the Supervisory Board and the Executive Board, in accordance with the policy approved by the shareholders.

The Committee monitors and advises the Supervisory Board on any major changes to the policy on senior employee remuneration structures for the Group, including for the Executive Committee. The Committee's Terms of Reference, which govern how it operates, are approved by the Supervisory Board and are available on the Company's website.

Annual bonus

The annual bonus is structured to incentivise the executive directors to deliver on the Group's short-term strategic objectives.

For 2016, the potential maximum bonus will remain at 100% of fixed salary, with 60% of fixed salary payable for on-target performance. For the new CEO, the bonus payment will be no lower than 60% of fixed salary.

Determination of the final bonus is subject to the discretion of the Committee and the Supervisory Board, taking into account the overall performance of the business.

For 2016, the annual bonus comprises two elements. The first element, accounting for 80% of the bonus, is based on three measures: operating profit, return on invested capital (ROIC) and free cash flow. The second element, accounting for 20%, will be linked to the executives' performance against measures that reflect the Group's strategic priorities.

Long-term incentive arrangements

Award levels and types of award

The long-term incentive arrangements for the executive directors comprise two types of award:

- Share options, which vest after three years, subject to continued employment.
- Performance shares, which vest after three years, subject to performance conditions.

The maximum combined value of awards that can be made in any single financial year (based on the "fair value", an estimate of the expected present value of an award) is 200% of fixed salary.

REMUNERATION COMMITTEE MEETINGS

Committee member	Ordinary Board meetings attended	Extraordinary meetings attended
Richard Burrows[1,2,3]	● ● ●	● ● ● ● ● ● ●
Lars Rebien Sørensen[1,2]	– ● ●	– – ○ ● ● ○ ○
Kees van der Graaf[1,2]	● ● ●	● ● ○ ● ● ● ○
Elisabeth Fleuriot[1,2]	● ● ●	● ● ● ● ● ● ●
Jess Søderberg[1,2]	● ● ●	● ● – – – – –
Flemming Besenbacher[1,4]	● ● ●	● ● ● ● ● ● ●

[1]Elected by the General Meeting. [2]Independent. [3]Chairman. [4]Not member of the committee; attends meetings in his capacity as Chairman of the Supervisory Board.
● Attending meeting. ○ Not attending meeting. – Not a Board member at the time of meeting.

Each year, the Committee determines the total level of the long-term incentive award to be made to each executive director, and how much of that award will be made using performance shares and how much using share options. All long-term incentive awards are made at the discretion of the Committee.

Performance shares

The vesting of any performance shares is subject to achievement of performance conditions determined by the Committee prior to the grant date. The performance shares vest three years after the grant date.

For 2016, there are two different awards of performance shares: a regular performance share award and a special performance share award relating to achievement of targets linked to the *Funding the Journey* programme. The performance share awards to the CEO and CFO in 2016 will be split between the regular award and the *Funding the Journey* award.

Regular performance share award

The regular performance share award will be subject to three performance conditions measured over three years: total shareholder return, earnings per share and a capital balanced scorecard of strategic measures.

The performance conditions further increase and support alignment of the executive directors' reward with long-term Group strategy and shareholder value. In order for any award (or part of an award) to vest, the Committee must be satisfied that underlying Group performance is at a satisfactory level.

Funding the Journey performance share award

Vesting of the *Funding the Journey* performance share award is subject to achievement of performance conditions supporting the Group's medium-term strategy of cost reduction and will be measured over two years. There will be a further year before the awards can vest, during which performance will have to be sustained. Payout of shares will be in the spring of 2019.

REMUNERATION POLICY

Element of pay	Objective	Award level	Performance criteria	Performance period
Fixed salary	Attract and retain high-performing individuals by reflecting market value of role and executive's skills and experience. Reward day-to-day performance. Set at a level to prevent over-reliance on variable pay.	Takes into account the market rate for similar roles in international comparator companies as well as executive's skills and experience.	No performance criteria per se, but the performance of the individual is taken into account when fixed salary levels are reviewed.	N/A
Benefits	Operate a competitive benefits suite to aid recruitment and retention.	Perquisites and other benefits corresponding to market practices.	N/A	N/A
Pension	Executives make their own provision for retirement.	N/A	N/A	N/A
Annual bonus plan	Drive and reward delivery of short-term business objectives.	Maximum bonus opportunity is 100% of fixed salary. Bonus opportunity at target is 60% of fixed salary.	Operating profit, return on invested capital, free cash flow, strategic measures[1].	1 year
Long-term incentive plan	Drive and reward longer-term business objectives. Maximise alignment with shareholder value.	The maximum level of long-term incentive awards is 200% of fixed salary based on the fair value of an award at the grant date. However, actual awards in 2015 were below the permitted maximum. Awards in 2016 will not exceed 2015 award levels.	For share options, inherent share price growth target. *For the regular performance share award[2]:* • Relative total shareholder return (TSR). • Growth in adjusted EPS. • Scorecard strategic measures. *For the Funding the Journey performance share award:* • Increase in operating profit in 2018 budget versus 2015 actual.	Options exercisable between 3rd and 8th anniversary of grant. Performance period for regular performance share award: 3 years with 3-year vesting. Performance period for *Funding the Journey* performance share award: 2 years with 3-year vesting.

[1] Previous annual bonus performance criteria (in 2015): operating profit, free cash flow, return on invested capital, adjusted net profit, market share.
[2] Previous performance criteria (in 2015): relative total shareholder return (TSR), growth in adjusted earnings per share (EPS), corporate social responsibility, organic growth in market share.

REGULAR PERFORMANCE SHARE AWARD

Measure	Weighting	Performance condition and period
Relative total shareholder return (TSR) TSR measures the total return to investors. The Group's TSR performance will be measured relative to a comparator group of 17 companies[1].	30%	• Measured over 3 years from grant date. • 25% of TSR element vests if the Group's TSR performance is at median of peer group[1]. • 100% vests for upper-quartile performance. • Straight-line vesting between median and upper quartile.
Adjusted EPS growth Adjusted EPS growth targets measure the Group's underlying financial success.	40%	• Measured over 3 financial years. • 25% of the adjusted EPS element vests for 3% p.a. growth. • 100% vests for 8% p.a. growth. • Straight-line vesting between 3% p.a. and 8% p.a.
Strategic measures A scorecard of measures that assesses the Group's progress against financial and non-financial strategic priorities.	30%	• Measured over 3 financial years.

[1] TSR comparator group: Ambev, Anheuser-Busch InBev, Asahi Group Holdings, Britvic, Brown-Forman 'B', Compañía Cervecerías Unidas (CCU), Davide Campari-Milano, Diageo, Dr Pepper Snapple, Heineken, Kirin Holdings, Molson Coors Brewing 'B', Pernod Ricard, Rémy Cointreau, SABMiller, Sapporo Holdings, Tsingtao.

FUNDING THE JOURNEY PERFORMANCE SHARE AWARD

Measure	Performance condition and period
Increase in operating profit in 2018 budget versus 2015 actual plus certified investment in 2018 versus 2015 actual.	Performance measured over 2 financial years (2016 and 2017), based on total annual benefit delivered in 2018 versus 2015 actual. • 41.5% of award (50% of salary) vests for DKK 1.5bn benefit. • 83% of award (100% of salary) vests for DKK 2bn benefit. • 100% of award (120% of salary) vests for DKK 2.3bn benefit. No scaled vesting between the above points.

Members of the Executive Committee (excluding the Group CEO and CFO) and other Group management personnel will participate in a two-year cash plan linked to the *Funding the Journey* measures. Payout of cash for participants will be in the spring of 2018.

Reclaiming variable pay
In the event of serious misconduct, or if an annual bonus or long-term incentive award is made on the basis of accounts that prove to be materially misstated, the Company may reclaim, in full or in part, any overpayment from the annual bonus, or cancel or withdraw unexercised or unvested long-term incentive awards made to the executive directors.

Share ownership guidelines
In order to strengthen the alignment between executive directors and shareholders, the executive directors are required to retain shares on the vesting of long-term incentive awards (subject to disposals required to meet any tax and other associated obligations).

The CEO is expected to build up a holding of shares equivalent to 150% of fixed salary, and the CFO a holding equivalent to 120% of fixed salary.

Executive directors' service contracts
Service contracts for executive directors contain terms and conditions that are considered common to executive board members in Danish listed companies.

Remuneration of current Executive Board in 2015

Fixed salary
The annual fixed salary for Cees 't Hart is DKK 12.0m. In 2015, Cees 't Hart was paid an amount of DKK 7.0m as the pro-rated amount for his period of service with the Carlsberg Group in 2015.

Annual bonus
A bonus of DKK 4.2m is payable to Cees 't Hart in respect of the 2015 financial year. This equates to a target bonus of 60% of maximum pro-rated for his period of service on the Executive Board in 2015.

Payments for remuneration forfeited on leaving previous employer
The CEO was paid an amount of DKK 5.8m on joining the Carlsberg Group to compensate him for remuneration forfeited on leaving his previous employer.

Long-term incentive awards
Granted in 2015
The CEO was granted a long-term incentive award with a fair value at the time of the award of 150% of fixed full-year salary. For 2015 only, this long-term incentive award was made entirely in share options.

Shareholdings
The number of shares and share options in Carlsberg A/S held by Cees 't Hart at the beginning of the financial year and movements to 31 December 2015 are shown in the table on page 52.

Remuneration of former CEO and CFO

Fixed salary
Actual fixed salaries of DKK 5.1m and DKK 7.3m respectively were paid to Jørgen Buhl Rasmussen and Jørn P. Jensen in 2015 as the pro-rated amounts for their respective periods of service on the Executive Board in 2015.

Long-term incentive awards
Granted in 2015
In the 2015 financial year, the former CEO and CFO were awarded long-term incentive awards that, at the time of award, had a fair value of 150% and 120% of fixed salary respectively.

Vested in 2015
In February 2015, the share options granted to the former CEO and CFO in 2012 vested and became exercisable over 69,600 and 62,000 shares respectively.

Payments following cessation
Annual bonus
Bonuses of DKK 3.1m and DKK 4.3m respectively are payable to Jørgen Buhl Rasmussen and Jørn P. Jensen in respect of the 2015 financial year. This equates to a target bonus of 60% of the base salary pro-rated for their respective periods of service on the Executive Board in 2015.

Severance payments
After stepping down from the Executive Board, the former CEO and CFO became entitled to severance payments of DKK 23.9m and DKK 25.2m respectively, payable over the severance period of two years. This included payment in respect of all unvested long-term incentive awards at the date of cessation.

REMUNERATION OF THE SUPERVISORY BOARD

Remuneration Policy
The remuneration of the Supervisory Board for 2015 was approved by the Annual General Meeting in March 2015.

The members of the Supervisory Board of Carlsberg A/S are remunerated for duties performed in the Company. The fees are reviewed, but not necessarily increased, each year, taking into account market practice with reference to an international comparator group as well as the need to attract and retain high-calibre individuals.

The remuneration of the Supervisory Board consists of a fixed annual base fee. The Chairman receives a single fee of three-and-a-half times the base fee and no additional fee for any committee work. The additional fee for committee work for other members of the Supervisory Board is shown in the table on page 53.

Members of the Supervisory Board are not included in share incentive programmes, retirement benefit plans or other schemes. No agreements have been entered into concerning termination benefits, and no such payments were made in 2015.

Remuneration of the Supervisory Board in 2015
The fees for members of the Supervisory Board for the 2015 financial year are set out on page 53. The number of shares in Carlsberg A/S held by Supervisory Board members at the beginning of the financial year and movements to 31 December 2015 are also shown.

REMUNERATION OF EXECUTIVE DIRECTORS

	Cees 't Hart	Jørgen Buhl Rasmussen		Jørn P. Jensen		Key management personnel		Supervisory Board	
DKK million	2015	2015	2014	2015	2014	2015	2014	2015	2014
Fixed salary	7.0	5.1	11.2	7.3	9.7	38.0	40.5	8.8	8.7
Cash bonus	4.2	3.1	3.5	4.3	3.1	11.4	20.0	-	-
Special bonus[1]	5.8	-	-	-	-	-	-	-	-
Severance payments	-	23.9	-	25.2	-	4.0	3.3	-	-
Non-monetary benefits	0.5	0.2	0.3	0.2	0.3	4.5	5.8	-	-
Share-based payments[2]	2.5	32.0	10.1	24.6	8.4	6.0	2.9	-	-
Total	**20.0**	**64.3**	**25.1**	**61.6**	**21.5**	**63.9**	**72.5**	**8.8**	**8.7**

[1] Special bonus covering remuneration waived from previous employer.
[2] Includes accelerated cost of share-based payments granted to Jørgen Buhl Rasmussen and Jørn P. Jensen prior to them leaving the Carlsberg Group.

LONG-TERM INCENTIVE AWARDS GRANTED IN 2015

	Performance shares	**Share options**
CEO Cees 't Hart (150% of base salary)	26,924	51,000
Former CEO Jørgen Buhl Rasmussen (150% of base salary)	14,001	44,000
Former CFO Jørn P. Jensen (120% of base salary)	15,312	40,377

SHARE OWNERSHIP GUIDELINES

	Share ownership guideline as % of fixed salary	**Actual % held at 31 Dec. 2015**	**Fair value of unvested options and performance shares as % of fixed salary (prior to deductions for tax and incidental costs)**
Cees 't Hart	150%	20%	191%

EXECUTIVE DIRECTORS' HOLDINGS OF CARLSBERG A/S SHARES[1]

		Number				DKK million
		1 Jan. 2015	**Additions**	**Sold**	**31 Dec. 2015**	**Market value**
Cees 't Hart	B shares	-	4,000	-	4,000	2.45

[1] The holding also includes the holding of the related party of the executive director. The executive director does not own shares in any of the subsidiaries or associates of Carlsberg A/S.

EXECUTIVE DIRECTORS' GRANTED SHARE OPTIONS AND PERFORMANCE SHARES

		Number						DKK million
Grant year	**Exercise year**	**1 Jan. 2015**	**Granted**	**Exer-cised**	**For-feited**	**31 Dec. 2015**	**For exercise 31 Dec.**	**Fair value 31 Dec.**
SHARE OPTIONS								
Cees 't Hart								
2015	2018-2023	-	97,334	-	-	97,334	97,334	23
Total		**-**	**97,334**	**-**	**-**	**97,334**	**97,334**	**23**
Jørgen Buhl Rasmussen								
2007	2010-2015	12,388	-	-	-	12,388	12,388	-
2008	2011-2016	44,776	-	-	-	44,776	44,776	4
2009	2012-2017	30,000	-	-	-	30,000	30,000	8
2010	2013-2018	15,000	-	-	-	15,000	15,000	2
2011	2014-2019	30,000	-	-	-	30,000	30,000	2
2012	2015-2020	69,500	-	-	-	69,500	-	10
2013	2016-2021	49,000	-	-	-	49,000	-	6
2014	2017-2022	51,000	-	-	-	51,000	-	6
2015	2018-2023		93,178	-	-	93,178	-	20
Total		**301,664**	**93,178**	**-12,388**	**-**	**382,454**	**189,276**	**78**
Jørn P. Jensen								
2007	2010-2015	12,388	-	-12,388	-	-	-	-
2008	2011-2016	44,776	-	-	-	44,776	44,776	7
2009	2012-2017	30,000	-	-	-	30,000	30,000	12
2010	2013-2018	15,000	-	-	-	15,000	15,000	3
2011	2014-2019	30,000	-	-	-	30,000	30,000	4
2012	2015-2020	62,000	-	-	-	62,000	62,000	14
2013	2016-2021	42,000	-	-	-	42,000	-	7
2014	2017-2022	44,000	-	-	-	44,000	-	8
2015	2018-2023		40,377	-	-	40,377	-	9
Total		**280,164**	**40,377**	**-12,388**	**-**	**308,153**	**181,776**	**64**
Executive directors, total		**581,828**	**230,889**	**-24,776**	**-**	**787,941**	**468,386**	**165**
PERFORMANCE SHARES								
Jørgen Buhl Rasmussen								
2013-2015	2016	29,694	-	-	-29,694	-	-	-
2014-2016	2017	26,924	-	-	-26,924	-	-	-
Total		**56,618**	**-**	**-**	**-56,618**	**-**	**-**	**-**
Jørn P. Jensen								
2013-2015	2016	15,441	-	-	-15,441	-	-	-
2014-2016	2017	14,001	-	-	-14,001	-	-	-
2015-2017	2018		15,312	-	-15,312	-	-	-
Total		**29,442**	**15,312**	**-**	**-44,754**	**-**	**-**	**-**
Executive directors, total		**86,060**	**15,312**	**-**	**-101,372**	**-**	**-**	**-**

SUPERVISORY BOARD REMUNERATION PRINCIPLES IN 2015

	Base fee (DKK thousand)	Additional fee (as % of base fee)
All Supervisory Board members	400	
Chairman of Supervisory Board		250%
Deputy Chairman of Supervisory Board		50%
Chairman of Audit Committee		113%
Chairman of Remuneration Committee/ Chairman of Nomination Committee		50%
Member of Board Committee (per Committee)		38%

REMUNERATION OF THE SUPERVISORY BOARD

DKK million	2015	2014
Flemming Besenbacher (Chairman of the Supervisory Board and of the Nomination Committee)[1]	1.40	1.38
Jess Søderberg (former Deputy Chairman)[1,2]	0.25	1.09
Lars Rebien Sørensen (Deputy Chairman)[1,2]	0.84	-
Richard Burrows (Chairman of the Remuneration Committee)[1,2]	0.75	0.75
Donna Cordner (Chairman of the Audit Committee)[1,2]	0.85	0.66
Elisabeth Fleuriot[1,2]	0.55	0.55
Kees van der Graaf[1,2]	0.70	0.70
Lars Stemmerik[1]	0.40	0.40
Søren-Peter Fuchs Olesen[1]	0.40	0.40
Nina Smith[1]	0.40	0.40
Carl Bache[1]	0.40	0.31
Per Øhrgaard[1]	-	0.10
Hans Andersen[3]	0.40	0.40
Eva Vilstrup Decker[3]	0.40	0.31
Thomas Knudsen[1]	-	0.10
Finn Lok[3]	0.40	0.31
Elena Pachkova[3]	0.15	0.31
Bent Ole Petersen[3]	-	0.10
Peter Petersen[3]	0.40	0.40
Erik Lund[3]	0.07	-
Total	**8.76**	**8.67**

[1] Elected by the General Meeting. [2] Independent. [3] Employee representative.

THE SUPERVISORY BOARD'S HOLDINGS OF CARLSBERG A/S SHARES[1]

		Number				DKK million
		1 Jan. 2015	**Additions**	**Sold**	**31 Dec. 2015**	**Market value**
Flemming Besenbacher	B shares	1,850	-	-	1,850	1.13
Lars Rebien Sørensen	B shares	-	-	-	-	-
Richard Burrows	B shares	2,040	-	-	2,040	1.25
Donna Cordner	B shares	-	-	-	-	-
Elisabeth Fleuriot	B shares	-	-	-	-	-
Kees van der Graaf	B shares	950	-	-	950	0.58
Carl Bache	B shares	100	-	-	100	0.06
Søren-Peter Fuchs Olesen	B shares	652	-	-	652	0.40
Nina Smith	B shares	192	200	-	392	0.24
Lars Stemmerik	B shares	-	-	-	-	-
Hans Andersen	B shares	1	-	-	1	0.00
Eva V. Decker	B shares	68	-	-	68	0.04
Finn Lok	B shares	-	-	-	-	-
Erik Lund	B shares	54	-	-	54	0.03
Peter Petersen	B shares	-	-	-	-	-
Supervisory Board, total		**13,661**	**200**	**-**	**13,861**	**8.49**

[1] The holdings also include the holdings of the related parties of the Supervisory Board. No members of the Supervisory Board own shares or bonds in any of the subsidiaries or associates of Carlsberg A/S.

Meet the Executive Committee

Cees 't Hart
President and CEO since 2015.

Prior to joining Carlsberg, Cees was CEO of the Dutch dairy company Royal FrieslandCampina, a position he had held since 2008. Prior to FrieslandCampina, Cees spent 25 years with Unilever, holding management positions across Eastern Europe, Western Europe and Asia. His last position at Unilever was as a member of the Europe Executive Board. Cees is based in Copenhagen.

Heine Dalsgaard
CFO designate.

By no later than 1 August 2016, Heine will join Carlsberg from ISS, one of the world's largest facility services companies. He joined ISS in 2013, prior to the company's IPO in 2014. Before ISS, he was Group CFO at Grundfos, a leading global pump manufacturer. Heine's previous experience includes various senior management and financial positions at companies such as Carpetland, Hewlett Packard and Arthur Andersen. Heine will be based in Copenhagen.

Jørn Tolstrup Rohde
Senior Vice President, Western Europe until 31 March 2016.

Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Jørn joined Carlsberg in 2004 to initiate the ComEx project and was appointed CEO of Carlsberg Danmark in the same year. From 2007 to 2009, he was President & CEO of 3C Retail A/S. He has also held senior management positions in, among others, Orkla Group and Sara Lee. Jørn is based in Copenhagen.

As of 1 April 2016, Jørn will leave Carlsberg. Replacing him is Michiel Herkemij, who has served as interim CEO of Carlsberg UK since October 2015.

Jacek Pastuszka
Senior Vice President, Eastern Europe since 2015.

President of Baltika Breweries since 2015. Jacek joined Carlsberg in 2009 as CEO of Carlsberg Polska. From 2011 to 2014, he was CEO of Ringnes, Carlsberg's Norwegian subsidiary. Prior to joining Carlsberg, Jacek was CEO of American International Group (AIG) in Poland. He has also held senior management positions in Procter & Gamble both in Poland and internationally, and in Danone Dairy in Poland and the Baltic States. Jacek is based in St Petersburg.

Christopher Warmoth
Senior Vice President, Asia since 2014. Heading up *Funding the Journey* on an interim basis.

Chris joined Carlsberg in 2014 from H.J. Heinz, where he held various senior positions in Continental/Eastern Europe and the Far East. Most recently, he was Executive VP for Asia Pacific, Middle East and Africa. Prior to joining Heinz, Chris worked for The Coca-Cola Company and Procter & Gamble. Chris is based in Hong Kong.

Peter Ernsting
Senior Vice President, Group Supply Chain since 2011.

Peter joined Carlsberg from Unilever, where he had been a member of the Europe Executive Board responsible for Supply Chain since 2005. Peter spent 27 years with Unilever, where, prior to working in Europe, he held senior management positions in Asia and Russia. Member of the Supervisory Board of Accell Group N.V., Netherlands. Peter is based in Switzerland.

Claudia Schlossberger
Senior Vice President, Group HR since 2012.

Claudia joined Carlsberg in 2012. She was previously Chief HR Officer with the Metro Group and Metro Cash & Carry. Prior to that, she held various senior HR leadership positions across Daimler Benz, where she started in marketing and sales in 1982, having worked in Russia and India. Claudia is based in Copenhagen.

The Carlsberg Foundation

The Carlsberg Foundation is a long-term shareholder in Carlsberg A/S and has been an important shareholder since 1882. The Foundation wants Carlsberg A/S to generate long-term sustainable value growth for the benefit of all shareholders and other stakeholders. The Foundation regards itself as a demanding but supportive shareholder that promotes the efforts of the Group's management to further develop the Group and strengthen value creation.

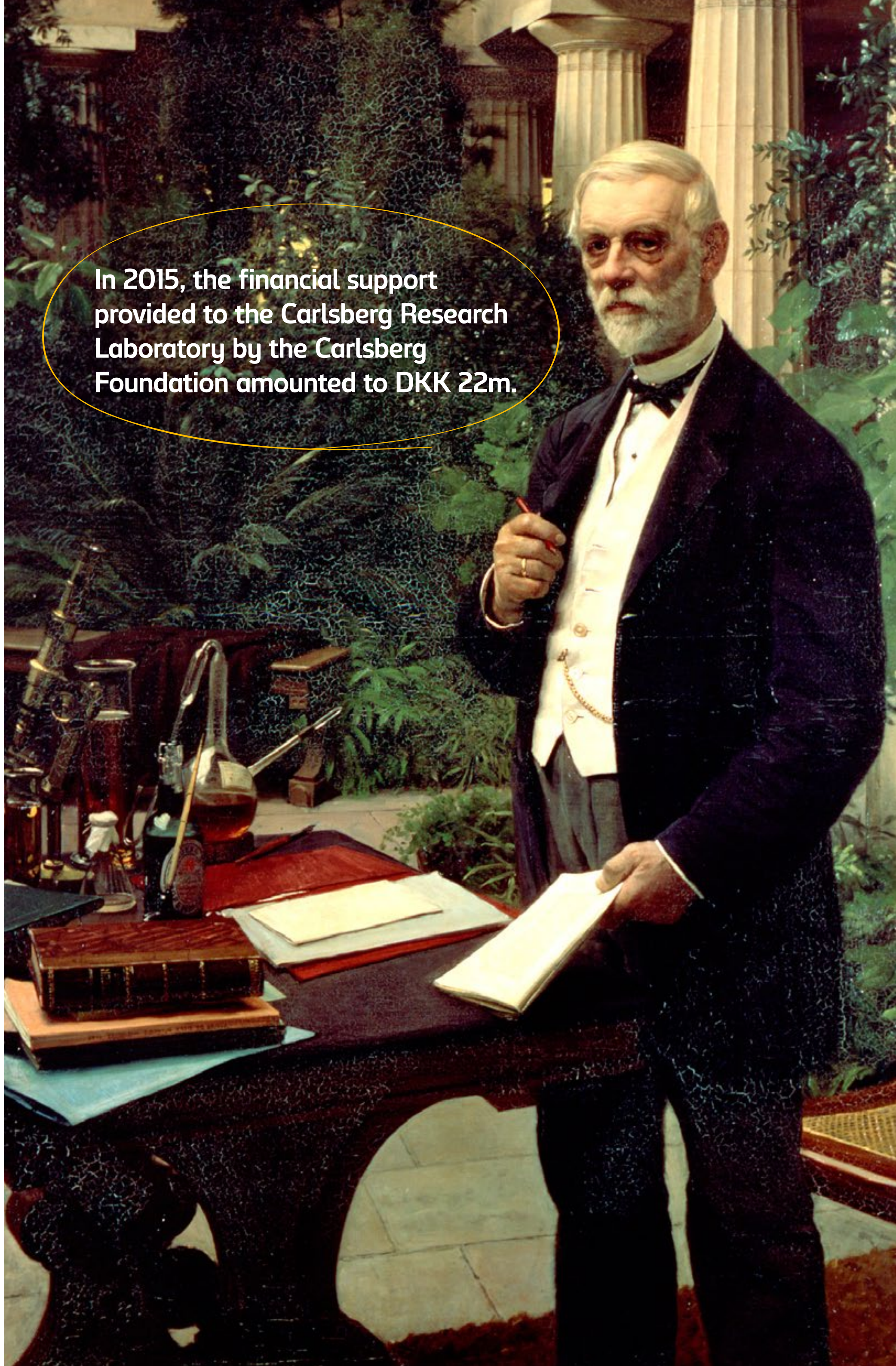
The task of the Carlsberg Foundation is to manage the legacy of brewer J.C. Jacobsen in such a way that his thoughts and ideas are reflected and respected, and such that the Charter is duly applied and adapted to modern-day principles. Through the receipt of annual dividends from Carlsberg A/S, the Foundation is able to actively support ground-breaking and excellent research within the natural sciences, social sciences and humanities. Additionally, the Carlsberg Foundation co-sponsors the operations of the Carlsberg Research Laboratory, which conducts research in the fields of barley, yeast, ingredients and brewing technology.

According to its Charter, the Foundation must at all times hold at least 51% of the votes in Carlsberg A/S. The Charter does not stipulate any minimum capital holding requirement. At the end of 2015, the Foundation held 30% of the Company's share capital and 75% of the votes, enabled by its combined holding of A and B shares (details provided on page 57).

Five members of the current Supervisory Board of Carlsberg A/S are closely associated with the Carlsberg Foundation, making up its Board of Directors. The Chairman of the Supervisory Board of Carlsberg A/S also serves as Chairman of the Carlsberg Foundation.

"As important as it is to be true to one's roots, it is just as important to be adaptable and in tune with the times. The Carlsberg Foundation takes its responsibility as a significant shareholder in Carlsberg A/S very seriously. Through its representation on the Supervisory Board, the Foundation fully supports the views and agenda of the Group's management team."

Flemming Besenbacher
Chairman of the Supervisory Board



Shareholder information

Carlsberg A/S is listed on Nasdaq Copenhagen. The Company has around 41,000 registered shareholders, together holding approximately 95% of the share capital.

i

The Annual General Meeting of Carlsberg A/S will be held on Thursday 17 March 2016 at Radisson Blu Falconer Hotel & Conference Center, Falkoner Alle 9, Frederiksberg, Denmark

The Company's shares are listed on Nasdaq Copenhagen A/S 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 the NASDAQ OMX Nordic Large Cap and OMXC20 blue-chip indices. NASDAQ OMX Nordic also operates sector indices in accordance with the Global Industry Classification Standard, and here the Carlsberg A and B shares are included in the Food & Beverage and Consumer Goods indices.

As a supplement to its Copenhagen listing, the Company has established a sponsored level 1 ADR (American Depository Receipt) programme with J.P. Morgan. The ADRs trade over-the-counter in the USA under the symbol CABGY. More information on the ADR programme is available on the Carlsberg Group's investor website.

In addition to Nasdaq Copenhagen, the Company's shares are also traded on a number of other equity exchanges, including BATS Chi-X. In 2015, the Carlsberg B share increased 28% and ended the year at DKK 612.5. At the end of 2015, the market value of the Company's shares was DKK 93.4bn, compared to DKK 74.5bn at the end of 2014.

FINANCIAL CALENDAR 2016

17 March	Annual General Meeting
11 May	Trading statement – Q1
17 August	Interim results – Q2
9 November	Trading statement – Q3

SHAREHOLDERS (FREE FLOAT)

%	End-2015	End-2014	End-2013
DK	13	13	20
USA	43	39	34
UK	13	14	20
Other	31	34	26

SHAREHOLDERS

At 31 December 2015, the Company's largest shareholder was the Carlsberg Foundation, holding 30% of the share capital and 75% of the votes. In accordance with section 29 of the Danish Securities Trading Act, Massachusetts Financial Services Company has notified Carlsberg that it too owns more than 5% of the share capital.

At the end of 2015, Carlsberg A/S had approximately 41,000 registered shareholders, together holding nominal capital of DKK 2,900m, corresponding to 95% of the share capital.

INVESTOR RELATIONS

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

As part of its investor relations work, the Company maintains an active dialogue with equity and credit analysts, and with existing and potential 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. As part of the ongoing IR activities, in 2015 the Carlsberg Group held investor and analyst meetings in a number of cities across Europe, North America and Asia.

The Company's investor website provides both current and historical information about the Company and its shares and bonds, including company announcements, share prices, investor presentations, webcasts and transcripts, financial calendar, quarterly financial statements, historical financial data and annual reports. A free service allows subscribers to receive instant e-mail alerts when the Company publishes new information. In addition, the Group maintains an Investor Relations iPad app featuring share data, the latest news, and financial and annual reports.

A total of 39 analysts had coverage of the Company at the end of 2015, nine of them based in Denmark. A list of analysts covering the Company, their recommendations and consensus estimates can also be found on the investor website. The Company'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 the Company's Annual General Meetings.

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

CONTACT INVESTOR RELATIONS

VP Peter Kondrup +45 3327 1221
Sr. Director Iben Steiness +45 3327 1232
investor@carlsberg.com

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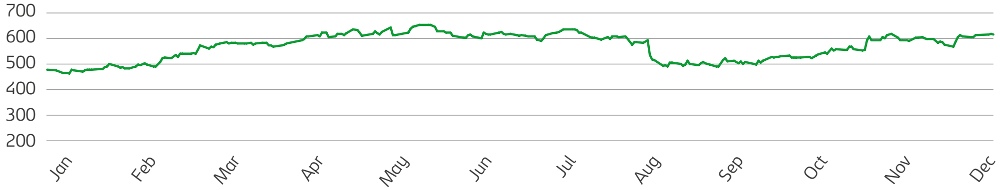
Download a comprehensive presentation of the Carlsberg Group at

www.carlsberggroup.com/investor/downloadcentre

SHARE PRICE 2015 (DKK PER SHARE, CARLSBERG B)



COMPANY ANNOUNCEMENTS

11/11/15	Financial statement as at 30 September 2015
30/10/15	Major shareholder announcement – Massachusetts Financial Services Company
26/10/15	Carlsberg A/S – new employee representative on the Supervisory Board
16/09/15	Deputy CEO and CFO Jørn P. Jensen leaves the Carlsberg Group
25/08/15	Carlsberg A/S – Employee representative's resignation from the Supervisory Board
19/08/15	Financial statement as at 30 June 2015
12/05/15	Financial statement as at 31 March 2015
29/04/15	Completion of Greek merger
26/03/15	Carlsberg A/S – Annual General Meeting – Summary
02/03/15	Carlsberg A/S' Annual Report 2014 now published
26/02/15	Notice to convene the Annual General Meeting
18/02/15	Jørgen Buhl Rasmussen to retire as CEO; Succeeded by Cees 't Hart of Royal FrieslandCampina, formerly Unilever
18/02/15	Financial statement as at 31 December 2014
11/02/15	Changes to the Supervisory Board of Carlsberg A/S
29/01/15	Closure of two Russian breweries

SHARE INFORMATION

Share class	A	B	Total
Number of shares	33,699,252	118,857,554	152,556,806
Carlsberg Foundation	33,020,540	13,243,432	46,263,972
Votes per share	20	2	
Par value	DKK 20	DKK 20	
ISIN	DK001018167-6	DK001018175-9	
Bloomberg	CARLA DC	CARLB DC	
Reuters	CARCa.CO	CARCb.CO	
Share price at year-end	DKK 628.5	DKK 612.5	
Proposed dividend per share	DKK 9.00	DKK 9.00	

FINANCIAL STATEMENTS

STATEMENTS

INCOME STATEMENT

DKK million	Section	2015	2014
Revenue		91,012	91,569
Excise duties on beer and soft drinks etc.		-25,658	-27,063
Net revenue	1.2	**65,354**	**64,506**
Cost of sales	1.3.1	-33,429	-32,725
Gross profit		**31,925**	**31,781**
Sales and distribution expenses	1.3.3	-19,158	-18,695
Administrative expenses	1.3.3	-4,909	-4,633
Other operating activities, net	1.3.4	235	369
Share of profit after tax of associates and joint ventures	5.5	364	408
Operating profit before special items		**8,457**	**9,230**
Special items, net	3.1	-8,659	-1,353
Financial income	4.1	490	806
Financial expenses	4.1	-2,021	-1,997
Profit before tax		**-1,733**	**6,686**
Corporation tax	6.1	-849	-1,748
Consolidated profit		**-2,582**	**4,938**
Attributable to			
Non-controlling interests		344	524
Shareholders in Carlsberg A/S		-2,926	4,414
DKK			
Earnings per share	8.1		
Basic earnings per share of DKK 20		-19.2	28.9
Diluted earnings per share of DKK 20		-19.2	28.8

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2015	2014
Consolidated profit		**-2,582**	**4,938**
Other comprehensive income			
Retirement benefit obligations	7.4	-334	-1,208
Share of other comprehensive income in associates and joint ventures		-2	-3
Corporation tax relating to items that will not be reclassified	6.1	84	-118
Items that will not be reclassified to the income statement		-252	-1,329
Foreign exchange adjustments of foreign entities	4.1	-3,824	-16,938
Value adjustments of hedging instruments	4.1	-437	151
Other		-	3
Corporation tax relating to items that may be reclassified	6.1	76	8
Items that may be reclassified to the income statement		-4,185	-16,776
Other comprehensive income		**-4,437**	**-18,105**
Total comprehensive income		**-7,019**	**-13,167**
Attributable to			
Non-controlling interests		604	825
Shareholders in Carlsberg A/S		-7,623	-13,992

STATEMENT OF FINANCIAL POSITION

DKK million	Section	31 Dec. 2015	31 Dec. 2014
ASSETS			
Non-current assets			
Intangible assets	2.3, 2.4	72,920	82,409
Property, plant and equipment	2.3, 2.4	26,678	29,173
Investments in associates and joint ventures	5.5	4,676	4,277
Receivables	1.6	1,854	2,130
Deferred tax assets	6.2	1,697	1,430
Total non-current assets		**107,825**	**119,419**
Current assets			
Inventories	1.3.1	3,817	4,293
Trade receivables	1.6	5,729	6,851
Tax receivables		324	196
Other receivables	1.6	2,532	2,609
Prepayments		1,074	949
Cash and cash equivalents	4.4.2	3,131	2,418
Total current assets		**16,607**	**17,316**
Assets held for sale	5.6	469	723
Total assets		**124,901**	**137,458**

DKK million	Section	31 Dec. 2015	31 Dec. 2014
EQUITY AND LIABILITIES			
Equity			
Share capital	4.3.2	3,051	3,051
Reserves		-35,447	-31,006
Retained earnings		75,885	80,392
Equity, shareholders in Carlsberg A/S		43,489	52,437
Non-controlling interests		3,742	3,560
Total equity		**47,231**	**55,997**
Non-current liabilities			
Borrowings	4.2, 4.4	31,479	38,690
Retirement benefit obligations and similar obligations	7.4	5,235	4,626
Deferred tax liabilities	6.2	5,924	7,147
Provisions	3.2	3,374	3,010
Other liabilities		1,899	1,442
Total non-current liabilities		**47,911**	**54,915**
Current liabilities			
Borrowings	4.2, 4.4	4,549	1,835
Trade payables		12,260	12,048
Deposits on returnable packaging	1.3.2	1,819	2,034
Provisions	3.2	648	510
Corporation tax		601	796
Other liabilities etc.		9,794	9,323
Total current liabilities		**29,671**	**26,546**
Liabilities associated with assets held for sale	5.6	88	-
Total liabilities		**77,670**	**81,461**
Total equity and liabilities		**124,901**	**137,458**

STATEMENT OF CHANGES IN EQUITY

DKK million				Shareholders in Carlsberg A/S				
2015	**Share capital**	**Currency translation**	**Hedging reserves**	**Total reserves**	**Retained earnings**	**Equity, shareholders in Carlsberg A/S**	**Non-controlling interests**	**Total equity**
Equity at 1 January 2015	3,051	-30,498	-508	-31,006	80,392	52,437	3,560	55,997
Consolidated profit	-	-	-	-	-2,926	-2,926	344	-2,582
Other comprehensive income								
Foreign exchange adjustments of foreign entities	-	-4,080	-	-4,080	-	-4,080	256	-3,824
Value adjustments of hedging instruments	-	-416	-21	-437	-	-437	-	-437
Retirement benefit obligations	-	-	-	-	-338	-338	4	-334
Share of other comprehensive income in associates and joint ventures	-	-	-	-	-2	-2	-	-2
Corporation tax	-	84	-8	76	84	160	-	160
Other comprehensive income	**-**	**-4,412**	**-29**	**-4,441**	**-256**	**-4,697**	**260**	**-4,437**
Total comprehensive income for the year	**-**	**-4,412**	**-29**	**-4,441**	**-3,182**	**-7,623**	**604**	**-7,019**
Acquisition/disposal of treasury shares	-	-	-	-	6	6	-	6
Exercise of share options	-	-	-	-	-138	-138	-	-138
Share-based payments	-	-	-	-	75	75	-	75
Dividends paid to shareholders	-	-	-	-	-1,373	-1,373	-513	-1,886
Acquisition of non-controlling interests	-	-	-	-	105	105	91	196
Total changes in equity	**-**	**-4,412**	**-29**	**-4,441**	**-4,507**	**-8,948**	**182**	**-8,766**
Equity at 31 December 2015	**3,051**	**-34,910**	**-537**	**-35,447**	**75,885**	**43,489**	**3,742**	**47,231**

The proposed dividend of DKK 9.00 per share, in total DKK 1,373m (2014: DKK 9.00 per share, in total DKK 1,373m), is included in retained earnings at 31 December 2015. Dividends paid out in 2015 for 2014 amounted to DKK 1,373m (paid out in 2014 for 2013: DKK 1,220m), which is DKK 9.00 per share (2014: DKK 8.00 per share). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg A/S.

STATEMENT OF CHANGES IN EQUITY

DKK million						Shareholders in Carlsberg A/S		
2014	**Share capital**	**Currency translation**	**Hedging reserves**	**Total reserves**	**Retained earnings**	**Equity, shareholders in Carlsberg A/S**	**Non-controlling interests**	**Total equity**
Equity at 1 January 2014	3,051	-13,208	-682	-13,890	78,650	67,811	3,190	71,001
Consolidated profit	-	-	-	-	4,414	4,414	524	4,938
Other comprehensive income								
Foreign exchange adjustments of foreign entities	-	-17,271	-	-17,271	-	-17,271	333	-16,938
Value adjustments of hedging instruments	-	-50	201	151	-	151	-	151
Retirement benefit obligations	-	-	-	-	-1,165	-1,165	-43	-1,208
Share of other comprehensive income in associates and joint ventures	-	-	-	-	-3	-3	-	-3
Other	-	-	-	-	3	3	-	3
Corporation tax	-	31	-27	4	-125	-121	11	-110
Other comprehensive income	**-**	**-17,290**	**174**	**-17,116**	**-1,290**	**-18,406**	**301**	**-18,105**
Total comprehensive income for the year	**-**	**-17,290**	**174**	**-17,116**	**3,124**	**-13,992**	**825**	**-13,167**
Acquisition/disposal of treasury shares	-	-	-	-	5	5	-	5
Exercise of share options	-	-	-	-	-19	-19	-	-19
Share-based payments	-	-	-	-	36	36	-	36
Dividends paid to shareholders	-	-	-	-	-1,220	-1,220	-413	-1,633
Acquisition of non-controlling interests	-	-	-	-	-184	-184	-53	-237
Acquisition of entities	-	-	-	-	-	-	11	11
Total changes in equity	**-**	**-17,290**	**174**	**-17,116**	**1,742**	**-15,374**	**370**	**-15,004**
Equity at 31 December 2014	**3,051**	**-30,498**	**-508**	**-31,006**	**80,392**	**52,437**	**3,560**	**55,997**

STATEMENT OF CASH FLOWS

DKK million	Section	2015	2014
Operating profit before special items		8,457	9,230
Adjustment for depreciation and amortisation		4,674	4,103
Adjustment for impairment losses[1]		82	5
Operating profit before depreciation, amortisation and impairment losses[1]		**13,213**	**13,338**
Adjustment for other non-cash items	1.5.1	-374	-514
Change in trade working capital	1.5.1	1,284	-177
Change in other working capital	1.5.1	561	-682
Restructuring costs paid		-586	-397
Interest etc. received		232	224
Interest etc. paid		-2,050	-2,219
Corporation tax paid		-2,140	-2,168
Cash flow from operating activities		**10,140**	**7,405**
Acquisition of property, plant and equipment and intangible assets		-4,069	-5,888
Disposal of property, plant and equipment and intangible assets		575	261
Change in on-trade loans	1.5.1	187	78
Total operational investments		**-3,307**	**-5,549**
Free operating cash flow		**6,833**	**1,856**
Acquisition and disposal of entities, net	5.3	-33	-1,681
Acquisition and disposal of associates and joint ventures, net		9	-90
Acquisition and disposal of financial assets, net		29	25
Change in financial receivables	1.5.1	-193	400
Dividends received		305	180
Total financial investments		**117**	**-1,166**
Other investments in property, plant and equipment		-81	-20
Disposal of other property, plant and equipment		653	-
Total other activities[2]		**572**	**-20**
Cash flow from investing activities		**-2,618**	**-6,735**
Free cash flow		**7,522**	**670**
Shareholders in Carlsberg A/S	4.3.2	-1,505	-1,234
Non-controlling interests	4.3.2	-513	-663
External financing	4.4.1	-4,557	82
Cash flow from financing activities		**-6,575**	**-1,815**
Net cash flow		**947**	**-1,145**
Cash and cash equivalents at 1 January[3]		2,178	3,234
Foreign exchange adjustment of cash and cash equivalents		-105	89
Cash and cash equivalents at 31 December[3]	4.4.2	**3,020**	**2,178**

[1] Impairment losses excluding those reported in special items, cf. section 3.1.

[2] Other activities cover real estate, separate from beverage activities.

[3] Cash and cash equivalents less bank overdrafts.

SECTION 1
Operating activities

Operating profit is a measure of our ability to enhance operational performance through top-line growth while containing or reducing costs by working more effectively and efficiently.

A strong **free cash flow** allows us to return value to shareholders, pay down debt and reinvest in our business.

KEY DEVELOPMENTS 2015

64.5bn **2%**

Organic net revenue growth of 2% to 64.5bn. Reported growth of 1% due to foreign exchange effects during the year.

4.6bn

Adjusted net profit of DKK 4.6bn.

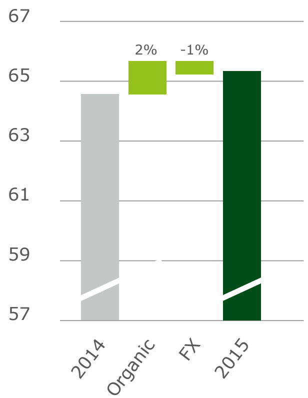
8.5bn

Operating profit before special items of DKK 8.5bn, down DKK 0.7bn due to strong performance in Asia offset by a modest decline in Western Europe and a decline in Eastern Europe.

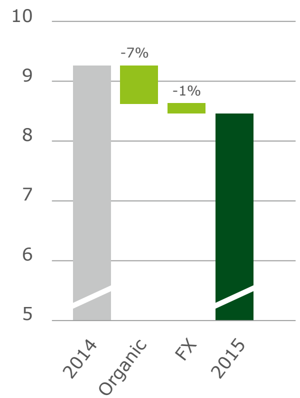
7,522m

Free cash flow of DKK 7,522m, impacted by strong working capital, lower financial investments and lower CapEx.

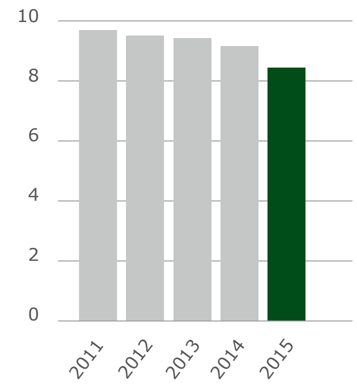
Net revenue growth
(DKKbn)



Operating profit growth
(DKKbn)



Operating profit
(DKKbn)



SECTION 1.1

Business developments

Group beer volumes declined organically by 4% due to weak Russian and Ukrainian beer markets. Reported beer volumes declined by 2%, with a positive acquisition impact from China and Greece. Other beverages grew organically by 2%, driven by growth in the Nordic and Asian non-beer businesses.

Driven by a 5% price/mix improvement, net revenue grew organically by 2%. The price/mix improvement was mainly due to a very positive price/mix in Eastern Europe. Reported net revenue grew by 1%. The minor positive acquisition impact was more than offset by the negative currency impact from the weakness of the Russian and Ukrainian currencies, partly offset by stronger Asian currencies.

Cost of goods sold per hl grew organically by approximately 5%, due to the negative transaction impact in Eastern Europe from USD- and EUR-denominated input costs. Gross profit grew organically by 1%, while gross profit/hl was up 4% organically. The reported gross profit margin declined by 40bp to 48.8%.

Operating expenses grew organically by approximately 3%, mainly due to higher sales and marketing investments and higher amortisation of IT.

Operating profit declined organically by 7%. The Group delivered strong results of 13% in Asia, a modest decline of 3% in Western Europe and a decline of 19% in Eastern Europe. Reported operating profit was DKK 8,457m, affected by a negative currency impact of DKK -130m and a negative acquisition impact, net, from the consolidation of Eastern Assets in China and Olympic Brewery in Greece. As depreciation increased, operating profit before depreciation, amortisation and impairment losses increased organically by 1%.

Group operating profit margin declined by 140bp to 12.9%, primarily as a result of the market decline in Eastern Europe and higher depreciation.

Reported net profit was DKK -2,926m (2014: DKK 4,414m). The significant reduction was due to the decline in operating profit and in special items as a result of asset impairment and restructuring costs related to *Funding the Journey*.

Adjusted net profit (adjusted for special items after tax) declined to DKK 4,557m from DKK 5,496m in 2014. The decline was a result of lower operating profit and higher other financial items. The difference in other financial items versus last year was primarily foreign exchange losses and fair value adjustments, which were DKK -110m, compared to a net income of DKK 291m in 2014. Adjusted earnings per share was DKK 29.9.

As a result of the intensified focus on improving cash flow, free cash flow grew significantly to DKK 7,522m (2014: DKK 670m) due to a significant working capital improvement, lower CapEx and lower financial investments. Additionally, the Group disposed of the remaining plot of land at the Tuborg site in Denmark and the Leeds site in the UK, which in total amounted to around DKK 1.1bn.

GROUP

			Change			Change
Pro rata (million hl)	**2014**	**Organic**	**Acq., net**	**FX**	**2015**	**Reported**
Beer	122.8	-4%	2%		120.3	-2%
Other beverages	21.0	2%	0%		21.5	2%
Total volume, pro rata	**143.8**	**-3%**	**2%**		**141.8**	**-1%**
DKK million						
Net revenue	64,506	2%	0%	-1%	65,354	1%
Operating profit before special items	9,230	-7%	0%	-1%	8,457	-8%
Operating margin (%)	14.3				12.9	-140bp

1.1 ACCOUNTING POLICIES

Growth represents the combined effect of the following three elements: organic growth, acquisitions and foreign exchange effects. The acquisition effect is calculated as the effect of acquisitions and divestments, including any additional share obtained from increased ownership of associates and joint ventures, for a 12-month period from the acquisition date. The foreign exchange effect is the difference between the figures for the current reporting period translated at the exchange rates applying to the previous reporting period and at the rates applying to the current reporting period. Organic growth is the remaining growth that is not related to acquisitions, divestments or foreign exchange effects.

SECTION 1.2

Revenue and segmentation of operations

The segmentation reflects the geographical and strategic management, decision and reporting structure applied by the Executive Committee (Chief Operating Decision Maker).

The non-beverage activities are managed separately and therefore also shown separately.

Not allocated net revenue, DKK 52m (2014: DKK 153m), consisted of DKK 29,096m (2014: DKK 17,996m) net revenue from other companies and activities and DKK -29,044m (2014: DKK -17,843m) from eliminations of sales between these other companies and the geographical segments.

Not allocated operating profit before special items, DKK -1,426m (2014: DKK -1,282m), consisted of DKK -1,430m (2014: DKK -1,331m) from other companies and activities and DKK 4m (2014: DKK 49m) from eliminations.

SEGMENTATION OF INCOME STATEMENT ETC.

DKK million

2015	Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non-beverage	Carlsberg Group, total
Net revenue	38,811	10,890	15,339	314	65,354	-	65,354
Intra-segment revenue	189	73	-	-262	-	-	-
Total net revenue	**39,000**	**10,963**	**15,339**	**52**	**65,354**	**-**	**65,354**
Total cost	-33,764	-9,059	-12,848	-1,480	-57,151	-110	-57,261
Share of profit after tax of associates and joint ventures	89	4	308	2	403	-39	364
Operating profit before special items	**5,325**	**1,908**	**2,799**	**-1,426**	**8,606**	**-149**	**8,457**
Special items, net					-8,455	-204	-8,659
Financial items, net					-1,513	-18	-1,531
Profit before tax					**-1,362**	**-371**	**-1,733**
Corporation tax					-917	68	-849
Consolidated profit					**-2,279**	**-303**	**-2,582**
Operating margin	13.7%	17.4%	18.2%		13.2%		12.9%
2014							
Net revenue	37,598	14,086	12,491	331	64,506	-	64,506
Intra-segment revenue	164	14	-	-178	-	-	-
Total net revenue	**37,762**	**14,100**	**12,491**	**153**	**64,506**	**-**	**64,506**
Total cost	-32,407	-11,142	-10,582	-1,435	-55,566	-118	-55,684
Share of profit after tax of associates and joint ventures	115	4	286	-	405	3	408
Operating profit before special items	**5,470**	**2,962**	**2,195**	**-1,282**	**9,345**	**-115**	**9,230**
Special items, net					-1,245	-108	-1,353
Financial items, net					-1,169	-22	-1,191
Profit before tax					**6,931**	**-245**	**6,686**
Corporation tax					-1,883	135	-1,748
Consolidated profit					**5,048**	**-110**	**4,938**
Operating margin	14.5%	21.0%	17.6%		14.5%		14.3%

SECTION 1.2 Revenue and segmentation of operations

GEOGRAPHICAL ALLOCATION OF NET REVENUE

DKK million	2015	2014
Denmark (Carlsberg A/S' domicile)	5,793	5,279
Russia	8,249	11,058
China	8,143	6,480
Other countries	43,169	41,689
Total	**65,354**	**64,506**

1.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The classification of duties and fees paid to local authorities or brewery organisations etc. and of discounts and marketing-related activities requires significant accounting estimates to be made by management.

Locally imposed duties and fees are classified as either sales-related duties, which are deducted from revenue, or as fees related to the input/use of goods in production, transportation, distribution etc., which are therefore recognised as an expense in the relevant line item.

Customer discounts are recognised in the same period as the sales to which they relate and deducted from revenue.

Customer discounts are based on expected accumulated sales volumes over a period of time using historical and year-to-date sales figures and other current information about trading with the customer. These calculations are performed by local management in cooperation with sales managers.

Management assesses the agreements with, services provided by and payments made to customers and to their customers to determine the substance and thereby the classification as either discounts or trade marketing expenses. Expenses incurred for activities closely related to volumes sold are classified as discounts, while costs related to more general market activities are classified as trade marketing expenses.

1.2 ACCOUNTING POLICIES

For information about segmentation, please refer to section 9.2 (General accounting policies).

Revenue is generated mainly by sales of goods, royalty income, porterage income, rental income from non-stationary equipment, service fees and sales of by-products.

Revenue from the sale of own-produced finished goods, goods for resale (third-party products) and by-products is recognised in the income statement when all significant risks and rewards have been transferred to the buyer and when 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 including excise duties on beer and soft drinks and excluding discounts, VAT and duties.

Discounts
Sales reductions in the form of discounts and fees are widely used in the beverage industry. Furthermore, the Carlsberg Group grants or pays various discounts and fees depending on the nature of the customer and business.

Discounts comprise off-invoice, volume- and activity-related discounts, including specific promotion prices offered and other discounts. On-trade loans to on-trade customers are also classified as discounts.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Activity-related discounts is a broad term covering incentives for customers to sustain business with the Carlsberg Group over a longer time and can be related to a current campaign or a sales target measured in volume. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for listing on certain shelves or in certain coolers or payment for a favourable store location, as such specific point-of-sale promotions are closely related to the volumes sold.

On-trade loans are described in section 1.6.

All discounts are estimated and recognised on a monthly basis based on experience and expectations for sales to an individual customer or groups of customers.

SECTION 1.3

Operating expenses, inventories and deposit liabilities

1.3.1 Cost of sales and inventories

Cost of sales increased by 2% due to the full-year effect of the consolidation of Eastern Assets and an increase in purchased finished goods and other costs, which was partly offset by a reduction in the cost of materials. Organically, cost of goods sold per hl grew by approximately 5% as a result of negative transaction impact in Eastern Europe from USD- and EUR-denominated input costs. In reported terms, cost of goods sold per hl increased by only 4% due to positive currency impact.

Cost of materials mainly relates to malt (barley), hops, glass, cans and other packaging materials.

Purchased finished goods include cost of point-of-sale materials sold to customers and third-party products.

Inventories declined by 11% due to a lower volume of bottles in stock, and a lower level of raw and packaging materials in Eastern Europe, improved inventory planning in Asia and currency impact from the depreciation of the Russian rouble. The figures for 2014 were impacted by the acquisition of Eastern Assets with full consolidation as of November 2014.

COST OF SALES

DKK million	2015	2014
Cost of materials	17,558	18,100
Direct staff costs	1,469	1,412
Machinery costs	955	881
Amortisation, depreciation and impairment losses	3,088	2,890
Indirect production overheads	3,727	3,797
Purchased finished goods and other costs	6,632	5,645
Total	**33,429**	**32,725**

INVENTORIES

DKK million	2015	2014
Raw materials and consumables	1,743	1,878
Work in progress	299	459
Finished goods	1,775	1,956
Total	**3,817**	**4,293**

1.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

At least once a year, the local entities assess whether the standard cost of inventories is a close approximation of the actual cost. The standard cost is also revised if, during the year, it deviates by more than 5% from the actual cost of the individual product.

Management also assesses the impact on the standard cost of government and other grants received to fund operating activities. This involves assessing the terms and conditions of grants received, including the risk of any repayment.

Funding and grants are recognised in the income statement in the same period as the activities to which they relate.

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 calculation of the net realisable value of inventories is mainly relevant to packaging materials, point-of-sale materials and spare parts. The 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. The individual entities impacted by the current macroeconomic situation in Eastern Europe have paid special attention to inventory turnover and the remaining shelf-life when determining the net realisable value and scrapping.

Raw and packaging material risks
Raw and packaging material risks are associated in particular with purchasing of cans (aluminium), malt (barley) and energy. The management of raw and packaging material risks is coordinated centrally and aimed at achieving stable and predictable raw and packaging material prices in the medium term and avoiding capital and liquidity being tied up unnecessarily.

As the underlying markets for the specified categories of raw and packaging materials vary, so does the way in which they are hedged against price increases.

SECTION 1.3 Operating expenses, inventories and deposit liabilities

The most common form of hedging is fixed-price agreements in local currencies with suppliers.

To hedge the implicit risk of volatile aluminium prices associated with the purchase of cans, the Group's purchase price in the majority of purchase agreements is variable and based on the global market price of aluminium (London Metal Exchange, LME). The Group is thereby able to hedge the underlying aluminium price risk.

For 2015 and 2016, the majority of the aluminium price risk has been hedged for Western Europe and Eastern Europe. The total volume of aluminium purchased via financial instruments was approximately 77,200 tonnes at the end of 2015 (2014: 70,500 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 80m (2014: DKK 80m). Fair values of the financial instruments are specified in section 4.8.

It is Group policy to secure delivery of malt and hops for the coming budget year. The main part of the exposure for 2015 was therefore hedged through fixed-price purchase agreements for the majority of the Group during 2014. Likewise, the majority of the exposure for 2016 has been hedged during 2015. The percentage that is hedged or price-fixed is higher for Western Europe than for Eastern Europe.

1.3.1 ACCOUNTING POLICIES

Cost of sales comprises cost of goods sold during the year, indirect production overheads (IPO) not allocated to specific products and development costs.

Own-produced finished goods and work in progress are measured at standard cost comprising the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies, wages and salaries, amortisation of trademarks and software, as well as maintenance and depreciation of machinery, plant and equipment used for production and costs of production, administration and management.

The cost of purchased finished goods, raw and packaging materials and point-of-sale materials includes any costs that are directly related to bringing inventories to the relevant place of sale and getting them ready for sale, e.g. purchase cost, insurance, freight, duties and similar costs.

Inventories are measured at the lower of standard cost (own-produced finished goods) and weighted average cost (other inventories), or net realisable value. 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 cost of scrapped/impaired goods is expensed within the function (line item) responsible for the loss, i.e. losses during distribution are included in the cost of distribution while the scrapping of products due to sales not meeting forecasts is included in sales expenses.

1.3.2 Deposit liabilities on returnable packaging

In a number of countries, the local entities have a legal or constructive obligation to take back returnable packaging from the market. When invoicing customers, the entity adds a deposit to the sales price and recognises a deposit liability. The deposit is paid out on return of bottles, cans etc.

The deposit liabilities amounted to DKK 1,819m at 31 December (2014: DKK 2,034m), while the value of returnable packaging materials amounted to DKK 2,473m (2014: DKK 2,412m). The capitalised value of returnable packaging materials exceeds the deposit liability because each of the returnable packaging items circulates a number of times in the market and the deposit value in some markets is legally set lower than the cost of the returnable packaging. The deposit liability declined due to a higher bottle return rate in China in 2015 compared with 2014.

1.3.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Management assesses the local business model, contracts and agreements, the level of control over the returnable packaging material and the return rate to determine the accounting treatment of the packaging material as either property, plant and equipment or inventory.

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 as well as planned changes in packaging types.

1.3.2 ACCOUNTING POLICIES

The obligation to refund 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 rates.

The accounting policy for returnable packaging capitalised as property, plant and equipment is described in section 2.4.

SECTION 1.3 Operating expenses, inventories and deposit liabilities

1.3.3 Sales, distribution and administrative expenses

Total operating expenses grew by 3%. Marketing, sales and distribution expenses increased by DKK 463m compared with 2014, mainly due to higher brand marketing expenses, primarily in Asia, and higher sales expenses, which were partially offset by lower distribution expenses. Additionally, the reported figure was impacted by the full-year effect of the acquisition of Eastern Assets as of November 2014 and a reduction due to the currency impact.

Marketing expenses consist of expenses for brand marketing and trade marketing. Brand marketing is an investment in the Group's brands and consists of brand-specific investments in the development of communication vehicles and the use of these to drive the sale of branded products and services.

Trade marketing is promotional activities directed towards customers, such as the supply of point-of-sale materials, promotional materials and trade offers.

SALES AND DISTRIBUTION EXPENSES

DKK million	2015	2014
Marketing expenses	6,342	5,859
Sales expenses	5,553	5,215
Distribution expenses	7,263	7,621
Total	**19,158**	**18,695**

1.3.3 ACCOUNTING POLICIES

Brand and trade marketing expenses comprise sales campaigns, sponsorships, advertising and in-store display expenses.

Sales and distribution expenses comprise costs relating to general sales activities, write-downs for bad debt losses, sales staff as well as depreciation and impairment of sales equipment and costs incurred in distributing goods sold during the year.

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

1.3.4 Other operating activities, net

Other operating activities are secondary to the principal activities of the Group and include income and expenses relating to rental properties, restaurants, on-trade loans, research activities, and gains and losses on the disposal of intangible assets and property, plant and equipment.

OTHER OPERATING ACTIVITIES

DKK million	2015	2014
Gains and losses on disposal of property, plant and equipment and intangible assets	34	98
On-trade loans, net	62	68
Real estate, net	-11	-5
Research centres, net	-15	-85
Other, net	165	293
Total	**235**	**369**

On-trade loan activities are described in section 1.6.

1.3.4 ACCOUNTING POLICIES

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.

On-trade loans, net, comprise the effective interest on on-trade loans calculated on the basis of amortised cost less impairment of on-trade loans.

Expenses relating to research activities comprise research in Denmark and France less funding received from the Carlsberg Foundation for the operation of the Carlsberg Laboratory and grants received to fund research. The funding and grants are recognised in the income statement in the same period as the activities to which they relate. Development costs are included in cost of sales.

SECTION 1.4

Foreign exchange risk related to earnings

A significant part of the Group's activities takes 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.

Transaction risks on purchases and sales

The Group is exposed to transaction risks on purchases and sales 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 one year. This policy applies to Western Europe, excluding some of 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) the net revenue in the relevant currency, and they are accounted for as cash flow hedges.

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 because of the excessive cost of hedging these currencies over a longer period of time. With regard to transaction risk, Baltika Breweries has expenses in both USD and EUR, and appreciation and depreciation of the RUB have affected operating profit negatively in recent years and will continue to affect operating profit measured in both DKK and RUB.

Impact from Asia

The foreign exchange risk in the entities in Asia is also managed differently from in Western Europe. The transactional risk is considered to be less significant compared with the risk in Eastern Europe because of the lower amount of sales and purchases in currencies different from the functional currencies as well as the high correlation between USD and most of the Asian currencies.

Translation risk

The Group is exposed to risk from translation of foreign entities into the Group's functional currency, DKK. Despite a decrease in the net revenue generated on the Russian market, the Group's single largest volatility-weighted exposure continued to be the exposure to RUB. However, Asian currencies, such as CNY and LAK, account for an increasing part of the Group's net revenue.

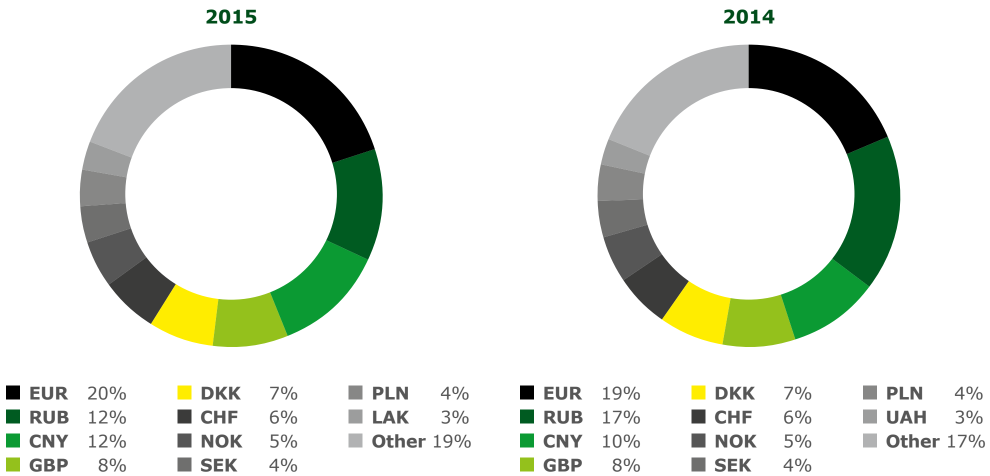
The exposure to fluctuations in EUR/DKK is considered insignificant due to Denmark's fixed exchange rate policy towards EUR.

The Group has chosen not to hedge the exposure arising 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.

Impact on operating profit

Developments in exchange rates between DKK and the functional currencies of foreign entities had a negative impact on the Group's operating profit measured in DKK. Operating profit in Eastern Europe declined due to a substantial negative currency impact of -17%, as UAH and RUB depreciated over the year. At Group level the impact was partially offset by a positive currency impact in Asia of 17% due to the appreciation of CNY and LAK.

NET REVENUE BY CURRENCY
(% OF NET REVENUE)



Entity	Functional currency	Change in average FX rate 2014 to 2015
Entities in the eurozone	EUR	0.05%
Baltika Breweries	RUB	-23.80%
Entities in China	CNY	18.00%
Carlsberg UK	GBP	11.30%
Feldschlösschen Getränke	CHF	14.00%
Ringnes	NOK	-6.50%
Carlsberg Sverige	SEK	-2.50%
Carlsberg Polska	PLN	0.30%
Lao Brewery	LAK	18.60%

SECTION 1.5

Cash flow from operating activities

Cash flow from operating activities increased by DKK 2,735m to DKK 10,140m (2014: DKK 7,405m). The change was due to a strong working capital from the lower stock levels and lower trade receivables in Russia versus last year, offset by lower operating profit before depreciation, amortisation and impairment losses and higher restructuring costs paid in 2015 compared with 2014.

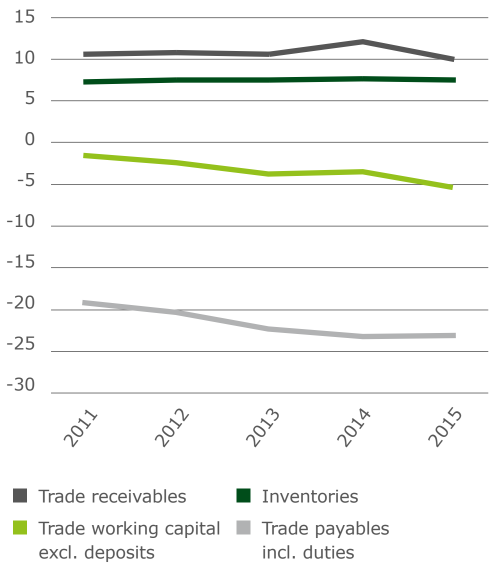
Average trade working capital as a percentage of net revenue was -5.2%, an improvement of 160bp compared with 2014.

In addition to the improvement in cash flow from operating activities, free operating cash flow, DKK 6,833m (2014: DKK 1,856m), was positively impacted by lower CapEx investments in 2015.

The Group is continuously working to improve cash flow and looking into new initiatives. In some major markets, Carlsberg uses receivable transfer agreements to sell trade receivables on a non-recourse basis. The cash flow relating to trade payables was improved due to the Group's ongoing efforts to achieve better payment terms with suppliers.

The development in average trade working capital is shown in the following graph.

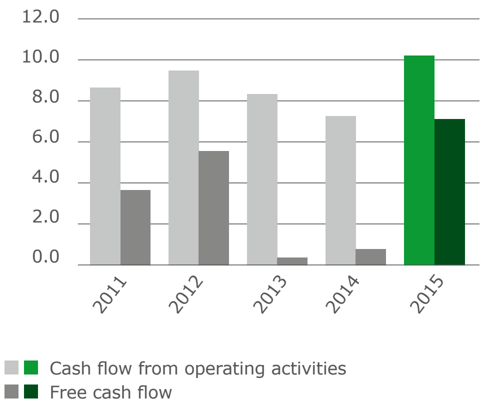
TRADE WORKING CAPITAL (% OF NET REVENUE)



Free cash flow amounted to DKK 7,522m (2014: DKK 670m) impacted by the improved free operating cash flow and lower financial investments. In 2014, financial investments related mostly to Eastern Assets. In 2015, the cash flow was positively impacted by the sale of the Tuborg site in Denmark and the Leeds site in the UK, in total around DKK 1.1bn.

In the past five years, cash flow from operating activities and free cash flow have developed as follows:

CASH FLOW FROM OPERATING ACTIVITIES AND FREE CASH FLOW (DKKbn)



1.5 ACCOUNTING POLICIES

Cash flow from operating activities is 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.

1.5.1 Other specifications of cash flow from operating activities

DKK million	2015	2014
Adjustment for other non-cash items		
Share of profit after tax of associates and joint ventures	-364	-408
Gains on disposal of property, plant and equipment and intangible assets, net	-34	-98
Special items etc.	24	-8
Total	**-374**	**-514**
Change in trade working capital		
Inventories	250	67
Trade receivables	834	-34
Trade payables, duties payable and deposit liabilities	200	-210
Total	**1,284**	**-177**
Change in other working capital		
Other receivables	-234	-572
Other payables	760	140
Retirement benefit obligations and other liabilities related to operating activities before special items	205	-133
Adjusted for unrealised foreign exchange gains/losses	-170	-117
Total	**561**	**-682**
Change in on-trade loans		
Loans provided	-679	-1,061
Repayments	511	675
Amortisation of on-trade loans	355	464
Total	**187**	**78**
Change in financial receivables		
Loans and other receivables	-214	379
Other financial receivables	21	21
Total	**-193**	**400**

SECTION 1.6

Trade receivables and on-trade loans

The Group's non-current receivables consist mainly of on-trade loans.

Current receivables comprise trade and other receivables.

RECEIVABLES INCLUDED IN THE STATEMENT OF FINANCIAL POSITION

DKK million	2015	2014
Trade receivables	5,729	6,851
Other receivables	2,532	2,609
Total current receivables	**8,261**	**9,460**
Non-current receivables	1,854	2,130
Total	**10,115**	**11,590**

Trade receivables comprise invoiced goods and services as well as short-term on-trade loans to customers. Other receivables comprise VAT receivables, loans to partners, associates and joint ventures, interest receivables and other financial receivables.

RECEIVABLES BY ORIGIN

DKK million	2015	2014
Sale of goods and services	5,196	6,257
On-trade loans	1,452	1,839
Other receivables	3,467	3,494
Total	**10,115**	**11,590**

The fair value of on-trade loans was DKK 1,452m (2014: DKK 1,839m).

AVERAGE EFFECTIVE INTEREST RATES

%	2015	2014
On-trade loans	4.9%	4.0%

Non-current receivables fall due more than one year from the end of the reporting period, with DKK 179m (2014: DKK 155m) falling due more than five years from the end of the reporting period.

On-trade loans

Under certain circumstances the Group grants loans to on-trade customers in France, the UK, Germany, Switzerland and Sweden. On-trade loans are spread across a large number of customers/debtors and consist of several types of loan, including loans repaid in cash or through reduced discounts, and prepaid discounts. The operating entities monitor and control these loans in accordance with central guidelines.

The following on-trade loan items are recognised in other operating activities, net:

ON-TRADE LOANS

DKK million	2015	2014
Interest on and amortisation of on-trade loans	89	83
Losses and write-downs on on-trade loans	-27	-15
On-trade loans, net	**62**	**68**

1.6 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

On-trade loan 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 payments from the customer between revenue, discounts, interest on the loan (other operating activities) and repayment of the loan.

SECTION 1.6 Trade receivables and on-trade loans

1.6.1 Credit risk

Exposure to on-trade receivables is managed locally in the operating entities and credit limits set as deemed appropriate for the customer taking into account the current local 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 sensitivity analysis based on the original payment terms. No significant trade receivables or on-trade loans were renegotiated in 2015 and 2014.

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 impairment losses. Security is primarily received from on-trade customers.

As a result of the international geopolitical situation and subsequent macroeconomic development, the risk of bad debt losses has increased in the Eastern Europe region. This increased risk has been taken into consideration in the assessment of impairment at the end of the reporting period and included in the general management and monitoring of usual trade credits.

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. Consequently, there are no significant overdue on-trade loans.

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 earnings in the industry as a whole and where the effect cannot be allocated to individual loans.

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. Movables received through pledges usually need major repair before they can be used again.

The credit risk on loans to partners is reduced through pledge of shares in one of the Group's subsidiaries that are held by the borrower.

AGEING OF RECEIVABLES AND ON-TRADE LOANS

DKK million

2015	Net carrying amount at 31 Dec.	Of which neither impaired nor past due at the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Sale of goods and services	5,196	4,615	200	131	250
On-trade loans	1,452	1,373	4	3	72
Other receivables	3,467	2,929	161	296	81
Total	**10,115**	**8,917**	**365**	**430**	**403**
Total 2014	11,590	10,275	362	419	555

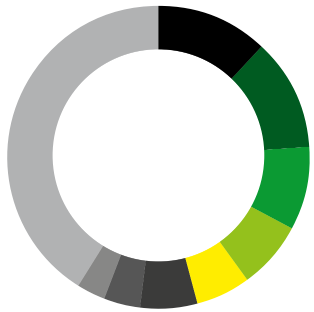
Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The carrying amount of financial assets, excluding cash and cash equivalents, of DKK 10,115m (2014: DKK 11,590m) is summarised above.

The Group's receivables from the sale of goods and services and on-trade loans are allocated to the countries shown to the right.

Measured in local currency, the Group's exposure to receivables in Russia decreased compared with the exposure at year-end 2014. Translated into DKK, the proportionate share of the Group's total trade receivables and on-trade loans decreased from 22% at year-end 2014 to 12% at year-end 2015. The proportionate shares of all other countries were largely unchanged from 2014 except for France, which declined from 10% to 6%.

TRADE RECEIVABLES AND ON-TRADE LOANS
BROKEN DOWN BY COUNTRY



Russia	12%	**Poland**	6%
UK	12%	**Sweden**	4%
Germany	9%	**China**	3%
Switzerland	7%	**Other**	41%
France	6%		

SECTION 1.6 Trade receivables and on-trade loans

No significant impairment losses were incurred in respect of individual trade receivables or on-trade loans in 2015 and 2014. The current macroeconomic situation in Eastern Europe did not lead to any significant losses on receivables in 2015.

The impairment losses at 31 December 2015 related 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 adverse economic developments. Based on historical payment behaviour and extensive analysis of the underlying customers' credit ratings, the Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable.

DEVELOPMENT IN IMPAIRMENT LOSSES ON RECEIVABLES

DKK million

2015	Trade receivables	On-trade loans	Other receivables	Total	2014 Total
Impairment at 1 January	-601	-191	-170	-962	-982
Impairment loss recognised	-188	-81	-5	-274	-169
Realised impairment losses	127	-10	6	123	166
Reversed impairments	56	16	2	74	53
Acquisition of entities	-4	-	-	-4	-30
Impairment at 31 December	**-610**	**-266**	**-167**	**-1,043**	**-962**

1.6.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In assessing credit risk, management analyses the need for write-downs for bad debt losses due to customers' inability to pay.

Impairment losses are based on an individual review of the need for impairment based on customers' creditworthiness and expected ability to pay, customer insolvency or anticipated insolvency, and past due amounts as well as collateral received. Management also uses mathematically computed impairment losses based on customer segments, historical information on payment patterns, terms of payment and concentration maturity, as well as information about the general economic situation in the markets/countries.

The financial uncertainty associated with write-downs for bad debt losses is usually considered to be limited. However, if the ability to pay deteriorates in the future, further write-downs may be necessary.

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.

1.6.1 ACCOUNTING POLICIES

Receivables are measured at amortised cost less impairment losses.

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 on these loans is recognised in other operating activities, net. The amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

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 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.

SECTION 2
Asset base and returns

Maximising return on investments is key in delivering **sustainable value** to shareholders. Return on invested capital (ROIC) analyses all investments throughout the value chain and is a key measure in ensuring the proper basis for decision-making.

ROIC is calculated as operating profit before special items as a percentage of average invested capital, including goodwill.

The **asset base** represents the total investment in intangible assets and property, plant and equipment. The asset base represents the most significant part of the total invested capital.

KEY DEVELOPMENTS 2015

8.1%

Return on invested capital (ROIC) increased by 10bp to 8.1% and continues to be a key focus area for the Group.

2,832m

Impairment of goodwill, other intangible assets, and property, plant and equipment, DKK 2,832m, due to adverse developments in the loss-making Eastern Assets business.

4,571m

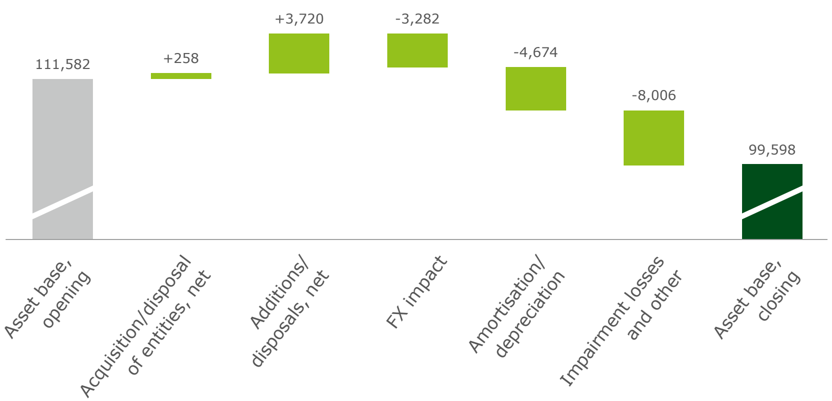
Impairment of trademarks, DKK 4,571m, in Baltika Breweries, Russia, Chongqing Brewery Group and Eastern Assets, China, due to changed expectations for the future cash generation of the individual trademarks.

4.2bn

CapEx of DKK 4.2bn, down DKK 1.8bn due to the higher-than-normal capacity expansions in recent years, primarily in Asia, which did not continue. CapEx/Amortisation and depreciation was 87%.

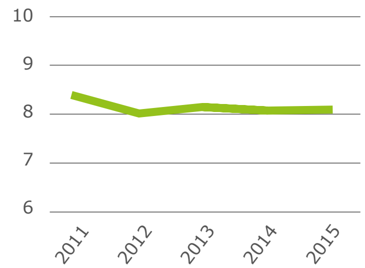
ASSET BASE

CHANGES IN ASSET BASE (DKKm)



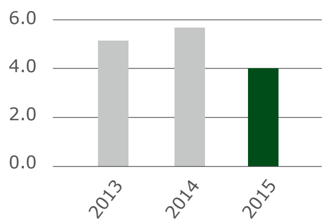
RETURN ON INVESTED CAPITAL

ROIC (%)



CAPITAL EXPENDITURE

CAPEX (DKKbn)



SECTION 2.1

Return on invested capital

RETURN ON INVESTED CAPITAL

DKK million	2015	2014
Total assets	124,901	137,458
Less		
Deferred tax assets	-1,697	-1,430
Loans to associates and joint ventures (current)	-252	-64
Interest receivables, fair value of hedging instruments and financial receivables	-762	-1,466
Cash and cash equivalents	-3,131	-2,418
Assets included	**119,059**	**132,080**
Trade payables	-12,260	-12,048
Deposits on returnable packaging	-1,819	-2,034
Provisions, excluding restructurings	-3,534	-3,095
Corporation tax	-601	-796
Deferred income	-1,051	-989
Finance lease liabilities, included in borrowings	-31	-36
Other liabilities, excluding deferred income, interest payable and fair value of hedging instruments	-9,661	-9,076
Liabilities offset	**-28,957**	**-28,074**
Invested capital	**90,102**	**104,006**
Goodwill	-50,270	-52,863
Invested capital excluding goodwill	**39,832**	**51,143**
Invested capital, average	**103,982**	**114,941**

Return on invested capital was 8.1% (2014: 8.0%). Return on invested capital excluding goodwill was 16.9% (2014: 15.3%).

Invested capital including goodwill decreased due to a significant reduction in intangible assets and property, plant and equipment as a result of impairment losses, primarily in Baltika Breweries, Eastern Assets and Chongqing Brewery Group, recognised during 2015. Foreign exchange adjustments also contributed to the decrease.

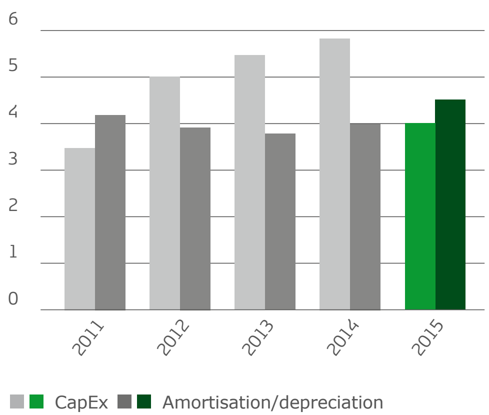
As the impairment losses were recognised in the autumn of 2015, they did not have full impact on the average invested capital for 2015, and they will therefore also impact the average invested capital for 2016.

The increase in ROIC by 10bp to 8.1% was caused by the decrease in average invested capital as a result of the impairment losses, which was partially offset by the decrease in operating profit.

CapEx decreased by DKK 1.8bn as the higher-than-normal capacity expansions in recent years, primarily in Asia, did not continue.

CAPEX AND AMORTISATION/DEPRECIATION

(DKKbn)



During 2015, BSP1 was rolled out in Denmark, France, Germany and the Export & License entity (2014: rolled out in four markets). The system, which is now live in the 10 major markets in Western Europe, is an important enabler in realising the efficiency improvements.

SECTION 2.2

Segmentation of assets

The Group's assets are segmented on the basis of geographical regions in accordance with the management reporting for 2015, cf. section 1.2.

Total assets and invested capital decreased in Eastern Europe, primarily attributable to impairment of trademarks and breweries in Russia and changes in foreign exchange rates.

Total assets in Russia and Ukraine decreased by DKK 6.1bn as at 31 December 2015 compared with the DKK value they would have had if they had been translated at the exchange rates applied at year-end 2014.

Total assets and invested capital in Asia were affected by the impairment of Eastern Assets and impairment of trademarks and breweries in Chongqing Brewery Group, partially offset by investment in new breweries and appreciation of certain Asian currencies.

Not allocated total assets, DKK -14,384m (2014: DKK -9,701m), comprise entities that are not business segments and eliminations of investments in subsidiaries, receivables, loans etc.

SEGMENTATION OF ASSETS ETC.

DKK million

2015	Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non-beverage	Carlsberg Group, total
Total assets	60,975	41,544	36,572	-14,384	124,707	194	124,901
Invested capital, cf. section 2.1	35,285	29,138	23,901	1,468	89,792	310	90,102
Invested capital excluding goodwill, cf. section 2.1	14,666	14,972	8,416	1,468	39,522	310	39,832
Acquisition of property, plant and equipment and intangible assets	1,242	449	1,781	589	4,061	89	4,150
Amortisation and depreciation	1,709	892	1,376	689	4,666	8	4,674
Impairment losses	60	4,399	3,560	-	8,019	153	8,172
Return on invested capital (ROIC)	14.4%	5.0%	10.4%	-	8.3%	-	8.1%
Return on invested capital excluding goodwill (ROIC excl. goodwill)	32.8%	8.8%	28.2%	-	17.4%	-	16.9%
2014							
Total assets	59,335	50,256	37,072	-9,701	136,962	496	137,458
Invested capital, cf. section 2.1	35,004	40,793	25,456	2,187	103,440	566	104,006
Invested capital excluding goodwill, cf. section 2.1	14,814	24,313	9,263	2,187	50,577	566	51,143
Acquisition of property, plant and equipment and intangible assets	1,830	1,397	2,128	522	5,877	31	5,908
Amortisation and depreciation	1,658	1,237	964	234	4,093	10	4,103
Impairment losses	22	744	67	-	833	100	933
Return on invested capital (ROIC)	15.3%	5.6%	9.7%	-	8.2%	-	8.0%
Return on invested capital excluding goodwill (ROIC excl. goodwill)	35.2%	9.3%	23.5%	-	15.8%	-	15.3%

GEOGRAPHICAL ALLOCATION OF NON-CURRENT ASSETS

DKK million	2015	2014
Denmark (Carlsberg A/S' domicile)	5,159	5,506
Russia	26,183	35,539
China	17,692	19,695
Other countries	55,240	55,119
Total	**104,274**	**115,859**

The Group's non-current segment assets are allocated as specified above.

Non-current segment assets comprise intangible assets and property, plant and equipment owned by the segment/country, even if income is also earned outside the segment/country that owns the asset. Non-current assets also comprise non-current financial assets other than financial instruments and deferred tax assets.

Goodwill and trademarks with indefinite useful life allocated by segment are specified in section 2.3.

SECTION 2.3

Impairment

2.3.1 Impairment losses

IMPAIRMENT OF GOODWILL, TRADEMARKS AND OTHER NON-CURRENT ASSETS

DKK million	2015	2014
Goodwill		
Eastern Assets, China	1,766	-
Trademarks and other intangible assets		
Baltika trademark, Baltika Breweries, Russia	4,000	-
Trademarks and land use rights, Eastern Assets, China	435	-
Trademarks and land use rights, Chongqing Brewery Group, China	440	-
Other trademarks	75	35
Total	**6,716**	**35**
Property, plant and equipment		
Plant, machinery and equipment, Eastern Assets, China	631	-
Plant, machinery and equipment, Chongqing Brewery Group, China	148	-
Breweries and brewery equipment, Baltika Breweries, Russia	283	703
Plant, machinery and equipment, Xinjiang Wusu Group, China	82	40
Machinery and equipment, Carlsberg UK	43	-
Real estate, Denmark	153	100
Other	116	55
Total	**1,456**	**898**
Total impairment losses	**8,172**	**933**

The Carlsberg Group performs annual impairment tests to verify the value of recognised goodwill, trademarks and other non-current assets. In 2015 impairment tests of goodwill and trademarks with indefinite useful life were performed in the third quarter when indications of impairment were identified. The impairment tests were repeated and the conclusions from the third quarter confirmed at year-end.

In connection with impairment testing management reassesses the useful life and residual value of assets with impairment indicators.

Based on the impairment tests performed, the Group has recognised impairment losses totalling DKK 8,172m in respect of goodwill, trademarks, breweries and other non-current assets.

Impairment losses of DKK 8,090m (2014: DKK 928m) are recognised in special items and DKK 82m (2014: DKK 5m) in cost of sales.

Impairment of trademarks and breweries in Baltika Breweries (Russia)

As a result of the continued Russian market decline and the very challenging macro-economic conditions, management reassessed the Russian business in the autumn of 2015. Management concluded that the difficult market conditions are expected to persist for the next few years and, consequently, that the decline of the beer category will continue. This led to a reassessment of expected future growth of the local trademarks and their recoverable amount.

It was concluded that the recovery would happen later and at a slower pace than previously expected, and the 20-year growth outlook applied in the impairment model for trademarks was therefore updated to reflect this change.

The revised expectations for future growth resulted in a significant decline in the recoverable amount of the Baltika trademark and other local trademarks. As their recoverable amount was below their carrying amount, they were written down to the lower recoverable amount. Impairment losses of DKK 4,075m were recognised in special items. The recoverable amount of the trademarks was determined based on a value in use calculation. A discount rate of 8.8% was used in this calculation. The trademarks had a carrying amount after impairment of DKK 9,827m at 31 December 2015.

Impairment of breweries, DKK 283m (2014: DKK 703m), relates to the two breweries that were permanently closed in January 2015 and, as a consequence of the above-mentioned development in the Russian market, additional closure of production lines for the purpose of right-sizing the business to match expected future capacity requirements.

Impairment of Eastern Assets (China)

The acquisition of Eastern Assets was completed under the presumption that it would be possible to turn the business around and make it profitable within a few years. The turnaround of the loss-making business did not meet expectations as all efficiency improvements were offset by the beer market decline and intensified competition.

A thorough evaluation of the business in the autumn of 2015, including consideration of further improvement initiatives and unsuccessful attempts to dispose of some of the breweries, indicated a continuation of operating losses for the foreseeable future. Because of expected future operating losses, the recoverable amount of the business was

SECTION 2.3 Impairment

negative, and non-current assets, including goodwill, were fully impaired, in total DKK 2,832m. Since the business is still operating, working capital items etc. were not impaired.

Impairment of trademarks and breweries in Chongqing Brewery Group (China)
Chongqing Brewery Group saw higher-than-expected growth in the Tuborg brand, up more than 60% in China in 2015. The growth in the Tuborg brand was to some extent achieved at the expense of local trademarks, which experienced lower growth than previously expected. The lower growth led to a reassessment of expected future growth of the local trademarks, which resulted in a recoverable amount below the carrying amount. The trademarks were therefore written down by DKK 400m to the lower recoverable amount. The recoverable amount of the trademarks was determined based on a value in use calculation. A discount rate of 6.9% was used in this calculation. The trademarks had a carrying amount after impairment of DKK 1,820m at 31 December 2015.

In relation to restructuring and closure of breweries land use rights, and plant, machinery and equipment were written down to their recoverable amount. In total, impairment losses of DKK 188m were recognised in special items.

Other impairments
The Group completed a disposal of real estate and decided to postpone and reconsider a planned construction project, which resulted in an impairment loss of DKK 153m (2014: DKK 100m).

The impairment of machinery and equipment in Carlsberg UK, DKK 43m, was the result of a recent delisting at a major retailer, which led to overcapacity and, thereby, underabsorption of costs in production. Consequently, it was decided to right-size capacity by closing production lines.

The impairment losses on other trademarks in 2014, DKK 35m, related to local trademarks in Kazakhstan that suffered from the economic crisis and changes in the brand strategy. The trademarks therefore showed a recoverable amount below the carrying amount and were written down to the lower recoverable amount.

Other impairments of property, plant and equipment were a consequence of restructuring and process optimisation in Western Europe, Eastern Europe and Asia.

2.3.2 General assumptions applied

Western Europe
The mature Western European markets are generally characterised by stable or slightly declining volumes with small signs of positive development in recent years. The entire region continues to experience strong competition, requiring ongoing optimisation of cost structures and use of capital. The key focus is to improve profitability, cash flow and returns. The commercial focus is to support profitability by balancing market share through continued development of local power brands, expanding the reach of the international premium brands and innovation. At the same time, there is focus on reducing costs and capital employed by optimising asset utilisation, further increasing efficiencies across the business and simplifying the business model. An important enabler on this journey is the roll-out of the supply chain integration and business standardisation project (BSP1).

Eastern Europe
The Russian beer market has undergone significant changes, with a considerable volume decline resulting from challenging macroeconomic conditions, unavoidable substantial price increases due to excise tax increases and high inflation, as well as changed regulation.

In value terms, however, the market has generally seen positive growth rates. Revenue in the region is expected to increase as a result of price increases and inflation. Following the continued Russian market decline and very challenging macroeconomic conditions in Russia, as well as the difficult market conditions in Eastern Europe in general, the expectations for development in the medium and long term were revised in the autumn of 2015.

The revised expectations, as well as expectations for macroeconomic development, formed the basis of the impairment testing in the third quarter and at year-end 2015. Management expects the current macroeconomic situation and developments to continue in the short and medium term, and, in the long term, interest rates, WACC and growth rates to decline and stabilise at much lower levels than currently observed in the market.

The use of the expected future interest rates instead of the currently observable interest rates does not impact the conclusion of the impairment test because the relation between discount rates and growth rates (real interest rate) is expected to be stable. Expectations for the real interest rate in the long term remain a key assumption for the impairment testing in general, and for Russia in particular. The average real interest rate in Russia for the last 12 years has been negative, and is expected to be just above 1% in the future. The current economic situation in Russia indicates that an even lower real interest rate will be necessary in the short and medium term.

In the impairment tests in the third quarter and at year-end, a real interest rate slightly higher than the long-term expectation was applied. These expectations are in line with those of major international financial institutions and have been applied as the long-term expectations in the impairment testing.

SECTION 2.3 Impairment

Asia

The Group has an attractive footprint in the Asia region with significant growth opportunities in the majority of the markets. To capture the growth opportunities, presence in the region is continuously expanded through investments with a long-term view in the existing business and in new markets. Commercially, the focus in the region is on expanding the reach of the international premium brands, with Tuborg delivering a very strong performance in recent years, and on strengthening and premiumising brands. In addition to growing the Asian businesses, efficiencies are introduced across businesses with an emphasis on optimising structures and ways of working, using well-proven Group concepts and operating models.

Growth rates

Growth rates are determined for each individual cash-generating unit (CGU), trademark and item of property, plant and equipment tested. The growth rates applied for the terminal period are in line with, or lower than, the expected rate of inflation and assume no nominal growth.

In connection with acquisitions and the related purchase price allocation, or when market dynamics and macroeconomic factors indicate significant changes, growth rates are assessed and determined based on factors relevant for the individual cash-generating unit, trademark or item of property, plant and equipment.

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

Discount rates applied

The risk-free interest rates used in impairment tests performed in 2015 were based on observed market data. For countries where long-term risk-free interest rates are not observable or valid due to specific national or macroeconomic changes affecting the country, the interest rate is estimated based on observations from other markets and/or long-term expectations expressed by major international financial institutions.

The risk premium (spread) for the risk-free interest rate was fixed at market price or slightly lower, reflecting the expected long-term market price. The total interest rate, including spread, thereby reflected the long-term interest rate applicable to the Group's investments in the individual markets.

Significant amount of goodwill and trademarks

Goodwill and trademarks with indefinite useful life related to Baltika Breweries, Brasseries Kronenbourg, Chongqing Brewery Group and the acquisition of the 40% non-controlling interest in Carlsberg Breweries A/S each account for 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2015.

2.3.3 Impairment test of goodwill

The impairment test of goodwill is performed for 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 management of the Group is centralised and decisions are carried out by the regional managements, which are responsible for performance, investments and growth initiatives in their respective regions.

The management structure and responsibilities support and promote optimisations across countries focusing on the Group or region as a whole and not just on the specific country. Changes in procurement and sourcing between countries increase intra-Group trade/transactions, which will also have an increasing impact on the allocation of profits.

Management assesses that no reasonably possible change in any of the key assumptions would cause the CGUs' recoverable amount to fall below the carrying amount if the corresponding changes in the other key assumptions are considered as well.

The following CGUs have been considered significant with regard to the total goodwill:

GOODWILL

	Carrying amount		Growth in the terminal period		Discount rates (risk-free interest rate)	
DKK million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Western Europe						
Western Europe	20,620	20,170	0.3%	1.0%	1.3%	1.2%
Eastern Europe						
Eastern Europe	14,166	16,480	3.5%	3.5%	6.9%	7.0%
Asia						
Greater China, Malaysia and Singapore	10,324	11,454	1.5%	2.0%	3.4%	4.0%
Indochina	4,552	4,167	4.0%	2.0%	9.1%	5.5%
Subtotal	**49,662**	**52,291**				
as % of total carrying amount	99%	99%				
Other, Asia	608	572				
Total	**50,270**	**52,863**				

2.3.4 Impairment test of trademarks

Trademarks are impairment-tested individually at Group level. The carrying amount of trademarks that have an indefinite useful life and therefore not amortised was DKK 19,300m (2014: DKK 25,680m) at 31 December 2015, equivalent to 98% (2014: 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 long 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.

Management assesses that no reasonably possible change in any of the key assumptions would cause the trademarks' recoverable amount to fall below their carrying amount except for the Baltika trademark and Chongqing Brewery Group trademarks that were impaired during 2015. Any negative change for these trademarks would therefore lead to further impairment losses.

Other trademarks comprise a total of 16 trademarks.

The following trademarks with indefinite useful life have been considered significant with regard to the total trademarks with indefinite useful life:

2.3.5 Sensitivity tests

Sensitivity tests have been performed to determine the lowest forecast and terminal period growth rates and/or highest discount rates that can occur in the CGUs and for trademarks with indefinite useful life without resulting in any impairment loss.

The sensitivity test of the maximum decline in growth rate in the forecast period assumes a year-on-year decline in the nominal growth rate thereby estimating the accumulated effect of a negative change in the forecast period.

The sensitivity test did not include goodwill or trademarks with indefinite useful life that were impaired or recognised as part of a purchase price allocation completed during the year. In these cases any negative change in assumptions would lead to impairment.

The sensitivity tests have been completed assuming all other assumptions are equal as it is relevant to assess the sensitivity to a decline in growth as this might be impacted by changes in brand strategy and other market factors independently of changes in the discount rate.

Due to the current macroeconomic situation in some countries and regions, the Group has performed additional sensitivity tests to ensure that potential impairment is not overlooked.

ROYALTY RATES

%	**2015**	**2014**
International, premium and speciality beers	3.5 - 15.0%	3.5 - 15.0%
Strong regional and national trademarks	3.0 - 5.0%	3.0 - 5.0%
Local trademarks and mainstream trademarks	2.0 - 3.5%	2.0 - 3.5%

TRADEMARKS WITH INDEFINITE USEFUL LIFE

	Carrying amount		Growth in the forecast period		Growth in the terminal period		Discount rates (WACC)	
DKK million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Baltika	9,772	15,727	-0.5% - 8.8%	5.0 - 11.0%	4.0%	4.5%	8.8%	8.1%
International trademarks[1]	3,000	3,000	2.0% - 3.0%	2.0 - 3.0%	2.0%	2.0%	4.6%	4.0%
Chongqing Brewery Group trademarks	1,820	2,084	-6.8% - 2.0%	2.0 - 4.0%	2.0%	2.0%	6.9%	6.7%
Subtotal	**14,592**	**20,811**						
as % of the total carrying amount	76%	81%						
Other trademarks								
Western Europe	3,401	3,314						
Eastern Europe	713	920						
Asia	594	635						
Total	**19,300**	**25,680**						

[1] Group of trademarks recognised in connection with the Orkla transaction in 2004 and allocated to Western Europe. The amount is not allocated to individual trademarks.

SECTION 2.3 Impairment

Late in 2014, the macroeconomic situation deteriorated significantly in Eastern Europe, which continued to impact interest rates and inflation in the Eastern European countries in 2015 as they remained at significantly higher levels than in previous years. The sensitivity tests calculate the impact of higher interest rates and inflation, reflecting changed economic conditions compared with current expectations.

The WACC rates applied in Western Europe continued to be impacted by the relatively low risk-free interest rates at the end of 2015, and a slight increase was recorded. The sensitivity tests calculate the impact of higher interest rates, reflecting an assumption of a significantly higher risk-free interest rate level that allows for double-digit increase in risk-free interest rates.

These additional sensitivity tests did not identify potential impairment.

The significant allowed decrease in terminal period growth rate for trademarks with indefinite useful life, reflects the negative growth required to counterbalance the value increment from the growth in the forecast period.

Below are the lowest identified degrees of sensitivity for tested CGUs and trademarks with indefinite useful life respectively.

SENSITIVITY

%	Forecast period growth rate	Terminal period growth rate	Discount rate, after tax
2015	**Allowed decrease**	**Allowed decrease**	**Allowed increase**
Goodwill	30.0%	1.7%	1.5%
Trademarks	2.5%	46.3%	2.4%
2014			
Goodwill	20.8%	2.4%	8.1%
Trademarks	3.6%	17.0%	10.2%

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Property, plant and equipment

Property, plant and equipment are impairment-tested when there are indications of impairment. Management performs an annual assessment of the assets' future application, e.g. in relation to changes in production structure, restructurings or closing of breweries. The impairment test is based on budgeted and estimated cash flows from the cash-generating unit. The assessment is based on the lowest cash-generating unit affected by the changes that indicate impairment. The discount rate is an after-tax WACC that reflects the risk-free interest rate with the addition of a risk premium associated with the particular asset.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Goodwill

The impairment test of goodwill is performed for the cash-generating units to which goodwill is allocated. The cash-generating units are determined based on the management 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 impairment test of goodwill for each cash-generating unit calculates the recoverable amount, corresponding to the discounted value of the expected future free cash flow (value in use).

Key parameters include assumptions about revenue growth, future free cash flow, 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.

Future free cash flow	The expected future free cash flow (value in use) is based on budgets and business plans for the next three years and projections for subsequent years.
Growth	The budgets and target plans are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. The impairment test is based on scenarios for possible future cash flows. Potential upsides and downsides identified during the budget process and in the daily business are reflected in the future cash flow scenarios for each individual cash-generating unit. The scenarios reflect, among other things, different assumptions about combinations of market, price and input cost developments.
Western Europe	Growth rates are projected to be flat to mid-single digit positive in the forecasting period.
Eastern Europe	Growth rates are projected to be low double-digit negative early in the forecast period improving to close to flat.
Asia	Growth rates are generally positive with minor declines in a few individual markets. Growth rates range from single digit decline to low double digit positive growth.
	Projections for the terminal period are based on general expectations and risks, taking into account the general growth expectations for the brewing industry in the relevant segments. The growth rates applied are not expected to exceed the average long-term growth rate for the Group's individual geographical segments.
Discount rates	In the impairment testing of goodwill, the Group uses a pre-tax risk-free interest rate that reflects the risk-free borrowing rate in each particular geographical segment.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Trademarks

The impairment test of trademarks is performed using the relief from royalty method and is based on expected future free cash flows from the Group's calculated avoided royalty expense for the individual trademark for the next 20 years and projections for subsequent years.

Key parameters include 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.

Royalty rate	Royalty 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. If external licence agreements for the individual trademark already exist, the market terms of such agreements are considered when assessing the royalty rate that the trademark is expected to generate in a transaction with independent parties. The royalty rate is based on the actual market position of the individual trademark in the global, regional and local markets.
Expected useful life	Management assesses the market, market position and strength to determine the useful life of the trademarks. When the value of well-established trademarks 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.
Growth rate	For each individual trademark, a 20-year curve is forecasted, 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 by 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 rate is generally higher than for comparable trademarks, 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.
Discount rates	In the impairment testing of trademarks, the Group uses a post-tax discount rate for each country. In determining the discount rate, a risk premium (spread) on the risk-free interest rate is fixed at a level that reflects management's expectations of the spread for future borrowings. The total interest rate, including spread, thereby reflects the long-term interest rate applicable to the Group's investments in the individual markets. The tax rate is the expected future tax rate in each country based on current legislation. The impairment test at year-end 2015 incorporated tax rates in the range of 15-38%. The WACC rates in Asia vary within a wide range with the lowest rate for China and developed countries, whereas the subcontinent, including Nepal, has the highest WACC rates in the region.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Associates and joint ventures

Management performs an impairment test of investments in associates and joint ventures when there are indications of impairment, e.g. due to loss-making activities or major changes in the business environment. The impairment test is based on budgeted and estimated cash flows from the associate or joint venture and related assets that form an integrated 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 investments.

2.3 ACCOUNTING POLICIES

Goodwill and trademarks with indefinite useful life are subject to an annual impairment test, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment annually, together with the other non-current assets in the cash-generating unit to which goodwill is allocated. 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.

The carrying amount of trademarks with indefinite useful life is subject to an annual impairment test. The recoverable amount is generally calculated as the present value of expected future net cash flows (value in use) from the trademark in the form of royalties (the relief from royalty method).

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 impairment test is performed for the individual asset or in combination with related assets that form an integrated cash-generating unit. 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. Impairment of goodwill, trademarks and significant impairment losses on property, plant and equipment, associates and joint ventures, and impairment losses arising on extensive structuring of processes and fundamental structural adjustments are recognised under special items. Minor impairment losses are recognised in the income statement under cost of sales, sales and distribution expenses, administrative expenses or other operating activities, net.

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/depreciation had the asset not been impaired.

SECTION 2.4

Intangible assets and property, plant and equipment

DKK million			Intangible assets				Property, plant and equipment	
2015	**Goodwill**	**Trademarks**	**Other intangible assets**	**Total**	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Total**
Cost								
Cost at 1 January 2015	52,937	27,153	5,545	85,635	17,033	28,792	12,909	58,734
Acquisition of entities	238	100	2	340	153	90	54	297
Additions	-	1	458	459	400	1,632	1,659	3,691
Disposal of entities	-9	-	-64	-73	-1	-295	-19	-315
Disposals	-	-	-58	-58	-486	-639	-1,749	-2,874
Transfers	-	-	30	30	376	-1,220	1,113	269
Foreign exchange adjustments etc.	-1,044	-2,252	81	-3,215	-177	-549	-252	-978
Cost at 31 December 2015	**52,122**	**25,002**	**5,994**	**83,118**	**17,298**	**27,811**	**13,715**	**58,824**
Amortisation, depreciation and impairment losses								
Amortisation, depreciation and impairment losses at 1 January 2015	74	1,045	2,107	3,226	6,351	15,185	8,025	29,561
Disposal of entities	-	-	-1	-1	-	-1	-7	-8
Disposals	-	-	-58	-58	-172	-605	-1,667	-2,444
Amortisation and depreciation	-	30	607	637	578	1,497	1,962	4,037
Impairment losses	1,766	4,571	379	6,716	551	802	103	1,456
Transfers	-	-	-	-	-4	-314	451	133
Foreign exchange adjustments etc.	12	-346	12	-322	-36	-448	-105	-589
Amortisation, depreciation and impairment losses at 31 December 2015	**1,852**	**5,300**	**3,046**	**10,198**	**7,268**	**16,116**	**8,762**	**32,146**
Carrying amount at 31 December 2015	**50,270**	**19,702**	**2,948**	**72,920**	**10,030**	**11,695**	**4,953**	**26,678**
Carrying amount of assets pledged as security for loans					412	838	-	1,250

Additions to goodwill are described in more detail in section 5.1.

SECTION 2.4 Intangible assets and property, plant and equipment

DKK million			Intangible assets				Property, plant and equipment	
2014	**Goodwill**	**Trademarks**	**Other intangible assets**	**Total**	**Land and buildings**	**Plant and machinery**	**Fixtures and fittings, other plant and equipment**	**Total**
Cost								
Cost at 1 January 2014	57,239	35,800	4,688	97,727	18,387	29,653	12,377	60,417
Acquisition of entities	1,773	91	339	2,203	365	371	66	802
Additions	-	4	806	810	300	3,064	1,734	5,098
Disposals	-	-	-270	-270	-171	-704	-758	-1,633
Transfers	-	-	-8	-8	-273	-878	428	-723
Foreign exchange adjustments etc.	-6,075	-8,742	-10	-14,827	-1,575	-2,714	-938	-5,227
Cost at 31 December 2014	**52,937**	**27,153**	**5,545**	**85,635**	**17,033**	**28,792**	**12,909**	**58,734**
Amortisation, depreciation and impairment losses								
Amortisation, depreciation and impairment losses at 1 January 2014	73	1,251	2,167	3,491	5,779	15,264	7,636	28,679
Disposals	-	-	-269	-269	-67	-689	-707	-1,463
Amortisation and depreciation	-	35	284	319	546	1,643	1,595	3,784
Impairment losses	-	35	-	35	462	382	54	898
Transfers	-	-	-5	-5	36	-44	-25	-33
Foreign exchange adjustments etc.	1	-276	-70	-345	-405	-1,371	-528	-2,304
Amortisation, depreciation and impairment losses at 31 December 2014	**74**	**1,045**	**2,107**	**3,226**	**6,351**	**15,185**	**8,025**	**29,561**
Carrying amount at 31 December 2014	**52,863**	**26,108**	**3,438**	**82,409**	**10,682**	**13,607**	**4,884**	**29,173**
Carrying amount of assets pledged as security for loans					1,357	887	-	2,244

Additions to goodwill are described in more detail in section 5.1.

SECTION 2.4 Intangible assets and property, plant and equipment

Intangible assets under development amounted to DKK 258m (2014: DKK 1,330m) and are included in other intangible assets. Property, plant and equipment under construction amounted to DKK 1,092m (2014: DKK 2,279m) and are included in plant and machinery.

The carrying amount of other intangible assets at 31 December 2015 included software costs capitalised in the year of DKK 258m (2014: DKK 775m) and beer delivery rights of DKK 71m (2014: DKK 69m).

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

Gain/loss on disposal of assets

The gain/loss on disposal is recognised in other operating activities, net and is specified in the table to the right.

Leases

Operating lease liabilities totalled DKK 1,506m (2014: DKK 1,601m), with DKK 442m (2014: DKK 389m) falling due within one year. Operating leases primarily relate to properties, IT equipment and transport equipment (cars, trucks and forklifts). These leases contain no special purchase rights etc.

Assets held under finance leases with a total carrying amount of DKK 34m (2014: DKK 37m) have been pledged as security for lease liabilities totalling DKK 31m (2014: DKK 37m).

Service agreements

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

The Group has entered into various capital commitments which are agreed to be made after the reporting date and have therefore not been recognised in the consolidated financial statements.

RECOGNITION OF AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES IN THE INCOME STATEMENT

	Intangible assets		Property, plant and equipment	
DKK million	**2015**	**2014**	**2015**	**2014**
Cost of sales	63	50	3,025	2,840
Sales and distribution expenses	49	36	819	722
Administrative expenses	525	233	275	227
Special items	6,716	35	1,374	893
Total	**7,353**	**354**	**5,493**	**4,682**

GAIN/LOSS ON DISPOSAL OF ASSETS

DKK million	**2015**	**2014**
Gain on disposal of property, plant and equipment and intangible assets, including those held for sale, within beverage activities	100	127
Loss on disposal of property, plant and equipment and intangible assets within beverage activities	-66	-29
Total	**34**	**98**

CAPITAL COMMITMENTS

DKK million	**2015**	**2014**
Property, plant and equipment	58	92
Total	**58**	**92**

SECTION 2.4 Intangible assets and property, plant and equipment

2.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Useful lives and residual value of intangible assets with finite useful life and property, plant and equipment
Useful life and residual value are initially assessed both in acquisitions and in business combinations, cf. section 5. The value of the trademarks acquired and their expected useful life are assessed based on the trademarks' market position, expected long-term developments in the relevant markets and the trademarks' profitability.

Management assesses trademarks and property, plant and equipment for changes in useful life. When there is an indication of a reduction in the value or useful life, the asset is tested for impairment and is written down if necessary, or the amortisation/depreciation period is re-assessed and if necessary adjusted in line with the asset's changed useful life.

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 life and residual value and recognition of impairment losses or losses on disposal of non-current assets.

When changing the amortisation or depreciation period due to a change in useful life, the effect on amortisation/depreciation is recognised prospectively as a change in accounting estimates.

Lease and service agreements
The 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 assesses whether contracts are onerous by determining only the direct variable costs and not the costs that relate to the business as a whole.

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.

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.

Significant accounting estimates and judgements related to impairment are described above, cf. section 2.3.

SECTION 2.4 Intangible assets and property, plant and equipment

2.4 ACCOUNTING POLICIES

Cost
Intangible assets and property, plant and equipment are initially recognised at cost and subsequently measured at cost less accumulated amortisation, depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, wages and salaries, and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset.

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.

For assets acquired in business combinations, including trademarks and property, plant and equipment, cost at initial recognition is determined by estimating the fair value of the individual assets in the purchase price allocation.

Goodwill is only acquired in business combinations and is measured by the purchase price allocation. Goodwill is not amortised.

CO_2 emission rights are measured at cost at the date of allocation (i.e. normally DKK 0), while acquired rights are measured at cost. A liability is recognised (at fair value) only if actual emissions of CO_2 exceed allocated levels based on the holding of rights.

The present value of estimated liabilities related to dismantling and removing an 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 and 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 from 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.

Useful life, amortisation and depreciation
Useful life and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Amortisation and depreciation are recognised on a straight-line basis over the expected useful life of the assets, taking into account any residual value. The expected useful life and residual value are determined based on past experience and expectations of the future use of assets.

The basis of depreciation is calculated on the basis of the cost less the residual value and impairment losses.

The expected useful life for the various items is as follows:

Trademarks with finite useful life	Normally 20 years
Software etc.	Normally 3-5 years. Group-wide systems developed as an integrated part of a major business development programme: 5-7 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; if no contract exists, normally not exceeding 20 years
CO_2 rights	Production period where utilised

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	Not depreciated

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

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

Operating leases
Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Government grants and other funding
Grants and funding received for the acquisition of assets and development projects are recognised in the statement of financial position by deducting the grant from the carrying amount of the asset. The grant is recognised in the income statement over the life of the asset as a reduced depreciation expense.

SECTION 3
Special items and provisions

KEY DEVELOPMENTS 2015

Special items, expenses

Special items were significantly impacted by measures taken under the *Funding the Journey* programme in addition to a worsening of the macroeconomic situation in Russia, which in combination led to impairment and restructuring charges of DKK 8.8bn.

Special items, income

Special items, income, DKK 188m, impacted by disposal of a former brewery site and gain on disposal of entities.

SECTION 3.1
Special items

Special items include major impairments and expenses related to restructuring initiatives implemented across the Group.

Restructurings are initiated to enhance the Group's future earnings potential and to make the Group more efficient going forward.

SPECIAL ITEMS

DKK million	2015	2014
Special items, income		
Gain on disposal of property, plant and equipment impaired in prior years	166	33
Gain on disposal of entities and revaluation gain on step acquisitions and disposals	22	13
Total	**188**	**46**
Special items, expenses		
Impairment, restructuring and termination benefits	-4,189	-1,219
Impairment of trademarks, Baltika Breweries and Chongqing Brewery Group	-4,475	-35
Impairment of real estate	-153	-100
Costs related to acquisitions and loss on disposal of entities	-30	-45
Total	**-8,847**	**-1,399**
Special items, net	**-8,659**	**-1,353**
If special items had been recognised in operating profit before special items, they would have been included in the following items		
Cost of sales	-5,837	-1,036
Sales and distribution expenses	-717	-102
Administrative expenses	-351	-109
Other operating income	188	46
Other operating expenses	-176	-152
	-6,893	**-1,353**
Impairment of goodwill	-1,766	-
Special items, net	**-8,659**	**-1,353**

SECTION 3.1 Special items

3.1.1 Special items, income

Gain on disposal of property, plant and equipment impaired in prior years, DKK 166m, relates primarily to the disposal of the former brewery site in Leeds in the UK.

In 2015, the Group recognised a gain on disposal of an entity in the Xinjiang Wusu Group, China, and a gain on the deconsolidation of Myanmar Carlsberg Co. Ltd totalling DKK 22m. In 2014, the Group recognised a gain on disposal of some assets which had been impaired in prior years and a gain on step acquisition of Carlsberg Vietnam Breweries – Vung Tau.

3.1.2 Special items, expenses

Impairment of trademarks
The impairment of trademarks relates to local trademarks in Baltika Breweries, Russia, and Chongqing Brewery Group, China, totalling DKK 4,475m (2014: DKK 35m).

The impairment of the Russian trademarks was a result of the continued Russian market decline, the very challenging macroeconomic conditions and management's reassessment of expected future growth of local trademarks. The impairment relates primarily to the Baltika brand. The impairment loss amounted to DKK 4,075m.

Chongqing Brewery Group saw higher-than-expected growth in the Tuborg brand, which to some extent was achieved at the expense of local trademarks, resulting in lower growth than previously expected. The trademarks were therefore written down to the lower recoverable amount. The impairment loss amounted to DKK 400m.

Impairment and restructuring
The turnaround of Eastern Assets did not deliver the expected results as the efficiency improvements were offset by the beer market decline and intensified competition, which led to impairment of the business, including goodwill, trademarks, and property, plant and equipment totalling DKK 2,832m and restructuring of DKK 50m.

Impairment and restructuring of Baltika Breweries, DKK 344m (2014: DKK 745m), relates to the two breweries that were permanently closed in January 2015 and to production equipment.

IMPAIRMENT, RESTRUCTURING AND TERMINATION BENEFITS

DKK million	2015	2014
Impairment and restructuring of Eastern Assets, China	-2,882	-
Impairment and restructuring of Baltika Breweries, Russia	-344	-745
Impairment and restructuring of Chongqing Brewery Group, China	-270	-
Impairment and restructuring in relation to optimisation and standardisation in Western Europe	-132	-305
Impairment and restructuring of Carlsberg UK, including onerous contract and terminated licence agreement	-98	-
Impairment and restructuring of Xinjiang Wusu Group, China	-92	-35
Impairment and restructuring, Vietnam	-32	-
Impairment and restructuring of Carlsberg Uzbekistan	-8	-29
Impairment of Ningxia Xixia Jianiang, China	-2	-32
Impairment of other non-current assets	-7	-24
Restructuring of Ringnes, Norway	4	-49
Group-wide organisational efficiency programme	-233	-
Termination benefits related to retirement of members of the Executive Board	-93	-
Total	**-4,189**	**-1,219**

Impairment and restructuring of Chongqing Brewery Group, China, DKK 270m, relates to restructuring and closure of breweries.

The Group is optimising and standardising business processes across Western Europe, which resulted in restructuring costs and impairments totalling DKK 132m (2014: DKK 305m). The optimisation and standardisation project is running in a number of entities, including Brasseries Kronenbourg, Carlsberg Sverige and Carlsberg Global Business Services.

Impairment and restructuring of Carlsberg UK, DKK 98m net, relates to restructuring of the business due to deteriorating financial performance as a result of challenging market conditions. The net cost includes provision for an onerous contract and compensation received for the termination of the Staropramen agreement.

SECTION 3.1 Special items

The Group has initiated a Group-wide operational expense efficiency programme, resulting in restructuring costs of DKK 233m. The cost related primarily to termination of employees.

Termination benefits related to retirement of members of the Executive Board

Special items, expenses, included severance payments, DKK 24m and DKK 25m, and the cost of share-based payments, DKK 27m and DKK 17m, related to the retirement of former President & CEO Jørgen Buhl Rasmussen and former Deputy CEO & CFO Jørn P. Jensen respectively. The cost of share-based payments related to grants made prior to retirement which vest after the date of retirement.

Impairment of real estate

The Group completed a disposal of real estate and decided to postpone and reconsider a planned construction project, which resulted in an impairment loss of DKK 153m (2014: DKK 100m).

Cost related to acquisition and loss on disposal of entities

Cost related to the acquisition and loss on disposal of entities in 2015, DKK 30m (2014: DKK 45m), mainly concerned the disposal of Luen Heng F&B Sdn. Bhd., Malaysia.

3.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The use of special items entails management judgement in the separation from other items in the income statement. Management carefully considers such changes in order to ensure the correct distinction between operating activities and restructuring of the Group carried out to enhance the future earnings potential.

Management reassesses the useful life and residual value of 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. Management initially assesses the entire project and recognises all present costs of the project, but the project is also assessed on an ongoing basis with additional costs possibly occurring during the lifetime of the project.

3.1 ACCOUNTING POLICIES

Special items include significant income and expenses of a special nature in terms of the Group's revenue-generating operating activities that cannot be attributed directly to the Group's ordinary operating activities. Such income and expenses include the cost of extensive restructuring of processes and fundamental structural adjustments, as well as any gains or losses arising from disposals of assets that have a material effect over a given period.

Special items also include significant non-recurring items, including impairment of goodwill (including goodwill allocated to associates and joint ventures) and trademarks, gains and losses on the disposal of activities, revaluation of the shareholding in an entity held immediately before a step acquisition of that entity and transaction costs in a business combination.

SECTION 3.2

Provisions

Restructuring projects comprise expected costs directly linked to the restructuring. These costs are typically recognised in special items and provided for as provisions. The restructuring provisions are calculated on the basis of detailed plans announced to the parties concerned and relate mainly to termination benefits to employees made redundant.

In 2015, restructuring provisions amounted to DKK 488m. The provisions related primarily to the restructuring projects in Western Europe described in section 3.1.

Other provisions totalling DKK 3,147m related primarily to profit sharing in France, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

PROVISIONS

DKK million	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2015	425	16	3,079	3,520
Additional provisions recognised	234	226	356	816
Disposal of entities	-	-	-13	-13
Used during the year	-120	-31	-195	-346
Reversal of unused provisions	-52	-	-70	-122
Transfers	-	171	-140	31
Discounting	6	12	69	87
Foreign exchange adjustments etc.	-5	-7	61	49
Provisions at 31 December 2015	**488**	**387**	**3,147**	**4,022**
Provisions are recognised in the statement of financial position as follows				
Non-current provisions	281	365	2,728	3,374
Current provisions	207	22	419	648
Total	**488**	**387**	**3,147**	**4,022**

3.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In connection with large restructurings, management assesses the timing of costs to be incurred, which influences the classification as current or non-current liabilities. Provision for losses on onerous contracts is based on agreed terms with the other party and expected fulfilment of the contract based on the current estimate of volumes and use of raw materials etc. Warranty provisions are based on the substance of the agreements entered into, including the guarantees issued covering customers in the on-trade.

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, which 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.

3.2 ACCOUNTING POLICIES

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.

SECTION 3.3

Contingent liabilities

In 2014, the Federal Cartel Office in Germany issued a decision against Carlsberg Deutschland and imposed a fine of EUR 62m for alleged infringement of the competition rules in 2007. Management does not agree with the conclusions or findings of the Federal Cartel Office and, accordingly, Carlsberg Deutschland has appealed the decision to the relevant German court. The imposed fine has therefore not been provided for in the financial statements.

The Group is party to certain other lawsuits, disputes etc. of various scopes. It is management's opinion that, apart from items 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 effect on the Group's financial position.

No significant lawsuits, disputes etc. were provided for in 2015.

The Group has issued guarantees for loans etc. raised by third parties (non-consolidated entities) of DKK 493m (2014: DKK 537m). Guarantees issued for loans raised by associates and joint ventures are described in section 5.5.

Certain guarantees etc. are issued in connection with disposal of entities and activities etc. Apart from items 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, and lease and service agreements are described in section 2.4.

SECTION 4
Financing costs, capital structure and equity

Equity and debt are used to finance investments in assets and operations.

Access to funding from a variety of sources secures the future generation of operating income.

Available credit resources are used as a measure of immediate access to funding.

KEY DEVELOPMENTS 2015

-1,531m

Net financial items totalled DKK -1,531m, up from DKK -1,191m in 2014.

-5,210m

Net financial debt was reduced by DKK 5,210m during 2015.

14.6bn

Available credit resources of DKK 14.6bn at 31 December 2015, up from DKK 13bn in 2014.

2.9%

Average funding cost of 2.9%, down from 3.1% in 2014.

2.34x

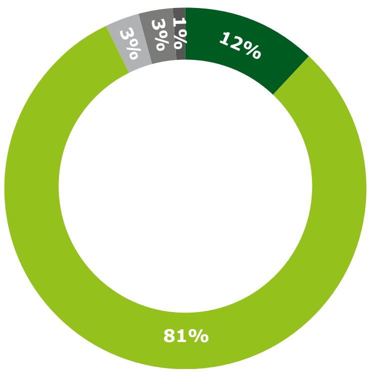
Debt/operating profit before depreciation, amortisation and impairment losses of 2.34x, down from 2.74x in 2014.

Gross financial debt

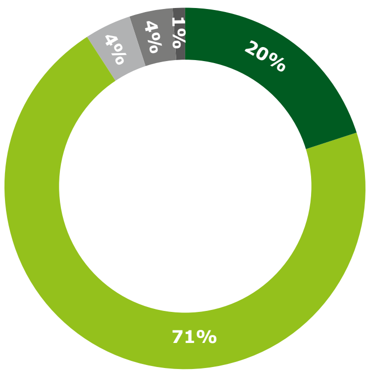
Allocation (%)

- Non-current bank borrowing
- Issued bonds
- Non-current mortgages
- Current bank borrowing
- Other current and non-current borrowing

Distribution of gross financial debt – 2015
DKK 36,028m



Distribution of gross financial debt – 2014
DKK 40,525m



SECTION 4.1

Financial income and expenses

Financial items, net, increased by DKK 340m, primarily due to a loss of DKK -110m on foreign exchange and fair value adjustments of financial instruments (2014: gain of DKK 291m). The loss was partly offset by lower net interest expenses, mainly due to lower average funding costs compared with last year.

Interest expenses primarily relate to interest on borrowings measured at amortised cost. Borrowing costs are reduced by financial expenses included in the cost of a qualifying asset. Interest, losses and write-downs relating to on-trade loans, which are measured at amortised cost, are included as income and expenses in other operating activities, cf. section 1.3.4, as such loans are treated as a prepaid discount to the customer.

The foreign currency translation of foreign entities in other comprehensive income, DKK -3,812m, primarily related to the depreciation of RUB, KZT, UAH and AZN, which had an impact of DKK -5,510m, and the appreciation of CNY and LAK, which had an impact of DKK 1,316m.

4.1 ACCOUNTING POLICIES

Financial income and expenses comprise interest income and expenses, 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 activities, net) and liabilities, including defined benefit retirement plans, and surcharges and refunds under the on-account tax scheme etc. Realised and unrealised gains and losses on derivative financial instruments that 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 that are directly attributable to the development or construction of a qualifying asset are included in the cost of that asset.

FINANCIAL ITEMS RECOGNISED IN THE INCOME STATEMENT

DKK million	2015	2014
Financial income		
Interest income	173	245
Fair value adjustments of financial instruments, net, cf. section 4.8	68	226
Foreign exchange gains, net	-	65
Expected return on plan assets, defined benefit plans	204	245
Other financial income	45	25
Total	**490**	**806**
Financial expenses		
Interest expenses	-1,266	-1,439
Capitalised financial expenses	7	12
Foreign exchange losses, net	-178	-
Interest cost on obligations, defined benefit plans	-349	-371
Other financial expenses	-235	-199
Total	**-2,021**	**-1,997**
Financial items, net, recognised in the income statement	**-1,531**	**-1,191**

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

FINANCIAL ITEMS RECOGNISED IN OTHER COMPREHENSIVE INCOME

DKK million	2015	2014
Foreign exchange adjustments of foreign entities		
Foreign currency translation of foreign entities	-3,812	-16,950
Recycling of cumulative translation differences of entities acquired in step acquisitions	-12	12
Total	**-3,824**	**-16,938**
Value adjustments of hedging instruments		
Change in fair value of effective portion of cash flow hedges	-343	-22
Change in fair value of cash flow hedges transferred to the income statement	322	223
Change in fair value of net investment hedges	-416	-50
Total	**-437**	**151**
Financial items, net, recognised in other comprehensive income	**-4,261**	**-16,787**

Of the net change in fair value of cash flow hedges transferred to the income statement, DKK 184m (2014: DKK 103m) is included in net sales and cost of sales and DKK 138m (2014: DKK 120m) is included in financial items.

SECTION 4.2

Net interest-bearing debt

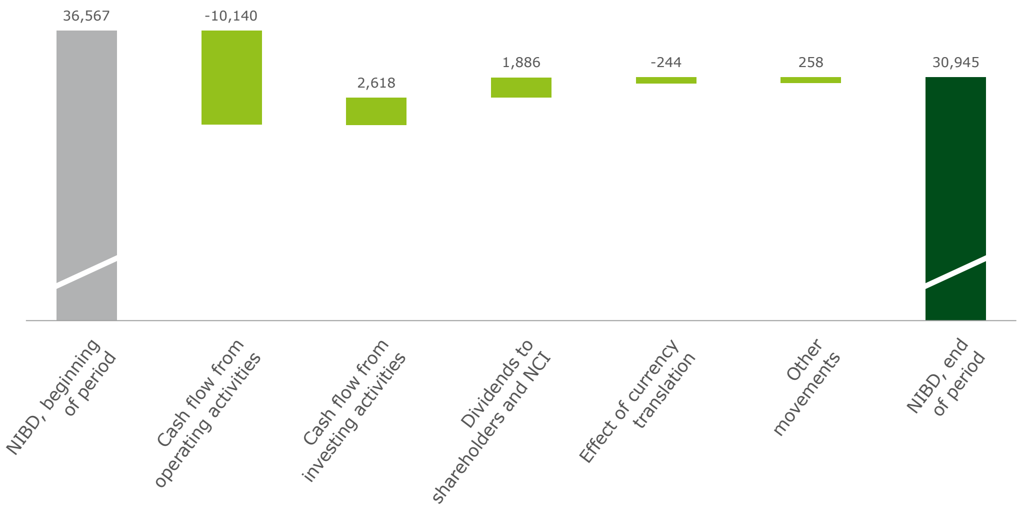
At 31 December 2015, gross interest-bearing debt amounted to DKK 36.0bn and net interest-bearing debt to DKK 30.9bn. Of the gross interest-bearing debt, 87% (DKK 31.5bn) was long-term, i.e. with maturity of more than one year.

Net interest-bearing debt decreased by DKK 5.6bn during 2015, due to free cash flow of DKK 7.5bn offset by dividends paid, DKK 1.9bn.

NET INTEREST-BEARING DEBT

DKK million	2015	2014
Non-current borrowings	31,479	38,690
Current borrowings	4,549	1,835
Payables, acquisitions	-	147
Gross interest-bearing debt	**36,028**	**40,672**
Cash and cash equivalents	-3,131	-2,418
Loans to associates, interest-bearing portion	-248	-59
On-trade loans, net	-968	-934
Other receivables, net	-736	-694
Net interest-bearing debt	**30,945**	**36,567**

CHANGES IN NET INTEREST-BEARING DEBT (DKKm)



SECTION 4.3

Capital structure

4.3.1 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 balance sheet ratios.

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

Carlsberg A/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 Group.

As an element in strategic decisions on capital structure, management assesses the risk of changes in the Group's investment-grade rating. In 2006, the Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. In February 2011, both ratings were upgraded one notch. In January 2015, Moody's affirmed the Baa2 issuer and senior unsecured ratings, but changed the outlook from stable to negative for Carlsberg Breweries. The rating and outlook from Fitch Ratings remained unchanged. Identification and monitoring of risks were carried out continuously during the year. In the fourth quarter of 2015, Carlsberg held its annual risk management workshop, which identified new risks and updated ongoing mitigating actions to address previously identified risks and uncertainties, as described in the risk management section of the Management review.

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 net debt ratio.

4.3.2 Equity

In 2015, total equity decreased to DKK 47,231m from DKK 55,997m. The decrease in equity was mainly due to profit for the period of DKK -2,582m and foreign currency translation of foreign entities of DKK -3,824m. Payment of dividends to Carlsberg shareholders and non-controlling interests amounted to DKK -1,886m.

At 31 December 2015, the fair value of treasury shares amounted to DKK 2m (2014: DKK 9m).

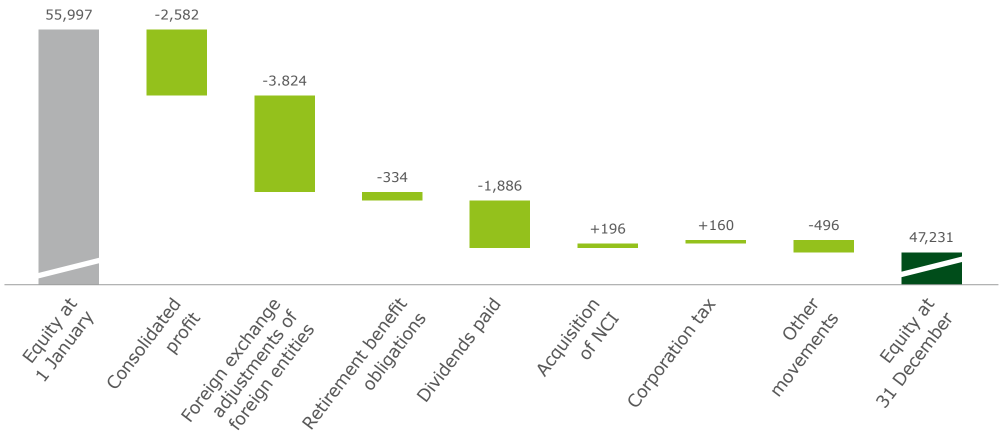
According to the authorisation of the General Meeting, the Supervisory Board may, in the period until 19 March 2019, allow the Company to acquire treasury shares up to a total holding of 10% of the nominal share capital at a price quoted on Nasdaq Copenhagen at the time of acquisition with a deviation of up to 10%.

During the financial year, the Company acquired class B treasury shares of a nominal amount of DKK 9m (2014: DKK 2m) at an average price of DKK 565 (2014: DKK 570), corresponding to a purchase price of DKK 259m (2014: DKK 49m).

Class B treasury shares are primarily acquired to facilitate settlement of share-based incentive programmes. The Company holds no class A shares.

During the financial year, the Company disposed of class B treasury shares at a total price of DKK 127m (2014: DKK 35m). The disposal was made in connection with settlement of share options and performance shares.

EQUITY (DKKm)



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 2014	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
No change in 2014	-	-	-	-	-	-
31 December 2014	**33,699,252**	**673,985**	**118,857,554**	**2,377,151**	**152,556,806**	**3,051,136**
No change in 2015	-	-	-	-	-	-
31 December 2015	**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 votes and dividends, all shares rank equally.

TREASURY SHARES

	Shares of DKK 20	**Nominal value, DKKm**	**Percentage of share capital**
1 January 2014	23,941	-	0.0%
Acquisition of treasury shares	87,000	2	0.1%
Used to settle share options	-92,489	-2	-0.1%
31 December 2014	**18,452**	**-**	**0.0%**
1 January 2015	18,452	-	0.0%
Acquisition of treasury shares	459,116	9	0.3%
Used to settle share options	-473,013	-9	-0.3%
31 December 2015	**4,555**	**-**	**0.0%**

Transactions with shareholders

Transactions with shareholders, primarily dividends, led to a total cash outflow of DKK -1,505m (2014: DKK -1,234m).

TRANSACTIONS WITH SHAREHOLDERS IN CARLSBERG A/S

DKK million	**2015**	**2014**
Dividends to shareholders	-1,373	-1,220
Acquisition of treasury shares	-259	-49
Disposal of treasury shares	127	35
Total	**-1,505**	**-1,234**

The Group proposes a dividend of DKK 1,373m (2014: DKK 1,373m), amounting to DKK 9.00 per share (2014: DKK 9.00 per share). The proposed dividend has been included in retained earnings at 31 December 2015.

Transactions with non-controlling interests

During 2015, the Group had the following transactions with non-controlling interests.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

DKK million	**2015**	**2014**
Acquisition of non-controlling interests	-	-250
Dividends to non-controlling interests	-513	-413
Total	**-513**	**-663**

Dividends paid to non-controlling interests primarily related to entities in Asia.

SECTION 4.3 Capital structure

4.3.2 ACCOUNTING POLICIES

Currency translations in equity
Currency translations in equity comprise 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.

Fair value adjustments in equity
Fair value adjustments in equity 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.

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 the statement of changes in equity.

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.

4.3.3 Financial risk management

The Group's activities give rise to 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 Financial Risk Management Policy approved by the Supervisory Board and are an integrated part of the overall risk management process in Carlsberg. The risk management framework is described in the Management review.

To reduce the exposure to these risks, the Group enters into a variety of financial instruments and generally seeks to apply hedge accounting to reduce volatility in the income statement.

While the risk management activities were largely unchanged during 2015, the macroeconomic situation affecting markets and exchange rates in Russia and Ukraine continued to warrant increased monitoring and planning.

SECTION 4.4

Borrowings and cash

4.4.1 Borrowings

A GBP 300m bond has been reclassified to current borrowings as it matures in November 2016.

A EUR 1,000m bond matured during 2014 and was replaced with a EUR bond of approximately the same amount.

GROSS FINANCIAL DEBT

DKK million	2015	2014
Non-current borrowings		
Issued bonds	25,988	28,893
Mortgages	1,248	1,457
Bank borrowings	4,202	8,290
Other non-current borrowings	41	50
Total	**31,479**	**38,690**
Current borrowings		
Issued bonds	3,103	-
Current portion of other non-current borrowings	225	369
Bank borrowings	1,212	1,442
Other current borrowings	9	24
Total	**4,549**	**1,835**
Total non-current and current borrowings	**36,028**	**40,525**
Fair value	37,635	42,211

Other borrowings included finance lease liabilities of DKK 31m (2014: DKK 36m).

An overview of issued bonds (current and non-current) is provided in section 4.6.

CASH FLOW FROM EXTERNAL FINANCING

DKK million	2015	2014
Proceeds from issue of bonds	-	7,368
Repayment of bonds	-	-7,464
Credit institutions, long-term	-4,058	615
Credit institutions, short-term	-363	-214
Other financing liabilities	-136	-223
Total	**-4,557**	**82**

4.4.1 ACCOUNTING POLICIES

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.

4.4.2 Cash

In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents, as specified below.

DKK million	2015	2014
Cash and cash equivalents	3,131	2,418
Bank overdrafts	-111	-240
Cash and cash equivalents, net	**3,020**	**2,178**

Short-term bank deposits amounted to DKK 688m (2013: DKK 520m). The average interest rate on these deposits was 8.0% (2014: 8.0%).

Assessment of credit risk
The Group is exposed to credit risk on cash and cash equivalents (including fixed deposits), investments and derivative financial instruments with a positive fair value due to uncertainty as to whether the counterparty will be able to meet its contractual obligations as they fall due.

The Group has established a credit policy under which financial transactions may be entered into only with financial institutions with a solid credit rating. The credit exposure on financial institutions is managed by Group Treasury.

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

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.

Exposure to credit risk
The carrying amount of DKK 3,131m (2014: DKK 2,418m) represents the maximum credit exposure related to cash and cash equivalents.

The credit risk on receivables is described in section 1.6.

SECTION 4.5

Foreign exchange risk related to net investments and financing activities

The Group is exposed to foreign exchange risk on the translation of the net result and net assets in foreign investments to DKK and on borrowings denominated in a currency other than the functional currency of the individual Group entity.

4.5.1 Currency profile of the Group's borrowings

The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the Group's functional currency due to the foreign exchange risk as well as the risk that arises when net cash inflow is generated in one currency and loans are denominated and have to be repaid in another currency.

CURRENCY PROFILE OF BORROWINGS
BEFORE AND AFTER DERIVATIVE FINANCIAL INSTRUMENTS

DKK million

2015	Original principal	Effect of swap	After swap
CHF	4	3,091	3,095
DKK	1,338	8,147	9,485
EUR	26,735	-7,023	19,712
GBP	3,085	-3,440	-355
RUB	4	-1,089	-1,085
USD	3,616	-1,059	2,557
Other	1,246	1,373	2,619
Total	**36,028**	**-**	**36,028**
Total 2014	40,525	-	40,525

At 31 December 2015, 26% of the Group's net financial debt was in DKK (2014: 43%) and 54% was in EUR (2014: 35%), cf. section 4.6.

4.5.2 Hedging of net investments in foreign subsidiaries

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 hedges part of this foreign exchange exposure by entering into forward exchange contracts (net investment hedges). This applies to net investments in SEK, CHF, CNY and MYR. The basis for hedging is reviewed at least once a year, and the two parameters, risk reduction and cost, are balanced.

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

SECTION 4.5 Foreign exchange risk related to net investments and financing activities

NET INVESTMENT HEDGES

Million

2015	Hedging of investment, amount in local currency	Addition to net investment, amount in local currency	Total adjustment to other comprehensive income (DKK)
CNY	-1,250	-	-122
MYR	-336	-	39
HKD	-	1,457	135
CHF	-430	-	-289
GBP	-	77	57
NOK	-	3,000	-143
SEK	-4,046	-	-108
SGD	-	167	56
Other	-	-	-41
Total			**-416**
2014			
CNY	-1,250	-	-131
MYR	-336	-	-54
HKD	-	1,428	32
CHF	-430	-	-44
GBP	-	97	75
NOK	-	3,000	-186
SEK	-4,048	-	197
SGD	-	223	82
Other	-	-	-21
Total			**-50**

statement. For 2015 and 2014, all fair value adjustments were recognised in other comprehensive income. The effect of net investment hedges on other comprehensive income is summarised to the left.

The most significant net risk relates to foreign exchange adjustment of net assets in RUB. This risk was not hedged at 31 December 2015. The decision not to hedge was made based on a consideration of risk reduction versus the cost of hedging in a long-term perspective.

The cost of hedging RUB would have been around or above 10% of the principal during 2015.

Fair value adjustments of net investment hedges and loans classified as additions to net investments in the financial year are recognised in other comprehensive income and amounted to DKK -416m (2014: DKK -50m).

The fair value of derivatives used as net investment hedges recognised at 31 December 2015 amounted to DKK -216m (2014: DKK -52m).

4.5.3 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.

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 a few 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.

The tables in the sensitivity analysis show the impact of a 10% adverse development in exchange rates for the relevant currencies at 31 December.

4.5.4 Impact on financial statements and sensitivity analysis

Impact on operating profit

The impact on operating profit is primarily currency impact as described in section 1.4.

Impact on financial items, net

In 2015, the Group had net losses on foreign exchange and fair value adjustments of financial instruments of DKK -110m (2014: gain of DKK 291m), cf. section 4.1.

Impact on statement of financial position

Fluctuations in foreign exchange rates will also affect the level of debt as funding is obtained in a number of currencies. In 2015, net interest-bearing debt decreased by DKK 244m (2014: increased by DKK 358m) due to changes in foreign exchange rates. The main reason for the foreign exchange impact in 2015 was the termination of a cross-currency interest rate swap related to the GBP 300m bond, which more than offset the appreciation of GBP/DKK and USD/DKK during 2015.

Impact on other comprehensive income

For 2015, the total losses on net investments (Carlsberg's share), loans granted to subsidiaries as an addition to the net investment and net investment hedges amounted to DKK -4,484m (2014: DKK -17,333m). Losses were primarily incurred in Eastern European currencies, while Asian currencies appreciated during the year, cf. section 4.1.

Sensitivity analysis

An adverse development in the exchange rates would, other things being equal, have the following hypothetical impact on the consolidated profit and loss for 2015. The hypothetical impact ignores the fact that the subsidiaries' initial recognition of revenue, cost and debt would be similarly exposed to the changes in the exchange rates. The calculation is made on the basis of items in the statement of financial position at 31 December.

Other comprehensive income is affected by changes in the fair value of currency derivatives designated as cash flow hedges of future purchases and sales. If the foreign exchange rates of the currencies hedged had been 5% higher on 31 December, other comprehensive income would have been DKK 142m lower (2014: DKK 145m).

Applied exchange rates

The DKK exchange rates 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 net revenue per currency throughout the year.

APPLIED EXCHANGE RATES

	Closing rate		Average rate	
DKK	**2015**	**2014**	**2015**	**2014**
Swiss Franc (CHF)	6.9008	6.1886	6.9994	6.1380
Chinese Yuan (CNY)	1.0524	0.9867	1.0728	0.9088
Euro (EUR)	7.4625	7.4436	7.4594	7.4554
Pound Sterling (GBP)	10.1119	9.5150	10.3102	9.2634
Laotian Kip (LAK)	0.0008	0.0008	0.0008	0.0007
Norwegian Krone (NOK)	0.7761	0.8232	0.8350	0.8929
Polish Zloty (PLN)	1.7600	1.7269	1.7895	1.7837
Russian Rouble (RUB)	0.0938	0.1089	0.1143	0.1499
Swedish Krona (SEK)	0.8122	0.7856	0.7982	0.8183
Ukrainian Hryvnia (UAH)	0.2846	0.3870	0.3075	0.4676

EXCHANGE RATE SENSITIVITY

DKK million

2015	**EUR receivables**	**EUR payables**	**EUR borrowings**	**EUR cash**	**Gross exposure**	**Derivative**	**Net exposure**	**% change**	**Effect on P/L**	**2014 Effect on P/L**
EUR/RUB	5	-141	-	2	-134	-	-134	10.00%	-13	-11
EUR/UZS	-	-6	-237	-	-243	-	-243	10.00%	-24	-20
Total									**-37**	**-31**

2015	**USD receivables**	**USD payables**	**USD borrowings**	**USD cash**	**Gross exposure**	**Derivative**	**Net exposure**	**% change**	**Effect on P/L**	**2014 Effect on P/L**
USD/UAH	-	-50	-	265	215	-	215	10.00%	22	24
Total									**22**	**24**

SECTION 4.6

Interest rate risk

The most significant interest rate risk in the Group relates to borrowings. As the Group's net debt is primarily in EUR and DKK, interest rate exposure relates to the development in the interest rates in these two currencies.

The interest rate risk is measured by the duration of the net borrowings. The target is to have a duration between one and five years. Interest rate risks are mainly managed using fixed-rate bonds. No interest rate swaps were in effect at 31 December 2015.

The EUR 750m bond maturing on 3 July 2019 consists of two bond issues of EUR 250m and EUR 500m.

INTEREST RATE RISK AT 31 DECEMBER

DKK million

2015	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds					
GBP 300m maturing 28 November 2016	Floating	4.86%	<1 year	3,103	Cash flow
EUR 1,000m maturing 13 October 2017	Fixed	3.55%	1-2 years	7,439	Fair value
EUR 750m maturing 3 July 2019	Fixed	2.58%	3-4 years	5,606	Fair value
EUR 750m maturing 15 November 2022	Fixed	2.71%	>5 years	5,563	Fair value
EUR 1,000m maturing 28 May 2024	Fixed	2.63%	>5 years	7,380	Fair value
Total issued bonds		**3.11%**		**29,091**	
Total issued bonds 2014		3.37%		28,893	
Mortgages					
Floating-rate	Floating	0.49%	<1 year	1,248	Cash flow
Total mortgages		**0.49%**		**1,248**	
Total mortgages 2014		1.32%		1,457	
Bank borrowings					
Floating-rate	Floating	1.87%	<1 year	5,370	Cash flow
Fixed-rate	Fixed	6.69%	>1 year	44	Fair value
Total bank borrowings				**5,414**	
Total bank borrowings 2014				9,732	

NET FINANCIAL INTEREST-BEARING DEBT BY CURRENCY

DKK million — Interest rate

2015	Net financial interest-bearing debt[1]	Floating[1]	Fixed[1]	Floating[2] %	Fixed[2] %
EUR	19,536	-6,494	26,030	2%	98%
DKK	9,427	9,427	-	100%	-
PLN	192	192	-	100%	-
USD	2,222	2,222	-	100%	-
CHF	3,090	3,090	-	100%	-
RUB	-1,171	-1,171	-	100%	-
Other	-399	-401	2	101%	-1%
Total	**32,897**	**6,865**	**26,032**	**21%**	**79%**
2014					
EUR	13,296	-12,664	25,960	19%	81%
DKK	16,294	16,085	209	86%	14%
PLN	167	167	-	100%	-
USD	3,427	3,427	-	100%	-
CHF	2,631	2,631	-	100%	-
RUB	135	135	-	100%	-
Other	2,157	2,127	30	99%	1%
Total	**38,107**	**11,908**	**26,199**	**31%**	**69%**

[1] Net financial interest-bearing debt consists of current and non-current items after currency derivatives less cash and cash equivalents.
[2] Net financial interest-bearing debt consists of current and non-current items less cash and cash equivalents.

SECTION 4.6 Interest rate risk

The floating-rate mortgage was repriced in December 2015 at a rate of -0.16% (excl. margin) commencing in January 2016 and will be repriced again in July 2016. The time to maturity is more than five years. The floating-rate mortgage is repriced semi-annually with reference to 6-month CIBOR.

Until May 2015 the GBP 300m bond was measured at fair value in a fair value hedge relationship with a GBP/EUR cross-currency swap, but after termination of the cross-currency swap, the bond was reclassified to amortised costs. The effective interest was recalculated at the time of the reclassification.

Sensitivity analysis

At the reporting date, 79% of the net borrowings consisted of fixed-rate loans with rates fixed for more than one year (2014: 69%). It is estimated that an interest rate increase of 1 percentage point would lead to an increase in annual interest expenses of DKK 69m (2014: DKK 119m). The analysis assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve. The table below specifies the duration of the borrowings at 31 December 2015.

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 1,245m (2014: DKK 1,453m). However, since all fixed-rate borrowings are measured at amortised cost, there will not be any impact on other comprehensive income or the income statement.

The sensitivity analysis is based on the financial instruments recognised at the reporting date. The sensitivity analysis assumes a parallel shift in interest rates and that all other variables, in particular foreign exchange rates and interest rate differentials between the different currencies, remain constant. The analysis was performed on the same basis as for 2014.

The Group did not enter into new swaps during 2015.

TIME TO MATURITY FOR NON-CURRENT BORROWINGS

DKK million

2015	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Issued bonds	7,439	-	5,606	-	12,943	25,988
Mortgages	-	-	-	-	1,248	1,248
Bank borrowings	29	568	1	-	3,604	4,202
Other non-current borrowings	7	20	1	1	12	41
Total	**7,475**	**588**	**5,608**	**1**	**17,807**	**31,479**
Total 2014	3,075	7,420	24	5,596	22,575	38,690

DURATION

DKK million	2015	2014
Swaps	-	5
Bonds and other borrowings	1,245	1,448
Total duration	**1,245**	**1,453**
Duration in years	**3.8**	**3.8**

SECTION 4.7

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 and paying its suppliers. The Group's liquidity is managed by Group Treasury. The aim 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.

Credit resources available

At 31 December 2015, the Carlsberg Group had net financial interest-bearing debt of DKK 32,897m (2014: DKK 38,107m). The credit resources available and the access to unused committed credit facilities are considered reasonable in light of the Group's current needs in terms of financial flexibility.

At 31 December 2015, the Group had total unutilised credit facilities of DKK 16,836m (2014: DKK 12,439m), of which DKK 16,000m was non-current credit facilities. Carlsberg uses the term Credit resources available to determine the adequacy of access to credit facilities. Credit resources available consist of the unutilised non-current credit facilities and cash and cash equivalents of DKK 3,131m (2014: DKK 2,418m) less utilisation of current facilities of DKK 4,549m (2014: DKK 1,835m).

A few insignificant non-current committed credit facilities include financial covenants with reference to the ratio between net debt and operating profit before depreciation, amortisation and impairment losses. Management monitors this ratio, and at 31 December 2015 there was sufficient headroom below the ratio.

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

The Group uses cash pools in its day-to-day liquidity management for most of the entities in Western Europe, as well as intra-Group loans between Group Treasury and subsidiaries. As a result of withholding tax and local legislation, some of the majority-owned entities in Eastern Europe have their own credit facilities and borrowings from banks.

NON-CURRENT COMMITTED CREDIT FACILITIES AND CREDIT RESOURCES AVAILABLE AT 31 DECEMBER

DKK million

2015	Total non-current committed loans and credit facilities	Utilised portion of credit facilities	Unused credit facilities	2014 Unused credit facilities
< 1 year	5,385	4,549	836	-
Total current committed loans and credit facilities	**5,385**	**4,549**	**836**	**-**
< 1 year	-	-	-4,549	-1,835
1-2 years	7,475	7,475	-	1,962
2-3 years	1,461	588	873	-
3-4 years	5,608	5,608	-	-
4-5 years	1	1	-	-
> 5 years	32,934	17,807	15,127	10,477
Total non-current committed loans and credit facilities	**47,479**	**31,479**	**11,451**	**10,604**
Cash and cash equivalents			3,131	2,418
Credit resources available (total non-current committed loans and credit facilities – net debt)			**14,582**	**13,022**

SECTION 4.7 Liquidity risk

MATURITY OF FINANCIAL LIABILITIES

DKK million **2015**	**Contractual cash flows**	**Maturity < 1 year**	**Maturity > 1 year < 5 years**	**Maturity > 5 years**	**Carrying amount**
Derivative financial instruments					
Derivative financial instruments, payables	648	642	6	-	693
Non-derivative financial instruments					
Financial debt, gross	36,176	4,480	13,687	18,009	36,028
Interest expenses	4,197	994	2,118	1,085	N/A
Trade payables and other liabilities	14,167	14,167	-	-	14,167
Liabilities related to acquisition of entities	1,751	-	1,751	-	1,751
Non-derivative financial instruments	**56,291**	**19,641**	**17,556**	**19,094**	**-**
Financial liabilities	**56,939**	**20,283**	**17,562**	**19,094**	**-**
Financial liabilities 2014	62,240	17,865	19,079	25,296	-

All items are stated at their nominal amounts. Derivative financial instruments are presented gross.

The above table lists the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements, and thus summarises the gross liquidity risk.

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

Derivative financial instruments are in general traded with the Group's relationship banks. The nominal amount/contractual cash flow of the financial debt was DKK 148m higher (2014: DKK 112m higher) than the carrying amount. The difference between the nominal amount and the carrying amount comprises differences between these amounts at initial recognition, which are treated as a cost that is capitalised and amortised over the duration of the borrowings.

The interest expense is the contractual cash flows expected on the financial gross debt existing at 31 December 2015.

The cash flow is estimated based on the notional amount of the above-mentioned borrowings and expected interest rates at year-end 2015 and 2014. Interest on debt recognised at year-end 2015 and 2014, for which no contractual obligation exists (current borrowing and part of the amount drawn on credit facilities and cash pools), has been included for a two-year period.

SECTION 4.8

Financial instruments

Value adjustments of fair value hedges, financial derivatives not designated as hedging instruments and ineffectiveness regarding instruments designated in a hedge relationship are recognised in the income statement. The adjustments are included in financial income and financial expenses, cf. section 4.1. In 2015, fair value adjustments amounted to DKK 68m (2014: DKK 226m).

The ineffectiveness includes both the ineffective portion of hedges and technical ineffectiveness relating to exchange rate instruments and aluminium swaps designated as cash flow hedges. Carlsberg monitors the cash flow hedge relationships on a quarterly basis to assess whether the hedge is still effective. If this is not the case, the accumulated gain/loss on the portion of the hedge that is no longer effective is reclassified to the income statement.

The total ineffectiveness portion of hedges for 2015 was DKK -82m (2014: DKK -8m), of which DKK -58m related to the Group's aluminium-hedging scheme (2014: DKK 4m) and DKK -24m related to foreign exchange hedges (2014: DKK -12m). Both ineffective portions relate to hedged transactions that are expected to take place in 2016 and 2017.

The fair value of the entire derivative classified as a cash flow hedge is presented in the cash flow hedge section below. Other instruments are primarily aluminium hedges, which were not classified as cash flow hedges.

Fair value hedges recognised at 31 December amounted to DKK -183m (2014: DKK 419m).

Cash flow hedges

Cash flow hedges comprise aluminium hedges where the hedged item is aluminium cans that will be used in a number of Group entities in Western Europe and Eastern Europe during 2016 and 2017, and currency swaps to cover the foreign exchange risk on transactions expected to take place in 2016 and 2017.

Fair value adjustments of cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK -21m (2014: DKK 201m).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -146m (2014: DKK -65m), including the ineffective portion of the financial instruments designated as cash flow hedges. This 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 and sales 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.

4.8 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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. Any ineffectiveness is recognised in the income statement.

FAIR VALUE HEDGES AND FINANCIAL DERIVATIVES NOT DESIGNATED AS HEDGING INSTRUMENTS (ECONOMIC HEDGES)

DKK million 2015	Fair value adjustment recognised in the income statement	Fair value
Exchange rate instruments	154	-179
Other instruments	-4	-4
Ineffectiveness	-82	-
Total	**68**	**-183**
2014		
Exchange rate instruments	234	419
Other instruments	-	-
Ineffective portion of hedge	-8	-
Total	**226**	**419**

CASH FLOW HEDGES

DKK million 2015	Fair value adjustment recognised in other comprehensive income	Fair value	Expected recognition
Interest rate instruments	52	-	N/A
Exchange rate instruments	26	-25	2016-2017
Other instruments	-99	-121	2016-2017
Total	**-21**	**-146**	
2014			
Interest rate instruments	115	-56	2015
Exchange rate instruments	-70	-42	2015-2016
Other instruments	156	33	2015
Total	**201**	**-65**	

4.8 ACCOUNTING POLICIES

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 that are designated and qualify as a cash flow hedge and that effectively hedge changes in the value of the hedged item are recognised in other comprehensive income and attributed to a separate reserve in equity. 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, associates and joint ventures and that effectively hedge currency fluctuations in these entities are recognised 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.

SECTION 4.9

Determination of fair value

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

The fair value of borrowings is disclosed in section 4.4.1. The carrying amount of other financial assets and liabilities approximates their fair value.

Methods and assumptions to determine fair value

The methods and assumptions used in determining the fair values of each category of financial assets and financial liabilities are described below.

The methods are unchanged from 2014.

CATEGORY	MEASUREMENT METHOD
Derivative financial instruments	Fair value is determined based on observable market data using generally accepted methods. Internally calculated values are used, and these are compared with external market quotes on a quarterly basis. Calculated by: **Interest rate swaps** a) estimating the notional future cash flows using observable market data such as yield b) discounting the estimated and fixed cash flow to present value c) translating the amounts in foreign currency into the functional currency at the year-end foreign exchange rate **Currency and aluminium derivatives** a) comparing the forward market rate with the agreed rate on the derivatives and calculating the difference in cash flow at the future point in time b) discounting the amounts to present value
Loans and other receivables	Carrying amount approximates fair value.
On-trade loans	Recognised at amortised cost. Based on discounted cash flows using the interest rates at the end of the reporting year, these loans have a fair value of DKK 1,452m (2014: DKK 1,839m).
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. During the year, the accounting treatment of a GBP 300m bond changed. At December 2014, the bond was measured at fair value based on changes in a benchmark interest rate, because the bond was designated in a fair value hedge relationship. During 2015, this hedge relationship was terminated and the bond is now held at amortised cost.

SECTION 5
Acquisitions, disposals, associates and joint ventures

KEY DEVELOPMENTS 2015

Olympic Brewery

Acquisition of Olympic Brewery (Greece) in April 2015 for a total contingent consideration estimated at DKK 0.3bn.

Carlsberg Beer Enterprise Management (Chongqing) Company Limited ("Eastern Assets")

Completion of the purchase price allocation following the acquisition of Eastern Assets in October 2014, with allocation of DKK 1.6bn to goodwill, which was subsequently impaired, cf. section 2.3.

SECTION 5.1
Acquisition and disposal of subsidiaries

ACQUIRED ENTITIES

2015	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	Consideration DKK million
Olympic Brewery SA, Greece	51%	51%	1 April 2015	Brewery	336

Acquisition of entities in 2015
In 2015, Carlsberg gained control of Olympic Brewery SA (Greece) through the completion of a merger with Carlsberg's wholly owned subsidiary Mythos Brewery SA, leaving Carlsberg with a 51% ownership interest in the combined Olympic Brewery.

The acquisition of Olympic Brewery was a natural step in gaining further market shares in Greece and growing the business.

The consideration for the acquisition is contingent on the exercise of a put option granted to the non-controlling interests. The price of the put option is dependent on the financial performance of the combined business. The put option is exercisable yearly in a predetermined period following the approval of the financial statements of Olympic Brewery, starting in 2017.

The amount of contingent consideration was estimated by applying estimates relating to the Greek beverage market and economic conditions agreed between the parties in the negotiations, as well as judgements and assumptions available at the time of the acquisition.

SECTION 5.1 Acquisition and disposal of subsidiaries

CONSIDERATION AND GOODWILL RECOGNISED

DKK million

2015	Olympic Brewery SA
Fair value of contingent consideration	336
Total cost of acquisition	**336**
Net assets of acquired entity, attributable to Carlsberg	-117
Goodwill from acquisition	**219**
Revaluation of put option related to acquisitions in prior years recognised as goodwill	19
Total change in recognised goodwill	**238**

FAIR VALUE OF NET ASSETS ACQUIRED

DKK million

2015	Olympic Brewery SA
Intangible assets	102
Property, plant and equipment	297
Inventories	40
Loans and receivables, current	70
Cash and cash equivalents	9
Deferred tax assets and liabilities, net	-19
Borrowings	-291
Trade payables and other payables	-91
Net assets of acquired entity, attributable to Carlsberg	**117**

The calculated goodwill, DKK 219m, represented staff competences and synergies from merging the two businesses and the subsequent improved access to the market, as well as optimisations within sales and distribution, supply chain and procurement.

The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is still ongoing, and adjustments could therefore still be made to items in the opening balance. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

Disposal of entities in 2015

As a result of changes to the shareholder agreement for Myanmar Carlsberg Co. Ltd, the company was deconsolidated as of 1 January 2015 and recognised as an associate.

In 2015, the Group disposed of a dormant subsidiary in the Xinjiang Wusu Group, China, and its 70% shareholding in Luen Heng F&B Sdn. Bhd., Malaysia.

The disposals and the deconsolidation resulted in a net loss of DKK 1m, which is recognised in special items.

SECTION 5.1 Acquisition and disposal of subsidiaries

Acquisition of entities in 2014

In 2014, Carlsberg gained control of Carlsberg Beer Enterprise Management (Chongqing) Company Limited ("Eastern Assets") and Maybev Pte Ltd. (Singapore) through acquisitions, and of Carlsberg Vietnam Breweries – Vung Tau JS Co. (Vietnam) through a step acquisition.

Eastern Assets

In October 2014, Carlsberg gained control of Eastern Assets at a purchase price of DKK 1,522m after receiving government approval of the transaction agreed in December 2013. In addition, a put option was granted, allowing non-controlling interests of Eastern Assets to be sold to Carlsberg at a price negotiated by the seller prior to the acquisition. The options were exercised in 2014 at a total price of DKK 212m and were considered to be an integral part of the transaction.

Eastern Assets was a loss-making business prior to the acquisition, but it was management's expectation that a turnaround of the business would make it profitable within a few years. According to IFRS 3, the acquired assets have to be recognised at fair value in the opening balance based on market participants' use of the assets, even if the acquirer does not intend to use the assets, or does not intend to use them in a way that is similar to how market participants would be expected to use them. Immediately after the acquisition, a number of breweries were put up for sale and were therefore classified as held for sale in the provisional purchase price allocation presented in the consolidated financial statements for 2014. Despite comprehensive efforts to dispose of the breweries, no sales were completed. The breweries therefore ceased to be classified as held for sale in mid-2015 and were included in the purchase price allocation at their fair values under the assumption that they were operating breweries. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities has been completed.

Based on the expectations at the time of acquisition of a successful turnaround, goodwill, DKK 1,644m, represented staff competences and synergies from optimisation of sales and distribution, supply chain and procurement as well as positive growth provided by the opportunity for Carlsberg to take full advantage of the potential of the international brands, including Tuborg, in the Chinese market in conjunction with the existing Carlsberg-owned business.

After gaining a deeper understanding of the acquired business in the first peak season under Carlsberg control, the expectations for future earnings in Eastern Assets were changed significantly. The turnaround of the loss-making business did not meet expectations as all efficiency improvements were offset by the beer market decline and intensified competition. This led to the recognition of impairment of goodwill, other intangible assets and property, plant and equipment, in total DKK 2,832m, as described in section 2.3. As the earnings expectations were not changed until the autumn of 2015, the impairment indications occurred for the first time late in 2015. The changed expectations for future earnings did therefore not affect the assessment of the fair value of the assets, liabilities and contingent liabilities, or the calculated goodwill recognised in the opening balance.

Other entities

In April 2014, Carlsberg Singapore gained control of Maybev through the acquisition of a 51% shareholding. As Carlsberg indirectly holds 51% of Carlsberg Singapore, the Group has an indirect ownership interest of 26% in Maybev. 50% of the consideration was paid at completion, while the remaining 50% was paid in January 2015.

In February 2014, Carlsberg gained control of Carlsberg Vietnam Breweries – Vung Tau through the acquisition of a 45% shareholding previously held by our partner. The shareholding in the company recognised prior to gaining control had a fair value that was higher than the carrying amount, leading to recognition of a revaluation adjustment of DKK 13m.

The acquisition of Maybev expanded Carlsberg's premium drinks portfolio in Singapore and is in line with the premiumisation strategy in Asia. The step acquisition of Carlsberg Vietnam Breweries – Vung Tau was carried out to obtain full control. The calculated goodwill, DKK 114m in total, represented staff competences and synergies from expected optimisations of sales and distribution, supply chain and procurement. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities was completed in 2014 for both Maybev and Carlsberg Vietnam Breweries – Vung Tau.

No entities were disposed of in 2014.

SECTION 5.1 Acquisition and disposal of subsidiaries

CONSIDERATION AND GOODWILL RECOGNISED

DKK million

2014	Eastern Assets	Other	Total
Fair value of consideration transferred for acquired ownership interest	1,734	97	1,831
Fair value of previously held ownership interest	-	68	68
Deferred consideration	-	5	5
Total cost of acquisitions	**1,734**	**170**	**1,904**
Net assets of acquired entities, attributable to Carlsberg	-90	-56	-146
Goodwill from acquisitions	**1,644**	**114**	**1,758**
Revaluation of put option related to acquisitions in prior years recognised as goodwill			15
Total change in recognised goodwill			**1,773**

FAIR VALUE OF NET ASSETS ACQUIRED

DKK million

2014	Eastern Assets	Other	Total
Intangible assets	413	17	430
Property, plant and equipment	659	143	802
Inventories	99	14	113
Loans and receivables, current	49	34	83
Cash and cash equivalents	129	21	150
Provisions	-405	-	-405
Deferred tax assets and liabilities, net	-41	-	-41
Borrowings	-335	-122	-457
Trade payables and other payables	-475	-43	-518
Net assets of acquired entities	**93**	**64**	**157**
Non-controlling interests' proportionate share of acquired net assets, recognised	-3	-8	-11
Net assets of acquired entities, attributable to Carlsberg	**90**	**56**	**146**

ACQUIRED ENTITIES

2014	Country of main operations	Previous method of consolidation	Previously held ownership interest	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	Consideration, DKK million
Carlsberg Beer Enterprise Management (Chongqing) Company Limited ("Eastern Assets")	China	N/A	N/A	100%	100%	23 Oct. 2014	Brewery	1,734
Maybev Pte Ltd.	Singapore	N/A	N/A	51%	51%	3 Apr. 2014	Sales	10
Carlsberg Vietnam Breweries – Vung Tau JS Co.	Vietnam	Equity method	55%	45%	100%	12 Feb. 2014	Brewery	92

SECTION 5.1 Acquisition and disposal of subsidiaries

5.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Purchase price allocation
For acquisitions of 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 the 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 amount) 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 any 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 held a shareholding before the step acquisition. Management estimates the total fair value of the shareholding in the entity held 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 before the step acquisition is remeasured at fair value at the acquisition date. The fair value is calculated as the estimated total fair value less the fair value of the consideration paid for the shareholdings acquired in the step acquisition and the fair value of non-controlling interests. The resulting gain or loss on the remeasurement is recognised in the income statement under special items.

The total fair value is based on various valuation methods, including the present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity including any control premium paid, and other fair value models as applicable for the transaction.

The 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 future development following 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 for the following years (up to seven years) are based on more general expectations and risks for the entity, and assumptions about the market in which it operates. As the risk associated with 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. 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 proportionate value of identified assets, liabilities and contingent liabilities of the non-controlling interests, and hence the allocation of goodwill to controlling, but not to non-controlling, interests.

Trademarks
The value of the trademarks acquired and their expected useful life 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. Consumer demand for beer and other beverages drives sales, and the value of a trademark is therefore closely linked to consumer demand, while there is no separate value attached to customers (shops, bars etc.) as their choice of products is driven by consumer demand.

Management determines the useful life for each trademark based on its relative local, regional and global market strength, market share and the current and planned marketing efforts that help to maintain

SECTION 5.1 Acquisition and disposal of subsidiaries

5.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

and increase the value of the trademark. 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.

The Fix trademark was recognised as a trademark with indefinite useful life in the purchase price allocation for Olympic Brewery.

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 that reflects the risk-free interest rate with the addition of a risk premium associated with the particular trademark. The model and assumptions applied are consistent with those used in impairment testing and described in further detail in section 2.3.3.

Customer agreements and portfolios
In business combinations, the value of acquired customer agreements and customer portfolios is assessed based on 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. There is usually a particularly close relationship between trademarks and sales. In these cases, no separate value for customer relationships is recognised as these are closely associated with the value of the acquired trademarks. No customer relationships were recognised in the purchase price allocation for Olympic Brewery or Eastern Assets.

Property, plant and equipment
In business combinations, the fair value of land and buildings, and 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 of the fair value in the market (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.

The fair value and expected useful life of brewery equipment and related buildings in the acquisition of Eastern Assets have been estimated with assistance from leading external engineering experts in the brewery industry and based on the assumption of continued use for brewery operations.

Assessment of control
The classification of entities where Carlsberg does not control 100% of the voting rights is based on an assessment of the contractual and operational relationship between the parties. This includes assessing the conditions in shareholder agreements, contracts etc. Consideration is also given to the extent to which each party can govern the financial and operating policies of the entity, how the operation of the entity is designed, and which party possesses the relevant knowledge and competences to operate the entity.

Another factor relevant to this assessment is the extent to which each of the parties can direct the activities and affect the returns, e.g. through casting votes, rights or exclusive reserved matters. In addition, it is considered how the operation of the entity is designed and who actually possesses the relevant knowledge and competences to operate the entity.

SECTION 5.1 Acquisition and disposal of subsidiaries

5.1 ACCOUNTING POLICIES

For acquisitions of new subsidiaries, associates and joint ventures, 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.

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

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.

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 no later than 31 December 2009 are recognised as an adjustment to goodwill.

Step acquisitions
In a business combination achieved in stages (step acquisition), the shareholding held 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 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.

Disposals
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.

Partial disposals of investments with loss of control
When the Group loses control of a subsidiary through a partial disposal of its shareholding or voting rights, the retained shareholding in the entity is classified as an associate or a security depending on the level of control after the disposal. The shareholding in the associate or the security held after the partial disposal is remeasured at fair value at the date of disposal. The fair value is recognised as the cost of the shareholding in the associate or the security. The resulting gain or loss is recognised in the income statement under special items.

SECTION 5.2

Impact from acquisitions

The acquired entities impacted the consolidated income statement in the year in which the acquisition was completed by the following amounts:

DKK million	2015	2014
Operating profit before special items	18	-12
Net profit for the year	-2	-21
Net profit for the year had the acquisition been completed at 1 January	-41	-144

SECTION 5.3

Cash flow effect from acquisitions and disposals

The cash flow from acquisition, disposal and deconsolidation of entities comprises the cash consideration paid/received net of cash and cash equivalents acquired/disposed of with the entities.

ELEMENTS OF CASH CONSIDERATION PAID

DKK million

2015	Olympic Brewery SA	Other	Total
Cash and cash equivalents acquired	9	-	9
Cash consideration received	-	51	51
Cash and cash equivalents disposed of or deconsolidated	-	-93	-93
Cash consideration paid, net	**9**	**-42**	**-33**

2014	Eastern Assets	Other	Total
Cash consideration paid	-1,734	-97	-1,831
Cash and cash equivalents acquired	129	21	150
Cash consideration paid, net	**-1,605**	**-76**	**-1,681**

SECTION 5.4

Non-controlling interests

The Group has entities, primarily in Asia, that are not fully owned. The share of the consolidated profit attributable to the non-controlling interests is shown below.

NON-CONTROLLING INTERESTS' SHARE OF PROFIT FOR THE YEAR

DKK million	2015	2014
Lao Brewery	280	219
Carlsberg Malaysia Group	182	186
Chongqing Brewery Group	-120	28
Asia, other	-8	81
Other regions	10	10
Total	**344**	**524**

Contingent consideration

The fair value of contingent consideration is estimated using generally accepted valuation methods, including discounted cash flows and operating profit before depreciation, amortisation and impairment loss multiples, in accordance with the agreements made with non-controlling interests. Estimates are based on updated information since initial recognition of the contingent consideration, including new budgets and sales forecasts, discount rates etc. The total fair value adjustment recognised in 2015 amounted to DKK 367m (2014: DKK 42m). Of this, the fair value adjustment of contingent consideration for acquisitions completed before 1 January 2010 amounted to DKK 19m (2014: DKK 15m), which was recognised as an adjustment to goodwill.

TRANSACTIONS WITH NON-CONTROLLING INTERESTS

DKK million

2015	Attributable to shareholders in Carlsberg A/S	Attributable to non-controlling interests
Utilisation and reversal of liability recognised to acquire non-controlling interests	544	-
Proportionate share of equity disposed of to non-controlling interests	-91	91
Fair value adjustment of contingent consideration	-348	-
Recognised in equity	**105**	**91**
2014	-184	-53

Transactions with non-controlling interests comprises transactions with shareholdings in:

2015: Carlsberg South Asia Pte Ltd, PJSC Carlsberg Ukraine, Luen Heng F&B Sdn. Bhd, and Chongqing Brewery Co., Ltd and Olympic Brewery SA.

2014: Carlsberg South Asia Pte Ltd, South-East Asia Brewery Ltd., JSC Aldaris, PJSC Carlsberg Ukraine, Luen Heng F&B Sdn. Bhd, Solo AS and Carlsberg Serbia d.o.o.

5.4 ACCOUNTING POLICIES

On acquisition of non-controlling interests (i.e. subsequent to the Group obtaining control), acquired net assets are not remeasured at fair value. The difference between the cost and the non-controlling interests' share of the 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 the 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 granted to 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 granted no later than 31 December 2009 is recognised in goodwill.

SECTION 5.5

Associates and joint ventures

As a result of changes to the shareholder agreement for Myanmar Carlsberg Co. Ltd, the Group lost control in January 2015 but retained significant influence. Consequently, the company was deconsolidated and recognised as an associate. Accordingly, the 2015 profit after tax in associates and joint ventures includes 12 months' activity for Myanmar Carlsberg Co. Ltd.

For associates in which the Group holds an ownership interest of less than 20%, the Group participates in the management of the company and is therefore exercising significant influence.

The Group also has minor investments in entities in which the Group is unable to exercise significant influence.

None of the associates and joint ventures are material to the Group.

Contingent liabilities
The Group did not issue any guarantees for loans etc. raised by associates and joint ventures in 2015 (2014: DKK 0m).

KEY FIGURES FOR ASSOCIATES AND JOINT VENTURES

DKK million	Carlsberg Group share			
2015	**Profit after tax**	**Other comprehensive income**	**Total comprehensive income**	**Investments in associates and joint ventures**
Associates	194	-2	192	3,519
Joint ventures	170	-	170	1,157
	364	**-2**	**362**	**4,676**
2014				
Associates	274	-3	271	3,285
Joint ventures	134	-	134	992
	408	**-3**	**405**	**4,277**

FAIR VALUE OF INVESTMENT IN A LISTED ASSOCIATE

DKK million	**2015**	**2014**
The Lion Brewery Ceylon, Biyagama, Sri Lanka	600	614

5.5 ACCOUNTING POLICIES

The proportionate share of the results of associates and joint ventures after tax is recognised in the consolidated income statement after elimination of the proportionate share of unrealised intra-Group profits/losses.

Investments in associates and joint ventures 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. The proportionate share of unrealised intra-Group profits and the carrying amount of goodwill are added, whereas the proportionate share of unrealised intra-Group losses is deducted.

Investments in associates and joint ventures 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 or joint venture, the deficit is recognised under provisions. Any amounts owed by associates and joint ventures are written down to the extent that the amount owed is deemed irrecoverable.

On acquisition of investments in associates and joint ventures, the acquisition method is used, cf. section 5.1.

SECTION 5.6

Assets and liabilities held for sale

Assets and liabilities held for sale consist primarily of the assets and liabilities of Danish Malting Group which is expected to be disposed in the first half of 2016. The disposal of the group was announced in January 2016 and is pending approval by the relevant competition authorities. The transaction is in line with the Carlsberg Group's ambition of disposing of non-core assets, improving the return on invested capital and reducing the financial leverage.

The classification as disposal group held for sale did not impact the income statement or statement of cash flows for 2015.

The income statement of Danish Malting Group is included in Not allocated in the segment reporting for 2015 and 2014.

In 2014, assets held for sale, DKK 723m, consisted primarily of real estate, which has been disposed of during 2015.

ASSETS AND LIABILITIES HELD FOR SALE

DKK million

Assets	**2015**	**2014**
Property, plant and equipment	194	-
Deferred tax assets	6	-
Inventories	149	-
Trade receivables	103	-
Other receivables	10	-
Total assets in a disposal group classified as held for sale	462	-
Assets classified as held for sale	7	723
Total assets held for sale	**469**	**723**

Liabilities		
Deferred tax liabilities	11	-
Provisions	1	-
Borrowings	1	-
Trade payables	44	-
Corporation tax	15	-
Other liabilities etc.	16	-
Total liabilities held for sale	**88**	**-**

5.6 ACCOUNTING POLICIES

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. Comparative figures are not restated.

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.

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.

SECTION 6
Tax

KEY DEVELOPMENTS 2015

849m

Tax totalled DKK 849m, against DKK 1,748m in 2014.

Tax rate

Tax rate of 49.0%, negatively impacted by the impairment of intangible assets and property, plant and equipment in Baltika Breweries, Eastern Assets, Chongqing Brewery Group and Carlsberg UK.

SECTION 6.1
Corporation tax

RECONCILIATION OF THE EFFECTIVE TAX RATE FOR THE YEAR

	2015		2014	
	%	DKK million	%	DKK million
Nominal weighted tax rate for the Carlsberg Group	-21.4%	-370	23.8%	1,590
Change in tax rate	0.5%	9	0.0%	2
Adjustments to tax for previous years	-2.5%	-43	0.7%	52
Non-capitalised tax assets, net movements	18.9%	327	-1.7%	-116
Non-taxable income	0.9%	15	-0.4%	-27
Non-deductible expenses	13.8%	239	3.4%	230
Tax incentives etc.	-4.6%	-80	-0.6%	-43
Special items	42.4%	734	0.2%	14
Withholding taxes	8.7%	151	2.1%	141
Other and tax in associates and joint ventures	-7.7%	-133	-1.4%	-95
Effective tax rate for the year	**49.0%**	**849**	**26.1%**	**1,748**

The 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.

The tax rate of 49.0% was negatively impacted by the impairment of intangible assets and property, plant and equipment in Baltika Breweries, Eastern Assets, Chongqing Brewery Group and Carlsberg UK, which has been recognised under special items.

If special items had been disregarded in the income statement, the effective tax rate would have been 29.2% on the adjusted income. Higher non-deductible expenses influenced the effective tax rate negatively compared with previous years.

Fair value adjustments of hedging instruments arise in Denmark, but it is not possible to deduct all fair value adjustments due to local thin capitalisation rules. Tax on such adjustments therefore fluctuates from year to year.

SECTION 6.1 Corporation tax

In 2014, the tax effect regarding retirement benefit obligations in other comprehensive income was materially impacted by an increase in the valuation allowance on net tax assets.

Prior-year adjustments of DKK 0m (2014: DKK 16m) are included in the tax income/expense for hedging instruments.

6.1 ACCOUNTING POLICIES

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 items recognised in other comprehensive income is, however, recognised in other comprehensive income.

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

CORPORATION TAX

DKK million			2015			2014
	Income statement	Other comprehensive income	Total comprehensive income	Income statement	Other comprehensive income	Total comprehensive income
Tax for the year can be specified as follows						
Current tax	1,748	-34	1,714	2,250	-6	2,244
Change in deferred tax during the year	-865	-133	-998	-556	132	-424
Change in deferred tax from change in tax rate	9	7	16	2	-	2
Adjustments to tax for previous years	-43	-	-43	52	-16	36
Total	**849**	**-160**	**689**	**1,748**	**110**	**1,858**

TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

DKK million			2015			2014
	Recognised item before tax	Tax income/ expense	After tax	Recognised item before tax	Tax income/ expense	After tax
Foreign exchange adjustments	-3,824	-	-3,824	-16,938	-	-16,938
Hedging instruments	-437	76	-361	151	4	155
Retirement benefit obligations	-334	84	-250	-1,208	-118	-1,326
Share of other comprehensive income in associates and joint ventures	-2	-	-2	-3	-	-3
Other	-	-	-	3	4	7
Total	**-4,597**	**160**	**-4,437**	**-17,995**	**-110**	**-18,105**

SECTION 6.2

Deferred tax

Of the total deferred tax assets recognised, DKK 911m (2014: DKK 711m) related to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities. It is management's opinion that the tax loss carryforwards can be utilised.

Tax assets not recognised, DKK 1,826m (2014: DKK 1,437m), primarily related to tax losses that are not expected to be utilised in the foreseeable future. Tax losses that will not expire amounted to DKK 651m (2014: DKK 1,013m).

Deferred tax of DKK 32m (2014: DKK 34m) was recognised in respect of earnings in entities in the Eastern Europe region that 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.

Deferred tax on temporary differences relating to investments in subsidiaries, associates and joint ventures amounted to DKK 0m (2014: DKK 0m).

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2015	2014
Deferred tax at 1 January, net	5,717	8,085
Adjustments to prior years	10	48
Acquisition of entities	19	41
Recognised in other comprehensive income	-133	132
Recognised in the income statement	-865	-556
Change in tax rate	16	2
Foreign exchange adjustments	-532	-2,030
	4,232	**5,722**
Deferred tax assets and liabilities classified as held for sale	-5	-5
Deferred tax at 31 December, net	**4,227**	**5,717**
Specified as follows		
Deferred tax liabilities	5,924	7,147
Deferred tax assets	-1,697	-1,430
Deferred tax at 31 December, net	**4,227**	**5,717**

SPECIFICATION OF DEFERRED TAX ASSETS AND LIABILITIES

	Deferred tax assets		Deferred tax liabilities	
DKK million	2015	2014	2015	2014
Intangible assets	371	624	4,592	6,038
Property, plant and equipment	444	484	1,893	2,024
Current assets	182	155	23	34
Provisions and retirement benefit obligations	809	628	93	73
Fair value adjustments	164	23	10	58
Tax losses etc.	1,422	1,403	1,013	812
Total before set-off	**3,392**	**3,317**	**7,624**	**9,039**
Set-off	-1,689	-1,887	-1,689	-1,887
Deferred tax assets and liabilities classified as held for sale	-6	-	-11	-5
Deferred tax assets and liabilities at 31 December	**1,697**	**1,430**	**5,924**	**7,147**
Expected to be used as follows				
Within 12 months after the end of the reporting period	357	304	1,011	402
More than 12 months after the end of the reporting period	1,340	1,126	4,913	6,745
Total	**1,697**	**1,430**	**5,924**	**7,147**

SECTION 6.2 Deferred tax

6.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

6.2 ACCOUNTING POLICIES

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 that 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, associates and joint ventures 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 or to realise the assets and settle the liabilities simultaneously. 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.

Adjustments are 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 and 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 on items recognised in other comprehensive income are, however, recognised in other comprehensive income.

SECTION 7
Staff costs and remuneration

KEY DEVELOPMENTS 2015

Increase in defined benefit obligations

Retirement benefit obligations for the Group increased due to a decrease in the Swiss discount rate of 0.6 percentage point and an increase in the weighted average future salary rate.

47,464

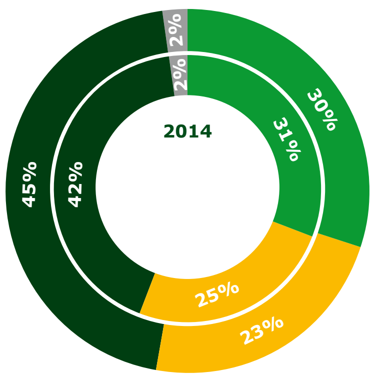
Average number of employees increased by 632 as a result of acquisition of Eastern Assets, while implementation of operating efficiency programmes had limited impact.

Employees

By region (%)

- Western Europe
- Eastern Europe
- Asia
- Other

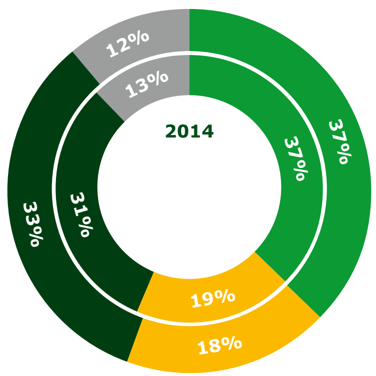
2015



By function (%)

- Production
- Distribution
- Sales & Marketing
- Administration

2015



SECTION 7.1

Staff costs

STAFF COSTS

DKK million	2015	2014
Salaries and other remuneration	8,682	8,051
Severance pay	221	341
Social security costs	1,412	1,355
Retirement benefit costs – defined contribution plans	185	263
Retirement benefit costs – defined benefit plans	262	215
Share-based payments	113	36
Other employee benefits	251	226
Total	**11,126**	**10,487**
Average number of employees	47,464	46,832

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

Cost of sales	2,908	2,821
Sales and distribution expenses	5,555	5,318
Administrative expenses	2,377	2,247
Other operating activities, net	43	70
Special items (restructurings)	243	31
Total	**11,126**	**10,487**

The average number of employees increased, driven by the acquisition of Eastern Assets in October 2014. The brewery closure in Russia impacted 500-600 employees in January 2015, while the closures in China and the layoff of approximately 1,700 employees due to the implementation of operating efficiency programmes had only limited impact on the average number of employees as most of the layoffs were announced in the autumn and therefore did not have a full-year effect on the 2015 average.

SECTION 7.2

Remuneration

	Cees 't Hart	Jørgen Buhl Rasmussen		Executive directors Jørn P. Jensen		Key management personnel		Supervisory Board	
DKK million	2015	2015	2014	2015	2014	2015	2014	2015	2014
Fixed salary	7.0	5.1	11.2	7.3	9.7	38.0	40.5	8.76	8.67
Cash bonus	4.2	3.1	3.5	4.3	3.1	11.4	20.0	-	-
Special bonus[1]	5.8	-	-	-	-	-	-	-	-
Severance payments	-	23.9	-	25.2	-	4.0	3.3	-	-
Non-monetary benefits	0.5	0.2	0.3	0.2	0.3	4.5	5.8	-	-
Share-based payments[2]	2.5	32.0	10.1	24.6	8.4	6.0	2.9	-	-
Total	**20.0**	**64.3**	**25.1**	**61.6**	**21.5**	**63.9**	**72.5**	**8.76**	**8.67**

[1] Special bonus covering remuneration waived from previous employer.
[2] Includes accelerated cost of share-based payments granted to Jørgen Buhl Rasmussen and Jørn P. Jensen before retirement.

The remuneration policy applicable to the Supervisory Board, the executive directors and key management personnel is described in detail in the Remuneration report in the Management review.

Management review, page 48

Remuneration of the executive directors 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 directors and other management personnel. These programmes and schemes cover a number of years.

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

For 2016, the potential maximum bonus will remain at 100% of fixed salary, with a bonus equal to 60% of fixed salary payable for on-target performance. A scorecard of performance measures is used to assess performance, cf. Remuneration report. For 2016 the new CEO is entitled to a bonus of minimum 60%.

The remuneration to key management personnel was lower than in 2014 as the Executive Committee has been reduced from eight to five members, excluding the Executive Board.

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

KEY MANAGEMENT PERSONNEL

Key management personnel comprise the Executive Committee, excluding the executive directors. Other management personnel comprise Vice Presidents and other key employees in central functions as well as the management of significant subsidiaries. The key management personnel, together with the executive directors, are responsible for planning, directing and controlling the Group's activities.

7.2 ACCOUNTING POLICIES

Staff costs comprise wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits, and are recognised in the financial year in which the employee renders the related service. Further, the cost of share-based payments, which is expensed over the vesting period of the programme according to the service conditions, is recognised in staff costs and provisions or equity, depending on how the programme is settled with the employees.

SECTION 7.3

Share-based payments

The Carlsberg Group has set up share-based incentive programmes to attract, retain and motivate the Group's executive directors and other levels of management personnel and to align their interests with those of the shareholders. No share-based incentive programme has been set up for Carlsberg A/S' Supervisory Board.

The current programmes are the share option programme and the long-term incentive programme (performance shares). Both are equity-settled programmes. In 2012, a grant was made under the long-term incentive programme (PSU). This grant was settled in 2015, and no further grants will be made under the programme.

The fair value of outstanding share options and performance shares at 31 December 2015 was DKK 280m (2014: DKK 206m).

Upon resignation, a proportion of the options may be exercised within one to three months unless special severance terms have been agreed. Special terms and conditions apply in the case of retirement, illness, death or changes in Carlsberg A/S' capital resources.

GENERAL TERMS AND CONDITIONS FOR THE THREE PROGRAMMES

	Share option programme		Long-term incentive programme (performance shares)		Long-term incentive programme (PSU)	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Granted in the year	230,889	95,000	329,115	340,182	-	-
Number of employees	3	2	319	333	-	-
DKK million						
Fair value at grant date	42	16	135	156	-	-
Cost of share-based payments granted in the year recognised in the income statement	27	4	30	17	-	-
Total cost of share-based payments granted 2012-2015 (2011-2014)	46	17	67	12	-	7
Not recognised in respect of share-based payments expected to vest	15	19	70	62	-	-

In connection with the retirement of the former President & CEO Jørgen Buhl Rasmussen and the former Deputy CEO & CFO Jørn P. Jensen, the accelerated cost of share options and performance shares of DKK 27m and DKK 17m respectively was recognised in special items. As part of the severance payment, outstanding performance shares at a value of DKK 28m were settled in cash. The settlement in cash resulted in a fair value adjustment of DKK 1m, which was included in the accelerated cost of the performance shares.

In August, the new President & CEO Cees 't Hart received a special grant of share options at a value equal to 150% of his full-year base salary.

7.3 SIGNIFICANT ACCOUNTING ESTIMATES

For share options granted after 1 January 2015, the volatility is based on the historical volatility of the price of Carlsberg A/S' class B shares over the previous eight years. From 1 January 2010 up until 31 December 2014, the volatility was based on presently observed data on Bloomberg's Options Valuation Function, while prior to 2010 it was based on the historical volatility of the price of Carlsberg A/S' class B shares over the previous two years. For performance shares, the volatility is based on similar data over the previous three years.

The risk-free interest rate is the interest rate on Danish government bonds of the relevant maturity, while the dividend yield is calculated as the expected future dividends at the grant date of DKK 9.00 per share (2014: DKK 8.00-9.50 per share) divided by the share price. The fair value at 31 December 2015 has been calculated by applying an expected dividend of DKK 9.00 per share.

For share options and performance shares granted or measured after 1 January 2010, the expected life is based on exercise at the end of the exercise period, while for share options granted prior to 2010, it was based on exercise in the middle of the exercise period.

SECTION 7.3 Share-based payments

	SHARE OPTION PROGRAMME	LONG-TERM INCENTIVE PROGRAMME (PERFORMANCE SHARES)
Years granted	Every year since 2001.	Every year since 2013.
Equity-settled scheme	Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares. The Group has not purchased a significant number of treasury shares to meet this obligation. Treasury share holdings at 31 December 2015 totalled 4,555 shares (2014: 18,452 shares).	The long-term incentive programme is settled in performance shares. A participant in the programme will receive a number of Carlsberg B shares. For each grant, the exact number of shares granted is determined after publication of the Annual Report for the last year in the vesting period.
Valuation	The fair value of granted share options is estimated using the Black-Scholes call option-pricing model based on the exercise price. The share price and the exercise price for share options are calculated as the average price of Carlsberg A/S' class B shares on Nasdaq Copenhagen during the first five trading days after publication of Carlsberg A/S' Annual Report following the granting of the options.	Calculation of the number of performance shares is based on the estimated number of performance shares expected to vest. The final number of performance shares is the number that ultimately vest. The fair value of performance shares is calculated at the grant date using a stochastic valuation model.
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 prior reporting period.
Vesting conditions	3 years of service.	3 years of service and achievement of 4 KPIs in the vesting period.
Earliest time of exercise	3 years from grant date.	-
Latest time of exercise	8 years from grant date.	Shares are transferred to the employee immediately after they have vested.

SECTION 7.3 Share-based payments

170,487 PSUs awarded in 2012 under the long-term incentive programme (PSU) vested in February 2015. Immediately after vesting, they were converted to Carlsberg B shares and transferred to the relevant employees, and the programme was discontinued.

The granted number of performance shares included in the specification is the number of performance shares that are expected to vest. The estimated number is revised on a regular basis until vesting. Transferred performance shares and PSUs comprise performance shares and PSUs that have been granted to employees who have either moved between management categories or left the Group during the year. Adjusted performance shares and PSUs comprise the change in the number of performance shares and PSUs expected to vest based on an assessment of the extent to which the vesting conditions are expected to be met.

SHARE-BASED INCENTIVE PROGRAMMES

	Exercise price					Number
	Fixed, weighted average	**Executive directors**	**Key management personnel**	**Other management personnel**	**Resigned employees**	**Total**
Share option programme						
Share options outstanding at 31 December 2013	**443.93**	**499,216**	**57,108**	**194,513**	**184,777**	**935,614**
Granted	583.10	95,000	-	-	-	95,000
Forfeited/expired	428.63	-	-	-7,034	-2,787	-9,821
Exercised	387.05	-12,388	-6,858	-20,505	-51,105	-90,856
Transferred	438.52	-	-	-33,694	33,694	-
Share options outstanding at 31 December 2014	**463.87**	**581,828**	**50,250**	**133,280**	**164,579**	**929,937**
Granted	524.58	230,889	-	-	-	230,889
Forfeited/expired	472.11	-	-	-929	-11,211	-12,140
Exercised	397.74	-24,776	-	-54,115	-239,782	-318,673
Transferred	485.48	-690,607	-35,356	-10,536	736,499	-
Share options outstanding at 31 December 2015	**360.10**	**97,334**	**14,894**	**67,700**	**650,085**	**830,013**
Long-term incentive programme (performance shares)						
Performance shares outstanding at 31 December 2013		**21,440**	**22,368**	**132,632**	**439**	**176,879**
Granted		40,925	43,470	255,787	-	340,182
Forfeited/expired/adjusted		-53,756	-62,992	-331,558	-3,851	-452,157
Exercised		-	-	-	-938	-938
Transferred		-	4,858	-10,226	5,368	-
Performance shares outstanding at 31 December 2014		**8,609**	**7,704**	**46,635**	**1,018**	**63,966**
Granted		15,312	52,516	261,287	-	329,115
Forfeited/expired/adjusted		-	-19,159	-100,611	534	-119,236
Exercised/settled		-23,921	-	-	-	-23,921
Transferred		-	-5,251	-7,851	13,102	-
Performance shares outstanding at 31 December 2015		**-**	**35,810**	**199,460**	**14,654**	**249,924**
Long-term incentive programme (PSU)						
Performance share units outstanding at 31 December 2013		**-**	**24,259**	**175,936**	**18,313**	**218,508**
Forfeited/expired/adjusted		-	-4,770	-29,284	-13,272	-47,326
Exercised		-	-	-	-695	-695
Transferred		-	-2,034	-6,340	8,374	-
Performance share units outstanding at 31 December 2014		**-**	**17,455**	**140,312**	**12,720**	**170,487**
Exercised		-	-18,010	-138,032	-14,445	-170,487
Transferred		-	555	-2,280	1,725	-
Performance share units outstanding at 31 December 2015		**-**	**-**	**-**	**-**	**-**

SECTION 7.3 Share-based payments

KEY INFORMATION

	Share options		Performance shares		Performance share units	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
Average share price at the exercise date	585	567	-	-	518	-
Weighted average contractual life for awards outstanding at 31 December	4.5	3.3	1.9	1.7	-	0.2
Range of exercise prices for share options outstanding at 31 December	203.50 - 583.10	203.50 - 583.10	-	-	-	-
Exercisable outstanding share options at 31 December	413,124	612,437	None	None	None	None
Weighted average exercise price for share options exercisable at 31 December	463	433	-	-	-	-
Assumptions						
Exercise price	503.00 / 540.30	583.10	None	None	No grant	No grant
Expected volatility	38%	28%	21%	28%	-	-
Risk-free interest rate	0.5% / 0.0%	1.9%	0.0%	0.2%	-	-
Expected dividend yield	1.7%	1.7%	1.7%	1.6%	-	-
Expected life of options, years	8.0	8.0	3.0	3.0	-	-
Fair value at measurement date	184.93 / 180.17	167.39	411.23	459.44	-	-

7.3 ACCOUNTING POLICIES

The fair value of equity-settled programmes is measured at the grant date and recognised in the income statement under staff costs over the vesting period with a corresponding increase in equity.

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.

The fair value of granted performance shares is estimated using a stochastic (quasi-Monte Carlo) valuation model and a Black-Scholes call option-pricing model, taking into account the terms and conditions upon which the performance shares were granted.

On initial recognition of share options and performance shares, an estimate is made of the number of awards expected to vest.

The estimated number is subsequently revised for changes in the number of awards expected to vest. Accordingly, recognition is based on the number of awards that ultimately vested.

SECTION 7.4

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.

The future retirement obligation is primarily based on seniority and salary at the point of retirement.

Defined contribution plans
Approximately 41% (2014: approximately 55%) of the Group's retirement benefit costs relates to defined contribution plans, which limit the Group's obligation to the contributions paid. The retirement benefit plans are funded by payments to funds that are independent of the Group.

Defined benefit plans
The defined benefit plans typically guarantee the employees covered a retirement benefit based on the salary at the time of retirement. For defined benefit plans, the Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability etc.

The majority of the obligations are funded, with assets placed in independent pension funds in e.g. Switzerland, the UK and Hong Kong.

In some countries, primarily Germany, Sweden and Italy, the obligation is unfunded. For these unfunded plans, the retirement benefit obligations amounted to DKK 1,935m (2014: DKK 1,896m) or approximately 14% (2014: 15%) of the total gross liability.

OBLIGATION, NET

			2015			**2014**
DKK million	**Present value of obligation**	**Fair value of plan assets**	**Obligation, net**	**Present value of obligation**	**Fair value of plan assets**	**Obligation, net**
Obligation at 1 January	12,928	8,302	4,626	11,135	7,843	3,292
Recognised in the income statement						
Current service cost	276	-	276	252	-	252
Interest cost	349	-	349	371	-	371
Expected return on plan assets	-	204	-204	-	245	-245
Curtailments and settlements	-14	-	-14	-37	-	-37
Total	**611**	**204**	**407**	**586**	**245**	**341**
Remeasurements						
Gain/loss from changes in actuarial assumptions	96	-	96	75	-2	77
Gain/loss from changes in financial assumptions	205	-33	238	1,530	399	1,131
Total	**301**	**-33**	**334**	**1,605**	**397**	**1,208**
Other changes						
Contributions to plans	-	296	-296	-	262	-262
Benefits paid	-562	-467	-95	-509	-402	-107
Acquisition of entities	-	-	-	46	-	46
Disposals and transfers	-33	-16	-17	-331	-327	-4
Foreign exchange adjustments etc.	1,024	748	276	396	284	112
Obligation at 31 December	**14,269**	**9,034**	**5,235**	**12,928**	**8,302**	**4,626**

The total return on plan assets for the year amounted to DKK 171m (2014: DKK 642m).

SECTION 7.4 Retirement benefit obligations and similar obligations

BREAKDOWN OF PLAN ASSETS

2015	DKK million	%
Shares	2,745	30%
Bonds and other securities	4,073	45%
Real estate	1,950	22%
Cash and cash equivalents	266	3%
Total	**9,034**	**100%**
2014		
Shares	3,101	37%
Bonds and other securities	3,125	38%
Real estate	1,772	21%
Cash and cash equivalents	304	4%
Total	**8,302**	**100%**

During 2014, the majority of the Norwegian defined benefit plan was transferred to an external pension fund.

The Group expects to contribute DKK 218m (2014: DKK 34m) to the plan assets in 2016.

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

The actuarial loss and foreign exchange adjustment recognised in other comprehensive income amounted to DKK -610m (2014: DKK -1,320m).

The accumulated amount recognised at 31 December 2015 was DKK -4,302m (2014: DKK -3,692m), of which actuarial losses, net, totalled DKK 3,857m (2014: DKK 3,523m).

7.4.1 Significant assumptions applied

The UK represented 44% (2014: 46%), Switzerland 41% (2014: 37%), and the eurozone countries 6% (2014: 10%) of the gross obligation at 31 December 2015.

The two most significant plans in the Group are in the UK and Swiss entities. The mortality tables used in Carlsberg UK are S1PMA/S1PFA tables for post-retirement and AMC00/AFC00 for pre-retirement, both with CMI_2013 projections, while the Swiss entities use the BVG 2010-2015 (KJ) mortality table for valuation of their retirement obligations.

The main assumptions applied in calculating the defined benefit obligations can be summarised as follows:

ASSUMPTIONS APPLIED

%

2015	CHF	UK	EUR	Others	Weighted average
Discount rate	0.6%	3.8%	1.8 - 2.9%	1.0 - 16.0%	2.3%
Future salary increases	1.0%	2.7%	2.3 - 2.5%	0.0 - 16.0%	2.1%
2014					
Discount rate	1.2%	3.5%	1.9 - 2.8%	1.0 - 16.0%	2.2%
Future salary increases	1.0%	2.6%	1.7 - 2.0%	0.0 - 16.0%	1.8%

7.4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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 the table.

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

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

The present value of the net obligation is calculated using the expected long-term interest rate in each country, where available, based on long-term government bonds.

Mortality assumptions are based on the Group entity's best estimate of the mortality of plan members during and after employment, and include expected changes in mortality, for example using estimates of mortality improvements. Due to the broad range of entities comprising the retirement benefit obligation, several different mortality tables are used to calculate the future retirement benefit obligation.

SECTION 7.4 Retirement benefit obligations and similar obligations

7.4.2 Sensitivity analysis

SENSITIVITY ANALYSIS

DKK million	2015	2014
Reported pension obligation	14,269	12,928
Sensitivity relating to discount rate		
Discount assumption +0.5%	-1,779	-1,002
Discount assumption -0.5%	2,011	1,856
Sensitivity relating to increase in future salary		
Future salary assumption +0.5%	817	779
Future salary assumption -0.5%	-809	-774
Sensitivity relating to mortality		
Mortality assumption +1 year	939	892
Mortality assumption -1 year	-866	-820

The table above shows a sensitivity analysis of the total calculated retirement benefit obligation.

The sensitivity analysis is based on a change in one of the assumptions while all other assumptions remain constant. This is highly unlikely as a change in one assumption would probably affect other assumptions as well. When calculating the obligation on the basis of a changed assumption, the same method has been applied as when calculating the pension liability recognised in the statement of financial position.

Expected maturity and duration
Retirement benefit obligations are primarily expected to mature after 5 years. The non-discounted maturity is:

MATURITY OF PENSION OBLIGATIONS

DKK million	< 1 year	1 - 5 years	> 5 years	Total
Pension benefits	418	1,098	17,213	18,729

The expected duration of the obligations at year-end 2015 was 19 years, comprising active employees at 26 years and retired employees at 18 years.

The duration is calculated using a weighted average of the duration compared with the benefit obligation.

7.4 ACCOUNTING POLICIES

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised in the income statement in the period during which services are rendered by employees. Any contributions outstanding are recognised in the statement of financial position as other liabilities.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and previous years. The future benefits are discounted to determine the present value. The calculation is performed annually by a qualified actuary.

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 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 differences between the expected development in pension assets and liabilities and realised amounts at year-end are designated as actuarial gains or losses and 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 restructurings are recognised in the income statement under special items.

Realised gains and losses on the curtailment or settlement of retirement benefit plans are recognised in the income statement under staff costs.

SECTION 8
Other disclosure requirements

SECTION 8.1
Earnings per share

KEY DEVELOPMENTS 2015

29.9

Adjusted earnings per share decreased to DKK 29.9 due to lower operating profit and lower financial items, net.

9.00

The Supervisory Board proposes a dividend per share of DKK 9.00, equalling a payout ratio of 30% of adjusted net profit.

-19.2

Basic earnings per share decreased to DKK -19.2 in line with adjusted earnings per share and were also negatively impacted by higher special items, net.

12.5%

The compound annual growth rate in dividend per share during the period 2010-2015 was 12.5%.

The Supervisory Board proposes a dividend per share of DKK 9.00, equalling a payout ratio of 30% of adjusted net profit. The compound annual growth rate in dividends during the period 2010-2015 was 12.5%.

As consolidated profit for the year was negative no dilution effect has been included in the calculation of earnings per share for 2015.

In 2014, diluted earnings per share excluded 247,200 share-based incentives that did not have a dilutive effect as the total of the exercise price and the fair value at the grant date was higher than the average market price of the Carlsberg B share in the year. These could potentially dilute earnings in the future.

EARNINGS PER SHARE

DKK	2015	2014
Basic earnings per share of DKK 20 (EPS)	-19.2	28.9
Diluted earnings per share of DKK 20 (EPS-D)	-19.2	28.8
Earnings per share, adjusted (EPS-A)	29.9	36.0

NUMBER OF SHARES

1,000 shares		
Average number of shares	152,557	152,557
Average number of treasury shares	-15	-22
Average number of shares outstanding	152,542	152,535
Average dilutive effect of share-based incentives	-	478
Diluted average number of shares outstanding	**152,542**	**153,013**

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

DKK million		
Consolidated profit	-2,582	4,938
Non-controlling interests	-344	-524
Profit attributable to shareholders in Carlsberg A/S	**-2,926**	**4,414**
Special items after tax	7,483	1,082
Profit attributable to shareholders in Carlsberg A/S, adjusted	**4,557**	**5,496**

SECTION 8.2

Related party disclosures

Related parties exercising control

The Parent Company, the Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, holds 30.3% of the shares and 75.3% of the voting power in Carlsberg A/S, excluding treasury shares.

Apart from dividends and grants, no transactions were carried out with the Carlsberg Foundation during the year. Funding and grants received for research and development activities from the Carlsberg Foundation amounted to DKK 22m (2014: DKK 22m) for the operation of the Carlsberg Laboratory.

Related parties exercising significant influence

Related parties exercising significant influence comprise the Group's Supervisory Board, Executive Committee and close members of their families. Related parties also comprise companies in which the persons referred to above have 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 Committee or companies outside the Carlsberg Group in which these parties have significant influence, except for remuneration to the Supervisory Board and the Executive Committee as disclosed in section 7.2.

Related parties also include the Group's associates and joint ventures.

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

DKK million	2015	2014
Associates and joint ventures		
Revenue	120	234
Cost of sales	-203	-226
Loans	85	194
Receivables	67	47
Trade payables and other liabilities etc.	-14	-13

SECTION 8.3

Fees to auditors

Fees to the auditors appointed by the Annual General Meeting are specified as follows:

DKK million	2015	2014
KPMG		
Statutory audit	23	24
Assurance engagements	1	1
Tax advisory	2	3
Other services	7	8

Assurance engagements include fees for assurances in relation to opinions issued to third parties and assurances in relation to bond issue. Tax advisory services mainly relate to fees for assistance on Group restructuring projects and general tax consultancy.

Other services include fees for advice and services in relation to acquisition and disposal of entities, which includes accounting and tax advice and due diligence.

SECTION 8.4

Events after the reporting period

In January 2016, the Group announced the sale of Danish Malting Group A/S ("DMG") to Viking Malt Oy. The transaction is pending approval by the relevant competition authorities and is expected to be finalised in the first half of 2016. The transaction is in line with the Carlsberg Group's ambition of disposing of non-core assets, improving the return on invested capital and reducing the financial leverage. The balance sheet items were reclassified as assets and liabilities in a disposal group classified as held for sale at 31 December 2015. The sale does not impact the income statement or the statement of cash flows for 2015.

Apart from the events recognised or disclosed in the consolidated financial statements, including the disposal mentioned above, no events have occurred after the reporting period of importance to the consolidated financial statements.

SECTION 9
Basis for preparation

SECTION 9.1
Significant accounting estimates

KEY DEVELOPMENTS 2015

Restatement of reported figures for 2014

Completion of purchase price allocation for Eastern Assets.

In preparing the Carlsberg Group's consolidated financial statements, management makes various accounting estimates, judgements and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities.

The judgements, estimates and assumptions made are based on historical experience and other factors that management assesses to be reliable, but that, by their very nature, are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The significant accounting estimates and judgements made and the accounting policies specific to the income statement, statement of financial position and statement of cash flows are presented in the explanatory notes in section 1-7.

Accounting policies for more general areas, including consolidation, financial instruments and segmentation, are presented on the following pages.

The most significant accounting estimates and judgements performed relate to the following areas:

Business combinations	Section 5
Impairment testing	Section 2
Useful life and residual value of intangible assets with finite useful life and property, plant and equipment	Section 2
Restructurings	Section 3
Provisions and contingencies	Section 3
Receivables	Section 1
Deferred tax assets	Section 6
Retirement benefit obligations and similar obligations	Section 7

SECTION 9.2

General accounting policies

The 2015 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.

The consolidated financial statements are presented in Danish kroner (DKK), 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 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.

Changed accounting policies and classification in the Annual Report 2015
Apart from the implementation of Improvements to IFRS 2010-2012 and 2011-2013 and Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions", the Annual Report has been prepared using the same accounting policies for recognition and measurement as those applied to the consolidated financial statements for 2014.

The implementation of Improvements to IFRS 2010-2012 and 2011-2013 and Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" as of 1 January 2015 did not have any significant impact on the consolidated financial statements for 2015.

Reported figures for 2014 are adjusted for the completion of the purchase price allocation for Eastern Assets.

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

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% but less than 50% of the voting rights. 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 that by agreement are managed jointly with one or more other parties are considered joint ventures. Associates and joint ventures are consolidated using the equity method, cf. section 5.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the Parent Company and subsidiaries according to the Group's accounting policies.

On consolidation, intra-Group income and expenses, shareholdings, intra-Group balances and dividends, and realised and unrealised gains on intra-Group transactions are eliminated. Unrealised gains on transactions with associates and joint ventures 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 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 is included in the Group's profit/loss and equity respectively,

SECTION 9.2 General accounting policies

but is disclosed separately. Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities 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.

Defining materiality
Significant items are presented individually in the financial statements as required by IAS 1. Other items which may not be significant but are considered relevant to stakeholders and the understanding of the Carlsberg business model, including research, real estate, geographical diversity etc., are also presented in the financial statements.

Foreign currency translation
A functional currency is determined for each of the reporting entities in the Group. 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 that 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 that is designated as hedges of investments in foreign entities with a functional currency other than that of Carlsberg A/S and that effectively hedges 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 and joint ventures 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 and joint ventures 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 that 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 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.

Hyperinflation
The financial statements of foreign entities whose functional currency is the currency of a hyperinflationary market are stated in terms of the measuring unit current at the end of the reporting period using a general price index. Non-monetary assets are restated to the current purchasing power at the reporting date from the value on the date when they were first recognised in the financial statements.

The gain/loss is recognised in other comprehensive income. The gain/loss on the net monetary position is recognised as financial income or expenses in the income statement. Income statement items are restated from the value on the transaction date to the value on the reporting date except for items related to non-monetary assets, such as amortisation and depreciation and consumption of inventories etc. Deferred tax is adjusted accordingly. The comparative figures for the Group are not restated in terms of the measuring unit current at the end of the reporting period.

SECTION 9.2 General accounting policies

Income statement and statement of financial position, general

Special items

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

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 that 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 flow from operating activities is 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 flow from investing activities comprises payments in connection with acquisitions and disposals of entities and activities, and of intangible assets, property, plant and equipment and other non-current assets. The cash flow effect of acquisitions and disposals of entities is shown separately in cash flow from investing activities. Cash flow from acquisition of entities is recognised in the statement of cash flows from the acquisition date. Cash flow from disposal of entities is 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 flow from financing activities comprises 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 flow from assets held under finance leases is 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 that 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 of associates and joint ventures 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 joint ventures, 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.

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

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 Finance Society's guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2015", unless specifically stated.

SECTION 9.2 General accounting policies

CALCULATION OF THE KEY FIGURES AND FINANCIAL RATIOS STATED IN THE ANNUAL REPORT

Cash flow from operating activities per share (CFPS)	Cash flow from operating activities divided by the number of shares outstanding, fully diluted for share options and performance shares in the money in accordance with IAS 33[1].
Debt/operating profit before depreciation, amortisation and impairment losses	Net interest-bearing debt[2] divided by operating profit before special items adjusted for depreciation, amortisation and impairment losses.
Earnings per share (EPS)	Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares outstanding.
Earnings per share, adjusted (EPS-A)	Consolidated profit for the year adjusted for special items after tax, 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 and performance shares in the money and the bonus element in a rights issue in accordance with IAS 33[1].
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 debt[2] at year-end divided by total equity at year-end.
Free cash flow per share (FCFPS)	Free cash flow[3] divided by average number of shares outstanding, fully diluted for share options and performance shares in the money in accordance with IAS 33[1].
Interest cover	Operating profit before special items divided by interest expenses, net.
Number of shares, average	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-on-year comparisons. We believe this provides investors with a better understanding of underlying trends.
Payout ratio	Dividend for the year as a percentage of consolidated profit, excluding non-controlling interests.
Pro rata volumes	The Group's sale of beverages in consolidated entities, and 100% of the sale of the Group's international brands in associates and joint ventures and the proportionate share of the sale of local brands in these entities.
Return on invested capital including goodwill (ROIC)	Operating profit before special items as a percentage of average invested capital[4] calculated as a 12-month rolling average.
Return on invested capital excluding goodwill (ROIC excl. goodwill)	Operating profit before special items as a percentage of average invested capital excluding goodwill[4] calculated as a 12-month rolling average.
Volumes	The Group's total sale of beverages, including the total sales through associates and joint ventures.

[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 exercise of the share options and performance shares and the number of shares that could be issued assuming these are exercised.
[2] The calculation of net interest-bearing debt is specified in section 4.2.
[3] The calculation of free cash flow is specified in the statement of cash flows.
[4] The calculation of invested capital is specified in section 2.1.

SECTION 9.3

New legislation

New and amended IFRSs and Interpretations not yet applicable within the EU

Improvements to IFRS 2012-2014 and Amendments to IAS 1 “Disclosure Initiative”, IAS 27 “Equity Method in Separate Financial Statements”, IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation” and IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” are effective for financial years beginning on or after 1 January 2016.

The Group implemented the improvements and amendments as of 1 January 2016.

Impact from changes in accounting policies for 2016

The implementation of the Amendments to IAS 1 “Disclosure Initiative”, IAS 27 “Equity Method in Separate Financial Statements”, IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”, IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations” and Improvements to IFRS 2012-2014 will not have any significant impact on the Group’s financials.

New and amended IFRSs and Interpretations not yet adopted by or applicable within the EU

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

- IFRS 9 “Financial Instruments”, effective for financial years beginning on or after 1 January 2018.

- IFRS 14 “Regulatory Deferral Accounts”, effective for financial years beginning on or after 1 January 2016. The European Commission has decided not to launch the adoption process for this interim standard and to await the final standard instead.

- IFRS 15 “Revenue from Contracts with Customers”, effective for financial years beginning on or after 1 January 2018.

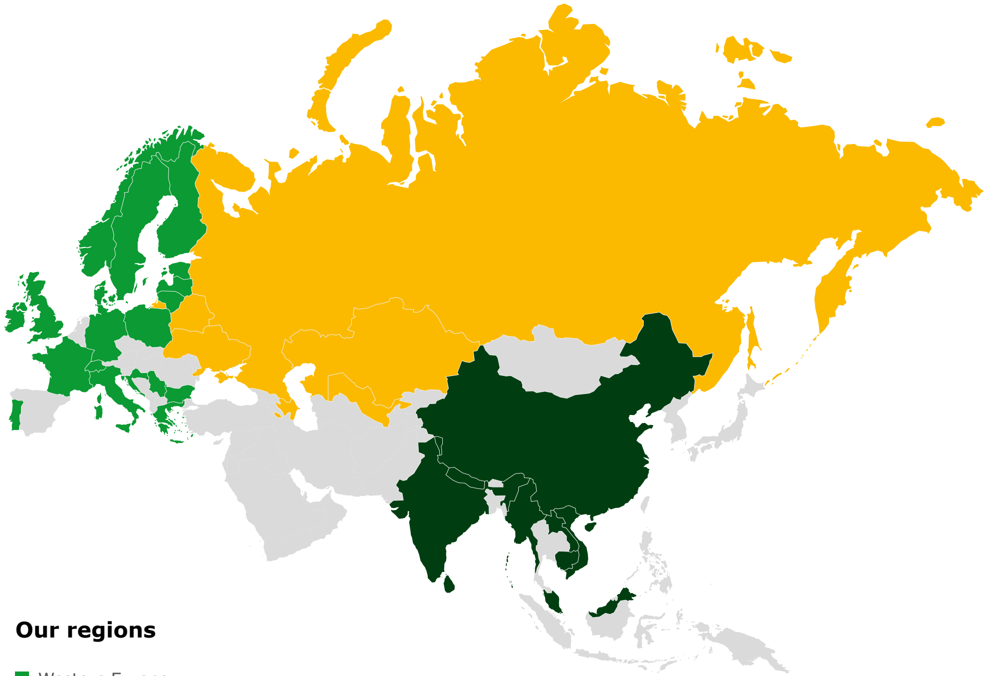
- IFRS 16 “Leases”, effective for financial years beginning on or after 1 January 2019.

- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”, effective for financial years beginning on or after 1 January 2016. Adoption is expected in Q2 2016.

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”. The amendments have been postponed indefinitely.

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2015. The Carlsberg Group expects to adopt the Standards and Interpretations when they become mandatory.

SECTION 10
Group companies



Our regions

- Western Europe
- Eastern Europe
- Asia

	Number of subsidiaries		Ownership share[1]	Nominal share capital ('000)	Currency
Carlsberg Breweries A/S, Copenhagen, Denmark	16	○	100%	501	DKK
Western Europe					
Carlsberg Danmark A/S, Copenhagen, Denmark		○	100%	100,000	DKK
Carlsberg Supply Company Danmark A/S, Copenhagen, Denmark		○	100%	501	DKK
Pripps Ringnes AB, Stockholm, Sweden	1	○	100%	287,457	SEK
Carlsberg Sverige AB, Stockholm, Sweden	1	○	100%	70,000	SEK
Carlsberg Supply Company Sverige AB, Falkenberg, Sweden		○	100%	50	SEK
Ringnes Norge AS, Oslo, Norway	7	○	100%	50,000	NOK
Ringnes AS, Oslo, Norway	2	○	100%	210,366	NOK
Ringnes Supply Company AS, Oslo, Norway		○	100%	20,907	NOK
Oy Sinebrychoff Ab, Kerava, Finland		○	100%	41,203	EUR
Sinebrychoff Supply Company Oy, Kerava, Finland		○	100%	1,000	EUR
Carlsberg Deutschland GmbH, Hamburg, Germany	9	○	100%	26,900	EUR
Carlsberg Supply Company Deutschland GmbH, Hamburg, Germany		○	100%	26,000	EUR
Nordic Getränke GmbH, Hamburg, Germany	10	○	100%	25,000	EUR
Carlsberg Polska Sp. z o.o., Warsaw, Poland		○	100%	6,662	PLN
Carlsberg Supply Company Polska SA, Warsaw, Poland		○	100%	28,721	PLN
Saku Õlletehase AS, Tallinn, Estonia		○	100%	5,113	EUR
JSC Aldaris, Riga, Latvia		○	99%	10,671	EUR
UAB Svyturys-Utenos Alus, Utena, Lithuania		○	99%	34,220	EUR
Carlsberg UK Holdings Limited, Northampton, United Kingdom	1	○	100%	180,004	GBP
Carlsberg UK Limited, Northampton, United Kingdom	5	○	100%	2,100	GBP
Carlsberg Supply Company UK Limited, Northampton, United Kingdom		○	100%	128,146	GBP
Emeraude S.A.S., Strasbourg, France	10	○	100%	206,022	EUR
Brasseries Kronenbourg S.A.S., Strasbourg, France	7	○	100%	507,891	EUR
Kronenbourg Supply Company S.A.S., Strasbourg, France		○	100%	6,534	EUR
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	2	○	100%	95,000	CHF
Feldschlösschen Getränke AG, Rheinfelden, Switzerland	1	○	100%	36,200	CHF
Feldschlösschen Supply Company AG, Rheinfelden, Switzerland		○	100%	100	CHF
Carlsberg Italia S.p.A., Lainate, Italy	3	○	100%	8,600	EUR
Unicer-Bebidas de Portugal, S.G.P.S., S.A., Leca do Balio, Portugal[4]	6	■	44%	50,000	EUR
Olympic Brewery SA, Thessaloniki, Greece[4]	1	○	51%	15,187	EUR
Carlsberg Serbia Ltd., Celarevo, Serbia	2	○	100%	2,998,273	RSD
Carlsberg Croatia d.o.o., Koprivnica, Croatia		○	100%	239,932	HRK
Carlsberg Bulgaria AD, Mladost, Bulgaria		○	100%	37,325	BGN
B to B Distribution EOOD, Mladost, Bulgaria		○	100%	10	BGN
Carlsberg Hungary Kft., Budaőrs, Hungary		○	100%	25,700	HUF
CTDD Beer Imports Ltd., Montreal, Canada		○	100%	532	CAD
Carlsberg Canada Inc., Mississauga, Canada		○	100%	11,000	CAD
Nuuk Imeq A/S, Nuuk, Greenland[4]		■	32%	38,000	DKK

SECTION 10 Group Companies

Eastern Europe	Number of subsidiaries		Ownership share[1]	Nominal share capital ('000)	Currency
Baltika Breweries, Saint Petersburg, Russia	6	○	100%	156,087	RUB
Baltika Baku LLC, Baku, Azerbaijan		○	100%	25,000	USD
PJSC Carlsberg Ukraine, Zaporizhzhya, Ukraine	2	○	99%	1,022,433	UAH
OJSC Olivaria Brewery, Minsk, Belarus		○	68%	61,444,801	BYR
Carlsberg Kazakhstan, Almaty, Kazakhstan	1	○	100%	30,160,779	KZT
UzCarlsberg LLC., Tashkent, Uzbekistan[4]		○	100%	82,282,014	UZS
Baltic Beverages Holding AB, Stockholm, Sweden	4	○	100%	12,000	EUR

Asia					
Carlsberg Brewery Hong Kong Ltd, Hong Kong, China	3	○	100%	9,734,520	HKD
Carlsberg Brewery (Guangdong) Ltd, Huizhou, China		○	99%	442,330	CNY
Kunming Huashi Brewery Company Limited, Kunming, China		○	100%	79,528	CNY
Xinjiang Wusu Breweries Co., Ltd., Urumqi, China	10	○	65%	105,480	CNY
Ningxia Xixia Jianiang Brewery Limited, Xixia, China		○	70%	194,351	CNY
Dali Beer Company Limited, Dali, China		○	100%	299,799	CNY
Chongqing Brewery Co., Ltd, Chongqing, China[2]	6	○	60%	483,971	CNY
Chongqing Jianiang Brewery Ltd., Chongqing, China	7	○	79%	435,000	CNY
Carlsberg Beer Enterprise Management (Chongqing) Company Limited, Chongqing, ("Eastern Assets"), China[4]	10	○	100%	648,580	CNY
Tibet Lhasa Brewery Company Limited, Lhasa, China		■	50%	380,000	CNY
Lanzhou Huanghe Jianiang Brewery Company Limited, Lanzhou, China		■	50%	210,000	CNY
Qinghai Huanghe Jianiang Brewery Company Ltd., Xining, China		■	50%	85,000	CNY
Jiuquan West Brewery Company Limited, Jiuquan, China		■	50%	36,000	CNY
Tianshiui Huanghe Jianiang Brewery Company Ltd, Tianshui, China		■	50%	58,220	CNY
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia[2]		○	51%	300,000	MYR
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia		○	100%	10,000	MYR
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia		○	100%	100	MYR
Carlsberg Singapore Pte Ltd, Singapore		○	100%	1,000	SGD
Maybev Pte Ltd., Singapore		○	51%	2,512	SGD
Lion Brewery (Ceylon) PLC, Biyagama, Sri Lanka[2,4]		■	25%	850,000	LKR
Carlsberg Distributors Taiwan Limited, Taipei, Taiwan	1	■	50%	100,000	TWD
Caretech Limited, Hong Kong, China[4]		■	50%	10,000	HKD
Cambrew Limited, Phnom Penh, Cambodia[4]	1	■	50%	125,000	USD
Carlsberg Indochina Limited, Hanoi, Vietnam		○	100%	80,000,000	VND
South-East Asia Brewery Ltd., Hanoi, Vietnam		○	100%	212,705,000	VND
International Beverage Distributors Ltd., Hanoi, Vietnam		○	100%	15,622,000	VND
Hue Brewery Ltd., Hue, Vietnam		○	100%	216,788,000	VND
Carlsberg Vietnam Breweries – Vung Tau JS Co., Vietnam		○	100%	540,000,000	VND

	Number of subsidiaries		Ownership share[1]	Nominal share capital ('000)	Currency
Hanoi Beer Alcohol and Beverage Joint Stock Corporation, Hanoi, Vietnam[4]		■	17%	2,318,000,000	VND
Lao Brewery Co. Ltd., Vientiane, Laos		○	61%	22,808,641	LAK
CB Distribution Co., Ltd., Bangkok, Thailand		○	100%	200,000	THB
Carlsberg India Pvt. Ltd, New Delhi, India		○	100%	16,522,288	INR
Parag Breweries Limited, Kolkata, India		○	100%	1,074,354	INR
Carlsberg Malawi Ltd., Blantyre, Malawi[4]	3	○	59%	2,500,000	MWK
Brewery Invest Pte Ltd, Singapore		○	100%	3,200	SGD
South Asian Breweries Pte. Ltd., Singapore		○	67%	200,000	SGD
Carlsberg Asia Pte Ltd, Singapore	1	○	100%	565,292	SGD
Paduak Holding Pte. Ltd., Singapore		○	100%	26,395	USD
Myanmar Carlsberg Co. Ltd, Yangon, Myanmar[4]		■	51%	75	USD
Gorka Brewery Pvt. Ltd., Kathmandu, Nepal[4]	1	○	90%	4,663,250	NPR

Not allocated					
Danish Malting Group A/S, Vordingborg, Denmark		○	100%	100,000	DKK
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland	1	○	100%	20,000	PLN
Carlsberg Finans A/S, Copenhagen, Denmark		○	100%	8,308,000	DKK
Carlsberg International A/S, Copenhagen, Denmark		○	100%	1,100	DKK
Carlsberg Invest A/S, Copenhagen, Denmark	1	○	100%	33,000	DKK
Carlsberg Global Business Services A/S, Copenhagen, Denmark		○	100%	60,000	DKK
Carlsberg Insurance A/S, Copenhagen, Denmark		○	100%	25,000	DKK
Carlsberg Shared Services Sp. z o.o., Poznan, Poland		○	100%	50	PLN
Carlsberg Supply Company AG, Ziegelbrücke, Switzerland	2	○	100%	50	CHF

Non-beverage					
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark		○	100%	10,000	DKK
Ejendomsaktieselskabet af 4. marts 1982, Copenhagen, Denmark		○	100%	9,500	DKK
Carlsberg Ejendomme Holding A/S, Copenhagen, Denmark		○	100%	500	DKK
Boliginteressentskabet Tuborg, Copenhagen, Denmark[3]		○	100%	-	DKK
Carlsberg Byen P/S, Copenhagen, Denmark[4]	5	■	25%	17,000	DKK

○ Subsidiary ■ Associate or joint venture

[1] For some entities the consolidation percentage is higher than the ownership share due to written put options.
[2] Listed company. [3] A separate annual report is not prepared. [4] Company not audited by KPMG.

PARENT COMPANY

STATEMENTS

INCOME STATEMENT

DKK million	Section	2015	2014
Administrative expenses		-67	-69
Other operating activities, net	4.1	-49	-54
Operating profit before special items		**-116**	**-123**
Special items	4.4	-204	-108
Financial income	2.1	1,380	1,229
Financial expenses	2.1	-24	-26
Profit before tax		**1,036**	**972**
Corporation tax	4.6	69	132
Profit for the year		**1,105**	**1,104**
Attributable to			
Dividend to shareholders		1,373	1,373
Reserves		-268	-269
Profit for the year		**1,105**	**1,104**

STATEMENT OF COMPREHENSIVE INCOME

DKK million	Section	2015	2014
Profit for the year		**1,105**	**1,104**
Other comprehensive income			
Retirement benefit obligations	3.3	-	-1
Other		-1	-
Items that may be reclassified to the income statement		-1	-1
Other comprehensive income		**-1**	**-1**
Total comprehensive income		**1,104**	**1,103**

STATEMENT OF FINANCIAL POSITION

ASSETS

DKK million	Section	31 Dec. 2015	31 Dec. 2014
Non-current assets			
Intangible assets	4.5	11	12
Property, plant and equipment	4.5	257	290
Investments in subsidiaries	1.1	45,481	45,573
Investments in joint ventures	1.1	-	10
Receivables	2.2	496	492
Deferred tax assets	4.6	190	126
Total non-current assets		**46,435**	**46,503**
Current assets			
Receivables from subsidiaries and joint ventures	2.2	72	47
Tax receivables		6	6
Other receivables	2.2	73	32
Cash and cash equivalents		2	-
Total current assets		**153**	**85**
Assets held for sale		-	696
Total assets		**46,588**	**47,284**

EQUITY AND LIABILITIES

DKK million	Section	31 Dec. 2015	31 Dec. 2014
Equity			
Share capital	2.4	3,051	3,051
Retained earnings		42,219	42,545
Total equity		**45,270**	**45,596**
Non-current liabilities			
Borrowings	2.2, 2.3	-	209
Retirement benefit obligations and similar obligations	3.3	40	43
Provisions	4.2	95	94
Total non-current liabilities		**135**	**346**
Current liabilities			
Borrowings	2.2, 2.3	840	1,205
Trade payables		54	44
Provisions	4.2	64	62
Other liabilities etc.		225	31
Total current liabilities		**1,183**	**1,342**
Total liabilities		**1,318**	**1,688**
Total equity and liabilities		**46,588**	**47,284**

STATEMENT OF CHANGES IN EQUITY

DKK million	Shareholders in Carlsberg A/S		
2015	**Share capital**	**Retained earnings**	**Total equity**
Equity at 1 January 2015	3,051	42,545	45,596
Profit for the year	-	1,105	1,105
Other comprehensive income			
Other	-	-1	-1
Other comprehensive income	**-**	**-1**	**-1**
Total comprehensive income for the year	**-**	**1,104**	**1,104**
Acquisition/disposal of treasury shares	-	6	6
Exercise of share options	-	-138	-138
Share-based payments	-	13	13
Share-based payments to employees in subsidiaries	-	62	62
Dividends paid to shareholders	-	-1,373	-1,373
Total changes in equity	**-**	**-326**	**-326**
Equity at 31 December 2015	**3,051**	**42,219**	**45,270**
2014			
Equity at 1 January 2014	3,051	42,640	45,691
Profit for the year	-	1,104	1,104
Other comprehensive income			
Retirement benefit obligations	-	-1	-1
Other comprehensive income	**-**	**-1**	**-1**
Total comprehensive income for the year	**-**	**1,103**	**1,103**
Acquisition/disposal of treasury shares	-	5	5
Exercise of share options	-	-19	-19
Share-based payments	-	9	9
Share-based payments to employees in subsidiaries	-	27	27
Dividends paid to shareholders	-	-1,220	-1,220
Total changes in equity	**-**	**-95**	**-95**
Equity at 31 December 2014	**3,051**	**42,545**	**45,596**

The proposed dividend of DKK 9.00 per share, in total DKK 1,373m (2014: DKK 9.00 per share, in total DKK 1,373m), is included in retained earnings at 31 December 2015. Dividends paid out in 2015 for 2014 amount to DKK 1,373m (paid out in 2014 for 2013: DKK 1,220m), which is DKK 9.00 per share (2014: DKK 8.00 per share). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg A/S.

STATEMENT OF CASH FLOWS

DKK million	Section	2015	2014
Operating profit before special items		-116	-123
Adjustment for depreciation and amortisation		13	16
Operating profit before depreciation and amortisation		**-103**	**-107**
Adjustment for other non-cash items		1	-
Change in working capital[1]		317	26
Restructuring costs paid		-46	-
Interest etc. received		-6	7
Interest etc. paid		-18	-17
Corporation tax paid		5	48
Cash flow from operating activities		**150**	**-43**
Acquisition of property, plant and equipment and intangible assets		-8	-11
Total operational investments		**-8**	**-11**
Acquisition and disposal of joint ventures, net		7	-10
Disposal of securities		1	-
Dividends from subsidiaries and joint ventures		1,373	1,220
Total financial investments		**1,381**	**1,210**
Other investments in property, plant and equipment		-81	-20
Disposal of other property, plant and equipment		653	-
Total other activities[2]		**572**	**-20**
Cash flow from investing activities		**1,945**	**1,179**
Free cash flow		**2,095**	**1,136**
Shareholders in Carlsberg A/S	2.4	-1,505	-1,234
External financing		-588	98
Cash flow from financing activities		**-2,093**	**-1,136**
Net cash flow		**2**	**-**
Cash and cash equivalents at 1 January		-	-
Cash and cash equivalents at 31 December		**2**	**-**

[1] Change in working capital consists of other receivables, DKK 4m (2014: DKK 5m), trade payables and other liabilities, DKK 314m (2014: DKK 42m) and other provisions, DKK -1m (2014: DKK -21m).

[2] Other activities cover real estate activities.

SECTION 1
Investments in subsidiaries and joint ventures

1.1 Investments in subsidiaries and joint ventures

	Subsidiaries		Joint ventures	
DKK million	**2015**	**2014**	**2015**	**2014**
Cost at 1 January	45,573	45,523	10	-
Additions	-	-	-	10
Capital reduction	-	-	-7	-
Impairment losses	-	-	-3	-
Share-based payments to employees in subsidiaries	-92	50	-	-
Cost at 31 December	**45,481**	**45,573**	**-**	**10**
Carrying amount at 31 December	**45,481**	**45,573**	**-**	**10**

We refer to the list of companies in the Carlsberg Group, cf. section 10 in the consolidated financial statements. The carrying amount includes goodwill of DKK 11,207m (2014: DKK 11,207m) on acquisition of subsidiaries. Share-based payments to employees in subsidiaries comprise exercised as well as outstanding share options.

1.1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Management performs an annual test for indications of impairment of investments in subsidiaries and joint ventures. Impairment tests are conducted in the same way as for goodwill in the Carlsberg Group, cf. section 2.3 in the consolidated financial statements.

It is management's assessment that no indications of impairment existed at year-end 2015. Impairment tests have therefore not been carried out for subsidiaries and joint ventures.

1.1 ACCOUNTING POLICIES

Dividends on investments in subsidiaries and joint ventures are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

Investments in subsidiaries and joint ventures are measured at the lower of cost and recoverable amount.

1.2 Related party disclosure

Related parties exercising control
The Carlsberg Foundation, H.C. Andersens Boulevard 35, 1553 Copenhagen V, Denmark, holds 30.3% of the shares and 75.3% of the voting power in Carlsberg A/S, excluding treasury shares. Apart from dividends and grants, 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 Committee or companies outside the Carlsberg Group in which these parties have interests. The income statement and statement of financial position items include transactions as shown in the table below.

RELATED PARTY TRANSACTIONS

DKK million	**2015**	**2014**
Joint ventures		
Receivables	12	12
Subsidiaries		
Other operating activities, net	8	7
Interest income	5	6
Interest expenses	-9	-14
Loans	511	497
Receivables	43	27
Borrowings	-840	-1,189
Trade payables	-16	-19

No losses on loans to or receivables from joint ventures were recognised or provided for in either 2015 or 2014.

Joint ventures Dividends received from and capital reduction made in respect of joint ventures amounted to DKK 7m (2014: DKK 0m).

Subsidiaries Dividends of DKK 1,373m (2014: DKK 1,220m) were received from subsidiaries.

SECTION 2
Capital structure and equity

2.1 Financial income and expenses

Interest income relates to interest from cash and cash equivalents.

Interest income further relates to loans to subsidiaries and, in 2014, return of tax on properties.

Other financial income relates to foreign exchange gains in 2015.

Interest expenses primarily relate to interest on borrowings.

No financial items have been recognised directly in other comprehensive income.

FINANCIAL ITEMS RECOGNISED IN THE INCOME STATEMENT

DKK million	2015	2014
Financial income		
Interest income	5	6
Dividends from subsidiaries and joint ventures	1,373	1,220
Other financial income	2	3
Total	**1,380**	**1,229**
Financial expenses		
Interest expenses	-16	-21
Other financial expenses	-8	-5
Total	**-24**	**-26**
Financial items, net recognised in the income statement	**1,356**	**1,203**

The average effective interest rate on loans to subsidiaries was 0.8% (2014: 1.3%) and on loans from subsidiaries 0.5% (2014: 1.1%).

2.2 Receivables and borrowings

RECEIVABLES BY ORIGIN

DKK million	2015	2014
Loans to subsidiaries	511	497
Receivables from subsidiaries and joint ventures	45	42
Other receivables	85	32
Total	**641**	**571**

The mortgage loan was repaid in full in December 2015 as the mortgaged property was sold.

Borrowings are measured at amortised cost.

The fair value of receivables and borrowings in subsidiaries corresponds to the carrying amount in all material respects.

BORROWINGS

DKK million	2015	2014
Non-current borrowings		
Mortgages	-	209
Total	**-**	**209**
Current borrowings		
Other liabilities	-	16
Borrowings from subsidiaries	840	1,189
Total	**840**	**1,205**
Total non-current and current borrowings	**840**	**1,414**
Fair value	840	1,417

2.3 Net interest-bearing debt

DKK million	2015	2014
Non-current borrowings	-	209
Current borrowings	840	1,205
Gross interest-bearing debt	**840**	**1,414**
Cash and cash equivalents	-2	-
Loans to subsidiaries and joint ventures	-511	-497
Net interest-bearing debt	**327**	**917**
Changes in net interest-bearing debt		
Net interest-bearing debt at 1 January	917	819
Cash flow from operating activities	-150	43
Cash flow from investing activities	-1,945	-1,179
Dividends to shareholders	1,373	1,220
Acquisition/disposal of treasury shares and exercise of share options	132	14
Total change	**-590**	**98**
Net interest-bearing debt at 31 December	**327**	**917**

2.4 Share capital

At 31 December 2015 the fair value of treasury shares amounted to DKK 2m (2014: DKK 9m). The holdings of treasury shares are specified in section 4.3 in the consolidated financial statements.

According to the authorisation of the General Meeting, the Supervisory Board may, in the period until 19 March 2019, 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 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 9m (2014: DKK 2m) at an average price of DKK 565 (2014: DKK 570), corresponding to a purchase price of DKK 259m (2014: DKK 49m). Class B treasury shares are primarily acquired to facilitate settlement of share-based incentive programmes. 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 127m (2014: DKK 35m). The disposal was made in connection with settlement of share options and performance shares.

TRANSACTIONS WITH SHAREHOLDERS IN CARLSBERG A/S

DKK million	2015	2014
Dividends to shareholders	-1,373	-1,220
Acquisition of treasury shares	-259	-49
Disposal of treasury shares	127	35
Total	**-1,505**	**-1,234**

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 2014	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136
No change in 2014	-	-	-	-	-	-
31 December 2014	**33,699,252**	**673,985**	**118,857,554**	**2,377,151**	**152,556,806**	**3,051,136**
No change in 2015	-	-	-	-	-	-
31 December 2015	**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 votes and dividends, all shares rank equally.

SECTION 3
Staff costs and remuneration

Remuneration of executive directors 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 executive directors. These programmes and schemes cover a number of years. The remuneration is specified in section 3.2.

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

Staff costs and remuneration also cover costs and remuneration regarding executive directors of the Company who are contractually employed by other Group companies and where the related cost has been recognised and payment made in those companies.

Remuneration of executive directors and the Supervisory Board as well as their holdings of shares in the Company are specified in the Management review and section 7 in the consolidated financial statements.

3.1 Staff costs and remuneration of executive directors

DKK million	2015	2014
Salaries and other remuneration	78	87
Retirement benefit costs – defined contribution plans	3	5
Severance payments	56	2
Share-based payments	58	19
Total	**195**	**113**
Staff costs are included in the following items in the income statement		
Administrative expenses	22	20
Other operating activities, net	43	68
Special items (restructuring)	46	-
Total staff costs recognised by Parent Company	**111**	**88**
Staff costs recognised by other Group companies	84	25
Total	**195**	**113**

The Company had an average of 82 (2014: 94) full-time employees during the year.

SECTION 3.1 Staff costs and remuneration

3.2 Share-based payments

Share option programme

In 2015, a total of 230,889 (2014: 95,000) share options were granted to 3 employees (2014: 2). The grant date fair value of these options was a total of DKK 42m (2014: DKK 16m). The total cost of share options was DKK 46m (2014: DKK 17m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

Long-term incentive programme (performance shares)

In 2015, a total of 16,754 (2014: 42,283) performance shares were granted to 3 employees (2014: 4). The grant date fair value of these performance shares was DKK 6m (2014: DKK 19m). The total cost of performance shares was DKK 12m (2014: DKK 2m), 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-BASED INCENTIVE PROGRAMMES

	Exercise price (DKK)				Number
Share option programme	**Fixed, weighted average**	**Executive directors**	**Other employees**	**Resigned employees**	**Total**
Share options outstanding at 31 December 2013	**452.21**	**499,216**	**-**	**27,873**	**527,089**
Granted	583.10	95,000	-	-	95,000
Exercised	306.89	-12,388	-	-1,858	-14,246
Share options outstanding at 31 December 2014	**477.51**	**581,828**	**-**	**26,015**	**607,843**
Granted	524.58	230,889	-	-	230,889
Exercised	392.54	-24,776	-	-175,567	-200,343
Transferred	546.74	-690,607	-	690,607	-
Share options outstanding at 31 December 2015	**540.07**	**97,334**	**-**	**541,055**	**638,389**
Long-term incentive programme (performance shares)					
Performance shares outstanding at 31 December 2013		**21,440**	**-**	**-**	**21,440**
Granted		40,925	1,358	-	42,283
Forfeited/expired/adjusted		-53,756	-558	-699	-55,013
Transferred		-	-737	737	-
Performance shares outstanding at 31 December 2014		**8,609**	**63**	**38**	**8,710**
Granted		15,312	1,442	-	16,754
Forfeited/expired/adjusted		-	-941	-4	-945
Exercised/settled		-23,921	-	-	-23,921
Performance shares outstanding at 31 December 2015		**-**	**564**	**34**	**598**

SECTION 3 Staff costs and remuneration

KEY INFORMATION

	Share options		Performance shares	
	2015	**2014**	**2015**	**2014**
Average share price at the exercise date	580	584	-	-
Weighted average contractual life for awards outstanding at 31 December	5.6	4.2	1.9	1.7
Range of exercise prices for share options outstanding at 31 December	203.50 - 583.10	203.50 - 583.10	-	-
Exercisable outstanding share options at 31 December	221,500	290,343	None	None
Weighted average exercise price for share options exercisable at 31 December	538	425	-	-

The assumptions underlying the calculation of the fair value of share-based payment awards are described in section 7.3 in the consolidated financial statements.

3.2 ACCOUNTING POLICIES

The fair value of granted share-based incentives to employees in the Parent Company's subsidiaries is recognised in investments in subsidiaries as the services rendered in exchange for the granted incentives 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 share-based incentives 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 share-based incentives is recognised as a receivable in Carlsberg A/S, with a set-off directly against investments in subsidiaries.

Share-based incentives granted to the Parent Company's own employees are recognised and measured in accordance with the accounting policies used by the Carlsberg Group; see the consolidated financial statements for a description of accounting policies.

3.3 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.

Total obligations at 31 December 2015 amounted to DKK 40m (2014: DKK 43m) and include actuarial losses of DKK 0m (2014: DKK 1m) and benefits paid during the year of DKK 3m (2014: DKK 3m).

Of the expected payment obligation, DKK 3m is due within one year and DKK 23m after more than five years from the reporting date.

The actuarial assumptions underlying the calculations are based on local economic conditions and labour market conditions. The discount rate of 1% remains unchanged from 2014. The rate of increase in future retirement obligations was 0% (2014: 0%).

During the year, DKK 0m (2014: 0m) was recognised in the income statement.

As of 31 December 2015, DKK 0m (2014: DKK 1m) is recognised in other comprehensive income.

SECTION 4
Other disclosure requirements

4.1 Other operating activities, net

DKK million	2015	2014
Real estate, net	-21	-4
Research activities, including the Carlsberg Laboratory, net	-59	-77
Other, net	31	27
Total	**-49**	**-54**

4.2 Provisions

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes and lawsuits etc.

Provisions at 31 December 2015 amounted to DKK 159m (2014: DKK 156m). Additional provisions recognised amounted to DKK 15m (2014: DKK 2m), and DKK 4m (2014: DKK 20m) was utilised during the year.

DKK 64m of total provisions (2014: DKK 62m) falls due within one year and DKK 0m (2014: DKK 57m) after more than five years from the end of the reporting period.

4.3 Fees to auditors

The audit fee to KPMG, which is appointed by the Annual General Meeting to perform the statutory audit, amounted to DKK 1m (2014: DKK 1m). Fees for other services amounted to DKK 0m (2014: DKK 2m).

4.4 Special items

Special items of DKK -204m (2014: DKK -108m) comprise impairment of property, plant and equipment and severance payment to former executive directors.

4.5 Asset base and leases

The carrying amount of intangible assets was DKK 11m (2014: DKK 12m) and property, plant and equipment was DKK 257m (2014: DKK 290m). Property, plant and equipment comprise mainly land and buildings of DKK 188m (2014: DKK 228m).

The Company completed a disposal of real estate in December 2015, which resulted in an impairment loss of DKK 102m. The impairment loss was recognised in special items.

Property, plant and equipment under construction amounted to DKK 55m (2014: DKK 50m). The Company decided to postpone and reconsider a planned construction project, which resulted in an impairment loss of DKK 51m.

Depreciation and amortisation of DKK 13m (2014: DKK 16m) are included in administrative expenses.

For accounting policies on impairment of assets in the Carlsberg Group, see section 2.3 in the consolidated financial statements.

Carlsberg A/S has entered into an operating lease relating to transport equipment. The lease contains no special purchase rights etc. Future lease payments are less than DKK 1m (2014: DKK 1m). Operating lease payments recognised in the income statement in 2015 amounted to DKK 1m (2014: DKK 1m).

Carlsberg A/S has entered into contractual commitments regarding developments of property, plant and equipment of DKK 28m (2014: DKK 0m).

SECTION 4 Other disclosure requirements

4.6 Tax

DKK million			2015			2014
	Income statement	Other comprehensive income	Total comprehensive income	Income statement	Other comprehensive income	Total comprehensive income
Tax for the year can be specified as follows						
Change in deferred tax during the year	-85	-	-85	-134	-	-134
Change in deferred tax from change in tax rate	13	-	13	3	-	3
Adjustments to tax for previous years	3	-	3	-1	-	-1
Total	**-69**	**-**	**-69**	**-132**	**-**	**-132**

Deferred tax assets amounted to DKK 190m (2014: DKK 126m) and comprise tax on property, plant and equipment DKK 61m (2014: DKK 0m), provisions and retirement benefit obligations of DKK 26m (2014: DKK 26m), current assets of DKK 3m (2014: DKK 36m) and tax losses etc. of DKK 110m (2014: DKK 86m). The utilisation of tax loss carryforwards depends on future positive taxable income exceeding the realised deferred tax liabilities. Deferred tax liabilities amounted to DKK 10m (2014: DKK 22m).

The changes in deferred tax comprise tax recognised in total comprehensive income of DKK 69m (2014: DKK 132m) and a joint taxation contribution of DKK -5m (2014: DKK -36m).

DKK 7m (2014: DKK 38m) of the deferred tax assets is expected to be used within one year. All tax assets are recognised.

As the administrative company, Carlsberg A/S has unlimited and joint legal responsibility with the other companies under the joint taxation scheme for withholding taxes on dividends, interest and royalties.

4.5 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

RECONCILIATION OF TAX FOR THE YEAR

DKK million	2015	2014
Tax in Denmark	243	238
Change in tax rate	13	3
Adjustments to tax for previous years	2	-1
Non-capitalised tax assets, net movements	-8	-78
Non-deductible expenses	5	3
Tax-free dividend and tax-exempted items	-322	-299
Special items and other	-2	2
Tax for the year	**-69**	**-132**

4.5 ACCOUNTING POLICIES

Carlsberg A/S is the administrative company and is subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies. Carlsberg A/S accordingly pays all income taxes to the tax authorities under the joint taxation scheme.

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.

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).

Tax on profit/loss for the year
Tax on profit/loss for the year comprises profit/loss from real estate partnerships (joint ventures), as these are not individually taxed but included in the taxable income of the partners. In addition, tax on profit/loss and deferred tax are calculated and recognised as described in section 6 in the consolidated financial statements.

4.7 Contingent liabilities and other commitments

Carlsberg A/S has issued guarantees for pension obligations to subsidiaries of DKK 373m (2014: DKK 361m).

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.

Carlsberg A/S has issued a guarantee for rent of DKK 64m (2014: DKK 112m).

4.8 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.

SECTION 5 General accounting policies

The 2015 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.

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. section 9 in the consolidated financial statements and the individual sections.

Significant accounting estimates and judgements

In preparing Carlsberg A/S's financial statements, management makes various accounting estimates and assumptions that form the basis of presentation, recognition and measurement of the Company's assets and liabilities.

The judgements, estimates and assumptions made are based on historical experience and other factors that management assesses to be reliable, but that by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The significant accounting estimates and judgements made and accounting policies specific to the Parent Company are presented in the explanatory notes.

REPORTS
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 2015.

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 2015 and of the results of the Carlsberg Group's and the Parent Company's operations and cash flows for the financial year 2015.

Further, in our opinion the Management 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, 10 February 2016

Executive Board of Carlsberg A/S

Cees 't Hart
President & CEO

Supervisory Board of Carlsberg A/S

Flemming Besenbacher Chairman	Lars Rebien Sørensen Deputy Chairman	Hans Andersen	Carl Bache	Richard Burrows
Donna Cordner	Eva V. Decker	Elisabeth Fleuriot	Kees van der Graaf	Finn Lok
Erik Lund	Søren-Peter Fuchs Olesen	Peter Petersen	Nina Smith	Lars Stemmerik

REPORTS
The independent auditors' report

To the shareholders of Carlsberg A/S

Independent auditors' report on the consolidated financial statements and the Parent Company financial statements

We have audited the consolidated financial statements and the Parent Company financial statements of Carlsberg A/S for the financial year 2015. The consolidated financial statements and the Parent Company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies for the Carlsberg Group as well as for the Parent Company. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the Parent Company financial statements

Management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and Parent Company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 International Standards on Auditing and additional requirements under Danish audit regulation. This requires 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 of consolidated financial statements and Parent Company financial statements that give a true and fair view 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 opinion.

Our audit has not resulted 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 2015 and of the results of the Carlsberg Group's and the Parent Company's operations and cash flows for the financial year 2015 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management review

Pursuant to the Danish Financial Statements Act, we have read the Management review. We have not performed any further 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 provided in the Management review is consistent with the consolidated financial statements and the Parent Company financial statements.

Copenhagen, 10 February 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR No. 25 57 81 98

Mike Maloney
Certified Public Accountant

Henrik O. Larsen
State Authorised Public Accountant

Meet the Supervisory Board

Flemming Besenbacher
Chairman

Born 1952. Professor, D.Sc., h.c. mult., FRSC. Elected 2005 and 2015. Election period expires 2016. Chairman of the Supervisory Board since 2012 and Chairman of the Nomination Committee. Member of the Board of Directors of the Carlsberg Foundation (Chairman as of 1 January 2012) and of the Supervisory Boards of property companies affiliated to the Carlsberg Foundation.

Chairman of the Board of Trustees of the Carlsberg Research Laboratory and Chairman of the Board of the Tuborg Foundation. Chairman of the board of Global Citizen and Deputy Chairman of the Danish Innovation Fund. Member of the boards of LevOss, Unisense and the Danish Management Development Organisation CfL. Flemming Besenbacher was the founding director of the Interdisciplinary Nanoscience Center (iNANO), Aarhus University, from 2002 to 2012. He has extensive experience of managing large knowledge-based organisations and strong competences relating to innovation, research, CSR and sustainable development.

Flemming Besenbacher is Professor Honoris Causa at 10 international universities and has received many international awards, including the Friendship Award and the Highest International Scientific and Technological Cooperation Award of the People's Republic of China. Most recently appointed as Foreign Academician of the Chinese Academy of Sciences, which advises the Chinese government on major scientific decisions.

Lars Rebien Sørensen[1]
Deputy Chairman

Born 1954. Elected 2015. Election period expires 2016. Member of the Audit, Remuneration and Nomination Committees.

CEO of Novo Nordisk A/S. Lars Rebien Sørensen joined Novo Nordisk in 1982 and has broad international experience from working in China, Greece, France, the Middle East and the USA. He was appointed a member of Novo Nordisk's corporate management in 1994, and appointed President and CEO in 2000. He has an M.Sc. in Forestry from the Royal Veterinary and Agricultural University (now the Faculty of Science of the University of Copenhagen), Denmark, from 1981 and a B.Sc. in International Economics from Copenhagen Business School from 1983. In 2007, he became an adjunct professor at the Faculty of Life Sciences of the University of Copenhagen.

Lars Rebien Sørensen has strong operational competences and extensive knowledge within innovation, marketing and HR as well as substantial management experience, including the management of a foundation-controlled company.

Richard Burrows[1]

Born 1946. Elected 2009 and 2015. Election period expires 2016. Chairman of the Remuneration Committee and member of the Audit Committee.

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 and a non-executive director of the board of Rentokil Initial plc. He has extensive experience of the branded consumer goods sector and wide international business experience gained through his career with Irish Distillers Group plc and Pernod Ricard. He also has extensive experience of shareholder and investor relations, and a broad understanding of the assessment and mitigation of business risks.

Richard Burrows has worked extensively with developing markets and product innovation, and has substantial experience of financial management and reporting processes.

Donna Cordner[1]

Born 1956. Elected 2012 and 2015. Election period expires 2016. Chairwoman of the Audit Committee.

Donna Cordner is managing partner of OKM Capital, a venture fund investing in disruptive medical technology, Director of Lia Diagnostics and Chair of HelpAge USA, the US affiliate of HelpAge International, an international NGO working to address issues that affect older people worldwide. She was a non-executive director of Millicom International Cellular SA 2004-2013, where she was a member of the Audit Committee and CSR Committee. She was formerly Managing Director and Global Head of Telecommunications and Media Structured Finance at Citigroup. She has also held senior positions at Société Générale and ABN Amro Bank N.V. in the USA and Europe. She has been CEO of HOFKAM Limited, the largest rural microfinance company in Uganda, and held the positions of Executive Vice President of Corporate Finance and Treasury, Market Area Director and CEO for Russia at Tele2 AB.

Donna Cordner has extensive international management experience, including experience of growth markets. She has substantial experience of financial management and financial reporting processes, stakeholder and investor relations management, and the assessment and mitigation of business risks. She has also worked extensively with performance management, and with CSR and sustainable development.

[1] Independent board member.

Supervisory Board

Elisabeth Fleuriot[1]

Born 1956. Elected 2012 and 2015. Election period expires 2016. Member of the Remuneration Committee.

Since August 2013, Elisabeth Fleuriot has been CEO of Thai Union Europe, part of Thai Union Group, the global seafood leader. Before that, she was Senior Vice President, Emerging Markets and Vice President at Kellogg Company. She has been a member of the Supervisory Board of Stora Enso Oyj since 2013.

Elisabeth Fleuriot has substantial international branded consumer goods and management experience through her career in management positions at Kellogg Company (since 2001) and, before that, at Yoplait (Sodiaal Group) and the Danone Group.

Elisabeth Fleuriot has extensive experience of sales and marketing management, product innovation and strategic planning, and wide international experience of developed and emerging markets. She has worked on business development, acquisitions and partnerships, and has an in-depth understanding of the assessment and mitigation of business risks.

Kees van der Graaf[1]

Born 1950. Elected 2009 and 2015. Election period expires 2016. Member of the Nomination and Remuneration Committees.

Until May 2008, Kees van der Graaf held the position of President Europe on the Board of Unilever. He is Chairman of the Supervisory Board of Grandvision NV and a member of the Supervisory Board of ENPRO Industries. Until recently, he was also a member of the supervisory boards of OCI NV, Ben & Jerry's, MyLaps BV, the University of Twente and the ANWB (the Royal Dutch Touring Club). From 2008 to 2011, he was an executive-in-residence of IMD business school based in Lausanne. He is the founder and President of the FSHD Foundation (since 1997), and founder, owner and Chairman of the Board of FSHD Unlimited Cooperation since 2014.

Kees van der Graaf has acquired extensive international management experience through his many years in management positions at Unilever. He has substantial experience of growth markets and of manufacturing, logistics and sales & marketing management. He has also worked extensively with performance management and sustainable development.

Carl Bache

Born 1953. Professor, Ph.D., Dr.Phil. Member of the Supervisory Board of Carlsberg A/S since 2014.

Member of the Board of Directors of the Carlsberg Foundation. Carl Bache is affiliated with the University of Southern Denmark, where he has specialised in English linguistics and communication, and where he is currently Head of the Doctoral School of the Humanities. In 1990, he founded the Institute of Language and Communication, one of the biggest institutes of its kind in Northern Europe. He has many years of senior leadership experience from positions as research coordinator, committee chairman, departmental head, university senator and dean. For a number of years, he has been a member of Danish research councils and committees, i.a. as a member of the Board of the Danish Independent Research Council and chairman of the Research Policies Committee of the Royal Danish Academy of Sciences and Letters. He is a member of the board of a publishing firm and of the Board of Trustees of the art museum Ny Carlsberg Glyptotek in Copenhagen.

In addition to his substantial management experience and his aptitude for analytical and strategic thinking, Carl Bache has a highly developed intercultural understanding from his international education and international work experience.

Søren-Peter Fuchs Olesen

Born 1955. Professor, D.M.Sc. Elected 2012 and 2015. Election period expires 2016.

Member of the Board of Directors of the Carlsberg Foundation and of the Board of Trustees of the Carlsberg Research Laboratory. Director of the Danish National Research Foundation. Søren-Peter Olesen has been involved in starting up and developing several pharma and device companies as cofounder, CEO, scientific director and board member. Chairman of the evaluation committees for visiting scientists at Danmarks Nationalbank and the Nordea Foundation.

Søren-Peter Olesen has substantial experience of managing knowledge-based organisations, turning basic science into new products, innovation and planning, and extensive experience of funding, investor relations and CSR.

[1] Independent board member.

Supervisory Board

Nina Smith

Born 1955. Professor, M.Sc. (Econ). Elected 2013 and 2015. Election period expires 2016.

Member of the Board of Directors of the Carlsberg Foundation and the Supervisory Board of Nykredit Realkredit A/S and Nykredit Holding. Deputy Chairman of the Supervisory Board of Foreningen Nykredit. Chairman of the Risk Committee and member of the Audit Committee and Nomination Committee of Nykredit Realkredit A/S. Chairman of KORA, the Danish Institute for Local and Regional Government Research. Previously a member of the supervisory board of a number of private companies, including PFA Pension and Nykredit Bank, as well as Chairman of NIRAS and a number of Danish research institutes and organisations. Member of the Danish Economic Council (Chairman 1995-1998).

In addition to her expertise as a professional board member in private and public sector companies, Nina Smith has substantial expertise in the analysis of economic and organisational issues, and extensive experience from managing large knowledge-based organisations.

Lars Stemmerik

Born 1956. Professor, D.Sc. Elected 2010 and 2015. Election period expires 2016.

Member of the Board of Directors of the Carlsberg Foundation and of the Board of Trustees of the Carlsberg Research Laboratory. Lars Stemmerik was head of the University of Copenhagen's Department of Geography and Geology 2007-2012. He is currently a member of the Academic Council in the Danish Academy of Technical Sciences.

With this background, Lars Stemmerik has substantial experience of managing knowledge-based organisations and particular expertise in the analysis of complex issues and the presentation of plans and results.

Hans Andersen[2]

Born 1955. Brewery Worker, Carlsberg Supply Company Danmark A/S. Elected 1998 and 2014. Election period expires 2018. Employee representative on the Board of Carlsberg Supply Company Danmark A/S.

Eva Vilstrup Decker[2]

Born 1964. Director Customer Service & Sourcing, Carlsberg Breweries A/S. Elected 2014. Election period expires 2018. Employee representative on the Board of Carlsberg Breweries A/S.

[2] Employee representative.

Supervisory Board

Finn Lok[2]

Born 1958. Senior Scientist, Ph.D. and Brewmaster, Carlsberg A/S. Elected 2014. Election period expires 2018.

Erik Lund[2]

Born 1964. Head Brewer, Brewing Science and Technology Research, Carlsberg A/S. Elected 2015. Election period expires 2018.

Peter Petersen[2]

Born 1969. President of the Staff Association Carlsberg and Scrap Manager Carlsberg Supply Company Danmark A/S. Elected 2010 and 2014. Election period expires 2018. Employee representative on the Board of Carlsberg Supply Company Danmark A/S.

[2] Employee representative.

Carlsberg A/S
100 Ny Carlsberg Vej
1799 Copenhagen V
Denmark

Phone +45 3327 3300
www.carlsberggroup.com

CVR No. 61056416