Carlsberg Breweries A/S

CVR No. 25 50 83 43

Annual Report for 2011

(12th 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 prevail.

MANAGEMENT REVIEW

FIVE-YEAR SUMMARY – CARLSBERG BREWERIES GROUP

DKK million		2007	2008	2009	2010	2011
Sales volumes, gross (million hl)						
Beer		115,2	126,8	137,0	136,5	139,8
Other beverages		20,8	22,3	22,2	22,5	22,2
Sales volumes, pro rata (million hl)						
Beer		82,0	109,3	116,0	114,2	118,7
Other beverages		17,8	19,8	19,8	19,3	19,2
Income statement						
Net revenue		44.750	59.944	59.382	60.054	63.561
Operating profit before special items		5.001	7.604	9.460	10.246	9.877
Special items, net		-427	-1.641	-262	-249	605
Financial items, net		-971	-3.455	-2.980	-2.137	-1.908
Profit before tax		3.603	2.508	6.218	7.860	8.574
Corporation tax		-1.190	383	-1.561	-1.847	-2.156
Consolidated profit		2.413	2.891	4.657	6.013	6.418
Attributable to:						
Non-controlling interests		294	572	565	609	543
Shareholders in Carlsberg Breweries A/S		2.119	2.319	4.092	5.404	5.875
Statement of financial position						
Total assets		49.830	129.668	121.886	132.148	136.195
Invested capital		32.954	106.740	97.354	104.873	105.992
Interest-bearing debt, net		14.937	45.771	36.122	32.847	30.780
Equity, shareholders in Carlsberg Breweries A/S		11.723	41.367	42.613	52.544	55.572
Statement of cash flows						
Cash flow from operating activities		5.102	8.037	13.420	11.225	9.789
Cash flow from investing activities		-4.955	-57.427	-2.409	-6.242	-4.876
Free cash flow		147	-49.390	11.011	4.983	4.913
Financial ratios						
Operating margin	%	11,2	12,7	15,9	17,1	15,5
Return on average invested capital (ROIC)	%	15,2	8,9	9,3	9,8	9,4
Equity ratio	%	23,5	31,9	35,0	39,8	40,8
Debt/equity ratio (financial gearing)	x	1,15	0,97	0,76	0,57	0,50
Interest cover	x	5,15	2,20	3,17	4,80	5,18
Stock market ratios*						
Earnings per share (EPS)	DKK	4.238	4.629	8.168	10.786	11.727
Cash flow from operating activities per share (CFPS)	DKK	10.204	16.042	26.786	22.405	19.539
Free cash flow per share (FCFPS)	DKK	294	-98.583	21.978	9.946	9.806
Dividend per share (proposed)	DKK	2.600	-	-	-	-
Pay-out ratio	%	61	-	-	-	-
Employees						
Full-time employees (average)		33.276	45.364	45.364	41.278	42.552

* Stock market ratios for 2007-2008 are adjusted for bonus factor from rights issue in June 2008 in accordance with IAS 33. Number of shares (period-end) is not adjusted.

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines "Recommendations and Financial Ratios 2010".

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' 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 well as license and export business.

BUSINESS DEVELOPMENT

2011 was a year in which we faced headwinds from rising input costs and a challenging Russian market. However, our Northern & Western European and Asian regions continued to perform well. In Northern & Western Europe, our performance was largely driven by efficiency improvements and market share gains, while in Asia our results were driven by growth and market share gains. Our performance in Eastern Europe was impacted by the beer market decline in Russia and our Russian market share loss, which was caused by a high level of promotions and price activations by competitors. Our full-year results were in line with the expectations announced in August 2011.

Throughout 2011, we maintained our focus on profitable growth by balancing volume and value share, and we will maintain this focus in 2012.

In preparing for 2012, we have taken a cautious view on overall consumer dynamics in Northern & Western Europe as we believe trading conditions will remain uncertain across many of our European markets. At the same time, we expect the Russian market to return to modest growth during 2012 and strong growth to continue across our Asian markets. Our strategy is to focus on fewer but more important activities where the return on investment is higher, and to execute them with greater impact. We will continue to become more efficient across the Carlsberg Group; invest in growth across our business; provide our customers and consumers with exceptional products and outstanding service; and explore acquisition opportunities in growth markets.

2011 results

Group beer volumes grew organically by 3%. Including acquisitions, net, the increase was 4% to 118.7m hl (114.2m hl in 2010). All three regions reported organic volume growth for the year. Pro rata Group volumes of other beverages were 19.2m hl (19.3m hl in 2010). Led by stocking of around 1.3m hl at distributors in Russia in Q4, organic volume growth in the quarter was 8%. Good performance in Northern & Western Europe and Asia also supported the Q4 volume growth.

Sales and marketing investments as a percentage of sales grew compared with last year, mainly in Eastern Europe and Asia. Our sales and marketing efforts are aimed at improving both volume and value market share and included numerous commercial activities such as value management, new products, brand premiumisation initiatives, and upgrading of key account and sales capabilities.

During the year, we introduced a number of new products and line extensions across our regions. An important Group innovation launched in Q2 in selected markets in the Nordics was the light, refreshing and stylish premium beer Copenhagen. Examples of new local products include Baltika Draught Non-filtered and 1664 Millésime.

We are intensifying our efforts behind our international premium portfolio. An important milestone in 2011 was the global repositioning of the Carlsberg brand in April. A significant number of activities took place during the year and the activity level will remain high, not least in 2012 when UEFA EURO 2012™ will be a very important activity. The first signs of the repositioning are encouraging with 7% volume growth for the year in the brand's premium markets.

Net revenue grew by 6% to DKK 63,561m (DKK 60,054m in 2010) with a solid 6% organic growth (total volume 2% and 4% price/mix), currency impact of -1% and net acquisition impact of 1%. Organic net revenue growth for Q4 was even stronger at 11%. In 2011, it was necessary to compensate for the higher input costs, and the Group achieved a 4% price/mix as a result of value management, including price increases, with particularly strong pricing in Eastern Europe.

The Group continues to centralise procurement activities, but despite the benefits of this, input costs grew in all regions in 2011. Prices in most categories increased and cost of sales per hl for the Group increased organically by approximately 8%, with a particularly strong increase in Eastern Europe. Gross profit margin declined by 170bp to 50.0%, while gross profit per hl increased slightly organically as higher input costs were offset by the positive price/mix and the impact of the continued efficiency improvements.

Operating expenses grew organically by 5% (approximately 3% per hl) due to increased sales and marketing investments, especially in Eastern Europe and Asia, and higher logistics costs, mainly in Eastern Europe. In spite of unchanged sales and marketing investments in Northern & Western Europe, operating expenses in the region declined organically by approximately 3% per hl due to ongoing efficiency improvements.

Overall efficiency improvements remain in focus across the whole Group. Several local, regional and Group-wide projects were implemented in 2011 as part of the Group transformation. An important transformational step was taken in October, when we announced the initiative to fully integrate the supply chain across our markets in Northern & Western Europe. The purpose is to improve capabilities, customer service and efficiency, increase speed and optimise asset utilisation. The Business Standardisation Programme will be an important enabler for the integrated supply chain.

Group operating profit was DKK 9,877m (DKK 10,246m in 2010) with an organic decline of 3%, currency impact of -1% and net acquisition of 1%. Solid growth in Asia and Northern & Western Europe was not enough to offset the Eastern European decline, and Group operating margin declined to 15.5% (17.1% in 2010).

Q4 operating profit grew strongly by 79% (organic growth of 75%). This improvement was driven by stock building in Russia by distributors; different phasing of sales and marketing investments versus prior year; execution of contingency plans in Northern & Western Europe following a poor summer; and general overall cost consciousness.

Invested capital and cash flow

Return on average invested capital continued to grow in Northern & Western Europe, increasing from 17.2% to 18.3% due to improved profitability and reduced asset base. In Eastern Europe and Asia, return on average capital employed declined due to lower profitability and capacity expansion respectively. In total, return on average invested capital for the brewing activities declined slightly to 9.4% (9.8% in 2010).

We continuously work to improve capital efficiency by setting clear and focused targets. Since the Scottish & Newcastle transaction in 2008, the Group has improved working capital management, prioritised capital investments and monetised redundant assets.

Operating cash flow was DKK 9.8bn (DKK 11,2 bn in 2010). This was impacted negatively mainly by lower profits than 2010 and trading working capital at year-end. Year-end trading working capital was impacted by the stocking by distributors in Russia in the latter part of Q4 and consequently a high level of trade receivables. Average trading working capital to net revenue declined to 1.9% (2.6% in 2010). Free cash flow was DKK 4.9bn for 2011 (DKK 5.0bn for 2010).

Net interest-bearing debt was DKK 30.8bn at the end of 2011 (DKK 32.8bn at the end of 2010). The Group is committed to maintaining an investment-grade credit quality.

In December, the Group established a new five-year revolving credit facility of EUR 800m replacing a facility signed in 2005. With this new credit facility, Carlsberg has extended the maturity profile of its bank commitments at favourable pricing and terms.

Notwithstanding the slight decline in earnings per share (in reported terms), the Company has demonstrated strong cash flow generation in the past three years and has reduced the leverage and increased the interest cover. Subsequently, the Company's credit rating has improved in recent years and is currently "BBB stable outlook/Baa2 stable outlook".

Structural changes

In line with our M&A strategy, several structural changes took place during 2011 aimed at strengthening the Group's position in key markets:

- The Group increased its ownership in its Indian business, South Asian Breweries Pte Ltd., to 94%
- The Group announced an expansion of its presence in China through the establishment of the planned joint venture Chongqing Xinghui Investment Co., Ltd. When completed, the Group will be directly or indirectly involved in 42 breweries in China
- The Group acquired an additional 1% of the shareholding in the joint venture Lao Brewery Co. Ltd., Laos, in a disproportionate capital increase, thus gaining control of the entity in a step acquisition
- The Group increased its ownership in the Vietnamese Hue Brewery from 50% to 100%

FINANCIAL REVIEW

Income statement

The Group generated total net revenue of DKK 63,561m, an increase of 6% compared with 2010. Gross profit was DKK 31,773m (DKK 31,072m in 2010), and the gross profit margin declined by 170bp to 50.0% due to higher input costs.

Sales and distribution expenses increased by DKK 1,325m to DKK 18,483m, primarily due to higher sales and marketing investments in Eastern Europe and Asia and higher logistics costs, mainly in Eastern Europe. Administrative expenses amounted to DKK 3,944m (DKK 4,043m in 2010) and other operating income, net was DKK 357m (DKK 234m in 2010). The Group's share of profit after tax in associates was DKK 174m (DKK 141m in 2010).

Group operating profit before special items was DKK 9,877m (DKK 10,246m in 2010). Strong growth in Asia and Northern & Western Europe was not enough to offset the decline in Eastern Europe.

Net special items amounted to DKK 605m against DKK -249m in 2010. Special items were positively affected by fair value non-cash revaluations of previously owned shareholdings in connection with the step acquisitions in Lao Brewery Co. Ltd in Laos and Hue Brewery Ltd. in Vietnam and gain on sale of subsidiaries, cf. note 7 to the consolidated financial statements. The negative impact came from costs incurred in connection with restructuring measures implemented in Northern & Western Europe and impairment charges related to two trademarks in Eastern Europe and investments in Carlsberg Uzbekistan and Nordic Getränke, Germany, as a consequence of difficult market conditions as well as poor performance and profit outlook. Furthermore, impairment was made on the Business Standardisation Programme due to redesign and change of scope following the decision to establish a fully integrated supply chain in Northern & Western Europe.

Net financial items amounted to DKK -1,908m against DKK -2,137m in 2010. Net interest costs accounted for DKK -1,707m, compared to DKK -1,913m in 2010, reflecting the lower average funding cost. Other net financial items were DKK -201m (DKK -224m in 2010). The negative development is due to defined benefit obligations and other financial expenses such as bank fees etc.

Tax totalled DKK -2,156m against DKK -1,847m in 2010. The tax rate was 25.2%.

Consolidated profit was DKK 6,418m against DKK 6,013m in 2010, impacted by the decline in operating profit. Carlsberg's share of net profit was DKK 5,875m against DKK 5,404m in 2010.

Statement of financial position

At 31 December 2011, Carlsberg had total assets of DKK 136.2bn (DKK 132.1bn at 31 December 2010). The increase of DKK 4.1bn primarily relates to currency adjustments and an increase in receivables.

Assets

Intangible assets totalled DKK 77.8bn against DKK 76.6bn at 31 December 2010. The increase is mainly related to the acquisition of additional shares in Lao Brewery Co. Ltd and Hue Brewery Ltd., increased goodwill and trademarks. Property, plant and equipment were DKK 30.9bn (DKK 31.3bn at 31 December 2010). Financial assets amounted to DKK 7.6bn (DKK 8.0bn at 31 December 2010).

Current assets totalled DKK 19.6bn against DKK 16.0bn at 31 December 2010 impacted by higher trade receivables, mainly due to the stock building at distributors in Russia in Q4 2011.

Liabilities

Total equity was DKK 61.3bn, of which DKK 55.6bn was attributed to shareholders in Carlsberg Breweries A/S and DKK 5.8bn to non-controlling interests.

The increase in equity compared with 31 December 2010 was DKK 3.4bn, mainly due to currency adjustments of approximately DKK -1.8bn, profit for the period of DKK 6.4bn, retirement benefit obligations of DKK -1.1bn, payment of dividends to minorities of DKK -0.1bn, acquisition of non-controlling interests of DKK -1.5bn, share buy-back of DKK -0.4bn and acquisition of entities of DKK 1.6bn.

Total liabilities were DKK 74.9bn (DKK 74.2bn at 31 December 2010). Non-current liabilities increased by DKK 2.6bn compared with 31 December 2010, mainly due to an increase in retirement benefit obligations of DKK 0.8bn. Furthermore, a change in funding sources has increased non-current borrowings by DKK 2.3bn, while current borrowings have decreased by a similar amount.

Current liabilities excluding the current portion of borrowings were DKK 23.9bn (DKK 23.0bn at 31 December 2010), mainly impacted by an increase in trade payables of DKK 1.6bn.

Cash flow

Operating profit before depreciation and amortisation was DKK 13,643m (DKK 14,212m in 2010).
The change in trading working capital was DKK -361m (DKK 1,336m in 2010).

Trading working capital was impacted negatively by stocking by distributors in Russia in late Q4 and the consequent high level of trade receivables at yearend. Excluding the stocking effect, the change in trading working capital would have been DKK +11m. The focus on trading working capital remains and average trading working capital to net revenue was 1.9% at the end of 2011 compared to 2.6% at the end of 2010. The change in other working capital was DKK -466m (DKK -540m in 2010). The change relates primarily to pension obligations.

Paid net interest etc. amounted to DKK -2,049m in 2011 against DKK -2,069m in 2010.

Cash flow from operating activities in 2011 was DKK 9,789m against DKK 11,225m in 2010. On comparison, the reduction was mainly due to the significant working capital improvement in 2010.

Cash flow from investing activities was DKK -4,876m against DKK -6,242m in 2010. Operational capital expenditure was DKK 990m higher than in 2010. The increase was in line with plans and mainly related to network and production optimisation and sales investments. Financial investments were DKK -314m (DKK -2,670m in 2010, primarily due to the acquisition of shares in Wusu Xinjiang Beer Group and Chongqing Brewery Co. Ltd.).

Free cash flow was DKK 4,913m against DKK 4,983m in 2010.

Financing

At 31 December 2011, the gross interest-bearing debt amounted to DKK 36.7bn and net interest-bearing debt amounted to DKK 30.8bn. The difference of DKK 5.9bn was other interest-bearing assets, including DKK 3.1bn in cash and cash equivalents.

Of the gross interest-bearing debt, 93% (DKK 34.1bn) was long term, i.e. with maturity more than one year from 31 December 2011, and consisted primarily of facilities in EUR.

In December 2011, the Group entered into a new five-year revolving credit facility of EUR 800m with a select group of relationship banks. The new facility replaced the EUR 1.425bn facility signed in 2005 (subsequently reduced to EUR 1.225bn in 2008). Carlsberg has extended the maturity profile of its bank commitments and achieved favourable pricing and terms.

INCENTIVE PROGRAMMES

In 2011, a total of 61,200 share options were granted to members of the Executive Board and other management personnel in the Carlsberg Group, of which the Executive Board received 60,000 share options.

No options were granted as part of the long-term incentive programme in 2011.

The share options were granted to a total of 3 employees at an exercise price of DKK 566.78 (2010: 288,748 (adjusted) share options to 153 employees at a weighted average price of DKK 496.32 (adjusted)).

In 2012, a total of approximately 130,000 share options will be granted to the Executive Board. The precise number will be calculated using the Black Scholes formula and on the basis of an exercise price calculated as an average of the share price on the first five trading days after publication of the present Company Announcement so that the value of the share options will be equivalent to each Executive Board member's respective fixed annual salary. 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

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

Risk management framework

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

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

Risk management governance structure

Ultimately, the Supervisory Board is responsible for risk management. The Supervisory Board has appointed the Audit Committee to act on behalf of the Supervisory Board. The Audit Committee monitors the overall strategic risk exposure and the individual risk factors associated with the Group’s activities. Monitoring is mainly performed in connection with the quarterly reporting process. The Audit Committee adopts guidelines for key areas of risk, monitors developments and observes that plans are in place for the management of individual risk factors, including commercial and financial risks.

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

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

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

A formal procedure is in place for ongoing identification, assessment and reporting during the year of any new or emerging risks which are determined to have a material impact upon the business.

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

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

Risk assessment 2012

In October 2011, ExCom carried out the annual risk management workshop to evaluate the adequacy of the existing heat map. The review resulted in a revision of the identified high risks, and a revised set of high risks for 2012-2016 were defined. Local risk management workshops and heat mapping were carried out during the third quarter of 2011.

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

Among the high risks identified, the economic downturn, Russian consumer sentiment and Russian dependency, and our ability to increase prices were classified as high risks for 2012. These three risks are presented on the following page. The other high risks identified include increasing excise taxes, tightened regulation and lack of top-line growth. The Group closely monitors and undertakes risk-reducing activities in order to minimise the likelihood and potential impact of strategic high risks.

Economic downturn

Description

The global economic environment is highly vulnerable and an economic downturn impacting consumer sentiments in the Group’s beer markets is viewed as a high risk for 2012.

Possible impact

Negative consumer sentiment impacts consumer spending, including spending on beer. Decreasing demand leading to lower volumes may negatively impact the Group’s net revenue and, subsequently, the operating profit.

Mitigation

A number of risk-reducing activities will be implemented to mitigate the impact of an economic downturn. Activities include: closely monitoring macroeconomic indicators in our most important markets; scenario planning; increased focus on and prioritisation of plans and activities; acceleration of working capital initiatives; early and timely cost reduction .measures; and development of contingency plans to be able to reduce costs further and thereby protect profitability, if necessary.

Russian consumer sentiment and Russian dependency

Description
Russia is the Group's largest market, accounting for approximately 30% of beer volumes and 40% of operating profit. All other markets account for less than 10% of Group operating profit. Group earnings are therefore more exposed to the performance of the Russian business than any other market.

Possible impact
If the Russian beer market and our Russian business develop differently than expected in our plans and budgets, this may have an impact on the Group's results.

Mitigation
In late 2011, a number of senior management changes were implemented in Russia, including the appointment of a new CEO. Our commercial models for the Russian market have been adjusted to reflect developments in recent years within consumer and competitor dynamics. Our 2012 planning and budgets for the Russian business are based on detailed analyses and modelling of anticipated developments in consumer sentiment, inflation and other macroeconomic indicators, and pricing, changes in regulation and other relevant measures to reduce the degree of uncertainty and enable a fast response if assumptions do not materialise.

Ability to increase prices

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

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

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

CORPORATE SOCIAL RESPONSIBILITY

The Carlsberg Group is committed to conducting its operations in a socially and environmentally responsible way. We acknowledge the importance of integrating corporate social responsibility (CSR) into our business functions in order to maintain our licence to operate, address risks, create new commercial and efficiency opportunities, and make a positive impact on the societies in which we operate. One example is an innovative draught system which produces less waste and uses less CO2.

The Group has committed itself to targets for each of its CSR areas to be achieved by the end of 2013. In 2011, we made good progress towards reaching these targets for most of our CSR areas. We will be aiming to keep up our good performance and increase our efforts where needed.

In 2011, we concentrated on the planned continued implementation of our CSR polices in business functions and local companies. In addition, we carried out a detailed risk and opportunity analysis in four increasingly important areas for the future sustainability of the Group: packaging, water, energy and agriculture. The findings will be used to further develop a road-map and priorities for our CSR efforts going forward.

In 2011, we were recognised for our environmental achievements by the Newsweek Green Ranking. The Carlsberg Group was included in the top 5 of the "food, beverage and tobacco" category and scored highest among global beer companies when comparing actual environmental footprints and environmental management.

CSR performance and targets

CSR area	2009	2010	2011	Target 2013
Energy	32.2 kWh/hl	32.3 kWh/hl	29.2 kWh/hl	29.0 kWh/hl
CO_2	8.9 kg CO_2/hl	8.7 kg CO_2/hl	7.9 kg CO_2/hl	7.5 kg CO_2/hl*
Water	3.7 hl/hl	3.5 hl/hl	3.3 hl/hl	3.2 hl/hl
Lost-time accidents in production per 1,000 employees	20.1	16.7	13.6	10.8*

* Revised to more ambitious targets.

The Group's web-based CSR report is available at www.carlsberggroup.com/csr. It includes the full scope of our 2011 performance data for all CSR areas as well as the 2013 targets. We will review our targets and ambitions periodically to ensure that we focus on the right issues and level of ambition for our business and our stakeholders alike.

CSR reporting and management

In 2011, we continued to improve systems and procedures used to measure performance data for our CSR areas: environment, health & safety, community engagement, labour & human rights, business ethics and marketing communication. The collected data enable us to measure performance against the 2013 targets, identify areas for improvement and show local companies' year-on-year progress.
Similar to previous years, a selected set of indicators used to track environmental performance has been independently assured by KPMG Sustainability. In 2011, the scope of the assurance was expanded to include selected safety indicators. The independent report is available online at www.carlsberggroup.com/csr/ReportingonProgress/overview/Pages/2011Assurance.aspx.

We have also worked with KPMG to develop new performance measurements and indicators within all CSR areas in order to better track our progress and improve performance.

Reducing environmental impact

The Group has set ambitious targets for reducing our environmental impact and improving efficiency by 2013. In 2011, we continued the implementation of a Groupwide Lean Utilities programme to reduce energy and water consumption in our breweries. This led to significant improvements in our water and energy efficiency, particularly as a result of the strong performance of our Russian production sites. The results show that we are well on track to reach our 2013 targets. Based on strong improvements during the year, we have revised our CO2 targets for 2013.

Addressing water risks

In order to better understand the Group's exposure to water risks, such as scarcity, poor quality and increasing costs, a full risk assessment was carried out at all breweries in 2011. The assessment data will be used to develop local action plans to address the water risks relating to our breweries with a particular focus on our Asia region. Our water initiatives are discussed in more detail on page 28.

A sustainable packaging strategy

Carlsberg is committed to innovative management of packaging and packaging waste. To prepare for new regulations and changing customer and consumer demands, the Group is developing a new strategic approach to packaging sustainability.

A first step was taken in 2011 with the development of a life cycle analysis (LCA) tool which measures the environmental impact of various packaging materials and formats throughout the product life cycle. The tool simulates and benchmarks different packaging options and the differences in their environmental impact, enabling us to immediately evaluate this in line with other business parameters. As part of the approach to packaging sustainability, Carlsberg has initiated a pilot project in the UK on upstream and downstream engagement in the product value chain. With this initiative we are seeking to establish a lasting dialogue and partnership with key suppliers on the environmental impacts and sustainability of supplied packaging products.

Promoting responsible drinking

While the vast majority of consumers enjoy beer in moderation as part of a healthy lifestyle, we recognise that a minority of consumers may have a harmful drinking pattern leading to unwanted health and social effects. As a responsible brewer, we are committed to fighting the harmful consumption of beer and promoting responsible drinking to our consumers.

An important aspect of protecting commercial freedom involves marketing beer in a way that reflects society's concerns about alcohol abuse. Our local businesses are actively involved in initiatives related to issues such as under-age drinking, drinking and driving, and general education about responsible beer consumption. Engaging with local external stakeholders is fundamental in optimising the reach and impact of responsible drinking initiatives.

In 2011, we executed responsible drinking initiatives targeted at consumers in many of our markets. Examples include partnering with the Transport Administration and customers to prevent drinking and driving in Sweden, engagement of consumers as "responsible drinking ambassadors" in Malaysia, and running an educational TV campaign in Ukraine through the Ukrainian Brewers' Association with the objective of combating under-age drinking and promoting responsible selling of alcohol. In Russia we expanded our portfolio of initiatives and started up a programme with the aim of training bartenders in promoting responsible drinking behaviour to consumers and serving as advocates of a drinking culture where beer is appreciated in moderation.

In addition to engaging with local stakeholders, Carlsberg also collaborates with various international organisations and with our peers from the brewing industry. Initiatives include the development of voluntary industry self-regulation schemes to avoid irresponsible marketing of alcoholic beverages and consultation with WHO on how Carlsberg's and our peers' initiatives within marketing, communication and stakeholder engagement can support WHO member states in achieving their objectives of reducing the harmful consumption of alcoholic beverages.

Looking ahead

Despite challenging economic market conditions, Carlsberg remains committed to our ambition to grow responsibly. Our prioritised CSR initiatives are supported by strong business cases, either in terms of a positive return on investment or in securing our licence to operate. In 2012, we will focus our efforts on addressing specific sustainability risks and opportunities related to our production and value chain. Key priorities will include promoting responsible drinking, the completion of our sustainable packaging strategy and further implementation and training of the LCA tool.

THE AUDIT COMMITTEE

In March 2009, the Supervisory Board of Carlsberg A/S (Parent company of Carlsberg Breweries A/S) established an Audit Committee in accordance with the Danish Act on Approved Auditors and Audit Firms. In 2011, Carlsberg's Audit Committee consisted of three members of the Supervisory Board (Jess Søderberg, Chairman, Povl Krogsgaard-Larsen and Richard Burrows). Jess Søderberg and Richard Burrows both qualify as being independent of the Company and both possess the relevant financial expertise. The Audit Committee is appointed for one year at a time.

The Audit Committee works according to Terms of Reference, which are reviewed and approved annually by the Supervisory Board, and a detailed annual meeting plan approved by the Supervisory Board prior to the beginning of each financial year. The Supervisory Board approved the current Terms of Reference and the Audit Committee meeting plan for 2011 at its meeting in December 2010. The Terms of Reference are available on the Company's website.

In 2011, the Audit Committee held five meetings. All members participated in all meetings. In accordance with its Terms of Reference and annual meeting plan, the Audit Committee primarily carried out the following work:

a) Monitored the financial reporting process.
The presentations to the Audit Committee and the Audit Committee's discussions had special focus on management judgements, estimates, and accounting policies and procedures, and on the clarity of disclosures. In addition, it focused on compliance with accounting standards and stock exchange and other legal requirements. The Audit Committee also discussed the assumptions behind the Company's full-year profit expectations before releases of financial statements and the changes to the full-year profit expectations announced by the Company in August 2011.

b) Monitored the effectiveness of the internal control and risk management systems.
This work included a review of quarterly reports prepared by Group Internal Audit and a presentation by Group Internal Audit on the status and learnings from Carlsberg's whistleblower system during the period in which it has been in place. The Audit Committee reviewed the Company's relevant Group-wide policies in relation to internal control and risk management systems and the financial reporting process and received reports and presentations from Group Finance about the effectiveness of these systems as well as the scope, plans and status for controls throughout the year. The Audit Committee received quarterly reports from Group Internal Audit on risk management, including the risk management process in Carlsberg and the status on risks identified in the strategic risk map for 2012. The Audit Committee also reviewed the financial personnel succession planning put in place by Group Finance.

c) Monitored the internal audit function.
The work included review and approval of internal audit plans, review of the internal audit function and competences and an evaluation of the independence of Group Internal Audit. The Audit Committee was presented with several of the tools used by Group Internal Audit, including the risk management handbook and a supplier fraud investigation tool developed by Group Internal Audit.

d) Monitored the external audit of financial reporting and the independence of the external audit.
The work included discussions regarding audit planning and scope, audit fees, and a review at each meeting of the external auditors' work and findings.

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

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

At each Audit Committee meeting, the Audit Committee examines relevant issues with the external auditors and the head of Group Internal Audit, and the Committee invites other relevant function heads from the Carlsberg organisation depending on the topics being discussed at the meeting. The heads of Group Finance and Group Accounting are usually invited to participate in the Audit Committee meetings. In 2011, the Audit Committee held meetings with the external auditors and Group Internal Audit as well as with other relevant function heads without the presence of the Executive Board of the Company.

INTERNAL CONTROLS OF FINANCIAL REPORTING

Overall control environment

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

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

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

Policy, the Information Security Policy and the Business Ethics Policy. These policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners of the joint ventures.

Risk assessment

The risk assessment process related to financial reporting is conducted annually.

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

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

Control activities

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

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

Information and communication

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

All Group companies are using a standardised financial reporting system. In addition, the Group is in the process of standardising processes and reducing the number of financial reporting systems.

Monitoring

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

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

2012 earnings expectations

The current challenging consumer environment and the limited visibility into consumer reactions to the uncertain macro environment, especially in Europe, led in the second half of 2011 to a review of the Group’s short- and medium-term plans, while the Group’s long-term planning and ambitions remain intact.

In developing our 2012 commercial agenda, we have had a clear focus and a high level of prioritisation, especially in Northern & Western Europe, ensuring that we continue to strive for market share expansion across the Group while keeping the balance between volume and value share performance. We will continue to drive our international brand portfolio, as well as our local power brands, and combine this with our ambitions to strengthen our commercial execution capabilities.

To support our long-term ambitions, in 2012 the Group will continue the focused efficiency agenda, which includes larger projects such as standardising business processes and integrating procurement, supply chain and logistics across Northern & Western Europe. In addition to these larger Group projects, initiatives at all levels across the organisation will be implemented to improve cost-efficiency.

The key market assumptions for the Group's 2012 outlook are:

- Low single-digit decline in the Northern & Western European markets
- The Russian market reverting to modest growth during 2012
- Continued growth in key markets across Asia

In addition to the market assumptions, other key assumptions for the outlook are:

- An average EUR/RUB exchange rate of 43.3 (a EUR/RUB change of +/- 1 impacts Group operating profit by slightly less than +/- DKK 100m)
- A negative volume and earnings impact in the already seasonally small Q1 2012 from anticipated destocking by distributors in Russia of an estimated 1.3m hl and stocking by distributors at a similar level in Q4 2012

Based on the assumptions above and our planning, for 2012 the Carlsberg Group expects:

- Operating profit before special items at the level of 2011 (higher at the 2011 average EUR/RUB rate)
- Slightly growing adjusted net profit

The 2012 outlook does not include any impact of events after the reporting date, cf. note 40 to the consolidated financial statements.

COMPANY ANNOUNCEMENTS

Date	**Event**
03 January 2011	The Carlsberg Group sells Dresden Brewery
24 March 2011	Carlsberg Breweries A/S - Annual Report 2010
28 April 2011	Carlsberg Breweries A/S - Annual General Meeting
01 August 2011	Carlsberg A/S - Expansion of Chinese operations through establishment of JV with Chongqing Brewery and Chongqing Light Textile Holdings
26 October 2011	Carlsberg A/S - Isaac Sheps to become CEO of Baltika Breweries and SVP of Eastern European region
28 October 2011	Carlsberg A/S - Acquisition of the remaining 50% shareholding in Hue Brewery Ltd., Vietnam, completed

Consolidated financial statements 2011

Notes to the consolidated financial statements

Carlsberg Breweries Group

Income statement

DKK million	Note	2011	2010
Revenue		86.555	81.295
Excise duties on beer and soft drinks etc.		-22.994	-21.241
Net revenue		**63.561**	**60.054**
Cost of sales	3	-31.788	-28.982
Gross profit		**31.773**	**31.072**
Sales and distribution expenses	4	-18.483	-17.158
Administrative expenses	5	-3.944	-4.043
Other operating income	6	575	637
Other operating expenses	6	-218	-403
Share of profit after tax, associates	17	174	141
Operating profit before special items		**9.877**	**10.246**
Special items, net	7	605	-249
Financial income	8	634	1.055
Financial expenses	8	-2.542	-3.192
Profit before tax		**8.574**	**7.860**
Corporation tax	9	-2.156	-1.847
Consolidated profit		**6.418**	**6.013**
Attributable to:			
Non-controlling interests	10	543	609
Shareholders in Carlsberg Breweries A/S		5.875	5.404

DKK		2011	2010
Earnings per share	11		
Basic earnings per share		11.727	10.786
Diluted earnings per share		11.727	10.786

Carlsberg Breweries Group

Statement of comprehensive income

DKK million	Note	2011	2010
Profit for the year		**6.418**	**6.013**
Other comprehensive income:			
Foreign exchange adjustments of foreign entities	8	-1.839	5.947
Value adjustments of hedging instruments	8, 35, 36	-52	-759
Value adjustments of securities	8	-	1
Retirement benefit obligations	25	-1.081	-153
Share of other comprehensive income in associates	17	3	-
Effect of hyperinflation	8	175	-
Other		-12	10
Corporation tax	9	321	41
Other comprehensive income		**-2.485**	**5.087**
Total comprehensive income		**3.933**	**11.100**
Total comprehensive income attributable to:			
Non-controlling interests		639	1.043
Shareholders in Carlsberg Breweries A/S		3.294	10.057

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 foreign entities.

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.

Carlsberg Breweries Group

Statement of financial position

Assets

DKK million	Note	31 Dec. 2011	31 Dec. 2010
Non-current assets:			
Intangible assets	14, 15	77.834	76.564
Property, plant and equipment	15, 16	30.890	31.286
Investments in associates	17	5.007	4.835
Securities	18	106	95
Receivables	19	1.649	1.747
Deferred tax assets	26	871	1.289
Retirement benefit plan assets	25	5	8
Total non-current assets		**116.362**	**115.824**
Current assets:			
Inventories	20	4.350	4.191
Trade receivables	19	7.870	5.719
Tax receivables		129	155
Other receivables	19	3.250	2.323
Prepayments		867	939
Securities	18	24	34
Cash and cash equivalents	21	3.108	2.679
Total current assets		**19.598**	**16.040**
Assets held for sale	22	235	284
Total assets		**136.195**	**132.148**

Carlsberg Breweries Group

Statement of financial position

Equity and liabilities

DKK million	Note	31 Dec. 2011	31 Dec. 2010
Equity:			
Share capital	23	501	501
Reserves		-8.632	-6.918
Retained earnings		63.703	58.961
Equity, shareholders in Carlsberg Breweries A/S		55.572	52.544
Non-controlling interests		5.763	5.381
Total equity		**61.335**	**57.925**
Non-current liabilities:			
Borrowings	24	34.137	31.834
Retirement benefit obligations and similar obligations	25	3.218	2.398
Deferred tax liabilities	26	8.870	9.197
Provisions	27	965	1.471
Other liabilities	28	1.087	747
Total non-current liabilities		**48.277**	**45.647**
Current liabilities:			
Borrowings	24	2.591	5.407
Trade payables		11.039	9.420
Deposits on returnable packaging		1.291	1.279
Provisions	27	503	505
Corporation tax		533	530
Other liabilities etc.	28	10.570	11.257
Total current liabilities		**26.527**	**28.398**
Liabilities associated with assets held for sale	22	56	178
Total liabilities		**74.860**	**74.223**
Total equity and liabilities		**136.195**	**132.148**

Carlsberg Breweries Group

Statement of changes in equity

2011

DKK million	Share capital	Currency translation	Hedging reserves	Available-for-sale investments	Total reserves	Retained earnings	Equity, shareholders in Carlsberg Breweries A/S	Non-controlling interests	Total equity
	Shareholders in Carlsberg Breweries A/S								
Equity at 1 January 2011	501	-5.943	-1.099	124	-6.918	58.961	52.544	5.381	57.925
Profit for the year	-	-	-	-	-	5.875	5.875	543	6.418
Other comprehensive income:									-
Foreign exchange adjustments of foreign entities	-	-1.941	-	-	-1.941	-	-1.941	102	-1.839
Value adjustments of hedging instruments	-	-20	-32	-	-52	-	-52	-	-52
Retirement benefit obligations	-	-	-	-	-	-1.067	-1.067	-14	-1.081
Share of other comprehensive income in associates	-	-	-	-	-	3	3	-	3
Effect of hyperinflation	-	166	-	-	166	-	166	9	175
Other	-	-	-	-	-	-11	-11	-1	-12
Corporation tax	-	116	-3	-	113	208	321	-	321
Other comprehensive income	**-**	**-1.679**	**-35**	**-**	**-1.714**	**-867**	**-2.581**	**96**	**-2.485**
Total comprehensive income for the year	**-**	**-1.679**	**-35**	**-**	**-1.714**	**5.008**	**3.294**	**639**	**3.933**
Refund to parent company for exercise of share options	-	-	-	-	-	-39	-39	-	-39
Change in expected future refunds for exercise of share options	-	-	-	-	-	-78	-78	-	-78
Share-based payment	-	-	-	-	-	-5	-5	-	-5
Share buy-back	-	-	-	-	-	-	-	-417	-417
Dividends paid to shareholders	-	-	-	-	-	-	-	-121	-121
Acquisition/disposal of non-controlling interests	-	-	-	-	-	-176	-176	-1.353	-1.529
Effect of hyperinflation	-	-	-	-	-	32	32	2	34
Acquisition of entities	-	-	-	-	-	-	-	1.632	1.632
Total changes in equity	**-**	**-1.679**	**-35**	**-**	**-1.714**	**4.742**	**3.028**	**382**	**3.410**
Equity at 31 December 2011	**501**	**-7.622**	**-1.134**	**124**	**-8.632**	**63.703**	**55.572**	**5.763**	**61.335**

2010

DKK million	Share capital	Currency translation	Hedging reserves	Available-for-sale investments	Total reserves	Retained earnings	Equity, shareholders in Carlsberg Breweries A/S	Non-controlling interests	Total equity
	Shareholders in Carlsberg Breweries A/S								
Equity at 1 January 2010	501	-10.472	-1.336	123	-11.685	53.797	42.613	4.660	47.273
Profit for the year	-	-	-	-	-	5.404	5.404	609	6.013
Other comprehensive income:									
Foreign exchange adjustments of foreign entities	-	5.516	-	-	5.516	-	5.516	431	5.947
Value adjustments of hedging instruments	-	-1.069	310	-	-759	-	-759	-	-759
Value adjustments of securities	-	-	-	1	1	-	1	-	1
Retirement benefit obligation	-	-	-	-	-	-156	-156	3	-153
Other	-	-	-	-	-	10	10	-	10
Corporation tax	-	82	-73	-	9	32	41	-	41
Other comprehensive income	**-**	**4.529**	**237**	**1**	**4.767**	**-114**	**4.653 -**	**434**	**5.087**
Total comprehensive income for the year	**-**	**4.529**	**237**	**1**	**4.767**	**5.290**	**10.057 -**	**1.043**	**11.100**
Refund to parent company for exercise of share options	-	-	-	-	-	-35	-35	-	-35
Change in expected future refunds for exercise of share options	-	-	-	-	-	-100	-100	-	-100
Share-based payment	-	-	-	-	-	31	31	-	31
Dividends paid to shareholders	-	-	-	-	-	-	-	-709	-709
Acquisition of non-controlling interests	-	-	-	-	-	-22	-22	-55	-77
Acquisition of entities	-	-	-	-	-	-	-	442	442
Total changes in equity	**-**	**4.529**	**237**	**1**	**4.767**	**5.164**	**9.931**	**721**	**10.652**
Equity at 31 December 2010	**501**	**-5.943**	**-1.099**	**124**	**-6.918**	**58.961**	**52.544**	**5.381**	**57.925**

No dividend (2010: No dividend) is proposed for the year. No dividends are paid out in 2011 for 2010 (paid out in 2010 for 2009: No dividend). 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

DKK million	Note	2011	2010
Operating profit before special items		9.877	10.246
Adjustment for depreciation and amortisation		3.762	3.966
Adjustment for impairment losses[1]		4	-
Operating profit before depreciation, amortisation and impairment losses		13.643	14.212
Adjustment for other non-cash items	29	382	618
Change in trading working capital	29	361	1.336
Change in other working capital	29	-466	-540
Restructuring costs paid		-441	-446
Interest etc. Received		209	238
Interest etc. Paid		-2.258	-2.307
Corporation tax paid		-1.641	-1.887
Cash flow from operating activities		**9.789**	**11.225**
Acquisition of property, plant and equipment and intangible assets		-4.320	-3.322
Disposal of property, plant and equipment and intangible assets		276	180
Change in trade loans	29	-518	-430
Total operational investments		-4.562	-3.572
Free operating cash flow		**5.227**	**7.653**
Acquisition and disposal of entities, net	30	-260	-477
Acquisitions of associates		-75	-2.041
Disposals of associates		15	-
Acquisition of financial assets		-9	-36
Disposal of financial assets		7	18
Change in financial receivables	29	-46	-223
Dividends received		54	89
Total financial investments		**-314**	**-2.670**
Cash flow from investing activities		**-4.876**	**-6.242**
Free cash flow		**4.913**	**4.983**
Non-controlling interests	29	-1.876	-878
External financing	29	-2.781	-4.432
Cash flow from financing activities		**-4.657**	**-5.310**
Net cash flow		**256**	**-327**
Cash and cash equivalents at 1 January[2]		2.546	2.625
Foreign exchange adjustment of cash and cash equivalents[3]		-4	248
Cash and cash equivalents at 31 December[2]	21	**2.798**	**2.546**

[1] Impairment losses excluding those reported in special items.
[2] Cash and cash equivalents less bank overdrafts.
[3] Foreign exchange adjustment of cash and cash equivalents for 2010 mainly relates to the appreciated exchange rate of RUB.

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 performed in relation to the accounting treatment of:

- Business combinations
- Impairment testing
- Useful lives and residual values for intangible assets with finite useful life and property, plant and equipment
- Restructurings
- Deferred tax assets
- Receivables
- Retirement benefit obligations and similar obligations
- Provisions and contingencies

The Group's accounting policies are described in detail in note 41 to the consolidated financial statements.

Estimation uncertainty

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

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

Most economies are currently facing a challenging consumer environment and a limited visibility into consumer reactions to the uncertain macro environment, especially in Europe. The consumption recovery in some markets, including Russia, has been significantly impacted by excise duty increases. The impact on business development and the 2011 financials is described in the Management review, especially the sections describing the segment developments.

Estimates in the consolidated financial statements for 2011 have been prepared taking the recovery in the economic and financial markets into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of factors, including discount rates and expectations of the future.

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

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

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

Business combinations

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

The unallocated purchase price (positive amounts) is recognised in the statement of financial position as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units, the cash-generating units that already existed in the Group and the allocation of goodwill. The allocation of goodwill is based on the expected future cash flows for each activity. In each business combination, management decides whether or not to recognise goodwill related to non-controlling interests. If such goodwill is recognised, it is estimated based on the fair value of the non-controlling interests less the non-controlling interests' share of the fair value of acquired assets, liabilities and contingent liabilities. The fair value of the non-controlling interests is estimated based on the net present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity excluding a control premium paid and other fair value models as applicable for the transaction.

In a step acquisition, the Group gains control of an entity in which the Group already holds a shareholding immediately before the step acquisition. In 2011 the Group gained control of Lao Brewery, Laos, and Hue Brewery, Vietnam, through step acquisitions.

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

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

The net present value of expected future cash flows (value in use) is based on budgets and business plans for the next three years and projections for subsequent years as well as management's expectations for the future development following the gain of control of the business. Key parameters are revenue growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans for the next three years are based on concrete commercial initiatives. Projections beyond the next three years are based on general expectations and risks. As the risk on cash flows is not included in the expected cash flows for newly acquired entities, the expected future cash flows are discounted using a WACC rate, cf. the description below.

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

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

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

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.

Customer agreements and portfolios. 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.

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.

Impairment testing

Goodwill. In performing the annual impairment test of goodwill, an assessment is made as to whether the individual units of the entity (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets of the entity.

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

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

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

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

Trademarks. Management performs an annual impairment test of trademarks with an indefinite life and an assessment of whether the current market situation in the relevant market has reduced the value of trademarks with a finite useful life. Management also assesses trademarks for changes in their useful lives. 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.

Estimates of future earnings from trademarks 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.

The impairment test of trademarks resulted in an impairment loss of DKK 450m in 2011 (2010: DKK 300m) mainly related to trademarks with finite useful life.

The useful life of trademarks is assessed yearly, especially in relation to trademarks which have been impaired.

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.

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

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

Associates. Management performs an impairment test of investments in associates when there are indications of impairment, e.g. due to loss-making activities or major changes in the business environment. The impairment test is based on budgeted and estimated cash flows from the associate and related assets which form an integrated cash-generating unit. The pre-tax discount rate reflects the risk-free interest rate with the addition of a risk premium associated with the particular investments.

Discount and growth rates applied for 2011. The risk-free interest rates used in impairment tests performed at year-end 2011 were based on observed market data. The risk premium for the risk-free interest rate (spread) was fixed at market price or slightly lower than the current market level, which is comparable to the market level. The total interest rate, including spread, thereby reflected the long-term interest rate applicable to the Group's investments in the individual markets.

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

Useful lives and residual values for intangible assets with finite useful life and property, plant and equipment. Intangible assets with finite useful life and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and residual values are determined based on past experience and expectations of the future use of the assets. Reassessment of the expected future use is as a minimum made in connection with an evaluation of changes in production structure, restructuring and brewery closures. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 41 and the value of non-current assets is specified in notes 14 and 16.

For operating equipment in the on-trade, a physical inspection of assets is carried out 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 Group recognises deferred tax assets, including the expected tax value of tax loss carry forwards if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

Receivables. Receivables are measured at amortised cost less impairment.

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

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

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

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

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

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

Provisions and contingencies. Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events, which are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents. In connection with large restructurings, management assesses the timing of costs to be incurred, which influences the classification as current or non-current liabilities respectively. Provision for losses on onerous procurement contracts is based on agreed terms with the supplier and expected fulfilment of the contract based on the current estimate of volumes and use of raw materials. Warranty provisions are based on the substance of the agreements entered into, including the guarantees issued covering customers in the on-trade. Provisions are disclosed in note 27 and contingent liabilities in note 38.

Assessment in applied accounting policies

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognised in the consolidated financial statements. Such judgements are performed in relation to the accounting treatment of:

• Business combinations
• Financial instruments
• Revenue
• Loans to the on-trade
• Special items
• Inventories
• Deposit liabilities
• Leases and service contracts

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

This classification is significant as the recognition of proportionally consolidated joint ventures impacts the financial statements differently from full consolidation of subsidiaries or recognition of associates using the equity method. The amendment of IFRS preventing the use of proportional consolidation will therefore have an impact on the consolidated financial statements as of 1 January 2013 which is not material to the Group. Key figures for proportionally consolidated entities are disclosed in note 34.

Financial instruments. When entering into financial instruments, management assesses whether the instrument is an effective hedge of recognised assets and liabilities, expected future cash flows or financial investments. The effectiveness of recognised hedge instruments is assessed at least quarterly. 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 discounts, VAT and duties (including excise duties on beer and soft drinks).

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

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

Special items also include other significant non-recurring items, such as impairment of goodwill and trademarks, gains and losses on the disposal of activities, revaluation of shareholdings in an entity held immediately before a step acquisition of that entity and transaction cost in a business combination.

Inventories. The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies, wages and salaries as well as maintenance and depreciation of the machinery, plant and equipment used for production and costs of plant administration and management. Entities in the Group which use standard costs in the measurement of inventories review these costs at least once a year. The standard cost is also revised if it deviates by more than 5% from the actual cost of the individual product.

Indirect production overheads are calculated on the basis of relevant assumptions as to capacity utilisation, production time and other factors pertaining to the individual product.

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

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

Leases and service contracts. The Carlsberg 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 38 and 39.

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

Carlsberg Breweries Group

Note

2 Segment information

The Group's activities are segmented on the basis of geographical regions in accordance with the management reporting structure for 2011.

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

The non-beverage activities are managed separately and therefore also shown separately. The segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Group.

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

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

					2011
DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Carlsberg Breweries Group, total
Income statement:					
Net revenue	36.840	19.702	6.838	181	63.561
Intra-segment revenue	39	17	-	-56	-
Total net revenue	**36.879**	**19.719**	**6.838**	**125**	**63.561**
Share of profit/loss after tax in associates	42	5	127	-	174
Operating profit before special items	**5.419**	**4.286**	**1.286**	**-1.114**	**9.877**
Special items, net					605
Financial items, net					-1.908
Profit before tax					**8.574**
Corporation tax					-2.156
Consolidated profit					**6.418**
Operating margin	14,7%	21,7%	18,8%		15,5%

Not allocated net revenue, DKK 125m, consists of DKK 6,433m net revenue from other companies and activities and DKK 6,308m from eliminations of sales between these other companies and the segments.

Not allocated operating profit before special items, DKK -1,114m, consists of DKK -1,169m from other companies and activities and DKK 55m from eliminations.

Other segment items:					
Total assets	52.113	76.703	20.388	-13.009	136.195
Assets held for sale	235	-	-	-	235
Invested capital, cf. note 32	27.754	65.285	15.631	-2.678	105.992
Acquisition of property, plant and equipment and intangible assets	1.946	1.153	889	332	4.320
Depreciation and amortisation	1.884	1.467	356	55	3.762
Impairment losses	379	750	-	250	1.379

Not allocated total assets, DKK -13,009m, comprise entities that are not business segments and eliminations of investments in subsidiaries, receivables, loans etc.

Carlsberg Breweries Group

Note

2 Segment information

DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Carlsberg Breweries Group, total
					2010
Income statement:					
Net revenue	36.122	18.141	5.613	178	60.054
Intra-segment revenue	34	46	-	-80	-
Total net revenue	**36.156**	**18.187**	**5.613**	**98**	**60.054**
Share of profit/loss after tax in associates	9	-11	142	1	141
Operating profit before special items	**5.086**	**5.048**	**1.044**	**-932**	**10.246**
Special items, net					-249
Financial items, net					-2.137
Profit before tax					**7.860**
Corporation tax					-1.847
Consolidated profit					**6.013**
Operating margin	14,1%	27,8%	18,6%		17,1%

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

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

Other segment items:					
Total assets	52.275	74.496	14.467	-9.090	132.148
Assets held for sale	79	-	-	205	284
Invested capital, cf. note 32	28.216	67.553	10.826	-1.722	104.873
Acquisition of property, plant and equipment and intangible assets	1.644	745	549	384	3.322
Depreciation and amortisation	2.057	1.507	287	115	3.966
Impairment losses	440	240	43	43	723

Not allocated total assets, DKK -9,090m, 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	
	2011	**2010**	**2011**	**2010**
Denmark (Carlsberg Breweries A/S's domicile)	4.722	4.604	2.086	2.192
Russia	16.070	14.466	60.525	63.335
Other countries	42.769	40.984	53.697	50.297
Total	**63.561**	**60.054**	**116.308**	**115.824**

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 assets.

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

Note

3 **Cost of sales**

DKK million	2011	2010
Cost of materials	18.699	16.682
Direct staff costs	1.270	1.311
Machinery costs	839	929
Depreciation, amortisation and impairment losses	2.671	2.728
Indirect production overheads	3.432	3.293
Purchased finished goods and other costs	4.877	4.039
Total	**31.788**	**28.982**
Of which staff costs, cf. note 12	2.652	2.638

4 **Sales and distribution expenses**

DKK million	2011	2010
Marketing expenses	6.554	5.857
Sales expenses	4.937	4.808
Distribution expenses	6.992	6.493
Total	**18.483**	**17.158**
Of which staff costs, cf. note 12	5.872	4.724

5 **Fees to auditors apointed by the Annual General Meeting**

DKK million	2011	2010
KPMG:		
Statutory audit	26	28
Assurance engagements	-	1
Tax advisory	4	5
Other services	3	2

Assurance engagements included fees for assurances in relation to opinions to third parties. In 2010, assurance engagements also included fees for assurances in relation to bond issue. Tax advisory services mainly related to fees for assistance on Group restructuring projects and general tax consultancy.

Note

6 Other operating income and expenses

DKK million	2011	2010
Other operating income:		
Gains on disposal of real estate	34	49
Gains on disposal of other property, plant and equipment and intangible assets	89	176
Interest and amortisation of on-trade loans	102	105
Rental income, real estate	73	67
Income from grants and subsidies	33	11
Loss compensation	-	20
Other	244	209
Total	**575**	**637**
Other operating expenses:		
Loss on disposal of real estate	-54	-51
Loss on disposal of other property, plant and equipment and intangible assets	-2	-7
Losses and write-downs on on-trade loans	-1	-73
Real estate costs	-43	-38
Expenses relating to research centres	-53	-48
Other	-65	-186
Total	**-218**	**-403**
Of which staff costs, cf. note 12	-14	-25

Note

7 Special items

DKK million	2011	2010
Special items, income:		
Gain on disposal of entities and adjustments to gain in prior year	64	134
Revaluation gain on step acquisition of entities	1.300	598
Other restructuring income etc., other entities	40	-
Gain on disposal of subsidiaries	866	-
Income total	**2.270**	**732**
Special items, cost:		
Impairment of trademarks	-450	-300
Impairment of Carlsberg Uzbekistan	-300	-
Impairment of Nordic Getränke GmbH, Germany	-260	-
Impairment of Business Standardisation Programme	-250	-
Impairment of Dresden Brauerei, Carlsberg Deutschland	-	-128
Impairment of properties, Unicer-Bebidas de Portugal	-	-65
Impairment of Lingwu Brewery, Ningxia, China	-	-40
Impairments of other non-current assets	-31	-
Termination benefits and impairment of non-current assets in connection with restructuring at Carlsberg Deutschland	-94	-
Impairment and restructuring in relation to optimisation of packaging standardisation in Northern Europe	-83	-
Termination benefits in connection with restructuring in central headquarter functions	-70	-
Restructuring of Leeds Brewery, Carlsberg UK	-57	-19
Termination benefits in connection with restructuring of sales force, logistics and administration, Carlsberg UK	-16	-29
Termination benefits and impairment of non-current assets in connection with new administration structure at Brasseries Kronenbourg, France	-32	-77
Termination benefits etc., Carlsberg Italia	-10	-28
Termination benefits etc. in connection with Operational Excellence Programmes	-57	-20
Loss on sale of Sorex, France	-86	-
Restructuring of Fribourg Brauerei, Feldschlösschen, Switzerland	-	-161
Provision for onerous malt contracts, including reversal of unused provision from previous year	150	-7
Costs in relation to acquisitions of Hue Brewery Ltd., Vietnam (2010: Wusu Xinjiang Beer Group, China, and Chongqing Brewery Co. Ltd., China)	-14	-71
Other restructuring costs etc., other entities	-5	-36
Cost total	**-1.665**	**-981**
Special items, net	**605**	**-249**
If special items had been recognised in operating profit before special items, they would have been included in the following items:		
Cost of sales	-857	-627
Sales and distribution expenses	-5	-52
Administrative expenses	-372	-171
Other operating income	2.270	807
Other operating expenses	-86	-206
Share of profit after tax in associates	-254	-
	696	-249
Impairment of goodwill	-91	-
Special items, net	**605**	**-249**

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

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

Special items, income, amounted to DKK 2,270m (2010: DKK 732m) and relates to revaluation on step acquisitions of Lao Brewery Co. Ltd., Laos, and Hue Brewery Ltd., Vietnam, gain on disposal of subsidiaries and adjustment of gains and losses on disposal of entities in prior years.

Special items, costs, amounted to DKK -1,665m (2010: DKK -981m).

The impairment losses on trademarks of DKK -450m primarily relate to two trademarks in Eastern Europe. In 2010 the DKK 300m mainly related to trademarks in Eastern Europe, cf. note 15.

The impairment losses on Carlsberg Uzbekistan, DKK 300m, and Nordic Getränke GmbH, DKK 260m, are related to goodwill and non-current assets in the entities due to difficult market conditions, poor performance and profit outlook.

The impairment of the Business Standardisation Programme (BSP) relates to redesign and change of scope following the decision of establishing a fully integrated supply chain across all markets in Northern & Western Europe.

In 2011, the Group disposed of its distribution activities in Sorex, France, resulting in a loss of DKK 86m

The Dresden Brauerei, Germany, was sold in January 2011. Prior to the sale, an impairment loss of DKK 128m had been recognised in 2010 on the brewery assets, corresponding to the difference between the carrying amount and the sales price agreed with the acquirer. Following the completion of the transaction, a minor gain was recognised in 2011.

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

Note

8 Financial income and financial expenses

Financial items recognised in the income statement

DKK million	2011	2010
Financial income:		
Interest income	201	224
Dividends from securities	10	7
Fair value adjustments of financial instruments, net, cf. note 36	11	495
Foreign exchange gains, net	54	-
Realised gains on disposal of associates and securities	-	1
Expected return on plan assets, defined benefit plans	327	312
Other financial income	31	16
Total	**634**	**1.055**

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

DKK million	2011	2010
Financial expenses:		
Interest expenses	-1.908	-2.137
Fair value adjustments of financial instruments, net, cf. note 36	-	-
Foreign exchange losses, net	-	-474
Realised losses on disposal of securities	-1	-9
Impairment of financial assets	-5	-22
Interest cost on obligations, defined benefit plans	-376	-377
Effect of hyperinflation	-59	-
Other financial expenses	-193	-173
Total	**-2.542**	**-3.192**
Financial items, net recognised in the income statement	**-1.908**	**-2.137**

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

Financial items recognised in other comprehensive income

DKK million	2011	2010
Foreign exchange adjustments of foreign entities:		
Foreign currency translation of foreign entities	-1.837	5.976
Recycling to income statement of cumulative translation differences related to foreign operations acquired in step acquisitions/disposed of in the year	-2	-29
Effect of hyperinflation	175	-
Total	**-1.664**	**5.947**
Value adjustments of hedging instruments:		
Cash flow hedges, effective portion of changes in fair value	-453	-288
Net change in fair value of cash flow hedges transferred to income statement	421	598
Net investment hedges, net change in fair value	-20	-1.069
Total	**-52**	**-759**
Value adjustments of securities:		
Securities, net change in fair value	-	1
Total	**-**	**1**
Financial items, net recognised in other comprehensive income	**-1.716**	**5.189**
Financial items, net recognised in total comprehensive income	**-3.624**	**3.052**

Of the net change in fair value of cash flow hedges transferred to income statement DKK 99m (2010: DKK -1m) is included in cost of sales and DKK 322m (2010: DKK 599m) is included in financial items.

Note

9 Corporation tax

	2011			2010		
Tax for the year can be specified as follows:	Total comprehensive income	Other comprehensive income	Income statement	Total comprehensive income	Other comprehensive income	Income statement
Current tax	1913	-9	1904	1910	1	1911
Change in deferred tax during the year	-6	211	205	16	31	47
Change in deferred tax from change in tax rate	-15	-	-15	-63	-	-63
Adjustments to tax for previous years	-57	119	62	-57	9	-48
Total	**1.835**	**321**	**2.156**	**1.806**	**41**	**1.847**

	2011		2010	
Reconciliation of the effective tax rate for the year:	%	DKK million	%	DKK million
Nominal weighted tax rate for the Carlsberg Group	22,7%	1.944	22,1%	1.741
Change in tax rate	-0,2%	-15	-0,8%	-63
Adjustments to tax for previous years	0,7%	62	-0,7%	-48
Non-capitalised tax assets, net movements	3,0%	264	-1,5%	-116
Non-taxable income	-0,7%	-64	-0,4%	-32
Non-deductible expenses	2,3%	194	2,3%	181
Tax incentives etc.	-1,4%	-121	-0,8%	-63
Special items	-1,8%	-156	-1,6%	-126
Withholding taxes	1,0%	86	3,8%	299
Other and tax in associates	-0,4%	-38	1,1%	74
Effective tax rate for the year	**25,2%**	**2.156**	**23,5%**	**1.847**

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

Tax recognised in other comprehensive income:

	2011			2010		
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	-1.839	-	-1.839	5.947	-	5.947
Hedging instruments	-52	113	61	-759	9	-750
Securities	-	-	-	1	-	1
Retirement benefit obligations	-1.081	205	-876	-153	34	-119
Share of other comprehensive income in associates	3	-	3	-	-	-
Effect of hyperinflation	175	-	175	-	-	-
Other	-12	3	-9	10	-2	8
Total	**-2.806**	**321**	**-2.485**	**5.046**	**41**	**5.087**

An interest ceiling maximises the tax deduction accumulated for fair value adjustments of hedging instruments recognised in other comprehensive income. Therefore tax on such adjustments fluctuates between the years.

DKK million	**2011**	**2010**
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	93	-47
Deferred tax from change in tax rate	-15	-63
Intangible assets and property, plant and equipment etc.	112	94
Change in deferred tax recognised in the income statement	**190**	**-16**

Adjustment to tax for previous years DKK 119m (2010: DKK 9m) is included in the tax benefit/expense for hedging instruments.

Note

10 Non-controlling interests

DKK million	2011	2010
Non-controlling interests' share of profit for the year relates to the following:		
Baltika Breweries	294	419
Carlsberg Malaysia Group	146	115
Other	103	75
Total	**543**	**609**

11 Earnings per share

	2011	2010
DKK		
Basic earnings per share of DKK 1.000 (EPS)	11.727	10.786
1,000 shares		
Average number of shares	501	501
DKK million		
Consolidated profit	6.418	6.013
Non-controlling interests	-543	-609
Profit attributable to shareholders in Carlsberg Breweries A/S	**5.875**	**5.404**

12

Staff costs and remuneration of the Supervisory Board and the Executive Board

DKK million	2011	2010
Salaries and other remuneration	8.860	7.747
Severance pay	192	90
Social security costs	1.220	1.154
Retirement benefit costs – defined contribution plans	190	207
Retirement benefit costs – defined benefit plans	73	94
Share-based payment	-5	31
Other employee benefits	218	138
Total	**10.748**	**9.461**

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

	2011	2010
Cost of sales	2.652	2.638
Sales and distribution expenses	5.872	4.724
Administrative expenses	2.037	1.943
Other operating expenses	14	25
Special items (restructuring)	173	131
Total	**10.748**	**9.461**

The Group had an average of 42,552 (2010: 41,278) full-time employees during the year.

Remuneration of Executive Board and Key management personnel:

DKK million	2011			2010		
	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel
Fixed salary	10,5	9,1	52,1	10,5	9,1	46,0
Cash bonus	0,0	0,0	22,1	6,3	5,5	24,2
Non-monetary benefits	0,3	0,2	3,4	0,3	0,2	1,3
Share-based payment	4,0	4,0	4,2	3,5	3,5	8,7
Total	**14,8**	**13,3**	**81,8**	**20,6**	**18,3**	**80,2**

Executive Board share options:

		Number						DKK million
Grant year	Exercise year	1 Jan. 2011	Granted	Expired/ forfeited	Exercised	31 Dec. 2011	For exercise 31 Dec.	Fair value
Jørgen Buhl Rasmussen:								
2007	2010-2015	12.388	-	-	-	12.388	12.388	1
2008	2011-2016	44.776	-	-	-	44.776	44.776	4
2009	2012-2017	30.000	-	-	-	30.000		6
2010	2013-2018	15.000	-	-	-	15.000		2
2011	2014-2019		30.000	-	-	30.000		2
Total		**102.164**	**30.000**	**-**	**-**	**132.164**	**57.164**	**15**
Jørn P. Jensen								
2003	2006-2011	13.008	-	-	-13.008	-		-
2004	2007-2012	13.008	-	-	-	13.008	13.008	2
2005	2008-2013	12.388	-	-	-	12.388	12.388	2
2006	2009-2014	12.388	-	-	-	12.388	12.388	1
2007	2010-2015	12.388	-	-	-	12.388	12.388	1
2008	2011-2016	44.776	-	-	-	44.776	44.776	4
2009	2012-2017	30.000	-	-	-	30.000		6
2010	2013-2018	15.000	-	-	-	15.000		2
2011	2014-2019		30.000	-	-	30.000		2
Total		**152.956**	**30.000**	**-**	**-13.008**	**169.948**	**94.948**	**20**
Executive Board total		**255.120**	**60.000**	**-**	**-13.008**	**302.112**	**152.112**	**35**

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

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

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

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

The Supervisory Board of Carlsberg Breweries A/S received remuneration of DKK 0m (2010: 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 other levels of management personnel and to align their interests with those of the shareholders. Key management personnel comprise Senior Vice Presidents and Vice Presidents heading regions and Group business functions and CEOs in the most significant Group entities. Other management personnel comprise 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 Group has issued share options yearly as part of its remuneration packages. In 2008 the Group introduced an additional long-term incentive programme, which was changed in 2011. The value of the remuneration received under the long-term incentive programmes is calculated as a predetermined percentage of the employee's yearly salary. The first long-term incentive programme (up to 2010) could be settled as either a regular cash bonus or as share options. The second long-term programme (2011-) can only be settled in performance share units (PSUs).

Under the long-term incentive programme from 2008-2010, an employee who chose settlement in share options, would 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 is determined after publication of the Annual Report for Carlsberg A/S for the reporting period. A participant in the long-term incentive programme effective from 2011 will receive a number of PSUs, each giving the right to receive one B share in Carlsberg A/S. The exact number of PSUs granted is determined after the publication of the Annual Report for the year in which the PSUs are granted.

The general terms and conditions for the three programmes:

	Share option programme	Long-term incentive programme (up to 2010)	Long-term incentive programme (2011-)
Vesting conditions	3 years of service	3 years of service and Group's financial performance in the service period	3 years of service and Group's financial performance for the grant year
Earliest time of exercise	3 years from grant date	3 years from grant date	Shares are transferred to the recipient immediately after PSUs have vested
Latest time of exercise	8 years from grant date	6 years from grant date	Shares are transferred to the recipient immediately after PSUs have vested
Time of valuation of option	Immediately after publication of the Annual Report for the Group for the prior reporting period	Immediately after publication of the Annual Report for the Group for the current reporting period	Immediately after publication of the Annual Report for the Group for the grant year

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).

Share option programme

In 2011, a total of 61,200 (2010: 134,950) share options were granted to 3 (2010: 97) employees. The fair value at grant date of these options was a total of DKK 11m (2010: DKK 24m). The fair value is recognised in the income statement over the vesting period of three years. In 2011, DKK 3m (2010: DKK 7m) was recognised in respect of share options granted in the year. The total cost of share-based payment was DKK 22m (2010: DKK 30m) in respect of options granted in the period 2008-2011 (2010: 2007-2010). The cost of share-based payment is included in staff costs. At 31 December 2011, an amount of DKK 17m (2010: DKK 30m) has not been recognised in respect of current share option programmes.

The average share price at the exercise date for share options was DKK 571 (2010: DKK 482). At 31 December 2011, the exercise price for outstanding share options was in the range of DKK 203.50 to DKK 566.78 (2010: DKK 173.12 to DKK 531.80). The average remaining contractual life was 4.2 years (2010: 4.7 years).

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 34m (2010: DKK 35m). Change in expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 34m (2010: DKK 100m).

Share option programme	Number					Exercise price
	Executive board	Key management personnel	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2009	**234.225**	**168.661**	**632.554**	**349.240**	**1.384.680**	**355,34**
Granted	30.000	28.400	76.550	-	134.950	417,34
Forfeited/expired	-	-	-50.757	-1.951	-52.708	367,70
Exercised	-9.105	-3.716	-39.740	-124.223	-176.784	253,33
Transferred	-	-	-47.321	47.321	-	359,54
Share options outstanding 31 December 2010	**255.120**	**193.345**	**571.286**	**270.387**	**1.290.138**	**348,31**
Granted	60.000	1.200	-	-	61.200	566,78
Forfeited/expired	-	-3.342	-13.530	-	-16.872	359,35
Exercised	-13.008	-21.387	-102.873	-55.437	-192.705	347,85
Transferred	-	-34.752	-35.029	69.781	-	388,75
Share options outstanding 31 December 2011	**302.112**	**135.064**	**419.854**	**284.731**	**1.141.761**	**387,16**
Exercisable at 31 December 2010	75.568	30.205	129.074	239.307	474.154	277,90
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,00%	0,03%	0,08%	0,04%	
Exercisable at 31 December 2011	152.112	108.391	217.876	240.823	719.202	427,60
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,01%	0,07%	0,04%	0,13%	

Assumptions									**2011**	**2010**
Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at grant date	Options outstanding	Options outstanding
Share option programme:										
01.03.2003	01.03.2011	Grant 2003	173,12	25%	4,1%	1,8%	5,5	126,35	-	18.861
01.03.2004	01.03.2012	Grant 2004	216,65	29%	3,5%	1,8%	5,5	81,51	21.463	57.534
01.03.2005	01.03.2013	Grant 2005	232,71	27%	3,1%	1,7%	5,5	74,27	62.934	81.348
01.03.2006	01.03.2014	Grant 2006	306,89	19%	3,3%	1,3%	5,5	89,37	107.116	128.299
01.03.2007	01.03.2015	Grant 2007	472,11	19%	3,9%	1,0%	5,5	136,67	157.143	188.113
01.03.2008	01.03.2016	Grant 2008	457,82	22%	3,6%	1,1%	5,5	141,72	169.501	210.698
01.06.2008	01.06.2016	Special grant	531,80	23%	4,3%	0,9%	5,5	181,08	161.044	183.755
01.09.2008	01.09.2016	Special grant	448,18	27%	4,3%	1,3%	5,5	128,83	40.000	40.000
01.03.2009	01.03.2017	Grant 2009	203,50	52%	3,0%	1,7%	5,5	88,41	238.407	251.246
01.03.2010	01.03.2018	Grant 2010	417,34	30%	3,1%	0,8%	8,0	154,23	122.952	130.284
01.03.2011	01.03.2019	Grant 2011	566,78	25%	2,9%	0,9%	8,0	180,5	61.200	
Total outstanding share options under the share options programme									**1.141.761**	**1.290.138**

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 other levels of management personnel and to align their interests with those of the shareholders. Key management personnel comprise Senior Vice Presidents and Vice Presidents heading regions and Group business functions and CEOs in the most significant Group entities. Other management personnel comprise 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 Group has issued share options yearly as part of its remuneration packages. In 2008 the Group introduced an additional long-term incentive programme, which was changed in 2011. The value of the remuneration received under the long-term incentive programmes is calculated as a predetermined percentage of the employee's yearly salary. The first long-term incentive programme (up to 2010) could be settled as either a regular cash bonus or as share options. The second long-term programme (2011-) can only be settled in performance share units (PSUs).

Under the long-term incentive programme from 2008-2010, an employee who chose settlement in share options, would 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 is determined after publication of the Annual Report for Carlsberg A/S for the reporting period. A participant in the long-term incentive programme effective from 2011 will receive a number of PSUs, each giving the right to receive one B share in Carlsberg A/S. The exact number of PSUs granted is determined after the publication of the Annual Report for the year in which the PSUs are granted.

The general terms and conditions for the three programmes:

	Share option programme	Long-term incentive programme (up to 2010)	Long-term incentive programme (2011-)
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In 2011, a total of 61,200 (2010: 134,950) share options were granted to 3 (2010: 97) employees. The fair value at grant date of these options was a total of DKK 11m (2010: DKK 24m). The fair value is recognised in the income statement over the vesting period of three years. In 2011, DKK 3m (2010: DKK 7m) was recognised in respect of share options granted in the year. The total cost of share-based payment was DKK 22m (2010: DKK 30m) in respect of options granted in the period 2008-2011 (2010: 2007-2010). The cost of share-based payment is included in staff costs. At 31 December 2011, an amount of DKK 17m (2010: DKK 30m) has not been recognised in respect of current share option programmes.

The average share price at the exercise date for share options was DKK 571 (2010: DKK 482). At 31 December 2011, the exercise price for outstanding share options was in the range of DKK 203.50 to DKK 566.78 (2010: DKK 173.12 to DKK 531.80). The average remaining contractual life was 4.2 years (2010: 4.7 years).

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 34m (2010: DKK 35m). Change in expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 34m (2010: DKK 100m).

Share option programme	Number					Exercise price
	Executive board	Key management personnel	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2009	**234.225**	**168.661**	**632.554**	**349.240**	**1.384.680**	**355,34**
Granted	30.000	28.400	76.550	-	134.950	417,34
Forfeited/expired	-	-	-50.757	-1.951	-52.708	367,70
Exercised	-9.105	-3.716	-39.740	-124.223	-176.784	253,33
Transferred	-	-	-47.321	47.321	-	359,54
Share options outstanding 31 December 2010	**255.120**	**193.345**	**571.286**	**270.387**	**1.290.138**	**348,31**
Granted	60.000	1.200	-	-	61.200	566,78
Forfeited/expired	-	-3.342	-13.530	-	-16.872	359,35
Exercised	-13.008	-21.387	-102.873	-55.437	-192.705	347,85
Transferred	-	-34.752	-35.029	69.781	-	388,75
Share options outstanding 31 December 2011	**302.112**	**135.064**	**419.854**	**284.731**	**1.141.761**	**387,16**
Exercisable at 31 December 2010	75.568	30.205	129.074	239.307	474.154	277,90
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,00%	0,03%	0,08%	0,04%	
Exercisable at 31 December 2011	152.112	108.391	217.876	240.823	719.202	427,60
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,01%	0,07%	0,04%	0,13%	

Assumptions									**2011**	**2010**
Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at grant date	Options outstanding	Options outstanding
Share option programme:										
01.03.2003	01.03.2011	Grant 2003	173,12	25%	4,1%	1,8%	5,5	126,35	-	18.861
01.03.2004	01.03.2012	Grant 2004	216,65	29%	3,5%	1,8%	5,5	81,51	21.463	57.534
01.03.2005	01.03.2013	Grant 2005	232,71	27%	3,1%	1,7%	5,5	74,27	62.934	81.348
01.03.2006	01.03.2014	Grant 2006	306,89	19%	3,3%	1,3%	5,5	89,37	107.116	128.299
01.03.2007	01.03.2015	Grant 2007	472,11	19%	3,9%	1,0%	5,5	136,67	157.143	188.113
01.03.2008	01.03.2016	Grant 2008	457,82	22%	3,6%	1,1%	5,5	141,72	169.501	210.698
01.06.2008	01.06.2016	Special grant	531,80	23%	4,3%	0,9%	5,5	181,08	161.044	183.755
01.09.2008	01.09.2016	Special grant	448,18	27%	4,3%	1,3%	5,5	128,83	40.000	40.000
01.03.2009	01.03.2017	Grant 2009	203,50	52%	3,0%	1,7%	5,5	88,41	238.407	251.246
01.03.2010	01.03.2018	Grant 2010	417,34	30%	3,1%	0,8%	8,0	154,23	122.952	130.284
01.03.2011	01.03.2019	Grant 2011	566,78	25%	2,9%	0,9%	8,0	180,5	61.200	
Total outstanding share options under the share options programme									**1.141.761**	**1.290.138**

13 Share-based payment

Long-term incentive programme (up to 2010)

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.

In 2011, no (2010: 140,061) share options were granted under the long-term incentive programme. In 2010 share options were granted to 113 employees. The fair value at the grant date of the options granted in 2010 was a total of DKK 21m. The fair value is recognised in the income statement over the vesting period of three years. In 2010, DKK 14m was recognised in respect of share options granted in the year. The total cost/(income) recognised of long-term incentive programme in 2011 was DKK -23m (2010: DKK 4m) in respect of options granted in the period 2008-2010 (2010: 2008-2010). The cost/(income) of share-based payment is included in staff costs. At 31 December 2011, no cost is outstanding in respect of share option granted under the long term incentive programme (2010: DKK 21m).

The performance conditions related to share options granted under the long-term incentive programme in 2009 and 2010 are not expected to be fulfilled, hence the share options are not expected to vest. A reversal of cost of DKK 23m has been recognised in 2011 (2010: DKK 11m) in respect of the non-vesting of share options.

The number of options granted under the long-term incentive programme (up to 2010) is adjusted annually during the vesting period (three years). In 2010, the preliminary number of options regarding options granted in 2009 was adjusted to 58,951 based on the assumptions available after publishing the Annual Report for 2009. These assumptions are presented in the table above. The change in assumptions led to a positive adjustment of 4,546 options regarding 2009 and 16,757 regarding 2008.

	Number					Exercise price
	Executive board	Key management personnel	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2009	**-**	**23.350**	**251.015**	**33.598**	**307.963**	**420,48**
Granted	-	29.868	110.193	-	140.061	558,50
Adjustment	-	2.309	16.354	2.640	21.303	404,82
Forfeited/expired	-	-	-142.749	-19.959	-162.708	352,21
Transferred	-	-	-9.075	9.075	-	518,23
Share options outstanding 31 December 2010	**-**	**55.527**	**225.738**	**25.354**	**306.619**	**531,36**
Adjustment	-	2.117	23.173	756	26.046	562,57
Transferred	-	-13.181	-20.465	33.646	-	535,24
Forfeited/expired	-	-44.463	-228.446	-59.756	-332.665	536,26
Share options outstanding 31 December 2011	**-**	**-**	**-**	**-**	**-**	**-**

Assumptions									**2011**	**2010**
Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at measurement date	Options outstanding	Options outstanding
Long-term incentive programme (up to 2010):										
01.01.2009	01.01.2015	LTI 09-11 year 1 (final)	417,34	30%	2,4%	0,8%	5,0	136,10	-	58.951
01.01.2009	01.01.2015	LTI 09-11 year 2 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	-	53.265
01.01.2009	01.01.2015	LTI 09-11 year 2 (final)	566,78	25%	2,2%	0,9%	5,0	122,85	-	-
01.01.2009	01.01.2015	LTI 09-11 year 3 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	-	53.265
01.01.2010	01.01.2016	LTI 10-12 year 1 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	47.046
01.01.2010	01.01.2016	LTI 10-12 year 1 final)	566,78	25%	2,5%	0,9%	5,0	140,16	-	-
01.01.2010	01.01.2016	LTI 10-12 year 2 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	47.046
01.01.2010	01.01.2016	LTI 10-12 year 3 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	47.046
Total outstanding share options under the long-term incentive programme (up to 2010)									**-**	**306.619**

There are no exercisable share options in the long-term incentive programme as at 31 December 2011.

Long-term incentive programme (2011-)

Due to the development in the Group's financial performance in 2011, no grant was made under the long-term incentive programme.

General information

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 2011 was DKK 131m (2010: DKK 354m), which is DKK 223m lower than at year-end 2010.

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

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

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

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

The risk-free interest rate is the interest rate on Danish government bonds of the relevant maturity, while the dividend yield is calculated as DKK 5.0 per share (2010: DKK 3.6 per share) divided by the share price.

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

Note

14 **Intangible assets**

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

DKK million	**2011**	**2010**
Step acquisition of entities	2.712	935
Acquisition of ownership interest in proportionally consolidated entities	101	119
Recognition and revaluation of put options related to acquisitions prior to 2010	122	261
Adjustment to acquisition of entities in prior years	-	284
Total	**2.935**	**1.599**

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

The carrying amount of trademarks which have an indefinite useful life and therefore are not amortised was DKK 34,294m (2010: DKK 35,213m) at 31 December 2011, equivalent to 98% (2010: 97%) of the capitalised trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are well-established trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts, which are helping to maintain and increase the value of these trademarks.

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

The carrying amount of other intangible assets at 31 December 2011 included capitalised software costs of DKK 86m (2010: DKK 277m) and beer delivery rights of DKK 81m (2010: DKK 79m).

Research and development costs of DKK 119m (2010: DKK 109m) have been recognised in the income statement.

15 Impairment test

Goodwill and trademarks with an indefinite useful life

General assumptions. The Carlsberg Breweries Group annually performs impairment tests of goodwill and trademarks with an indefinite useful life. Intangible assets with a finite useful life and property, plant and equipment are tested if indications of impairment exist. The Carlsberg Breweries Group has performed impairment tests of the carrying amounts based on the budget and target plans approved by the Supervisory Board and the Executive Board in December 2011.

Goodwill and trademarks related to Baltika Breweries (Russia), Brasseries Kronenbourg (France) each comprises 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2011. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with indefinite useful life at 31 December 2011.

Goodwill

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

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

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

DKK million	2011	%	2010	%
Northern & Western Europe:				
Northern Europe	4.360	10%	4.542	11%
Western Europe excl. Unicer-Bebidas de Portugal	10.259	23%	10.046	24%
Unicer-Bebidas de Portugal	534	1%	536	1%
Eastern Europe:				
Eastern Europe	23.683	53%	24.573	58%
Asia:				
Greater China and Malaysia	1.771	4%	1.806	4%
Indochina	3.567	8%	570	1%
India	243	0%	119	0%
Gorkha, Nepal	373	1%	421	1%
Total	**44.790**	**100%**	**42.613**	**100%**

The impairment test of goodwill for each cash-generating unit is based on the discounted value of expected future free cash flows (value in use) based on budgets and target plans for the next three years and projections for subsequent years (the terminal period). Key parameters include assumptions about revenue growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and target plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

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

In calculating the recoverable amounts, the Group uses pre-tax discount rates that 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, with the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

Trademarks

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

DKK million	2011	%	2010	%
Northern & Western Europe	3.396	11%	3.405	11%
Eastern Europe	27.410	88%	28.808	89%
Asia	488	1%	-	0%
Total	**31.294**	**100%**	**32.213**	**100%**

Trademarks are allocated to the segment that owns the individual trademark. Royalty income generated by the trademark is based on the Group's total income and earned globally, i.e. the income is also earned outside the segment that owns the trademark.

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

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

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

The tax rate is the expected future tax rate in each country, based on current legislation. The impairment test at year-end 2011 incorporates tax rates of 15-34%.

The impairment test of trademarks is based on a comparison of the recoverable amount, corresponding to the discounted value of the expected future free cash flow, with the carrying amount of the individual trademark. This corresponds to the approach used for determining the fair value of the trademark at the acquisition date.

Significant assumptions for goodwill and trademarks

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

	Growth in the terminal period		Discount rates	
	2011	**2010**	**2011**	**2010**
Goodwill:				
Northern Europe	1,5%	1.5%	2,8%	3,9%
Western Europe excl. Unicer-Bebidas de Portugal	1,5%	1.5%	2,6%	3,6%
Unicer-Bebidas de Portugal	1,5%	1.5%	2,4%	3,3%
Eastern Europe	2,5%	2,5%	8,5%	9,2%
Greater China and Malaysia	2,5%	2,5%	3,4%	4,1%
Indochina	2,5%	2,5%	8,9%	10,3%
India	3,5%	3,5%	9,1%	8,3%
Gorkha, Nepal	2,5%	2,5%	12,7%	15,1%
Trademarks:				
Northern & Western Europe	2,0%	2,0%	5,0- 9,0%	5,7-11,1%
Eastern Europe	2 - 5%	2-5%	10,2 - 18,8%	10,6-17,0%
Asia	2,0%	N/A	6,0%	N/A

Growth rates are determined for each individual cash-generating unit and trademark. The growth rates applied for the terminal period are in line with the expected rate of inflation.

For the impairment testing of goodwill, the Group uses a pre-tax risk-free interest rate.

For the impairment testing of trademarks the Group uses a post-tax discount rate for each country. In determining the discount rate, a risk premium on the risk-free interest rate (spread) is fixed at a level that reflects management's expectations of the spread for future borrowings.

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

Northern & Western Europe is generally characterised by stable volumes and by growth markets in the central and eastern parts of the region. The entire region continues to experience strong competition, requiring ongoing optimisation of cost structures and use of capital. A slight increase in revenue is expected in the next three years, while the ongoing restructuring initiatives already implemented in key countries and under implementation in other countries, the initiative to establish a fully integrated supply chain across all markets and the roll-out of the Business Standardisation Programme (BSP) are expected to contribute to productivity improvements and cost savings. Some countries will continue to be characterised by a high level of investment as a result of changes to the production structure.

Eastern Europe faced a challenging year as consumer behaviour was still impacted by the substantial beer price increases in 2010 and high inflation on basic food items. In the longer run increases in revenue are expected in the region.

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

Sensitivity test

Sensitivity tests have been performed to determine the lowest growth rates and/or highest discount rates that can occur in the cash-generating units without resulting in any impairment loss.
Goodwill Sensitivity tests show that for the cash-generating unit (non-integrated entity) with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 0.4 percentage points. Alternatively, the discount rate can increase by around 0.4 percentage points without resulting in any impairment losses.

Trademarks Sensitivity tests show that for the trademark with an indefinite useful life with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 0.8 percentage points without resulting in any additional impairment losses. Alternatively, the discount rate can increase by around 0.3 percentage points without resulting in any additional impairment losses.

Property, plant and equipment

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

Impairment losses

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

DKK million	2011	2010
Goodwill:		
Impairment of Carlsberg Uzbekistan	91	-
Trademarks:		
Trademarks with finite useful life	198	-
Trademarks with indefinite useful life	252	300
Other intangible assets:		
Impairment of Business Standardisation Programme	250	-
Property, plant and equipment:		
Impairment of Carlsberg Uzbekistan	209	-
Impairment of Dresden Brauerei, Carlsberg Deutschland	-	128
Impairment of Fribourg Brauerei, Feldschlösschen, Switzerland	-	119
Impairment of property, Unicer-Bebidas de Portugal	-	65
Impairment of Lingwu Brewery, Ningxia, China	-	40
Impairment of buildings, Brasseries Kronenbourg, France	-	35
Impairment of filling lines in Northern Europe	83	-
Other	36	36
Investments in associated companies:		
Impairment of Nordic Getränke, Germany	260	-
Total	**1.379**	**723**

The impairment losses on trademarks (indefinite and finite useful life) in 2011 relate to Nevskoye, Russia, and Slavutich, Ukraine. These trademarks suffered from the economic crisis and are not expected to fully recover from the crisis. For Slavutich this has furthermore led to a change in the brand strategy. The trademarks were written down to the lower recoverable amount.

In 2010, the impairment loss of DKK 300m mainly related to local trademarks in Russia (Nevskoye), Ukraine (Slavutich), Kazakhstan and Lithuania that had suffered from the economic crisis and therefore showed a recoverable amount below the carrying amount. The trademarks were written down to the lower recoverable amount.

The impairment losses on Carlsberg Uzbekistan, DKK 300m, and Nordic Getränke, Germany, DKK 260m, relate to goodwill and property, plant and equipment and are a consequence of difficult market conditions and poor performance.

Other impairments of property, plant and equipment are a consequence of restructuring and process optimisations, especially in Northern & Western Europe.

The impairment of breweries in 2010 was a consequence of the disposal of Dresden Brauerei in January 2011 and the closing of Fribourg Brauerei in June 2011.

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

The impairment losses of DKK 1,375m (2010: DKK 723m) are recognised under special items in the income statement, while DKK 4m (2010: DKK 0m) has been included in cost of sales. The impairment losses are included in the relevant segments, cf. note 2.

Based on the impairment tests performed, there were no indications of further impairment of goodwill and trademarks at 31 December 2011.

Note

16 Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Under construction	Total
					2011
Cost:					
Cost at 1 January 2011	17.626	27.227	10.736	1.123	56.712
Step acquisition of entities	-287	145	63	64	-15
Revaluation of previously recognised assets acquired in step acquisition	-1	-41	-	-	-42
Increase in ownership interest in proportionally consolidated entities	30	91	2	12	135
Additions	278	1.256	1.350	1.032	3.916
Disposals of entities	-52	-2	-8	-2	-64
Disposals	-218	-496	-563	-12	-1.289
Transfers	69	465	277	-929	-118
Transfer to/from assets held for sale	-284	-473	-11	-	-768
Effect of hyperinflation	23	52	21	1	97
Foreign exchange adjustments etc.	-169	-299	-79	-41	-588
Cost at 31 December 2011	**17.015**	**27.925**	**11.788**	**1.248**	**57.976**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2011	4.869	13.556	7.000	-	25.425
Disposals of entities	-293	-1	-5	-	-299
Disposals	-102	-412	-518	-	-1.032
Depreciation	527	1.692	1.280	-	3.499
Impairment losses	-	275	53	-	328
Transfers	-49	-69	-11	-	-129
Transfer to/from assets held for sale	-107	-538	-11	-	-656
Effect of hyperinflation	3	15	8	-	26
Foreign exchange adjustments etc.	3	-49	-30	-	-76
Depreciation and impairment losses at 31 December 2011	**4.851**	**14.469**	**7.766**	**-**	**27.086**
Carrying amount at 31 December 2011	**12.164**	**13.456**	**4.022**	**1.248**	**30.890**
Assets held under finance leases:					
Cost	7	95	12	-	114
Depreciation and impairment losses	-5	-52	-3	-	-60
Carrying amount at 31 December 2011	**2**	**43**	**9**	**-**	**54**
Carrying amount of assets pledged as security for loans	659	257	4	78	998

DKK million	2011	2010
Depreciation and impairment losses are included in:		
Cost of sales	2.605	2.675
Sales and distribution expenses	737	781
Administrative expenses	161	202
Special items	324	423
Total	**3.827**	**4.081**

Carlsberg Breweries Group

Note

16 Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Under construction	Total
					2010
Cost:					
Cost at 1 January 2010	16.686	25.710	10.208	1.023	53.627
Step acquisition of entities	95	226	6	46	373
Revaluation of previously recognised assets acquired in step acquisition	79	222	2	10	313
Increase in ownership interest in proportionally consolidated entities	29	86	2	11	128
Additions	260	868	876	880	2.884
Disposals	-342	-1.519	-1.002	-41	-2.904
Transfers	69	544	251	-877	-13
Transfer to/from assets held for sale	-232	-360	-118	-	-710
Foreign exchange adjustments etc.	982	1.450	512	71	3.015
Cost at 31 December 2010	**17.626**	**27.227**	**10.737**	**1.123**	**56.713**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2010	4.335	12.605	6.343	-	23.283
Disposals	-205	-1.438	-904	-	-2.547
Depreciation	530	1.782	1.346	-	3.658
Impairment losses	246	173	4	-	423
Transfers	-99	90	3	-	-6
Transfer to/from assets held for sale	-170	-336	-110	-	-616
Foreign exchange adjustments etc.	232	681	319	-	1.232
Depreciation and impairment losses at 31 December 2010	**4.869**	**13.557**	**7.001**	**-**	**25.427**
Carrying amount at 31 December 2010	**12.757**	**13.670**	**3.736**	**1.123**	**31.286**
Assets held under finance leases:					
Cost	7	97	13	-	117
Depreciation and impairment losses	-3	-48	-2	-	-53
Carrying amount at 31 December 2010	**4**	**49**	**11**	**-**	**64**
Carrying amount of assets pledged as security for loans	-	-	-	-	-

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 54m (2010: DKK 64m) have been pledged as security for lease liabilities totalling DKK 53m (2010: DKK 65m).

Note

17 Associates

DKK million	2011	2010
Cost:		
Cost at 1 January	4.742	2.527
Acquisition of entities	26	-
Additions	50	2.041
Step acquisition of entities transferred to other asset groups	-	-14
Disposals	-1	-
Foreign exchange adjustments etc.	195	188
Cost at 31 December	**5.012**	**4.742**
Value adjustments:		
Value adjustments at 1 January	93	101
Dividends	-42	-89
Impairment losses	-260	-
Share of profit after tax	174	141
Share of other comprehensive income	3	-
Step acquisition of entities transferred to other asset groups	-	-62
Foreign exchange adjustments etc.	27	2
Value adjustments at 31 December	**-5**	**93**
Carrying amount at 31 December	**5.007**	**4.835**

Entities acquired in a step acquisition transferred to other asset groups comprise the carrying amount of investments in associates which are fully consolidated when control is obtained. The transfer of assets and liabilities at carrying amount in a step acquisition is further specified in note 30.

DKK million							2011
					Carlsberg Breweries Group share		
	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Chongqing Brewery Co. Ltd.	2.434	232	13.535	1.929	29,7%	61	3.447
Tibet Lhasa Brewery Co. Ltd.	390	82	642	27	33%	25	203
Lanzhou Huanghe Jianjiang Brewery Company	268	11	456	86	30%	3	111
Hanoi Beer Company	1.466	249	3.728	310	17%	41	581
The Lion Brewery Ceylon	379	20	283	187	25%	5	24
Other associates, Asia (3 entities)	211	-4	283	70	30-33%	-2	80
International Breweries BV	680	-46	113	7	16%	-7	17
Nuuk Imeq A/S	147	22	211	70	31,9%	7	45
Nordic Getränke GmbH	2.437	59	1.098	953	50%	30	127
Other	856	70	2.792	2.195	20-50%	11	372
						174	**5.007**

DKK million							2010
					Carlsberg Breweries Group share		
	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Chongqing Brewery Co. Ltd.	1.800	198	12.439	1.762	29,7%	34	3.172
Tibet Lhasa Brewery Co. Ltd.	340	74	492	30	33%	24	164
Lanzhou Huanghe Jianjiang Brewery Company	310	24	390	69	30%	7	101
Hanoi Beer Company	-	224	-	-	16%	36	578
The Lion Brewery Ceylon	258	40	323	122	25%	10	48
Other associates, Asia (3 entities)	183	95	277	66	30-33%	44	78
International Breweries BV	-	-32	826	700	16%	-5	20
Nuuk Imeq A/S	151	22	213	73	31,9%	7	45
Nordic Getränke GmbH	2.297	3	1.621	905	50%	1	358
Other	861	-21	2.675	1.874	20-50%	-17	271
						141	**4.835**

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

DKK million	2011	2010
Fair value of investments in listed associates:		
Chongqing Brewery Co. Ltd. Chongqing, China	3.726	6.757
The Lion Brewery Ceylon, Biyagama, Sri Lanka	189	178
Total	**3.915**	**6.935**

For companies in which the Group holds an ownership interest of less than 20%, the Group generally participates in the management of the Company and is therefore exercising significant influence.

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

Note

18 Securities

DKK million	2011	2010
Securities are classified in the statement of financial position as follows:		
Non-current assets	106	95
Current assets	24	34
Total	**130**	**129**
Types of security:		
Listed shares	23	18
Unlisted shares	107	111
Total	**130**	**129**

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. Most of these shares are not recognised at fair value as the fair value cannot be calculated on a reliable basis. Instead the assets are recognised at cost.

19 Receivables

DKK million	2011	2010
Receivables are included in the statement of financial position as follows:		
Trade receivables	7.870	5.719
Other receivables	3.250	2.323
Total current receivables	**11.120**	**8.042**
Non-current receivables	1.649	1.747
Total	**12.769**	**9.789**

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 partners and 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 145m (2010: DKK 138m) falling due more than five years from the end of the reporting period.

DKK million	2011	2010
Receivables by origin:		
Receivables from the sale of goods and services	7.115	5.057
On-trade loans	2.066	2.065
Loans to associates	123	48
Loans to partners	230	225
Fair value of hedging instruments	499	318
Other receivables	1.267	1.391
Intercompany receivables	1.469	685
Total	**12.769**	**9.789**

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.

	2011	2010
	%	%
Average effective interest rates:		
Loans to associates	2,9	2,9
On-trade loans	5,8	6,2

Note

20 Inventories

DKK million	2011	2010
Raw materials and consumables	2.316	2.213
Work in progress	303	310
Finished goods	1.731	1.668
Total	**4.350**	**4.191**

Production costs of inventories sold amount to DKK 31,367m (2010: DKK 28,754m).

Raw materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 47m (2010: DKK 7m) and are included in cost of sales.

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

21 Cash and cash equivalents

DKK million	2011	2010
Cash at bank and in hand	3.108	2.678
Short-term marketable securities with a term of three months or less	-	1
Total	**3.108**	**2.679**
In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	3.108	2.679
Bank overdrafts	-310	-133
Cash and cash equivalents, net	**2.798**	**2.546**
Of which pledged as security	-	-

Short-term bank deposits amounted to DKK 1.506m (2010: DKK 1,216m). The average interest rate on these deposits was 6.4% (2010: 5.2%).

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

Note

22 Assets held for sale and associated liabilities

DKK million	2011	2010
Assets held for sale comprise the following individual assets:		
Intangible assets	-	3
Property, plant and equipment	227	175
Other non-current assets	7	7
Current assets	1	70
Financial assets	-	29
Total	**235**	**284**
Liabilities associated with assets held for sale:		
Interest-bearing loans and liabilities	-	3
Deferred tax liabilities	-	52
Other provisions	56	41
Other liabilities	-	82
Total	**56**	**178**

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

At 31 December 2011, assets held for sale primarily comprised land and property, mainly in Northern & Western Europe, which are disposed of as part of the Group’s strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2012.

At 31 December 2010, assets held for sale primarily comprised activities in Dresden in Germany, which were disposed of in early January 2011. In addition, assets held for sale included land and property which was disposed of as part of the Group’s strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers had begun, and sales agreements had been entered into or were expected to be entered into in 2011.

In 2010 other provisions associatied with assets held for sale amounting to DKK 41m comprised liabilities related to terminating the agreements and disposing of the assets classified as held for sale. Other liabilities associated with assets held for sale amounting to DKK 82m comprised liabilities related to the activities in Dresden.

Assets (properties) which no longer qualified for recognition as assets held for sale were transferred to property, plant and equipment in 2011 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 9m (2010: DKK 5m) and affected the income statement by a total of DKK 5m (2010: DKK 0m) in depreciation.

Gains or losses on the disposal of assets held for sale are recognised in the income statement under other operating income. The gains recognised as income in all material respects relate to disposal of land, depots and properties and total DKK 0m (2010: DKK -3m).
Gain on disposal of the activities in Dresden is, however, recognised in the income statement under special items. The gain amounts to DKK 64m.

Carlsberg Breweries Group

Note

23 **Share capital**

	Total share capital	
	Shares of DKK 1.000	Nominal value, DKK '000
1 January 2010	501	501.000
No change in 2010	-	-
31 December 2010	**501**	**501.000**
No change in 2011	-	-
31 December 2011	**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.

Note

24 Borrowings

DKK million	2011	2010
Non-current borrowings:		
Issued bonds	19.478	19.216
Mortgages	1.248	1.248
Bank borrowings	13.071	11.193
Finance lease liabilities	38	46
Other non-current borrowings	302	131
Total	**34.137**	**31.834**
Current borrowings:		
Issued bonds	-	2.160
Mortgages	159	217
Current portion of other non-current borrowings	1.386	991
Financial lease liabilities	14	19
Borrowings from Group Companies	699	1.448
Other current borrowings	333	572
Total	**2.591**	**5.407**
Total non-current and current borrowings	**36.728**	**37.241**
Fair value	37.492	38.442

Borrowings are measured at amortised cost. The Group has designated a fixed interest rate GBP 300m bond issue as the hedged items in the fair value hedge with the designated risk being movements in a benchmark interest rate (floating interest rate). The carrying amount of this borrowing is therefore adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of this borrowing was DKK 2,927m in 2011.

Time to maturity for non-current borrowings

DKK million						2011
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	1.780	7.406	-	2.927	7.365	19.478
Mortgages	-	-	-	-	1.248	1.248
Bank borrowings	792	426	11.753	100	-	13.071
Financial lease liabilities	4	4	4	4	22	38
Other non-current borrowings	73	190	9	4	27	303
Total	**2.649**	**8.026**	**11.766**	**3.035**	**8.662**	**34.138**

DKK million						2010
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	-	1.734	7.414	-	10.068	19.216
Mortgages	-	-	-	-	1.248	1.248
Bank borrowings	8.642	574	425	1.552	-	11.193
Financial lease liabilities	8	4	4	4	26	46
Other non-current borrowings	32	49	14	9	27	131
Total	**8.682**	**2.361**	**7.857**	**1.565**	**11.369**	**31.834**

Note

24 **Borrowings**

Interest rate risk at 31 December

					2011
DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
GBP 200m maturing 26 February 2013	Fixed	7,01%	1-2 years	1.780	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	2-3 years	7.406	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	4-5 years	2.927	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3,55%	>5 years	7.365	Fair value
Total issued bonds		**5,46%**		**19.478**	
Mortgages:					
Floating-rate	Floating	1,73%	0-1 year	1.248	Cash flow
Total mortgages		**1,73%**		**1.248**	
Bank borrowings:					
Floating-rate	Floating		0-1 year	3.932	Cash flow
Fixed-rate	Fixed		1-2 years	10.525	Fair value
Total bank borrowings				**14.457**	

All interest rates stated in the table include a margin.

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 carrying amount of the bond is the fair value.

In December 2011 a GBP 250m bond matured and was repaid.

The floating-rate mortgage was repriced in December 2011 at a rate of 1.28% (excl. margin) commencing in January 2012 and will be repriced again in July 2012. The time to maturity is more than five years. The floating-rate mortgage is repriced semi-annually with reference to 6-month CIBOR. Carlsberg has repaid two mortgages (a total of DKK 525m) with a time to maturity of more than five years which were originally at floating rates but were swapped to fixed rates.

The main part of the bank borrowing presented as having a fixed rate was originally at floating rate but has been swapped to a fixed rate of 5.36%.

		Interest rate**			
DKK million	Net financial interest-bearing debt*	Floating	Fixed	Floating %	Fixed %
EUR	30.415	4.924	25.491	16%	84%
DKK	-2.450	-2.450	-	100%	-
PLN	710	707	3	100%	-
USD	1.601	1.588	13	99%	1%
CHF	2.469	2.469	-	100%	-
RUB	-1.249	-1.249	-	100%	-
Other	2.124	283	1.841	-11%	111%
Total	**33.620**	**6.272**	**27.348**	**19%**	**81%**

* After swaps and currency derivatives

** Before currency derivatives

Note

24 Borrowings

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2010
Issued bonds:					
GBP 250m maturing 12 December 2011	Fixed	6,63%	0-1 year	2.160	Fair value
GBP 200m maturing 26 February 2013	Fixed	7,01%	1-2 years	1.734	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	2-3 years	7.414	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	>5 years	2.693	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3,55%	>5 years	7.375	Fair value
Total issued bonds		**5,55%**		**21.376**	
Mortgages:					
Floating-rate	Floating	1,98%	0-1 year	1.248	Cash flow
Total mortgages		**1,98%**		**1.248**	
Bank borrowings:					
Floating-rate	Floating			1.503	Cash flow
Fixed-rate	Fixed		1-4 years	10.681	Fair value
Total bank borrowings				**12.184**	

All interest rates stated in the table include a margin.

A cross-currency swap (GBP 300m) was used to change the interest from fixed to floating 6-month Euribor +4.01%. The bond and the swap were designated as a fair value hedge relationship, meaning that the carrying amount of the bond was the fair value.

In 2010, Carlsberg repaid two fixed-rate mortgages and refinanced through two floating-rate mortgages. Fixed-rate mortgages comprised three mortgages with a time to maturity of more than five years, of which two loans (a total of DKK 525m) were originally at floating rates but were swapped to fixed rates. Floating-rate mortgage contained one loan (DKK 1,248m) which was repriced semi-annually with reference to 6-month CIBOR.

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

The main part of the bank borrowing presented as having a fixed rate was originally at floating rate but had been swapped to a fixed rate of 4.87%.

DKK million	Net financial interest-bearing debt*	Interest rate** Floating	Fixed	Floating %	Fixed %
EUR	29.708	4.106	25.602	14%	86%
DKK	-2.141	-2.141	-	100%	-
PLN	1.590	1.583	7	100%	-
USD	458	535	-77	117%	-17%
CHF	2.921	2.921	-	100%	-
RUB	462	462	-	100%	-
Other	1.564	-174	1.738	-11%	111%
Total	**34.562**	**7.292**	**27.270**	**21%**	**79%**

* After swaps and currency derivatives

** Before currency derivatives

2011

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	2012	2013	2014	2015	2016	2017-
CHF	29	2.441	2.470	29	-	-	-	-	-
DKK	1.976	-4.422	-2.446	1.979	-	-	-	-	-
EUR	27.543	3.425	30.968	2.052	7.608	7.474	2.986	9	7.414
GBP	4.693	-4.489	204	2.913	1.780	-	-	-	-
NOK	-53	632	579	-53	-	-	-	-	-
PLN	58	658	716	54	1	2	-	-	-
RUB	9	-1.098	-1.089	9	-	-	-	-	-
SEK	81	-313	-232	81	-	-	-	-	-
SGD	24	-424	-400	24	-	-	-	-	-
USD	1.773	592	2.365	1.760	13	-	-	-	-
Other	596	2.998	3.594	533	9	-	27	25	-
Total	**36.729**	**-**	**36.729**	**9.381**	**9.411**	**7.476**	**3.013**	**34**	**7.414**

Cf. also note 35, Financial risks.

Note

24 Borrowings

									2010
Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2011	2012	2013	2014	2015	2016-
CHF	-64	2.988	2.924	-64	-	-	-	-	-
DKK	2.671	-4.762	-2.091	2.671	-	-	-	-	-
EUR	17.157	13.169	30.326	-8.327	69	7.509	7.483	2.994	7.429
GBP	6.667	-6.667	-	4.933	-	1.734	-	-	-
NOK	69	486	555	69	-	-	-	-	-
PLN	105	1.489	1.594	98	2	2	3	-	-
RUB	-5	560	555	-5	-	-	-	-	-
SEK	-10	-203	-213	-10	-	-	-	-	-
SGD	6	-	6	6	-	-	-	-	-
USD	9.957	-8.884	1.073	9.957	-	-	-	-	-
Other	688	1.824	2.512	684	4	-	-	-	-
Total	**37.241**	**-**	**37.241**	**10.012**	**75**	**9.245**	**7.486**	**2.994**	**7.429**

Note

25 Retirement benefit obligations and similar obligations

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

Approximately 73% (2010: 69%) of the Group's retirement benefit costs relate to defined contribution plans, which limit the Group's obligation to the contributions paid. The retirement benefit plans are funded by payments from the Group's companies and employees to funds that are independent of the Group.

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

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

A number of plans, especially in Germany, Sweden and Italy, are unfunded.
For these plans the retirement benefit obligations amount to approximately 14% (2010: 15%) of the total gross liability.

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

DKK million	**2011**	**2010**
Defined benefit plans are recognised in the statement of financial position as follows:		
Retirement benefit obligations and similar obligations	3.218	2.398
Plan assets	-5	-8
Net obligations	**3.213**	**2.390**
Specification of net obligations:		
Present value of funded plans	8.893	7.874
Fair value of plan assets	-7.099	-6.904
Net obligation for funded plans	**1.794**	**970**
Present value of unfunded plans	1.401	1.420
Payment in transit	18	-
Net obligations recognised	**3.213**	**2.390**
Specification of total obligations:		
Present value of funded plans	8.893	7.874
Present value of unfunded plans	1.401	1.420
Total obligations	**10.294**	**9.294**

Note

25 Retirement benefit obligations and similar obligations

DKK million	2011	2010
Changes in obligations:		
Total obligations at 1 January	9.294	7.948
Current service cost	176	150
Interest cost	376	390
Actuarial gains (-) and losses (+)	837	350
Benefits paid	-474	-469
Curtailments and settlements	-103	-56
Employee contributions to pension scheme	14	16
Transfer from other provisions	-3	28
Step acquisition of entities	-7	52
Foreign exchange adjustments etc.	184	885
Total obligations at 31 December	**10.294**	**9.294**

Changes in plan assets:		
Fair value of assets at 1 January	6.904	5.823
Expected return	327	325
Actuarial gains (+) and losses (-)	-244	197
Contributions to plans	331	187
Benefits paid	-391	-380
Foreign exchange adjustments etc.	172	752
Fair value of assets at 31 December	**7.099**	**6.904**

The Group expects to contribute DKK 23m (2010: DKK 234m) to the plan assets in 2012.

Actual return on plan assets:		
Expected return	327	325
Actuarial gains (+) and losses (-)	-244	197
Actual return	**83**	**522**

Breakdown of plan assets:

	2011		2010	
	DKK million	%	DKK million	%
Shares	2.172	31%	2.139	31%
Bonds and other securities	3.251	45%	3.212	47%
Real estate	1.346	19%	1.274	18%
Cash and cash equivalents	330	5%	279	4%
Total	**7.099**	**100%**	**6.904**	**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.

Note

25 Retirement benefit obligations and similar obligations

	2011	2010
Assumptions applied:	Weighted average	Weighted average
Discount rate	3,6%	3,7%
Expected return on plan assets	4,4%	4,4%
Future salary increases	2,9%	3,4%
Future retirement benefit increases	2,0%	2,1%

DKK million	**2011**	**2010**
Recognised in the income statement:		
Current service cost	176	150
Expected return on plan assets	-327	-325
Interest cost on obligations	376	390
Curtailments and settlements	-103	-56
Total recognised in income statement	**122**	**159**
The cost is recognised in the income statement as follows:		
Cost of sales	9	15
Sales and distribution expenses	42	53
Administrative expenses	25	28
Special items (restructuring)	-3	-2
Total staff costs, cf. note 12	**73**	**94**
Financial income	-327	-325
Financial expenses	376	390
Total	**122**	**159**
Recognised in other comprehensive income:		
Recognised at 1 January	-1.410	-1.124
Actuarial gains/losses	-1.081	-153
Foreign exchange adjustment of foreign entities	-12	-133
Recognised in other comprehensive income during the year	**-1.093**	**-286**
Recognised at 31 December	**-2.503**	**-1.410**
Of which accumulated actuarial gains/losses	-2.590	-1.509

	2011	**2010**	**2009**	**2008**	**2007**
	DKK million	DKK million	DKK million	DKK million	DKK million
Five-year overview:					
Obligations	10.294	9.294	7.948	7.009	8.151
Plan assets	-7.099	-6.905	-5.823	-5.245	-6.234
Deficit	3.195	2.389	2.125	1.764	1.917
Experience adjustments to obligations	82	108	-34	-492	-42
Experience adjustments to plan assets	-506	-815	-544	100	-899

Note

26 Deferred tax assets and deferred tax liabilities

DKK million	2011	2010
Deferred tax at 1 January, net	7.908	7.510
Adjustments to previous years	47	51
Step acquisition of entities	60	30
Revaluation of previously recognised deferred tax acquired in a step acquisition	43	70
Disposal of entities	11	-
Recognised in other comprehensive income	-211	-31
Recognised in the income statement	205	47
Change in tax rate	-15	-63
Effect of hyperinflation	16	-
Foreign exchange adjustments	-65	347
	7.999	**7.961**
Of which transferred to assets held for sale	-	-53
Deferred tax at 31 December, net	**7.999**	**7.908**
Specified as follows:		
Deferred tax liabilities	8.870	9.197
Deferred tax assets	-871	-1.289
Deferred tax at 31 December, net	**7.999**	**7.908**

Specification of deferred tax assets and liabilities at 31 December

DKK million	2011	2010	2011	2010
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	549	420	6.959	7.193
Property, plant and equipment	241	336	2.676	2.876
Current assets	84	110	45	54
Provisions and retirement benefit obligations	690	532	359	229
Fair value adjustments	120	112	212	173
Tax losses etc.	1.495	1.944	926	889
Total before set-off	**3.179**	**3.454**	**11.178**	**11.415**
Set-off	-2.308	-2.165	-2.308	-2.165
Transferred to assets held for sale	-	-	-	-53
Deferred tax assets and liabilities at 31 December	**871**	**1.289**	**8.870**	**9.197**
Expected to be used as follows:				
Within 12 months after the end of the reporting period	150	86	277	138
More than 12 months after the end of the reporting period	721	1.203	8.593	9.059
Total	**871**	**1.289**	**8.870**	**9.197**

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 and the deferred tax assets and liabilities relate to the same legal tax entity/consolidation.

Of the total deferred tax assets recognised, DKK 836m (2010: DKK 1,194m) 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 1,435m (2010: DKK 1,458m) 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 1,138m (2010: DKK 1,036m).

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2010: DKK 0m).

Deferred tax of DKK 0m (2010: DKK 104m) has been recognised in respect of earnings in the Eastern European region which are intended for distribution in the short term, as tax of 5% is payable on distributions. For other subsidiaries where distributable reserves are planned to be distributed, any distribution of earnings will not trigger a significant tax liability based on current tax legislation.

Note

27 Provisions

Restructuring provisions totalling DKK 336m relate primarily to restructurings of Carlsberg Deutschland, Carlsberg UK, Carlsberg Italia, Brasseries Kronenbourg and Carlsberg IT. In 2010 the restructuring provisions of DKK 409m primarily related to restructurings of Carlsberg Sverige, Carlsberg Deutschland, Carlsberg UK, Feldschlösschen Getränke, Brasseries Kronenbourg and Carlsberg Italia. The restructuring provisions are calculated on the basis of detailed plans announced to the parties concerned and relate mainly to termination benefits to employees made redundant.

The Group has made provision for certain contracts which are deemed to be onerous. Onerous contracts totalling DKK 112m primarily relate to raw materials in Northern & Western Europe. The provision for onerous contracts in 2010 was also primarily related to raw materials.

Other provisions totalling DKK 1,020m (2010: DKK 1,252m) relate primarily to profit sharing in France, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

DKK million				**2011**
	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2011	409	315	1.253	1.977
Step acquisition of entities	-	-	13	13
Additional provisions recognised	164	-	73	237
Disposal of entities	-	-	-6	-6
Used during the year	-216	-6	-275	-497
Reversal of unused provisions	-13	-197	-98	-308
Transfers	-9	-	67	58
Discounting	10	-	55	65
Foreign exchange adjustments etc.	-9	-	-62	-71
Provisions at 31 December 2011	**336**	**112**	**1.020**	**1.468**
Provisions are recognised in the statement of financial position as follows:				
Non-current provisions	121	5	839	965
Current provisions	215	107	181	503
Total	**336**	**112**	**1.020**	**1.468**

DKK million				**2010**
	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2010	565	676	1.162	2.403
Additional provisions recognised	88	31	229	348
Used during the year	-290	-204	-154	-648
Reversal of unused provisions	-25	-215	-24	-264
Transfers	62	-	35	97
Discounting	17	-	59	76
Foreign exchange adjustments etc.	-8	27	-55	-36
Provisions at 31 December 2010	**409**	**315**	**1.252**	**1.976**
Provisions are recognised in the statement of financial position as follows:				
Non-current provisions	214	257	1.000	1.471
Current provisions	195	58	252	505
Total	**409**	**315**	**1.252**	**1.976**

DKK 862m (2010: DKK 1,081m) of total non-current provisions falls due within five years from the end of the reporting period

Note

28 Other liabilities etc.

DKK million	2011	2010
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	1.087	747
Current liabilities	10.570	11.257
Total	**11.657**	**12.004**
Other liabilities by origin:		
Excise duties and VAT payable	3.512	2.851
Staff costs payable	1.555	1.794
Interest payable	731	740
Fair value of hedging instruments	1.197	2.236
Liabilities related to the acquisition of entities	1.459	1.138
Amounts owed to associates	1	1
Deferred income	1.117	1.204
Other	2.085	2.040
Total	**11.657**	**12.004**

Note

29 Cash flows

DKK million	2011	2010
Adjustment for other non-cash items:		
Share of profit after tax, associates	-174	-141
Gains on disposal of property, plant and equipment and intangible assets, net	-67	-159
Amortisation of on-trade loans etc.	623	918
Total	**382**	**618**
Change in trading working capital:		
Inventories	-206	-291
Trade receivables	-1.236	580
Trade payables and deposit liabilities	1.803	1.047
Total	**361**	**1.336**
Change in other working capital:		
Other receivables	117	-277
Other payables	240	284
Retirement benefit obligations and other liabilities related to operating activities before special items	-687	-433
Adjusted for unrealised foreign exchange gains/losses	-136	-114
Total	**-466**	**-540**
Change in on-trade loans:		
Loans provided	-1.052	-1.050
Repayments	534	620
Total	**-518**	**-430**
Change in financial receivables:		
Loans and other receivables	-83	-243
Other	-17	-
Prepayments	54	20
Total	**-46**	**-223**
Non-controlling interests:		
Acquisition of non-controlling interests	-1.338	-169
Dividends to non-controlling interests	-121	-709
Share buy-back	-417	-
Total	**-1.876**	**-878**
External financing:		
Proceeds from issue of bonds	-	7.368
Repayment of bonds including cross-currency swap	-2.965	-
Debt institutions, long-term	1.418	-9.465
Debt institutions, short-term	533	-1.766
Intercompany loans, short term	-1.476	-439
Loans from associates	-30	-36
Finance lease liabilities	-12	-23
Other financing liabilities	-249	-71
Total	**-2.781**	**-4.432**

Note

30 Acquisition and disposal of entities

Step acquisition of entities

In 2011, Carlsberg gained control of Lao Brewery Co. Ltd. in Laos and Hue Brewery Ltd. in Vietnam, which were previously proportionally consolidated.

DKK million Acquired entity:	Previous method of consolidation	Previously held ownership interest	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	2011 Cost
Lao Brewery Co. Ltd.	Proportionally	50.00%	1.00%	51.00%	30 Aug. 2011	Brewery	33
Hue Brewery Ltd.	Proportionally	50.00%	50.00%	100.00%	23 Nov. 2011	Brewery	485
Total							**518**

	Lao Brewery Co. Ltd.	Hue Brewery Ltd.	Total
Fair value of consideration transferred for acquired ownership interest	33	485	518
Fair value of previously held ownership interest	1.665	451	2.116
Fair value of non-controlling ownership interest	1.632	-	1.632
Fair value of entities acquired in stages, total	**3.330**	**936**	**4.266**
Carrying amount of identified assets and liabilities recognised before step acquisition	368	74	442
Revaluation of identified assets and liabilities recognised before step acquisition	68	81	149
Fair value of acquired identified assets, liabilities and contingent liabilities	436	155	591
Fair value of identified assets, liabilities and contingent liabilities	**872**	**310**	**1.182**
Total goodwill	**2.458**	**626**	**3.084**
Goodwill recognised before a step acquisition	344	28	372
Change in total recognised goodwill	**2.114**	**598**	**2.712**
Goodwill is attributable to:			
Shareholders in Carlsberg Breweries A/S	1.253	626	1.879
Non-controlling interests	1.205	-	1.205
Total goodwill	**2.458**	**626**	**3.084**
Gain on revaluation of previously held ownership interest in entities acquired in a step acquisition:			
Carrying amount of previously held ownership interest	-712	-102	-814
Fair value of previously held ownership interest	1.665	451	2.116
Recycling of cumulative exchange differences	44	-46	-2
Total	**997**	**303**	**1.300**
Elements of cash consideration paid:			
Cash	33	485	485
Cash and cash equivalents, acquired	-125	-66	-191
Total cash consideration paid	**-125**	**419**	**294**
Capital injection in kind	33	-	33
Total consideration transferred	**-92**	**419**	**327**

Acquired cash only comprises the additional consolidated share in the step acquisition due to the change from proportional consolidation to full consolidation equal to the difference between the previous ownership interest and 100% for previously proportionally consolidated entities.

	Acquired share of net assets recognised at fair value				
DKK million	Lao Brewery Co. Ltd.	Hue Brewery Ltd.	Total	Revaluation of previously recognised net assets at fair value	Total recognised net assets from acquisition
Intangible assets	130	108	238	237	475
Property, plant and equipment	251	91	342	-42	300
Inventories	24	14	38	-3	35
Loans and receivables, current	20	3	23	-	23
Cash and cash equivalents	125	66	191	-	191
Provisions	-13	-	-13	-	-13
Deferred tax assets and liabilities, net	-31	-29	-60	-43	-103
Borrowings	-18	-17	-35	-	-35
Trade payables and other payables	-52	-81	-133	-	-133
Net assets	**436**	**155**	**591**	**149**	**740**

Revaluation of previously recognised net assets at fair value includes revaluation at fair value of net assets that were proportionally consolidated prior to the step acquisition of the entity.

In Q3 2011, Carlsberg acquired an additional 1% of the shareholding in the joint venture Lao Brewery Co. Ltd. in a disproportionate capital increase where Carlsberg contributed assets in kind, thus gaining control of the entity in a step acquisition. The fair value of the consideration injected amounted to DKK 33m. The shareholdings held immediately before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 997m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is still ongoing and has not yet been completed. Adjustments may therefore be made to all items in the opening statement of financial position. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

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

In Q4 2011, Carlsberg acquired additional 50% of the shareholding in the joint venture Hue Brewery Ltd. and thereby gained control through a step acquisition. The shareholdings held immediately before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 303m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities has not yet been completed. Adjustments may therefore be made to all items in the opening statement of financial position. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

This step acquisition is a natural step for Carlsberg and in line with the strategy of obtaining full control of key operating activities. The calculation of goodwill represents staff competences as well as expectations of positive growth.

The acquired entities contributed positively to operating profit before special items for 2011 by approximately DKK 61m and to the profit for the year by approximately DKK 29m. The net profit for the year, had the acquisitions been completed at 1 January 2011, is estimated at DKK 5,966m.

The fair value of the non-controlling ownership interest is estimated based on the net present value of expected future cash flows from the entity, the cost of newly acquired shareholdings in the entity, excluding control premium, and other fair value models as applicable for the transaction. The key assumptions applied for the Lao Brewery Co. Ltd. transaction were an after-tax WACC of 11.4% and a terminal growth rate of 2.5%.

Acquired net assets of entities acquired in a step acquisition include receivables from customers at a fair value of DKK 11m. None of the acquired receivables from customers are considered irrecoverable at the time of acquisition.

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

Note

30 Acquisition and disposal of entities

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

DKK million							2010
Acquired entity:	Previous method of consolidation	Previously held ownership interest	Acquired ownership interest	Total Carlsberg interest	Acquisition date	Main activity	Cost
Wusu Xinjiang Beer Group	Proportionally	60,12%	4,88%	65,00%	1 Jan. 2010	Brewery	228
Gorkha Brewery	Equity method	49,97%	40,03%	90,00%	12 Nov. 2010	Brewery	228
Total							**456**

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

	Wusu Xinjiang Beer Group	Gorkha Brewery	Total
Fair value of consideration transferred for acquired ownership interest	228	228	456
Fair value of previously held ownership interest	660	285	945
Fair value of non-controlling ownership interest	385	57	442
Fair value of entities acquired in a step acquisition, total	**1.273**	**570**	**1.843**
Carrying amount of identified assets and liabilities recognised before step acquisition	31	76	107
Revaluation of identified assets and liabilities recognised before step acquisition	235	21	256
Fair value of acquired identified assets, liabilities and contingent liabilities	179	97	276
Fair value of identified assets, liabilities and contingent liabilitie	**445**	**194**	**639**
Total goodwill	**828**	**376**	**1.204**
Goodwill recognised before a step acquisition	269	-	269
Change in total recognised goodwill	**559**	**376**	**935**
Goodwill is attributable to:			
Shareholders in Carlsberg Breweries A/S	599	338	937
Non-controlling interests	229	38	267
Total goodwill	**828**	**376**	**1.204**
Gain on revaluation of previously held ownership interest in entities acquired in a step acquisition:			
Carrying amount of previously held ownership interest	-300	-76	-376
Fair value of previously held ownership interest	660	285	945
Recycling of cumulative exchange differences	30	-1	29
Total	**390**	**208**	**598**
Elements of cash consideration paid:			
Cash	228	-	228
Cash and cash equivalents, acquired	-5	-30	-35
Total cash consideration paid	**223**	**-30**	**193**
Contingent consideration	-	228	228
Total consideration transferred	**223**	**198**	**421**

Acquired cash only comprises the additional consolidated share in the step acquisition due to the change from proportional consolidation to full consolidation equal to the difference between the previous ownership interest and 100% for previously proportionally consolidated entities.

DKK million	Acquired share of net assets recognised at fair value: Wusu Xinjiang Beer Group	Gorkha Brewery	Total	Revaluation of previously recognised net assets at fair value	Total recognised net assets from acquisition
Intangible assets	89	-	89	77	166
Property, plant and equipment	281	92	373	313	686
Investments, excl. deferred tax	-	-	-	-76	-76
Inventories	49	18	67	18	85
Loans and receivables, current	2	44	46	44	90
Cash and cash equivalents	5	15	20	15	35
Pension liabilities	-52	-	-52	-	-52
Deferred tax assets and liabilities, net	-28	-11	-39	-61	-100
Borrowings	-37	-30	-67	-30	-97
Trade payables and other payables	-130	-31	-161	-44	-205
Net assets	**179**	**97**	**276**	**256**	**532**

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

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

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

In Q4 2010, Carlsberg gained control of Gorkha Brewery through a step acquisition. The shareholdings held immediately before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 208m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has been completed.

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

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

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

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

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

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

Acquisition of entities

In 2010, the purchase price of part of the activities in S&N (acquired in 2008) has been adjusted by DKK 284m as a result of allocation of debt according to agreement. The adjustment was recognised as goodwill. The purchase price is expected to be further adjusted depending on the final allocation of debt according to agreement.

Acquisition of proportionally consolidated entities

In Q2 2011, Carlsberg acquired 22.5% of the shares in the jointly controlled entity South Asian Breweries Pte. Ltd., which is recognised by proportional consolidation. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has not yet been completed. The fair value of identified assets, liabilities and contingent liabilities less the cost of the acquisition, DKK 74m, is recognised as goodwill. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

In Q4 2011, Carlsberg acquired an additional 4% of the shares in South Asian Breweries Pte. Ltd. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has not been completed. The fair value of identified assets, liabilities and contingent liabilities less the cost of the acquisition, DKK 27m, is recognised as goodwill. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

In Q4 2010, Carlsberg acquired an additional 22.5% of the shares in the jointly controlled entity South Asian Breweries Pte. Ltd., which is recognised by proportional consolidation. The purchase price allocation, including contingent consideration, of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has been completed. The fair value of identified assets, liabilities and contingent liabilities less the cost of the acquisition, DK 119m, is recognised as goodwill.

Contingent considerations

Carlsberg has in 2011 revaluated contingent consideration for the previous acquisition of shareholdings in Gorkha Brewery, Nepal, South Asian Breweries Pte. Ltd., Singapore, Olivaria, Belarus, and Svyturys-Utenos, Lithuania. The revaluations are based on updated information since the initial recognition of the liabilities including new budgets and sales forecasts, discount rates etc. The revaluation of Svyturys-Utenos arose upon final settlement. The total revaluation recognised in 2011 is DKK 349m (2010: DKK 162m).

Note

30 Acquisition and disposal of entities

Disposal of entities

In Q1 2011, Carlsberg disposed of the subsidiary Dresden Brauerei, Germany, at a sales price of DKK 126m. The entity had a carrying amount of DKK 116m, resulting in a gain of DKK 10m, which is recognised in special items. Prior to the sale, an impairment loss of DKK 128m had been recognised in 2010 on the brewery assets, corresponding to the difference between the carrying amount and the expected sales price.

In Q2 2011, Carlsberg disposed of the subsidiary Sorex Holding SAS, a logistical company in France, at a sales price of DKK 134m. The entity had a carrying amount of DKK 220m, including goodwill of DKK 6m, resulting in a loss of DKK 86m, which is recognised in special items. No entities were disposed of in 2010.

DKK million	2011	2010
Net assets disposed of	**336**	**636**
Gains/losses recognised under special items	-76	49
Cash consideration received	**260**	**175**
Cash and cash equivalents, disposed of	-51	-87
Cash inflow, net	**209**	**88**

DKK million	2011	2010
Acquisition and disposal of entities, net:		
Step acquisitions, cash outflow	-294	-193
Acquisitions of proportionally consolidated entities, cash outflow	-175	-
Payment regarding acquisition in prior period	-	-284
Disposals, cash inflow	209	-
Net	**-260**	**-477**

Note

31 Acquisition and disposal of non-controlling interests

2011

DKK million	Increase in ownership							
Entity	Baltika Breweries[1]	Carlsberg Serbia d.o.o.[2]	Carlsberg Croatia d.o.o.[2]	Carlsberg Bulgaria AD[2]	Slavutich Brewery	Svyturys-Utenos Alus AB[3]	Other entities[4]	
Country	Russia	Serbia	Croatia	Bulgaria	Ukraine	Lithuania		
Paid	-866	-	-	-	-59	-373	-40	-1.338
Change in provisions for put option	-	-194	-92	-107	-	482	-402	-313
Proportionate share of equity acquired/disposed	1.127	80	56	48	39	-21	24	1.353
Difference recognised directly in equity	**261**	**-**	**-**	**-**	**-20**	**-**	**-417**	**-176**
Difference recognised in goodwill	**-**	**-114**	**-36**	**-59**	**-**	**88**	**-1**	**-122**

Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:

1 January 2011	30.590	285	232	180	1.551	1.126	1.609	35.573
Effect of acquisition/disposal	1.127	80	56	48	39	-21	24	1.353
Comprehensive income	1.649	25	9	-6	366	54	-168	1.929
Dividends, share buy-back, capital injections etc.	-2.301	-1	-22	-5	-117	-205	-29	-2.680
31 December 2011	**31.065**	**389**	**275**	**217**	**1.839**	**954**	**1.436**	**36.175**

2010

DKK million	Increase in ownership					Decrease in ownership		
Entity	Baltika Breweries	Olivaria	Bottling and Brewing Group Ltd. 5	Parag Breweries Ltd.[5]	Slavutich Brewery[6]	Carlsberg Singapore Pte Ltd.[7]	Carlsberg Kazakhstan[8]	
Country	Russia	Belarus	Malawi	India	Ukraine	Singapore	Kazakhstan	
Paid	-55	-114	-	-	-	-	-	-169
Change in provision for put option	-	92	-	-	-	-	-	92
Proportionate share of equity acquired/disposed	54	22	16	2	7	-43	-3	55
Difference recognised directly in equity	**-1**	**-**	**16**	**2**	**7**	**-43**	**-3**	**-22**

Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:

1 January 2010	29.472	129	107	24	986	76	208	31.002
Effect of acquisition/disposal	54	22	16	2	7	-43	-3	55
Comprehensive income	5.782	22	33	-69	384	51	65	6.268
Dividends, capital injections etc.	-4.718	-5	-	74	174	-61	21	-4.515
31 December 2010	**30.590**	**168**	**156**	**31**	**1.551**	**23**	**291**	**32.810**

1) In addition to acquiring non-controlling interests, Carlsberg transferred title of some of its ownership interests in Baltika Breweries as part of an arrangement to provide financing for Carlsberg's operating activities. The ownership interests have not been derecognised in the consolidated financial statements in accordance with IFRS.

2) Non-controlling interests of Carlsberg Serbia d.o.o., Carlsberg Croatia d.o.o. and Carlsberg Bulgaria AD negotiated sale of their shareholdings to Carlsberg. The transactions were completed in January 2012.

3) Non-controlling interests of Svyturys-Utenos Alus AB exercised put options held against the Group. Carlsberg also derecognised put liability related to a smaller shareholding.

4) Comprises transactions with shareholdings in Olivaria (Belarus), Carlsberg South Asia Pte. Ltd. (Singapore), Carlsberg Kazakhstan, A/S Aldaris (Latvia), Laos Soft Drinks Co. Ltd. and Parag Breweries Ltd. (India).

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

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

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

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

Note

32 Specification of invested capital

DKK million	2011	2010
Invested capital is calculated as follows:		
Total assets	136.195	132.148
Less:		
Deferred tax assets	-871	-1.289
Loans to associates (current)	-105	-27
Loans to Group companies (current)	-1.451	-654
Interest income receivable, fair value of hedging instruments and financial receivables	-528	-329
Securities (current and non-current)	-130	-129
Cash and cash equivalents	-3.108	-2.679
Assets held for sale	-235	-284
Total assets included	**129.767**	**126.757**
Trade payables	-11.039	-9.420
Deposits on returnable packaging	-1.291	-1.279
Provisions, excluding restructuring	-1.132	-1.567
Corporation tax	-533	-530
Deferred income	-1.117	-1.204
Finance lease liabilities, included in borrowings	-52	-65
Other liabilities, excluding deferred income, interest payable and fair value of hedging instrument	-8.611	-7.819
Total liabilities offset	**-23.775**	**-21.884**
Total invested capital	**105.992**	**104.873**

Carlsberg Breweries Group

Note

33 Specification of net interest-bearing debt

DKK million	2011	2010
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	34.137	31.834
Current borrowings	2.591	5.407
Gross interest-bearing debt	**36.728**	**37.241**
Cash and cash equivalents	-3.108	-2.679
Loans to associates, interest-bearing portion	-97	-24
Loans to partners	-230	-225
On-trade loans	-2.066	-2.065
Non-interest-bearing portion	1.033	1.286
Other receivables	-1.267	-1.391
Non-interest-bearing portion	1.238	1.357
Receivables from group companies, interest-bearing portion	-1.451	-653
Net interest-bearing debt	**30.780**	**32.847**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	32.847	36.122
Cash flow from operating activities	-9.789	-11.225
Cash flow from investing activities, excl. acquisition of entities, net	5.136	5.765
Cash flow from acquisition of entities, net	-260	477
Share buy-back	417	-
Dividends to shareholders and non-controlling interests	121	709
Acquisition of non-controlling interests	1.338	169
Acquired net interest-bearing debt from step acquisition/disposal of entities	53	97
Change in interest-bearing lending	18	15
Settlement of financial instruments in relation to loan agreements	805	-
Effect of currency translation	289	808
Other	-195	-90
Total change	**-2.067**	**-3.275**
Net interest-bearing debt at 31 December	**30.780**	**32.847**

Note

34 Investments in proportionally consolidated entities

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

DKK million	2011	2010
Revenue	2.744	2.558
Total costs	-2.336	-2.118
Operating profit before special items	**408**	**440**
Consolidated profit	**228**	**284**
Non-current assets	2.560	2.244
Current assets	896	1.012
Assets held for sale, net	10	10
Non-current liabilities	-448	-253
Current liabilities	-1.465	-1.556
Net assets	**1.553**	**1.457**
Free cash flow	-227	266
Net cash flow	-139	213
Cash and cash equivalents, year-end	149	283
Contingent liabilities in joint ventures	132	132

Note 35 – Financial risk management and financial instruments

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

The Group's financial risks are managed by Group Treasury in accordance with the Financial Risk Management Policy approved by the Supervisory Board of Carlsberg A/S, and is an integrated part of the overall Risk Management process in Carlsberg. The risk management framework is described in the Management review.

As the Group did not identify any additional financial risk exposures in 2011, the risk management activities were unchanged compared to 2010.

Capital structure

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

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

As an element of strategic capital structure decisions, management assesses the risk of changes in the Group's investment grading. In 2006 the Carlsberg Breweries Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. In February 2011 the rating was upgraded one notch by both rating agencies.

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

At 31 December 2011, the Carlsberg Breweries Group had net interest-bearing debt totalling DKK 30,780m (2010: DKK 32,847m). The credit resources available and the access to unused committed credit facilities are considered reasonable in the light of the Group's current needs in terms of financial flexibility.

Committed non-current credit facilities at 31 December:

DKK million	2011	2010
1-2 years	3.430	10.687
2-3 years	8.026	2.360
3-4 years	13.129	7.858
4-5 years	8.985	13.200
>5 years	8.638	11.368
Total	**42.208**	**45.473**
Current borrowings	2.591	5.407
Non-current borrowings	34.137	31.834
Total	**36.728**	**37.241**

Market risk

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

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

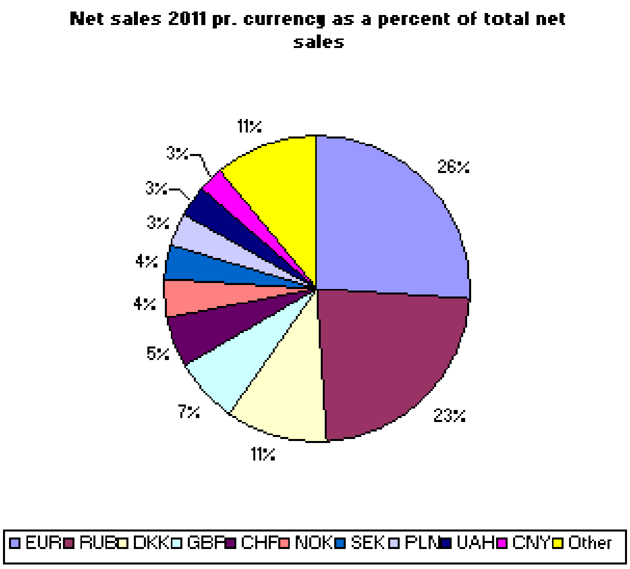
Foreign exchange risk

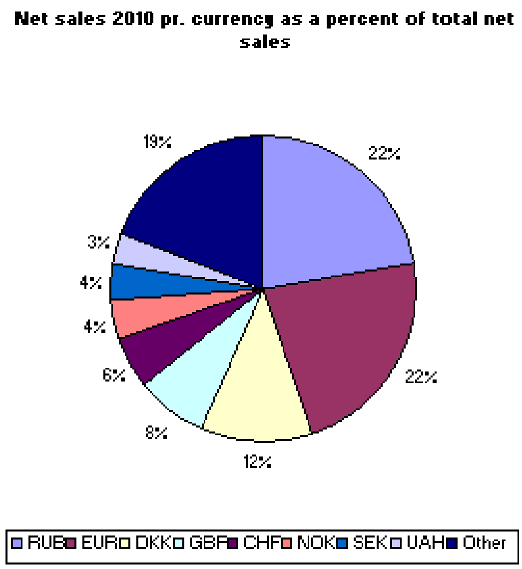
A significant part of the Group's activities and investments take place outside Denmark and in currencies other than DKK. Foreign exchange risk is therefore a principal financial risk for the Group and as such exchange rate fluctuations can have a significant impact on the income statement and the statement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

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

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

Revenue exposure to currencies is illustrated below:





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

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

Impact from Eastern Europe. The foreign exchange risk in the entities in Eastern Europe is managed differently from Carlsberg's operations in the main parts of the rest of the Group. The reason is the excessive cost of hedging these currencies over a longer period of time.

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

Investment in and financing of local entities. The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the functional currency of the individual Group entity. Interest on borrowings is denominated in the currency of the borrowing. The main principle for funding of subsidiaries is that loans and borrowings should be in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities debt is denominated in a currency other than the local entity's functional currency without the foreign exchange risk being hedged. This applies primarily to entities in Eastern Europe and is based on an assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, is so high that it justifies a foreign exchange risk. In some countries financing in local currency is not available at all.

At 31 December 2011, 90% of the Group's net financial debt was in EUR (2010: 88%); cf. note 24.

The Group holds a number of investments in foreign subsidiaries where the translation of net assets to DKK is exposed to foreign exchange risks. The Group uses net investment hedges to hedge part of this foreign exchange exposure by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. This applies to net investments in CHF, CNY, GBP, MYR, NOK, PLN, RUB and SEK. The basis for hedging is reviewed annually, and the two parameters, risk reduction and cost, are balanced. The effect of net investment hedges on the income statement and other comprehensive income is summarised in note 36.

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

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

	Closing Rate		Average Rate	
	2011	**2010**	**2011**	**2010**
Swiss Franc (CHF)	6,1157	5,9755	6,0678	5,407
Chinese Yuan (CNY)	0,9112	0,8504	0,8260	0,8365
Euro (EUR)	7,4342	7,4544	7,4514	7,4473
Pound Sterling (GBP)	8,9000	8,6659	8,6019	8,7169
Malaysian Ringgit (MYR)	1,8108	1,8226	1,7545	1,7484
Norwegian Krone (NOK)	0,9588	0,9534	0,9562	0,9311
Polish Zloty (PLN)	1,6676	1,8801	1,8245	1,862
Russian Rouble (RUB)	0,1784	0,1848	0,1827	0,1876
Swedish Krona (SEK)	0,8342	0,8270	0,8248	0,783
Ukrainian Hryvnia (UAH)	0,7219	0,7050	0,6679	0,7216

Impact on financial statement and sensitivity analysis

Impact on operating profit. Developments in exchange rates between DKK and the functional currencies of foreign entities had a lower impact compared to 2010 on the Group's operating profit measured in DKK. Operating profit was improved as a result of an increase in the average CHF/DKK rate (12%), NOK/DKK rate (3%) and SEK/DKK rate (5%), and negatively affected by a decrease in the average RUB/DKK rate (-3%) and PLN/DKK (-2%) rate.

Impact on net financial costs. In 2011, the Group had net losses on foreign exchange and made fair value adjustments of financial instruments of DKK -10m (2010: DKK 22m). The main source for the losses in 2011 was reclassification of accumulated losses on interest rate swap from equity to the income statement, cf. note 36.

Impact on statement of financial position. Fluctuations in foreign exchange rates will also affect the level of debt as funding is obtained in a number of currencies. In 2011, the net interest-bearing debt increased by DKK 334m (2010: DKK 807m) due to movements in foreign exchange rates. The primary impact derives from net debt in GBP: the GBP/DKK rate appreciated from 8.67 at the end of 2010 to 8.9 at the end of 2011.

Impact on other comprehensive income. For 2011, the total loss on net investments, loans granted to subsidiaries as an addition to the net investment and net investment hedges amounted to DKK -1,956m (2010: DKK 4,907m). Losses were primarily incurred in RUB, PLN and BYR, while there were gains in CNY.

Sensitivity analysis. A negative development in the exchange rates would, all other things being equal, have the following impact on the consolidated profit and loss and other comprehensive income for 2011. The hypothetical impact ignores the fact that the subsidiaries' initial recognition of revenue, cost and debt would be similarly exposed to the changes in the exchange rates.

2011

DKK million	EUR receivable	EUR payable	EUR loans	EUR cash	Gross exposure	Derivative	Net exposure	% change	Effect on P/L
EUR/RUB	2	-143	-	100	-41	-	-41	10,00%	-4
EUR/LTL	2	-14	-	1	-11	-	-11	10,00%	-1
EUR/LVL	3	-9	-	-	-6	6	-	10,00%	-
EUR/RSD	19	-35	-	23	7	-	7	10,00%	1
EUR/KZT	-	-3	-	-	-3	-	-3	10,00%	-
EUR/UAH	1	-29	-	22	-5	-	-5	10,00%	-
EUR/UZS	-	-14	-246	10	-250	-	-250	10,00%	-25
EUR/CNY	-	-4	-	-	-4	-	-4	10,00%	-
Total									**-29**

DKK million	USD receivable	USD payable	USD loans	USD cash	Gross exposure	Derivative	Net exposure	% change	Effect on P/L
USD/UAH	-	-39	-102	26	-115		-115	10,00%	-12
Total									**-12**

2010

DKK million	EUR receivable	EUR payable	EUR loans	EUR cash	Gross exposure	Derivative	Net exposure	% change	Effect on P/L
EUR/RUB	2	-70	-	106	38	-	38	10,00%	4
EUR/LTL	3	-10	-	-	-7	-	-7	10,00%	-1
EUR/LVL	3	-11	-	-	-8	8	-	10,00%	-
EUR/RSD	9	-35	-	-	-26	-	-26	10,00%	-3
EUR/KZT	-	-3	-	1	-2	-	-2	10,00%	-
EUR/UAH	1	-20	-	24	5	-	5	10,00%	1
EUR/UZS	-	-40	-297	2	-335	-	-335	10,00%	-34
EUR/CNY	-	-1	-	-	-1	-	-1	10,00%	-
Total									**-33**

DKK million	USD receivable	USD payable	USD loans	USD cash	Gross exposure	Derivative	Net exposure	% change	Effect on P/L
USD/RUB	-	-67	-	504	437	-	437	10,00%	44
USD/UAH	2	-50	-298	8	-338	-	-338	10,00%	-34
USD/KZT	-	-6	-459	-	-464	-	-464	10,00%	-46
Total									**-36**

Interest rate risk

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

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

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

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

Sensitivity analysis. At the reporting date, 81% of the net borrowings consisted of fixed-rate loans with rates fixed for more than one year (2010: 79%). It is estimated that an interest rate increase of 1 percentage point would lead to an increase in annual interest expenses of DKK 63m (2010: DKK 73m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At 31 December 2011, the duration of the borrowings was 2.3 years (2010: 3.0 years) and in value terms amounted to DKK 775m (2010: DKK 1,025m). If the market interest rate had been 1 percentage point higher (lower) at the reporting date, it would have led to a financial gain (loss) of DKK 775m (2010: DKK 1,025m). However, since only interest rate swaps and not fixed-rate borrowings are recognised at fair value, marked-to-market, only the duration contained in financial instruments will impact comprehensive income. It is estimated that DKK 164m (2010: DKK 255m) of the duration is contained in interest rate derivatives designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised in other comprehensive income. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2011, shareholders' equity would have been DKK 164m (2010: DKK 255m) higher (lower). The remaining duration is included in borrowings with fixed interest – primarily the issued bonds described in note 24, which are carried at amortised cost.

The sensitivity analysis is based on the financial instruments recognised at the reporting date. The sensitivity analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the same basis as for 2010.

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

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

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

To hedge the implicit risk of rising aluminium prices associated with the purchase of cans, the Group's purchase price in the majority of purchase agreements is variable and based on the global market price of aluminium (London Metal Exchange, LME). The Group is thus able to hedge the underlying aluminium price risk. For 2012, the majority of the aluminium price risk has been hedged for Northern & Western Europe and Eastern Europe, whereas the risk has been partially hedged for the period up to 2013. The total volume of aluminium purchased via financial instruments was approximately 88,600 tonnes at the end of 2011 (2010: 78,000 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 94m (2010: DKK 110m). Fair values are specified in note 36.

It is Group policy to secure delivery of malt and hops for the coming budget year, and the exposure for 2012 was thus hedged through fixed-price purchase agreements for the majority of the Group in 2011.

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

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

The Group does not generally renegotiate the terms of trade receivables with the individual customer and trade receivables are not changed to on-trade loans. However, if a negotiation takes place, the outstanding balance is included in the sensitivity analysis based on the original payment terms. No significant trade receivables or on-trade loans were renegotiated during 2010 and 2011.

Under certain circumstances the Group grants loans to the on-trade. On-trade loans are concentrated in France, UK, Germany, Switzerland and Sweden, and spread across a large number of customers/debtors. The operating entities monitor and control these loans in accordance with central guidelines. On-trade loans are usually repaid through discounts during the continuing sales relationship with the individual customer, which is reflected in the repayment scheme and the discounting of the loans. There are therefore no significant overdue on-trade loans. It is estimated that the provisions made are sufficient to cover expected losses.

Significant adverse developments in the on-trade market may increase the credit risk for groups of customers in a country/market. Such developments include changes in local legislation, which may have an adverse effect on the earnings in the industry in general and are taken into consideration in the assessment of impairment losses.

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

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

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

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

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

Furthermore, Group Treasury monitors the Group’s gross credit exposure to banks, and operates with individual limits on banks based on rating, level of government support and access to netting of assets and liabilities. Historically, the Group has not incurred losses on bank balances and derivative financial instruments due to the counterparty’s inability to pay, and management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk. The carrying amount of financial assets represents the maximum credit exposure. The carrying amount of financial assets, DKK 14,677m (2010: DKK 11,935m), is summarised below.

2011					
DKK million	Net carrying amount at 31 Dec.	Of which neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivables from sale of goods and services	7.115	6.529	216	154	216
On-trade loans	2.066	1.923	12	10	121
Loans to associates	123	123	-	-	-
Loans to partners	230	230	-	-	-
Intercompany receivables	1466	1.466	-	-	-
Fair value of hedging instruments	499	499	-	-	-
Other receivables	1.267	1.023	32	35	177
Cash and cash equivalents	3.108	3.108	-	-	-

2010					
DKK million	Net carrying amount at 31 Dec.	Of which neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivables from sale of goods and services	5.057	4.634	163	105	155
On-trade loans	2.065	1.940	5	8	112
Loans to associates	48	48	-	-	-
Loans to partners	225	225	-	-	-
Intercompany receivables	685	685	-	-	-
Fair value of hedging instruments	318	318	-	-	-
Other receivables	1.391	1.158	14	69	150
Cash and cash equivalents	2.679	2.679	-	-	-

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

No significant impairment losses were incurred in respect of individual trade receivables or on-trade loans in 2011 and 2010. The impairment losses at 31 December 2011 relate to several minor customers that have – in different ways – indicated that they do not expect to be able to pay their outstanding balances, mainly due to adverse economic developments. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectable, based on historic payment behaviour and extensive analysis of the underlying customers' credit ratings.

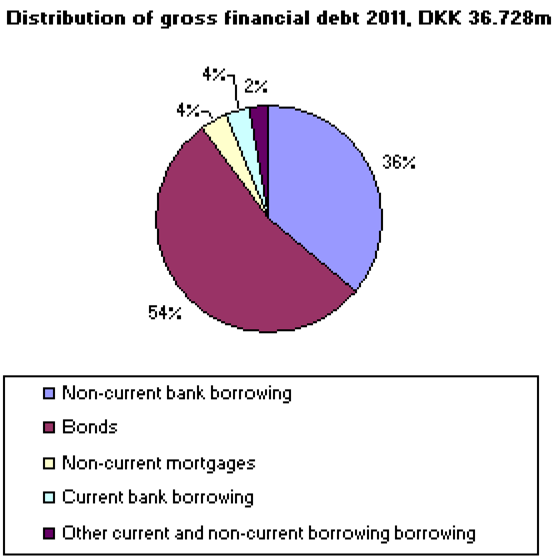
The movement in impairment losses in respect of trade receivables was as follows:

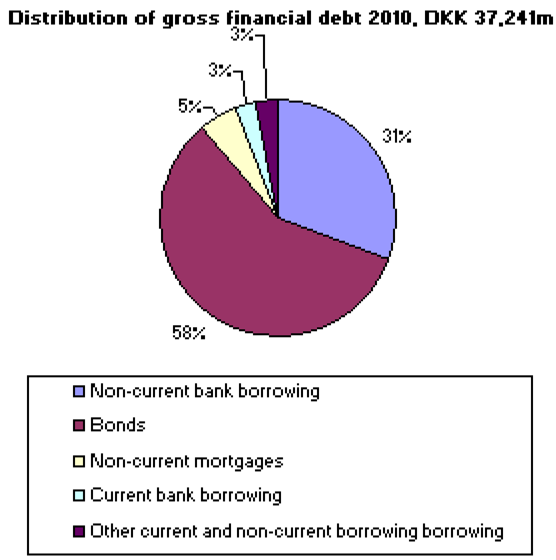
DKK million	Trade receivables	On-trade loans	Other receivables	Total
2011				
Impairment at 1 January	-675	-265	-	-940
Impairment loss recognised	-151	-25	-	-176
Realised impairment losses	61	33	-	94
Reversed impairments	21	25	-	46
Disposals	30	-	-	30
Impairment at 31 December	**-714**	**-232**	**-**	**-946**

DKK million	Trade receivables	On-trade loans	Other receivables	Total
2010				
Impairment at 1 January	-751	-276	-	-1.027
Impairment loss recognised	-133	-83	-	-216
Realised impairment losses	189	82	-	271
Reversed impairments	17	7	-	24
Disposals	3	3	-	6
Impairment at 31 December	**-675**	**-267**	**-**	**-942**

Liquidity risk
Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. The Group's liquidity is managed by Group Treasury. The approach is to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources, and to some extent tapping a diversity of funding sources. At 31 December 2011, the Group had unutilised non-current committed credit facilities of DKK 8,069m (2010: DKK 13,639m).

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





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

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

	2011	2010
Total non-current committed loans and credit facilities	42.208	45.473
Total current and non-current borrowings	-36.728	-37.241
Unused committed non-current credit facilities	5.480	8.232
Cash and cash equivalents	3.108	2.679
Credit resources available	**8.588**	**10.911**

The unused committed non-current credit facilities of DKK 5,479m (2010: DKK 8,232m) are net of non-current and current borrowings, and therefore DKK 2,591m (2010: DKK 5,407m) (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 8,069m (2010: DKK 13,639m).

A few insignificant long-term committed credit facilities include financial covenants with reference to the ratio between net debt and EBITDA. Management monitors this ratio, and at 31 December 2011 there was sufficient headroom below the ratio.

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

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

DKK million	Contractual cash flows	Maturity <1 year	Maturity >1 year <5 years	Maturity >5 years	Carrying amount
					2011
Derivative financial instruments:					
Derivative financial instruments, payables	1.158	535	623	-	1.197
Non-derivative financial instruments:					
Financial debt, gross	36.635	2.591	25.313	8.731	36.728
Interest expense	4.350	1.321	2.811	218	N/A
Trade payables and other liabilities	12.290	12.290	-	-	12.290
Liabilities related to the acquisition of entities	1.136	418	24	694	1.136
Financial liabilities associated with assets held for sale	56	56	-	-	56
Non-derivative financial instruments, total	**54.467**	**16.676**	**28.148**	**9.643**	**-**
Financial liabilities, total	**55.625**	**17.211**	**28.771**	**9.643**	**-**

DKK million	Contractual cash flows	Maturity <1 year	Maturity >1 year <5 years	Maturity >5 years	Carrying amount
					2010
Derivative financial instruments:					
Derivative financial instruments, payables	2.238	1.429	809	-	2.236
Non-derivative financial instruments:					
Financial debt, gross	37.325	5.414	20.555	11.356	37.241
Interest expense	6.072	1.493	3.946	631	N/A
Trade payables and other liabilities	10.698	10.698	-	-	10.698
Liabilities related to the acquisition of entities	1.138	535	91	512	1.138
Non-derivative financial instruments, total	**55.233**	**18.140**	**24.592**	**12.499**	**-**
Financial liabilities, total	**57.471**	**19.569**	**25.401**	**12.499**	**-**

All items are stated at their nominal amounts. Derivative financial instruments are presented gross. Derivative financial instruments are in general traded within the Group's relationship banks. The nominal amount/contractual cash flow of the financial debt is DKK 94m (2010: DKK 82m) higher than the carrying amount. The difference between the nominal amount and the carrying amount at initial recognition is cost that has been capitalised and is amortised over the duration of the borrowings, and the difference between the nominal amount of the bond, which is carried at fair value.

The interest expense is the contractual cash flows expected on the financial gross debt at 31 December 2011. For the part of bank borrowing and mortgages that has been swapped, the expected interest (before swaps but including margin) has been included. The expected net cash flow from the swaps related to the borrowings is included in the contractual cash flow for the derivative financial instrument. It should be noted that the cash flow regarding the interest expenses is estimated cash flow based on the notional amount of the above-mentioned borrowings and forward interest rates at year-end 2011 and 2010. Interest on the debt existing at year-end 2011 and 2010, for which no contractual obligation (current borrowing and part of the amount drawn on cash pools) exists, has been included for a two-year period.

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

DKK million	Note	2011 Carrying amount	2011 Fair Value	2010 Carrying Amount	2010 Fair Value
Securities	18	158	158	129	129
Available-for-sale instruments		**158**	**158**	**129**	**129**
Fair value hedges	36	443	443	108	108
Cash flow hedges	36	43	43	151	151
Net investment hedges	36	13	13	59	59
Derivative financial instruments		**499**	**499**	**318**	**318**
Receivables from the sale of goods and services	19	7.115	7.115	5.057	5.057
On-trade loans	19	2.066	2.066	2.065	2.065
Loans to associates	19	123	123	48	48
Other receivables	19	1.267	1.267	1.391	1.391
Loans to partners	19	230	230	225	225
Cash and cash equivalents	21	3.108	3.108	2.679	2.679
Loans and receivables		**13.909**	**13.909**	**11.689**	**11.465**
Fair value hedges	36	-165	-165	-846	-846
Cash flow hedges	36	-792	-792	-895	-895
Net investment hedges	36	-240	-240	-495	-495
Derivative financial instruments		**-1.197**	**-1.197**	**-2.236**	**-2.236**
Issued bonds	24	19.478	20.157	21.376	22.576
Mortages	24	1.248	1.248	1.248	1.248
Bank borrowings	24	14.440	14.440	12.184	12.177
Finance lease obligations	24	52	52	65	65
Other borrowings	24	812	812	2.368	2.375
Trade payables		10.999	10.999	9.420	9.420
Financial liabilities measured at amortised cost		**47.029**	**47.708**	**46.661**	**47.861**

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

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

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

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

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

On-trade loans. On-trade loans are recognised at amortised cost. Based on discounted cash flows using the interest rates at the end of the reporting period, these loans have a fair value of DKK 2,066m (2010: DKK 2,065m).

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

Note

36 Financial instruments

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

DKK million	2011 Fair value adjustment recognised in income statement	2011 Fair value	2010 Fair value adjustment recognised in income statement	2010 Fair value
Exchange rate instruments	8	284	569	-739
Other instruments	-7	-6	-23	1
Ineffective portion of hedge	10	-	-51	-
Total	**11**	**278**	**495**	**-738**

Value adjustments of fair value hedges and financial derivatives not designated as hedging instruments in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (cf. note 8). In 2011, financial expenses amounted to DKK 11m (2010: DKK 495m).

The ineffective portion of hedge in 2011 is primarily due to reversals of prior years' ineffective portions of interest rate hedges (DKK 11m). For 2010, the ineffective portion related to interest rate hedges designated as cash flow hedges. The total ineffective portion for 2011 is a gain of DKK 10m (2010: loss of DKK -51m).

The fair value of the entire derivative classified as a cash flow hedge is presented in the cash flow hedge section. Other instruments are primarily aluminium hedges, which were not classified as cash flow hedges.

The value of fair value hedges recognised at 31 December amounted to DKK 278m (2010: DKK -738m).

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 that are used in a number of Group entities in Northern & Western Europe and Eastern Europe.

Main financial instruments – overview

Instrument	Maturity	Purpose
EUR 1,000m interest rate swap	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap	2015	Swap of borrowing with 1 month EURIBOR to fixed
Aluminium	2012-2013	Fixing of aluminium risk related to purchase of cans

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

Cash flow hedges

DKK million	2011 Fair value adjustment recognised in other com-prehensive income	2011 Fair value	2011 Expected recognition	2010 Fair value adjustment recognised in other com-prehensive income	2010 Fair value	2010 Expected recognition
Interest rate instruments	156	-669	2012-2015	292	-852	2011-2015
Exchange rate instruments	65	22	2012	-24	-43	2011
Other instruments	-253	-102	2012-2013	42	151	2011-2012
Total	**-32**	**-749**		**310**	**-744**	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK -32m (2010: DKK 310m).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -749m (2010: DKK -744m). This includes the ineffective portion reclassified to the income statement, but does not include the value of cash flow hedges closed and not yet transferred to the income statement.

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

Note

36 Financial instruments

Hedging of net investments in foreign subsidiaries

Changes 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 are 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	2011 Fair value adjustment recognised in other comprehensive income	2011 Fair value	2010 Fair value adjustment recognised in other comprehensive income	2010 Fair value
Exchange rate instruments	-20	-227	-1.069	-436
Total	**-20**	**-227**	**-1.069**	**-436**

Fair value adjustments of net investment hedges and loans classified as additions to net investments in the financial year are recognised in other comprehensive income and amounted to DKK -20m (2010: DKK -1,069m).

The fair value of derivatives used as net investment hedges recognised at 31 December 2011 amounted to DKK -227m (2010: DKK -436m).

	2011				2010			
Million	Hedging of investment, amount in local currency	Addition to net investment, amount in local currency	Total adjustment to other compre-hensive income (DKK)	Income statement (DKK)	Hedging of investment, amount in local currency	Addition to net investment, amount in local currency	Total adjustment to other compre-hensive income (DKK)	Income statement (DKK)
SEK	-4.194	-	-35	-	-390	3.740	-428	-
NOK	-750	3.182	2	-	-750	3.182	134	-
CHF	-460	-	-36	-	-460	-	-429	-
GBP	-70	86	-1	-	-70	90	-2	-
MYR	-450	-	-12	-	-450	-	-137	-5
EUR	-	645	-13	-	-398	663	44	-
RUB	-5.910	-	5	-	-	-	-25	-
PLN	-300	-	31	-	-820	-	-102	-
CNY	-1.250	-	-68	-	-1.250	-	-85	-
HKD	-	2.874	55	-	-	2.810	-40	-
EEK	-	-	-	-	-	-	1	-
USD	184	-	52	-	-	-	-	-
Total			**-20**	**-**			**-1.069**	**-5**

Note

37 Related party disclosures

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, 1799 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. 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.

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

	Associates		Proportionally consolidated entities	
DKK million	**2011**	**2010**	**2011**	**2010**
Revenue	377	379	12	7
Cost of sales	-322	-229	-1	-2
Loans	123	48	161	-
Receivables	233	105	14	11
Borrowings	-107	-150	-	-
Trade payables and other liabilities etc.	-72	-1	-3	-

Note

38 Contingent liabilities and other commitments

The Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 87m (2010: DKK 86m) and for loans etc. raised by third parties (non-consolidated entities) of DKK 762m (2010: DKK 742m).

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.

The Group is party to certain lawsuits, disputes etc. of various scopes. It is management’s opinion that, apart from what is recognised in the statement of financial position or disclosed in the consolidated financial statements, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Group’s financial position.

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

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

Capital commitments

DKK million	2011	2010
Capital commitments which at the end of the reporting period are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Intangible assets	-	5
Property, plant and equipment and construction contracts	763	153
Total	**763**	**158**

Note

39 Operating lease liabilities

2011

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Future lease payments:				
Within one year	205	10	354	569
Between one and five years	332	54	640	1.026
After more than five years	236	-	91	327
Total	**773**	**64**	**1.085**	**1.922**

2010

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Future lease payments:				
Within one year	156	35	354	545
Between one and five years	338	86	666	1.090
After more than five years	232	6	91	329
Total	**726**	**127**	**1.111**	**1.964**

DKK million	2011	2010
Operating lease expenses recognised in the income statement	564	543
Expected future income under non-cancellable subleases (matures within 10 years)	57	84

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

40 Events after the reporting period

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

On 20 February 2012 Carlsberg announced its intent to make a voluntary offer for the remaining outstanding shares in Baltika Breweries. Assuming a successful voluntary offer the Group intends to make a compulsory redemption of any remaining outstanding shares.

NOTE 41 ACCOUNTING POLICIES

The 2011 consolidated financial statements of the Carlsberg Breweries Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

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

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

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

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

The comparative figures have been changed to reflect the effect of the purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in business combinations in accordance with IFRS 3.

New International Financial Reporting Standards (IFRSs) and Interpretations

Implementation of new and amended IFRSs and Interpretations. With effect from 1 January 2011, the following new and amended IFRSs and Interpretations were implemented:
• Amendments to IAS 24 "Related Party Disclosures". The standard changes some definitions of related parties and the requirements on disclosures of transactions with related parties.
• Amendments to IFRIC 14 "Prepayments of a Minimum Funding Requirement".
• IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".
• Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfer of Assets". The amendments change disclosures on financial instruments in a transfer of assets.
• Improvements to IFRSs issued in May 2010.

The implementation of the new and amended IFRSs and Interpretations has not changed the recognition and measurement for 2011 from the principles used in prior years. The accounting policies used in the preparation of the consolidated financial statements are consistent with those of last year.

New and amended IFRSs and Interpretations not yet adopted by the EU.
In addition, the following new or amended IFRSs and Interpretations of relevance to the Carlsberg Breweries Group have been issued but not yet adopted by the EU:
• Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". The amendments provide further guidance on deferred tax on investment properties and are therefore not relevant to the Group. The amendments are effective for financial years beginning on or after 1 January 2012.
• Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income". The amendments are effective for financial years beginning on or after 1 January 2012.
• IFRS 9 "Financial Instruments" most recently revised in November 2010. As further changes to the standard are being drafted and planned, the impact of the final standard on the consolidated financial statements cannot yet be estimated. The standard is effective for financial years beginning on or after 1 January 2015.
• IFRS 10 "Consolidated Financial Statements". The standard changes the definition of control over an entity following which de facto control will result in full consolidation of the entity and potential voting rights could require full consolidation. The standard is effective for financial years beginning on or after 1 January 2013.

• IFRS 11 “Joint Arrangements”. The standard supersedes IAS 31 “Interests in Joint Ventures” and eliminates the possibility of pro rata consolidation of joint ventures. The standard distinguishes between joint ventures (recognised according to the equity method) and joint arrangements (pro rata consolidation). The standard changes the Group’s recognition and measurement of joint ventures. The standard is effective for financial years beginning on or after 1 January 2013.
• IFRS 12 “Disclosure of Interests in Other Entities”. The standard defines disclosure requirements for consolidated entities, and for joint ventures and associates recognised according to the equity method. The standard is effective for financial years beginning on or after 1 January 2013.
• IFRS 13 “Fair Value Measurement”. The standard supersedes the definitions of fair value in the individual IFRSs and requires further disclosure of fair value estimates. The standard does not change recognition and measurement for the Group. The standard is effective for financial years beginning on or after 1 January 2013.
• Amendments to IAS 27 “Separate Financial Statements”. The standard contains requirements for the accounting treatment of and disclosures for investments in subsidiaries, joint ventures and associates in parent company financial statements. The standard does not change recognition and measurement for the Parent Company. The standard is effective for financial years beginning on or after 1 January 2013.
• Amendments to IAS 28 “Investments in Associates and Joint Ventures”. The standard prescribes the accounting treatment of investments in joint ventures and associates according to the equity method. The standard does not change recognition and measurement for the Group. The standard is effective for financial years beginning on or after 1 January 2013.
• Amendments to IAS 19 “Employee Benefits”. The standard is effective for financial years beginning on or after 1 January 2013.
• IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine”. The Interpretation is not relevant to the Group.
• Improvements to IFRSs issued in June 2011.

Implementation of IFRS 10, IFRS 11 and the amendment to IAS 28 will change the Group’s accounting policies from pro rata consolidation of joint ventures to accounting for these according to the equity method. The change in the consolidation method will be assessed for each individual shareholding taking the changed guidance on assessment of control into consideration. The changes are not expected to have any material effect on the Group’s profit.

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2011. The Carlsberg Breweries Group expects to adopt the Standards and Interpretations when they become mandatory.

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 Carlsberg Breweries 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 interest.

A Group chart is included in note 42.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the Parent Company, subsidiaries and proportionally consolidated entities prepared according to the Group accounting policies. On consolidation, intra-Group income and expenses, shareholdings, 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 is included in the Group's profit/loss and equity respectively, but is disclosed separately.

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

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

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

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency other than the presentation currency used in the Carlsberg 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.

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

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

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

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

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

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

Partial disposal of investments with loss of control. When the Group loses control of a subsidiary through a partial disposal of its shareholdings or voting rights, the retained shareholdings in the entity are classified as an associate or a security depending on the level of control after the disposal. The shareholding in the associate or security held immediately after the partial disposal is remeasured at fair value at the date of disposal. The fair value is measured as the cost of the shareholding in the associate or security. The resulting gain or loss is recognised in the income statement under special items.

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 remeasured at fair value.

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

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

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

Foreign currency translation. For each of the reporting entities in the Group, a functional currency is determined. The functional currency is the primary currency used for the reporting entity's operations.

Transactions denominated in currencies other than the functional currency are considered transactions denominated in foreign currencies.

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

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

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

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity is recognised in the consolidated financial statements in other comprehensive income if the balance is denominated in the functional currency of the Parent Company or the foreign entity.

Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which is designated as hedges of investments in foreign entities with a functional currency other than 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 other comprehensive income and attributed to a separate translation reserve in equity.

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

On complete or partial disposal of a foreign entity or on repayment of balances which constitute part of the net investment in the foreign entity, the share of the cumulative amount of the exchange differences recognised in other comprehensive income relating to that foreign entity is recognised in the income statement when the gain or loss on disposal is recognised.
Prior to translation of the financial statements of foreign entities in countries with hyperinflation, the financial statements are inflation-adjusted for changes in purchasing power in the local currency. Inflation adjustment is based on relevant price indexes at the end of the reporting period.

Hyperinflation. The financial statements of foreign entities whose functional currency is the currency of a hyperinflationary market are stated in terms of the measuring unit current at the end of the reporting period using a general price index. Non-monetary assets are restated to the current purchasing power at the reporting date from the value on the date when they were first recognised in the financial statements (or the value on 1 January 2004 when the Group adopted IFRS). The gain/loss is recognised in other comprehensive income. Gain/loss on the net monetary position is recognised as financial income or expenses in the income statement. Income statement items are restated from the value on the transaction date to the value on the reporting date except for items related to non-monetary assets, such as depreciation and amortisation and consumption of inventories etc. Deferred tax is adjusted accordingly. The comparative figures for the Group are not restated in terms of the measuring unit current at the end of the reporting period.

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

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

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

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

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

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

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

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

Income statement

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

Royalty and licence fees are recognised when earned according to the terms of the licence agreements.

Revenue is measured excl. VAT and duties, including excise duties on beer and soft drinks, and discounts.

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

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

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

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

Special items. Special items include significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments, as well as any gains or losses arising from disposals in this connection which have a material effect over a given period. This item also includes significant non-recurring items, including impairment of goodwill (including goodwill in joint ventures and associates) and trademarks and gains and losses on the disposal of activities, revaluation of shareholdings in an entity held immediately before a step acquisition of that entity and transaction cost in a business combination.

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

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

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

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

Tax on profit/loss for the year. Tax for the year comprises current tax and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to other comprehensive income is recognised in other comprehensive income. Carlsberg 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. 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.

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 selfconstructed 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.

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 life
Useful life, normally maximum 20 years
Software etc.
Normally 3-5 years. Group-wide systems developed as an integrated part of a major business development programme: 5-7 years
Delivery rights
Depending on contract; if no contract term has been agreed, normally not exceeding 5 years
Customer agreements/relationships
Depending on contract with the customer. When no contract exists, normally not exceeding 20 years

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

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

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

Tangible assets

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

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

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

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

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

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

Hardware 3-5 years

Land is not depreciated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 life are subject to an annual impairment test, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment, 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 life 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 impairment test is performed for the individual asset or in combination with related assets which form an integrated cash-generating unit. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount of the asset or the cashgenerating 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 connection with the statement of changes in equity.

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

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

Proceeds from the sale of treasury shares in connection with the exercise of share options are recognised directly in equity.

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

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

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

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

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

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

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

Contributions to defined contribution plans are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the statement of financial position as other payables.

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

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

If changes in benefits relating to services rendered by employees in previous years result in changes in the actuarial present value, the changes are recognised as historical costs. Historical costs are recognised immediately, provided employees have already earned the changed benefits. If employees have not earned the benefits, the historical costs are recognised in the income statement over the period in which the changed benefits are earned by the employees. If a retirement benefit plan constitutes a net asset, the asset is only recognised if it offsets future refunds from the plan or will lead to reduced future payments to the plan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Other liabilities are measured at amortised cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of cash flows

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

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

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

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

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

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

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

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

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

Segment information

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

Financial ratios

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

Other financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2010", unless specifically stated.

The key figures and financial ratios stated in the consolidated financial statements have been calculated as follows:

Cash flow per share (CFPS). Cash flow from operating activities divided by the number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[1].

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[1].

Equity ratio. Equity attributable to shareholders in Carlsberg Breweries A/S at year-end as a percentage of total assets at year-end.

Financial gearing. Net interest-bearing debt[2] at year-end divided by total equity at year-end.

Free cash flow per share (FCFPS). Free cash flow[3] divided by average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33[1].

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

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

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

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

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

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

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

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

Return on average invested capital, including goodwill (ROIC). Operating profit before special items as a percentage of average invested capital[4].

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

1 The dilutive effect is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share options and the number of shares that could be issued assuming that the options are exercised.
2 The calculation of net interest-bearing debt is specified in note 33.
3 The calculation of free cash flow is specified in the statement of cash flows.
4 The calculation of invested capital is specified in note 32.

42 Group companies

Carlsberg Breweries A/S

				Ownership share [1)]	Nominal share capital ('000)	Currency	Exchange rate
Northern & Western Europe							
Carlsberg Danmark A/S, Copenhagen, Denmark	1 subsidiary		○	100%	100.000	DKK	100,00
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries		○	100%	70.000	SEK	83,42
Ringnes a.s., Oslo, Norway	2 subsidiaries		○	100%	238.714	NOK	95,88
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96.707	EUR	743,42
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	4 subsidiaries		○	100%	26.897	EUR	743,42
Nordic Getränke GmbH, Germany	13 subsidiaries		■	50%	1.000	EUR	743,42
Holsten-Brauerei AG, Hamburg, Germany	4 subsidiaries		○	100%	41.250	EUR	743,42
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	743,42
Carlsberg Polska S. A., Warszawa, Poland	1 subsidiary		○	100%	28.721	PLN	166,76
Saku Õlletehase AS, Estonia			○	100%	80.000	EUR	743,42
A/S Aldaris, Latvia			○	89%	7.500	LVL	1.062,79
Svyturys-Utenos Alus AB, Lithuania			○	99%	118.000	LTL	215,31
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	890,00
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90.004	GBP	890,00
Emeraude SAS, France	6 subsidiaries	5)	○	100%	405.037	EUR	743,42
Brasseries Kronenbourg SAS, France	6 subsidiaries		○	100%	547.891	EUR	743,42
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95.000	CHF	611,57
Carlsberg Italia S.p.A., Lainate, Italy	3 subsidiaries		○	100%	82.400	EUR	743,42
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	5 subsidiaries	5)	♦	44%	50.000	EUR	743,42
Mythos Brewery S.A., Greece			○	100%	39.405	EUR	743,42
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2.989.921	CSD	7,10
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239.932	HRK	98,72
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37.325	BGN	380,11
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	380,11
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25.400	HUF	2,36
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	(-)	CAD	562,56
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	5.000	CAD	562,56
Investeringselskapet RH, Oslo, Norway	7 subsidiaries		○	100%	49.900	NOK	95,88
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary		○	100%	287.457	SEK	83,42
Baltic Beverages Eesti, Estonia			○	100%	400	EUR	743,42
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18.198	EUR	743,42
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	574,56
Eastern Europe							
Baltika Breweries, St. Petersburg, Russia	4 subsidiaries	2)	○	85%	164.364	RUB	17,84
Baltika - Baku Brewery, Baku, Azerbaijan			○	100%	26.849	AZN	731,10
Slavutich Brewery, Ukraine	2 subsidiaries		○	95%	853.692	UAH	72,19
Olivaria, Belarus	1 subsidiary		○	68%	61.444.801	BYR	0,07
Carlsberg Kazakhstan Ltd., Kazakhstan	1 subsidiary		○	99%	4.820.426	KZT	3,88
UzCarlsberg LLC, Uzbekistan		5)	○	100%	35.217.146	UZS	0,32
Baltic Beverages Invest AB, Stockholm, Sweden			○	100%	11	EUR	743,42
BBH – Baltic Beverages Holding AB, Stockholm, Sweden			○	100%	12.000	EUR	743,42
Asia							
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	2 subsidiaries		○	100%	260.000	HKD	73,96
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	99%	442.330	CNY	91,12
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	79.528	CNY	91,12
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	10 subsidiaries		○	65%	105.480	CNY	91,12
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194.351	CNY	91,12
Dali Beer (Group) Limited Company, Dali, China			○	100%	97.799	CNY	91,12
Chongqing Brewery Co. Ltd., China	8 subsidiaries	2,5)	■	30%	483.971	CNY	91,12
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380.000	CNY	91,12
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210.000	CNY	91,12
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85.000	CNY	91,12
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15.000	CNY	91,12
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16.620	CNY	91,12
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		2)	○	51%	154.039	MYR	181,08
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10.000	MYR	181,08
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	181,08
Luen Heng F&B Sdn BHD Selangor Darul Ehsan, Malaysia			○	70%	5.000	MYR	181,08
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1.000	SGD	442,01
The Lion Brewery Ceylon, Biyagama, Sri Lanka		2)	■	25%	850.000	LKR	5,04

42 Group companies

Carlsberg Breweries A/S

				Ownership share [1]	Nominal share capital ('000)	Currency	Exchange rate
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary		■	50%	100.000	TWD	18,97
Cambrew Pte Ltd, Singapore		5)	♦	50%	21.720	SGD	442,01
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	♦	50%	125.000	USD	574,56
Carlsberg IndoChina, Vietnam			○	100%	8.000	VND	0,03
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212.705.000	VND	0,03
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10.778.000	VND	0,03
Hue Brewery Ltd., Hue, Vietnam			○	100%	216.788.000	VND	0,03
Hanoi Vung Tau Joint Stock, Vietnam			■	58%	345.190.377	VND	0,03
Halong Beer and Beverage, Vietnam			■	31%	9.000.000.000	VND	0,03
Hanoi Beer Company, Vietnam		5)	■	17%	2.318.000.000	VND	0,03
Lao Brewery Co. Ltd., Vientiane, Laos			○	51%	14.400.000	LAK	0,07
CB Distribution Co. Ltd., Thailand			○	100%	100.000	THB	18,14
Carlsberg India Pvt Ltd., India			♦	94%	618.288	INR	10,83
Parag Breweries Ltd, India			♦	100%	5.200	INR	10,83
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	3,5)	○	50%	1.267.128	MWK	3,51
Brewery Invest Pte. Ltd, Singapore			○	100%	3.200	SGD	442,01
Caretech Ltd, Hong Kong, China		5)	♦	50%	10.000	HKD	73,96
South Asian Breweries Pvt. Ltd., Singapore			♦	56%	200.000	SGD	442,01
Carlsberg Asia Pte Ltd., Singapore			○	100%	54.914	SGD	442,01

Not allocated

Danish Malting Group A/S, Vordingborg, Denmark			○	100%	100.000	DKK	100,00
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			○	100%	20.000	PLN	166,76
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25.000	DKK	100,00
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1.000	DKK	100,00
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary		○	100%	31.000	DKK	100,00
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50.000	DKK	100,00
Carlsberg Insurance A/S, Copenhagen, Denmark			○	100%	25.000	DKK	100,00
Vores By CB P/S, Copenhagen, Denmark			○	100%	1.000	DKK	100,00
Carlsberg Accounting Centre Sp. z.o.o., Poznan, Poland			○	100%	50	PLN	166,76

○ Subsidiaries

♦ Proportionally consolidated entities

■ Associate

1) For some entities the consolidation percentage is higher than the ownership share due to financial arrangements

2) Listed company

3) Carlsberg is responsible for management

4) A separate annual report is not prepared

5) Company not audited by KPMG

Financial statements 2011

Notes

Carlsberg Breweries A/S - Parent Company

Income statement

	Note	2011 DKK million	2010 DKK million
Net revenue		**2.045**	**1.880**
Cost of sales	2	-846	-644
Gross profit		**1.199**	**1.236**
Sales and distribution expenses	3	-693	-725
Administrative expenses	4	-549	-639
Other operating income	5	262	541
Other operating expenses	5	-50	-3
Operating profit before special items		**169**	**410**
Special items, net	6	216	-73
Financial income	7	2.445	2.325
Financial expenses	7	-2.212	-3.540
Profit before tax		**618**	**-878**
Corporation tax	8	-229	263
Profit for the year		**389**	**-615**
Attributable to:			
Reserves		389	-615

Statement of comprehensive Income

	Note	2011 DKK million	2010 DKK million
Profit for the year		**389**	**-615**
Other comprehensive income:			
Value adjustments of hedging instruments	27	127	310
Other		-	-2
Corporation tax	8	78	-68
Other comprehensive income		**205**	**240**
Total comprehensive income		**594**	**-375**

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

Assets	Note	31 Dec. 2011 DKK million	31 Dec. 2010 DKK million
Non-current assets:			
Intangible assets	11, 12	1.119	1.125
Property, plant and equipment	12, 13	14	10
Investments in subsidiaries	14	67.538	67.169
Investments in associates and joint ventures	15	2.748	3.048
Securities	16	11	11
Receivables	17	4.284	4.266
Deferred tax assets	18	278	474
Total non-current assets		**75.992**	**76.103**
Current assets:			
Trade receivables	17	1.058	1.127
Other receivables	17	21.997	18.258
Prepayments		31	1
Cash and cash equivalents	19	15	46
Total current assets		**23.101**	**19.432**
Assets held for sale		-	7
Total assets		**99.093**	**95.542**

Carlsberg Breweries A/S - Parent Company

Statement of financial position

Equity and liabilities	Note	31 Dec. 2011 DKK million	31 Dec. 2010 DKK million
Equity:			
Share capital	20	501	501
Hedging reserves		-1.034	-1.239
Retained earnings		45.424	44.999
Total equity		**44.891**	**44.261**
Non-current liabilities:			
Borrowings	21	32.064	29.481
Provisions	22	97	101
Other liabilities	23	-	476
Total non-current liabilities		**32.161**	**30.058**
Current liabilities:			
Borrowings	21	19.049	17.852
Trade payables		553	632
Deposits on returnable packaging		28	31
Provisions	22	-	9
Other liabilities, etc.	23	2.411	2.699
Total current liabilities		**22.041**	**21.223**
Total liabilities		**54.202**	**51.281**
Total equity and liabilities		**99.093**	**95.542**

Carlsberg Breweries A/S - Parent Company

Statement of changes in equity

2011
DKK million

	Shareholders in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2011	501	-1.239	44.999	44.261
Profit for the year	-	-	389	389
Other comprehensive income:				
Value adjustments of hedging instruments	-	127	-	127
Corporation tax	-	-32	110	78
Other comprehensive income	-	**95**	**110**	**205**
Total comprehensive income for the year, cf. separate statement	**-**	**205**	**389**	**594**
Share-based payment	-	-	3	3
Share-based payment - exercises	-	-	33	33
Total changes in equity	**-**	**205**	**425**	**630**
Equity at 31 December 2011	**501**	**-1.034**	**45.424**	**44.891**

2010
DKK million

	Shareholders in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2010	501	-1.479	45.664	44.686
Profit for the year	-	-	-615	-615
Other comprehensive income:				
Value adjustments of hedging instruments	-	310	-	310
Other	-	-2	-	-2
Corporation tax	-	-68	-	-68
Other comprehensive income	**-**	**240**	**-**	**240**
Total comprehensive income for the year, cf. separate statement	**-**	**240**	**-615**	**-375**
Share-based payment	-	-	17	17
Share-based payment - exercises	-	-	-67	-67
Total changes in equity	**-**	**240**	**-665**	**-425**
Equity at 31 December 2010	**501**	**-1.239**	**44.999**	**44.261**

No dividend (2010: No dividend) is proposed for the year. No dividends are paid out in 2011 for 2010 (no dividends are paid out in 2010 for 2009). 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	2011 DKK million	2010 DKK million
Operating profit before special items		169	410
Adjustment for depreciation and amortisation		15	18
Operating profit before depreciation, amortisation and impairment losses		**184**	**428**
Adjustment for other non-cash items	24	-4	-257
Change in working capital	24	112	-408
Restructuring costs paid		-37	-48
Interest etc. received		1.026	996
Interest etc. paid		-2.255	-2.590
Corporation tax paid		46	3
Cash flow from operating activities		**-928**	**-1.876**
Acquisition of property, plant and equipment and intangible assets		-13	-815
Total operational investments		**-13**	**-815**
Acquired / disposed subsidiaries, net		-	-228
Capital injection in subsidiaries		-553	-96
Acquisitions of associated companies		-26	-16
Change in financial receivables		-58	-171
Dividends received		1.202	1.119
Total financial investments		**565**	**608**
Cash flow from investing activities		**552**	**-207**
Free cash flow		**-376**	**-2.083**
External financing[2]	24	295	2.109
Cash flow from financing activities		**295**	**2.109**
Net cash flow		**-81**	**26**
Cash and cash equivalents at 1 January[1]		46	11
Foreign exchange adjustment of cash and cash equivalents at 1 January		-	9
Cash and cash equivalents at 31 December[2]	19	**-35**	**46**

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

[2] 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 31.

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.

Most economies are currently facing a challenging consumer environment and a limited visibility into consumer reactions to the uncertain macro environment, especially in Europe. The consumption recovery in some markets, including Russia, has been significantly impacted by excise duty increases. The impact on the business development and 2011 financials is described in the Management review, especially the sections describing the segment developments.

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 41 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 18.

Note

2 Cost of sales

	2011 DKK million	2010 DKK million
Purchased finished goods and other costs	846	644
Total	**846**	**644**

3 Sales and distribution expenses

	2011 DKK million	2010 DKK million
Marketing expenses	490	536
Sales expenses	76	60
Distribution expenses	127	129
Total	**693**	**725**
Of which staff cost note 9	115	104

4 Fees to auditors appointed by the Annual General Meeting

	2011 DKK million	2010 DKK million
KPMG:		
Statutory audit	2	3
Assurance engagements	-	-
Tax advisory	2	1
Other services	2	-

Note

5 **Other operating income and expenses**

	2011 DKK million	2010 DKK million
Other operating income:		
Management fee from group companies	251	264
Gains on disposal of other property, plant and equipment and intangible assets	3	268
Other	8	9
Total	**262**	**541**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets etc.	-50	-3
Total	**-50**	**-3**

6 **Special items**

	2011 DKK million	2010 DKK million
Gain on disposal of investments in subsidiaries to group companies	244	24
Loss on disposal of investments in subsidiaries	-	-7
Loss on disposal of investments in subsidiaries to group companies	-	-25
Restructuring cost	-28	-35
Other	-	-30
Special items, net	**216**	**-73**

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

	2011	2010
Cost of sales	-	-31
Administrative expenses	-17	1
Other operating expenses	-11	-
Financial income	244	24
Financial expenses	-	-67
Special items, net	**216**	**-73**

Note

7 Financial income and financial expenses

	2011 DKK million	2010 DKK million
Financial items recognised in the income statement		
Interest income	1.039	992
Dividends from subsidiaries and associates	1.200	1.118
Fair value adjustments of financial instruments, net, cf. note 27	122	213
Foreign exchange gains, net	71	-
Realised gains on disposal of associates and securities	-	2
Other financial income	13	-
Total	**2.445**	**2.325**

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

	2011 DKK million	2010 DKK million
Interest expenses	1.991	2.178
Fair value adjustments of financial instruments, net, cf. note 27	166	1.044
Realised foreign exchange losses, net	-	286
Realised losses on disposal of securities	-	4
Other financial expenses	55	28
Total	**2.212**	**3.540**
Net financial items recognised in the income statment	**233**	**-1.215**

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

	2011 DKK million	2010 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	-185	-239
Net change in fair value of cash flow hedges transferred to income statement	312	549
Net financial items recognised in other comprehensive income	**127**	**310**
Total net financial items recognised in comprehensive income	**360**	**-905**

Note

8 Corporation tax

	2011			2010		
	Total Comprehensive income	Other comprehensive income	Income statement	Total Comprehensive income	Other comprehensive income	Income statement
Tax for the year can be specified as follows:						
Current tax	11	-	11	5	-	5
Change in deferred tax during the year	250	-32	218	-192	-78	-270
Adjustments to tax for previous years	-110	110	-	-8	10	2
Total	**151**	**78**	**229**	**-195**	**-68**	**-263**

Reconciliation of the effective tax rate for the year:	**2011**	**2010**
Tax rate in Denmark	-25,0%	-25,0%
Adjustments to tax for previous years	0,0%	0,2%
Non-capitalised tax assets	-56,5%	23,6%
Non-taxable income	48,5%	-32,4%
Non-deductible expenses	-1,4%	0,7%
Special items	0,3%	1,9%
Withholding taxes	-1,8%	0,6%
Other	-1,1%	0,0%
Effective tax rate for the year	**-37,0%**	**-30,4%**

Tax recognised in other comprehensive income:

	2011			2010		
DKK million	Recognised item before tax	Tax expense/ benefit	Net of tax	Recognised item before tax	Tax expense/ benefit	Net of tax
Hedging instruments	127	78	205	311	-68	243
Other expenses recognised in other comprehensive income	-	-	-	-2	-	-2
Total	**127**	**78**	**205**	**309**	**-68**	**241**

The change in deferred tax recognised in the income statement can be broken down as follows:	**2011**	**2010**
	DKK million	DKK million
Tax losses	182	-191
Intangible assets and property, plant and equipment etc.	36	-79
Deferred tax recognised in income statement	**218**	**-270**

Adjustment for tax for previous years, DKK 110m (2010: DKK 10m), is included in the tax expense for hedging instruments

Note

9

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

	2011 DKK million	2010 DKK million
Salaries and other remuneration	399	453
Severance pay	13	6
Social security costs	2	3
Retirement benefit costs - defined contribution plans	27	26
Share-based payment	-4	17
Other employee benefits	5	5
Total	**442**	**510**

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

	2011	2010
Sales and distribution expenses	115	104
Administrative expenses	327	406
Total	**442**	**510**

The Company had an average of 354 (2010: 326) full-time employees during the year.

Remuneration of Group Executive Board

Remuneration of Group Executive Board is based on a fixed salary, cash bonus payments and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes and incentive schemes have been established for the Group Executive Board. These programmes and schemes cover a number of years. The remuneration is specified in note 10.

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

Remuneration of the Group Executive Board and Supervisory Board as well as their holdings of shares in the Company are specified in note 12 to the consolidated financial statements.

10 Share-based payment

In 2011, a total of 61,200 (2010: 68,100) share options were granted to 3 (2010: 28) employees. The grant date fair value of these options was a total of DKK 11m (2010: DKK 12m). The total cost of share-based payment was DKK 13m (2010: DKK 16m), 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 16m (2010: DKK 18m). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK -33m (2010: DKK 59m).

Share option programme	Number					Exercise price
	Executive board	Key management personnel	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2009	**234.225**	**81.768**	**198.136**	**289.709**	**722.070**	**334,56**
Granted	30.000	18.500	38.100	-	68.100	417,34
Forfeited/expired	-	-	-7.038	-1.951	-8.989	306,00
Exercised	-9.105	-3.716	-7.711	-78.118	-94.934	242,84
Transferred	-	-	-44.519	47.321	2.802	410,21
Share options outstanding 31 December 2010	**255.120**	**96.552**	**176.968**	**256.961**	**689.049**	**355,84**
Granted	60.000	1.200	-	-	61.200	566,78
Forfeited/expired	-	-	-713	-	-713	334,28
Exercised	-13.008	-1.951	-19.265	-40.835	-75.059	305,17
Transferred	-	-34.752	5.934	34.752	5.934	350,94
Share options outstanding 31 December 2011	**302.112**	**61.049**	**162.924**	**250.878**	**680.411**	**345,88**
Exercisable at 31 December 2010	75.568	23.628	17.179	140.417	256.792	268,07
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,00%	0,01%	0,05%	0,07%	
Exercisable at 31 December 2011	152.112	30.349	33.436	219.526	435.422	421,60
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,00%	0,01%	0,03%	0,05%	

Assumptions									2011	2010
Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at measurement date	Options outstanding	Options outstanding
Share option programme:										
01.03.2003	01.03.2011	Grant 2003	173,12	25%	4,1%	1,8%	5,5	126,35	-	14.959
01.03.2004	01.03.2012	Grant 2004	216,65	29%	3,5%	1,8%	5,5	81,51	18.860	45.609
01.03.2005	01.03.2013	Grant 2005	232,71	27%	3,1%	1,7%	5,5	74,27	46.661	54.713
01.03.2006	01.03.2014	Grant 2006	306,89	19%	3,3%	1,3%	5,5	89,37	62.248	64.313
01.03.2007	01.03.2015	Grant 2007	472,11	19%	3,9%	1,0%	5,5	136,67	78.333	79.985
01.03.2008	01.03.2016	Grant 2008	457,82	22%	3,6%	1,1%	5,5	141,72	81.958	92.081
01.06.2008	01.06.2016	Special grant	531,80	23%	4,3%	0,9%	5,5	181,08	107.363	117.686
01.09.2008	01.09.2016	Special grant	448,18	27%	4,3%	1,3%	5,5	128,83	40.000	40.000
01.03.2009	01.03.2017	Grant 2009	203,50	52%	3,0%	1,7%	5,5	88,41	116.626	113.202
01.03.2010	01.03.2018	Grant 2010	417,34	30%	3,1%	0,8%	8,0	154,23	67.163	66.500
01.03.2011	01.03.2019	Grant 2011	566,78	25%	2,9%	0,9%	8,0	180,5	61.200	
Total outstanding share options under the share options programme									**680.411**	**689.048**

The average share price at the exercise date for share options was DKK 575 (2010: DKK 534).

At 31 December 2011, the exercise price for outstanding share options was in the range of DKK 203.50 to DKK 566.78 (2010: DKK 173.12 to DKK 531.80). The average remaining contractual life was 4.2 years (2010: 4.7 years).

Long-term incentive programme (up to 2010)

In 2010, a total of 42,753 share options under the long-term incentive programme were granted to 22 employees. The grant date fair value of these options was a total of DKK 6m. In 2010, DKK 2m was recognised in respect of share options granted in the year. The total cost/(income) recognised of long-term incentive programme in 2011 was DKK -6m (2010: DKK 2m) in respect of options granted in the period 2008-2010 (2010: 2008-2010).

	Number					Exercise price
	Executive board	Key management personnel	Other employees	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2009	**-**	**15.397**	**43.340**	**16.535**	**75.272**	**423,12**
Granted	-	19.957	22.796	-	42.753	558,50
Adjustment	-	1.523	21.946	4.996	28.465	434,85
Forfeited/expired	-	-	-44.096	-13.110	-57.206	399,05
Share options outstanding 31 December 2010	**-**	**36.877**	**43.986**	**8.421**	**89.284**	**532,21**
Adjustment	-	3.932	3.629	-	7.561	562,57
Transferred	-	-13.181	-	13.181	-	538,92
Forfeited/expired	-	-27.628	-47.615	-21.602	-96.845	536,71
Share options outstanding 31 December 2011	**-**	**-**	**-**	**-**	**-**	**-**

Assumptions									2011	2010
Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at measurement date	Options outstanding	Options outstanding
Long-term incentive programme (up to 2010):										
01.01.2009	01.01.2015	LTI 09-11 year 1 (final)	417,34	30%	2,4%	0,8%	5,0	136,10	-	16.631
01.01.2009	01.01.2015	LTI 09-11 year 2 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	-	14.950
01.01.2009	01.01.2015	LTI 09-11 year 2 (final)	566,78	25%	2,2%	0,9%	5,0	122,85	-	-
01.01.2009	01.01.2015	LTI 09-11 year 3 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	-	14.950
01.01.2010	01.01.2016	LTI 10-12 year 1 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	14.251
01.01.2010	01.01.2016	LTI 10-12 year 1 final)	566,78	25%	2,5%	0,9%	5,0	140,16	-	-
01.01.2010	01.01.2016	LTI 10-12 year 2 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	14.251
01.01.2010	01.01.2016	LTI 10-12 year 3 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	-	14.251
Total outstanding share options under the long-term incentive programme (up to 2010)									**-**	**89.284**

There are no exercisable share options in the long-term incentive programme as at 31 December 2011.

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

Note

11 Intangible assets

2011 DKK million

	Trademarks	Other intangible assets	Prepayments	Total
Cost:				
Cost at 1 January 2011	1.108	26	26	1.160
Additions	-	4	-	4
Transfers	-	4	-4	-
Cost at 31 December 2011	**1.108**	**34**	**22**	**1.164**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2011	10	25	-	35
Amortisation	8	2	-	10
Amortisation and impairment losses at 31 December 2011	**18**	**27**	**-**	**45**
Carrying amount at 31 December 2011	**1.090**	**7**	**22**	**1.119**

	2011 DKK million	2010 DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	7	4
Administrative expenses	1	2
Total	**8**	**6**

2010 DKK million

	Trademarks	Other intangible assets	Prepayments	Total
Cost:				
Cost at 1 January 2010	312	28	9	349
Additions	796	-1	17	812
Cost at 31 December 2010	**1.108**	**26**	**26**	**1.160**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2010	6	22	-	28
Amortisation	4	3	-	7
Amortisation and impairment losses at 31 December 2010	**10**	**25**	**-**	**35**
Carrying amount at 31 December 2010	**1.098**	**1**	**26**	**1.125**

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 2011 included capitalised software costs of DKK 5m (2010: DKK 0m).

Note

12 Impairment test

At 31 December 2011 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 2011. 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.

Note

13 Property, plant and equipment

2011, DKK million

	Land and buildings	Fixtures and fittings, other plant and equipment	Assets under construction	Total
Cost:				
Cost at 1 January 2011	-	33	-	33
Additions	5	3	1	9
Disposals	-	-2	-	-2
Cost at 31 December 2011	**5**	**34**	**1**	**40**
Depreciation and impairment losses:				
Depreciation and impairment losses at 1 January 2011	-	23	-	23
Disposals	2	3	-	5
Depreciation	-	-2	-	-2
Depreciation and impairment losses at 31 December 2011	**2**	**24**	**-**	**26**
				-
Carrying amount at 31 December 2011	**3**	**10**	**1**	**14**
Carrying amount of assets pledged as security for loans	-	-	-	-

	2011 DKK million	2010 DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2	2
Administrative expenses	3	10
Total	**5**	**12**

2010, DKK million

	Land and buildings	Fixtures and fittings, other plant and equipment	Assets under construction	Total
Cost:				
Cost at 1 January 2010	141	27	2	170
Additions	-	3	-	3
Transfers	-141	3	-2	-140
Cost at 31 December 2010	**-**	**33**	**-**	**33**
Depreciation and impairment losses:				
Depreciation and impairment losses at 1 January 2010	87	21	-	108
Depreciations	10	2	-	12
Transfers	-97	-	-	-97
Depreciation and impairment losses at 31 December 2010	**-**	**23**	**-**	**23**
Carrying amount at 31 December 2010	**-**	**10**	**-**	**10**
Carrying amount of assets pledged as security for loans	-	-	-	-

Note

14 Investments in subsidiaries

	2011 DKK million	2010 DKK million
Cost:		
Cost at 1 January	71.702	69.786
Acquisition of entities	-	228
Additions	560	1.626
Transfers	-144	822
Disposal of entities to group companies	-48	-759
Cost at 31 December	**72.071**	**71.702**
Value adjustments:		
Value adjustments at 1 January	-4.533	-4.520
Impairment losses	-	-13
Value adjustments at 31 December	**-4.533**	**-4.533**
Carrying amount at 31 December	**67.538**	**67.169**

Value adjustments 2010

Impairment losses in 2010 relate to investments in Carlsberg Hungary. Impairment losses are primarily attributable to deterioration in business conditions and amounts to DKK -13m.

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 15 to the consolidated financial statements.

Note

15 Associates and joint ventures

	2011 DKK million	2010 DKK million
Cost:		
Cost at 1 January	3.051	4.179
Acquisition of entities	26	-
Transfers	-326	-1.144
Cost at 31 December	**2.751**	**3.051**
Value adjustments:		
Value adjustments at 1 January	-3	-3
Value adjustments at 31 December	**-3**	**-3**
Carrying amount at 31 December	**2.748**	**3.048**

No indications of impairment of investments in associates and joint ventures have been identified, and accordingly no impairment tests have been performed.

16 Securities

	2011 DKK million	2010 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 2011 and 2010.

Note

17 Receivables

	2011 DKK million	2010 DKK million
Receivables are included in the statement of financial position as follows:		
Trade receivables	1.058	1.127
Other receivables	21.997	18.258
Total current receivables	**23.055**	**19.385**
Non-current receivables	4.284	4.266
Total	**27.339**	**23.651**

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.

	2011 DKK million	2010 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	194	106
Receivables from group companies	864	1.021
Loans to group companies	24.844	21.672
Loan to associates	73	-
Loans to partners	230	225
Fair value of hedging instruments	633	290
Other receivables	501	337
Total	**27.339**	**23.651**

Receivables from the sale of goods and services fall due as follows:	**2011** DKK million	**2010** DKK million
Not fallen due or written down	189	97
Falling due in less than 30 days	1	3
Falling due between 30 and 90 days	1	7
Falling due more than 90 days	2	-1
Carrying amount at 31 December	**193**	**106**

Receivables from the sale of goods and services and loans are recognised net of write-downs for bad debt losses. No write downs have been recognised in 2011 and 2010.

	2011 %	**2010** %
Average effective interest rates:		
Loan to group companies	1,9	1,9

Note

18 Deferred tax assets and deferred tax liabilities

	2011 DKK million	2010 DKK million
Deferred tax at 1 January, net	474	300
Joint taxation contribution	-56	-45
Adjustments to previous years	110	41
Recognised in other comprehensive income	-32	-78
Recognised in income statement	-218	270
Deferred tax at 31 December, net	**278**	**474**

Specification of deferred tax assets and liabilities at 31 December:

	2011 DKK million	2010 DKK million	2011 DKK million	2010 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	5	5	43	44
Property, plant and equipment	4	2	-	7
Current assets	1	2	-	-
Provisions and retirement benefit obligations	28	27	-	-
Fair value adjustments	101	47	-	-
Tax losses etc.	432	592	250	150
Total before set-off	**571**	**675**	**293**	**201**
Set-off	-293	-201	-293	-201
Deferred tax assets and liabilities at 31 December	**278**	**474**	**-**	**-**
Expected to be used as follows:				
Within 12 months from the end of the reporting period	72	51	-	-
More than 12 months after the end of the reporting period	206	423	-	-
Total	**278**	**474**	**-**	**-**

Of the total deferred tax assets recognised, DKK 432m (2010: DKK 592m) 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 505m (2010: DKK 358m) 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 (2010: DKK 0m).

Note

19 **Cash and cash equivalents**

	2011 DKK million	2010 DKK million
Cash at bank and in hand	15	46
Total	**15**	**46**

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

	2011	2010
Cash and cash equivalents	15	46
Bank overdrafts	-50	-
Cash and cash equivalents, net	**-35**	**46**

20 **Share capital**

	Total share capital	
	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2010	501	501.000
No change in 2010	-	-
31 December 2010	**501**	**501.000**
No change in 2011	-	-
31 December 2011	**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.

Note

21 Borrowings

DKK million	2011	2010
Non-current borrowings:		
Issued bonds	17.697	17.482
Bank borrowings	11.859	9.536
Borrowings from Group companies	2.508	2.463
Total	**32.064**	**29.481**
Current borrowings:		
Bank borrowings	50	187
Borrowings from parent	89	1.446
Borrowings from Group companies	18.910	16.219
Total	**19.049**	**17.852**
Total non-current and current borrowings	**51.113**	**47.333**
Fair value	51.792	48.289

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 2,927m (2010: DKK 2,693m).

Time to maturity for non-current borrowings

DKK million						2011
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	-	7.405	-	2.927	7.365	17.697
Bank borrowings	206	-	11.653	-	-	11.859
Borrowings from Group Companies	1.765	-	-	-	743	2.508
Total	**1.971**	**7.405**	**11.653**	**2.927**	**8.108**	**32.064**

DKK million						2010
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	-	-	7.414	-	10.068	17.482
Bank borrowings	8.133	-	-	1.403	-	9.536
Borrowings from Group Companies	-	1.718	-	-	745	2.463
Total	**8.133**	**1.718**	**7.414**	**1.403**	**10.813**	**29.481**

Interest rate risk at 31 December

					2011
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%	2-3 years	7.405	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3,55%	>5 years	7.365	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	4-5 years	2.927	Fair value
Total bank borrowings				**17.697**	
Bank borrowings:					
Floating rate	Floating			1.451	Cash flow
Fixed rate	Fixed		2-5 years	10.408	Fair value
Total bank borrowings				**11.859**	

The long term bank borrowing is originally floating but have been swapped to an average fixed interest of 5.36% including margin. The swaps are also covering part of the borrowing from Group companies

Note

21 Borrowings

DKK million	Net debt *	Floating	Fixed	Floating %	Fixed %
				Interest rate**	
EUR	39.631	13.710	25.921	35%	65%
DKK	-2.771	-2.771	-	100%	-
PLN	685	685	-	100%	-
SEK	4.130	4.130	-	100%	-
CHF	3.099	3.099	-	100%	-
NOK	961	961	-	100%	-
Other	5.363	3.610	1.752	67%	33%
Total	**51.098**	**23.424**	**27.674**	**46%**	**54%**

* After swaps and currency derivatives

** Before currency derivatives

Interest rate risk at 31 December:

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2010
Issued bonds:					
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	2-3 years	7.414	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3,55%	>5 years	7.375	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	>5 years	2.693	Fair value
Total bank borrowings				**17.482**	
Bank borrowings:					
Floating rate	Floating			-900	Cash flow
Fixed rate	Fixed		(2-5 years)	10.436	Fair value
Total bank borrowings				**9.536**	

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.

DKK million	Net debt *	Floating	Fixed	Floating %	Fixed %
				Interest rate**	
EUR	33.082	7.112	25.970	21%	79%
DKK	-110	-110	-	100%	-
PLN	1.556	1.556	-	100%	-
SEK	4.045	4.045	-	100%	-
CHF	3.681	3.681	-	100%	-
RUB	931	931	-	100%	-
Other	4.102	2.384	1.718	58%	42%
Total	**47.287**	**19.599**	**27.688**	**41%**	**59%**

* After swaps and currency derivatives

** Before currency derivatives

Currency profile of borrowings before and after derivative financial instruments

2011

Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2012	2013	2014	2015	2016	2016-
CHF	659	2.440	3.099	659	-	-	-	-	-
DKK	1.656	-4.424	-2.768	1.657	-	-	-	-	-
EUR	36.206	3.425	39.631	10.285	7.434	7.405	2.974	-	8.108
GBP	5.494	-4.489	1.005	3.730	1.765	-	-	-	-
NOK	328	633	961	328	-	-	-	-	-
PLN	26	659	685	26	-	-	-	-	-
RUB	1.168	-1.097	71	1.168	-	-	-	-	-
SEK	4.443	-313	4.130	4.443	-	-	-	-	-
SGD	421	-424	-3	421	-	-	-	-	-
USD	695	592	1.287	695	-	-	-	-	-
Other	16	2.999	3.015	16	-	-	-	-	-
Total	**51.113**	**-**	**51.113**	**23.428**	**9.199**	**7.405**	**2.974**	**-**	**8.108**

See also note 26 Financial risks.

Note

21 Borrowings

2010

Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2011	2012	2013	2014	2015	2016-
CHF	693	2.988	3.681	693	-	-	-	-	-
DKK	5.441	-4.762	679	5.441	-	-	-	-	-
EUR	21.559	11.562	33.121	-4.411	-	7.454	7.414	2.982	8.120
GBP	5.157	-4.500	657	3.439	-	1.718	-	-	-
NOK	445	486	931	445	-	-	-	-	-
PLN	67	1.489	1.556	67	-	-	-	-	-
RUB	88	-	88	88	-	-	-	-	-
SEK	4.248	-203	4.045	4.248	-	-	-	-	-
USD	9.183	-8.884	299	9.183	-	-	-	-	-
Other	452	1.824	2.276	452	-	-	-	-	-
Total	**47.333**	**-**	**47.333**	**19.645**	**-**	**9.172**	**7.414**	**2.982**	**8.120**

Note

22 Provisions

Provisions totalling DKK 97m relate primarily to ongoing disputes, lawsuits, restructuring etc.

2011 DKK million	Restructurings	Other	Total
Provisions at 1 January 2011	9	101	110
Transfers	-9	-4	-13
Provisions at 31 December 2011	**-**	**97**	**97**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	97	97
Current provisions	-	-	-
Total	**-**	**97**	**97**

2010 DKK million	Restructurings	Other	Total
Provisions at 1 January 2010	21	100	121
Additional provisions recognised	-	1	1
Used during the year	-12	-	-12
Provisions at 31 December 2010	**9**	**101**	**110**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	101	101
Current provisions	9	-	9
Total	**9**	**101**	**110**

Note

23 Other liabilities etc.

	2011 DKK million	2010 DKK million
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	-	476
Current liabilities	2.411	2.699
Total	**2.411**	**3.175**
Other liabilities by origin:		
Excise duties and VAT payable	16	-
Staff costs payable	73	124
Accrued royalty expense	25	111
Interest payable	777	748
Fair value of hedging instruments	1.229	1.485
Liabilities related to the acquisition of entities	-	469
Deferred income	212	147
Other	79	91
Total	**2.411**	**3.175**

24 Cash flows

	2011 DKK million	2010 DKK million
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-3	-268
Share-based payment	3	17
Other non-cash adjustments	-4	-6
Total	**-4**	**-257**
Change in working capital:		
Receivables	55	57
Trade payables and other liabilities	40	-486
Other liabilities related to operating activities before special items	-3	-
Adjusted for unrealised foreign exchange gains/losses	20	21
Total	**112**	**-408**
External financing:		
Proceeds from issue of bonds	-	7.368
Debt institutions - long term	2.233	-9.139
Debt institutions - short term	-173	186
Borrowings from group companies	-1.758	3.699
Other financing liabilities	-7	-5
Total	**295**	**2.109**

Carlsberg Breweries A/S - Parent Company

Note

25 **Specification of net interest-bearing debt**

	2011 Mio. kr.	2010 mio. kr.
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	32.064	29.481
Current borrowings	19.049	17.852
Gross interest-bearing debt	**51.113**	**47.333**
Cash and cash equivalents	-15	-46
Loans to group companies	-24.844	-21.672
Net interest-bearing debt	**26.254**	**25.615**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	25.615	23.036
Cash flow from operating activities	928	1.876
Cash flow from investing activities, excl. acquisition of entities, net	-552	-21
Cash flow from acquisition of entities, net	-	228
Change in interest-bearing lending	-77	-171
Effect of currency translation	254	1.037
Other	86	-595
Total change	**639**	**2.354**
Net interest-bearing debt at 31 December	**26.254**	**25.615**

Note

26 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 2011 gross debt (non-current and current borrowings) amounted to DKK 51,113m (2010: DKK 47,333m). After deducting cash and cash equivalents, net debt is DKK 51,098m (2010: 47,287m), an increase of DKK 3,811m.

Interest rate risks are mainly managed using interest rate swaps and bonds with fixed interest 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 21.

At year-end 54% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2010: 59%). Carlsberg Breweries A/S engages in on-lending to subsidiaries. At 31. december 2011 Carlsberg Breweries A/S had lend DKK 25,075m to subsidiaries (2010: DKK 21,900m).

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 was improved by one notch in February 2011 to Baa2

27 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 foreign exchange instruments, which are classified as net investment hedges in the Consolidated account, but which for the purpose of the un-consolidated account are not designated as such. The fair value at the the end of the reporting period of these instruments is DKK 94m (2010: DKK -351m).

	2011		2010	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Exchange rate instruments	21	157	-775	-400
Other instruments	-77	-63	-5	49
Ineffective portion of hedge	12	-	-51	-
Total	**-44**	**94**	**-831**	**-351**

Value adjustments of fair value hedges in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (cf. note 7). In 2011 financial expense of DKK -44m is recognised, and in 2010 financial expense of DKK -831m was recognised. Included is also the ineffective portion of interest rate hedges DKK 12m (2010: DKK -51m). The impact from ineffective portion of hedges is reversal of prior period inefficiencies and ineefctive portions. The fair value of the entire interest rate swaps (effective and ineffective portion) is shown in the table in the cash flow hedge section.

The value of fair value hedges recognised 31 December amounts to DKK 94 m in 2011 (DKK -351m in 2010). The recognition of the fair value in the financial statements 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 across Carlsberg). However, for the purpose of the Carlsberg Breweries AS un-consolidated account, the aluminium hedges are not treated as cash flow hedges.

Main financial instruments - overview

Instrument	Maturity	Purpose
EUR 1,000m interest rate swap	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap	2015	Swap of borrowing with 1 month EURIBOR to fixed

Cash flow hedge

	2011			2010		
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	148	-669	2012-2015	308	-844	2011-2015
Exchange rate instruments	-21	-21	-	2	-	-
Total	**127**	**-690**		**310**	**-844**	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amount to DKK 127m in 2011 and DKK 310m in 2010. The adjustments are included in financial income and financial expenses (cf. note 7).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -690m (2010: DKK -844m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

Note

27 Financial instruments

Recognition of financial instruments - summary

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

	Fair value presented in tables above			Presentation in the notes to the financial statements	
	2011	**2010**		**2011**	**2010**
Fair value/economic hedges	94	-351	Receivables, cf. note 17	633	290
Cash flow hedges	-690	-844	Other liabilities, cf. note 23	-1.229	-1.485
Total	**-596**	**-1.195**	**Total**	**-596**	**-1.195**

Liquidity risk

Financial liabilities **2011**

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	1.197	574	623	-	1.229
Non-derivative financial instruments					
Financial debt gross	51.019	18.886	24.025	8.108	51.113
Interest expense	4.861	1.620	3.048	193	N/A
Trade payables and other liabilities	581	581	-	-	581
Non-derivate financial instruments total	**56.461**	**21.087**	**27.073**	**8.301**	**-**
Financial liabilities total	**57.658**	**21.661**	**27.696**	**8.301**	**-**

Financial liabilities **2010**

DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	1.488	677	811	-	1.485
Non-derivative financial instruments					
Financial debt gross	47.409	17.852	18.758	10.800	47.333
Interest expense	6.388	1.751	4.010	627	N/A
Trade payables and other liabilities	663	663	-	-	663
Liabilities related to the acquisition of entities	469	-	91	378	469
Non-derivate financial instruments total	**54.929**	**20.266**	**22.858**	**11.805**	**-**
Financial liabilities total	**56.417**	**20.943**	**23.669**	**11.805**	**-**

Note

27 Financial instruments

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

		2011		**2010**	
DKK Million	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Securities	16	11	11	11	11
Available for sale instruments		**11**	**11**	**11**	11
Fair value hedges	27	94	94	-351	-351
Cash flow hedges	27	-690	-690	-844	-844
Derivative financial instruments		**-596**	**-596**	**-1.195**	**-1.195**
Trade receivables	17	1.058	1.058	1.127	1.127
Other receivables	17	501	501	337	337
Loans to Group companies	17	24.844	24.844	21.672	21.672
Loans to partners	17	230	230	225	225
Cash and cash equivalents	19	15	15	46	46
Loans and receivables		**26.648**	**26.648**	**23.407**	**23.407**
			-		0
Issued bonds	21	17.697	18.376	17.482	18.438
Bank borrowings	21	11.909	11.909	9.723	9.723
Borrowing from Parent Company	21	89	89	1.446	1.446
Borrowing from Group Companies	21	21.418	21.418	18.682	18.682
Trade payables		553	553	632	632
Financial liabilities measured at amortised cost*		**51.666**	**52.345**	**47.965**	**48.921**

* In the issued bond number, the value of one bond held at fair value is included, see note 21.

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. The fair value of other payables relates to shareholder agreements with non-controlling interests according to which Carlsberg at a future date may or may not acquire non-controlling interests at fair value. The fair value is calulated using a multiple model based on EBITDA numbers, a relevant multiple and adjusted for net debt.

Note

28 **Related party disclosures**

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, 1799 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 (2010: DKK 0m). 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:

	2011 DKK million	**2010** DKK million
Other operating income	14	12
Administration cost	-1	-
Financial income	2	-
Financial expense	-13	-22
Loans	-	41
Receivables from the sale of goods and services	14	14
Borrowings	-91	-1.451
Trade payables	-23	-23

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 31m (2010: DKK 72m) were received from associates.

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

	2011 DKK million	**2010** DKK million
Revenue	30	25
Loans	73	-
Receivables from the sale of goods and services	123	-2

Subsidiaries
Dividends of DKK 1,187m (2010: DKK 1,045m) were received from subsidiaries.

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

	2011 DKK million	**2010** DKK million
Revenue	597	605
Cost of sales	-142	-167
Sales and distribution income	36	52
Administration cost	-49	-6
Other operating income	222	262
Gain on disposal of subsidiary	244	24
Interest income	968	927
Interest expenses	-579	-585
Loans	25.074	21.616
Receivables	1.335	1.228
Borrowings	-21.507	-18.283
Trade payables and other liabilities etc.	-451	-536

Note

29 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 4.025m (2010: DKK 6,628m).

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 2011 nor 2010 had Carlsberg Breweries A/S any capital commitments to be made at a later date.

30 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 31 Accounting policies

The 2011 financial statements of Carlsberg Breweries A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

The financial statements are presented in Danish kroner (DKK million), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Carlsberg Breweries Group, cf. note 41 to the consolidated financial statements, with the exception of the items below.

Income statement

Dividends on investments in subsidiaries, joint ventures and associates. Dividends on investments in subsidiaries, joint ventures and associates are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

Financial income and financial expenses. Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognised in the income statement of the Parent Company.

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 1799 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 Jørn P. Jensen, Deputy CEO & CFO Peter Petersen (Employee Board member), Chairman of the Staff Association Carlsberg and Demand Planner Eva Vilstrup Decker (Employee Board member), Customer Service Manager Carsten Buhl (Employee Board member), Senior Project Manager
Executive Board:	Jørgen Buhl Rasmussen, President, CEO Jørn P. Jensen, Deputy CEO
Auditor:	KPMG Statsautoriseret Revisionspartnerselskab Osvald Helmuths Vej 4 2000 Frederiksberg

EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

Executive Committee

Jørgen Buhl Rasmussen
President, CEO since 2007.

Appointed to the Executive Board of Carlsberg A/S in 2006. Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Member of the Supervisory Board of Novozymes A/S. Prior to joining Carlsberg, Mr Rasmussen held senior managerial positions covering Western, Central and Eastern Europe, the Middle East, Africa and Asia in several global FMCG companies, among 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. Member of the Supervisory Board of DONG Energy A/S and of the Committee on Corporate Governance in Denmark. Prior to joining Carlsberg, Mr Jensen held senior managerial positions in, among others, Nilfisk Advance A/S and Foss Electric A/S.

Supervisory Board

Jess Søderberg
Chairman

Chairman of the Audit Committee and member of the Nomination and Remuneration Committees. Born 1944. Elected 2008 and 2010. Former CEO of the A.P. Møller – Mærsk Group (1993-2007) and before that CFO of the same company from 1981. Member of the Supervisory Board and the Finance and Audit Committees of The Chubb Corporation, advisor to Permira and member of Danske Bank's Advisory Board. Managing Director of J.S. Invest ApS, J. Søderberg Shipping ApS and KF Invest ApS. Mr Søderberg has broad international experience and extensive experience of financial management and financial reporting processes, performance management and the management of stakeholder and investor relations as a result of many years in the senior management of A.P. Møller - Mærsk. He has wide experience of growth markets and the identification and management of business risks.

Povl Krogsgaard-Larsen
Deputy Chairman

Professor, D.Pharm. Born 1941. Elected 1993 and 2011. Election period expires 2012. Member of the Audit and Remuneration Committees. Chairman of the Nomination Committee. Chairman of the Board of Directors of the Carlsberg Foundation until 31 December 2011. Chairman of the Supervisory Boards of Auriga A/S and Bioneer A/S. Mr Krogsgaard-Larsen is affiliated to the Faculty of Pharmaceutical Sciences at the University of Copenhagen. With his background as a researcher and educator, he has particular expertise in the analysis of issues within the pharmaceutical sector and in the presentation of plans and results. As former rector of what was then the Royal Danish School of Pharmacy, he also has experience of managing large knowledge-based organisations such as PharmaBiotec, Neuro- Science PharmaBiotec and the Drug Research Academy.

Peter Petersen
Employee Board member, Chairman of the Staff Association Carlsberg and Demand Planner

Eva Vilstrup Decker
Employee Board member, Customer service manager

Carsten Buhl
Employee Board member, Senior Project Manager

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 2011.

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 2011 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2011.

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, 23 March 2012

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	Peter Petersen
Jørgen Buhl Rasmussen	Eva Vilstrup Decker	Carsten Buhl
Jørn P. Jensen		

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THE INDEPENDENT AUDITORS' REPORT

To the shareholders of Carlsberg Breweries A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of Carlsberg Breweries A/S for the financial year 2011. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies for the Carlsberg Breweries Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's responsibility for the consolidated financial statements and the parent company financial statements
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Carlsberg Breweries Group's and the parent company's financial position at 31 December 2011 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2011 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 further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 23 March 2012
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen	Jesper Koefoed
State Authorised Public Accountant	State Authorised Public Accountant