



Carlsberg Breweries A/S

CVR-no. 25 50 83 43

Annual Report for 2004

(5th accounting year)

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This report is provided in Danish and in English.

In case of any discrepancy between the two versions, the Danish wording shall apply.

Company information

Company: Carlsberg Breweries A/S
Ny Carlsberg Vej 100
1760 Copenhagen V
Denmark

Municipality of reg. office: Copenhagen

Board of Directors: Jens Bigum (Chairman), Managing Director
Povl Krogsgaard-Larsen (Deputy Chairman), Professor, D.Sc., Ph.D., Dr.h.c
Hans Andersen, brewery worker (Employee Board member)
Søren Bjerre-Nielsen, Executive Vice President
Eva Vilstrup Decker (Employee Board member), Customer Service Manager
Henning Dyremose, President and CEO
Jens Magnus Eiken (Employee Board member), Brewmaster
Erik Dedenroth Olsen (Employee Board member), IT Consultant

Executive Board: Nils S. Andersen, President and CEO
Paul Bergqvist, Executive Vice President
Jørn P. Jensen, Executive Vice President and CFO

Auditor: PricewaterhouseCoopers
Strandvejen 44
2900 Hellerup
Denmark

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Breweries Group and the Parent Company for 2004.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Annual Report has been prepared in accordance with appropriate accounting policies and give a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position at 31 December 2004, profit for the year and consolidated cash flow for the accounting year 2004.

We recommend that the Annual General Meeting approve the Annual Report.

Copenhagen, 30 March 2005

Nils S. Andersen

Paul Bergqvist

Jørn P. Jensen

The Board of Directors of Carlsberg Breweries A/S

Jens Bigum

Povl Krogsgaard-Larsen

Hans Andersen

Søren Bjerre-Nielsen

Henning Dyremose

Erik D. Olsen

Eva Vilstrup Decker

Jens M. Eiken

AUDITORS' REPORT

We have audited the Annual Report of the Carlsberg Breweries Group and the Parent Company for the financial year 2004, which has been prepared in accordance with the Danish Financial Statements Act.

The Annual Report is the responsibility of Company Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion

We conducted our audit in accordance with Danish and International Auditing Standards (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies applied and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2004 of the Group and the Parent Company and of the results of the Group and the Parent Company operations and consolidated cash flows for the financial year 2004 in accordance with the Danish Financial Statements Act.

Copenhagen, 30 March 2005

PricewaterhouseCoopers

Statsautoriseret Revisionsinteressentskab

Fin T. Nielsen
State Authorised
Public Accountant

Gert R. L. Andersen
State Authorised
Public Accountant

Management review

Key figures and financial ratios of the Carlsberg Breweries Group

Volume (gross, million hl)	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Beer	92.0	81.4	78.6	67.0
Soft drinks	19.4	21.2	20.9	21.2
Income statement – DKK million				
Net revenue	35,987	34,626	35,544	34,419
EBITDA	5,713	6,083	6,190	5,470
Operating profit (EBITA)	3,001	3,429	3,585	2,971
Goodwill amortisation	-518	- 390	- 386	- 314
Special items, net	-301	- 401	- 24	32
Financials, net *)	-742	- 637	- 1,084	- 288
Profit before tax	1,440	2,001	2,091	2,401
Consolidated profit	903	1,508	1,394	1,779
Carlsberg Breweries A/S' share	660	1,242	1,052	1,369
Balance sheet – DKK million				
Assets, total	44,490	42,518	42,491	44,777
Invested capital	31,320	27,978	30,027	31,263
Net interest-bearing debt	15,884	11,289	13,070	13,128
Capital and reserves	9,569	12,511	11,878	12,868
Cash flow – DKK million				
Cash flow from operating activities	4,103	4,354	4,824	2,299
Cash flow from investing activities	-3,543	-2,140	- 3,777	- 4,880
Free cash flow	560	2,214	1,047	-2,581
Financial ratios				
Operating profit/Net sales	8.3%	9.9%	10.1%	8.6%
Return on invested capital (ROIC)	9.6%	12.3%	11.9%	9.5%
Equity interest (solvency ratio)	21.5%	29.4%	28.0%	28.7%
Debt/equity (financial gearing)	166%	90%	110%	102%
Interest cover	4.04	5.38	3.31	10.32
Employees				
Number of employees	31,538	31,375	28,316	27,218

*) Financials for 2001 includes gains from the sale of Thai shares of DKK 518m.

The figures for the Company's first accounting year 1 July to 31 December 2000 have not been included as the accounting year only covered six months, and the Company's current level of activities was not established until the contribution of Orkla ASA's beverage activities on 1 January 2001.

Activities of the Group

The Group's main activity is production and sale of beer and other beverages. In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place.

Significant events for the Carlsberg Breweries Group

Holsten Brauerei AG was acquired with effect from 1 April 2004. The breweries König-Brauerei in Duisburg and Licher Privatbrauerei in Lich were subsequently sold to the Bitburger group, and the mineral water activities were also sold to a third party.

In addition, the stakes in Pivara Celarevo A.D. in Serbia and Carlsberg Okocim in Poland were increased, the latter then being delisted from the Warsaw Stock Exchange and changing name to Carlsberg Polska.

The brewery in Bromma outside Stockholm was closed, and production was transferred to the brewery in Falkenberg and, to a lesser extent, Copenhagen.

In North America Carlsberg Breweries terminated its agreement with Labatt on imports, distribution and marketing, setting up its own companies instead in both Canada and the USA.

Income statement

Net revenue

The year saw net revenue of DKK 35,987m, corresponding to a 4% increase on 2003. DKK 2,218m (6%) of this revenue derives from acquisitions, in particular Holsten-Brauerei AG. Organic growth was a negative DKK 857m (-2%).

The increase in beer volumes resulted in a rise in revenue of DKK 827m. Price developments led to a decline in revenue of DKK 255m. Other product categories caused a decrease of DKK 538m in net revenue – a large part attributable to the discontinued water activities in Switzerland. As a consequence of exchange rate developments, net revenue decreased by DKK 430m. The remaining decrease is partly attributable to changes in the consolidation of Vena, which was consolidated through Baltic Beverages Holding with effect from 2004.

Cost of sales

Cost of sales totalled DKK 17,715m, corresponding to a 4% increase compared to 2003. Cost of sales was reduced by 3.5%, exclusive of the part stemming from acquisitions during the year. Apart from the decline in net revenue (exclusive of acquisitions), cost of sales was favourably affected by the Operational Excellence projects launched in 2003 with the aim of optimising structures and processes within large parts of production. The annual savings at completion of the Production Excellence programme at the end of 2006 are expected to total DKK 500m. It is estimated that the accumulated annual savings at the end of 2004 are around DKK 200m, which is in line with expectations.

Gross profit

Gross profit totalled DKK 18,272m (+4% compared to last year) and it was thus possible - despite increased competition and continued price pressure - to achieve a gross margin of 50.8%, which is at level with last year.

Sales and distribution expenses

Sales and distribution expenses increased by 5.5% compared to 2003 and totalled DKK 12,840m. This amount includes marketing expenses of DKK 3,672m - an increase of DKK 189m on the year before due to investments in marketing activities during the EURO 2004 campaign and advertising campaigns in Russia.

Distribution expenses rose by 6%, which is 3%-point less than the increase in volume.

Sales expenses were up by 5% at DKK 3,803m, reflecting a general increase in activities. The increase in costs is broadly founded in the Group companies.

Administrative expenses

Administrative expenses totalled DKK 2,838m against DKK 2,672m in 2003. When excluding acquisitions, the expenses were at level with last year. The launch of Administration Excellence, which is part of the Operational Excellence Programme, is the main reason that it was possible to maintain the level of expenses.

Other operating income, net

Other operating income, gross, amounted to DKK 468m, and other operating expenses totalled DKK 325m, net DKK 143m.

Net profit from the sale of other property, plant and equipment totalled DKK 51m (2003: DKK 52m).

Distribution from the Danish Brewers' Association amounted to DKK 41m against DKK 67m in 2003, which also included distribution from the Swedish Brewers' Association.

The 2003 figures include DKK 60m relating to a profit guarantee in the first half of 2003 regarding activities in Thailand.

In 2004, other operating expenses, net, totalled DKK 53m (2003: DKK 22m), including pension contributions received and paid as well as other income and expenses.

Profit from associated undertakings

The profit from associated undertakings before tax amounted to DKK 264m. The majority stems from Hite Brewery (DKK 180m against DKK 210m in 2003).

Other associated undertakings include e.g. Lao Brewery Co. Ltd., Nuuk Imeq A/S, Israel Beer Breweries Ltd., and International Breweries (Netherlands) B.V., the latter with activities in Romania.

Operating profit

Operating profit totalled DKK 3,001m, which was DKK 428m (12%) down on 2003.

The profit margin was 8.3%, which is 1.6%-point lower than last year. The effect of the acquisitions made during the year represents -1.0%-point while gains from the sale of two depot properties in the UK in 2003 account for a reduction of 0.5%-point.

Special items

Special items totalled DKK -301m against DKK -401m in 2003. The income side included gains from the divestment of brewery properties of DKK 223m as well as gains of DKK 194m stemming from the divestment of the remaining shares in Vena to BBH. Expenses included an accounting loss incurred in connection with the outsourcing of Carlsberg UK's service agreements on draught beer equipment (DKK 305m), severance costs in connection with the Operational Excellence programmes (DKK 58m) as well as restructuring in Italy, Sweden, Poland and other companies (DKK 289m).

Financials

Financials (net) amounted to DKK -742m against DKK -637m in 2003. The development is primarily attributable to an increase in interest expenses in relation to the acquisition of Holsten-Brauerei.

Corporation tax

Tax for the year amounted to DKK 537m in 2004. The effective tax rate was thus 37.3%, which is an increase compared to 2003, partly due to non-capitalised accounting losses.

Goodwill amortisation and write-downs

Goodwill amortisation and write-downs etc. totalled DKK 518m against DKK 390m in 2003. The increase reflects goodwill in connection with the acquisition of Holsten-Brauerei AG.

In connection with the closing of the accounts for 2004, an impairment test was carried out of all goodwill amounts and trademarks with indefinite useful life. The tests did not result in any write-downs.

Consolidated profit

Consolidated profit totalled DKK 903m. Minority interests account for DKK 243m against 266m in 2003.

Balance sheet

Carlsberg Breweries' total assets amounted to DKK 44,490m at the end of 2004 – an increase of DKK 1,972m on 2003.

Assets

The increase in assets was primarily caused by the acquisition of Holsten-Brauerei AG.

Intangible assets totalled DKK 7,975m against DKK 5,843m at the end of 2003; this includes the above-mentioned transaction with approx. DKK 1.9bn in goodwill and trademarks.

Property, plant and equipment totalled DKK 19,161m and increased by DKK 1,029m compared to last year, also primarily due to the acquisition of Holsten-Brauerei. The outsourcing of draught beer equipment in the UK pulled in the other direction and reduced the balance sheet total by approx. DKK 700m.

Receivables from associates saw a rise, mainly as a result of the increase in receivables from BBH in connection with the sale of the Vena shares.

Capital and reserves and liabilities

Capital and reserves totalled DKK 9,569m, which is a decrease of DKK 2,942m compared to year-end 2003. The development is particularly affected by dividend distribution of DKK 3,300m. To this should be added profit of the year (DKK 660m), value adjustment of hedging transactions (DKK -185m) as well as currency translation adjustments, etc. (DKK -116m).

The equity interest amounted to 21.5% at the end of 2004 against 29.4% the previous year.

At year-end 2004, provisions totalled DKK 4,678m, which is an increase of DKK 1,377m. The increase is mainly ascribable to the acquisitions made during the year.

The rise in retirement benefit obligations and similar obligations is thus attributable to retirement benefit obligations in Holsten-Brauerei AG, DKK 567m,

Non-current liabilities amounted to DKK 14,687m and rose by DKK 3,592m. Current liabilities totalled DKK 13,988m, which is unchanged compared to 2003.

At year-end 2004, net interest-bearing debt totalled DKK 15,884m against DKK 11,289m at year-end 2003.

Rating

In order to ensure optimum and flexible access to the financial markets and to strengthen the basis for existing bond loans, Carlsberg Breweries has initiated a process with a view to achieving a public credit rating corresponding to "Investment Grade".

Cash flow

Cash flow from operating activities amounted to DKK 4,103m, which is DKK 251m down on the year before. This development is mainly attributable to a significant reduction of capital tied up in receivables but a trend of reduction in trade payables, etc. materialised, partly due to reduced excise duties in Denmark and Finland.

In total, free cash flow amounted to DKK 560m against DKK 2.2bn in 2003. 2004 is mainly affected by the acquisition of Holsten-Brauerei AG.

Investments

The acquisition of shareholdings in other companies totalled DKK 4,556m in 2004, cf. note 29 in the accounts. The acquisition of Holsten-Brauerei AG was the largest acquisition (DKK 4,261m), but the subsequent divestment of a number of undertakings and activities in the Holsten Group to a third party

(DKK 3,030m) should be deducted from this figure. When including the takeover of debt, the investment in Holsten-Brauerei AG amounted to just over DKK 3bn.

Investments in property, plant and equipment, excluding the acquisition of shareholdings, totalled DKK 3,164m against DKK 2,941m in 2003, which is an increase of DKK 223m. The development is due to Holsten-Brauerei but, to a certain extent, it is countered by reduced investments in property, plant and equipment in BBH as the market is maturing and the need for further capacity decreases.

Financial risks

As a result of Carlsberg Breweries' activities, the Group's results and capital and reserves are exposed to a variety of financial risks, primarily relating to changes in foreign currency exchange rates and interest rates.

The financial risks of the Group are managed centrally in Corporate Treasury according to principles approved by the Board of Directors, primarily through currency and interest swaps as well as forward contracts.

Foreign exchange risk

Carlsberg Breweries operates internationally and is exposed to foreign exchange risks from currency translations, as the predominant part of revenue originates from foreign companies, being translated into DKK. The Group is mainly exposed to foreign exchange risks in the following currencies: EUR, GBP, RUB and CHF.

In a number of countries, the currency strongly correlates with developments in the USD. A rise of one percent in the USD exchange rate is estimated to have a positive effect of approximately DKK 20m on operating profit.

Carlsberg Breweries holds a number of investments in foreign subsidiaries, whose capital and reserves are exposed to foreign exchange risks. The Group hedges the foreign exchange exposure arising from the translation of net investments by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. Carlsberg actively manages the debt and seeks to minimise translation risks.

Interest rate risk

The most significant interest rate exposure relates to net interest-bearing debt, as the Group did not hold any significant long-term, interest-bearing assets at 31 December 2004.

At the end of 2004, 72% of the loan portfolio was at fixed rates with an average duration on the interest-bearing debt (net) of 3.4 years. A change in the market rate of one percentage point is estimated to affect total annual interest expenses within the next year with about DKK 22m.

Credit risk

Credit risk is the risk that a counterpart fails to honour its obligations and thereby may cause a loss to the Carlsberg Breweries Group. The Group policies stipulate that financial transactions can only be entered into with institutions with a high credit rating.

The Carlsberg Breweries Group advances loans to the on-trade in certain countries. The individual Group companies monitor and control these loans as well as ordinary trade credit in accordance with central guidelines. It is estimated that the provisions made are sufficient to cover any loss.

Liquidity risk

Liquidity risk is the risk that Carlsberg Breweries fails to honour its obligations due to liquidity shortfall. At 31 December 2004, Carlsberg Breweries had unutilised long-term committed credit facilities of DKK 7.2bn.

Environment

The efforts of the Carlsberg Breweries Group in the environmental sphere are based on an environmental policy, which expresses the management's position and lays down the aims and activities for the on-going efforts to minimize the Company's impact on the environment.

Carlsberg Breweries' goal for 2004 was to have an environmental management system (ISO 14001) implemented in all Group production sites by the end of 2004. Apart from the most recent acquisitions, the goal was reached as 37 of 44 majority-owned undertakings have introduced the system. The newly acquired companies are aiming at certification within the next few years.

The Group's companies continuously register all relevant environmental data and report it to a central unit at Group headquarters, where developments are monitored.

Every two to three years, environmental process audits are carried out in all companies. The audits are performed by experienced internal specialists, who check whether the environmental policy and the programmes scheduled are observed.

Apart from the usual process and maintenance investments, Carlsberg Breweries does not anticipate any environmental costs that will significantly impact results for the year.

Expectations for 2005

Growth in revenue and earnings is expected for 2005 (restated in accordance with international accounting standards, IFRS).

Forward-looking statement

The sections in this Annual Report containing statements about expectations for the future reflect the management's expectations to future events and financial results as well as to fluctuations in the most significant markets and to developments in the international money, currency, stock, and interest markets. Statements about future prospects naturally always involve uncertainties and actual results may thus differ materially from those projected.

Carlsberg Breweries A/S – The Parent Company

The Parent Company's main activities are investments in national and international breweries as well as licence and export business.

Adoption of IFRS

As of 1 January 2005, the accounting policies will be changed to comply with the requirements under International Financial Reporting Standards (IFRS). The adoption of IFRS will result in the following changes for the Carlsberg Breweries Group:

- a. Goodwill, trademarks and other intangible assets with indefinite useful life will no longer be amortised. Instead, these assets will be subject to an annual impairment test, in order to ensure that, as a minimum, the value of the assets corresponds to the carrying amount.

Trademarks and other intangibles with a finite useful life will still be amortised on a systematic basis.

- b. Provisions for retirement benefit obligations and similar obligations will be determined in accordance with IAS 19. All actuarial gains and losses will be recognised in the balance sheet as of 1 January 2004 in accordance with IFRS 1.
- c. The Carlsberg Breweries Group advances loans to the on-trade in certain countries. In connection with the transition to IFRS, it has been decided that interest of such loans should be included in operating profit, since the lending activities are closely connected with trade conducted with such customers.
- d. Tax on profit from associated undertakings will be deducted from the results included in operating profit. Under the policy applied so far tax was included in tax for the Group.
- e. The Carlsberg Breweries Group operates in certain countries with hyperinflation. The accounts of these entities will be translated in accordance with IAS 29.
- f. To the extent that specific dividend plans exist for subsidiaries, associated undertakings and joint ventures, deferred tax on profit is included for countries imposing withholding tax upon distribution.
- g. Restructuring costs in connection with acquisitions will no longer be recognised in the opening balance sheet but will be taken directly to the income statement.
- h. In accordance with IFRS 2, the Carlsberg Breweries Group's costs in connection with the share option programmes will be charged to the income statement as the options are granted. The value

of the share options is calculated in accordance with Black & Schole's valuation model for call options on the basis of the exercise price.

- i. The IFRS principles for accounting treatment of financial instruments set out in IAS 39 and 32 will be fully implemented with effect from 1 January 2005.

In addition, certain reclassifications have been made in the income statement and the balance sheet.

The effect of adopting IFRS is set out in the following tables with a description of the most significant changes. The restated IFRS figures have been prepared in compliance with the requirements under IFRS, including the transition principles set out in IFRS 1 "First-time adoption of IFRS". The statements have been prepared in accordance with the accounting standards in force as of 1 January 2005. The 2005 Annual Report will be presented in accordance with the accounting standards in force on 31 December 2005. As a result changes may occur.

For 2004 the changes will have the following effects:

- Operating profit decreases by DKK 29m.
- Consolidated profit increases by DKK 227m.
- The balance sheet total at 31 December 2004 increases by DKK 365m.
- Equity decreases by DKK 87m.

Effect of IFRS adoption (Unaudited)

Income statement	Carlsberg Breweries Group		
	2004		
	Current policy	IFRS effect	IFRS
DKK million			
NET REVENUE	35.987	0	35.987
Cost of sales	-17.715	-53	-17.768
GROSS PROFIT	18.272	-53	18.219
Sales and distribution expenses	-12.840	7	-12.833
Administrative expenses	-2.838	53	-2.785
Other operating income, net	143	19	162
Profit after tax, associates (Current policy: before tax)	264	-55	209
OPERATING PROFIT	3.001	-29	2.972
Goodwill amortisation and write-downs	-518	518	-
Special items, net	-301	-297	-598
PROFIT BEFORE FINANCIALS	2.182	192	2.374
Financial income	363	94	457
Financial expenses	-1.105	-169	-1.274
PROFIT BEFORE TAX	1.440	117	1.557
Corporation tax	-537	110	-427
CONSOLIDATED PROFIT	903	227	1.130
Attributable to:			
Carlsberg Breweries A/S shareholders	660	230	890
Minority interests	243	-3	240
	903	227	1.130

	2004
	DKK million
Operating profit, current policy	3.001
c) Interest on on-trade loans	106
b) Pension costs, including interest	-
d) Tax on profit from investments in associates	-56
a) Trademark amortisation	-13
h) Costs relating to share option programmes	-17
e) Effect of translation of companies in countries with hyperinflation	-52
Other adjustments	3
Total effect on operating profit	-29
Operating profit IFRS	2.972
Consolidated profit, current policy	903
Effect on operating profit, cf. above	-29
Interest on on-trade loans	-90
Goodwill / trademark amortisation and write-downs	518
Tax on profit from investments in associates	56
g) Restructuring provisions relating to acquisitions in 2004	-294
Effect of translation of companies in countries with hyperinflation	12
Other adjustments	-
Tax effect of adjustments	54
Total effect on consolidated profit	227
Consolidated profit IFRS	1.130

Effect of IFRS adoption (Unaudited)

Carlsberg Breweries Group

Balance sheet

DKK million	1 January 2004			31 December 2004		
	Current policy	IFRS effect	IFRS	Current policy	IFRS effect	IFRS
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
1 Goodwill	5.322	-456	4.866	7.327	-524	6.803
2 Trademarks	-	381	381		776	776
Other intangible assets	521	17	538	648	13	661
3 Property, plant and equipment	18.132	61	18.193	19.161	130	19.291
Retirement benefit plans, net assets	-	14	14	-	21	21
Deferred tax assets	654	29	683	843	6	849
4 Other investments	3.943	-250	3.693	3.721	-250	3.471
TOTAL NON-CURRENT ASSETS	28.572	-204	28.368	31.700	172	31.872
Inventories	2.675	5	2.680	2.878	5	2.883
Trade receivables	6.547	12	6.559	6.749	89	6.838
5 Other current receivables, etc.	2.095	155	2.250	1.418	36	1.454
Securities and cash and cash equivalents	2.629	-	2.629	1.745	-	1.745
TOTAL CURRENT ASSETS	13.946	172	14.118	12.790	130	12.920
Assets held for sale	-	109	109	-	63	63
TOTAL ASSETS	42.518	77	42.595	44.490	365	44.855
Total capital and reserves, shareholders of Parent Company	12.511	-476	12.035	9.569	-99	9.470
Minority interests	1.625	-	1.625	1.568	12	1.580
TOTAL EQUITY		-476	13.660		-87	11.050
6 Retirement benefit obligations, etc.	549	834	1.383	1.126	769	1.895
Deferred tax	1.168	-108	1.060	1.652	-103	1.549
7 Deposit liability	1.234	-1.234		1.260	-1.260	
7 Other provisions	350	-231	119	640	-481	159
Borrowings	10.883	-	10.883	14.447	-	14.447
8 Other non-current liabilities	212	-197	15	240	-222	18
TOTAL NON-CURRENT LIABILITIES	14.396	-936	13.460	19.365	-1.297	18.068
Borrowings	4.870	14	4.884	4.769	2	4.771
Trade payables, etc.	4.170	-	4.170	4.090	-	4.090
7 Deposit liability		1.234	1.234		1.260	1.260
7 Other provisions		231	231		481	481
Other current liabilities and deferred income	4.946	10	4.956	5.129	6	5.135
TOTAL CURRENT LIABILITIES	13.986	1.489	15.475	13.988	1.749	15.737
TOTAL EQUITY AND LIABILITIES	42.518	77	42.595	44.490	365	44.855
			01.01.2004			31.12.2004
Equity, current policy			12.511			9.569
a) Goodwill			-108			219
a) Negative goodwill			16			12
a) Trademarks			11			15
b) Retirement benefit obligations, net			-760			-750
e) Effect of translation of companies in countries with hyperinflation			178			214
Other adjustments			-8			38
Tax effect of adjustments			195			165
Minority interests' share of IFRS effect			-			-12
Effect on capital and reserves, shareholders of Parent Company			-476			-99
Total capital and reserves, shareholders of Parent Company			12.035			9.470
Reclassification of minority interests			1.625			1.568
Minority interests' share of IFRS effect			-			12
Total equity, IFRS			13.660			11.050

<u>Notes:</u>	<u>Carlsberg Breweries Group</u>	
DKK million	<u>01.01.2004</u>	<u>31.12.2004</u>
1 Goodwill		
Trademarks, recognised separately	-368	-761
Reversal of amortisation for 2004	-	505
Reversal of restructuring provisions relating to acquisitions in 2004	-	-193
Other adjustments	-88	-75
	<u>-456</u>	<u>-524</u>
2 Trademarks		
Separation from goodwill	368	761
Reversal of amortisation on trademarks with indefinite useful life	13	15
	<u>381</u>	<u>776</u>
3 Property, plant and equipment		
Assets held for sale, recognised separately	-109	-63
Effect of translation of companies in countries with hyperinflation	166	210
Other adjustments	4	-17
	<u>61</u>	<u>130</u>
4 Other investments		
Partial reclassification of on-trade loans	-284	-313
Other adjustments	34	63
	<u>-250</u>	<u>-250</u>
5 Other current receivables, etc.		
Reclassification of accrued amortisation charge relating to on-trade loans	91	22
Other adjustments	64	14
	<u>155</u>	<u>36</u>
6 Retirement benefit obligations, etc.		
Recognition of actuarial loss	670	646
Adjustment of discount rates, etc.	164	123
	<u>834</u>	<u>769</u>
7 Provisions		
Deposit liability, transferred from non-current to current assets	-1.234	-1.260
Other provisions, transferred from non-current to current liabilities	-231	-481
8 Other non-current liabilities		
Partial reclassification of on-trade loans	-197	-222

Accounting policies

The annual report of the Carlsberg Breweries Group for 2004 has been prepared in accordance with the Danish Financial Statements Act of 7 June 2001. The Carlsberg Breweries Group complies with the provisions laid down for large companies in reporting class C. The accounting policies remain unchanged from last year.

Consolidation policies

The consolidated financial statements of the Carlsberg Breweries Group (the "Group") comprise the financial statements of Carlsberg Breweries A/S and other subsidiaries, i.e. undertakings in which the Parent Company, directly or indirectly, holds the majority of the voting rights or – in some other way – has a controlling interest.

Associated undertakings, which by agreement are managed jointly with one or more other undertakings (joint ventures), are consolidated proportionally with the proportionate share of the individual items. Undertakings in which the Group holds between 20% and 50% of the voting rights and holds significant influence are considered associated undertakings and are included at a proportionate share of profit and capital and reserves (the equity method).

The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company, its subsidiaries and proportionally consolidated associated undertakings. Intercompany sales, licences, interest, dividends, profit and balances are eliminated and investments in subsidiaries and proportionally consolidated associated undertakings are offset against a proportionate share of the undertaking's capital and reserves stated in accordance with the accounting policies of the Group.

Investments in subsidiaries and associated undertakings are treated according to the purchase accounting method and any balance between cost and capital and reserves at the time of acquisition, stated in accordance with the accounting policies of the Group, is allocated to the assets and liabilities of the individual undertakings based on their fair values. Provision is made for liabilities relating to restructuring of acquired undertakings, which has been decided and announced to the relevant parties at the time of acquisition.

Any remaining balance (goodwill) is recognised under intangible assets and amortised under the straight-line method over the estimated useful life, however not exceeding 20 years.

Any negative balance (negative goodwill) equivalent to expected future losses or costs is included in the balance sheet and recorded as income as the losses or costs are realised. Any negative goodwill

apart from this is systematically recorded as income over the economic lives of intangible assets and property, plant and equipment.

Minority shareholders' share of the profit and capital and reserves of the subsidiaries is stated separately. Minority interests are included on the basis of their proportionate share of assets and liabilities acquired, revalued to fair value at the time of acquisition of the subsidiaries.

When disposing of subsidiaries, proportionally consolidated undertakings and other associated undertakings, the undertaking's results are included in the consolidated income statement until the date of disposal. Any realised gains or losses constituting the difference in value compared to net carrying amount at the date of disposal are recorded in the income statement.

Foreign currency translation

The exchange rates at the day of transaction are applied to transactions in foreign currency.

Amounts receivable and payable in foreign currencies are translated into Danish kroner at the exchange rates ruling at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement.

The financial statements of independent foreign subsidiaries and associated undertakings are translated into Danish kroner at the average exchange rates during the financial year for the income statements, and at the exchange rates ruling at the balance sheet date for assets and liabilities. Differences in exchange rates when translating foreign undertakings' capital and reserves at the exchange rate at the balance sheet date are taken directly to capital and reserves. Net currency exchange rate gains and losses on transactions, etc. to hedge investments in subsidiaries and associated undertakings are taken directly to capital and reserves.

Goodwill relating to foreign subsidiaries and proportionally consolidated undertakings is treated as an asset belonging to the foreign undertakings and translated into Danish kroner at the exchange rates ruling at the balance sheet date. Goodwill amortisation is translated at average rates for the financial year.

Where the statements of foreign subsidiaries and associated undertakings are presented in a currency for which the accumulated inflation over the past three years exceeds 100%, adjustment for inflation is made. The adjusted statement is translated into Danish kroner at the exchange rates at the balance sheet date.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are included in other receivables and other liabilities.

Changes in the fair value of derivatives, which qualify as fair value hedges of a recognised asset or a recognised liability, are recognised in the income statement along with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivatives, which qualify as hedges of future assets or liabilities, are recognised in retained profit in capital and reserves. Income and costs relating to such hedging transactions are transferred from capital and reserves upon realisation of the hedged item to the same item as the hedged transactions.

For derivative financial instruments, which do not meet the criteria for hedge accounting, changes in the fair value are recognised in the income statement on a current basis.

Incentive programmes

The value of share options granted is not recognised in the income statement but is covered by the portfolio of shares in Carlsberg A/S.

Income statement

Net revenue

Sales are recorded as income upon delivery. Licence fee income is recorded on the basis of the amounts earned during the year. Contract work for the account of third parties is recorded under the percentage of completion method and is recorded in the balance sheet under receivables after a prudent evaluation of each contract. Net revenue consists of the above items less the taxes and duties imposed on sales, including excise duties on beer and soft drinks as well as discounts and returnable packaging.

Cost of sales

Cost of sales represents direct and indirect costs paid to achieve the net revenue for the year, including depreciation.

Sales and distribution expenses

Sales and distribution expenses represent salaries to sales and distribution staff, marketing expenses and costs relating to operation of vehicles, including depreciation of property, plant and equipment and amortisation of intangible assets relating to sales and distribution activities, other than goodwill.

Administrative expenses

Administrative expenses include management costs, administrative staff costs, office premises and other expenses, including depreciation of property, plant and equipment and amortisation of intangible assets relating to administrative activities, other than goodwill.

Other operating income and other operating expenses

Other operating income and other operating expenses include items of a nature secondary to the primary activities, such as income from rental properties, gains and losses from the sale of property, plant and equipment as well as government grants not related to acquisition of assets or refunds of expenses.

Special items

This item includes income and costs not directly attributable to the operating activities of the Group, including costs related to any basic restructuring of set-up and procedures as well as any profit or loss arising from disposals in this connection. This item also includes significant non-recurring items.

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

Write-down of assets

The net carrying amount of intangible assets and property, plant and equipment is assessed on an annual basis to determine any indication of impairment of value. If this is the case, the assets are written down to the higher value of the net market value or the net present value of the future net payments in the case of continued use.

Profit from investments in associated undertakings

The share of the profit or loss from associated undertakings is recorded in accordance with the accounting policies of the Group. Adjustments are made for changes in unrealised inter-company profit and loss. The share of the calculated tax of these undertakings is charged to the income statement under corporation tax.

Financial income and expenses

Financial income and expenses include interest, realised and unrealised exchange rate adjustments, adjustment of securities and other financial instruments to fair value, amortisation of debt and receivables, financial leasing, dividends and refunds as well as deductions and additions under the on-account taxation scheme.

- Buildings: 20-40 years
- Plant, machinery and equipment: 5-15 years
- Other assets, vehicles, fixtures and equipment, including draught beer equipment and soft drink machines 5-10 years
- Returnable packaging 3-5 years

Items costing less than DKK 25,000 are fully charged to the income statement in the year of acquisition.

Leased and rented assets qualifying as finance leases are treated according to the same principles as corresponding owned assets.

Investments

Investments in associated undertakings are recognised in the consolidated balance sheet with a proportionate share of the net carrying amount of the undertakings in question (capital and reserves stated under Group policies) deducting or adding inter-company profit and losses.

Subsidiaries and associated undertakings with a negative carrying amount are measured at DKK nil and any receivables in these undertakings are written down with the Parent Company's share of the negative net asset value. If the negative net asset value exceeds the receivables, the remaining amount is recognised under provisions for liabilities and charges to the extent that the Parent Company holds a legal or constructive obligation to cover the negative balance of the undertaking.

Non-current receivables from associated undertakings, i.e. amounts falling due after more than one year, are recognised at the lower of amortised cost or recoverable value.

Associated beverage undertakings are recognised under operating profit as these undertakings are an integrated part of the primary activities of the Group.

Other securities and investments include financial assets such as bonds, shares and similar items of a non-current nature. The assets are recognised at cost and subsequently valued at fair value. Listed securities are recognised at the rates ruling at the balance sheet date. Unlisted securities are recognised based on a prudent estimation of fair value. Any adjustment to fair value is included under financials.

Other non-current receivables, i.e. amounts falling due after more than one year, are recognised at amortised cost or recoverable value, if lower.

Inventories

Inventories are recognised at cost, stated under the average method. Write-down is made to net realisable value if lower.

Indirect production overheads are included in the cost price.

Receivables

Receivables from trade with third party customers, associated undertakings and other receivables, which are expected to be realised within 12 months from the balance sheet date, are recognised at amortised cost or net realisable value, if lower. Short-duration receivables with no stated interest rate are as a rule recognised at nominal value unless the effect of imputing interest would be significant.

Receivables also include current trade loans and contract work in progress at the account of third parties. Contract work in progress on behalf of third parties is recognised under net revenue and in the balance sheet at the percentage of completion method. The net amount of recorded cost, recognised profit/loss and progress billings is included in trade receivables, unless the progress billings exceed the sales price. In such cases they are included in trade payables.

Capital and reserves

Dividends are recognised at the time of adoption at the Annual General Meeting. Dividends proposed for the year are shown as a separate item in capital and reserves.

Retirement benefit obligations and similar obligations

To the extent that pension obligations and other post retirement obligations relating to defined benefit schemes are not covered by insurance or a separate pension fund, provision is made in the balance sheet.

Commitments for defined benefit plans are computed on the basis of an annual actuarial valuation at present value of the expected future benefits to be paid. If the actuarial gain or loss exceeds 10% of the computed pension obligation or the fair value of the pension fund assets, such gain or loss is amortised over the relevant employees' expected remaining term of service in the Group. Actuarial gain or loss not exceeding 10% is not recognised in the financial statements but included in the future actuarial valuation.

Payments to defined contribution schemes are charged to the income statement in the year in which they are made.

Deferred tax

Deferred tax is provided for all temporary differences between accounting and tax values using the liability method with a balance sheet focus based on the tax rates adopted or expected at the balance sheet date. However, no provision is made for investments in subsidiaries, joint ventures and associated undertakings, where it is not likely that the temporary difference will be reversed in the foreseeable future or where sale is tax-exempt. Deferred tax assets, including assets relating to tax losses carried forward, are stated at recoverable value based on a conservative valuation.

Deposit on returnable packaging

Deposits on returnable packaging are stated on the basis of deposit price as well as an estimate of the number of cans, bottles and crates in circulation.

Provisions for restructuring, etc.

Restructuring provisions, etc. are recognised on the balance sheet date when the decision has been adopted and announced to the parties involved, provided that a reliable estimate of the liability can be made. Restructuring provisions are based on a plan according to which restructuring starts immediately after the decision has been made.

Interest-bearing loans and similar liabilities

Debt is recognised at nominal value less capital losses at the time of raising the loan. Subsequently, debt is stated at amortised cost. Capital losses and costs of loans are thus allocated over the term of the liabilities based on the calculated effective rate of interest when raising the loan.

Government grants

Government grants relating to the purchase of property, plant and equipment and intangible assets are offset in the balance sheet against the cost price of the assets acquired. Other government grants are either offset against the costs to which they relate or included in other operating income and as such form part of cash generated from operating activities.

Cash flow statement

The statement shows the consolidated cash flows in operating activities, investing activities and financing activities and consolidated cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are reported using the indirect method and comprise the consolidated operating profit of the Group adjusted for non-cash financials, corporation tax,

depreciation and other items. This adjusted operating profit is adjusted for the change in working capital such as inventories, receivables, payables, etc. for the year.

Cash flows from investing activities arise from the acquisition and disposal of undertakings, investments in other non-current assets and dividends received. Cash flows from financing activities comprise changes in share capital, acquisition and sale of treasury shares, dividend paid and changes in non-current liabilities, etc.

Cash and cash equivalents comprise in hand and demand deposits as well as short-term, highly liquid investments that are readily convertible into cash and only subject to an insignificant risk of changes in value less short-term credit facility drawdowns. Cash equivalents include bonds and other investments with a maturity at the date of acquisition not exceeding 3 months. Shares and other short-term bank borrowings are not included.

Segment information

The Group's main activity is production and sale of beer and other beverages, and this activity accounts for more than 90% of the consolidated revenue. In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place.

The segment's operating profit includes net revenue, operating costs, and share of profit from associated undertakings to the extent that they are directly attributable to this. Income and costs related to Group functions have not been distributed and, as is also the case with eliminations and other activities, they are not included in the operating profit of the segments.

Non-current assets in the segment consist of the non-current assets used directly for segment operations, including intangible assets, property, plant and equipment and investments in associated undertakings. Current assets are distributed on the segments to the extent that they are directly attributable to these, including inventories, trade receivables, other receivables and prepayments and accrued income.

Segment liabilities comprise segment operating liabilities, including trade payables and other liabilities.

Income statement

PARENT COMPANY			GROUP	
2003	2004	Note	2004	2003
DKK million	DKK million		DKK million	DKK million
940	1.072		49.393	47.345
-	-		-13.406	-12.719
940	1.072	1 NET REVENUE	35.987	34.626
-357	-510	2,4 Cost of sales	-17.715	-17.020
583	562	GROSS PROFIT	18.272	17.606
-450	-521	3,4 Sales and distribution expenses	-12.840	-12.172
-326	-353	4,5 Administrative expenses	-2.838	-2.672
131	234	6 Other operating income, net	143	439
1.104	1.042	7 Profit before tax, subsidiaries	-	-
		7 Profit before tax, proportionally consolidated associates	-	-
888	768	7 Profit before tax, other associates	264	228
20	10			
1.950	1.742	1 OPERATING PROFIT	3.001	3.429
-8	-7	13 Goodwill amortisation and write-downs	-518	-390
-	-33	8 Special items, net	-301	-401
1.942	1.702	PROFIT BEFORE FINANCIALS	2.182	2.638
233	264	9 Financial income	363	211
-544	-824	10 Financial expenses	-1.105	-848
1.631	1.142	PROFIT BEFORE TAX	1.440	2.001
-389	-482	11 Corporation tax	-537	-493
1.242	660	CONSOLIDATED PROFIT	903	1.508
-	-	12 Minority interests	-243	-266
1.242	660	PROFIT FOR THE YEAR, Carlsberg Breweries A/S' share	660	1.242
		Profit appropriation:		
1.242	660	Profit for the year		
10.769	8.409	Transfer from previous years		
12.011	9.069	Available for appropriation 31 December		
		Proposed appropriation:		
3.300	750	Dividend to shareholders		
8.711	8.319	Appropriated to reserves		
12.011	9.069			

Cash flow statement

		GROUP	
Note		2004	2003
		DKK million	DKK million
28	Cash flow relating to operations	5.392	5.733
	Interest received	256	219
	Interest paid	-883	-930
	Corporation tax paid	-662	-668
	CASH FLOW FROM OPERATING ACTIVITIES	4.103	4.354
29	Acquisition/divestment of undertakings, net	-4.252	-143
	Capital expenditure, net	-2.161	-1.232
	Trade loans etc, net	45	-13
	Other financial investments, net	2.963	-572
	Acquisition of intangible assets, net	-202	-221
	Dividends received	64	41
	CASH FLOW FROM INVESTING ACTIVITIES	-3.543	-2.140
	FREE CASH FLOW	560	2.214
	Minorities' share of increase in subsidiaries	79	45
	Dividend paid to shareholders	-3.300	-263
	Dividend paid to minority interests	-178	-148
	Acquisition of minority interests	-533	-522
	Proceeds from bond issue	98	-
	Borrowings, net	3.160	-884
	Other financing activities, net	-77	58
	CASH FLOW FROM FINANCING ACTIVITIES	-751	-1.714
	NET CASH FLOW	-191	500
	Securities and cash and cash equivalents, beginning of year	1.710	1.033
	Acquired/sold cash and cash equivalents	-	237
	Currency translation adjustments	-32	-60
20	Securities and cash and cash equivalents net, year-end	1.487	1.710

Movements in consolidated capital and reserves

	Share capital	Retained earnings	Dividend	Total
2004				
	DKK million	DKK million	DKK million	DKK million
Capital and reserves at 1 January	500	8.711	3.300	12.511
Profit for the year	-	660	-	660
Dividend paid to shareholders	-	-	-3.300	-3.300
Value adjustment of hedging instruments	-	-185	-	-185
Currency translation adjustments related to foreign entities, etc.....	-	-117	-	-117
Proposed dividend to shareholders	-	-750	750	-
Capital and reserves at 31 December	500	8.319	750	9.569

2003				
	DKK million	DKK million	DKK million	DKK million
Capital and reserves at 1 January	500	11.115	263	11.878
Profit for the year	-	1.242	-	1.242
Dividend paid to shareholders	-	-	-263	-263
Change in capital and reserves following the termination of the Carlsberg Asia joint venture	-	650	-	650
Currency translation adjustments related to foreign entities, etc.....	-	-996	-	-996
Proposed dividend to shareholders	-	-3.300	3.300	-
Capital and reserves at 31 December	500	8.711	3.300	12.511

Movements in Parent Company's capital and reserves

	Share capital	Revaluation reserve, equity method	Retained earnings	Dividend	Total
2004					
	DKK million	DKK million	DKK million	DKK million	DKK million
Capital and reserves at 1 January	500	-	8.711	3.300	12.511
Profit for the year	-	1.129	-469	-	660
Dividend paid to shareholders	-	-	-	-3.300	-3.300
Dividends received.....	-	-1.002	1.002	-	-
Value adjustment of hedging instruments	-	-43	-142	-	-185
Currency translation adjustments related to foreign entities, etc.....	-	-84	-33	-	-117
Proposed dividend to shareholders	-	-	-750	750	-
Capital and reserves at 31 December	500	-	8.319	750	9.569
2003					
	DKK million	DKK million	DKK million	DKK million	DKK million
Capital and reserves at 1 January	500	1.041	10.074	263	11.878
Profit for the year	-	1.499	-257	-	1.242
Dividend paid to shareholders	-	-	-	-263	-263
Dividends received.....	-	-1.155	1.155	-	-
Change in capital and reserves following the termination of the Carlsberg Asia joint venture	-	-	650	-	650
Currency translation adjustments related to foreign entities, etc.....	-	-1.385	389	-	-996
Proposed dividend to shareholders	-	-	-3.300	3.300	-
Capital and reserves at 31 December	500	-	8.711	3.300	12.511

NOTES
(DKK million)

1 Segment information

	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not distributed	Group
2004						
Net revenue	26.589	5.121	2.877	1.463	-63	35.987
%	74%	14%	8%	4%	0%	100%
Operating profit	2.165	1.035	117	454	-770	3.001
Non-current assets	19.655	4.453	3.914	2.488	1.190	31.700
Liabilities 1)	16.636	2.623	2.172	1.371	10.551	33.353
2003						
Net revenue	26.182	4.313	3.018	1.290	-177	34.626
%	76%	12%	9%	4%	-1%	100%
Operating profit	2.364	986	240	451	-612	3.429
Non-current assets	17.983	3.657	3.699	2.473	760	28.572
Liabilities 1)	15.637	1.897	2.333	1.538	6.977	28.382

¹⁾ Not distributed liabilities of DKK 10,551m (2003: DKK 6,977m) primarily relate to the Group funding in connection with acquisition of undertakings.

Other primarily relates to the Parent Company.

NOTES

(DKK million)

2 Cost of sales

	2004		2003	
	Parent	Group	Parent	Group
Cost of sales, total	510	17.715	357	17.020
From this staff costs, cf. note 4	-	1.991	-	1.879

Cost of sales comprises staff costs, cost of materials and process costs, including depreciation and purchasing of finished goods for resale.

3 Sales and distribution expenses

	2004		2003	
	Parent	Group	Parent	Group
Marketing expenses	433	3.672	395	3.483
Sales expenses	55	3.803	28	3.604
Distribution expenses	33	5.365	27	5.085
	521	12.840	450	12.172
From this staff costs, cf. note 4	58	3.841	51	3.566

NOTES

(DKK million)

4

Staff costs, management remuneration and fees to auditors appointed by the General Meeting are:

Staff costs	2004		2003	
	Parent	Group	Parent	Group
Wages, salaries and remuneration	139	5.983	140	5.430
Social security costs	1	780	3	829
Pension costs - defined contribution plans.....	12	126	12	117
Pension costs - defined benefit plans.....	-	188	-	249
Other benefits.....	-	104	-	51
	<u>152</u>	<u>7.181</u>	<u>155</u>	<u>6.676</u>

Wages, salaries and remuneration for the Parent Company and the Group include remuneration paid to the Executive Board of the Parent Company of DKK 0m (2003: DKK 17m) and to the Board of Directors of DKK 0m (2003: DKK 0m). 2004 includes remuneration paid to the Executive Board of Carlsberg A/S.

Total staff costs are distributed on the following items:

	2004		2003	
	Parent	Group	Parent	Group
Cost of sales	-	1.991	-	1.879
Sales and distribution expenses.....	58	3.841	51	3.566
Administrative expenses	94	1.124	104	1.159
Other operating income, net	-	-	-	-
Special items (restructuring)	-	225	-	72
	<u>152</u>	<u>7.181</u>	<u>155</u>	<u>6.676</u>

In the financial year, the average number of employees in the Parent Company was 202 (2003: 198) and 31,538 in the Group (2003: 31,375), of whom 8,101 (2003: 8,185) in proportionally consolidated undertakings.

Fees to auditor appointed by the General Meeting

	2004		2003	
	Parent	Group	Parent	Group
PricewaterhouseCoopers: Audit	1,6	18,6	1,6	14,0
Other services	5,0	17,4	6,0	10,0

Other services include fees for assistance in connection with tax consultancy, due diligence, capital increase, etc.

NOTES

(DKK million)

5 Share options

Granted in	Fair value	Exercise period		Number				Exercise price	
		First year	Last year	01.01.04	Granted 1)	Expiry/ Lapse	Exercised	31.12.04	Fixed 1)
Executive Board (all grants are share options)									
2001	0	2004	2008	14.700				14.700	386,54
2002	0	2005	2009	14.700				14.700	323,82
2003	2	2006	2010	21.000				21.000	214,47
2004	2	2007	2011		26.250			26.250	268,39
I alt	4			50.400	26.250			76.650	
Key managers (all grants are share options)									
2001	1	2004	2008	64.575		6.300		58.275	386,54
2002	2	2005	2009	63.000		9.450		53.550	323,82
2003	8	2006	2010	77.700			13.650	64.050	214,47
2004	13	2007	2011		180.338	5.250		175.088	268,39
	24			205.275	180.338	21.000	13.650	350.963	
Total	28			255.675	206.588	21.000	13.650	427.613	

1) In order to maintain the relative value of the options, the number of options and the exercise prices were adjusted in March 2004 in connection with the capital increase in Carlsberg A/S.

Assumptions when calculating fair value

Share price	277
Volatility	27%
Risk-free interest rate	2.7-3.3%
Dividend rate	1,81%
Time to expiry	Until mid-exercise period

Exercise possibilities

The options can be exercised during a period from three to eight years after the right has been granted. In case of resignation a proportionate share of the options may be exercised within a deadline of one month to a year.

The exercise price is calculated as the average of the price at the Copenhagen Stock Exchange of Carlsberg A/S B-shares during the first five trading days after the publication of the Preliminary Profit Statement of Carlsberg A/S, following immediately after the options have been granted.

The valuation is based on Black & Schole's valuation model for call options on the basis of the exercise price.

Carlsberg Breweries A/S has acquired 200,000 own shares in Carlsberg A/S to cover part of the obligations relating to the granted options.

NOTES

(DKK million)

6 Other operating income, net

Other operating income net, comprises:	2004		2003	
	Parent	Group	Parent	Group
Property gains	-	11	-	242
Rental income from properties, net	-	-13	-	-4
Gain on divestment of other non-current assets, net	-1	51	2	52
Distribution from brewery organisations	-	41	-	67
Profit guarantee, Thailand	-	-	-	60
Management fee from affiliated undertakings	188	-	110	-
Other operating income, net	47	53	19	22
	<u>234</u>	<u>143</u>	<u>131</u>	<u>439</u>

7 Profit from investments

	2004		2003	
	Parent	Group	Parent	Group
Profit from investments in subsidiaries:				
Profit before tax	1.042		1.104	
Corporation tax	<u>-465</u>		<u>-215</u>	
Profit after tax	<u>577</u>		<u>889</u>	
Profit from investments in proportionally consolidated associated undertakings:				
Profit before tax	768		888	
Corporation tax	<u>-225</u>		<u>-291</u>	
Profit after tax	<u>543</u>		<u>597</u>	
	2004		2003	
	Parent	Group	Parent	Group
Profit from investments in associated undertakings:				
Hite Brewery	-	180		210
Lao Brewery Co. Ltd.	-	25		27
Other associated undertakings	<u>10</u>	<u>59</u>	<u>20</u>	<u>-9</u>
Profit before tax	10	264	20	228
Corporation tax	<u>-1</u>	<u>-55</u>	<u>-7</u>	<u>-64</u>
Profit after tax	<u>9</u>	<u>209</u>	<u>13</u>	<u>164</u>

NOTES

(DKK million)

8 Special items, net

	2004		2003	
	Parent	Group	Parent	Group
Gain on divestment of brewery plants, Norway and Sweden	-	223	-	-
Gain on sale of Vena shares	-	194	-	-
Restructuring of sales and logistics in Carlsberg Danmark A/S	-	-66	-	-
Accounting loss relating to outsourcing of Carlsberg UK's draught beer equipment service	-	-305	-	-
Severance pay in connection with the Operational Excellence programmes	-	-58	-	-
Restructuring, Carlsberg Italia	-	-65	-	-
Restructuring, Carlsberg Sverige	-	-86	-	-346
Impairment of non-current assets in connection with restructuring in Carlsberg Polska	-	-54	-	-32
Reversal of impairment relating to Hannen Brauerei GmbH	-	-	-	138
Loss on sale of water bottling plant Eglisau, Feldschlösschen	-	-	-	-100
Restructuring costs of closing brewery in Tou, Norway	-	-	-	-55
Various restructuring costs, Carlsberg UK	-	-	-	-45
Other restructuring costs etc., other undertakings	-33	-84	-	39
	<u>-33</u>	<u>-301</u>	<u>-</u>	<u>-401</u>

9 Financial income

	2004		2003	
	Parent	Group	Parent	Group
Interest income	198	237	194	170
Dividend income	12	13	1	2
Fair value adjustments, net	11	3	26	-
Gains on foreign currency translation, net	43	95	12	34
Other financial income	-	15	-	5
	<u>264</u>	<u>363</u>	<u>233</u>	<u>211</u>

The Parent Company's interest income from subsidiaries amounted to DKK 177m (2003: DKK 159m).

Gain on foreign currency translation, net includes loss of DKK 4m (2003: gain of DKK 16m) relating to monetary net assets in hyperinflation economies.

10 Financial expenses

	2004		2003	
	Parent	Group	Parent	Group
Interest expenses	701	919	514	768
Fair value adjustments, net	-	-	-	4
Loss on foreign currency translation, net	-	-	-	-
Write-downs, investments	-	7	-	-
Other financial expenses	123	179	30	76
	<u>824</u>	<u>1.105</u>	<u>544</u>	<u>848</u>

Interest paid by the Parent Company to subsidiaries amounted to DKK 609m (2003: DKK 491m). Interest expenses paid by the Group to shareholders totalled DKK 19m (2003: DKK 0m).

Fair value adjustments, net in the Group relate to the following instruments:

Interest rate swaps: fair value	-	-	-	-6
Forward exchange contracts: fair value hedging	10	25	34	12
Fair value adjustments, other assets	1	-22	-8	-10
	<u>11</u>	<u>3</u>	<u>26</u>	<u>-4</u>

NOTES

(DKK million)

11 Corporation tax

Tax on profit for the year comprises:	2004		2003	
	Parent	Group	Parent	Group
Current tax	-172	658	27	782
Movement in deferred tax during the year.....	-36	-172	-114	-264
Share of tax in subsidiaries, cf. note 7.....	465	-	215	-
Share of tax in associates, cf. note 7	225	55	298	64
Adjustment of tax for previous year	-	-4	-37	-89
	<u>482</u>	<u>537</u>	<u>389</u>	<u>493</u>

Reconciliation of the effective tax rate for the year:	2004	2003
	Group	Group
Tax rate in Denmark	30,0%	30,0%
Difference in tax rates, foreign subsidiaries	-1,5%	-4,7%
Amortisation of goodwill.....	12,4%	5,9%
Non-taxable income and non tax-deductible expenses, net.....	-11,3%	-3,1%
Adjustment of tax for previous year.....	-2,7%	-0,7%
Capitalised loss relating to previous years, net.....	5,8%	-5,2%
Other	4,6%	2,4%
Effective tax rate for the year.....	<u>37,3%</u>	<u>24,6%</u>

The Parent Company and its Danish subsidiaries participate in the joint tax on account scheme.

12 Minority interests

Minority interests' share of profit for the year relate to the following undertakings:	2004	2003
	Group	Group
Baltic Beverages Holding AB	-179	-208
Carlsberg Brewery Malaysia Berhad	-73	-71
Other	9	13
	<u>-243</u>	<u>-266</u>

NOTES

(DKK million)

13 Intangible assets

Group:	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Advance payments</u>
Cost			
Cost at 01.01.2004	7.020	916	165
Additions relating to the acquisition of undertakings	2.271	359	-
Additions during the year	421	108	128
Disposals during the year.....	-109	-200	-
Currency translation adjustments, etc.	-47	3	-
Transfers	-14	152	-169
Cost at 31.12.2004	<u>9.542</u>	<u>1.338</u>	<u>124</u>
Amortisation and impairment losses			
Amortisation and impairment losses at 01.01.2004	1.698	560	-
Additions relating to the acquisition of undertakings	-	233	-
Additions during the year	4	-	-
Disposals during the year.....	-	-184	-
Currency translation adjustments, etc.	-3	-	-
Amortisation for the year.....	518	231	-
Transfers.....	-2	-26	-
Amortisation and impairment losses at 31.12.2004	<u>2.215</u>	<u>814</u>	<u>-</u>
Carrying amount at 31.12.2004	<u>7.327</u>	<u>524</u>	<u>124</u>
Amortisation of intangible assets other than goodwill is included in the following items:		<u>2004</u>	<u>2003</u>
Cost of sales.....		4	7
Sales and distribution expenses		39	25
Administrative expenses		188	107
		<u>231</u>	<u>139</u>

The carrying amount of other intangible assets at 31.12.2004 includes capitalised software of DKK 357m (2003: DKK 268m) and delivery rights of DKK 123m (2003: DKK 42m).

Research and development costs of DKK 39m (2003: DKK 33m) have been expensed.

Parent Company:	<u>Goodwill</u>
Cost	
Cost at 01.01.2004	153
Additions during the year	0
Disposals during the year.....	-8
Cost at 31.12.2004	<u>145</u>
Amortisation and impairment losses	
Amortisation and impairment losses at 01.01.2004	8
Amortisation for the year.....	7
Amortisation and impairment losses at 31.12.2004	<u>15</u>
Carrying amount at 31.12.2004	<u>130</u>

NOTES

(DKK million)

14 Property, plant and equipment:

Group:	<u>Land and buildings</u>	<u>Plant, machinery and equipment</u>	<u>Other assets, vehicles, etc.</u>	<u>Construction in progress</u>
Cost				
Cost at 01.01.2004	10.224	18.216	8.001	722
Additions relating to the acquisition of undertakings.....	1.354	2.008	923	79
Disposals relating to the divestment of undertakings	-127	-224	-17	-16
Additions during the year	171	807	852	1.139
Disposals during the year	-366	-676	-2.039	-43
Currency translation adjustments, etc.	45	-139	55	-9
Transfers.....	397	215	238	-1.052
Cost at 31.12.2004	<u>11.698</u>	<u>20.207</u>	<u>8.013</u>	<u>820</u>
Depreciation and impairment losses				
Depreciation and impairment losses at 01.01.2004	3.233	10.760	5.029	9
Additions relating to the acquisition of undertakings.....	381	1.210	656	-
Disposals relating to the divestment of undertakings	-16	-48	-13	-
Disposals during the year	-164	-582	-1.215	-
Currency translation adjustments, etc.	-	-69	51	1
Depreciation during the year	313	1.209	959	-
Impairment losses during the year.....	36	26	1	-
Transfers.....	-5	-193	8	-
Depreciation and impairment losses at 31.12.2004	<u>3.778</u>	<u>12.313</u>	<u>5.476</u>	<u>10</u>
Carrying amount at 31.12.2004	<u>7.920</u>	<u>7.894</u>	<u>2.537</u>	<u>810</u>

Other assets, vehicles, etc. include rolling equipment such as cars and trucks, draught beer equipment and coolers, returnable packaging and office equipment.

Depreciation during the year is included in the following items:

	<u>2004</u>	<u>2003</u>
Cost of sales	1.574	1.462
Sales and distribution expenses	732	874
Administrative expenses.....	175	179
	<u>2.481</u>	<u>2.515</u>

The cost of finance leases amounted to DKK 225m (2003: DKK 894m).

Accumulated depreciation on finance leases amounted to DKK 71m (2003: DKK 83m), and the net carrying amount of finance leases thus totalled DKK 154m (2003: DKK 811m). Depreciation of DKK 32m (2003: DKK 31m) was recognised in 2004.

The carrying amount of land and buildings in Denmark amounted to DKK 971m (2003: DKK 1,023m). The value of property in Denmark as assessed for tax purposes amounted to DKK 1,867m (2003: DKK 1,699m).

NOTES

(DKK million)

14 Property, plant and equipment - continued:

Parent:	Land and buildings	Plant, machinery and equipment	Other assets, vehicles, etc.	Construction in progress
Cost				
Cost at 01.01.2004	141	-	19	-
Additions during the year	-	-	6	3
Cost at 31.12.2004	<u>141</u>	<u>-</u>	<u>25</u>	<u>3</u>
Depreciation and impairment losses				
Depreciation and impairment losses at 01.01.2004	49	-	16	-
Depreciation during the year	6	-	1	-
Depreciation and impairment losses at 31.12.2004	<u>55</u>	<u>-</u>	<u>17</u>	<u>-</u>
Carrying amount at 31.12.2004	<u>86</u>	<u>-</u>	<u>8</u>	<u>3</u>

The value of property in Denmark as assessed for tax purposes at 01.01.2004 amounted to DKK 171m (2003: DKK 162m).

NOTES

(DKK million)

15 Investments

Group:	Associates			
	Investments	Receivables	Other investments	Other receivables
Cost				
Cost at 01.01.2004	1.080	-	456	2.237
Additions relating to the acquisition of undertakings.....	94	-	7	570
Additions during the year	23	-	190	517
Disposals during the year	-19	-	-60	-897
Currency translation adjustments, etc.	42	-	-7	-68
Transfers.....	92	-	-85	-
Transfers to/from current assets	-	-	3	-237
Cost at 31.12.2004	<u>1.312</u>	<u>-</u>	<u>504</u>	<u>2.122</u>
Revaluation and impairment losses				
Revaluation and impairment losses at 01.01.2004	287	-	-16	-101
Additions relating to the acquisition of undertakings...	-88	-	-5	-171
Disposals during the year	-37	-	-17	-
Dividends.....	-63	-	-	-
Share of profit before tax.....	264	-	-	-
Tax of profit for the year.....	-55	-	-	-
Impairment losses during the year	-	-	-3	-362
Currency translation adjustments, etc.....	-6	-	23	75
Transfers	8	-	-	-
Transfers to/from current assets	-	-	-	50
Revaluation and impairment losses at 31.12.2004	<u>310</u>	<u>-</u>	<u>-18</u>	<u>-509</u>
Carrying amount at 31.12.2004	<u>1.622</u>	<u>-</u>	<u>486</u>	<u>1.613</u>

Investments in associated undertakings at 31.12.2004 include goodwill of DKK 77m net of accumulated amortisation of DKK 14m (2003: DKK 92m net of accumulated amortisation of DKK 12m).

NOTES
(DKK million)

15 Investments - continued:

	Subsidiaries	Associates	Other
	<u>Investments</u>	<u>Investments</u>	<u>investments</u>
Parent:			
Cost			
Cost at 01.01.2004	19.045	1.942	266
Additions during the year	3.841	-	189
Transfers.....	59	-169	-59
Cost at 31.12.2004	<u>22.945</u>	<u>1.773</u>	<u>396</u>
Revaluation and impairment losses			
Revaluation and impairment losses at 01.01.2004	-3.831	887	-5
Dividends.....	-1.011	-63	-
Share of profit before tax.....	1.042	778	-
Tax of profit for the year.....	-465	-226	-
Impairment losses during the year	-	-	1
Currency translation adjustments, etc.....	-10	-115	-
Transfers.....	169	-	-
Transfers to/from current assets	-	-	-
Revaluation and impairment losses at 31.12.2004	<u>-4.106</u>	<u>1.261</u>	<u>-4</u>
Carrying amount at 31.12.2004	<u>18.839</u>	<u>3.034</u>	<u>392</u>

The carrying amount includes goodwill from the acquisition of subsidiaries of DKK 3,239m (2003: DKK 3,266m).

NOTES

(DKK million)

16 Other investments and non-current receivables

Other investments in the Group include shares of DKK 465m (2003: DKK 344m) and other financial assets of DKK 21m (2003: DKK 10m).

Non-current receivables in the Group of DKK 1,613m (2003: DKK 2,136m) relate mainly to on-trade loans and receivables. In 2003, receivables of DKK 560m were included relating to the sale and lease back of draught beer equipment in the UK transferred to an associated undertaking and are thus not included in 2004.

The average effective interest rate for the interest-bearing non-current assets is as follows:

	2004		2003	
	Parent	Group	Parent	Group
Bonds	-	-	-	6,5%
Non-current receivables.....	-	3,7%	-	4,5%
Repayment falling due after 5 years from the balance sheet date:				
Non-current receivables.....	-	383	-	795

17 Inventories

	2004		2003	
	Parent	Group	Parent	Group
Raw materials and consumables.....	25	1.219	29	1.105
Work in progress.....	-	247	-	221
Finished goods.....	-	1.412	-	1.349
	<u>25</u>	<u>2.878</u>	<u>29</u>	<u>2.675</u>

18 Trade receivables

	2004		2003	
	Parent	Group	Parent	Group
Trade receivables	121	6.690	98	6.755
Contract work in progress, net	-	5	-	5
Provision for bad and doubtful debt.....	-1	-545	-6	-557
	<u>120</u>	<u>6.150</u>	<u>92</u>	<u>6.203</u>

Impairment losses for bad and doubtful debts in the Group of DKK 106m (2003: DKK 96m) have been recognised in the income statement. The Parent Company applied provision for bad and doubtful debts of DKK 0m in 2004 (2003: DKK 2m).

Contract work in progress, net from construction contracts in the Group:	2004	2003
Contract work in progress, net.....	23	40
Advances received on construction contracts	-18	-35
	<u>5</u>	<u>5</u>

19 Other receivables and prepayments

Other receivables consist of VAT receivables, interest receivables and other receivables not arising from the sale of beverages.

The main part of prepayments is attributable to prepaid sponsorships and marketing expenses.

NOTES

(DKK million)

20	Securities and cash and cash equivalents	2004		2003	
		Parent	Group	Parent	Group
	Cash at bank and in hand.....	186	1.742	610	2.626
	Liquid securities	-	3	-	3
		<u>186</u>	<u>1.745</u>	<u>610</u>	<u>2.629</u>

For the purpose of the Group's cash flow statement, bank overdrafts are offset against cash and cash equivalents:

	2004	2003
Cash and cash equivalents and liquid securities.....	1.745	2.629
Bank overdrafts	-258	-919
Securities and cash and cash equivalents, net	<u>1.487</u>	<u>1.710</u>

Short-term bank deposits amounted to DKK 1,088m (2003: DKK 1,927m). The average interest rate on these deposits is 2.7% (2003: 2.7%) and the average duration was 43 days (2003: 46 days).

21 Share capital

The share capital amounted to DKK 500m divided into shares in denominations of DKK 1,000 and multiples thereof. None of the shares confer any special rights. The share capital is owned by Carlsberg A/S, Copenhagen, Denmark.

Carlsberg Breweries A/S is included in the consolidated accounts of Carlsberg A/S.

Changes in the share capital since the foundation of the Company:

Share capital at the foundation on 01.07.2000	1
Capital increase, non-cash contribution in 2000	299
Capital increase, cash/non-cash contribution in 2001	200
	<u>500</u>

NOTES

(DKK million)

22 Minority interests

	<u>2004</u>	<u>2003</u>
Minority interests at 1 January.....	1.625	1.699
Acquisitions of undertakings	58	-
Carlsberg Asia joint venture dissolution.....	-	6
Acquisition of minorities.....	<u>-194</u>	<u>-93</u>
Disposals relating to acquisition of undertakings, net	-136	-87
Capital injection.....	79	62
Minority interests' share of profit after tax	243	266
Dividend to minority interests.....	-178	-148
Currency translation adjustments, etc.	<u>-65</u>	<u>-167</u>
Minority interests at 31 December.....	<u>1.568</u>	<u>1.625</u>

23 Retirement benefit obligations and similar obligations	<u>2004</u>		<u>2003</u>	
	Parent	Group	Parent	Group
Net retirement benefit obligations at 1 January	-	549	-	648
Currency translation adjustments, etc.	-	11	-	-20
Transfer to/from other provisions	-	9	-	-3
Additions relating to the acquisition of undertakings	-	563	-	-
Expensed during the year	-	188	-	247
Payments during the year	-	<u>-194</u>	-	<u>-323</u>
Net retirement benefit obligations at 31 December	<u>-</u>	<u>1.126</u>	<u>-</u>	<u>549</u>

At 31 December 2004, not recognised actuarial loss amounted to DKK 646m (2003: DKK 670m) and was primarily attributable to Carlsberg UK Holdings PLC, UK.

In connection with the transition to presentation of the financial statements in accordance with international accounting standards (IFRS) at 1 January 2005, the actuarial loss will be fully included in the opening balance sheet. Please refer to the section: "Adoption of IFRS".

NOTES

(DKK million)

24 Deferred tax assets and liabilities

Provision for deferred tax at 31 December relates to the following items:

Group:	Assets		Liabilities	
	2004	2003	2004	2003
Intangible assets.....	136	159	736	429
Land and buildings	27	28	518	601
Plant, machinery and equipment, etc	223	182	741	886
Inventories.....	34	45	45	48
Receivables.....	120	45	2	4
Provisions	84	51	35	66
Tax losses, retirement benefit obligations, etc.....	712	1.095	68	85
Tax assets and liabilities	1.336	1.605	2.145	2.119
Netting	-493	-951	-493	-951
Tax assets and liabilities, net.....	843	654	1.652	1.168

Parent:	Assets		Liabilities	
	2004	2003	2004	2003
Intangible assets.....	33	54	-	-
Land and buildings	-	-	11	13
Plant, machinery and equipment, etc	10	2	2	-
Investments.....	-	2	-	-
Receivables.....	-	-	-	-
Provisions	13	-	-	-
Tax losses, etc.....	225	125	-	-
Tax assets and liabilities	281	183	13	13
Netting	-13	-13	-13	-13
Tax assets and liabilities, net.....	268	170	-	-

Non-capitalised tax assets for the Group amounted to DKK 437m (2003: DKK 133m) and relates to tax losses.

Movements in deferred tax assets/liabilities:

	Deferred tax assets		Deferred tax liabilities	
	Parent	Group	Parent	Group
Deferred tax assets/liabilities at 01.01.2004	170	654	-	1.168
Additions relating to the acquisition of undertakings, etc.	-	40	-	258
Taken to the income statement	234	711	-	439
Taken to capital and reserves.....	-94	-84	-	-15
Adjustments for previous years	-42	-167	-	87
Currency translation adjustments.....	-	-24	-	2
Transfers.....	-	-287	-	-287
Deferred tax assets/liabilities at 31.12.2004	268	843	-	1.652

NOTES

(DKK million)

25 Other provisions

Group:	2004		2003	
	Restructuring	Other	Restructuring	Other
Other provisions at 1 January.....	290	60	90	98
Additions relating to the acquisition of undertakings.....	357	-	-	-
Additions during the year.....	258	-5	294	-19
Disposals relating to the divestment of undertakings.....	-35	-	-	-
Disposals during the year.....	-277	-23	-84	-44
Currency translation adjustments, etc.....	1	1	-2	-2
Re-classification from current liabilities.....	-	-	-	14
Transfer to retirement benefit obligations.....	-	-9	-	-
Transfers.....	1	21	-8	13
Other provisions at 31 December.....	595	45	290	60

26 Borrowings

	2004		2003	
	Parent	Group	Parent	Group
Current liabilities:				
Current share of non-current liabilities.....	-	402	-	1.004
Bank borrowings and overdrafts.....	64	1.273	610	2.386
Other current liabilities.....	271	1.429	360	1.475
Total borrowings.....	335	3.104	970	4.865
Payables to affiliated undertakings.....	9.750	1.665	2.345	5
Total current liabilities.....	10.085	4.769	3.315	4.870
Non-current liabilities:				
Bond loans.....	-	8.662	-	8.672
Mortgages.....	153	402	153	405
Bank borrowings.....	572	4.582	-	512
Other borrowings.....	-	801	-	1.294
Total non-current borrowings.....	725	14.447	153	10.883
Payables to associates.....	8.836	-	8.820	-
Other non-current liabilities.....	-	240	-	212
Total non-current liabilities.....	9.561	14.687	8.973	11.095
The non-current liabilities fall due from the balance sheet day:				
Between 2 and 5 years.....	9.408	9.619	3.742	5.367
After 5 years.....	153	5.068	5.231	5.728
	9.561	14.687	8.973	11.095

The weighted average interest rate at 31 December 2004 in the Group and the periods in which the borrowings reprice are:

	Weighted average interest rate	Carrying amounts allocated in interest repricing periods		
		1 year	2-5 years	After 5 years
Bond loans.....	6,3%	-	3.986	4.676
Bank borrowings and other borrowings.....	3,3%	9.817	722	16
Effect of interest rate swaps.....	0,0%	-1.879	-2.009	3.887
Total.....	4,8%	7.938	2.699	8.579

Of the bond loans DKK 8,662m (2003: DKK 8,672m) is at fixed rates. The main part of the bank borrowings totalling DKK 5,855m (2003: DKK 1,446m) is either at fixed rates or swapped to fixed rates.

27 Other current liabilities

	2004		2003	
	Parent	Group	Parent	Group
Duties and VAT.....	14	1.660	14	1.760
Social costs, etc.....	19	933	22	843
Interest payable.....	1	270	1	199
Market value adjustments, etc.....	40	633	62	448
Other.....	269	862	325	1.205
	343	4.358	424	4.455

NOTES

(DKK million)

28 Cash flow from operating activities	2004	2003
Profit before financials.....	2.182	2.638
Adjustment of non-cash transactions:		
Depreciation.....	3.230	3.044
Impairment losses	63	268
Profit before tax, associates	-264	-228
Loss/gain from divestment of activities/subsidiaries.....	52	-138
Gain from disposal of non-current assets	-295	-315
Other non-cash adjustments	136	-57
Cash flow from operations before change in working capital.....	5.104	5.212
Change in working capital:		
Inventories.....	-42	-18
Trade receivables and other receivables.....	1.327	400
Trade payables and other payables.....	-931	85
Retirement benefit obligations and other obligations.....	-32	87
Adjustment of unrealised gains/losses on working capital.....	-34	-33
	288	521
Cash flow from operating activities	5.392	5.733

29 Acquisition and divestment of undertakings, net

Acquisition and divestment of undertakings had the following effect on the Group's assets and liabilities:

	2004		2003	
	Acquisition	Divestment	Acquisition	Divestment
Intangible assets exclusive of goodwill	-126	-	-9	-
Property, plant and equipment.....	-2.117	307	-289	-
Investments, exclusive of deferred tax assets.....	-407	-	-10	-
Inventories.....	-207	45	-61	-
Trade receivables and other receivables.....	-775	47	-137	-
Short-term investments	-3.038	-	-	-
Cash and cash equivalents and securities.....	-39	33	-89	-
Provisions, exclusive of deferred tax	922	-	1	-
Deferred tax assets and liabilities, net.....	474	-10	-	-
Borrowings.....	2.052	-312	176	-
Bank overdrafts	384	-	-	-
Trade payables and other payables.....	805	-47	194	-
Minority interests	45	-	43	-
Identifiable assets and liabilities, net.....	-2.027	63	-181	-
Share of capital and reserves transferred from other investments	80	-	-	-
Share of capital and reserves transferred from investments in associated undertakings.....	7	-	85	-
Goodwill etc. on acquisitions/divestments.....	-2.271	274	-136	-
Cash consideration paid/received.....	-4.211	337	-232	-
Cash and cash equivalents and securities, acquired/sold.....	-345	-33	89	-
Cash outflow/inflow.....	-4.556	304	-143	-
Acquisition and divestment of undertakings, net		-4.252		-143

Adjustments to the opening balance sheet for the acquired undertaking Holsten-Brauerei AG may still take place until 1 April 2005.

The termination of the joint venture, Carlsberg Asia, at 1 July 2003 is not included in the comparative figures.

NOTES

(DKK million)

30 Invested capital

Invested capital in the Group comprises:	2004	2003
Total non-current assets.....	31.700	28.572
exclusive of deferred tax assets.....	-843	-654
Inventories	2.878	2.675
Trade receivables	6.150	6.203
Receivables from associates.....	577	327
exclusive of loans to associates	-563	-308
Other receivables	921	1.492
exclusive of market value adjustments, etc.	-54	-338
Prepayments	519	620
Liabilities for deposits on returnable packaging	-1.260	-1.234
Finance lease liabilities, also in borrowings (non-current liabilities)	-104	-593
Other non-current liabilities, non interest-bearing	-240	-212
Finance lease liabilities, also in borrowings (current liabilities)	-41	-105
Trade payables	-4.069	-4.168
Payables to associates.....	-21	-2
Corporation tax.....	-653	-404
Other	-4.358	-4.455
exclusive of market value adjustments and accrued interest, etc.	899	649
Deferred income	-118	-87
	<u>31.320</u>	<u>27.978</u>

31 Net interest-bearing debt

Net interest-bearing debt in the Group comprises:	2004	2003
Non-current borrowings	14.447	10.883
Current borrowings	3.104	4.865
Payables to shareholders	1.665	5
Securities and cash and cash equivalents	-1.745	-2.629
Interest-bearing part of trade receivables	-203	-89
Other receivables (non-current)	-1.613	-2.136
exclusive of non interest-bearing receivables	869	774
Receivables from associates	-577	-327
exclusive of non interest-bearing part	14	19
Other interest-bearing receivables included in other receivables (current)	-77	-76
	<u>15.884</u>	<u>11.289</u>

NOTES

(DKK million)

32 Investments in proportionally consolidated undertakings

The amounts shown below represent the Group's share of the assets and liabilities, net revenue and results in proportionally consolidated undertakings. These amounts are included in the consolidated balance sheet and income statement.

	<u>2004</u>	<u>2003</u>
Non-current assets.....	5.570	4.712
Current assets.....	1.952	1.771
Non-current liabilities.....	-1.290	-1.066
Current liabilities.....	<u>-2.597</u>	<u>-2.123</u>
Net assets.....	<u>3.635</u>	<u>3.294</u>
Net revenue.....	6.513	6.059
Operating profit.....	1.254	1.381
Profit before financials.....	1.114	1.313
Free cash flow.....	290	178
Cash flow, net.....	277	89
Securities and cash and cash equivalents at the end of the period.....	322	449

NOTES

(DKK million)

33 Financial instruments

The fair value at 31 December of derivative financial instruments primarily designated for fair value hedging of investments and borrowings:

	2004		2003	
	Parent	Group	Parent	Group
Contracts with positive fair value:				
Interest rate swaps	-	-	-	167
Forward exchange contracts	23	23	130	130
Other	-	-	-	-
Contracts with negative fair value:				
Interest rate swaps	9	157	6	19
Forward exchange contracts	29	34	57	62
Other	-	442	-	-
Interest rate swaps:				
The notional principal amount on outstanding interest rate swaps	188	6.239	188	4.378
The fixed interest rate varies from (lowest)		2,5%		5,4%
The fixed interest rate varies to (highest)		6,6%		7,0%
The floating interest rate varies from (lowest)		0,7%		1,2%
The floating interest rate varies to (highest)		2,2%		4,7%

Net interest-bearing debt by currencies and next interest rate adjustment:

Amounts in DKK million	Next interest rate adjustment						After 5 years
	31.12.2004	2005	2006	2007	2008	2009	
DKK	2.226	1.957	37	17	-	215	-
USD	2.690	2.265	92	35	-	298	-
EUR	7.021	81	205	4	202	3	6.526
GBP	2.440	387	-	-	-	-	2.053
CHF	2.667	1.213	-	-	9	1.445	-
NOK	676	676	-	-	-	-	-
SEK	180	180	-	-	-	-	-
RUB	130	32	-	98	-	-	-
TRL	25	25	-	-	-	-	-
PLN	937	937	-	-	-	-	-
Other	224	186	38	-	-	-	-
Total interest-bearing debt	19.216	7.939	372	154	211	1.961	8.579
Short-term bank deposits	-1.088	-1.088					
Liquid assets (other securities and cash and cash equivalents)	-657	-657					
Other interest-bearing debt	-1.587	-1.587	-	-	-	-	-
Net interest-bearing debt	15.884	4.606	373	154	211	1.961	8.579

NOTES

(DKK million)

34 Related parties

Related parties with controlling interest:

Carlsberg A/S, Ny Carlsberg Vej 100, 1760 Copenhagen V, Denmark owns all shares in Carlsberg Breweries A/S. The Group conducted related party transactions with the Parent Company during the year. Intercompany transactions have been conducted at an arm's length basis. No further transactions have been undertaken with Carlsberg A/S except for dividend distribution.

The Group has not during the year undertaken significant transactions with major shareholders, the Board of Directors, the Executive Board or companies outside the Carlsberg Breweries Group, in which the relevant parties have interests.

The income statement and the balance sheet contain the following transactions with associated undertakings (exclusive of proportionally consolidated undertakings):

	2004		2003	
	Parent	Group	Parent	Group
Net revenue	-	205	-	206
Cost of goods sold	-	34	-	19
Borrowings, net	-	13	-	323
Receivables	-	40	-	24
Trade payables	-	5	-	3

35 Contingent liabilities and other commitments etc.

Contingent liabilities

The following assets have been pledged as security for borrowings at DKK 295m (2003: DKK 588m) in the Group:

	2004		2003	
	Parent	Group	Parent	Group
Land and buildings, carrying amount.....	86	415	92	1.075
Plant, machinery and equipment, carrying amount.....	-	205	-	630
	<u>86</u>	<u>620</u>	<u>92</u>	<u>1.705</u>

Carlsberg Breweries A/S has issued guarantees for loans amounting to DKK 18,544m (31.12.2003: DKK 13,666m) raised by subsidiaries and associated undertakings.

Carlsberg Breweries A/S is registered jointly with Carlsberg A/S and Carlsberg Danmark A/S regarding VAT and excise duties and has joint and several liability in connection with payment thereof. Carlsberg Breweries A/S has joint and several liability for payment of corporation tax in the undertakings included in the joint taxation.

Following Carlsberg Breweries A/S' termination of the joint venture with Chang Beverages Pte. Ltd, the latter started arbitration proceedings in London in 2003. Chang Beverages Pte. Ltd. originally filed three claims:

- primarily that the joint venture be re-established.
- further, damages for Carlsberg Breweries' unjustified termination of the agreement.
- further, that Carlsberg Breweries A/S until the matter has been settled be ordered to observe a number of restrictions as regards material decisions, etc. made in or regarding Carlsberg Asia.

Chang Beverages Pte. Ltd. waived its claims that the joint venture be re-established and that Carlsberg Breweries A/S until the matter has been settled be ordered to observe a number of restrictions (injunctions) as regards material decisions, etc. made in or regarding Carlsberg Asia.

NOTES

(DKK million)

35 Contingent liabilities and other commitments etc. - continued

What remains is the claim that Chang Beverages Pte. Ltd. be granted compensation for Carlsberg's termination of the joint venture agreement. Chang Beverages Pte. Ltd. claims damages of approx. USD 2bn. The claim is contested by Carlsberg in its entirety.

In august 2003, Carlsberg International A/S terminated its licence agreement with Carlsberg Brewery Thailand Ltd. due to lack of royalty payment. Carlsberg Brewery Thailand Ltd. has started arbitration proceedings in Thailand against Carlsberg A/S og Carlsberg International A/S claiming that the termination of the licence was unfounded and that Carlsberg Brewery Thailand Ltd. be awarded damages for the loss incurred by Carlsberg Brewery Thailand Ltd. in that connection currently calculated by Carlsberg Brewery Thailand Ltd. to be approx. USD 500m. This claim is also contested by Carlsberg in its entirety.

It was not deemed necessary to make provisions in the Annual Report relating to the above two proceedings.

Carlsberg Breweries A/S is party to certain other lawsuits, etc. The management does not expect the outcome of such cases to have a material negative impact on the financial position of the Group.

No post balance sheet events have occurred which may affect the Annual Report.

Capital commitments

Capital expenditure contracted for on the balance sheet day but not recognised in the accounts can be specified as follows:

	2004		2003	
	Parent	Group	Parent	Group
Intangible assets.....	-	110	-	300
Plant, machinery and equipment.....	-	612	-	355
	<u>-</u>	<u>722</u>	<u>-</u>	<u>655</u>

Operating lease commitments

The future aggregate lease payments under non-cancellable operating leases can be specified as follows:

	2004		2003	
	Parent	Group	Parent	Group
Not later than 1 year	2	191	1	111
Later than 1 year and not later than 5 years	3	335	2	249
After 5 years	-	354	-	101
	<u>5</u>	<u>880</u>	<u>3</u>	<u>461</u>

Group companies

			Investment	Nominal share capital ('000)	Currency	Exchange rate	Western Europe	Baltic Beverages Holding	Eastern Europe excl. BBH	Asia	Other
CARLSBERG BREWERIES A/S											
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries	●	100%	100.000	DKK	100,00	◆				
Oy Sinebrychoff Ab, Helsinki, Finland		●	100%	96.707	EUR	743,81	◆				
Carlsberg Holding Sverige AB, Falkenberg, Sweden	2 subsidiaries	●	100%	150.000	SEK	82,50	◆				
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary	●	100%	287.457	SEK	82,50	◆				
Ringnes a.s., Oslo, Norway	4 subsidiaries	●	100%	238.714	NOK	90,23	◆				
BBH - Baltic Beverages Holding AB, Stockholm, Sweden	15 subsidiaries	●	50%	12.000	EUR	743,81		◆			
Carlsberg Italia S.p.A, Lainate, Italy	22 subsidiaries	●	100%	48.400	EUR	743,81	◆				
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	12 subsidiaries	●	44%	50.000	EUR	743,81	◆				
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries	●	100%	95.000	CHF	481,74	◆				
Hannen Brauerei GmbH, Mönchengladbach, Germany	3 subsidiaries	●	100%	17.897	EUR	743,81	◆				
Carlsberg Deutschland GmbH, Mönchengladbach, Germany		●	100%	9.000	EUR	743,81	◆				
Holsten-Brauerei AG, Hamburg, Germany	20 subsidiaries	1) ●	98%	41.250	EUR	743,81	◆				
Tuborg Deutschland GmbH, Mönchengladbach, Germany		●	100%	51	EUR	743,81	◆				
Carlsberg GB Limited, Northampton, UK		●	100%	692	GBP	1.049,39	◆				
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries	●	100%	90.004	GBP	1.049,39	◆				
Carlsberg Polska S. A., Warsaw, Poland	4 subsidiaries	●	94%	28.721	PLN	182,57			◆		
Dyland BV, Bussum, Netherlands	1 subsidiary	●	100%	9.099	EUR	743,81			◆		
Carlsberg Croatia d.o.o., Koprivnica, Croatia		●	80%	159.932	HRK	97,05			◆		
Bottling and Brewing Group Ltd., Blantyre, Malawi	2 subsidiaries	2) ●	44%	1.132.877	MWK	5,11			◆		
Nuuk Imeq A/S, Nuuk, Greenland		■	24%	34.720	DKK	100,00			◆		
Israel Beer Breweries Ltd, Ashkelon, Israel		■	20%	15.670	ILS	126,99			◆		
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries	■	16%	2.523	USD	546,76			◆		
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey	1 subsidiary	1) ●	96%	186.988	USD	546,76			◆		
Carlsberg Bulgaria AD, Mladost, Bulgaria		●	80%	37.325	BGN	380,29			◆		
B to B Distribution EOOD, Mladost, Bulgaria		●	100%	10	BGN	380,29			◆		
D.O.O. Pivara Celarevo, Celarevo, Serbia/ Montenegro		●	80%	758	CSD	9,38			◆		
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary		●	100%	25.000	HUF	3,03			◆		
Carlsberg International A/S, Copenhagen, Denmark		●	100%	1.000	DKK	100,00					◆
Hue Brewery Ltd., Hue, Vietnam		◆	50%	19.708	USD	546,76				◆	
South- East Asia Brewery Ltd., Hanoi, Vietnam		●	60%	19.736	USD	546,76				◆	
International Beverages Distributors Ltd., Hanoi, Vietnam		●	60%	10.000	USD	546,76				◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China		■	33%	45.910	USD	546,76				◆	
Huanghe Jianjiang (Lanzhou) Brewery Company Limited, Lanzhou, Gansu, China		■	30%	25.373	USD	546,76				◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China		■	40%	6.041	USD	546,76				◆	
Wusu Beer, Urumqi, Xinjiang, China		■	35%	105.480	CNY	66,67				◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China		■	30%	725	USD	546,76				◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China		■	30%	993	USD	546,76				◆	
Carlsberg Thai Co. Ltd., Bangkok, Thailand		●	50%	1.000	THB	14,15				◆	
Hite Brewery Co. Ltd., Seoul, Korea	1)	■	22%	98.292.435	KRW	0,52				◆	

Group companies

		Investment	Nominal share capital ('000)	Currency	Exchange rate	Western Europe	Baltic Beverages Holding	Eastern Europe excl. BBH	Asia	Other
Carlsberg Asia Pte Ltd., Singapore		●	100%	170.000	SGD	333,77			◆	
Brewery Invest Pte. Ltd, Singapore		◆	50%	4.200	SGD	333,77			◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia	1) 2)	●	50%	300.000	MYR	145,20			◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia		●	100%	10.000	MYR	145,20			◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia		●	100%	100	MYR	145,20			◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka	1)	■	25%	500.000	LKR	5,33			◆	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China		●	51%	260.000	HKD	70,33			◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China		●	99%	53.000	USD	546,76			◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China		■	25%	36.640	USD	546,76			◆	
Carlsberg Hong Kong Ltd., Hong Kong, China		●	100%	-	HKD	70,33			◆	
Kunming Huashi Brewery Company Ltd., Kunming, China		●	100%	7.250	USD	546,76			◆	
Lao Brewery Co. Ltd., Vientiane, Laos		■	25%	20.000	USD	546,76			◆	
Carlsberg Singapore Pte. Ltd., Singapore		●	100%	1.000	SGD	333,77			◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore		●	100%	1.000	SGD	333,77			◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal		■	50%	466.325	NPR	7,66			◆	
Dali Beer (Group) Limited Company, Dali, China	3 subsidiaries	●	100%	12.070	USD	546,76			◆	
CTDD Beer Imports Ltd., Quebec, Canada		●	100%	-	CAD	451,26		◆		
Carlsberg USA Inc., New York, USA		●	100%	1.260	USD	546,76		◆		
Danish Malting Group A/S, Vordingborg, Denmark		●	100%	100.000	DKK	100,00				◆
Danish Malting Group Polska Sp. z o.o., Sierpe, Poland		●	100%	20.000	PLN	182,57				◆
Carlsberg Finans A/S, Copenhagen, Denmark		●	100%	25.000	DKK	100,00				◆
Danbrew Ltd. A/S, Copenhagen, Denmark	1 subsidiary	●	100%	2.000	DKK	100,00				◆
Carlsberg Invest A/S, Copenhagen, Denmark		●	100%	52.847	DKK	100,00				◆
Carlsberg Canada Inc., Mississauga, Ontario, Canada		●	100%	750	CAD	451,26		◆		
Carlsberg IT A/S, Copenhagen, Denmark		●	100%	50.000	DKK	100,00				◆
Carlsberg Breweries Insurance A/S, Copenhagen, Denmark		●	100%	25.000	DKK	100,00				◆

- Subsidiaries
- ◆ Proportionally consolidated undertaking
- Associated undertaking
- 1) Listed company
- 2) Managed by Carlsberg