Carlsberg Breweries A/S

CVR No. 25 50 83 43

Annual Report for 2009

(10th financial year)

Contents

This report is provided in English and in Danish. In case of any discrepancy between the two versions, the Danish wording shall apply.

MANAGEMENT REVIEW

FIVE-YEAR SUMMARY – CARLSBERG BREWERIES GROUP

Five-year summary

DKK million		**2005**	**2006**	**2007**	**2008**	**2009**
Sales volumes (million hl)						
Beer		101,6	100,7	115,2	126,8	137,0
Soft drinks		19,1	20,2	20,8	22,3	22,2
Income statement						
Net revenue		38.047	41.083	44.750	59.944	59.382
Operating profit before special items		3.422	3.997	5.001	7.604	9.460
Special items, net		-636	-160	-427	-1.641	-262
Financial items, net		-1.014	-728	-971	-3.455	-2.980
Profit before tax		1.772	3.109	3.603	2.508	6.218
Corporation tax		-519	-920	-1.190	383	-1.561
Consolidated profit		1.253	2.189	2.413	2.891	4.657
Attributable to:						
Non-controlling interests		259	282	294	572	565
Shareholders in Carlsberg Breweries A/S		994	1.907	2.119	2.319	4.092
Balance sheet						
Total assets		50.206	45.834	49.830	129.668	121.886
Invested capital		31.379	31.297	32.954	106.740	97.944
Interest-bearing debt, net		16.316	14.800	14.937	45.771	36.122
Equity, shareholders in Carlsberg Breweries A/S		11.798	10.956	11.723	41.367	42.613
Cash flow						
Cash flow from operating activities		4.842	4.872	5.102	8.037	13.420
Cash flow from investing activities		-3.498	232	-4.955	-57.427	-2.409
Free cash flow		1.344	5.104	147	-49.390	11.011
Financial ratios						
Operating margin	%	9,0	9,7	11,2	12,7	15,9
Return on average invested capital (ROIC)	%	10,2	12,3	15,2	8,9	9,3
Equity ratio	%	26,5	26,9	26,1	36,3	38,8
Debt/equity (financial gearing)	x	1,23	1,20	1,15	0,97	0,76
Interest cover	x	3,37	5,48	5,15	2,20	3,17
Stock market ratios						
Earnings per share (EPS)	DKK	1.988	3.814	4.238	4.629	8.168
Cash flow from operating activities per share (CFPS)	DKK	9.684	9.744	10.204	16.042	26.786
Free cash flow per share (FCFPS)	DKK	2.688	10.208	294	-98.583	21.978
Dividend per share (proposed)	DKK	1.800	890	2.600	-	-
Pay-out ratio	%	91	23	61	-	-
Employees						
Full-time employees (average)		30.336	31.537	33.276	45.364	43.137

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005".

ACTIVITIES OF THE GROUP

The Carlsberg Breweries Group is one of the leading brewery groups in the world, with a large portfolio of beer and other beverage brands. Carlsberg Breweries's activities are focused on the markets where the Group has the expertise and the right products to secure a leading position. Due to the variation of the markets, the contribution to growth, earnings and development within the Group differs, both at present and in the longer-term projections.

The parent company's main activities are investments in national and international breweries as wll as license and export business.

BUSINESS DEVELOPMENT

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

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

Organic Group beer volumes declined by 4%. Including acquisitions beer volumes increased by 6% to 116.0m hl (109.3m hl in 2008). In Q4 organic beer volumes were flat. Although there were signs of improvements in some Northern & Western European markets at the end of the year, underlying beer volumes continued to decline in the region. In Eastern Europe, volumes grew slightly in Q4. This growth was solely due to the Russian stockbuilding ahead of the excise duty increase on 1 January 2010. The Asian business continued to grow. Pro rata Group volumes of other beverages were 19.8m hl as in 2008.

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

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

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

Higher input costs affected the Group negatively and cost of sales per hl increased organically by approximately 2% for the year. While Carlsberg benefited from lower raw material prices in Eastern Europe in 2009, the Group was negatively affected by higher raw material prices in Northern & Western Europe and

Asia. Driven by increase in net revenue per hl, lower input costs in Eastern Europe and production efficiencies across the Group, organic gross profit growth per hl was 8% (8% in Q4). Organic gross profit margin improvement per hl was around 130bp (approximately 180bp improvement in Q4).

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

Operating profit for the beverage activities was DKK 9,460m (DKK 7,605m in 2008) with organic growth of 28% (14% in DKK). Organic operating profit growth accelerated in Q4 due to the Russian stockbuilding and was 35% for the Group and 32% for the beverage activities in the quarter.

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

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

Net profit was DKK 4.1bn (DKK 2.3bn in 2008) and earnings per share were DKK 8,168 (DKK 4,653 in 2008).

Operating cash flow grew by 67% to DKK 13.4bn (DKK 8.0bn in 2008) and free cash flow increased substantially to DKK 11.0bn. The intense focus throughout the Group on improving cash flow was very successful, especially within working capital management. Also, capital expenditures, cash charges for taxes and interest costs were markedly reduced and profits improved.

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

A key focus area in 2009 has been debt reduction and as a result of the very strong free cash flow, net interest-bearing debt was reduced to DKK 36.1bn as at 31 December 2009 compared to DKK 45.8bn at the end of 2008. Net debt/EBITDA declined to 2.7x at 31 December 2009 compared to the Group's expectations of "below 3x".

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

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

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

FINANCIAL REVIEW

Income statement

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

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

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

Gross profit was DKK 29,185m (DKK 28,696m in 2008), with organic growth being DKK 902m (+3%), net acquired activities representing DKK 1,889m and a negative impact of DKK -2,302m from exchange rate movements. Gross profit margin increased by almost 130bp to 49.1%. Gross profit was negatively impacted by lower organic volumes but positively impacted by lower raw material costs in Eastern Europe and declining non-material costs. Among other things it was also impacted by the lean project in Northern & Western Europe, accelerated efficiency initiatives, network optimisation and ongoing Excellence programmes in the supply chain.

Sales and distribution expenses were DKK -15,989m, a reduction of DKK 1,603m (+9%) compared to 2008. The lower sales and distribution expenses reflect efficiency programmes within sales and logistics, the impact of lower volumes and media deflation in 2009. The organic reduction was DKK 1,411m (+8%), net acquired activities represented DKK -886m (-5%) and there was a DKK 1,078m (+6%) impact from currencies. Administrative expenses amounted to DKK -3,865m (DKK -3,934m in 2008) with organic reduction of DKK 134m (+3%), net acquired activities representing DKK -236m (-6%), and DKK 171m (+5%) impact from currencies. All in all organic development in sales and distribution expenses and administration expenses was DKK +1.5bn or +7%.

Other operating income, net, was DKK -25m (DKK 363m in 2008). The decrease was expected and the result of significant real estate gains in the first half of 2008. The Group's share of the net profit of associates was DKK 104m against DKK 72m in 2008.

Beverage activities generated a profit of DKK 9,460m, an increase of DKK 1,855m with strong organic growth representing DKK 2,122m (+28%) and net acquired activities DKK 788m of the increase. All regions contributed positively to the increase in operating profit. The Group achieved an operating margin of 15.8%, up 250bp compared to 2008.

Net special items amounted to DKK -262m against DKK -1,641m in 2008 and mainly comprise restructuring and redundancy costs in Northern & Western Europe and losses on excess contracting of raw materials. A more detailed specification is shown in note 7 to the consolidated financial statements.

Net financial items amounted to DKK -2,980m against DKK -3,455m in 2008. Net interest costs accounted for DKK -2,160m compared to DKK -2,387m in 2008. The lower interest costs are primarily due to a decrease in average funding cost. Other net financial items were DKK -820m (DKK -1,068m in 2008) and were mainly related to losses on debt denominated in foreign currency, primarily in the first half of the year, of DKK 582m (Eastern Europe approximately DKK 400m) and write-downs on financial assets of DKK 119m. The decline in other net financial items is among other things explained by the one-off costs in 2008 related to the establishment of financing for the S&N transaction.

Tax totalled DKK -1,561m against DKK 395m last year. The effective tax rate in 2009 was thus 25%.

Consolidated profit was DKK 4,657m against DKK 2,904m in 2008 (+60%).

Carlsberg Breweries's share of net profit was DKK 4,092m against DKK 2,329m last year (+76%).

Statement of financial position

At 31 December 2009, Carlsberg Breweries had total assets of DKK 121,886m (DKK 129,668m at 31 December 2008). The decrease relates to a reduction in property, plant and equipment, current assets and foreign exchange movements, the last-mentioned in particular from the Russian rouble (RUB) impacting intangible assets and contributing to a reduction in current assets.

Assets

Intangible assets totalled DKK 70,405m against DKK 72,884m at 31 December 2008. The decrease is related to foreign exchange impact mainly from the RUB as no material additions or impairment writedowns have been recognised in 2009.

Property, plant and equipment totalled DKK 30,344m, down DKK 2,216m from 31 December 2008. The development has mainly been driven by additions of DKK 2.8bn, disposals of DKK -0.4bn, depreciation of DKK -3.5bn and foreign exchange impact of DKK -0.6bn.

Financial assets amounted to DKK 5,731m (DKK 5,218m at 31 December 2008). Financial assets mainly comprise associates, deferred tax assets and trade loans. Apart from the establishment of the Nordic Getränke cooperation in Germany, there have been no material fluctuations within the Group.

Current assets amounted to DKK 15,326m (DKK 18,853m at 31 December 2008). The decrease is the result of the very strong focus, particularly in the second half of the year, on inventories and receivables which has led to a significant reduction in both items compared to year-end 2008.

Equity and liabilities

Total equity was DKK 47,273m (shareholders in Carlsberg Breweries A/S DKK 42,613m and non-controlling interests DKK 4,660m). The increase in equity compared to 31 December 2008 of DKK 0.8bn is mainly due to profit for the year DKK 1,2bn, dividend paid to the shareholders DKK -0,3bn and purchase of minority shares DKK -0,4bn.

Net interest-bearing debt has been reduced from DKK 45.8bn as at 31 December 2008 to DKK 36.1bn as at 31 December 2009.

Total liabilities were DKK 74,613m (DKK 83,150m at 31 December 2008). Current liabilities were DKK 26,292m (DKK 29,413m at 31 December 2008). Excluding the current portion of borrowings, current liabilities totalled DKK 21,219m (DKK 20,248m at 31 December 2008) reflecting the focus throughout 2009 on working capital improvement.

Cash flow

Free cash flow in 2009 amounted to DKK 11,011m as a result of the very intense focus on cash flow, including net working capital and capital expenditures, throughout the Group. The strong development is a reflection of the so-called cash race programme.

Cash flow from operating activities in 2009 was DKK 13,420m against DKK 8,037m in 2008. The main contributors to the strong improvement of DKK 5,383m were operating profit before depreciation and amortisation and change in working capital. Operating profit before depreciation and amortisation was DKK 13,222m against DKK 11,223m in 2008.

Change in working capital amounted to DKK 3,289m against DKK 1,709m in 2008. The positive impact was driven by a significant reduction in inventories (DKK 1.6bn), lower receivables (DKK 1.0bn) and higher payables (DKK 0.8bn).

Paid net interests were DKK -1,754m (DKK -2,727m in 2008). The significant change in payments is due to lower interest payments, payments in 2008 related to the establishment of loan facilities linked to the acquisition of part of the activities in S&N and currency instruments (mainly hedging of the GBP 200m bond programme). Finally, in 2009 Carlsberg had a positive cash flow of approximately DKK 400m from settlement of various hedges.

Cash flow from investing activities was DKK -2,409m against DKK -57,427m in 2008. Adjusting for the acquisition of part of the activities in S&N in 2008, the decrease is essentially due to operating capital expenditures of DKK -2.8bn, down 48% from 2008, and a change in financial assets of DKK +950m. The lower operating capital expenditures are a result of the detailed planning for and continuous follow-up during 2009, and the change in financial investments is explained by prepayments and hedging instruments relating to the activities acquired in S&N in 2008.

Financing
At 31 December 2009, Carlsberg's gross interest-bearing debt amounted to DKK 40.4bn and net interest-bearing debt amounted to DKK 36.1bn. The difference of DKK 4.3bn is other interest-bearing assets, including DKK 2.7bn in cash and cash equivalents.

Of the gross interest-bearing debt, 87% (DKK 35.3bn) is long term, i.e. with maturity of more than one year, and consists primarily of facilities in EUR.

Net interest-bearing debt at 31 December 2009 was reduced by DKK 9.6bn compared to 2008. The reduction reflects the very strong free cash flow. Net debt/EBITDA at the end of 2009 was 2.7x.

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

Approximately 59% of net financial debt is at fixed rates of interest (fixed-rate period exceeding one year).

INCENTIVE PROGRAMMES

In 2009 a total of 440,064 share options were granted to members of the Executive Board and other key management personnel in the Carlsberg Breweries Group, of which the Executive Board received 60,000 share options.

In addition, a total of 160,935 share options have been granted to other senior executives and key management personnel as part of a new long-term incentive programme. The number of options in this programme will change over the next two years, depending on the terms in the incentive programme and developments in the price of Carlsberg's B share.

The share options, in total 440,064, were granted to a total of 215 key employees at an average exercise price of DKK 268.90 (2008: 683,915 (adjusted) share options to 171 employees at an average price of DKK 446.90 (adjusted)).

In 2010 a total of approximately 150,000 share options will be granted to approximately 95 persons (members of the Executive Board and other key management personnel), of which 30,000 will be granted to the Executive Board. The exercise price will be calculated as the average of the share price on the first five trading days after publication of the present Company Announcement. In addition, members of the long-term incentive programme will be granted share options based on performance, programme terms and developments in the price of Carlsberg's B share.

RISK MANAGEMENT

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

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

Risk management framework

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

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

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

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

Beer taxation

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

Economic downturn

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

Public regulations

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

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

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

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

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

Targets for water consumption and CO_2 emissions

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

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

Responsible Supplier Management Programme

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

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

Promoting responsible consumption

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

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

THE AUDIT COMMITTEE

In March 2009, the Supervisory Board of Carlsberg A/S (Parent Company of Carlsberg Breweries A/S) established an Audit Committee governing all companies within the Carlsberg Group in accordance with the Danish Act on Approved Auditors and Audit Firms. From March 2009 to December 2009, the Audit Committee consisted of the entire Supervisory Board. However, from December 2009, the Audit Committee consists of three members of the Supervisory Board (Jess Søderberg, Chairman, Povl Krogsgaard-Larsen and Richard Burrows). Two of the three members qualify as being independent of the Company. The Audit Committee works according to terms of reference and a detailed meeting plan approved by the Supervisory Board.

In 2009, the Audit Committee held three meetings and a working group established under the Audit Committee during 2009 to help organise the Committee's work held five meetings. In accordance with its terms of reference and annual meeting plan, the Audit Committee primarily

a) monitors the financial reporting process,
b) monitors the effectiveness of the internal control and risk management systems,
c) monitors the internal audit function, and
d) monitors the external audit of financial reporting and the independence of the external audit.

e)

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

INTERNAL CONTROLS OF FINANCIAL REPORTING

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

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

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

The risk assessment process related to financial reporting is approved by the Audit Committee on an annual basis. The financial reporting risks related to significant accounts in the consolidated financial statements are identified based on a top-down, riskbased approach. Based on the risk assessment, the Group has established minimum requirements for the conduct and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. As part of this process, the accounting information reported by all of the companies in the Group is reviewed both by controllers with regional links and in-depth knowledge of the individual companies, and by accounting experts. The most important companies in the Group also have their own controllers with extensive commercial and/or accounting knowledge and insight.

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

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

2010 EARNINGS EXPECTATIONS

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

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

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

For 2010 Carlsberg is assuming the following:

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

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

DISCLAIMER

This Annual Report contains forward-looking statements, including statements about the Group's sales, revenues, earnings, spending, margins, cash flow, inventory, products, actions, plans, strategies, objectives and guidance with respect to the Group's future operating results. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain the words "believe", "anticipate", "expect", "estimate", "intend", "plan", "project", "will be", "will continue", "will result", "could", "may", "might", or any variations of such words or other words with similar meanings. Any such statements are subject to risks and uncertainties that could cause the Group's actual results to differ materially from the results discussed in such forward-looking statements. Prospective information is based on management's then current expectations or forecasts. Such information is subject to the risk that such expectations or forecasts, or the assumptions underlying such expectations or forecasts, may change. The Group assumes no obligation to update any such forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking statements. Some important risk factors that could cause the Group's actual results to differ materially from those expressed in its forward-looking statements include, but are not limited to: economic and political uncertainty (including interest rates and exchange rates), financial and regulatory developments, demand for the Group's products, increasing industry consolidation, competition from other breweries, the availability and pricing of raw materials and packaging materials, cost of energy, production- and distribution-related issues, information technology failures, breach or unexpected termination of contracts, price reductions resulting from market-driven price reductions, market acceptance of new products, changes in consumer preferences, launches of rival products, stipulation of market value in the opening balance sheet of acquired entities, litigation, environmental issues and other unforeseen factors. New risk factors can arise, and it may not be possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on the Group's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Accordingly, forward-looking statements should not be relied on as a prediction of actual results.

Consolidated financial statements 2009

Notes to the consolidated financial statemetns

Carlsberg Breweries Group

Income statement

Note		2009 DKK million	2008 DKK million
	Revenue	75.676	76.557
	Excise duties on beer and soft drinks etc.	-16.294	-16.613
	Net revenue	**59.382**	**59.944**
3	Cost of sales	-30.197	-31.249
	Gross profit	**29.185**	**28.695**
4	Sales and distribution expenses	-15.989	-17.592
5	Administrative expenses	-3.865	-3.934
6	Other operating income	459	662
6	Other operating expenses	-434	-299
17	Share of profit after tax, associates	104	72
	Operating profit before special items	**9.460**	**7.604**
7	Special items	-262	-1.641
8	Financial income	579	1.269
8	Financial expenses	-3.559	-4.724
	Profit before tax	**6.218**	**2.508**
9	Corporation tax	-1.561	383
	Consolidated profit	**4.657**	**2.891**
	Attributable to:		
10	Non-controlling interests	565	572
	Shareholders in Carlsberg Breweries A/S	4.092	2.319
11	**Earnings per share**		
	Earnings per share	8.168	4.629
	Earnings per share, diluted	8.168	4.629

Carlsberg Breweries Group

Statement of comprehensive income

	Note	2009 DKK million	2008 DKK million
Profit for the year		**4.657**	**2.891**
Other comprehensive income:			
Foreign exchange adjustments of foreign entities	8	-2.966	-8.388
Value adjustments of hedging instruments	8, 34, 35	29	-1.526
Value adjustments of securities	8	1	115
Retirement benefit obligations	25	-382	-46
Value adjustment on step acquisition of subsidiaries	30	-	14.745
Share of other comprehensive income in associates	17	31	-
Other		-5	-3
Tax on changes in other comprehensive income	9	39	317
Other comprehensive income		**-3.253**	**5.214**
Total comprehensive income		**1.404**	**8.105**
Total comprehensive income attributable to:			
Non-controlling interests		171	1.777
Shareholders in Carlsberg Breweries A/S		1.233	6.328

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

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

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

Carlsberg Breweries Group

Statement of financial position

Note	Assets	31 Dec. 2009 DKK million	31 Dec. 2008 DKK million
	Non-current assets:		
14, 15	Intangible assets	70.405	72.884
15, 16	Property, plant and equipment	30.344	32.560
17	Investments in associates	2.628	2.189
18	Securities	71	94
19	Receivables	1.604	1.707
26	Deferred tax assets	1.426	1.226
25	Retirement benefit plan assets	2	2
	Total non-current assets	**106.480**	**110.662**
	Current assets:		
20	Inventories	3.601	5.228
19	Trade receivables	5.919	6.391
	Tax receivables	175	261
19	Other receivables	2.254	3.026
	Prepayments	666	1.211
18	Securities	17	7
21	Cash and cash equivalents	2.694	2.729
	Total current assets	**15.326**	**18.853**
22	Assets held for sale	80	153
	Total assets	**121.886**	**129.668**

Carlsberg Breweries Group

Statement of financial position

Note	Equity and liabilities	31 Dec. 2009 DKK million	31 Dec. 2008 DKK million
	Equity:		
23	Share capital	501	501
	Reserves	-11.685	-9.105
	Retained earnings	53.797	49.971
	Equity, shareholders in Carlsberg Breweries A/S	42.613	41.367
	Non-controlling interests	4.660	5.151
	Total equity	**47.273**	**46.518**
	Non-current liabilities:		
24	Borrowings	35.315	40.841
25	Retirement benefit obligations and similar obligations	2.127	1.766
26	Deferred tax liabilities	8.936	9.133
27	Provisions	1.322	1.457
28	Other liabilities	570	88
	Total non-current liabilities	**48.270**	**53.285**
	Current liabilities:		
24	Borrowings	5.073	9.165
	Trade payables	7.932	8.061
	Deposits on returnable packaging	1.361	1.455
27	Provisions	1.081	666
	Corporation tax	424	283
28	Other liabilities etc.	10.421	9.783
	Total current liabilities	**26.292**	**29.413**
22	Liabilities associated with assets held for sale	51	452
	Total liabilities	**74.613**	**83.150**
	Total equity and liabilities	**121.886**	**129.668**

Carlsberg Breweries Group

Statement of changes in equity

2009
DKK million

	Shareholders in Carlsberg Breweries A/S								
	Share capital	Currency translation	Hedging reserves	Available for sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
Equity at 1 January 2009	501	-7.756	-1.471	122	-9.105	49.971	41.367	5.151	46.518
Total comprehensive income for the year, cf. separate statement	-	-2.716	135	1	-2.580	3.813	1.233	171	1.404
Capital increase	-	-	-	-	-	-	-	7	7
Share-based payment	-	-	-	-	-	49	49	-	49
Share-based payment - exercises	-	-	-	-	-	-36	-36	-	-36
Dividends paid to shareholders	-	-	-	-	-	-	-	-312	-312
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-357	-357
Total changes in equity	**-**	**-2.716**	**135**	**1**	**-2.580**	**3.826**	**1.246**	**-491**	**755**
Equity at 31 December 2009	**501**	**-10.472**	**-1.336**	**123**	**-11.685**	**53.797**	**42.613**	**4.660**	**47.273**

2008
DKK million

	Shareholders in Carlsberg Breweries A/S								
	Share capital	Currency translation	Hedging reserves	Available for sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
Equity at 1 January 2008	500	-233	65	-	-168	11.391	11.723	1.296	13.019
Total comprehensive income for the year, cf. separate statement	-	-7.523	-1.536	122	-8.937	15.265	6.328	1.777	8.105
Capital increase	1	-	-	-	-	23.999	24.000	15	24.015
Share-based payment	-	-	-	-	-	28	28	-	28
Share-based payment - exercises	-	-	-	-	-	88	88	-	88
Dividends paid to shareholders	-	-	-	-	-	-800	-800	-238	-1.038
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-87	-87
Acquisition of entities	-	-	-	-	-	-	-	2.382	2.382
Disposal of entities	-	-	-	-	-	-	-	6	6
Total changes in equity	**1**	**-7.523**	**-1.536**	**122**	**-8.937**	**38.580**	**29.644**	**3.855**	**33.499**
Equity at 31 December 2008	**501**	**-7.756**	**-1.471**	**122**	**-9.105**	**49.971**	**41.367**	**5.151**	**46.518**

No dividend (2008: No dividend) is proposed for the year. No dividends are paid out in 2009 for 2008 (paid out in 2008 for 2007: DKK 800m which was DKK 1,600 per share). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

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

Carlsberg Breweries Group

Statement of cash flows

Note		2009 DKK million	2008 DKK million
	Operating profit before special items	9.460	7.604
	Adjustment for depreciation and amortisation	3.753	3.614
	Adjustment for impairment losses[1]	10	5
	Operating profit before depreciation, amortisation and impairment losses	13.223	11.223
29	Adjustment for other non-cash items	330	-162
29	Change in working capital[2]	3.289	1.709
	Restructuring costs paid	-508	-482
	Interest etc. received	222	216
	Interest etc. paid	-1.776	-2.943
	Income tax paid	-1.360	-1.524
	Cash flow from operating activities	**13.420**	**8.037**
	Acquisition of property, plant and equipment and intangible assets	-2.763	-5.292
	Disposal of property, plant and equipment and intangible assets	316	374
29	Change in trade loans	-411	-290
	Total operational investments	-2.858	-5.208
30	Acquisition and disposal of entities, net	519	-51.444
	Acquisitions of associated companies	-48	-587
	Disposals of associated companies	-7	300
	Acquisition of financial assets[3]	-13	-961
	Disposal of financial assets	44	39
29	Change in financial receivables	-96	403
	Dividends received	50	31
	Total financial investments	449	-52.219
	Other investments in property, plant and equipment	-	0
	Disposal of other property, plant and equipment	-	0
	Total other activities[4]	-	-
	Cash flow from investing activities	**-2.409**	**-57.427**
	Free cash flow	**11.011**	**-49.390**
29	Shareholders in Carlsberg Breweries A/S	-	23.200
29	Non-controlling interests	-591	-521
29	External financing[5]	-9.869	27.579
	Cash flow from financing activities	**-10.460**	**50.258**
	Net cash flow	**551**	**868**
	Cash and cash equivalents at 1 January[6]	2.117	1.279
	Foreign exchange adjustment of cash and cash equivalents at 1 January	-43	-30
21	**Cash and cash equivalents at 31 December[6]**	**2.625**	**2.117**

[1] Impairment losses excluding those reported in Special items

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

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

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

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

[6] Cash and cash equivalents less bank overdrafts.

NOTE 1 Significant accounting estimates and judgements

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

Estimation uncertainty

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

The judgements, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The international economic downturn continued in 2009, causing fluctuations in interest and currency exchange rates, which had a derived effect on the general economic situation and led to uncertainties about future economic development. The year also saw a general reduction in the consumption of many products, including beverages, and consumers having less financial capacity and optimism. The impact on the business development and 2009 financials is described in the Management review, especially the sections describing the segment developments.

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

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

The Group is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively. Specific risks for the Carlsberg Breweries Group are discussed in the relevant sections of the Management review and in the notes.

Assumptions about the future and estimation of uncertainty at the end of the reporting period are described in the notes when there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

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

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

Trademarks. In business combinations, the value of the trademarks acquired and their expected useful lives are assessed based on the trademarks' market position, expected long term developments in the relevant markets and the trademarks' profitability. The estimated value of acquired trademarks includes all future cash flows associated with the trademarks, including the value of customer relations etc. related to the trademarks. For most entities acquired there is a close relationship between trademarks and sales. The consumers' demand for beer and other beverages drives sales and therefore the value of the brand is closely linked to consumer demands, while there is no separate value attached to customers (shops, bars etc.) as their choice of products is driven by consumer demands.

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

For each trademark or group of trademarks, measurement is based on the relief from royalty method under which the value is calculated based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life, royalty rate and growth rate, and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of a risk premium associated with the particular trademark.

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

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

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

Impairment testing. In performing the annual impairment test of goodwill, an assessment is made as to whether the individual units of the entity (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the entity. The cash-generating units are determined based on Group structure, linkage of the cash flows between entities and the individual entities' integration in regions or sub-regions. The structure and cash-generating units are reassessed each year.

The estimates of future free cash flows (value in use) are based on budgets and business plans for the next three years and projections for subsequent years. Key parameters are revenue growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans for the next three years are based on concrete commercial initiatives. Projections beyond the next three years are based on general expectations and risks.

The cash flows used incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used. Potential upsides and downsides identified during the budget process and in the daily business are reflected in scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect, among other things, factors such as assumptions on market, price developments and input cost developments. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Pre-tax discount rates which reflect the risk-free borrowing interest rate in each particular geographical area for the cash-generating units are used to calculate recoverable amounts.

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

Management performs an annual test for indications of impairment of trademarks with a finite useful life other than the decrease in value reflected by amortisation. Impairment tests are conducted in the same way as for trademarks with an indefinite useful life when there is an indication that the assets may be impaired. Due to the economic downturn some of the recently acquired trademarks with a finite useful life experienced a decline in revenue. These trademarks have been impairment-tested using the same model as for trademarks with an indefinite useful life. The test resulted in an impairment loss on trademarks with finite useful life of DKK 37m.

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

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

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

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

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

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

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

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

Useful lives and residual values for intangible assets with finite useful life and property, plant and equipment. Intangible assets with finite useful life and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and residual values are determined based on past experience and expectations of the future use of the assets. Reassessment of the expected future use is as a minimum made in connection with an evaluation of changes in production structure, restructuring and brewery closures. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 40 and the value of non-current assets is specified in notes 14 and 16.

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

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

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

Receivables. Receivables are measured at amortised cost less impairment. Write-downs are made for bad debt losses due to inability to pay. If the ability to pay deteriorates in the future, further write-downs may be necessary.

Management performs analysis on the basis of customers' expected ability to pay at the end of the reporting period, historical information on payment patterns and doubtful debts, and customer concentrations, customers' creditworthiness, including the impact of the economic downturn on the markets in general as well as on the individual customer, collateral received and the financial situation in the Group's sales channels.

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

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

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

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

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

Provisions and contingencies. Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents. In connection with large restructurings, management assesses the timing of costs to be incurred, which influences the classification as current or non-current liabilities respectively. Provision for loss on onerous procurement contracts is based on agreed terms with the supplier and expected fulfilment of the contract based on the current estimate of volumes and use of raw materials.

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

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

Assessment in applied accounting policies

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

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

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

This classification is significant, as the recognition of proportionally consolidated joint ventures impacts differently on the financial statements from full consolidation of subsidiaries or recognition of associates using the equity method. Any amendment of IFRS preventing the use of proportional consolidation would therefore have an impact on the consolidated financial statements. The effect has been limited considerably following the acquisition of control over the entities in the former BBH Group in connection with the acquisition of part of the activities in S&N in 2008. Key figures for proportionally consolidated entities are disclosed in note 33.

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

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

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

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

Loans to the on-trade. Under certain circumstances the Carlsberg Breweries Group grants loans to on-trade customers in some markets. The agreements are typically complex and cover several aspects of the relationship between the parties. Management assesses the recognition and classification of income and expenses for each of these agreements, including the allocation of revenue from the loan between income, customer discounts and other operating income. Management also assesses whether developments of importance to the on-trade could indicate impairment of on-trade loans in a country/market in general. Special attention is paid to changes following the economic downturn and its effect on the individual markets and segments. Such developments also include changes in local legislation, which may have an adverse effect on the earnings in the industry as a whole, and where the effect cannot be allocated to individual loans.

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

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

Inventories. The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies, wages and salaries as well as maintenance and depreciation of the machinery, plant and equipment used for production, and costs of plant administration and management. Entities in the Carlsberg Breweries Group which use standard costs in the measurement of inventories review these costs at least once a year.

The standard cost is also revised if it deviates by more than 5% from the actual cost of the individual product. Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other factors pertaining to the individual product.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and developments in expected selling price. The calculation of net realisable value is mainly relevant to packing materials, packaging and spare parts. Net realisable value is not normally calculated for beer and soft drinks because their limited shelf life means that slow-moving goods must be scrapped instead. Following the economic downturn, the individual entities in the Group have paid special attention to inventory turnover and the remaining shelf life when determining net realisable value and scrapping.

Leases and service contracts. The Carlsberg Breweries Group has entered into a number of leases and service contracts. When entering into these agreements, management considers the substance of the service being rendered in order to classify the agreement as either a lease or a service contract. In making this judgement, particular importance is attached to whether fulfilment of the agreement depends on the use of specific assets. The Group's leases and significant service contracts are disclosed in notes 37 and 38.

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

2 Segment information

The Group’s activities are segmented on the basis of geographical regions in accordance with the management reporting structure.

For segment reporting purposes, the Chief Operating Decision Maker is the Executive Committee. The Executive Committee manages and makes business decisions based on geographical regional information. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on financing and tax planning are made based on information for the Group as a whole and therefore not segmented. The “Not allocated” segment relates mainly to headquarters functions which consist of management fees, royalty charges, central marketing, sponsorships, receivables etc. and of eliminations. Intra-segment revenue is based on arm’s length prices.

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

Non-current segment assets comprise intangible assets and property, plant and equipment used directly in the operating activities of the segment. Current segment assets are allocated to the segments to the extent that they can be allocated directly to the individual segment, including inventories, trade receivables, other receivables and prepayments. Allocated goodwill and trademarks by segment are specified in note 15.

					2009 DKK million
	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
Income statement:					
Net revenue	36.434	18.543	4.224	181	59.382
Intra-segment revenue	32	2	0	-34	-
Total revenue	**36.466**	**18.545**	**4.224**	**147**	**59.382**
Share of profit/loss after tax in associates	7	-5	102	-	104
Operating profit before special items	**4.237**	**5.289**	**666**	**-732**	**9.460**
Special items					-262
Financial items, net					-2.980
Profit before tax					**6.218**
Corporation tax					-1.561
Consolidated profit					**4.657**
EBIT margin	11,6%	28,5%	15,8%		15,9%

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

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

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

	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
Other segment items:					
Total assets	50.183	69.002	7.368	-4.667	121.886
Invested capital, cf. note 31	28.466	63.270	5.154	464	97.354
Acquisition of property, plant and equipment and intangible assets	1.400	879	258	230	2.767
Depreciation and amortisation	2.119	1.349	208	77	3.753
Impairment losses	73	17	2	-	92

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

continues

2 Segment information (continued)

	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
					2008 DKK Million
Income statement:					
Net revenue	37.059	19.136	3.552	197	59.944
Intra-segment revenue	69	1	3	-73	-
Total revenue	**37.128**	**19.137**	**3.555**	**124**	**59.944**
Share of profit/loss after tax in associates	15	7	50	-	72
Operating profit before special items	**3.953**	**4.109**	**511**	**-969**	**7.604**
Special items					-1.641
Financial items, net					-3.455
Profit before tax					**2.508**
Corporation tax					383
Consolidated profit					**2.891**
EBIT margin	10,6%	21,5%	14,4%		12,7%

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

Not allocated operating profit before special items, DKK -969m, consists of DKK -965m from other companies and activities and DKK -4m from eliminations.

	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
Other segment items:					
Total assets	45.556	71.351	6.803	5.958	129.668
Invested capital, cf. note 31	31.493	68.771	5.485	351	106.100
Acquisition of property, plant and equipment and intangible assets	2.517	2.149	391	235	5.292
Depreciation and amortisation	2.124	1.240	183	68	3.615
Impairment losses	336	-	-	-	336

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

Information on geographical allocation of net revenue and non-current assets

	Net revenue		Non-current assets	
	2009 DKK Million	**2008** DKK Million	**2009** DKK Million	**2008** DKK Million
Denmark (Carlsberg Breweries A/S's domicile)	4.847	4.838	2.298	2.384
Russia	15.580	13.671	59.349	37.047
Other countries	38.955	41.435	44.833	71.231
Total	**59.382**	**59.944**	**106.480**	**110.662**

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

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

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

3 Cost of sales

	2009 DKK million	2008 DKK million
Cost of materials	16.981	16.887
Direct staff costs	1.270	1.508
Machinery costs	818	921
Depreciation, amortisation and impairment losses	2.581	2.512
Indirect production overheads	3.353	3.133
Purchased finished goods and other costs	5.194	6.288
Total	**30.197**	**31.249**
Of which staff costs, cf. note 12	2.579	2.535

4 Sales and distribution expenses

	2009 DKK million	2008 DKK million
Marketing expenses	4.508	5.304
Sales expenses	4.837	4.899
Distribution expenses	6.644	7.389
Total	**15.989**	**17.592**
Of which staff costs, cf. note 12	4.517	4.440

5 Fees to auditors appointed at the Annual General Meeting

	2009 DKK million	2008 DKK million
KPMG:		
Statutory audit	28	42
Assurance engagements	1	1
Tax advisory	5	10
Other services	4	25

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

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

In 2008 assurance engagements included fees for audit opinions issued to third parties. Tax advisory services related to the S&N transaction and general tax consultancy. Other services included assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and other services.

6 Other operating income and expenses

	2009 DKK million	2008 DKK million
Other operating income:		
Gains on disposal of real estate	61	69
Gains on disposal of other property, plant and equipment and intangible assets	40	212
Interest and amortisation of on-trade loans	103	105
Rental income, real estate	43	58
Funding and grants received for research and development activities	9	10
Other	203	208
Total	**459**	**662**
Other operating expenses:		
Loss on disposal of real estate	-10	-
Loss on disposal of other property, plant and equipment and intangible assets	-60	-44
Losses and write-downs on on-trade loans	-97	-45
Real estate costs	-45	-58
Expenses relating to research centres	-64	-53
Other	-158	-99
Total	**-434**	**-299**
Of which staff costs, cf. note 12	-17	-21

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

Carlsberg Breweries Group

Notes

7 Special items

	2009 DKK million	2008 DKK million
Gain on sale of Braunschweig Brauerei and Fighter brand activities, Carlsberg Deutschland (2008: Impairment of brewery)	49	-135
Gain on sale of assets to Carlsberg A/S	433	-
Impairment of finite brands	-37	-
Impairment (2008) and restructuring of Leeds Brewery, Carlsberg UK	-67	-197
Loss on disposal of Türk Tuborg	-	-232
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark	-40	-19
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-20	-30
Provision for onerous procurement contracts	-175	-245
Termination benefits etc. in connection with Operational Excellence programmes	-31	-150
Termination benefits in connection with restructuring of sales force, logistics and administration, Carlsberg UK	-34	-
Termination benefit etc., Carlsberg Italia	-56	-93
Termination benefit etc. in connection with restructuring in Brasseries Kronenbourg, France	-95	-291
Termination benefits in connection with restructuring, Carlsberg Deutchland	-72	-
Restructuring, Ringnes, Norway	-	-26
Other restructuring costs etc., other entities	-100	-154
Integration costs related to acquisition of part of the activities in S&N	-17	-69
Special items, net	**-262**	**-1.641**

If special items had been recognised in operating profit before special items, they would have been included in the following items:

	2009	2008
Cost of sales	-363	-919
Sales and distribution expenses	-157	-114
Administrative expenses	-179	-226
Other operating income	346	27
Other operating expenses	91	-409
	-262	-1.641
Impairment of goodwill	-	-
Special items, net	**-262**	**-1.641**

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

8 Financial income and financial expenses

Financial items recognised in the income statement

	2009 DKK million	2008 DKK million
Financial income:		
Interest income	181	214
Dividends from securities	6	20
Fair value adjustments of financial instruments, net, cf. note 35	80	556
Realised gains on disposal of associates and securities	3	126
Expected return on plan assets, defined benefit plans	269	308
Other financial income	40	45
Total	**579**	**1.269**

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

	2009 DKK million	2008 DKK million
Financial expenses:		
Interest expenses	-2.341	-2.601
Realised foreign exchange losses, net	-582	-1.358
Realised losses on disposal of securities	-41	-5
Impairment of financial assets	-119	-3
Interest cost on obligations, defined benefit plans	-341	-339
Other financial expenses	-135	-418
Total	**-3.559**	**-4.724**
Net financial items recognised in the income statement	**-2.980**	**-3.455**

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

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

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

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

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

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

Financial items recognised in other comprehensive income

	2009 DKK million	2008 DKK million
Foreign exchange adjustments of foreign entities:		
Foreign currency translation of foreign entities	-2.977	-8.319
Recycling of cumulative translation differences related to foreign operations disposed of in the year to income statement	11	-69
Total	**-2.966**	**-8.388**
Value adjustments of hedging instruments:		
Cash flow hedges, effective portion of changes in fair value	-305	-1.958
Net change in fair value of cash flow hedges transferred to income statement	450	-27
Net investments hedges, net change in fair value	-116	459
Total	**29**	**-1.526**
Value adjustments of securities:		
Securities, net change in fair value	1	-33
Net change in fair value of securities transferred to income statement	-	-21
Net change in fair value of securities transferred to associates	-	169
Total	**1**	**115**
Net financial items recognised in other comprehensive income	**-2.936**	**-9.799**
Total net financial items recognised in comprehensive income	**-5.916**	**-13.254**

9 Corporation tax

	2009	2008
	DKK million	DKK million
Tax for the year comprises:		
Current tax on profit for the year	1.579	1.062
Change in deferred tax during the year	9	-272
Change in deferred tax from change in tax rate	-26	-1.508
Adjustments to tax for previous years	-40	18
Tax on comprehensive income for the year	**1.522**	**-700**
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	82	316
Tax for the year on items recognised in other comprehensive income	-23	1
Adjustment to tax for previous years	-20	0
Tax on other comprehensive income for the year	39	317
Tax on profit for the year recognised in income statement	**1.561**	**-383**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25,0%	25,0%
Change in tax rate, foreign subsidiaries	-0,3%	-60,6%
Differences in tax rates, foreign subsidiaries	-2,3%	-4,2%
Adjustments to tax for previous years	-1,0%	-0,3%
Non-capitalised tax assets, net movements	0,2%	11,7%
Non-taxable income	-0,6%	-0,7%
Non-deductible expenses	3,4%	6,9%
Tax incentives etc.	-2,2%	3,3%
Special items/tax in associates	1,0%	-5,1%
Withholding taxes	2,1%	8,4%
Other	-0,2%	0,3%
Effective tax rate for the year	**25,1%**	**-15,3%**

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

Tax recognised in other comprehensive income:

	2009			2008		
DKK million	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Foreign exchange adjustments	-3.135	-	-3.135	-8.388	-	-8.388
Hedging instruments	29	-39	-10	-1.526	307	-1.219
Securities	1	-	1	115	4	119
Retirement benefit obligations	-382	73	-309	-46	6	-40
Share of other comprehensive income in associates	31	-	31	-	-	-
Value adjustment on step acquisition of subsidiary	-	-	-	14.745	-	14.745
Other	-6	5	-1	-9	-	-9
Total	**-3.462**	**39**	**-3.423**	**4.891**	**317**	**5.208**

	2009	2008
	DKK million	DKK million
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	-925	2.445
Deferred tax from change in tax rate	-26	-1.520
Intangible assets and property, plant and equipment etc.	1.016	-2.401
Deferred tax recognised in the income statement	**65**	**-1.476**

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

10 Non-controlling interests

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

11 Earnings per share

The calculations of earnings per share for 2008 was affected by the issue of 1,000 additional shares in June 2008 as described in note 23.

	2009 DKK million	2008 DKK million
Consolidated profit	4.657	2.891
Non-controlling interests	-565	-572
Shareholders in Carlsberg Breweries A/S	**4.092**	**2.319**
	1,000 shares	1,000 shares
Average number of shares	501	501
Average number of treasury shares	-	-
Average number of shares outstanding	**501**	**501**
Average dilutive effect of outstanding share options	-	-
Diluted average number of shares outstanding	**501**	**501**
	DKK	DKK
Earnings per share of DKK 1,000 (EPS)	8.168	4.629
Diluted earnings per share of DKK 1,000 (EPS-D)	8.168	4.629

12

Staff costs and remuneration of the Supervisory Board, the Executive Board and other employees

	2009 DKK million	**2008** DKK million
Salaries and other remuneration	7.384	6.740
Severance pay	264	198
Social security costs	1.077	982
Retirement benefit costs - defined contribution plans	163	155
Retirement benefit costs - defined benefit plans	115	90
Share-based payment	49	28
Other employee benefits	79	419
Total	**9.131**	**8.612**

Staff costs are included in the following items in the income statement:		
Cost of sales	2.579	2.535
Sales and distribution expenses	4.517	4.440
Administrative expenses	1.624	1.500
Other operating expenses	17	21
Special items (restructuring)	394	116
Total	**9.131**	**8.612**

The Group had an average of 43,137 (2008: 45,364) full-time employees during the year.

Remuneration of Group Executive Board and executive employees:

	2009	DKK million	**2008**	DKK million
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Salaries and other remuneration	30	61	27	47
Retirement benefit costs	-	4	-	3
Share-based payment	6	12	3	3
Total	**36**	**77**	**30**	**53**

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

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

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

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

Executive employees comprise members of the Executive Committee, Senior Vice Presidents and Vice Presidents heading Group functions at Carlsberg’s headquarters in Copenhagen, a total of 16 persons (2008: 19 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group’s activities.

The Supervisory Board of Carlsberg Breweries A/S received remuneration of DKK 0m (2008: DKK 0m). The Supervisory Board is not included in share option programmes, retirement benefit plans and other schemes.

13 Share-based payment

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

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

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

The general terms and conditions for the two programmes:

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

Upon resignation, a proportion of the options may be exercised within one to three months unless special severance terms are agreed. Special terms and conditions apply in the case of retirement, illness, death or changes in Carlsberg A/S's capital resources. Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme).

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

In 2009, a total of 324,037 (2008: 796,845) share options were granted to 215 (2008: 173) key employees. The fair value at grant date of these options was a total of DKK 49 million (2008: DKK 73 million). Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme).

The number of options relating to each annual long-term incentive program is annually adjusted during the vesting period (3 years). The total outstanding options at 31 December 2009, 311,832, relates to the Carlsberg Groups long-term inventive program, of which 90,789 will be adjusted in 2010, 90,789 in 2011 and 53,645 in 2012. In 2009 the preliminary number of options regarding options granted in 2008 has been adjusted to 76,609 based on the assumptions available after publishing the Annual Report for 2008. these assumptions are presented below. the change in assumptions lead to a negative adjustment of 116,027 options regarding 2008.

The total cost of share-based payment is DKK 49 million (2008: DKK 28 million), which is recognised in the income statement and included in staff costs. Refunds etc. between Carlsberg A/S, Carlsberg Breweries A/S and subsidiaries in the Carlsberg Breweries Group are recognised directly in equity and total DKK 6 million (2008: DKK 20 million). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK million (2008: DKK 0 million).

The fair value of granted share options is estimated using the Black-Scholes call option pricing model based on the exercise price. The fair value at 31 December 2009 is DKK 266m (2008: DKK 40m) which is DKK 226m higher than at year-end 2008.

At 31 December 2009 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 490.55 (2008: DKK 173.12 to DKK 490.55). The average remaining contractual life was 5.1 years (2008: 5.7 years).

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2009	Granted/ grant adjusted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2009	For exercise 31 Dec.	Fixed, weighted average	DKK per option, weighted	31 Dec. 2009	31 Dec. 2008
Executive Board												
2001	2004-2009	9.105	-	-9.105	-	-	-		312,02			-
2002	2005-2010	9.105	-	-	-	-	9.105	9.105	261,39	122,60	1	-
2003	2006-2011	13.008	-	-	-	-	13.008	13.008	173,12	211,27	3	1
2004	2007-2012	13.008	-	-	-	-	13.008	13.008	216,65	180,37	2	-
2005	2008-2013	12.388	-	-	-	-	12.388	12.388	232,71	179,06	2	-
2006	2009-2014	12.388	-	-	-	-	12.388	12.388	306,89	139,55	2	-
2007	2010-2015	24.776	-	-	-	-	24.776	-	472,11	111,82	3	1
2008	2011-2016	89.552	-	-	-	-	89.552	-	490,55	136,10	12	3
2009	2012-2017		60.000				60.000		203,50	237,37	14	
Total		**183.330**	**60.000**	**-9.105**	**-**	**-**	**234.225**	**59.897**			**39**	**5**
Key management personnel												
2001	2004-2009	6.473	-	-6.473	-	-	-		312,02			-
2002	2005-2010	5.854	-	-	-3.902	-1.952	-	-	261,39	122,60	-	-
2003	2006-2011	12.419	-	-	-1.951	-4.615	5.853	5.853	173,12	211,27	1	-
2004	2007-2012	34.826	-	-	-2.632	-9.430	22.764	22.764	216,65	180,37	4	1
2005	2008-2013	81.040	-	-2.270	-11.148	-12.184	55.438	55.438	232,71	179,06	10	2
2006	2009-2014	151.241	-	-7.957	-19.509	-23.122	100.653	100.653	306,89	139,55	14	3
2007	2010-2015	172.011	-	-18.890	-	-30.348	122.773		472,11	111,82	14	3
2008	2011-2016	704.196	-116.027	-65.241	-	-98.479	424.449		446,90	128,06	54	22
2009	2012-2017		380.064	-12.500	-	-23.914	343.650		268,90	208,05	71	
Total		**1.168.060**	**264.037**	**-113.331**	**-39.142**	**-204.044**	**1.075.580**	**184.708**			**168**	**31**
Resigned employees												
2001	2004-2009	14.340	-	-14.340	-	-	-		312,02			-
2002	2005-2010	20.812	-	-	-1.951	1.952	20.813	20.813	261,39	122,60	3	-
2003	2006-2011	29.918	-	-	-1.951	4.615	32.582	32.582	173,12	211,27	7	1
2004	2007-2012	37.072	-	-	-3.902	9.430	42.600	42.600	216,65	180,37	8	1
2005	2008-2013	31.693	-	-	-1.858	12.184	42.019	42.019	232,71	179,06	8	1
2006	2009-2014	36.132	-	-	-	23.122	59.254	59.254	306,89	139,55	8	1
2007	2010-2015	32.829	-	-	-	30.348	63.177		472,11	111,82	7	-
2008	2011-2016	-	-	-	-	98.479	98.479		446,90	128,06	13	-
2009	2012-2017		-	-	-	23.914	23.914		268,90	208,05	5	
Total		**202.796**	**-**	**-14.340**	**-9.662**	**204.044**	**382.838**	**197.268**			**59**	**4**
Total		**1.554.186**	**324.037**	**-136.776**	**-48.804**	**-**	**1.692.643**	**441.873**			**266**	**40**

13 Share-based payment

(continued)

	2009					2008				
	Executive Board	Key manage-ment personnel	Resigned employees	Total	Average exercise price	Executive Board	Key manage-ment personnel	Resigned employees	Total	Average exercise price
Share options outstanding at 1 January	183.330	1.168.060	202.796	1.554.186	-	93.778	571.390	199.327	864.495	318,81
Granted	60.000	264.037	-	324.037	203,50	89.552	707.293	-	796.845	446,90
Expired/forfeited	-9.105	-113.331	-14.340	-136.776	-	-	-29.530	-2.478	-32.008	368,89
Exercised	-	-39.142	-9.662	-48.804	-	-	-63.440	-11.706	-75.146	259,54
Transferred	-	-204.044	204.044	-	-	-	-17.653	17.653	-	-
Share options outstanding at 31 December	**234.225**	**1.075.580**	**382.838**	**1.692.643**	**-**	**183.330**	**1.168.060**	**202.796**	**1.554.186**	**353,73**
Exercisable at 31 December	**59.897**	**184.708**	**197.268**	**441.873**	**-**	**56.614**	**140.612**	**133.835**	**331.061**	**228,90**

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

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

Grant:	2009 Ordinary share options	2009 Long term incentive (prelim.)	2008 Ordinary share options	2008 Long term incentive (final)	2008 Long term incentive (prelim.)
Fair value per option	88,41	158,73	157,54	73,07	53,80
Share price	203,50	384,00	490,55	203,50	171,25
Exercise price	203,50	384,00	490,55	203,50	171,25
Volatility	52%	57%	19%	52%	50%
Risk-free interest rate	3,0%	2,3%	3,3%	2,4%	2,7%
Dividend yield	1,7%	0,9%	0,8%	1,7%	3,5%
Expected life of share options, years	5,5	3,6	5,9	3,5	3,7

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

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

The risk-free interest rate is the interest rate on Danish government bonds of the relevant maturity, while the dividend yield is calculated as DKK 3.6 per share (2008: DKK 6.0 per share) divided by the share price.

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

14 Intangible assets

2009 DKK million	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
Cost:					
Cost at 1 January 2009	39.955	32.478	1.727	34	74.194
Additions	335	-	349	31	715
Disposals of entities	-190	-	-18	-	-208
Disposals	-	-	-39	-1	-40
Foreign exchange adjustments etc.	-1.378	-1.307	21	-	-2.664
Transfers	-	-	24	-25	-1
Cost at 31 December 2009	**38.722**	**31.171**	**2.064**	**39**	**71.996**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2009	13	151	1.146	-	1.310
Amortisation	-	35	200	-	235
Impairment losses	-	37	-	-	37
Disposals of entities	-	-	-9	-	-9
Disposals	-	-	-20	-	-20
Foreign exchange adjustments etc.	4	2	32	-	38
Amortisation and impairment losses at 31 December 2009	**17**	**225**	**1.349**	**-**	**1.591**
Carrying amount at 31 December 2009	**38.705**	**30.946**	**715**	**39**	**70.405**

	2009 DKK million	2008 DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	39	20
Sales and distribution expenses	45	39
Administrative expenses	151	133
Special items	37	-
Total	**272**	**192**

14 Intangible assets (continued)

2008 DKK million	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
Cost:					
Cost at 1 January 2008	8.749	926	1.530	146	11.351
Acquisition of entities	34.020	18.803	111	-	52.934
Value adjustment on step acquisition of subsidiaries	-	16.388	15	-	16.403
Reversal of cost related to step acquisition	-	-	-50	-	-50
Additions	231	-	150	17	398
Disposal of entities	-	-	-33	-	-33
Disposals	-72	-	-98	-	-170
Foreign exchange adjustments etc.	-2.973	-3.639	-43	-1	-6.656
Transfers	-	-	145	-128	17
Cost at 31 December 2008	**39.955**	**32.478**	**1.727**	**34**	**74.194**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2008	10	122	1.219	2	1.353
Reversal of cumulative amortisation related to step acquisition	-	-	-50	-	-50
Amortisation	-	32	161	-	193
Disposals of entities	-	-	-30	-	-30
Disposals	-	-	-89	-	-89
Foreign exchange adjustments etc.	3	-3	-65	-	-65
Transfers	-	-	-	-2	-2
Amortisation and impairment losses at 31 December 2008	**13**	**151**	**1.146**	**-**	**1.310**
Carrying amount at 31 December 2008	**39.942**	**32.327**	**581**	**34**	**72.884**

Additions to goodwill during the year can be specified as follows:	**2009**	**2008**
Acquisition of non-controlling interests	335	231
Acquisition of entities, see note 30	-	34.020
Total	**335**	**34.251**

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 30,401m (2008: DKK 31,721m) at 31 December 2009, equivalent to 98% (2008: 98%) of the capitalised trademarks – primarily the Carlsberg, Tuborg, Baltika, Kronenbourg, 1664 and Holsten trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are wellestablished trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts, which are helping to maintain and increase the value of these trademarks.

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

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

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

Research and development costs of DKK 43m (2008: DKK 50m) have been recognised in the income statement.

15 Impairment test

Goodwill and trademarks with an indefinite useful life

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

				2009
DKK million	Goodwill	Trademarks[1]	Total	%
Northern & Western Europe	14.737	3.446	18.183	26%
Eastern Europe	22.504	26.955	49.459	72%
Asia	1.464	-	1.464	2%
Total	**38.705**	**30.401**	**69.106**	**100%**

				2008
DKK million	Goodwill	Trademarks[1]	Total	%
Northern & Western Europe	14.555	3.439	17.994	25%
Eastern Europe	23.881	28.244	52.125	73%
Asia	1.506	-	1.506	2%
I alt	**39.942**	**31.683**	**71.625**	**100%**

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

General assumptions

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

Goodwill and trademarks related to Baltika Breweries (Russia) and Brasseries Kronenbourg (France) each comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009.

Trademarks

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

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

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

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

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

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

15 Impairment test
(continued)

Goodwill

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

The change in management structure and responsibilities is resulting in optimisations across countries focusing on the whole Group or region – not just on the specific country. The change in procurement and sourcing between countries is increasing the intercompany trade/transactions and the profit allocation will change due to transfer-pricing allocation of profits.
The impairment test of goodwill is based on the discounted value of expected future free cash flows from the cash-generating unit. The expected future free cash flow (value in use) is based on budgets and business plans for the next three years and projections for subsequent years. Key parameters include revenue growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Budgets and business plans for the next three years are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. The impairment test is based on scenarios for possible future cash flows. Potential upsides and downsides identified during the budget process and in the daily business are reflected in scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect, among other things, different assumptions of combinations of market, price and input cost developments. Projections beyond the next three years are based on general expectations and risks. The terminal value beyond the next three years takes into account the general growth expectations for the brewing industry in the relevant segments. Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments. The average growth rates for the terminal period are presented below.

Pre-tax discount rates are applied in calculating the recoverable amounts and reflect the risk-free borrowing rate in each particular geographical segment.
The impairment test of cash-generating units is based on a comparison of the recoverable amount, corresponding to the discounted value of the expected future free cash flow and the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

Property, plant and equipment

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

Significant assumptions

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

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

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

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

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

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

15 Impairment test

(continued)

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

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

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

Impairment losses

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

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

The impairment losses on trademarks with a finite useful life in 2009 relate to minor local trademarks in Latvia and Kazakhstan that have suffered from the economic crisis and therefore showed a recoverable amount below the carrying amount. The trademarks are therefore written down to the lower recoverable amount. The impairment of property, plant and equipment relates to restructuring projects resulting in a declining recoverable amount of tangible assets.
The impairment losses in Carlsberg UK in 2008 relate to the Leeds site. Due to the proposed closure of the brewery, the impairment test of the cashgenerating unit for the Leeds site showed a recoverable amount below the carrying amount. The decline in the recoverable amount was mainly due to the decline in the property market in the last quarter of 2008. The brewery was written down (in 2008) to its fair value as this value was higher than the value in use.

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

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

Sensitivity test

Based on the impairment tests performed, there were no indications of further impairment of goodwill and trademarks with an indefinite useful life at 31 December 2009. A sensitivity test has been performed to determine the lowest growth in the terminal period and the highest increase in discount rates that can be achieved for each of the regions without resulting in any impairment losses.

Goodwill. Sensitivity tests show that for the region or entity with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 12 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 7 percentage points in Asia without resulting in any impairment losses. Alternatively, the discount rate can increase by around 9 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 5 percentage points in Asia without resulting in any impairment losses.

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

For trademarks with a carrying amount totalling 22% (2008: 87%) of the total carrying amount for trademarks with indefinite useful life, the discount rate can be increased by at least 1 percentage point without resulting in any impariment losses.

For the trademark (a minor local trademark) with the lowest margin between the recoverable amount and carrying amount, the growth rate in the residual period can decrease or the discount rate can increase by 0.1 percentage points respectively without resulting in any impariment losses.

16 Property, plant and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
					2009 DKK million
Cost:					
Cost at 1 January 2009	16.656	27.430	8.682	1.893	54.661
Disposals of entities	-197	-323	-85	-7	-612
Additions	185	793	788	699	2.465
Disposals	-467	-1.693	-683	-23	-2.866
Foreign exchange adjustments etc.	-87	-187	94	-49	-229
Transfers	607	-90	1.209	-1.490	236
Transfer to/from assets held for sale	-11	-220	203	-	-28
Cost at 31 December 2009	**16.686**	**25.710**	**10.208**	**1.023**	**53.627**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2009	4.105	12.502	5.494	-	22.101
Disposals of entities	-132	-286	-59	-	-477
Disposals	-355	-1.546	-656	-	-2.557
Depreciation	590	1.484	1.445	-	3.519
Impairment losses	15	28	12	-	55
Foreign exchange adjustments etc.	78	168	130	-	376
Transfers	38	274	-20	-	292
Transfer to/from assets held for sale	-4	-19	-3	-	-26
Depreciation and impairment losses at 31 December 2009	**4.335**	**12.605**	**6.343**	**-**	**23.283**
Carrying amount at 31 December 2009	**12.351**	**13.105**	**3.865**	**1.023**	**30.344**
Assets held under finance leases:					
Cost	7	53	21	-	81
Depreciation and impairment losses	-2	-43	-4	-	-49
Carrying amount at 31 December 2009	**5**	**10**	**17**	**-**	**32**
Carrying amount of assets pledged as security for loans	-	-	-	-	-

	2009 DKK million	**2008** DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2.542	2.492
Sales and distribution expenses	803	778
Administrative expenses	184	157
Special items	45	332
Total	**3.574**	**3.759**

Carlsberg Breweries Group

Notes

16 Property, plant and equipment (continued)

2008
DKK million

	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2008	12.113	23.442	8.700	2.136	46.391
Acquisition of entities	3.812	5.351	549	1.011	10.723
Value adjustment on step acquisition of subsidiaries	1.577	1.429	53	3	3.062
Reversal of cost related to step acquisition	-192	-2.103	-87	-	-2.382
Disposal of entities	-338	-1.228	-436	-9	-2.011
Additions	506	2.434	909	1.010	4.859
Disposals	-194	-455	-849	-174	-1.672
Foreign exchange adjustments etc.	-1.193	-2.250	-481	-299	-4.223
Transfers	588	810	324	-1.785	-63
Transfer to/from assets held for sale	-23	-	-	-	-23
Cost at 31 December 2008	**16.656 -**	**27.430**	**8.682**	**1.893**	**54.661**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2008	4.327	14.856	6.040	-	25.223
Reversal of cummulative depreciation related to step acquisition	-192	-2.103	-87	-	-2.382
Disposals of entities	-195	-1.204	-326	-	-1.725
Disposals	-99	-425	-803	-	-1.327
Depreciation	445	1.981	997	-	3.423
Impairment losses	-	332	4	-	336
Foreign exchange adjustments etc.	-177	-922	-334	-	-1.433
Transfers	-2	-13	3	-	-12
Transfer to/from assets held for sale	-2	-	-	-	-2
Depreciation and impairment losses at 31 December 2008	**4.105**	**12.502**	**5.494**	**-**	**22.101**
Carrying amount at 31 December 2008	**12.551**	**14.928**	**3.188**	**1.893**	**32.560**
Assets held under finance leases:					
Cost	16	122	18	-	156
Depreciation and impairment losses	-4	-78	-10	-	-92
Carrying amount at 31 December 2008	**12**	**44**	**8**	**-**	**64**
Carrying amount of assets pledged as security for loans	445	-	-	45	490

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

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

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

Leased assets with a carrying amount of DKK 32m (2008: DKK 64m) have been pledged as security for lease liabilities totalling DKK 31m (2008: DKK 48m).

17 Associates

	2009 DKK million	2008 DKK million
Cost:		
Cost at 1 January	2.059	411
Acquisition of entities	475	1.013
Additions	87	642
Disposals	-1	-21
Foreign exchange adjustments etc.	-93	5
Transfer to assets held for sale	-	9
Cost at 31 December	**2.527**	**2.059**
Value adjustments:		
Value adjustments at 1 January	130	180
Disposals	-	-79
Dividends	-48	-34
Impairment losses	-117	-
Share of profit after tax	104	72
Other equity movements	31	-
Foreign exchange adjustments etc.	1	-9
Value adjustments at 31 December	**101**	**130**
Carrying amount at 31 December	**2.628**	**2.189**

2009
DKK million

					Carlsberg Breweries Group share		
	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	279	66	438	25	33%	22	147
Lanzhou Huanghe Jianjiang Brewery Company	328	33	336	48	30%	10	90
Hanoi Beer Company	1.081	159	1.019	365	16,0%	20	535
Chongqing Brewery	1.569	107	2.743	1.758	17,5%	18	1.011
Other associates, Asia (4 entities)	413	70	379	151	30-49,8%	32	94
International Breweries BV	-	-24	855	703	16%	-4	24
Nuuk Imeq A/S	154	27	218	71	31,9%	9	47
Nordic Getränke GmbH	372	-5	1.692	933	50%	-2	359
Other	1.926	-45	1.652	1.267	20-25%	-1	321
						104	2.628

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

2008
DKK million

					Carlsberg Breweries Group share		
	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	217	50	375	23	33%	16	127
Lanzhou Huanghe Jianjiang Brewery Company	333	18	377	118	30%	5	82
Hanoi Beer Company	-	-	-	-	16,0%	11	578
Chongqing Brewery	-	-	-	-	17,5%	-	1.013
Other associates, Asia (4 entities)	382	44	351	155	30-49,8%	21	85
International Breweries BV	342	-60	671	449	16%	-11	35
Nuuk Imeq A/S	153	27	230	85	31,9%	9	16
Other	882	165	1.696	1.325	20-25%	21	253
						72	2.189

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

	2009 DKK million	2008 DKK million
Fair value of investments in listed associates:		
Chongqing Brewery, Chongqing, China	1.515	1.013
The Lion Brewery Ceylon, Biyagama, Sri Lanka	70	25
Total	**1.585**	**1.038**

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

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

18 Securities

	2009 DKK million	2008 DKK million
Securities are classified in the balance sheet as follows:		
Non-current assets	71	94
Current assets	17	7
Total	**88**	**101**
Types of security:		
Listed shares	4	7
Unlisted shares	84	94
Total	**88**	**101**

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

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

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

19 Receivables

	2009 DKK million	2008 DKK million
Receivables are included in the balance sheet as follows:		
Trade receivables	5.919	6.391
Other receivables	2.254	3.026
Total current receivables	**8.173**	**9.417**
Non-current receivables	1.604	1.707
Total	**9.777**	**11.124**

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

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

Non-current receivables consist mainly of on-trade loans. Non-current receivables fall due more than one year from the end of the reporting period, with DKK 128m (2008: DKK 171m) falling due more than five years from the end of the reporting period.

	2009 DKK million	2008 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	5.269	5.747
On-trade loans	2.144	2.278
Loans to associates	36	5
Fair value of hedging instruments	263	1.130
Other receivables	1.452	0
Intercompany receivables	613	1.964
Total	**9.777**	**11.124**

Hedging instruments are measured at fair value. All other receivables are measured at amortised cost.
On-trade loans are usually repaid through discounts during the continuing sales relationship with the individual customer, which is reflected in the repayment scheme and the discounting of the loans. There are therefore no significant overdue on-trade loans.

Receivables from the sale of goods and services fall due as follows:	**2009** DKK million	**2008** DKK million
Not yet due or written down	4.353	4.549
Falling due in less than 30 days	323	561
Falling due between 30 and 90 days	222	195
Falling due in more than 90 days	371	442
Carrying amount at 31 December	**5.269**	**5.747**

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

Write-downs on receivables from sale of goods and services are specified as follows:

	2009 DKK million	2008 DKK million
Write-downs at 1 January	-960	-850
Write-downs for the year	-346	-242
Realised bad debt losses	214	150
Reversed write-downs	61	49
Acquisition and disposals	4	-67
Write-downs at 31 December	**-1.027**	**-960**

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

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

Loans to associates relate mainly to real estate projects. On-trade loans are concentrated in France, the United Kingdom, Germany and Switzerland, and spread across a large number of debtors. Some of these loans are secured against various forms of collateral. Apart from these, there is no concentration of credit risk.

On-trade loans are recognised at amortised cost. Based on discounted cash flows using the interest rates at the end of the reporting period, these loans have a fair value of DKK 2,184m (2008: DKK 2,360m). For trade receivables and other receivables, the fair value essentially corresponds to the carrying amount.

	2009 %	2008 %
Average effective interest rates:		
Loans to associates	2,9	5,4
On-trade loans	6,7	7,1

20 Inventories

	2009 DKK million	2008 DKK million
Raw materials and consumables	1.953	2.734
Work in progress	261	349
Finished goods	1.387	2.145
Total	**3.601**	**5.228**

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

Packing materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 21m (2008: DKK 2m) and are included in cost of sales.

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

21 Cash and cash equivalents

	2009 DKK million	2008 DKK million
Cash at bank and in hand	2.690	2.728
Short-term marketable securities with a term of three months or less	4	1
Total	**2.694**	**2.729**

In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	2.694	2.729
Bank overdrafts	-69	-612
Cash and cash equivalents, net	**2.625**	**2.117**
Of which pledged as security	-	-

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

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

22 Assets held for sale and associated liabilities

	2009 DKK million	2008 DKK million
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	72	113
Financial assets	8	40
Total	**80**	**153**
Liabilities associated with assets held for sale:		
Other provisions	51	452
Total	**51**	**452**

At 31 December 2009, assets held for sale primarily comprised manufacturing and distribution assets in France that are expected to be disposed of in the short term, and land and property which is disposed of as part of the Carlsberg Breweries Group's strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2010.

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

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

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

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

Gains on the disposal of assets held for sale are recognised in the income statement under other operating income. The gains recognised as income in all material respects relate to disposal of land, depots and properties and total DKK 6m (2008: DKK 5m).

Notes

23 Share capital

	Total share capital	
	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2008	500	500.000
Share capital increase	1	1.000
31 December 2008	**501**	**501.000**
No change in 2009	-	-
31 December 2009	**501**	**501.000**

The share capital amounts to DKK 501m divided into shares in denominations of DKK 1,000 and multiples thereof. None of the shares confer any special rights. The share capital is fully owned by Carlsberg A/S, Copenhagen, Denmark.

In June 2008 Carlsberg A/S carried out a capital increase by converting a loan amounting to DKK 24,000m to new shares in Carlsberg Breweries A/S. The share capital was increased from DKK 500m to DKK 501m. Apart from this, there have been no changes in the share capital for the last 5 years.

24 Borrowings

	2009 DKK million	2008 DKK million
Non-current borrowings:		
Issued bonds	13.504	3.425
Mortgages	1.248	1.249
Bank borrowings	20.110	35.625
Financial lease liabilities	13	28
Other non-current borrowings	440	514
Total	**35.315**	**40.841**
Current borrowings:		
Mortgages	-	203
Current portion of other non-current borrowings	-	3
Bank borrowings	2.931	2.207
Financial lease liabilities	17	19
Borrowings from Group Companies	1.833	6.553
Other current borrowings	292	180
Total	**5.073**	**9.165**
Total non-current and current borrowings	**40.388**	**50.006**
Fair value	41.641	49.605

Borrowings are measured at amortised cost. Carlsberg has designated a fixed interest rate GBP 300m bond issue and two fixed-rate mortgages as the hedged items in the fair value hedge with the designated risk being movements in the benchmark interest rate (floating interest rate). Hence, the carrying amount of these borrowings is adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of these borrowings is DKK 2,433m (2008: DKK 0m).

Time to maturity for non-current borrowings

2009 DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	2.046	-	1.647	7.391	2.420	13.504
Mortgages	-	-	-	-	1.248	1.248
Bank borrowings	743	18.308	202	113	744	20.110
Financial lease liabilities	7	5	1	-	-	13
Other non-current borrowings	338	32	25	16	29	440
Total	**3.134**	**18.345**	**1.875**	**7.520**	**4.441**	**35.315**

2008 DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	1.895	-	1.530	-	3.425
Mortgages	1	-	-	-	1.248	1.249
Bank borrowings	15.053	532	18.990	176	874	35.625
Financial lease liabilities	15	8	5	-	-	28
Other non-current borrowings	241	256	1	-	16	514
Total	**15.310**	**2.691**	**18.996**	**1.706**	**2.138**	**40.841**

24 Borrowings (continued)

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2009
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6,63%	1-2 years	2.046	Fair value
GBP 200m maturing 26 February 2013	Fixed	7,01%	3-4 years	1.647	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	4-5 years	7.391	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	6-7 years	2.420	Fair value
Total issued bonds		**6,59%**		**13.504**	
Mortgages:					
Floating rate	Floating	1,95%		1.248	Cash flow
Total mortgages		**1,95%**		**1.248**	
Bank borrowings:					
Floating rate	Floating			12.351	Cash flow
Fixed rate	Fixed			10.690	Fair value
Total bank borrowings				**23.041**	

All interest rates stated in the table includes margin.

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

Floating rate loans concern a mortgage with a time to maturity of more than five years. The loan (DKK 1,248m) is repriced semi-annually with reference to 6-month CIBOR.

The floating-rate loan was repriced in December 2009 at a rate of 1,66% (excl. margin) commencing in January 2010. The loan will reprice in June 2010.

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

DKK million	Net financial interest-bearing debt*	Interest rate**			
		Floating	**Fixed**	**Floating %**	**Fixed %**
EUR	28.141	10.224	17.917	36%	64%
DKK	1.147	1.519	-372	132%	-32%
PLN	1.780	1.774	6	100%	1%
USD	757	55	702	7%	93%
CHF	2.582	2.582	-	100%	0%
RUB	-259	-259	-	100%	0%
Other	3.546	-428	3.974	-	-
Total	**37.694**	**15.467**	**22.227**	**41%**	**59%**

* After swaps and currency derivatives

** Before currency derivatives

24 Borrowings (Continued)

Interest rate risk at 31 December:

					2008
DKK million	**Interest rate**	**Average effective interest rate**	**Fixed for**	**Carrying amount**	**Interest rate risk**
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6,63%	2-3 years	1.895	Fair value
GBP 200m maturing 26 February 2013	Fixed	7,01%	4-5 years	1.530	Fair value
Total issued bonds		**6,80%**		**3.425**	
Mortgages:					
Floating rate	Floating	5,52%	Various	1.452	Cash flow
Total mortgages		**5,52%**		**1.452**	
Bank borrowings:					
Floating rate	Floating			16.248	Cash flow
Fixed rate	Fixed			21.584	Fair value
Total bank borrowings				**37.832**	

All interest rates stated in the table are including margin.

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

Floating rate loans concern one mortgage with a time to maturity of more than five years and one that matured in 2009. The non-current loan (DKK 1,248m) is repriced semi-annually with reference to 6 month CIBOR. The current loan (DKK 204m) has a fixed rate until December 2009.

The floating-rate loan was repriced in December 2008 at a rate of 4.93% (excl. margin) commencing in January 2009. DKK 1.248m was repriced in June 2009.

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

		Interest rate**			
DKK million	**Net financial interest-bearing debt***	**Floating**	**Fixed**	**Floating %**	**Fixed %**
EUR	33.932	12.297	21.635	36%	64%
DKK	4.593	4.593	-	100%	0%
PLN	2.294	2.285	9	99%	1%
USD	1.733	1.328	405	77%	23%
CHF	2.400	2.400	-	100%	-
RUB	1.363	1.363	-	100%	-
Other	962	-2.540	3.502	-	-
Total	**47.277**	**21.726**	**25.551**	**46%**	**54%**

* After swaps and currency derivatives

** Before currency derivatives

24 **Borrowings**
(continued)

2009

Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
CHF	9	2.556	2.565	109	-100	-	-	-	-
DKK	3.006	-2.846	160	3.006	-	-	-	-	-
EUR	25.750	2.815	28.565	7.833	-112	66	7.517	7.441	3.005
GBP	6.091	-3.449	2.642	2.399	2.045	-	1.647	-	-
NOK	-19	810	791	-19	-	-	-	-	-
PLN	26	1.750	1.776	20	2	2	2	-	-
RUB	37	558	595	37	-	-	-	-	-
SEK	12	-407	-395	12	-	-	-	-	-
SGD	12	-	12	12	-	-	-	-	-
USD	5.124	-3.837	1.287	4.422	283	271	102	46	-
Other	340	2.050	2.390	330	4	6	-	-	-
Total	**40.388**	**-**	**40.388**	**18.172**	**2.122**	**345**	**9.268**	**7.487**	**3.005**

See also note 34 Financial risks.

2008

Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2009	2010	2011	2012	2013	2014-
CHF	1.942	539	2.481	1.942	-	-	-	-	-
DKK	8.013	-3.379	4.634	8.013	-	-	-	-	-
EUR	34.213	217	34.430	12.578	11.184	2	1	7.452	2.996
GBP	3.430	-3.290	140	4	-	1.895	-	1.531	-
NOK	76	865	941	76	-	-	-	-	-
PLN	134	2.160	2.294	125	2	2	2	2	1
RUB	1	1.536	1.537	1	-	-	-	-	-
SEK	46	-249	-203	46	-	-	-	-	-
USD	1.691	172	1.863	1.286	307	98	-	-	-
Other	460	1.429	1.889	384	19	24	19	14	-
Total	**50.006**	**-**	**50.006**	**24.455**	**11.512**	**2.021**	**22**	**8.999**	**2.997**

25 Retirement benefit obligations and similar obligations

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

Approximately 60% (2008: 63%) of the Group's retirement benefit costs relate to defined contribution plans, which limit the Group's obligation to the contributions paid. The retirement benefit plans are funded by payments from the Group's companies and employees to funds that are independent of the Group.

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

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

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

A number of plans, especially in Germany, Sweden and Italy, are unfunded. For these plans the retirement benefit obligations amount to approximately 16% (2008: 18%) of the total gross liability.

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

	2009 DKK million	**2008** DKK million
Defined benefit plans are recognised in the balance sheet as follows:		
Retirement benefit obligations and similar obligations	2.127	1.766
Plan assets	-2	-2
Net obligations	**2.125**	**1.764**
Specification of net obligations:		
Present value of funded plans	6.640	5.740
Fair value of plan assets	-5.823	-5.245
Net obligation for funded plans	**817**	**495**
Present value of unfunded plans	1.308	1.269
Assets not recognised due to asset ceiling	-	-
Net obligations recognised	**2.125**	**1.764**
Specification of total obligations:		
Present value of funded plans	6.640	5.740
Present value of unfunded plans	1.308	1.269
Total obligations	**7.948**	**7.009**

25 Retirement benefit obligations and similar obligations (continued)

	2009 DKK million	2008 DKK million
Changes in obligations:		
Total obligations at 1 January	7.009	8.122
Current service cost	133	139
Interest cost	341	339
Actuarial gains (-) and losses (+)	610	-467
Benefits paid	-436	-425
Curtailments and settlements	-18	-49
Employee contributions to pension scheme	16	-
Transfer from other provisions	7	-
Acquisition/disposal (-) of entities	-7	91
Foreign exchange adjustments etc.	293	-741
Total obligations at 31 December	**7.948**	**7.009**

	2009	2008
Changes in plan assets:		
Fair value of assets at 1 January	5.245	6.234
Expected return	269	308
Actuarial gains (-) and losses (+)	228	-825
Contributions to plans	203	273
Benefits paid	-339	-347
Foreign exchange adjustments etc.	217	-398
Fair value of assets at 31 December	**5.823**	**5.245**

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

	2009	2008
Actual return on plan assets:		
Expected return	269	308
Actuarial gains (+) and losses (-)	228	-825
Actual return	**497**	**-517**

Breakdown of plan assets:

	2009		2008	
	DKK million	%	DKK million	%
Shares	1.936	33%	1.889	36%
Bonds and other securities	2.505	44%	2.068	40%
Real estate	1.012	17%	834	16%
Cash and cash equivalents	370	6%	454	8%
Total	**5.823**	**100%**	**5.245**	**100%**

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

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

Calculation of the expected return on plan assets is based on a low-risk investment in bonds in the relevant countries. The rate of return is increased if the plan assets comprise shares and properties, which despite the increased risk are expected to provide a higher rate of return than bonds.

25 Retirement benefit obligations and similar obligations

(continued)	**2009**		**2008**	
Assumptions applied:	Range	Weighted average	Range	Weighted average
Discount rate	2.0% - 5.9%	4,5%	1,3 - 6,4 %	4,6%
Expected return on plan assets	4.0% - 6.5%	4,6%	4,3 - 6,0 %	4,6%
Future salary increases	2.0% - 4.8%	3,1%	1,5 - 4,5 %	2,6%
Future retirement benefit increases	1.0% - 4.0%	2,3%	0,5 - 4,3 %	1,6%

	2009 DKK million	**2008** DKK million
Recognised in income statement:		
Current service cost	133	139
Expected return on plan assets	-270	-308
Interest cost on obligations	342	339
Curtailments and settlements	-18	-49
Total recognised in income statement	**187**	**121**
The cost is recognised in the income statement as follows:		
Cost of sales	19	16
Sales and distribution expenses	74	77
Administrative expenses	29	2
Special items (restructuring)	-7	-5
Total staff costs, cf. note 12	**115**	**90**
Financial income	-269	-308
Financial expenses	341	339
Total	**187**	**121**
Recognised in other comprehensive income:		
Recognised at 1 January	-704	-794
Acquisition of entities	-	18
Actuarial gains/losses	-382	-358
Effect of asset ceiling	-	317
Foreign exchange adjustment of foreign entities	-38	137
Recognised in other comprehensive income during the period	**-420**	**114**
Recognised at 31 December	**-1.124**	**-680**
Of which accumulated actuarial gains/losses	-1.356	-974

	2009 DKK million	**2008** DKK million	**2007** DKK million	**2006** DKK million	**2005** DKK million
Five-year overview					
Obligations	7.948	7.009	8.151	8.134	8.065
Plan assets	-5.823	-5.245	-6.234	-6.334	-6.105
Deficit	2.125	1.764	1.917	1.800	1.960
Experience adjustments to obligations	-34	-492	-42	-15	-71
Experience adjustments to plan assets	-544	100	-899	-366	-243

26 Deferred tax assets and deferred tax liabilities

	2009 DKK million	2008 DKK million
Deferred tax at 1 January, net	7.907	813
Foreign exchange adjustments	-321	-874
Adjustments to previous years	-41	-243
Additions due to acquisition/disposal of entities, net	-19	5.403
Value adjustment on step acquisition of subsidiaries	-	4.588
Recognised in other comprehensive income	-81	-316
Recognised in income statement	91	44
Change in tax rate	-26	-1.508
Deferred tax at 31 December, net	**7.510**	**7.907**
Specified as follows:		
Deferred tax liabilities	8.936	9.133
Deferred tax assets	-1.426	-1.226
Deferred tax at 31 December, net	**7.510**	**7.907**

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

Specification of deferred tax assets and liabilities at 31 December:

	2009 DKK million	2008 DKK million	2009 DKK million	2008 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	92	174	6.750	8.106
Property, plant and equipment	303	325	2.551	2.558
Current assets	102	81	46	59
Provisions and retirement benefit obligations	690	454	876	40
Fair value adjustments	63	104	123	283
Tax losses etc.	2.392	3.360	806	1.359
Total before set-off	**3.642**	**4.498**	**11.152**	**12.405**
Set-off	-2.216	-3.272	-2.216	-3.272
Deferred tax assets and liabilities at 31 December	**1.426**	**1.226**	**8.936**	**9.133**
Expected to be used as follows:				
Within 12 months after the end of the reporting period	348	731	888	1.412
More than 12 months after the end of the reporting period	1.078	495	8.048	7.721
Total	**1.426**	**1.226**	**8.936**	**9.133**

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

Of the total deferred tax assets recognised, DKK 2,031m (2008: DKK 3,016m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 1,407m (2008: DKK 1,404m) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Tax losses that will not expire amount to DKK 1,069m (2008: DKK 707m).

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

Deferred tax of DKK 106m (2008: DKK 159m) has been recognised in respect of earnings in the Eastern Europe region which are intended for distribution in the short term, as tax of 5% is payable on distributions. For other subsidiaries where distributable reserves are planned to be distributed, any distribution of earnings will not trigger a significant tax liability based on current tax legislation.

27 Provisions

Restructuring provisions totalling DKK 565m (2008: DKK 603m) relate primarily to restructurings in connection with the Operational Excellence programmes and restructurings at Carlsberg Danmark A/S, Carlsberg Sverige AB , Carlsberg Deutschland GmbH, Brasseries Kronenbourg S.A. and Carlsberg Italia S.p.A.

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

Other provisions totalling DKK 1,880m (2008: DKK 1,572m) relate primarily to profit sharing in France, onerous contracts, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

			2009
			DKK million
	Restructuring	Other	Total
Provisions at 1 January 2009	603	1.520	2.123
Additional provisions recognised	300	586	886
Disposal of entities	-21	-5	-26
Used during the year	-282	-341	-623
Reversal of unused provisions	-13	-7	-20
Transfers	-59	20	-39
Discounting	22	62	84
Foreign exchange adjustments etc.	15	3	18
Provisions at 31 December 2009	**565**	**1.838**	**2.403**
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	340	982	1.322
Current provisions	225	856	1.081
Total	**565**	**1.838**	**2.403**

			2008
			DKK million
	Restructuring	Other	Total
Provisions at 1 January 2008	263	437	700
Acquisition of entities	236	885	1.121
Value adjustment on step acquisition of subsidiaries	-	3	3
Additional provisions recognised	345	504	849
Disposal of entities	-	-11	-11
Used during the year	-227	-183	-410
Reversal of unused provisions	-	-17	-17
Transfers	5	-74	-69
Discounting	4	11	15
Foreign exchange adjustments etc.	-23	-35	-58
Provisions at 31 December 2008	**603**	**1.520**	**2.123**
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	387	1.070	1.457
Current provisions	216	450	666
Total	**603**	**1.520**	**2.123**

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

28 Other liabilities etc.

	2009 DKK million	2008 DKK million
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	570	88
Current liabilities	10.421	9.783
Total	**10.991**	**9.871**
Other liabilities by origin:		
Excise duties and VAT payable	2.642	1.953
Staff costs payable	1.526	1.420
Interest payable	839	607
Fair value of hedging instruments	2.455	2.702
Liabilities related to the acquisition of entities	188	215
Amounts owed to associates	2	2
Deferred income	1.150	1.147
Other	2.189	1.825
Total	**10.991**	**9.871**

Notes

29 Cash flows

	2009 DKK million	2008 DKK million
Adjustment for other non-cash items:		
Share of profit after tax, associates	-104	-72
Gains on disposal of property, plant and equipment and intangible assets, net	-30	-176
Amortisation of on-trade loans etc.	464	86
Total	**330**	**-162**
Change in working capital:		
Inventories	1.568	-68
Receivables	1.027	910
Trade payables and other liabilities	539	992
Retirement benefit obligations and other liabilities related to operating activities before special items	164	-94
Adjusted for unrealised foreign exchange gains/losses	-9	-31
Total	**3.289**	**1.709**
Change in on-trade loans:		
Loans provided	-1.104	-752
Repayments	693	462
Total	**-411**	**-290**
Change in financial receivables:		
Loans and other receivables	-121	404
Other	-	-255
Repayments	25	254
Total	**-96**	**403**
Shareholders in Carlsberg Breweries A/S:		
Increase of share capital	-	24.000
Dividends to shareholders	-	-800
Total	**0**	**23.200**
Non-controlling interests:		
Acquisition of non-controlling interests	-286	-299
Non-controlling interests' share of capital increase in subsidiaries	7	16
Dividends to non-controlling interests	-312	-238
Total	**-591**	**-521**
External financing:		
Proceeds from issue of bonds	9.918	-5
Debt institutions, long term	-15.751	22.872
Debt institutions, short term	1.116	-2.701
Intercompany loans, short term	-5.144	8.202
Loans from associates	103	-696
Finance lease liabilities	-5	-205
Other financing liabilities	-106	112
Total	**-9.869**	**27.579**

Note

30 Acquisition and disposal of entities

Acquisition of entities

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

The Group acquired part of the activities in S&N in April 2008 and Baltika- Baku LLC in August 2008. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in these acquisitions was completed in 2009. The final allocation of fair value has resulted in total net assets of DKK 21.2bn, a decline of DKK 0.2bn compared to the preliminary allocation at 31 December 2008, and total goodwill of DKK 34.0bn, an increase of DKK 0.2bn. Furthermore, there have been some reclassifications between the individual statement of financial position items. The comparative figures and the specification below have been restated accordingly. As a consequence of the final allocation of the fair value, comparative figures have been restated with a net effect on consolidated profit of DKK -13m from DK 2,904m to DKK 2,891m, and equity as of 31 December 2008 has been reduced by DKK 850m from DKK 47,368m to DKK 46,518m, which primarily relates to foreign exhange adjustments of goodwill. Further adjustments may be made to the purchase price for the acquisition of parts of S&N depending on the final allocation of debt according to agreement.

DKK million				**2008**
Name of acquired entities:	Acquired ownership interest	Acquisition date	Main activity	Cost
Activities in S&N, including;		28 April 2008		52.379
- Baltic Beverages Holding (BBH) AB	50,0%	28 April 2008	Brewery	-
- Brasseries Kronenbourg	100,0%	28 April 2008	Brewery	-
- Mythos Brewery	100,0%	28 April 2008	Brewery	-
- Other	17.5 - 100,0%	28 April 2008	Brewery	-
Baltika-Baku LLC	100,0%	25 August 2008	Brewery	455
Total				**52.834**

	Activities in S&N		Baltika-Baku LLC		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition
Intangible assets	368	18.904	10	10	378	18.914
Property, plant and equipment	7.212	10.624	90	99	7.302	10.723
Investments, excl. deferred tax	1.217	2.243	-	-	1.217	2.243
Inventories	1.893	1.890	23	23	1.916	1.913
Loans and receivables, current	4.431	3.540	35	35	4.466	3.575
Cash and cash equivalents	1.340	1.452	32	32	1.372	1.484
Assets classified as held for sale	-	177	-	-	-	177
Provisions, excl. deferred tax liabilities	-910	-1.212	-	-	-910	-1.212
Deferred tax assets and liabilities, net	-213	-5.415	-	4	-213	-5.411
Borrowings	-6.217	-5.827	-	-	-6.217	-5.827
Bank overdrafts	-77	-92	-	-	-77	-92
Trade payables and other payables	-4.644	-4.632	-68	-68	-4.712	-4.700
Liabilities associated with assets held for sale	-	-591	-	-	-	-591
Net assets	**4.400**	**21.061**	**122**	**135**	**4.522**	**21.196**
Non-controlling interests	-639	-2.382	-	-	-639	-2.382
Equity, Carlsberg's share	**3.761**	**18.679**	**122**	**135**	**3.883**	**18.814**
Goodwill		33.700		320		34.020
Cash consideration paid		**52.379**		**455**		**52.834**
Cash and cash equivalents, acquired		-1.452		-32		-1.484
Bank overdrafts, acquired		92		-		92
Cash outflow, net		**51.019**		**423**		**51.442**
Elements of cash consideration paid:						
Cash		52.176		455		52.631
Directly attributable acquisition costs		203		-		203
Total		**52.379**		**455**		**52.834**

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

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

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

Continues

Note

30 Acquisition and disposal of entities (Continued)

The acquisition is generating the following significant advantages:

- Complete control over BBH and the elimination of uncertainties as to long-term control over the asset and a considerable improvement in the Carlsberg Group's long-term growth profile, including realisation of synergies.
- Complete ownership of BBH and the opportunity for the Carlsberg Group to take full advantage of the potential of the Carlsberg and Tuborg brands in BBH's markets.
- Significant exposure to growth markets.

- The acquisition of the French and Greek breweries supports the Carlsberg Group's existing portfolio of leading market positions in Europe, which increases capacity and provides the opportunity for synergies through the implementation of the Carlsberg Group's Excellence programmes.
- Increased sales volumes provide the Carlsberg Group with the opportunity to generate significant synergies due to reduced indirect production overheads, implementation of best practice in the brewing industry and cost savings on purchases.
- The acquisition strengthens the Carlsberg Group's existing and growing presence in Asia through the acquisition of additional activities on the attractive Chinese and Vietnamese markets.

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

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

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

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

Notes

30 Acquisition and disposal of entities (Continued)

Disposal of entities

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

The entity disposed of in 2008 was Türk Tuborg.

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

DKK million	**2009**	**2008**
Acquisition and disposal of entities, net:		
Acquisitions, cash outflow	-	-51.437
Disposals, cash inflow	88	-1
Net	**88**	**-51.438**

31 Specification of invested capital

	2009 DKK million	2008 DKK million
Invested capital is calculated as follows:		
Total assets	121.886	130.335
Less:		
Deferred tax assets	-1.426	-1.226
Loans to associates	-36	-5
Interest income receivable, fair value of hedging instruments and financial receivables	-336	-1.470
Securities (current and non-current)	-88	-101
Cash and cash equivalents	-2.694	-2.729
Assets held for sale	-80	-152
Total assets included	**117.226**	**124.652**
Trade payables	-7.932	-8.045
Deposits on returnable packaging	-1.361	-1.455
Provisions, excluding restructuring	-1.838	-1.520
Corporation tax	-424	-283
Deferred income	-1.150	-1.147
Finance lease liabilities, included in borrowings	-30	-47
Other liabilities, excluding deferred income, interest payable and fair value of hedging instrument	-6.547	-5.415
Total liabilities offset	**-19.282**	**-17.912**
Total invested capital	**97.944**	**106.740**

32 Specification of net interest-bearing debt

	2009 DKK million	2008 DKK million
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	35.315	40.841
Current borrowings	5.073	9.165
Gross interest-bearing debt	**40.388**	**50.006**
Cash and cash equivalents	-2.694	-2.729
Loans to associates	-36	-5
On-trade loans	-2.144	-2.278
Non-interest-bearing portion	1.365	1.403
Other receivables	-143	-
Receivables from group companies	-613	-1.964
Non-interest-bearing portion	0	1.338
Net interest-bearing debt	**36.122**	**45.771**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	45.771	14.937
Cash flow from operating activities	-13.420	-8.037
Cash flow from investing activities, excl acquisition of entities, net	2.928	5.983
Cash flow from acquisition of entities, net	-519	51.444
Dividends to shareholders and minority interests	312	1.038
Acquisition of minority interests	286	299
Acquisition/disposal of treasury shares	-	-
Acquired net interest-bearing debt from acquisition/disposal of entities	-123	4.015
Change in interest-bearing lending	-	140
Proceeds from capital increase, net	-	-24.000
Effect of currency translation	554	-197
Other	333	149
Total change	**-9.649**	**30.834**
Net interest-bearing debt at 31 December	**36.122**	**45.771**

33 Investments in proportionally consolidated entities

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

	2009	**2008**
	DKK million	DKK million
Revenue	2.593	5.538
Total costs	-2.238	-4.484
Operating profit before special items	**355**	**1.054**
Consolidated profit	**215**	**678**
Non-current assets	2.388	2.505
Current assets	877	980
Non-current liabilities	-616	-813
Current liabilities	-1.233	-1.055
Net assets	**1.416**	**1.617**
Free cash flow	246	-563
Net cash flow	78	-469
Cash and cash equivalents, year-end	69	6
Contingent liabilities in joint ventures	135	152
Capital commitments in joint ventures	15	49

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

34 Financial risks

As a result of the Carlsberg Breweries Group's activities, the Group's profit, debt and equity are exposed to a variety of financial risks, primarily relating to foreign exchange risk and interest rate risk.

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

The Group's financial risks are managed centrally by Group Treasury in accordance with written principles approved by the Supervisory Board, primarily through currency and interest rate instruments and, to a lesser extent, raw material contracts.

Foreign exchange risk
As an international business the Carlsberg Breweries Group is exposed to foreign exchange risks from currency translation, as the predominant part of revenue and earnings originates from foreign entities and is translated into DKK. The Group is exposed mainly to the following currencies: RUB, EUR, GBP, CHF, NOK, SEK, PLN and UAH . There is also some exposure to a number of Asian currencies, which in total represent 5-10% of the Group's operating profit. Furthermore, a currency risk exists relating to cash flows from operations in currencies other than loan currencies.

The Carlsberg Breweries Group is exposed to fluctuations in EUR/DKK. However, due to Denmark's fixed exchange rate regime, where the DKK is pegged to the EUR, the foreign exchange risk is considered insignificant.
The Carlsberg Breweries Group has a foreign exchange risk on statement of financial position items, partly in terms of translation of debt denominated in a currency other than the functional currency for the relevant Group entity, and partly in terms of translation of net investments in entities with a functional currency other than DKK . The former risk affects operating profit. However, where debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised in other comprehensive income.

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

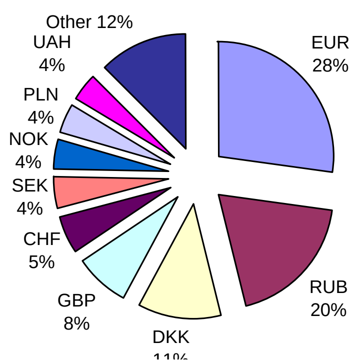
The Carlsberg Breweries Group has chosen not to hedge the translation of revenue or earnings in foreign currencies, but does in certain cases hedge specific cash flows such as dividends to be received in foreign currencies.

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

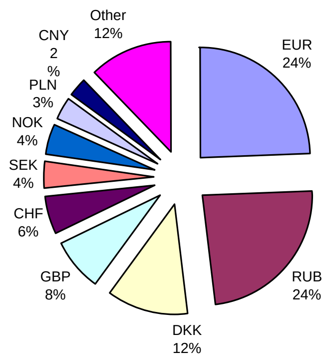
Impact from Eastern Europe. Following the acquisition in 2008 of the 50% of BBH that Carlsberg did not already own, the impact on Carlsberg's operating profit from entities in Eastern Europe, and especially Baltika Breweries, has increased. The currency risk in the entities in Eastern Europe is managed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

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

Distribution of revenue 2008



Distribution of revenue 2009



Impact on net finance costs. The main principle for funding currency in subsidiaries is that loans and borrowings should be in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities debt is denominated in a currency other than the Group entity's functional currency without the foreign exchange risk being hedged. This applies primarily to Group entities in Eastern Europe, and is based on an assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, will be high enough to justify a foreign exchange risk – in some countries financing in local currency is not available at all. At the end of 2009, for EUR and USD loans in Eastern Europe, a 10% increase in the following cross rates would impact financial items as follows: USD/UAH (DKK -41m), USD/KZT (DKK -51m) and EUR/UZS (DKK -30m). For USD deposits, a 10% increase in USD/ RUB would have a positive impact of DKK 48m. Baltika Breweries was in a net cash position by the end of 2009.

34 Financial risks

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

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

Impact on statement of financial position and equity. The Carlsberg Breweries Group holds a number of investments in foreign subsidiaries for which the translation of equity to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. This applies to net investments in NOK, CHF, SEK, EUR, RUB, PLN, GBP, CNY, HKD and MYR . The basis for hedging is reviewed annually, and the two parameters, risk reduction and cost, are balanced.

Changing foreign exchange rates will also affect the level of debt, as funding is obtained in a number of currencies (cf. the table in the section on interest rate risk). In 2009, the net interest-bearing debt was increased by DKK 554m (2008: decreased by DKK 197m) due to foreign exchange rates. The primary impact derives from net debt in GBP: GBP/DKK appreciated from 7.65 at the end of 2008 to 8.23 at the end of 2009.

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

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

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

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

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

Interest rate risk

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

The Group's loan portfolio consists of listed bonds, bilateral loan agreements, syndicated credit facilities and borrowings from Group companies. At 31 December 2009, gross debt (noncurrent and current borrowings) amounted to DKK 40,388m (2008: DKK 50,006m). After deducting cash and cash equivalents, net debt was DKK 37,694m (2008: DKK 47,277m), a decrease of DKK 9,583m.

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

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

At year-end, 59% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2008: 54%). It is estimated that an interest rate rise of 1 percentage point would lead to an increase in annual interest expenses of DKK 155m (2008: DKK 213m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At the end of 2009, the duration of the net loan portfolio was 2.2 years (2008: 1.7 years) and in value terms amounted to DKK 821m (2008: DKK 807m). Accordingly, the effect of a 1 percentage point increase in interest rates would lead to a financial gain of DKK 821m. However, since only interest rate swaps, and not fixed-interest borrowing, are marked-to-market, only the duration contained in financial instruments will affect equity. It is estimated that DKK 406m (2008: DKK 597m) of the duration is contained in interest rate derivatives designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised in other comprehensive income. The remaining duration is borrowing with fixed interest – primarily the three issued bonds described in note 24. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2009, shareholders' equity would have been DKK 406m (31 December 2008: DKK 597m) higher (lower).
The recognised impact from interest rate derivatives is disclosed in note 35. The sensitivity analysis is based on the financial instruments recognised at 31 December 2009 (31 December 2008).

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

2009	Net debt before swaps						Next repricing
DKK million		2010	2011	2012	2013	2014	2015-
CHF	26	126	-100	-	-	-	-
DKK	3.002	3.002	-	-	-	-	-
EUR	25.326	9.829	-112	66	7.517	7.441	3.005
GBP	6.065	-47	2.045	-	1.647	-	-
NOK	-22	-22	-	-	-	-	-
PLN	30	24	2	2	2	-	-
RUB	-817	-817	-	-	-	-	-
SEK	-16	-16	-	-	-	-	-
USD	4.594	3.892	283	271	102	46	-
Other	-494	-504	4	6	-	-	-
Total	37.694	15.467	2.122	345	9.268	7.487	3.005

34 Financial risks

2008	Net debt before swaps						Next repricing
DKK million		2009	2010	2011	2012	2013	2014-
CHF	1.861	1.861	-	-	-	-	-
DKK	7.972	7.595	-	-	-	-	377
EUR	33.715	12.079	11.184	2	1	7.452	2.997
GBP	3.068	-358	-	1.895	-	1.531	-
NOK	-11	-11	-	-	-	-	-
PLN	134	125	2	2	2	2	1
RUB	-173	-173	-	-	-	-	-
SEK	-62	-62	-	-	-	-	-
USD	1.561	1.156	307	98	-	-	-
Other	-788	-864	19	24	19	14	-
Total	47.277	21.348	11.512	2.021	22	8.999	3.375

Credit risk

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

The Carlsberg Group grants loans to the on-trade in certain countries. The individual Group entities monitor and control these loans as well as ordinary trade credit in accordance with central guidelines. It is estimated that the provisions made, cf. note 19, are sufficient to cover expected losses.

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

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

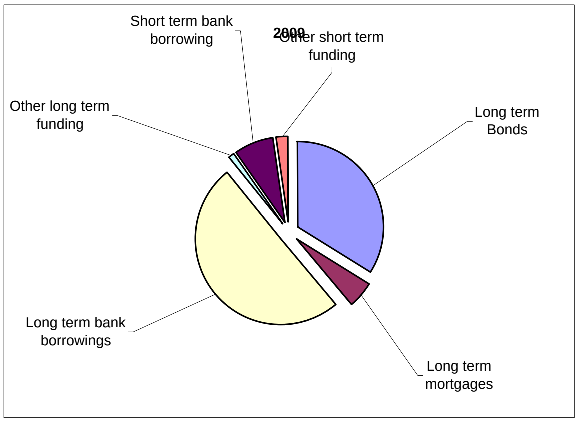
The maximum credit risk is equal to the carrying amount of the financial assets.

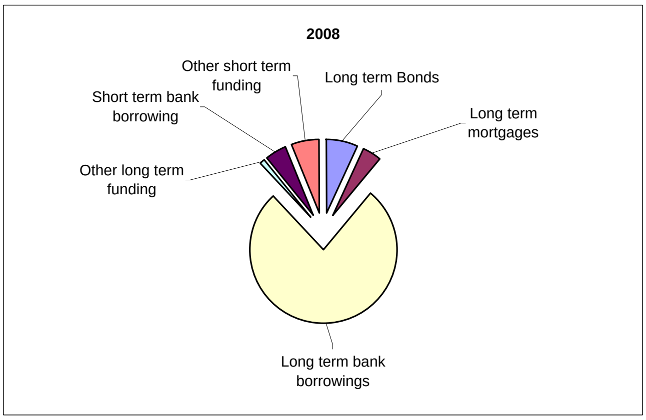
34 Financial risks (continued)

Liquidity risk

Liquidity risk is the risk of the Carlsberg Breweries Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for funding and liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources, and to some extent tapping a diversity of funding sources. At 31 December 2009, Carlsberg had unutilised long-term committed credit facilities of DKK 9,233m (2008: DKK 8,670m).

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





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

	2009
Total non-current committed loans and credit facilities	44.548
Total current and non-current borrowings	-40.388
Unused committed non-current credit facilities	4.160
Cash and cash equivalents	2.694
Credit resources available	**6.854**

The unused committed non-current credit facilities of DKK 4,160m are net of non-current and current borrowings, and therefore DKK 5,073m (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 9,233m.

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

Raw material risk

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

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

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

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

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

Capital structure and management

Management's strategy and overall goal are to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and statement of financial position ratios. In 2006 the Carlsberg Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. The rating was reaffirmed in May 2009.

34 Financial risks (continued)

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. Management assesses total committed credit facilities, expected future cash flows and the net debt ratio as well as relevant bank covenants, which are mainly related to the aforementioned key figures. At 31 December 2009, the Carlsberg Breweries Group had net interest-bearing debt totalling DKK 36,122m (2008: DKK 45,769m). The credit resources available and the access to unused committed credit facilities are considered reasonable in light of the Group's current needs in terms of financial flexibility.

Committed credit facilities and non-current credit facilities at 31 December:

DKK million	**2009**
1 - 2 years	4.904
2 - 3 years	25.048
3 - 4 years	1.875
4 - 5 years	7.525
> 5 years	5.196
Total	44.548
Current borrowings	5.073
Non-current borrowings	35.315
Total	40.388

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

35 Financial instruments

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

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

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

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

The only fair value adjustment of designated fair value hedge relationships is a cross-currency swap of a GBP 300m bond issue with fixed interest that has been swapped to floating EUR. In 2009 DKK -117m (2008: DKK 0m) arising from the change in fair value of financial instruments designated as the hedged item in a fair value hedge was recognised in the income statement. The fair value adjustment of the loan was DKK +95m (2008: DKK 0m). In all three hedging relationships, the fair value adjustment relates to changes in the market risk factor (interest and foreign exchange rates) and not to credit risk.

	2009		2008	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-10	-	28	2
Exchange rate instruments	97	-1.120	533	-1.026
Ineffective portion of hedge	-7	-7	-5	-5
Total	80	-1.127	556	-1.029

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

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

The value of fair value hedges recognised at 31 December amounted to DKK -1,127m (2008: DKK -1,029m). The recognition of the fair value hedges in the consolidated financial statements is specified in a separate table below.

Cash flow hedges

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

Main financial instruments - overview

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

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

35 Financial instruments

(continued)

Cash flow hedges

DKK million	2009 Fair value adjustment recognised in other comprehensive income	2009 Fair value	2009 Expected recognition	2008 Fair value adjustment recognised in other comprehensive income	2008 Fair value	2008 Expected recognition
Interest rate instruments	-112	-1.099	2010-2015	-972	-1.076	2009-2015
Exchange rate instruments	-88	-25	2010	-832	-	-
Other instruments	345	79	2010-2012	-181	-266	2009-2012
Total	145	-1.045		-1.985	-1.342	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK 145m (2008: DKK -1,985m). The adjustments are included in Financial income and financial expenses (note 8).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -1,045m (2008: DKK -1,342m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

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

Hedging of net investments in foreign subsidiaries

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

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

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

Hedging of net investments

DKK million	2009 Fair value adjustment recognised in other compre-hensive income	2009 Fair value	2008 Fair value adjustment recognised in other compre-hensive income	2008 Fair value
Exchange rate instruments	-116	-20	459	799
Total	**-116**	**-20**	**459**	**799**

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

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

	2009 DKK million				**2008** DKK million			
	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement
SEK	-9.877	5.787	-172	-	-9.282	5.424	542	-
NOK	-750	3.182	340	-	-700	3.200	-450	-
CHF	-460	-	-7	-	-385	-	-188	-
GBP	-70	-	1	-	-	-	-	-
MYR	-450	-	10	-	-450	-	2	-
EUR	-398	635	7	-	-898	5.119	-70	-
RUB	-2.857	-	-236	-	-7.644	-	422	-
PLN	-820	-	-29	-	-740	-	183	-
CNY	-1.400	-	4	-	-	-	-	-
HKD	-500	-	-9	-	-	-	-	-
EEK	-	1.152	-1	-	-	1.538	-	-
LVL	-	-	-24	-	-9	-	18	-
Total			**-116**				**459**	

35 **Financial instruments**

(continued)

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

	Fair value presented in the previous table: 2009	2008
Fair value/economic hedges	-1.127	-1.029
Cash flow hedges	-1.045	-1.342
Net investment hedges	-20	798
	-2.192	-1.573

Presentation in notes to the consolidated financial statements	2009	2008
Receivables, cf. Note 19	263	1.131
Other liabilities, cf. Note 28	-2.455	-2.704
	-2.192	-1.573

Liquidity risk

Financial liabilities

	2009				
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	2.227	547	1.456	224	2.455
Non-derivative financial instruments					
Financial debt gross	40.596	5.073	31.025	4.498	40.388
Interest expense	5.406	1.324	3.577	505	N/A
Trade payables and other liabilities	9.290	9.290	-	-	9.290
Liabilities related to the acquisition of entities	649	127	-	522	649
Financial liabilities associated with assets held for sale	51	51	-	-	51
Non-derivate financial instruments total	55.992	15.865	34.602	5.525	50.378
Financial liabilities total	**58.219**	**16.412**	**36.058**	**5.749**	N/A
Derivate financial instruments, receivables	-241	-139	-102	-	-263

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

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

	2008				
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payable	2.943	714	2.127	103	2.704
Non-derivative financial instruments					
Financial debt, Gross	50.202	9.165	38.898	2.139	50.006
Interest expense	4.311	1.182	2.700	429	N/A
Trade payables and other liabilities	9.368	9.368	-	-	9.368
Liabilities related to the acquisition of entities	215	-	215	-	215
Financial liabilities associated with assets held for sale	453	453	-	-	453
Non-derivative financial instruments, total	64.549	20.168	41.813	2.568	N/A
Financial liabilities, total	67.492	20.882	43.940	2.671	N/A
Derivative financial instruments, receivable	-750	-705	-45	-	-1.131

35 Financial instruments

(continued)

Fair value hierarchy for financial instruments measured at fair value in the statement of financial position

DKK million	2009	2008
	Level 2 - Observable data	Level 2 - Observable data
Financial assets		
Fair value hedges	22	243
Cash flow hedges	79	0
Net investment hedges	162	888
Total	263	1.131
Financial liabilities		
Financial debt at fair value	2.431	0
Fair value and economic hedges hedges	1.148	1.272
Cash flow hedges	1.125	1.343
Net investment hedges	182	89
Total	4.886	2.704

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

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

36 Related party disclosures

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, DK,1760 Copenhagen V, Denmark, holds all the shares in Carlsberg Breweries A/S. During the year, the Group had balances with the parent company. The balances were subject to arm's length terms and prices. Apart from payments of dividends, no transactions were carried out with Carlsberg A/S during the year.

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

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

	2009 DKK million	**2008** DKK million
Revenue	218	462
Cost of sales	291	386
Loans	34	7
Borrowings	-193	27
Receivables from the sale of goods and services	49	78
Trade payables	12	114

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

Proportionally consolidated entities
The income statement and statement of financial position include the following transactions with proportionally consolidated entities:

	2009 DKK million	**2008** DKK million
Revenue	10	34
Costs	4	4
Interest income	-	7
Interest expenses	-	13
Receivables	17	18
Trade payables and other liabilities etc.	-	-

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

37 Contingent liabilities and other commitments

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

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

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

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

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

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

Capital commitments

	2009 DKK million	2008 DKK million
Capital commitments which at the end of the reporting period are agreed to be made at a later date and are therefore not recognised in the consolidated financial statements:		
Intangible assets	9	7
Property, plant and equipment and construction contracts	113	490
Total	**122**	**497**

38 Operating lease liabilities

2009

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	Total
Future lease payments:					
Within one year	127	12	294	-	433
Between one and five years	963	19	434	-	1.416
After more than five years	209	-	25	-	234
Total	**1.299**	**31**	**753**	**-**	**2.083**

2008

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	Total
Future lease payments:					
Within one year	149	41	584	-	774
Between one and five years	272	49	1.249	2	1.572
After more than five years	265	-	40	-	305
Total	**686**	**90**	**1.873**	**2**	**2.651**

	2009 DKK million	**2008** DKK million
Operating lease recognised in the income statement	462	677
Expected future income under non-cancellable subleases (matures within 10 years)	105	123

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

39 Events after the balance sheet date

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

NOTE 40 Accounting policies

The 2009 consolidated financial statements of the Carlsberg Breweries Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

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

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

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

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition of part of the activities in S&N was completed in April 2009 and for the acquisition of Baku-Castel Brewery in August 2009. The comparative figures for 2008 have been restated accordingly in accordance with IFRS 3 requirements as further described in note 30, Acquisition and disposal of entities.

New International Financial Reporting Standards and Interpretations

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

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

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

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

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company Carlsberg Breweries A/S and subsidiaries in which Carlsberg Breweries A/S has control, i.e. the power to govern the financial and operating policies. Control is obtained when Breweries Carlsberg A/S directly or indirectly owns or controls more than 50% of the voting rights in the subsidiary or has control in some other way.

Entities over which the Group exercises a significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%. When assessing whether Carlsberg Breweries A/S exercises control or significant influence, potential voting rights exercisable at the end of the reporting period are taken into account.

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

A group chart is included in note 41.

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

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

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

Business combinations. Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognised in the consolidated income statement until the date of disposal or windingup. The comparative figures are not restated for entities acquired, disposed of or wound up. Discontinued operations are presented separately, cf. below.

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

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

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

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

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

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

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

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

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

Gains or losses on the disposal or winding-up of subsidiaries, joint ventures and associates are stated as the difference between the sales amount and the carrying amount of net assets, including goodwill at the date of disposal or winding-up, foreign exchange adjustments recognised in other comprehensive income and costs to sell or winding-up expenses. Gains or losses on disposal or winding-up of subsidiaries are recognised in the income statement under Special items, whereas gains or losses on disposal or winding-up of associates are recognised as financial income or financial expenses.

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

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

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

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

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or the exchange rate in the latest consolidated financial statements is recognised in the income statement as financial income or financial expenses.

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

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

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

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

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

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

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

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

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item are recognised in other comprehensive income. If the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item when the hedged risk impacts the income statement. When the hedged item is a nonfinancial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the non-financial asset is recognised.

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

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

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

Embedded derivatives are recognised separately from the host contract and measured at fair value if their economic characteristics and risks are not closely related to those of the host contract, as a separate instrument with the same terms would meet the definition of a derivative, and the entire combined instrument is not measured at fair value through profit and loss. Separated embedded derivatives are subsequently measured at fair value.

Income statement

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

Royalty and licence fees are recognised when earned according to the terms of the licence agreements. Revenue is measured excl. VAT and duties, including excise duties on beer and soft drinks, and discounts.

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

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

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

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

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

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

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

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

Special items. Special items include significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments, as well as any gains or losses arising from disposals in this connection which have a material effect over a given period. This item also includes significant non-recurring items, including impairment of goodwill and gains and losses on the disposal of activities.

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

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

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

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

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

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

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

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

Statement of financial position

Intangible assets

Goodwill. Goodwill is initially recognised in the statement of financial position at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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

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

Costs for development and implementation of substantial IT systems are capitalised and amortised over their estimated useful life. Cost comprises the purchase price and any costs directly attributable to the acquisition and installation until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of software, licences, components, subcontractors, wages and salaries and capitalised borrowing costs on specific or general borrowing attributable to the construction of the asset.

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

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

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

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

Trademarks with finite useful lives
Useful life, normally maximum 20 years
Software etc.
3-5 years
Delivery rights
Depending on contract; if no contract term has been agreed, normally not exceeding 5 years
Customer agreements/relationships
Depending on contract with the customer; when no contract exists, normally not exceeding 20 years

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

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

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

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

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

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

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

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

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

Land is not depreciated.

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

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

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

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

Investments in associates. Investments in associates are recognised according to the equity method and measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus the proportionate share of unrealised intra-Group profits and losses and plus the carrying amount of goodwill.

Investments in associates with negative net asset values are measured at DKK 0. If the Group has a legal or constructive obligation to cover a deficit in the associate, the deficit is recognised under provisions.

Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable.

On acquisition of investments in associates, the acquisition method is used, cf. the description under Business combinations.

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price and delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries, and maintenance and depreciation of production machinery, buildings and equipment, and production administration and management.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected sales price.

Receivables. Receivables are measured at amortised cost less impairment losses. Receivables are written down for bad debt losses on the basis of customers' anticipated ability to pay and expectations of any changes to this ability, taking into account historical payment patterns, terms of payment, customer segment, creditworthiness and prevailing market conditions in the individual markets.

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

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

As regards loans to the on-trade, any difference between present value and the nominal amount at the loan date is treated as a prepaid discount to the customer, which is recognised in the income statement in accordance with the terms of the agreement. The market interest rate is used as the discount rate, corresponding to the money market rate based on the maturity of the loan with the addition of a risk premium. The effective interest rate on these loans is recognised in other operating income, and the amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

Prepayments. Prepayments comprise costs incurred concerning subsequent financial years, including in particular sponsorship and marketing costs. Prepayments are measured at cost.

Securities. Shares not classified as investments in subsidiaries or associates and bonds are classified as securities available for sale. Such securities are recognised at the trade date. Upon initial recognition securities are measured at fair value plus any directly attributable transaction costs and are subsequently measured at fair value corresponding to the market price of quoted securities and, for unquoted securities, an estimated fair value computed on the basis of market data and generally accepted valuation methods. Unrealised value adjustments are recognised in other comprehensive income except for impairment losses and foreign exchange adjustments of bonds denominated in foreign currencies, which are recognised in the income statement as financial income or financial expenses. On realisation, the accumulated value adjustment recognised in other comprehensive income is transferred to the income statement.

Securities available for sale are classified as current and non-current on the basis of management's selling plans. The Group has no securities classified as a trading portfolio.

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

The carrying amount of goodwill is tested for impairment, together with the other non-current assets in the cash-generating unit to which goodwill is allocated, and written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows (value in use) from the entity or activity (cash-generating unit) to which the goodwill is allocated. Impairment of goodwill is recognised under special items in the income statement.

The carrying amount of trademarks with indefinite useful lives is subject to an impairment test and written down to the recoverable amount through the income statement if the carrying amount is higher. The recoverable amount is generally calculated as the present value of expected future net cash flows from the trademark in the form of royalties (the relief from royalty method). Impairment of trademarks is recognised under special items in the income statement.

The carrying amount of other non-current assets is subject to an annual test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Minor impairment losses are recognised in the income statement under cost of sales, sales and distribution costs, administrative expenses and other operating costs. Significant impairment losses and impairment losses arising on extensive structuring of processes and fundamental structural adjustments are recognised under special items.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation had the asset not been impaired.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

Equity

Translation reserve. The translation reserve in the consolidated financial statements comprises foreign exchange adjustments arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by Carlsberg Breweries A/S (DKK), balances considered to be part of the total net investment in foreign entities, and financial instruments used to hedge net investments in foreign entities.

On full or partial realisation of the net investment, the foreign exchange adjustments are recognised in the income statement in the same item as the gain/loss.

The translation reserve was recognised at zero at 1 January 2004 in accordance with IFRS 1.

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

Proposed dividends. Proposed dividends are recognised as a liability at the date when they are adopted at the Annual General Meeting (declaration date). The dividend recommended by the Supervisory Board and therefore expected to be paid for the year is disclosed in the notes.

Interim dividends are recognised as a financial liability at the date when the decision to pay interim dividends is made.

Treasury shares. Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly as retained earnings in equity. Capital reductions from the cancellation of treasury shares are deducted from the share capital at an amount corresponding to the nominal value of the shares.

Proceeds from the sale of treasury shares are recognised directly in equity.

Share-based payment. The value of services received in exchange for granted options is measured at the fair value of the options granted.

The share option programme for the Executive Board and other key employees in the Group is an equity-settled scheme. The share options are measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period.

Other key employees in the Group who participate in the long term incentive programme choose between share-based payment and cash settlement. The share options are measured at fair value at the grant date and recognised in the income statement under staff costs over the vesting period. The value of the long term incentive programme is calculated as a percentage of the employee's yearly salary. If the employee chooses to receive share options under the long term incentive programme, the number of share options is determined based on the employee's salary and the fair value of a share option.

On initial recognition of the share options, an estimate is made of the number of options expected to vest, cf. the service condition for each programme. That estimate is subsequently revised for changes in the number of options expected to vest. Accordingly, recognition is based on the number of options that ultimately vested.

The fair value of granted share options is estimated using the Black-Scholes call option pricing model, taking into account the terms and conditions upon which the options were granted.

Employee benefits. Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee renders the related service. This includes the payment to other key employees in the Group who participate in the long term incentive programme and choose cash settlement. The cost is provided for over the vesting period of the programme and according to the service condition and included in staff costs and provisions.

Retirement benefit obligations and similar obligations. The Group has entered into retirement benefit schemes and similar arrangements with the majority of the Group's employees.

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other payables. For all significant defined benefit plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the statement of financial position under retirement benefit obligations.

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

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees.

If a retirement benefit plan constitutes a net asset, the asset is only recognised if it offsets future refunds from the plan or will lead to reduced future payments to the plan.

Interest on retirement benefit obligations and the expected return on plan assets are recognised under financial income or financial expenses.

Realised gains and losses on the adjustment of retirement benefit obligations as a result of large-scale termination of jobs in connection with restructuring are recognised in the income statement under special items.

Realised gains and losses on the curtailment or settlement of retirement benefit plans are recognised in the income statement.

Corporation tax and deferred tax. Current tax payable and receivable is recognised in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the statement of financial position liability method. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences, apart from business combinations, arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on management's planned use of the asset or settlement of the liability respectively.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised under other non-current assets at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax assets and tax liabilities are offset if the Group has a legally enforceable right to offset current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-Group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax recognised in other comprehensive income are, however, recognised in other comprehensive income.

Provisions. Provisions, including warranty provisions, are recognised when, as a result of events arising before or at the end of the reporting period, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Other provisions are discounted if the effect is material to the measurement of the liability. The Carlsberg Group's average borrowing rate is used as the discount rate.

Restructuring costs are recognised under liabilities when a detailed, formal restructuring plan has been announced to the persons affected no later than at the end of the reporting period. On acquisition of entities, restructuring provisions in the acquiree are only included in the opening statement of financial position when the acquiree has a restructuring liability at the acquisition date.

A provision for onerous contracts is recognised when the benefits expected to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs.

Financial liabilities. Amounts owed to credit institutions, bonds etc. are recognised at the date of borrowing at fair value less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the fair value less transaction costs and the nominal value is recognised in the income statement under financial expenses over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases, which is measured at amortised cost. Other liabilities are measured at amortised cost.

Deposits on returnable packaging. The refund obligation in respect of deposits on returnable packaging is stated on the basis of deposit price as well as an estimate of the number of bottles, kegs, cans and crates in circulation and expected return rate.

Leases. For accounting purposes lease obligations are divided into finance and operating leases.

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease obligations is described under Property, plant and equipment and Financial liabilities respectively.

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

Deferred income. Deferred income comprises payments received concerning income in subsequent years and is measured at cost.

Assets held for sale. Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are defined as a group of assets to be disposed of, by sale or otherwise, together as a group in a single transaction and those liabilities directly associated with the assets that will be transferred in the transaction.

Assets are classified as held for sale if management has decided to sell the asset or disposal group and taken the necessary steps to carry out the sale, such that the carrying amount will be recovered principally through a sale within 12 months in accordance with a formal plan rather than through continuing use.

Assets or disposal groups held for sale are measured at the lower of carrying amount or fair value less costs to sell. Assets are not depreciated or amortised from the date when they are reclassified as held for sale.

Impairment losses on initial recognition as held for sale and gains and losses on subsequent remeasurement at the lower of carrying amount and fair value less costs to sell are recognised in the income statement in the items to which they relate. Gains and losses are disclosed in the notes.

Assets and liabilities are recognised separately in the statement of financial position and main items are specified in the notes. Comparative figures are not restated.

If a sale is not completed as expected, the asset or disposal group is reclassified to the items in the statement of financial position from which the asset or disposal group was originally separated. This reclassification is made at the carrying amount less any depreciation charges that would have been recognised if the asset had not been classified as held for sale.

Presentation of discontinued operations. Discontinued operations comprise activities and cash flows that can be clearly distinguished from the other business areas and have either been disposed of or are held for sale, and the sale is expected to be carried out within 12 months in accordance with a formal plan. Discontinued operations also include entities which are classified as held for sale in connection with an acquisition.

Discontinued operations are presented in a separate line in the income statement and as assets and liabilities held for sale in the statement of financial position, and main items are specified in the notes. Comparative figures are restated.

Statement of cash flows

The statement of cash flows shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities. Cash flows from operating activities are calculated using the indirect method as the operating profit before special items adjusted for non-cash operating items, changes in working capital, restructuring costs paid, interest received and paid, and income tax paid.

Cash flow from investing activities. Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the statement of cash flows from the acquisition date. Cash flows from disposals of entities are recognised up until the disposal date.

Acquisitions of assets by means of finance leases are treated as non-cash transactions.

Cash flow from financing activities. Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the acquisition and disposal of non-controlling interests, raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents. Cash and cash equivalents comprise cash, less bank overdrafts, and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in currencies other than the functional currency are translated using average exchange rates unless these deviate significantly from the exchange rate at the transaction date.

Segment information

For segment reporting purposes, the Chief Operating Decision Maker is the Executive Committee. The Executive Committee manages and makes business decisions based on geographical regional information. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on financing and tax planning are made based on information for the Group as a whole and therefore not segmented. The non-beverage activities are managed separately and therefore also shown separately. The segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Carlsberg Breweries Group. In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place. The segment information is based on the Group's accounting policies.

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

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

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

Financial ratios

Earnings per share (EPS) and diluted earnings per share (EPS-D) are calculated in accordance with IAS 33.

Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005", unless specifically stated.

The key figures and financial ratios stated in the Consolidated Financial Statements have been calculated as follows:

Cash flow per share (CFPS). Cash flow from operating activities divided by the number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[3].

Debt/operating profit before depreciation, amortisation and impairment. Net interest-bearing debt[2] divided by operating profit before special items adjusted for depreciation, amortisation and impairment.

Earnings per share (EPS). Consolidated profit for the year, excluding noncontrolling interests, divided by the average number of shares outstanding.

Earnings per share, diluted (EPS-D). Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares outstanding, fully diluted for share options in the money and the bonus element in a rights issue in accordance with IAS 33[3].

Equity ratio. Equity at year-end as a percentage of total assets at year-end.

Financial gearing. Net interest-bearing debt2 at year-end divided by total equity at year-end.

Free cash flow per share (FCFP S). Free cash flow4 divided by average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[3].

Interest cover. Operating profit before special items divided by interest expenses, net.

Number of shares, average. The number of issued shares, excluding treasury shares, as an average for the year (= average number of shares outstanding).

Number of shares, year-end. Total number of issued shares, excluding treasury shares, at year-end (= number of shares outstanding at year-end).

Operating margin . Operating profit before special items as a percentage of revenue.

Operating profit. Expression used for operating profit before special items in the Management review.

Organic development. Measure of growth excluding the impact of acquisitions, divestments and foreign exchange from year-over-year comparisons. We believe this provides investors with a better understanding of underlying trends.

Pay-out ratio. Dividend for the year as a percentage of consolidated profit, excluding non-controlling interests.

Pro rata volumes. The Group's total sale of beverages, including the pro rata share of sales through pro rata-consolidated and associated companies.

Return on average invested capital, including goodwill (ROIC). Operating profit before special items as a percentage of average invested capital1.

Volumes. The Group's total sale of beverages, including the total sales through pro rata consolidated and associated companies.

1 The calculation of invested capital is specified in note 31.
2 The calculation of net interest-bearing debt is specified in note 32.
3 The dilutive effect is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share options and the number of shares that could be issued assuming that the options are exercised.
4 The calculation of free cash flow is specified in the statement of cash flows.

Carlsberg Breweries Group

41 Group companies

Carlsberg Breweries A/S

				Ownership share	Nominel share capital 1.000	Currency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
Carlsberg Breweries A/S, Copenhagen, Denmark											
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	♦			
Investeringselskapet RH, Oslo, Norway	7 subsidiaries		○	100%	49,900	NOK	89.42	♦			
Ringnes a.s., Oslo, Norway	2 subsidiaries		○	100%	238,714	NOK	89.42	♦			
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96,707	EUR	744.15	♦			
Saku Ölletehase AS, Estonia		1)	○	100%	80,000	EEK	47.56	♦			
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiaries		○	100%	287,457	SEK	72.28				♦
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries		○	100%	70,000	SEK	72.28	♦			
BBH - Baltic Beverages Holding AB, Stockholm, Sweden			○	100%	12,000	EUR	744.15		♦		
A/S Aldaris, Latvia			○	89%	7,500	LVL	1,049.13	♦			
Svyturys-Utenos Alus AB, Lithuania			○	76%	118,000	LTV	215.52	♦			
UAB BBH Baltics, Lithuania			○	100%	10	LTL	215.52	♦			
Baltic Beverages Eesti, Estonia			○	100%	400	EEK	47.56	♦			
Baltika Brewery, St. Petersburg, Russia	2 subsidiaries	1)	○	89%	164,364	RUB	17.15		♦		
Baltika-Baku Brewery, Baku, Azerbaijan			○	100%	26,849	AZN	646.50		♦		
Slavutich Brewery, Ukraine			○	92%	853,692	UAH	65.00		♦		
Lvivska Brewery, Ukraine			○	100%	72,741	UAH	65.00		♦		
Derbes Company Ltd. Liability Partnership, Kazakhstan			○	100%	4,820,426	KZT	3.50		♦		
Olivaria, Belarus		3)	♦	30%	61,444,801	BYR	0.18		♦		
Carlsberg Uzbekistan, Uzbekistan		5)	○	100%	35,217,146	UZS	0.34		♦		
Baltic Beverages Invest AB, Stockholm, Sweden			○	100%	11	EUR	744.15		♦		
Baltic Beverages Holding Oy, Helsinki, Finland			○	100%	4	EUR	744.15		♦		
Carlsberg Italia S.p.A, Lainate, Italy	13 subsidiaries		○	100%	82,400	EUR	744.15	♦			
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	7 subsidiaries	5)	♦	44%	50,000	EUR	744.15	♦			
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95,000	CHF	500.17	♦			
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries		○	100%	26,897	EUR	744.15	♦			
Nordic Getränke GmbH, Germany			■	100%	1,000	EUR	744.15	♦			
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries		○	100%	41,250	EUR	744.15	♦			
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	744.15	♦			
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	823.17	♦			
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90,004	GBP	823.17	♦			
Emeraude SAS, France	4 subsidiaries	5)	○	100%	405,037	EUR	744.15	♦			
Brasseries Kronenbourg SAS, France			○	100%	547,891	EUR	744.15	♦			
Sorex Holding SAS, France			○	100%	14,600	EUR	744.15	♦			
Mythos Brewery S.A., Greece			○	100%	39,405	EUR	744.15	♦			
Carlsberg Polska S. A., Warszawa, Poland	3 subsidiaries		○	100%	28,721	PLN	180.40	♦			
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland			○	100%	50	PLN	180.40				♦
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18,198	EUR	744.15	♦			
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239,932	HRK	101.99	♦			
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2,5)	○	44%	1,267,128	MWK	3.67			♦	
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	38,000	DKK	100.00	♦			
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2,523	USD	519.01	♦			
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37,325	BGN	380.48	♦			
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	380.48	♦			
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2,989,921	RSD	7.76	♦			
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25,400	HUF	2.74	♦			
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1,000	DKK	100.00				♦
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212,705,000	VND	0.03			♦	
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10,778,000	VND	0.03			♦	
Hue Brewery Ltd., Hue, Vietnam			♦	50%	216,788,000	VND	0.03			♦	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380,000	CNY	76.04			♦	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries		♦	61%	105,480	CNY	76.04			♦	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210,000	CNY	76.04			♦	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85,000	CNY	76.04			♦	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15,000	CNY	76.04			♦	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16,620	CNY	76.04			♦	
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194,351	CNY	76.04			♦	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1)	○	51%	154,039	MYR	151.49			♦	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10,000	MYR	151.49			♦	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	151.49			♦	
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1,000	SGD	369.49			♦	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			○	100%	1,000	SGD	369.49			♦	

41 Group companies

Carlsberg Breweries A/S

Company				Ownership share	Nominel share capital 1.000	Currency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1)	■	25%	850,000	LKR	-			♦	
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary		■	50%	100,000	TWD	-			♦	
Carlsberg Asia Pte Ltd., Singapore			○	100%	54,914	SGD	369.49			♦	
Brewery Invest Pte. Ltd, Singapore			○	100%	3,200	SGD	369.49			♦	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary		○	100%	260,000	HKD	66.93			♦	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	100%	442,330	CNY	76.04			♦	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303,659	CNY	76.04			♦	
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	79,528	CNY	76.04			♦	
Lao Brewery Co. Ltd., Vientiane, Laos			♦	50%	14,400,000	LAK	0.06			♦	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466,325	NPR	7.06			♦	
Dali Beer (Group) Limited Company, Dali, China			○	100%	97,799	CNY	76.04			♦	
Hanio Vung Tau Joint Stock, Vietnam		5)	♦	45%	345,190,377	VND	0.03			♦	
Hanio Beer Company, Vietnam		5)	■	16%	2,318,000,000	VND	0.03			♦	
Chongqing Brewery Co. Ltd, China		1,5)	■	18%	483,971	CNY	76.04			♦	
Caretech Ltd, Hong Kong, China		5)	♦	50%	10,000	HKD	66.93			♦	
Cambrew Pte Ltd, Singapore		5)	♦	100%	21,720	SGD	369.49			♦	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	♦	100%	125,000	USD	519.01			♦	
Lao Soft Drinks Co. Ltd, Laos			○	65%	2,448,000	LAK	0.06			♦	
Carlsberg IndoChina, Vietnam			○	100%	8,000	VND	0.03			♦	
South Asian Breweries Pvt Ltd, Singapore			♦	45%	65,000	SGD	369.49			♦	
South Asian Breweries Pvt Ltd, India			○	100%	618,288	INR	11.19			♦	
Parag Breweries Ltd, India			○	52%	5,200	INR	11.19			♦	
Halong Beer and Beverage, Vietnam			♦	31%	9,000,000,000	VND	0.03			♦	
Danish Malting Group A/S, Vordingborg, Denmark			○	100%	100,000	DKK	100.00				♦
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			○	100%	20,000	PLN	180.40				♦
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00				♦
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary		○	100%	31,000	DKK	100.00				♦
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	-	CAD	494.81	♦			
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	5,000	CAD	494.81	♦			
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50,000	DKK	100.00				♦
Carlsberg Insurance A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00				♦

○ Subsidiaries
♦ Proportionally consolidated entities
■ Associate
1) Listed company
2) Carlsberg is responsible for management
3) Carlsberg can exercise control due to call options
4) A separate annual report is not prepared
5) Company not audited by KPMG

Financial statements

Notes

Carlsberg Breweries A/S - Parent Company

Income statement

Note		2009 DKK million	2008 DKK million
	Net revenue	**1.691**	**1.654**
2	Cost of sales	-548	-521
	Gross profit	**1.143**	**1.133**
3	Sales and distribution expenses	-503	-637
4	Administrative expenses	-619	-672
5	Other operating income	161	299
5	Other operating expenses	-46	-16
	Operating profit before special items	**136**	**107**
6	Special items, net	306	-2.798
7	Financial income	4.557	4.735
7	Financial expenses	-2.748	-3.265
	Profit before tax	**2.251**	**-1.221**
8	Corporation tax	-54	-33
	Consolidated profit	**2.197**	**-1.254**
	Attributable to:		
	Dividends to shareholders in Carlsberg Breweries A/S	-	-
	Reserves	2.197	-1.254
		DKK	DKK
9	**Earnings per share**		
	Earnings per share	4.385	-2.505
	Earnings per share, diluted	4.385	-2.505

Carlsberg Breweries A/S - Parent Company

Statement of comprehensive Income

DKK million	Note	**2009**	**2008**
Profit for the year		**2.197**	**-1.254**
Other comprehensive income:			
Value adjustments of hedging instruments	28	-82	-1.698
Other		-6	-
Tax on changes in other comprehensive income	8	-	307
Other comprehensive income		**-88**	**-1.391**
Total comprehensive income		**2.109**	**-2.645**

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

Carlsberg Breweries A/S - Parent Company

Statement of financial position

Note	Assets	31 Dec. 2009 DKK million	31 Dec. 2008 DKK million
	Non-current assets:		
12, 13	Intangible assets	321	325
13, 14	Property, plant and equipment	62	69
15	Investments in subsidiaries	65.266	27.462
16	Investments in associates and joint ventures	4.176	4.207
17	Securities	11	11
18	Receivables	7.572	8.087
19	Deferred tax assets	300	485
	Total non-current assets	**77.708**	**40.646**
	Current assets:		
18	Trade receivables	781	853
	Tax receivables	-	8
18	Other receivables	20.093	57.864
	Prepayments	1	14
20	Cash and cash equivalents	11	573
	Total current assets	**20.886**	**59.312**
	Total assets	**98.594**	**99.958**

Carlsberg Breweries A/S - Parent Company

Statement of financial position

Note	Equity and liabilities	31 Dec. 2009 DKK million	31 Dec. 2008 DKK million
	Equity:		
21	Share capital	501	501
	Hedging reserves	-1.479	-1.397
	Retained earnings	45.664	43.469
	Total equity	**44.686**	**42.573**
	Non-current liabilities:		
22	Borrowings	33.754	34.364
23	Provisions	100	148
24	Other liabilities	5	2
	Total non-current liabilities	**33.859**	**34.514**
	Current liabilities:		
22	Borrowings	16.411	19.382
	Trade payables	681	510
	Deposits on returnable packaging	34	29
23	Provisions	21	-
	Corporation tax	18	-
24	Other liabilities, etc.	2.884	2.950
	Total current liabilities	**20.049**	**22.871**
	Total liabilities	**53.908**	**57.385**
	Total equity and liabilities	**98.594**	**99.958**

Carlsberg Breweries A/S - Parent Company

Statement of changes in equity

2009
DKK million

	Shareholders in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2009	501	-1.397	43.469	42.573
Total comprehensive income for the year, cf. separate statement	-	-82	2.191	2.109
Share-based payment	-	-	23	23
Share-based payment - exercises	-	-	-19	-19
Total changes in equity	**-**	**-82**	**2.195**	**2.113**
Equity at 31 December 2009	**501**	**-1.479**	**45.664**	**44.686**

2008
DKK million

	Shareholders in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2008	500	-6	21.466	21.960
Total comprehensive income for the year, cf. separate statement	-	-1.391	-1.254	-2.645
Capital increase	1	-	23.999	24.000
Share-based payment	-	-	12	12
Share-based payment - exercises	-	-	46	46
Dividends paid to shareholders	-	-	-800	-800
Total changes in equity	**1**	**-1.391**	**22.003**	**20.613**
Equity at 31 December 2008	**501**	**-1.397**	**43.469**	**42.573**

No dividend (2008: No dividend) is proposed for the year. No dividends are paid out in 2009 for 2008 (paid out in 2008 for 2007: DKK 800m which was DKK 1,600 per share). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

Carlsberg Breweries A/S - Parent Company

Statement of cash flows

Note		2009 DKK million	2008 DKK million
	Operating profit before special items	136	107
	Adjustment for depreciation and amortisation	15	17
	Adjustment for impairment losses	-	62
	Operating profit before depreciation, amortisation and impairment losses	**151**	**186**
25	Adjustment for other non-cash items	-7	-40
25	Change in working capital	321	-136
	Restructuring costs paid	-65	-62
	Interest etc. received	3.621	1.153
	Interest etc. paid	-3.275	-2.166
	Corporation tax paid	157	49
	Cash flow from operating activities	**903**	**-1.016**
	Acquisition of property, plant and equipment and intangible assets	-7	-190
	Disposal of property, plant and equipment and intangible assets	1	93
	Total operational investments	**-6**	**-97**
	Acquired / disposed subsidiaries, net	640	-791
	Capital injection in subsidiaries	-38.426	-12.688
	Acquisitions of associated companies	-29	-1.485
	Disposals of associated companies	55	201
	Acquisition of securities	-	-961
	Disposal of securities	3	248
	Loan to group companies	-	-45.964
	Change in financial receivables	-54	-
	Dividends received	2.068	1.562
	Total financial investments	**-35.743**	**-59.878**
	Cash flow from investing activities	**-35.749**	**-59.975**
	Free cash flow	**-34.846**	**-60.991**
25	Shareholders in Carlsberg Breweries A/S	-	23.200
25	External financing[2]	34.477	38.191
	Cash flow from financing activities	**34.477**	**61.391**
	Net cash flow	**-369**	**400**
	Cash and cash equivalents at 1 January[3]	385	-10
	Foreign exchange adjustment of cash and cash equivalents at 1 January	-5	-5
20	**Cash and cash equivalents at 31 December[3]**	**11**	**385**

[1] Impairment losses excluding those reported in special items

[2] Includes loan raised for the financing of the acquisition of part of the activities S&N.

[3] Cash and cash equivalents less bank overdrafts.

NOTE 1 Significant accounting estimates and judgements

In preparing the Carlsberg Breweries A/S financial statements, management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of the Company's assets and liabilities. The most significant accounting estimates and judgements for the Company are presented below. The most significant accounting estimates and judgements for the Carlsberg Breweries Group are presented in note 1 to the consolidated financial statements. The Company's accounting policies are described in detail in note 32.

Estimation uncertainty

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

The judgements, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise.

The international economic downturn continued in 2009, causing fluctuations in interest and currency exchange rates, which had a derived effect on the general economic situation and led to uncertainties about future economic development. The year also saw a general reduction in the consumption of many products, including beverages, and consumers having less financial capacity and optimism. The impact on the business development and 2009 financials is described in the unaudited Management review, especially the sections describing the segment developments.

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

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

The Group is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively. Specific risks for the Carlsberg Breweries Group are discussed in the relevant sections of the Management review and in the notes.

Assumptions about the future and estimation of uncertainty at the end of the reporting period are described in the notes when there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Investments in subsidiaries, joint ventures and associates. Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Carlsberg Breweries-group, cf. note 40 to the consolidated financial statements.

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

A more detailed description of the Company's tax assets is presented in note 19.

Notes

2 Cost of sales

	2009 DKK million	2008 DKK million
Purchased finished goods and other costs	548	521
Total	**548**	**521**

3 Sales and distribution expenses

	2009 DKK million	2008 DKK million
Marketing expenses	371	504
Sales expenses	38	43
Distribution expenses	94	90
Total	**503**	**637**
Of which staff cost note 10	82	76

4 Fees to auditors appointed by the Annual General Meeting

	2009 DKK million	2008 DKK million
KPMG:		
Statutory audit	3	1
Assurance engagements	-	-
Tax advisory	3	1
Other services	2	31

In 2008 other services included fees for assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and assets and tax consultancy etc.

Note

5 Other operating income and expenses

	2009 DKK million	2008 DKK million
Other operating income:		
Management fee from group companies	150	200
Gains on disposal of other property, plant and equipment and intangible assets	1	89
Other	10	10
Total	**161**	**299**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets etc.	-46	-16
Total	**-46**	**-16**

6 Special items

	2009 DKK million	2008 DKK million
Impairment of investments in subsidiaries, cf. note 15	-14	-1.953
Reversal of impairment of investments in subsidiaries upon sale	-	1.754
Loss on external sale of subsidiaries/activities	-	-2.354
Loss on disposal of investments in subsidiaries	-	-600
Loss on disposal of investments in subsidiaries to group companies	-363	-3.401
Gain on disposal of investments in subsidiaries to group companies	756	3.218
Restructuring cost	-63	-62
Other	-10	-
Special items, net	**306**	**-2.798**

If special items had been recognised in operating profit before special items, they would have been included in the following items:

	2009	2008
Cost of sales	-27	-
Administrative expenses	-46	-62
Financial income	756	3.187
Financial expenses	-377	-5.923
Special items, net	**306**	**-2.798**

Carlsberg Breweries A/S acquired part of the activities in S&N at 28 April 2008. Following the acquisition Carlsberg Breweries A/S has through inter-group transactions transferred some of the acquired activities to subsidiaries in the Carlsberg Breweries Group. Through these transactions the Carlsberg Breweries Group structure has been changed based on legal, tax and financial possibilities and requirements.

The complex structure in the take out of the activities from S&N, the financial purchase price allocation according to IFRS and the intra-group transactions has resulted in realised gains and losses on disposal of investment in subsidiaries to group companies. In accordance with IFRS the purchase price allocation was completed in 2009 resulting in adjustments to the purchase price allocation and the gains and losses reported. The gain and loss is a result of difference in the sales prices (fair value) in the intra-group transactions following the purchase price allocation process compared to the initially allocated cost price in the consortium agreement.

Notes

7 Financial income and financial expenses

	2009 DKK million	2008 DKK million
Financial items recognised in the income statement		
Interest income	2.230	2.506
Dividends from subsidiaries and associates	2.068	1.562
Fair value adjustments of financial instruments, net, cf. note 28	253	490
Realised gains on disposal of associates and securities	3	177
Other financial income	3	-
Total	**4.557**	**4.735**

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

	2009 DKK million	2008 DKK million
Interest expenses	2.502	2.302
Realised foreign exchange losses, net	182	689
Realised losses on disposal of securities	40	-
Impairment of financial assets	3	-
Other financial expenses	21	274
Total	**2.748**	**3.265**
Net financial items recognised in the income statment	**1.809**	**1.470**

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

	2009 DKK million	2008 DKK million
Financial items recognised in other comprehensive income		
Value adjustments of hedging instruments		
Cash flow hedging instruments, effective portion of changes in fair value	-82	-1.698
Net financial items recognised in other comprehensive income	**-82**	**-1.698**
Total net financial items recognised in comprehensive income	**1.727**	**-228**

Notes

8 Corporation tax

	2009	2008
	DKK million	DKK million
Tax for the year comprises:		
Current tax on profit for the year	2	-11
Change in deferred tax during the year	52	-263
Tax on comprehensive income for the year	**54**	**-274**
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	20	307
Tax for the year on items recognised in other comprehensive income	-20	-
Tax on other comprehensive income for the year	**-**	**307**
Tax on profit for the year recognised in the income statement	**54**	**33**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	-25,0%	-25,0%
Change in tax rate, Danish subsidiaries	0,0%	0,0%
Adjustments to tax for previous years	0,1%	0,0%
Non-capitalised tax assets	0,0%	1,7%
Non-taxable income	23,2%	-28,6%
Non-deductible expenses	-0,5%	0,2%
Tax, associates	0,0%	0,0%
Special items	0,7%	55,7%
Withholding taxes	-0,1%	-1,3%
Other	-0,8%	0,0%
Effective tax rate for the year	**-2,4%**	**2,7%**

Tax recognised in other comprehensive income:

	2009			2008		
DKK million	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Hedging instruments	-82	-	-82	-1.698	307	-1.391
Other expenses recognised in other comprehensive income	-6	-	-6	-	-	-
Total	**-88**	**-**	**-88**	**-1.698**	**307**	**-1.391**

The change in deferred tax recognised in the income statement can be broken down as follows:	**2009**	**2008**
	DKK million	DKK million
Tax losses	-58	10
Intangible assets and property, plant and equipment etc.	90	34
Deferred tax recognised in income statement	**32**	**44**

Notes

9 Earnings per share

The calculation of earnings per share in 2008 was affected by the issue of 1,000 additional shares in June 2008 as described in note 21.

	2009	2008
	DKK million	DKK million
Shareholders in Carlsberg Breweries A/S	**2.197**	**-1.254**
	1,000 shares	1,000 shares
Average number of shares	501	501
Average number of treasury shares	-	-
Average number of shares outstanding	501	501
Average dilutive effect of outstanding share options	-	-
Diluted average number of shares outstanding	**501**	**501**
	DKK	DKK
Earnings per share (EPS) of DKK 1,000	4.385	-2.505
Diluted earnings per share (EPS-D) of DKK 1,000	4.385	-2.505

10

Staff costs and remuneration of the Supervisory Board, the Executive Board and other executive employees

	2009 DKK million	2008 DKK million
Salaries and other remuneration	381	309
Severance pay	5	5
Social security costs	3	2
Retirement benefit costs - defined contribution plans	23	20
Share-based payment	23	12
Other employee benefits	3	3
Total	**438**	**351**

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

	2009	2008
Sales and distribution expenses	82	76
Administrative expenses	356	275
Total	**438**	**351**

The Company had an average of 264 (2008: 227) full-time employees during the year.

Remuneration of key management personnel:

	2009 DKK million		2008 DKK million	
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Salaries and other remuneration	30	61	27	47
Retirement benefit costs	-	4	-	3
Share-based payment	6	13	3	3
Total	**36**	**78**	**30**	**53**

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

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

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

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

Executive employees comprise members of Executive Committee and Senior Vice Presidents and Vice Presidents heading Group Functions at Carlsberg’s headquarters in Copenhagen, a total of 16 persons (2008: 19 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Supervisory Board of Carlsberg Breweries A/S received emoluments of DKK 0m (2009: DKK 0m).

11 Share-based payment

In 2009, a total of 149,196 (2008: 300,571) share options were granted to 37 (2008: 36) key employees. The grant date fair value of these options was a total of DKK 16m (2008: DKK 38m). The total cost of share-based payment was DKK 23m (2008: DKK 12m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and Carlsberg Breweries A/S are recognised directly in equity and total DKK 3 million (2008: DKK 2 million). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 16 million (2008: DKK 0 million).

To ensure that holders of share options receive the same nominal yield on a given increase in the share price after the capital increase in Carlsberg A/S, adjustment has been made to the share option programmes which existed at the time of the rights issue. The assumptions underlying the calculation of the adjustment of share options are described in note 13 to the consolidated financial statements.

		Number							Exercise price		Fair value	
Grant year	Exercise year	1 Jan. 2009	Granted/ grant adjusted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2009	For exercise 31 Dec.	Fixed, weighted average	DKK per option, weighted	31 Dec. 2009	31 Dec. 2008
Executive Board												
2001	2004-2009	9.105	-	-9.105	-	-	-		312,02			-
2002	2005-2010	9.105	-	-	-	-	9.105	9.105	261,39	122,60	1	-
2003	2006-2011	13.008	-	-	-	-	13.008	13.008	173,12	211,27	3	1
2004	2007-2012	13.008	-	-	-	-	13.008	13.008	216,65	180,37	2	-
2005	2008-2013	12.388	-	-	-	-	12.388	12.388	232,71	179,06	2	-
2006	2009-2014	12.388	-	-	-	-	12.388	12.388	306,89	139,55	2	-
2007	2010-2015	24.776	-	-	-	-	24.776	-	472,11	111,82	3	1
2008	2011-2016	89.552	-	-	-	-	89.552		490,55	136,10	12	3
2009	2012-2017		60.000	-	-	-	60.000		203,50	237,37	14	
Total		**183.330**	**60.000**	**-9.105**	**-**	**-**	**234.225**	**59.897**			**39**	**5**
Key management personnel												
2001	2004-2009	1.951	-	-1.951	-	-	-		312,02			-
2002	2005-2010	3.902	-	-	-3.902	-	-	-	261,39	122,60	-	-
2003	2006-2011	7.216	-	-	-1.301	-3.964	1.951	1.951	173,12	211,27	-	-
2004	2007-2012	25.797	-	-	-650	-16.909	8.238	8.238	216,65	180,37	1	1
2005	2008-2013	22.193	-	-1.858	-	-10.219	10.116	10.116	232,71	179,06	2	-
2006	2009-2014	39.226	-	-2.787	-2.478	-23.432	10.529	10.529	306,89	139,55	1	1
2007	2010-2015	45.401	-	-5.264	-	-23.967	16.170	-	472,11	111,82	2	-
2008	2011-2016	221.507	-6.401	-19.717	-	-28.721	166.668		446,90	136,10	23	4
2009	2012-2017		89.196	-7.500	-	-11.338	70.358		268,90	237,37	17	
Total		**367.193**	**82.795**	**-39.077**	**-8.331**	**-118.550**	**284.030**	**30.834**			**46**	**6**
Resigned employees												
2001	2004-2009	14.959	-	-14.959	-	-	-		312,02		-	-
2002	2005-2010	18.861	-	-	-1.951	-	16.910	16.910	261,39	122,60	2	-
2003	2006-2011	22.763	-	-	-1.951	3.964	24.776	24.776	173,12	211,27	5	1
2004	2007-2012	27.966	-	-	-3.252	16.909	41.623	41.623	216,65	180,37	8	1
2005	2008-2013	25.086	-	-	-2.477	10.219	32.828	32.828	232,71	179,06	6	-
2006	2009-2014	32.829	-	-	-1.239	23.432	55.022	55.022	306,89	139,55	8	1
2007	2010-2015	26.635	-	-	-	23.967	50.602	-	472,11	111,82	6	-
2008	2011-2016	-	-	-	-	28.721	28.721		446,90	136,10	4	-
2009	2012-2017		-	-	-	11.338	11.338		268,90	237,37	3	
Total		**169.099**	**-**	**-14.959**	**-10.870**	**118.550**	**261.820**	**171.159**			**42**	**3**
Total		**719.622**	**142.795**	**-63.141**	**-19.201**	**-**	**780.075**	**261.890**			**127**	**14**

	2009					2008				
	Executive Board	Key management personnel	Resigned employees	Total	Average exercise price	Executive Board	Key management personnel	Resigned employees	Total	Average exercise price
Share options outstanding at 1 January	183.330	367.193	169.099	719.622	365,29	93.778	168.924	162.719	425.421	303,10
Granted	60.000	82.795	-	142.795	203,50	89.552	221.507	-	311.059	446,90
Expired/forfeited	-9.105	-39.077	-14.959	-63.141	359,80	-	-4.544	-2.601	-7.145	283,87
Exercised	-	-8.331	-10.870	-19.201	242,46	-	-9.713	-	-9.713	274,61
Transferred	-	-118.550	118.550	-	346,84	-	-8.981	8.981	-	283,87
Share options outstanding at 31 December	**234.225**	**284.030**	**261.820**	**780.075**	**353,72**	**183.330**	**367.193**	**169.099**	**719.622**	**337,16**
Exercisable at 31 December	**59.897**	**30.834**	**171.159**	**261.890**	**244,74**	**56.614**	**61.157**	**112.236**	**230.007**	**229,99**

The average share price at the exercise date for share options was DKK 374 (2008: DKK 466).

At 31 December 2009 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 490.55 (2008: DKK 173.12 to DKK 490.55). The average remaining contractual life was 4.8 years (2008: 5.2 years).

The assumptions underlying the calculation of the fair value of share options are described in note 13 to the consolidated financial statements.

Notes

12 Intangible assets

2009 DKK million	Trademarks	Other intangible assets	Prepayments	Total
Cost:				
Cost at 1 January 2009	312	25	9	346
Additions	-	3	-	3
Transfers	-	-	-	-
Cost at 31 December 2009	**312**	**28**	**9**	**349**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2009	2	19	-	21
Amortisation	4	3	-	7
Amortisation and impairment losses at 31 December 2009	**6**	**22**	**-**	**28**
Carrying amount at 31 December 2009	**306**	**6**	**9**	**321**

	2009 DKK million	2008 DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	4	2
Administrative expenses	3	6
Total	**7**	**8**

2008 DKK million	Trademarks	Other intangible assets	Prepayments	Total
Cost:				
Cost at 1 January 2008	137	23	4	164
Additions	-	1	6	7
Transfers	175	1	-1	175
Cost at 31 December 2008	**312**	**25**	**9**	**346**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2008	-	13	-	13
Amortisation	2	6	-	8
Amortisation and impairment losses at 31 December 2008	**2**	**19**	**-**	**21**
Carrying amount at 31 December 2008	**310**	**6**	**9**	**325**

Measurement of trademarks is based on a number of estimates. See note 1 for further description.

Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are well established trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of Management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts which are helping to maintain and increase the value of these trademarks.

The carrying amount of other intangible assets at 31 December 2009 included capitalised software costs of DKK 2m (2008: DKK 3m).

13 Impairment test

At 31 December 2009 impairment tests were performed of the carrying amount of trademarks with an indefinite useful life. Impairment tests are performed annually in the fourth quarter.

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

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

Based on the impairment tests performed, no indications of further impairment of trademarks with an indefinite useful life existed at 31 December 2009. In addition, it is Management's assessment that probable changes in the described significant parameters would not lead to the carrying amount of trademarks with an indefinite useful life exceeding the recoverable amount.

14 Property, plant and equipment

	Land and buildings	Fixtures and fittings, other plant and equipment	Assets under construction	Total
				2009 DKK million
Cost:				
Cost at 1 January 2009	141	30	-	171
Additions	-	2	2	4
Disposals	-	-5	-	-5
Cost at 31 December 2009	**141**	**27**	**2**	**170**
Depreciation and impairment losses:				
Depreciation and impairment losses at 1 January 2009	81	21	-	102
Disposals	-	-2	-	-2
Depreciation	6	2	-	8
Depreciation and impairment losses at 31 December 2009	**87**	**21**	**-**	**108**
				-
Carrying amount at 31 December 2009	**54**	**6**	**2**	**62**
Carrying amount of assets pledged as security for loans	-	-	-	-

	2009 DKK million	**2008** DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2	2
Sales and distribution expenses	-	1
Administrative expenses	6	6
Total	**8**	**9**

	Land and buildings	Fixtures and fittings, other plant and equipment	Assets under construction	Total
				2008 DKK million
Cost:				
Cost at 1 January 2008	141	28	-	169
Additions	-	8	-	8
Disposals	-	-6	-	-6
Cost at 31 December 2008	**141**	**30**	**-**	**171**
Depreciation and impairment losses:				
Depreciation and impairment losses at 1 January 2008	74	21	-	95
Disposals	-	-2	-	-2
Depreciation	7	2	-	9
Depreciation and impairment losses at 31 December 2008	**81**	**21**	**-**	**102**
Carrying amount at 31 December 2008	**60**	**9**	**-**	**69**
Carrying amount of assets pledged as security for loans	-	-	-	-

15 Investments in subsidiaries

	2009 DKK million	2008 DKK million
Cost:		
Cost at 1 January	31.968	20.970
Acquisition of entities	49	52.374
Additions	38.431	12.688
Transfers	-37	-1.080
Disposal of entities to group companies	-625	-50.522
Disposal of entities	-	-2.462
Cost at 31 December	**69.786**	**31.968**
Value adjustments:		
Value adjustments at 1 January	-4.506	-4.327
Impairment losses	-14	-1.953
Disposal of entities	-	1.774
Value adjustments at 31 December	**-4.520**	**-4.506**
Carrying amount at 31 December	**65.266**	**27.462**

Movements in the year comprise effect of currency exchange and displacement in unpaid purchase price.

Value adjustments 2009

Impairment losses in 2009 relate to investments in Carlsberg Hungary. Impairment losses are primarily attributable to deterioration in business conditions and amounts to DKK -14m.

The assumptions used for the impairment test of the parent company's investments in subsidiaries are identical with those used for the Carlsberg Breweries Group's cash-generating units. The assumptions are stated in note 13 to the consolidated financial statements.

Value adjustments 2008

Impairment losses in 2008 relate to investments in Carlsberg UK. Impairment losses related to Carlsberg UK are primarily attributable to deterioration in business conditions and amounts to DKK -1,953m.

Disposal of entities is related to the sale of Türk Tuborg in October 2008.

16 Associates and joint ventures

	2009 DKK million	2008 DKK million
Cost:		
Cost at 1 January	4.207	2.847
Additions	30	580
Transfers	37	905
Disposals	-95	-125
Cost at 31 December	**4.179**	**4.207**
Value adjustments:		
Value adjustments at 1 January	-	-
Impairment in the period	-3	-
Value adjustments at 31 December	**-3**	**-**
Carrying amount at 31 December	**4.176**	**4.207**

No indications of impairment of investments in associates and joint ventures have been identified, and accordingly no impairment tests have been performed.

17 Securities

	2009 DKK million	2008 DKK million
Securities are classified in the statement of financial position as follows:		
Non-current assets	11	11
Total	**11**	**11**
Types of security:		
Unlisted shares	11	11
Total	**11**	**11**

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

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

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

Notes

18 Receivables

	2009 DKK million	2008 DKK million
Receivables are included in the statement of financial position as follows:		
Trade receivables	781	853
Other receivables	20.093	57.864
Total current receivables	**20.874**	**58.717**
Non-current receivables	7.572	8.087
Total	**28.446**	**66.804**

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

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

	2009 DKK million	2008 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	159	207
Receivables from group companies	622	646
Loans to group companies	27.063	63.460
Fair value of hedging instruments	194	887
Receivables from sales of activities	55	-
Other receivables	353	1.604
Total	**28.446**	**66.804**

Receivables from the sale of goods and services fall due as follows:	2009 DKK million	2008 DKK million
Not fallen due or written down	146	173
Falling due in less than 30 days	8	10
Falling due between 30 and 90 days	5	-11
Falling due more than 90 days	-	35
Carrying amount at 31 December	**159**	**207**

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

Write-downs are specified as follows:	2009 DKK million	2008 DKK million
Write-downs at 1 January	-	-2
Write-downs for the year	-	-5
Realised bad debt losses	-	1
Reversed write-downs	-	-
Write-downs at 31 December	**-**	**-6**

	2009 %	2008 %
Average effective interest rates:		
Loan to group companies	5,7	6,2

19 Deferred tax assets and deferred tax liabilities

	2009 DKK million	2008 DKK million
Deferred tax at 1 January, net	485	257
Joint taxation contribution	-156	-35
Adjustments to previous years	-17	-
Recognised in other comprehensive income	20	307
Recognised in income statement	-32	-44
Deferred tax at 31 December, net	**300**	**485**

Specification of deferred tax assets and liabilities at 31 December:

	2009 DKK million	2008 DKK million	2009 DKK million	2008 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	1	6	41	41
Property, plant and equipment	2	2	8	10
Current assets	2	2	-	-
Provisions and retirement benefit obligations	40	31	-	-
Fair value adjustments	-	-	18	-
Tax losses etc.	472	565	150	70
Total before set-off	**517**	**606**	**217**	**121**
Set-off	-217	-121	-217	-121
Deferred tax assets and liabilities at 31 December	**300**	**485**	**-**	**-**
Expected to be used as follows:				
Within 12 months from the end of the reporting period	119	350	-	-
More than 12 months after the end of the reporting period	181	135	-	-
Total	**300**	**485**	**-**	**-**

Of the total deferred tax assets recognised, DKK 636m (2008: DKK 565m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 164m (2008: DKK 136m) were not recognised. These relate to tax losses on exchange rates affect of the Danish tax rules for interest ceiling. Tax loss must be utilised within 3 years other wise it will expire.

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

Notes

20 Cash and cash equivalents

	2009 DKK million	2008 DKK million
Cash at bank and in hand	11	573
Total	**11**	**573**

In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	11	573
Bank overdrafts	-	-188
Cash and cash equivalents, net	**11**	**385**

21 Share capital

	Total share capital	
	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2008	500	500.000
Share capital increase	1	1.000
31 December 2008	**501**	**501.000**
No change in 2009	-	-
31 December 2009	**501**	**501.000**

The share capital amounts to DKK 501m 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.

In June 2008 Carlsberg A/S carried out a capital increase by converting a loan amounting to DKK 24,000m to new shares in Carlsberg Breweries A/S. The share capital was increased from DKK 500m to DKK 501m. Apart from this, there have been no changes in the share capital.

22 Borrowings

	2009 DKK million	2008 DKK million
Non-current borrowings:		
Issued bonds	9.811	-
Bank borrowings	18.602	29.138
Borrowings from Group companies	5.341	5.226
Total	**33.754**	**34.364**
Current borrowings:		
Bank borrowings	285	188
Borrowings from parent	1.829	6.530
Borrowings from Group companies	14.297	12.664
Total	**16.411**	**19.382**
Total non-current and current borrowings	**50.165**	**53.746**
Fair value	51.155	53.746

All borrowings are measured at amortised cost with the exception of the fixed interest rate GBP 300m bond which is measured at fair value. The carrying amount of this borrowing is DKK 2,420m (2008: DKK 0m).

Time to maturity for non-current borrowings

2009 DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	-	7.391	2.420	9.811
Bank borrowings	642	17.960	-	-	-	18.602
Borrowings from Group Companies	2.964	-	1.633	-	744	5.341
Total	**3.606**	**17.960**	**1.633**	**7.391**	**3.164**	**33.754**

2008 DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Bank borrowings	10.113	254	18.771	-	-	29.138
Borrowings from Group Companies	-	2.964	-	2.262	-	5.226
Total	**10.113**	**3.218**	**18.771**	**2.262**	**0**	**34.364**

Interest rate risk at 31 December

2009

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	4-5 years	7.391	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	6-7 years	2.420	Fair value
Total bank borrowings				**9.811**	
Bank borrowings:					
Floating rate	Floating	-	-	8.469	Cash flow
Fixed rate [1]	Fixed	-	-	10.418	Fair value
Total bank borrowings				**18.887**	

[1] The main part of the long term bank borrowing is originally floating but have been swapped to an average fixed interest of 5,03% including margin.

22 Borrowings

(continued)

DKK million	Net debt *	Interest rate** Floating	Fixed	Floating %	Fixed %
EUR	33.844	12.326	21.518	36%	64%
DKK	-120	-120	-	100%	0%
PLN	1.751	1.751	-	100%	0%
SEK	6.923	6.923	-	100%	0%
CHF	2.922	2.922	-	100%	0%
NOK	1.182	1.182	-	100%	0%
Other	3.653	2.006	1.647	100%	0%
Total	50.155	26.990	23.165	54%	46%

* After swaps and currency derivatives

** Before currency derivatives

Interest rate risk at 31 December:

2008

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Bank borrowings:					
Floating rate	Floating	-	-	8.082	Cash flows
Fixed rate	Fixed	-	-	21.244	Fair value
Total bank borrowings				**29.326**	

DKK Mio.	Net debt *	Interest rate** Floating	Fixed	Floating %	Fixed %
EUR	33.092	10.740	22.352	61%	39%
DKK	3.649	685	2.964	-30%	130%
PLN	2.212	2.212	-	100%	0%
USD	1.579	1.579	-	84%	16%
CHF	2.630	2.630	-	40%	60%
RUB	7.241	7.241	-	100%	0%
Other	2.770	1.243	1.527	-	-
Total	53.173	26.330	26.843	36%	64%

* After swaps and currency derivatives

** Before currency derivatives

2009

Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
CHF	366	2.556	2.922	366	-	-	-	-	-
DKK	2.736	-2.846	-110	2.736	2.964	-	7.442	7.391	3.721
EUR	27.146	6.698	33.844	8.592	-	-	1.647	-	-
GBP	7.391	-6.775	616	2.780	-	-	-	-	-
NOK	372	810	1.182	371	-	-	-	-	-
PLN	1	1.750	1.751	1	-	-	-	-	-
RUB	224	-	224	224	-	-	-	-	-
SEK	7.330	-407	6.923	7.330	-	-	-	-	-
USD	3.561	-3.812	-251	3.561	-	-	-	-	-
Other	1.038	2.026	3.064	1.039	-	-	-	-	-
Total	**50.165**	**-**	**50.165**	**27.000**	**2.964**	**-**	**9.089**	**7.391**	**3.721**

See also note 28 Financial risks.

22 **Borrowings (continued)**

2008

DKK million	Original principal	Effect of swap	After swap	2009	2009	2010	2011	2012	2013-
	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
CHF	2.091	539	2.630	2.091	-	-	-	-	-
DKK	10.024	-6.344	3.680	7.060	-	2.964	-	-	-
EUR	30.569	2.813	33.382	8.217	11.176	-	-	7.451	3.725
GBP	1.530	-1.377	153	3	-	-	-	1.527	-
NOK	76	865	941	76	-	-	-	-	-
PLN	53	2.159	2.212	53	-	-	-	-	-
RUB	1	-	1	1	-	-	-	-	-
SEK	7.548	-249	7.299	7.548	-	-	-	-	-
USD	1.394	192	1.586	1.394	-	-	-	-	-
Other	460	1.402	1.862	460	-	-	-	-	-
Total	**53.746**	**-**	**53.746**	**26.903**	**11.176**	**2.964**	-	**8.978**	**3.725**

23 **Provisions**

Provisions totalling DKK 121m relate primarily to ongoing disputes, lawsuits, restructuring etc.

2009
DKK million

	Restructuring	Other	Total
Provisions at 1 January 2009	-	148	148
Additional provisions recognised	34	-	34
Used during the year	-13	-29	-42
Reversal of unused provisions	-	-19	-19
Provisions at 31 December 2009	**21**	**100**	**121**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	100	100
Current provisions	21	-	21
Total	**21**	**100**	**121**

2008
DKK million

	Restructuring	Other	Total
Provisions at 1 January 2009	-	1	1
Additional provisions recognised	-	147	147
Provisions at 31 December 2009	**-**	**148**	**148**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	148	148
Current provisions	-	-	-
Total	**-**	**148**	**148**

Notes

24 Other liabilities etc.

	2009 DKK million	2008 DKK million
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	5	2
Current liabilities	2.884	2.950
Total	**2.889**	**2.952**
Other liabilities by origin:		
Excise duties and VAT payable	15	-
Staff costs payable	90	61
Accrued royalty expense	94	75
Interest payable	815	916
Fair value of hedging instruments	1.704	1.791
Deferred income	88	33
Other	83	76
Total	**2.889**	**2.952**

25 Cash flows

	2009 DKK million	2008 DKK million
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-1	-89
Share-based payment	23	12
Other non-cash adjustments	-29	37
Total	**-7**	**-40**
Change in working capital:		
Receivables	11	-322
Trade payables and other liabilities	306	186
Other liabilities related to operating activities before special items	-4	-
Adjusted for unrealised foreign exchange gains/losses	8	-
Total	**321**	**-136**
Shareholders in Carlsberg Breweries A/S:		
Increase of share capital	-	24.000
Dividends to shareholders	-	-800
Total	**-**	**23.200**
External financing:		
Proceeds from issue of bonds	9.918	-
Debt institutions - long term	-9.291	22.862
Borrowings from group companies	33.847	15.327
Other financing liabilities	3	2
Total	**34.477**	**38.191**

26 Specification of net interest-bearing debt

	2009 Mio. kr.	2008 mio. kr.
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	33.754	34.364
Current borrowings	16.411	19.382
Gross interest-bearing debt	**50.165**	**53.746**
Cash and cash equivalents	-11	-573
Receivable from sale of activities	-55	-
Loans to group companies	-27.063	-63.460
Net interest-bearing debt	**23.036**	**-10.287**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	-10.287	-1.992
Cash flow from operating activities	-903	1.016
Cash flow from investing activities, excl. acquisition of entities, net	36.389	59.184
Cash flow from acquisition of entities, net	-640	791
Dividends to shareholders	-	800
Change in interest-bearing lending	-627	-45.964
Proceeds from capital increase	-	-24.000
Effect of currency translation	-938	-86
Other	42	-36
Total change	**33.323**	**-8.295**
Net interest-bearing debt at 31 December	**23.036**	**-10.287**

27 Financial risks

Carlsberg Breweries A/S' main activity is to own a number of subsidiaries and funding the capital required for both net investment and loans to subsidiaries. As a consequence, Carlsberg Breweries A/S is exposed to foreign exchange risk from its borrowing in foreign currency and financial instruments to hedge net investments in foreign currency, and interest rate risk from its debt and interest rate derivatives.

Interest rate risk. Carlsberg Breweries A/S performs the role of internal bank in the Carlsberg Breweries Group. Part of this role is to implement Carlsberg interest rate risk target, which is to have a duration of 1 to 5 years. This duration is measured on the net debt in the Carlsberg Group.

The Company's loan portfolio consists of bilateral loan agreements, syndicated credit facilities and loans from the shareholder and subsidiaries. At 31 December 2009 gross debt (non-current and current borrowings) amounted to DKK 50,165m (2008: DKK 53,746m). After deducting cash and cash equivalents, net debt is DKK 50,154m (2009: 53,173m), a decrease of DKK 3,019m.

Interest rate risks are mainly managed using interest rate swaps and to a smaller degree loans with fixed interest rate from subsidiaries.

A breakdown of the Carlsberg Breweries A/S gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 22.

At year-end 46% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2009: 50%). Carlsberg Breweries A/S engages in on-lending to subsidiaries. At 31. december 2009 Carlsberg Breweries A/S had lend DKK 27,293m to subsidiaries (2008: DKK 63,460m).

	Net debt before swaps	Next repricing					
DKK million		2010	2011	2012	2013	2014	2015-
CHF	366	366	-	-	-	-	-
DKK	2.726	2.726	-	-	-	-	-
EUR	27.146	11.012	2.964	-	7.442	7.391	3.721
GBP	7.391	360	-	-	1.647	-	-
NOK	371	371	-	-	-	-	-
PLN	1	1	-	-	-	-	-
SEK	7.370	7.329	-	-	-	-	-
USD	3.561	3.561	-	-	-	-	-
Other	1.222	1.263	-	-	-	-	-
Total	**50.154**	**26.989**	**2.964**	**-**	**9.089**	**7.391**	**3.721**

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

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

Liquidity risk. Liquidity risk is the risk of the Carlsberg Breweries Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for the management of funding and liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources.

Carlsberg Breweries A/S is the main funding vehicle in the Carlsberg Breweries Group. Accordingly, reference to the note on financial risk in Carlsberg Breweries Group with regards to liquidity risk is made.

Capital structure and management. Management's strategy and overall goal is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and ratios. In 2006 the Carlsberg Breweries Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. This rating has not been changed subsequently.

28 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discountuing of cash flows are used. Where internally calculated fair values are applied, these are tested against external market valuations on a quarterly basis.

Carlsberg Breweries A/S uses two forms of financial hedging:

Financial derivatives not designated as hedging instruments (economic hedges)

Changes in the fair value of financial instruments not designated as hedging instruments are recognised in the income statement. These are mainly non-designated instruments to hedge financial risks relating to borrowings. It is primarily the exchange rate risk on borrowing, and secondarily the interest rate risk.The fair value at the balance date of these instruments are DKK -404m (2008: DKK -34m).

	2009		2008	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-10	-	2	-
Exchange rate instruments	238	-397	488	34
Other instruments	25	-	-	-
Ineffective portion of hedge	-	-7	-	-
Total	**253**	**-404**	**490**	**34**

Value adjustments on fair valie hedges in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (note 7). In 2009 financial income DKK 228m is recognised, and in 2008 financial income DKK 523m was recognised.

The value of fair value hedges recognised 31 December amounts to DKK -404m in 2009 and DKK 34m in 2008. The recognition of the fair value in the annual report is specified in a separate table below.

Cash flow hedges

Cash flow hedges are primarily used on interest rate swap where the hedged item is the underlying (floating rate) borrowing, and on currency derivatives where the underlying is acquisitions. Cash flow hedges are also used on aluminium hedges (where the hedged item is aluminium cans used in a number of Group entities in Western Europe).

During 2008 Carlsberg hedged the acquisition of S&N in GBP using both FX forwards and options, and used FX forwards in hedging the purchase of shares in Habeco in Vietnam. The former resulted in losses as GBP depreciated from inception and untill closing. The loss is recognised in other comprehensive income and will remain in the cash flow hedge reserve as long as the acquired entities recognised. Interest rate swaps have been applied to parts of the increase in net debt resulting from the S&N acquisition to maintain a balance between fixed and floating interest rates. Together with the pre-acquisition interest rate swaps the details are presented in the table below. The sharp decline in interest rates in Q4 of 2008 have lead to losses on the interest rate instruments - these losses will be recognised in earnings 2009-2015. The losses on other instruments are aluminium hedges to cover (parts of) the risk to can prices. Aluminium prices have fallen in the second half-year of 2008.

Main financial instruments - overview

Instrument	Maturity	Purpose
EUR 500m interest rate swap	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap[1]	2015	Swap of borrowing with 1 month EURIBOR to fixed

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

Cash flow hedge

	2009			2008		
DKK million	Fair value adjustment recognised in other compre-hensive income	Fair value	Expected recognition	Fair value adjustment recognised in other compre-hensive income	Fair value	Expected recognition
Interest rate instruments	-82	-1.106	2010-2015	-904	-970	2009-2015
Exchange rate instruments	-	-	2010	-794	33	-
Total	**-82**	**-1.106**		**-1.698**	**-937**	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amount to DKK -57m in 2009 and DKK -1,732 in 2008. The adjustments are included in financial income and financial expenses (note 7).

The fair value of cash flow hedges recognised at 31 December amounted to DK -1,106m (2008: DK -937m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

28 Financial instruments

(continued)

Recognition of financial instruments - summary

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

	Fair value presented in table above 2009	2008	Presentation in notes to the financial statements	2009	2008
Fair value/economic hedges	-404	118	Receivables, cf. Note 18	194	887
Cash flow hedges	-1.106	-1.022	Other liabilities, cf. Note 24	-1.704	-1.791
	-1.510	**-904**		**-1.510**	**-904**

Liquidity risk

Financial liabilities

DKK million	2009 Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	1.412	667	521	224	1.704
Non-derivative financial instruments					
Financial debt gross	50.353	16.411	30.728	3.214	50.165
Interest expense	4.794	1.184	3.227	383	N/A
Trade payables and other liabilities	643	643	-	-	643
Non-derivate financial instruments total	55.790	18.238	33.955	3.597	N/A
Financial liabilities total	**57.202**	**18.905**	**34.476**	**3.821**	N/A
Derivate financial instruments, receivables	-192	-158	-34	-	-194

Financial liabilities

DKK million	2008 Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	1.878	776	999	103	1.791
Non-derivative financial instruments					
Financial debt gross	53.943	19.382	34.561	-	53.747
Interest expense	3.206	998	2.050	158	N/A
Trade payables and other liabilities	538	538	-	-	538
Non-derivate financial instruments total	57.687	20.918	36.611	158	54.285
Financial liabilities total	**59.565**	**21.694**	**37.610**	**261**	**N/A**
Derivate financial instruments, receivables	-834	-834	-	-	-887

Notes

28 Financial instruments

(continued)
Fair value hierarchy for financial instruments measured at fair value in the statement of financial position

DKK million	2009	2008
	Level 2 - Observable data	Level 2 - Observable data
Financial assets		
Fair value hedges	115	887
Cash flow hedges	79	-
Total	194	887
Financial liabilities		
Financial debt at fair value	2.420	-
Fair value and economic hedges hedges	520	769
Cash flow hedges	1.184	1.022
Total	4.124	1.791

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

The fair value of all derivatives calculated internally (whether designated as fair value or economic hedges, cash flow hedges or net investment hedges) is calculated by a) estimating the notional future cash flows using observable market data such as yield curves and the aluminium forward curve b) discounting the estimated and fixed cash flow to present value 3) converting the amounts in foreign currency into the functional currency at the end-of-period foreign exchange rate. The fair value of the financial net debt is calculated using the same methodology as for derivatives - using both externally and internally generated yield curves. The fair value of other payables relates to shareholder agreements with minorities, according to which Carlsberg at a future date may or may not buy minority stakes at fair value. The fair value is calulated using a multiple model based on EBITDA numbers, a relevant multiple and adjusted for net debt.

Notes

29 Related party disclosures

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, DK-1760 Copenhagen V, Denmark, holds all of the shares in Carlsberg Breweries A/S. Carlsberg Breweries A/S has paid a dividend of DKK 0m to Carlsberg A/S (2008: DKK 800m). In 2008, Carlsberg A/S made a cash capital increase of DKK 24,000m.

The income statement and statement of financial position include the following transactions with Carlsberg A/S:

	2009 DKK million	**2008** DKK million
Other operating income	2	12
Financial income	2	13
Financial expense	-117	-249
Receivables from the sale of goods and services	1	18
Borrowings	1.830	6.577
Trade payables	8	125

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

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 10.

Associates
Dividends of DKK 74m (2008: DKK 96m) were received from associates.

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

	2009 DKK million	**2008** DKK million
Revenue	29	29
Receivables from the sale of goods and services	1	9

Subsidiaries
Dividends of DKK 1,992m (2008: DKK 1,435m) were received from subsidiaries.

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

	2009 DKK million	**2008** DKK million
Revenue	610	622
Costs	-749	-701
Other operating income	113	198
Sales and distribution expense	53	59
Administration cost	-11	-83
Interest income	2.200	2.502
Interest expenses	-878	-717
Loans	15.851	63.786
Borrowings	8.643	17.889
Receivables	572	2.402
Trade payables and other liabilities etc.	357	858

Notes

30 Contingent liabilities and other commitments

Carlsberg Breweries A/S has issued guarantees for loans etc. raised by subsidiaries and associates (non-consolidated share of loan) of DKK 4,689m (2008: DKK 4,581m).

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

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

The Carlsberg Breweries A/S is party to certain lawsuits, disputes etc. of various sizes. In management's opinion, apart from as recognised in the statement of financial position include or disclosed in the Annual Report, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's financial position.

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

Contractual commitments. The Carlsberg Breweries A/S has entered into service contracts in respect of sales, logistics and IT. Costs related to the contracts are recognised as the services are received.

Capital commitments

Neither at the end of the reporting period in 2009 nor 2008 had Carlsberg Breweries A/S any capital commitments to be made at a later date.

31 Events after the reporting period

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

NOTE 32 Accounting policies

The 2009 financial statements of Carlsberg A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

The financial statements are presented in Danish kroner (DKK million), which is the functional currency. The accounting policies for the Parent Company are the same as for the Carlsberg Group, cf. note 40 to the consolidated financial statements, with the exception of the items below.

Income statement

Dividends on investments in subsidiaries, joint ventures and associates. Dividends on investments in subsidiaries, joint ventures and associates are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

Financial income and financial expenses. Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognised in the income statement of the Parent Company.

Statement of financial position

Investments in subsidiaries, joint ventures and associates. Investments in subsidiaries, joint ventures and associates are measured at the lower of cost or recoverable amount.

COMPANY INFORMATION

Company:	Carlsberg Breweries A/S Ny Carlsberg Vej 100 1760 København V Denmark Municipality of reg. office: Copenhagen
Board of Directors:	Jess Søderberg (chairman), Managing Director Povl Krogsgaard-Larsen (Deputy Chairman), Professor, Dr. Pharm Jørgen Buhl Rasmussen, President, CEO Eva Vilstrup Decker (Employee Board member), Customer Service Manager Morten Ibsen (Employee Board member), Head Brewer Jørn P. Jensen, Deputy CEO Hans Andersen (Employee Board member), Brewery worker
Executive Board:	Jørgen Buhl Rasmussen, President, CEO Jørn P. Jensen, Deputy CEO
Auditor:	KPMG Statsautoriseret Revisionspartnerselskab Borups Alle 177 2000 Frederiksberg

EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

Executive Committee

Jørgen Buhl Rasmussen
President, CEO since 2007.

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

Jørn P. Jensen
Deputy CEO since 2007; CFO since 2004.

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

Supervisory Board

Jess Søderberg
Chairman

Managing Director. Born 1944. Elected 2008. Former CEO of the A.P. Møller - Mærsk Group (1993- 2007) and before that CFO in the same company from 1981.

Member of the Supervisory Boards of The Chubb Corporation and member of Danske Bank's Advisory Board. Mr Søderberg has acquired broad international experience of management and finance as a result of many years in the senior management of A.P. Møller - Mærsk.

Povl Krogsgaard-Larsen
Deputy Chairman

Professor, D.Pharm. Born 1941. Elected 1993, 2009. Chairman of the Executive Board of the Carlsberg Foundation. Member of the Supervisory Boards of Auriga A/S and Bioneer A/S.

Mr Krogsgaard-Larsen is affiliated to the Faculty of Pharmaceutical Sciences at the University of Copenhagen. With his background as a researcher and educator, he has particular expertise in the analysis of issues within the pharmaceutical sector and the presentation of plans and results. As former rector of what was then the Royal Danish School of Pharmacy, he also has experience of the management of large knowledgebased organisations such as PharmaBiotec, NeuroScience PharmaBiotec and Drug Research Academy. He also has experience from directorships at other international companies.

Hans Andersen
Employee Board member, Brewery worker

Eva Vilstrup Decker
Employee Board member, Customer service manager

Morten Ibsen
Employee Board member, Head brewer

MANAGEMENT STATEMENT

The Supervisory Board and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Breweries Group and the parent company for 2009.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies. In our opinion the consolidated financial statements and the parent company's financial statements give a true and fair view of the Carlsberg Breweries Group's and the parent company's assets, liabilities and financial position at 31 December 2009 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2009.

Further, in our opinion the Management's review includes a fair review of the development in the Carlsberg Breweries Group's and the parent company's operations and financial matters, the result for the year and of the Carlsberg Breweries Group and the parent company's financial position as well as describes the significant risks and uncertainties affecting the Carlsberg Breweries Group and the parent company.

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

Copenhagen, 25 March 2010

Executive Board of Carlsberg Breweries A/S

Jørgen Buhl Rasmussen	Jørn P. Jensen

Supervisory Board of Carlsberg Breweries A/S

Jess Søderberg Chairman	Povl Krogsgaard-Larsen Deputy Chairman	Hans Andersen
Jørgen Buhl Rasmussen	Eva Vilstrup Decker	Morten Ibsen
Jørn P. Jensen		

THE INDEPENDENT AUDITORS' REPORT

To the shareholders of Carlsberg Breweries A/S

We have audited the consolidated financial statements and the parent company financial statements of Carlsberg Breweries A/S for the financial year 2009 , pp. 14-133. The consolidated financial statements and the parent company financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes for the Carlsberg Breweries Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed companies and issued a statement in this regard.

Management's responsibility

Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with Danish disclosure requirements for listed companies.

Auditors' responsibility and basis of opinion

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Carlsberg Breweries Group's and the parent company's financial position at 31 December 2009 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2009 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 25 March 2010
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

Jesper Koefoed
State Authorised Public Accountant