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Income statement

DKK million	Note	2008	2007
Administrative expenses		-44	-38
Other operating income	3	322	290
Other operating expenses	3	-151	-164
Operating profit		127	88
Financial income	4	1,332	539
Financial expenses	5	-342	-297
Profit before tax		1,117	330
Corporation tax	6	-62	80
Profit for the year		1,055	410
Attributable to:			
Dividend to shareholders		534	458
Reserves		521	-48
Profit for the year		1,055	410
Earnings per share:	7		
Earnings per share		8.9	4.3
Earnings per share, diluted		8.9	4.3

Statement of recognised income and expenses for the year

DKK million	Note	Fair value adjustments	Retained earnings	2008
				Total
Profit for the year		-	1,055	1,055
Value adjustments:				
Hedging instruments, value adjustment for the year	25	-26	-	-26
Other adjustments:				
Retirement benefit obligations	19	-	-5	-5
Share-based payment	9	-	3	3
Share-based payment to employees in subsidiaries		-	28	28
Tax on changes in equity	6	7	11	18
Net amount recognised directly in equity		-19	37	18
Total recognised income and expenses		-19	1,092	1,073

DKK million	Note	Fair value adjustments	Retained earnings	2007
				Total
Profit for the year		-	410	410
Value adjustments:				
Hedging instruments, value adjustment for the year	25	1	-	1
Other adjustments:				
Retirement benefit obligations	19	-	-6	-6
Share-based payment	9	-	2	2
Share-based payment to employees in subsidiaries		-	19	19
Other		-	-12	-12
Tax on changes in equity	6	-	4	4
Net amount recognised directly in equity		1	7	8
Total recognised income and expenses		1	417	418

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

Balance sheet

ASSETS

DKK million	Note	31 Dec. 2008	31 Dec. 2007
Non-current assets:			
Property, plant and equipment	10	1,418	733
Investments in subsidiaries	11	45,630	21,514
Investments in associates and joint ventures	12	-	-
Securities	13	7	7
Deferred tax assets	20	88	167
Total non-current assets		47,143	22,421
Current assets:			
Receivables from subsidiaries and associates	14	6,731	357
Tax receivables	20	14	2
Other receivables	14	99	421
Cash and cash equivalents	15	124	-
Total current assets		6,968	780
Assets held for sale	16	10	-
Total assets		54,121	23,201

EQUITY AND LIABILITIES

DKK million	Note	31 Dec. 2008	31 Dec. 2007
Equity:			
Share capital	17	3,051	1,526
Reserves		44,632	15,602
Total equity		47,683	17,128
Non-current liabilities:			
Borrowings	18	2,389	3,223
Retirement benefit obligations and similar obligations	19	27	29
Provisions	21	38	35
Other liabilities etc.	22	175	-
Total non-current liabilities		2,629	3,287
Current liabilities:			
Borrowings	18	3,549	2,500
Trade payables		110	116
Other liabilities	22	149	170
Total current liabilities		3,808	2,786
Liabilities associated with assets held for sale	23	1	-
Total liabilities		6,438	6,073
Total equity and liabilities		54,121	23,201

Statement of changes in equity

DKK million	Note	Share capital	Fair value adjustments	Retained earnings	Total reserves	2008
						Total equity
Equity at 1 January 2008		1,526	1	15,601	15,602	17,128
Total recognised income and expenses for the year, cf. separate statement		-	-19	1,092	1,073	1,073
Capital increase	17	1,525	-	28,413	28,413	29,938
Acquisition/disposal of treasury shares		-	-	2	2	2
Dividends paid to shareholders		-	-	-458	-458	-458
Total changes in equity		1,525	-19	29,049	29,030	30,555
Equity at 31 December 2008		3,051	-18	44,650	44,632	47,683

DKK million		Share capital	Fair value adjustments	Retained earnings	Total reserves	2007
						Total equity
Equity at 1 January 2007		1,526	-	15,716	15,716	17,242
Total recognised income and expenses for the year, cf. separate statement		-	1	417	418	418
Acquisition/disposal of treasury shares		-	-	-74	-74	-74
Dividends paid to shareholders		-	-	-458	-458	-458
Total changes in equity		-	1	-115	-114	-114
Equity at 31 December 2007		1,526	1	15,601	15,602	17,128

The proposed dividend of DKK 3.50 per share, in total DKK 534m (2007: DKK 4.84 per share, in total DKK 458m), is included in retained earnings at 31 December 2008. Dividends paid out in 2008 for 2007 amount to DKK 458m (paid out in 2007 for 2006: DKK 458m), which is DKK 4.84 per share (2007: DKK 4.84). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg A/S.

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

Cash flow statement

DKK million	Note	2008	2007
Operating profit		127	88
Adjustment for depreciation and amortisation		13	15
Operating profit before depreciation and amortisation		140	103
Adjustment for other non-cash items	23	-244	-206
Change in working capital	23	-14	62
Interest etc. received		256	39
Interest etc. paid		-328	-290
Corporation tax paid		24	77
Cash flow from operating activities		-166	-215
Investments in associates and joint ventures		-	-97
Capital injections in subsidiaries		-24,000	-
Loans to subsidiaries		-6,545	43
Loans to associates		143	-23
Dividends from subsidiaries		800	445
Dividends from associates and joint ventures		223	239
Total financial investments		-29,379	607
Other investments in property, plant and equipment		-963	-395
Disposal of other property, plant and equipment		863	33
Total other activities¹		-100	-362
Cash flow from investing activities		-29,479	245
Free cash flow		-29,645	30
Shareholders in Carlsberg A/S	23	29,482	-532
External financing	23	169	506
Cash flow from financing activities		29,651	-26
Net cash flow		6	4
Cash and cash equivalents at 1 January ²		-63	-67
Cash and cash equivalents at 31 December²	15	-57	-63

¹ Other activities cover real estate and assets under construction, including costs of construction contracts.

² Cash and cash equivalents less bank overdrafts.

Notes

NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the Carlsberg A/S' Annual Report, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Company's assets and liabilities. The most significant accounting estimates and judgements for the Company are presented below. The most significant accounting estimates and judgements for the Carlsberg Group are presented in note 1 to the consolidated financial statements. The Company's accounting policies are described in detail in note 29.

Estimation uncertainty

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

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

The international financial market showed extraordinary fluctuations in 2008, including fluctuations in interest and currency exchange rates, and with a derived effect on the general economic situation. Therefore estimates in the Annual Report 2008 have been given special attention. It has been ensured that one-off effects which are not expected to exist in the long term do not affect estimated and assessed factors including discount rates and expectations to the future.

Assumptions about the future and estimation uncertainty on the balance sheet date are described in the notes where there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

Investments in subsidiaries, joint ventures and associates. Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Carlsberg Group, see note 41 to the consolidated financial statements. It is management's assessment that no indications of impairment existed at year-end 2008, and impairment tests have therefore not been made of subsidiaries, joint ventures and associates.

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

For a more detailed description of the Company's tax assets, see note 20.

Assessment in applied accounting policies

In applying the Group's accounting policies management makes judgements which may significantly influence the amounts recognised in the Annual Report.

Such judgements include the recognition of income from real estate projects.

Recognition of real estate projects. When entering contracts, management makes judgements as to whether the individual real estate project is sufficiently modified for the percentage of completion method to apply. The majority of projects are accounted for using the sales method under which gains on disposal of real estate are recognised when the real estate is transferred to the buyer. The selling price of real estate projects less production costs is recognised under other operating income.

NOTE 2 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING

DKK million	2008	2007
KPMG:		
Statutory audit	1	0.5
Non-audit services	9	-

In 2008 non-audit services mainly included fees for issuance of declaration and other services related to the capital increase in June 2008.

NOTE 3 OTHER OPERATING INCOME AND EXPENSES

DKK million	2008	2007
Other operating income:		
Gains on disposal of real estate	245	208
Rental income, real estate	5	8
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	11	13
Other, incl. grants received	61	61
Total	322	290
Other operating expenses:		
Real estate costs	-36	-42
Expenses relating to the Carlsberg Research Center	-99	-91
Other	-16	-31
Total	-151	-164
Of which staff costs, cf. note 8	-85	-72
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	184	219
Production costs	-107	-177
Total	77	42

Gains on construction contracts are recognised under "Gains on disposal of real estate" and comprise a construction contract for owner-occupied property. The construction contract was completed and the real estate delivered in 2008.

NOTE 4 FINANCIAL INCOME

DKK million	2008	2007
Interest income	307	39
Dividends from subsidiaries	800	445
Dividends from associates	223	52
Other financial income	2	3
Total	1,332	539

Interest income relates to interest from cash and cash equivalents.

NOTE 5 FINANCIAL EXPENSES

DKK million	2008	2007
Interest expenses	335	294
Interest cost on obligations, defined benefit plans	1	1
Other financial expenses	6	2
Total	342	297

Interest expenses primarily relate to interest on borrowings.

In addition, interest expenses include DKK 7m (2007: DKK 4m) related to fair value adjustment of the interest element of fixed-rate borrowings swapped to floating rates.

NOTE 6 CORPORATION TAX

DKK million	2008	2007
Tax for the year comprises:		
Change in deferred tax during the year	46	-111
Change in tax rate	-	20
Adjustments to tax for previous years	-2	7
Total tax for the year	44	-84
Of which recognised in equity:		
Deferred tax on items recognised directly in equity	18	4
Tax on profit for the year	62	-80
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25.0%	25.0%
Change in Danish tax rate	0.0%	6.1%
Tax on partnerships	5.0%	9.2%
Adjustments to tax for previous years	-0.2%	2.1%
Non-capitalised tax loss	0.0%	-29.7%
Non-deductible expenses	0.1%	1.0%
Tax-free dividend	-22.9%	-38.0%
Other	-1.5%	0.1%
Effective tax rate for the year	5.5%	-24.2%

In 2007 the Danish corporate tax rate was reduced from 28% to 25%.

The change in deferred tax recognised in the income statement can be broken down as follows:

Tax losses	68	-120
Intangible assets and property, plant and equipment etc.	-4	13
Deferred tax recognised in income statement	64	-107

NOTE 7 EARNINGS PER SHARE

Carlsberg has adjusted the calculation of basic and diluted earnings per share for the current year as well as the comparative year in accordance with IAS 33 Earnings per Share. The standard requires that if the number of ordinary shares outstanding increases as a result of a bonus element in a rights issue to existing shareholders, the per share calculation for the

current and any prior periods presented shall be based on the new number of shares. The assumptions underlying the calculation of the adjustment of earnings per share are described in note 12 to the consolidated financial statements.

DKK million	2008	2007
Profit for the year	1,055	410
1,000 shares		
Average number of shares	118,785	94,496
Average number of treasury shares	-7	-30
Average number of shares outstanding	118,778	94,466
Average dilutive effect of outstanding share options	-	276
Diluted average number of shares outstanding	118,778	94,742
DKK		
Earnings per share of DKK 20 (EPS)	8.9	4.3
Diluted earnings per share of DKK 20 (EPS-D)	8.9	4.3

Diluted earnings per share excludes 327,031 share options (2007: 0) that do not have a dilutive effect because the exercise price of the options was higher than the market price of the shares.

NOTE 8 STAFF COSTS AND REMUNERATION OF THE BOARD OF DIRECTORS,
THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2008	2007
Salaries and other remuneration	91	79
Social security costs	6	-
Retirement benefit costs – defined contribution plans	-	6
Share-based payment	3	2
Other employee benefits	2	-
Total	102	87
Staff costs are included in the following items in the income statement:		
Administrative expenses	17	15
Other operating expenses	85	72
Total	102	87

The Group had an average of 141 (2007: 141) full-time employees during the year.

DKK million	2008		2007	
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Remuneration of key management personnel:				
Salaries and other remuneration	27	6	26	4
Share-based payment	3	-	6	1
Total	30	6	32	5

Remuneration of the Group Executive Board and executive employees is based on a fixed salary and cash bonus payments of up to 60% of the fixed salary and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes and incentive schemes are established for the Group Executive Board and executive employees. These programmes and schemes cover a number of years. The remuneration is specified in note 13 to the consolidated financial statements.

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.

Executive employees comprise non-Group Executive Board members who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the company's activities.

The Board of Directors of Carlsberg A/S received remuneration of DKK 6m (2007: DKK 6m) for duties performed in the Company and some subsidiaries. The remuneration is a fixed annual amount. The Board of Directors is not included in share option programmes, retirement benefit plans and other schemes, and no agreements have been entered into concerning termination benefits and no such payments were made.

NOTE 9 SHARE-BASED PAYMENT

In 2008 a total of 92,649 (2007: 56,365) share options were granted to 4 (2007: 6) key employees. The grant date fair value of these options was a total DKK 8m (2007: DKK 6m). The total cost of share-based payment was DKK 3m (2007: DKK 2m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and its subsidiaries are recognised directly in equity.

To ensure that holders of share options receive the same nominal yield on a given increase in the share price after the capital increase in Carlsberg A/S, adjustment has been made to the share option programmes which existed at the time of the rights issue. The assumptions underlying the calculation of the adjustment of share options are described in note 14 to the consolidated financial statements.

Grant year	Exercise year	Number					31 Dec. 2008	For exercise 31 Dec.	Exercise price Fixed	Fair value		
		1 Jan. 2008	Granted	Expired/ forfeited	Exercised	Transferred				DKK per option	31 Dec. 2008	31 Dec. 2007
Executive Board:												
2001	2004-2009	9,105	-	-	-	-	9,105	9,105	312.02	0.00	-	2
2002	2005-2010	9,105	-	-	-	-	9,105	9,105	261.39	4.67	-	2
2003	2006-2011	13,008	-	-	-	-	13,008	13,008	173.12	32.12	1	4
2004	2007-2012	13,008	-	-	-	-	13,008	13,008	216.65	25.69	1	4
2005	2008-2013	12,388	-	-	-	-	12,388	12,388	232.71	22.78	-	3
2006	2009-2014	12,388	-	-	-	-	12,388	-	306.89	21.02	-	3
2007	2010-2015	24,776	-	-	-	-	24,776	-	472.11	15.19	-	3
2008	2011-2016		89,552	-	-	-	89,552	-	383.34	32.00	3	
Total		93,778	89,552	-	-	-	183,330	56,614			5	21
Key management personnel:												
2001	2004-2009	1,332	-	-	-	-	1,332	1,332	312.02	0.00	-	-
2002	2005-2010	3,902	-	-	-	-	3,902	3,902	261.39	4.67	-	1
2003	2006-2011	5,853	-	-	-	-	5,853	5,853	173.12	32.12	-	2
2004	2007-2012	1,951	-	-	-	-	1,951	1,951	216.65	25.69	-	-
2005	2008-2013	2,271	-	-	-	-	2,271	2,271	232.71	22.78	-	1
2006	2009-2014	2,684	-	-	-	-	2,684	-	306.89	21.02	-	1
2007	2010-2015	3,097	-	-	-	-	3,097	-	472.11	15.19	-	-
2008	2011-2016		3,097	-	-	-	3,097	-	383.34	32.00	-	-
Total		21,090	3,097	-	-	-	24,187	15,309			-	5
Retired employees:												
2001	2004-2009	9,105	-	-	-	-	9,105	9,105	312.02	0.00	-	2
2002	2005-2010	9,105	-	-	-	-	9,105	9,105	261.39	4.67	-	2
2003	2006-2011	13,008	-	-	-	-	13,008	13,008	173.12	32.12	-	4
2004	2007-2012	20,162	-	-	-	-	20,162	20,162	216.65	25.69	1	6
2005	2008-2013	18,582	-	-	-	-	18,582	18,582	232.71	22.78	-	5
2006	2009-2014	24,776	-	-	-	-	24,776	-	306.89	21.02	1	6
2007	2010-2015	24,776	-	-	-	-	24,776	-	472.11	15.19	-	3
2008	2011-2016		-	-	-	-	-	-	383.34	32.00	-	-
Total		119,514	-	-	-	-	119,514	69,962			2	28
Total		234,382	92,649	-	-	-	327,031	141,885			7	54

NOTE 9 SHARE-BASED PAYMENT – CONTINUED

	2008					2007				
	Executive Board	Key management personnel	Resigned	Total	Average exercise price	Executive Board	Key management personnel	Resigned	Total	Average exercise price
Share options outstanding at 1 January	93,778	21,090	119,514	234,382	297.91	163,091	45,620	-	208,711	246.51
Granted	89,552	3,097	-	92,649	383.34	49,552	6,813	-	56,365	472.11
Exercised	-	-	-	-	-	-	-32,582	-	-32,582	267.82
Transferred	-	-	-	-	-	-118,865	1,239	119,514	1,888	295.55
Share options outstanding at 31 December	183,330	24,187	119,514	327,031	322.11	93,778	21,090	119,514	234,382	297.91
Exercisable at 31 December	56,614	15,309	69,962	141,885	230.74	44,226	13,039	51,380	108,645	230.14
Exercised options as % of share capital	0.00%	0.00%	0.00%	0.00%		0.00%	0.02%	0.00%	0.02%	

No share options were exercised in 2008. In 2007 the average share price at the exercise date for share options was DKK 572.

The assumptions underlying the calculation of the fair value of share options are described in note 14 to the consolidated financial statements.

At 31 December 2008 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 472.11 (2007: DKK 173.12 to DKK 472.11). The average remaining contractual life was 4.8 years (2007: 4.7 years).

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

					2008
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2008	603	103	7	489	1,202
Additions	355	-	-	608	963
Disposals	-92	-	-2	-195	-289
Transfers	-	3	-	-3	-
Transfer to/from assets held for sale	-14	-	-	-	-14
Cost at 31 December 2008	852	106	5	899	1,862
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2008	371	92	6	-	469
Disposals	-30	-	-3	-	-33
Depreciation	6	6	-	-	12
Transfer to/from assets held for sale	-4	-	-	-	-4
Depreciation and impairment losses at 31 December 2008	343	98	3	-	444
Carrying amount at 31 December 2008	509	8	2	899	1,418
Carrying amount of assets pledged as security for loans	506	-	-	899	1,405
					2007
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2007	612	97	6	141	856
Additions	-	-	1	394	395
Disposals	-9	-3	-	-37	-49
Transfers	-	9	-	-9	-
Cost at 31 December 2007	603	103	7	489	1,202
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	362	89	6	-	457
Disposals	-	-3	-	-	-3
Depreciation	9	6	-	-	15
Depreciation and impairment losses at 31 December 2007	371	92	6	-	469
Carrying amount at 31 December 2007	232	11	1	489	733
Carrying amount of assets pledged as security for loans	170	-	-	489	659

Depreciations and impairment losses are included in administrative expenses.

NOTE 11 INVESTMENTS IN SUBSIDIARIES

DKK million	2008	2007
Cost:		
Cost at 1 January	21,514	21,662
Additions during the year	24,000	-
Share-based payment to employees in subsidiaries	116	-148
Cost at 31 December	45,630	21,514
Carrying amount at 31 December	45,630	21,514

The carrying amount includes goodwill of DKK 11,207m (2007: DKK 11,207m) on acquisition of subsidiaries.

Share-based payment to employees in subsidiaries comprises exercised as well as outstanding share options.

NOTE 12 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

DKK million	2008	2007
Cost:		
Cost at 1 January	-	90
Additions	-	97
Disposals	-	-187
Cost at 31 December	-	-
Carrying amount at 31 December	-	-

The dividends received from associates and joint ventures exceed the original investments.

NOTE 13 SECURITIES

DKK million	2008	2007
Unlisted shares	7	7

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 2007 and 2008.

NOTE 14 RECEIVABLES

DKK million	2008	2007
Receivables by origin:		
Loans to subsidiaries	6,588	43
Loans to associates	-	143
Receivables from subsidiaries	143	171
Receivables from construction contracts (selling price)	-	349
Other receivables	99	72
Total	6,830	778

%	2008	2007
Average effective interest rates:		
Loans to subsidiaries	5.4	4.8
Loans to associates	-	5.2

Loans to subsidiaries have increased compared to 2007 due to loans to Carlsberg Breweries A/S as part of the financing of the acquisition of part of the activities in S&N.

The fair value of receivables in all material respects corresponds to the carrying amount.

NOTE 15 CASH AND CASH EQUIVALENTS

DKK million	2008	2007
Cash at bank and in hand	124	-
Total	124	-

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

Cash and cash equivalents	124	-
Bank overdrafts	-181	-63
Cash and cash equivalents, net	-57	-63

NOTE 16 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES

DKK million	2008	2007
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	10	-
Total	10	-

Liabilities associated with assets held for sale:

Deferred tax	1	-
Total	1	-

Assets held for sale represents a depot in Valby.

NOTE 17 SHARE CAPITAL

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000	Shares of DKK 20	Nominal value, DKK '000
1 January 2007	33,699,252	673,985	42,579,151	851,583	76,278,403	1,525,568
No change in 2007						
31 December 2007	33,699,252	673,985	42,579,151	851,583	76,278,403	1,525,568
Share capital increase	-	-	76,278,403	1,525,568	76,278,403	1,525,568
31 December 2008	33,699,252	673,985	118,857,554	2,377,151	152,556,806	3,051,136

Each class A share of DKK 20 carries 20 votes. Each class B share of DKK 20 carries 2 votes. Class B shares are entitled to 8% in preferential dividends, but no accumulated dividends. Apart from dividends, all shares rank equally.

In June 2008 Carlsberg A/S carried out a capital increase by issuing 76,278,403 new class B shares of nominally DKK 20 at a price of DKK 400. The nominal share capital increase amounted to DKK 1,525,568 thousand and the total proceeds on the share capital increase were DKK 30,511m less costs incurred of DKK 573m. The amount is specified as follows:

DKK million

Fees to financial intermediaries	513
Prospectus printing and marketing costs	5
Fees to auditors and legal advisors etc.	36
Other costs	4
Underwriting commission to custodian banks	15
Total	573

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2007	7,508	-	0.0%
Acquisition of treasury shares	201,199	4	0.3%
Used to settle share options in Carlsberg Group	-175,945	-4	-0.3%
31 December 2007	32,762	-	0.0%
Acquisition of treasury shares	37,283	1	0.0%
Used to settle share options in Carlsberg Group	-66,769	-1	0.0%
31 December 2008	3,276	-	0.0%

At 31 December 2008 the fair value of treasury shares amounted to DKK 1m (2007: DKK 20m).

The Annual General Meeting has authorised the Board of Directors to acquire treasury shares of a total nominal amount of 10% of the Company's share capital in the period up to the next Annual General Meeting.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 1m (2007: DKK 4m) at an average price of DKK 500 (2007: DKK 637), corresponding to a purchase price of DKK 20m (2007: DKK 127m). Class B treasury shares are primarily acquired to facilitate settlement of share option schemes. The Group holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 20m (2007: DKK 53m). The disposal was made in connection with settlement of share options.

Provisions governing alterations to the Articles of Association. In order to pass a resolution to alter the Articles of Association or dissolve the Company which is not proposed or endorsed by the Board of Directors, it is required

that at least one third of the possible number of votes representing the total share capital shall be represented at the general meeting and the resolution shall be passed by three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting. If the resolution is proposed or endorsed by the Board of Directors, only a qualified majority of two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting is required for its passing.

If the prescribed portion of the voting share capital is not sufficiently represented at the general meeting but a resolution is nonetheless passed such resolution may be finally passed at an extraordinary general meeting convened by the Board of Directors within fourteen days of the first general meeting, irrespective of the number of votes represented at this general meeting. In order for a resolution not endorsed by the Board of Directors to be passed successfully at this second General Meeting, three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting must vote in favour of the resolution. If the resolution has been endorsed by the Board of Directors, the resolution may be passed by the majority specified.

NOTE 18 BORROWINGS

DKK million	2008	2007
Non-current borrowings:		
Issued bonds	-	2,495
Mortgages	735	728
Bank borrowings	1,649	-
Other non-current borrowings ¹	5	-
Total	2,389	3,223
Current borrowings:		
Current portion of other non-current borrowings	2,499	-
Bank borrowings	181	63
Borrowings from subsidiaries	869	2,437
Total	3,549	2,500
Total non-current and current borrowings	5,938	5,723
Fair value	5,888	5,740

¹ Other non-current borrowings include employee bonds of DKK 5m (2007: DKK 0m).

Borrowings are measured at amortised cost with the exception of two fixed-rate mortgages swapped to floating rates which are measured at fair value. The carrying amount of these borrowings is DKK 362m (2007: DKK 356m).

Time to maturity for non-current borrowings

DKK million						2008
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	-	-	5	5
Mortgages	-	-	-	-	735	735
Bank borrowings	-	1,649	-	-	-	1,649
Total	-	1,649	-	-	740	2,389
DKK million						2007
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	2,495	-	-	-	-	2,495
Mortgages	-	-	-	-	728	728
Total	2,495	-	-	-	728	3,223

NOTE 18 BORROWINGS – CONTINUED

Interest rate risk on non-current borrowings at 31 December 2008

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2008 Interest rate risk
Issued bonds:					
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	0-1 year	2,499	Fair value
Total issued bonds		4.88%		2,499	
Mortgages:					
Floating rate ¹	Floating	4.06%	0-1 year	362	Cash flows
Fixed rate ²	Fixed	4.95%	5-10 years	373	Fair value
Total mortgages		4.38%		735	

¹ This concerns three mortgages with a time to maturity of more than five years and one that matures by the end of 2009. Two loans (total DKK 362m) were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK -7m and DKK 7m respectively. (2007: DKK 4m and DKK -4m respectively).

² A floating-rate mortgage of DKK 373m swapped to a fixed rate. Maturity more than 5 years.

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	Next repricing (of principal before currency swaps)					
				2009	2010	2011	2012	2013	2014-
DKK	5,938	-	5,938	5,561	-	-	-	-	377

Interest rate risk on non-current borrowings at 31 December 2007

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2007 Interest rate risk
Issued bonds:					
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	1-2 years	2,495	Fair value
Total issued bonds		4.88%		2,495	
Mortgages:					
Floating rate ¹	Floating	4.06%	0-1 year	355	Cash flow
Fixed rate ²	Fixed	4.70%	2-10 years	373	Fair value
Total mortgages		4.39%		728	

¹ This concerns three mortgages with a time to maturity of more than five years. The loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 4m and DKK -4m respectively).

² A floating-rate mortgage of DKK 372m has been raised and swapped to a fixed rate.

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	Next repricing (of principal before currency swaps)					
				2008	2009	2010	2011	2012	2013-
DKK	5,723	-	5,723	2,856	2,495	-	-	-	372

Financial risk comprises the interest rate risk on non-current borrowings at fixed rates. This risk relates primarily to issued bonds of DKK 2,500m

maturing in June 2009. Of the total non-current borrowings of DKK 2,390m, DKK 377m is at fixed rates. There is no foreign exchange risk.

NOTE 19 RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS

Retirement benefit obligations and similar obligations comprise payment to retired directors that are not covered by an insurance company. The plan is unfunded.

DKK million	2008	2007
Changes in obligations:		
Total obligations at 1 January	29	28
Interest cost	1	1
Actuarial losses	5	6
Benefits paid	-8	-6
Total obligations at 31 December	27	29
Assumptions applied:		
Discount rate	2.0%	2.0%
Future retirement benefit increases	3.5%	3.5%
Recognised in income statement:		
Interest cost on obligations	1	1
Total recognised in income statement	1	1
Recognised in equity:		
Recognised at 1 January	-24	-18
Actuarial gains/losses during the period	-5	-6
Recognised at 31 December	-29	-24

DKK million	2008	2007	2006	2005	2004
Five-year overview:					
Unfunded obligations	27	29	28	24	20
Experience adjustments to obligations	-	-1	-1	-1	-

NOTE 20 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2008	2007
Deferred tax at 1 January, net	167	159
Joint taxation contribution	-37	-76
Adjustments to previous years	3	-7
Recognised in equity	18	4
Recognised in income statement	-64	107
Change in tax rate	-	-20
	87	167
Of which transferred to liabilities associated with assets held for sale	1	-
Deferred tax at 31 December, net	88	167
Specified as follows:		
Deferred tax liabilities	-	-
Deferred tax assets	88	167
Deferred tax at 31 December, net	88	167

NOTE 20 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES – CONTINUED

Specification of deferred tax assets and liabilities at 31 December:

DKK million	Deferred tax assets		Deferred tax liabilities	
	2008	2007	2008	2007
Property, plant and equipment	1	-	1	3
Provisions and retirement benefit obligations	24	17	2	-
Tax losses etc.	65	153	-	-
Total before set-off	90	170	3	3
Set-off	-3	-3	-3	-3
Total after set-off	87	167	-	-
Transferred to liabilities associated with assets held for sale	1	-	-	-
Deferred tax assets and liabilities at 31 December	88	167	-	-
Expected to be used as follows:				
Within 12 months of balance sheet date	65	1	-	-
More than 12 months after balance sheet date	23	166	-	-
Total	88	167	-	-

Of the total deferred tax assets recognised, DKK 65m (2007: DKK 153m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Deferred tax has not been calculated on temporary differences relating to investments in subsidiaries, as these investments are not expected to be disposed of within the foreseeable future and are therefore not expected to trigger tax liability on disposal. At 31 December 2008, deferred tax on such temporary differences amounted to approximately DKK 0 (2007: DKK 0).

NOTE 21 PROVISIONS

Provisions primarily comprise warranty provisions regarding real estate disposed of and provisions for ongoing disputes and lawsuits etc.

DKK million	2008	2007
Provisions at 1 January	35	35
Additional provisions recognised	3	-
Provisions at 31 December	38	35

Of provisions DKK 10m is expected to be used after more than 5 years from the balance sheet date.

NOTE 22 OTHER LIABILITIES ETC.

DKK million	2008	2007
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	175	-
Current liabilities	149	170
Total	324	170
Other liabilities by origin:		
Staff costs payable	14	13
Interest payable	82	72
Fair value of hedging instruments	25	6
Deferred income	5	61
Other	198	18
Total	324	170

Non-current liabilities are due in 2013.

NOTE 23 CASH FLOWS

DKK million	2008	2007
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-246	-208
Other non-cash adjustments	2	2
Total	-244	-206
Change in working capital:		
Receivables	22	-24
Trade payables and other liabilities	-31	93
Retirement benefit obligations and other provisions	-5	-7
Total	-14	62
Shareholders in Carlsberg A/S:		
Increase of share capital	29,938	-
Dividends to shareholders	-458	-458
Acquisition of treasury shares	-20	-127
Disposal of treasury shares	22	53
Total	29,482	-532
External financing:		
Proceeds from issue of bonds	5	-
Debt institutions, long term	1,649	-1,177
Intercompany loans, short term	-1,661	1,683
Other financing liabilities	176	-
Total	169	506

NOTE 24 SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2008	2007
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	2,389	3,223
Current borrowings	3,549	2,500
Gross interest-bearing debt	5,938	5,723
Cash and cash equivalents	-124	-
Loans to subsidiaries	-6,588	-107
Loans to associates	-	-143
Net interest-bearing debt	-774	5,473
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	5,473	5,015
Cash flow from operating activities	166	215
Cash flow from investing activities	29,573	-245
Dividends to shareholders	458	458
Acquisition/disposal of treasury shares	-2	75
Change in interest-bearing lending	-	-44
Proceeds from capital increase, net	-29,938	-
Other	-7	-1
Total change	-6,247	458
Net interest-bearing debt at 31 December	-774	5,473

NOTE 25 FINANCIAL INSTRUMENTS

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discounting of cash flows

are used. Where internally calculated fair values are applied, these are tested against external market valuations on a quarterly basis. Carlsberg A/S uses two forms of financial hedging:

Fair value hedge

Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. In Carlsberg A/S interest rate swaps are used to swap fixed-rate mortgages to floating rate. Foreign exchange adjustments of both financial instruments and underlying loans are recognised in the income statement. This had no net effect on the profit for the year.

DKK million	2008	2007
Recognised in income statement:		
Interest rate instruments	7	-4
Total	7	-4

Cash flow hedge

A negative fair value of an interest rate swap is recognised in equity in accordance with hedge accounting rules for cash flow hedges. The swap was entered into in December 2007 and hedges against the floating rate on a mortgage. The swap matures in 10 years.

DKK million	2008	2007
Recognised in equity:		
Interest rate instruments	-26	1
Total	-26	1

DKK million	2008		2007	
	Positive	Negative	Positive	Negative
Fair value of financial instruments:				
Cash flow hedge	-	-25	1	-
Fair value hedge	1	-	-	-6
Total	1	-25	1	-6

NOTE 26 RELATED PARTY DISCLOSURES

Related parties exercising control. The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark, holds 30.3% of the shares and 72.9% of the voting power in Carlsberg A/S, excluding treasury shares. The Foundation participated in the capital increase in June 2008. Apart from this and of dividends and grants, cf. note 3, no transactions were carried out with the Carlsberg Foundation during the year.

Related parties 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 Group in which these parties have interests.

Associates Dividends of DKK 223m (2007: DKK 52m) were received from associates.

DKK million	2008	2007
The income statement and balance sheet include the following transactions with associates:		
Interest income	12	8
Loans	-	48
Receivables	12	102
Trade payables	1	32

No losses on loans to or receivables from associates were recognised or provided for in either 2008 or 2007.

Subsidiaries. Dividends of DKK 800m (2007: DKK 445m) were received from subsidiaries.

DKK million	2008	2007
The income statement and balance sheet include the following transactions with subsidiaries:		
Other operating income	48	37
Other operating costs	14	18
Interest income	251	3
Interest expenses	51	40
Loans	6,588	43
Receivables	99	64
Capital increase	24,000	-
Trade payables	23	7
Borrowings	869	2,437

NOTE 27 CONTINGENT LIABILITIES AND OTHER COMMITMENTS

Carlsberg A/S has issued guarantees for loans etc. of DKK 551m (2007: DKK 353m) raised by subsidiaries.

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

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

Carlsberg A/S is party to certain lawsuits, disputes etc. of various sizes. In management's opinion, apart from as recognised in the balance sheet 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.

Capital commitments

DKK million	2008	2007
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Property, plant and equipment and construction contracts	-	73
Total	-	73

Carlsberg A/S has entered into an operating lease which relates to cars. The lease contains no special purchase rights etc. Future lease payments are less

than DKK 1m (2007: DKK 0). Operating lease payments recognised in the income statement in 2008 are less than DKK 1m (2007: DKK 0).

NOTE 28 EVENTS AFTER THE BALANCE SHEET DATE

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 29 ACCOUNTING POLICIES

The 2008 Annual Report of Carlsberg A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the reporting requirements of NASDAQ OMX Copenhagen A/S for listed companies, and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

In addition, the Annual Report has been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

The Annual Report has been presented in Danish kroner (DKK), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Carlsberg Group, cf. note 41 to the consolidated financial statements, with the exception of the items below.

Income statement**Dividends on investments in subsidiaries, joint ventures and associates**

Dividends on investments in subsidiaries, joint ventures and associates are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared. If distributed dividends exceed accumulated earnings after the acquisition date, the dividend is not recognised in the income statement but as a reduction of the cost of the investment.

Financial income and financial expenses

Foreign exchange adjustments of balances with foreign entities which are considered part of the total net investment in the entity are recognised in the income statement of the Parent Company.

Tax on profit/loss for the year

Tax on profit/loss for the year comprises profit/loss from real estate partnerships (associated companies) as these are not individually taxed but included in the taxable income of the partners. In addition, tax on profit/loss and deferred tax is calculated and recognised as described in note 41 to the consolidated financial statements.

Balance sheet**Investments in subsidiaries, joint ventures and associates**

Investments in subsidiaries, joint ventures and associates are measured at the lower of cost or the recoverable amount.

Cost is written down by the amount by which the dividend distributed exceeds accumulated earnings after the acquisition date.

Share-based payment to employees in subsidiaries

The value of granted equity-settled share options to employees in the Company's subsidiaries is recognised in investments in subsidiaries, as the services rendered in exchange for the options are received in the subsidiaries, with a set-off directly against equity.

The difference between the purchase price and the sales price for the exercise of equity-settled share options by employees in subsidiaries is settled between Carlsberg A/S and the individual subsidiary with a set-off directly against investments in subsidiaries.

The difference at the balance sheet date between the fair value of the Company's equity instruments and the exercise price of outstanding equity-settled share options is recognised as a receivable in Carlsberg A/S with a set-off directly against investments in subsidiaries.

Equity-settled share options granted to the Company's own employees are recognised and measured in accordance with the accounting policies used by the Carlsberg Group. See note 41 to the consolidated financial statements for a description of accounting policies.