

# 60

## CARLSBERG GROUP

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## Income statement

DKK million	Note	2009	2008
Revenue		75,676	76,557
Excise duties on beer and soft drinks etc.		-16,294	-16,613
<b>Net revenue</b>		<b>59,382</b>	<b>59,944</b>
Cost of sales	3	-30,197	-31,249
<b>Gross profit</b>		<b>29,185</b>	<b>28,695</b>
Sales and distribution expenses	4	-15,989	-17,592
Administrative expenses	5	-3,873	-3,934
Other operating income	6	554	1,178
Other operating expenses	6	-599	-450
Share of profit after tax, associates	17	112	81
<b>Operating profit before special items</b>		<b>9,390</b>	<b>7,978</b>
Special items	7	-695	-1,641
Financial income	8	609	1,310
Financial expenses	8	-3,599	-4,766
<b>Profit before tax</b>		<b>5,705</b>	<b>2,881</b>
Corporation tax	9	-1,538	312
<b>Consolidated profit</b>		<b>4,167</b>	<b>3,193</b>
<b>Attributable to:</b>			
Non-controlling interests	10	565	572
Shareholders in Carlsberg A/S		3,602	2,621
<b>DKK</b>			
<b>Earnings per share</b>	11		
Earnings per share		23.6	22.1
Earnings per share, diluted		23.6	22.1

## Statement of comprehensive income

DKK million	Note	2009	2008
Profit for the year		4,167	3,193
<b>Other comprehensive income:</b>			
Foreign exchange adjustments of foreign entities	8	-3,135	-8,388
Value adjustments of hedging instruments	8, 34, 35	23	-1,552
Value adjustments of securities	8	1	115
Retirement benefit obligations	25	-382	-46
Value adjustment on step acquisition of subsidiaries	30	-	14,745
Share of other comprehensive income in associates	17	31	-
Other		-6	-9
Tax on changes in other comprehensive income	9	39	335
<b>Other comprehensive income</b>		<b>-3,429</b>	<b>5,200</b>
<b>Total comprehensive income</b>		<b>738</b>	<b>8,393</b>
<b>Total comprehensive income attributable to:</b>			
Non-controlling interests		171	1,777
Shareholders in Carlsberg A/S		567	6,616

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

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

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

## Statement of financial position

### ASSETS

DKK million	Note	31 Dec. 2009	31 Dec. 2008
<b>Non-current assets:</b>			
Intangible assets	14, 15	81,611	84,091
Property, plant and equipment	15, 16	31,825	34,052
Investments in associates	17	2,667	2,224
Securities	18	94	118
Receivables	19	1,604	1,707
Deferred tax assets	26	1,483	1,254
Retirement benefit plan assets	25	2	2
<b>Total non-current assets</b>		<b>119,286</b>	<b>123,448</b>
<b>Current assets:</b>			
Inventories	20	3,601	5,228
Trade receivables	19	5,898	6,369
Tax receivables		175	262
Other receivables	19	1,750	3,095
Prepayments		666	1,211
Securities	18	17	7
Cash and cash equivalents	21	2,734	2,857
<b>Total current assets</b>		<b>14,841</b>	<b>19,029</b>
Assets held for sale	22	388	162
<b>Total assets</b>		<b>134,515</b>	<b>142,639</b>

**EQUITY AND LIABILITIES**

DKK million	Note	31 Dec. 2009	31 Dec. 2008
<b>Equity:</b>			
Share capital	23	3,051	3,051
Reserves		-11,816	-9,063
Retained earnings		63,594	60,762
Equity, shareholders in Carlsberg A/S		54,829	54,750
Non-controlling interests		4,660	5,151
<b>Total equity</b>		<b>59,489</b>	<b>59,901</b>
<b>Non-current liabilities:</b>			
Borrowings	24	36,075	43,230
Retirement benefit obligations and similar obligations	25	2,153	1,793
Deferred tax liabilities	26	9,688	9,885
Provisions	27	1,353	1,498
Other liabilities	28	746	263
<b>Total non-current liabilities</b>		<b>50,015</b>	<b>56,669</b>
<b>Current liabilities:</b>			
Borrowings	24	3,322	5,291
Trade payables		7,929	8,009
Deposits on returnable packaging		1,361	1,455
Provisions	27	1,092	677
Corporation tax		411	279
Other liabilities etc.	28	10,845	9,905
<b>Total current liabilities</b>		<b>24,960</b>	<b>25,616</b>
Liabilities associated with assets held for sale	22	51	453
<b>Total liabilities</b>		<b>75,026</b>	<b>82,738</b>
<b>Total equity and liabilities</b>		<b>134,515</b>	<b>142,639</b>

## Statement of changes in equity

DKK million	Shareholders in Carlsberg A/S							2009	
	Share capital	Currency translation	Hedging reserves	Available for Sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
Equity at 1 January 2009	3,051	-7,693	-1,515	145	-9,063	60,762	54,750	5,151	59,901
Total comprehensive income for the year, cf. separate statement	-	-2,885	131	1	-2,753	3,320	567	171	738
Capital increase	-	-	-	-	-	-	-	7	7
Acquisition/disposal of treasury shares	-	-	-	-	-	-6	-6	-	-6
Share-based payment	-	-	-	-	-	52	52	-	52
Dividends paid to shareholders	-	-	-	-	-	-534	-534	-312	-846
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-357	-357
<b>Total changes in equity</b>	<b>-</b>	<b>-2,885</b>	<b>131</b>	<b>1</b>	<b>-2,753</b>	<b>2,832</b>	<b>79</b>	<b>-491</b>	<b>-412</b>
Equity at 31 December 2009	3,051	-10,578	-1,384	146	-11,816	63,594	54,829	4,660	59,489

DKK million	Shareholders in Carlsberg A/S							2008	
	Share capital	Currency translation	Hedging reserves	Available for Sale investments	Total reserves	Retained earnings	Total share capital and reserves	Non-controlling interests	Total equity
Equity at 1 January 2008	1,526	-170	41	26	-103	17,198	18,621	1,323	19,944
Total comprehensive income for the year, cf. separate statement	-	-7,523	-1,556	119	-8,960	15,576	6,616	1,777	8,393
Capital increase	1,525	-	-	-	-	28,413	29,938	15	29,953
Acquisition/disposal of treasury shares	-	-	-	-	-	2	2	-	2
Share-based payment	-	-	-	-	-	31	31	-	31
Dividends paid to shareholders	-	-	-	-	-	-458	-458	-265	-723
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-87	-87
Acquisition of entities	-	-	-	-	-	-	-	2,382	2,382
Disposal of entities	-	-	-	-	-	-	-	6	6
<b>Total changes in equity</b>	<b>1,525</b>	<b>-7,523</b>	<b>-1,556</b>	<b>119</b>	<b>-8,960</b>	<b>43,564</b>	<b>36,129</b>	<b>3,828</b>	<b>39,957</b>
Equity at 31 December 2008	3,051	-7,693	-1,515	145	-9,063	60,762	54,750	5,151	59,901

The proposed dividend of DKK 3.50 per share, in total DKK 534m (2008: DKK 3.50 per share, in total DKK 534m), is included in retained earnings at 31 December 2009. Dividends paid out in 2009 for 2008 amount to DKK 534m (paid out in 2008 for 2007: DKK 458m), which is DKK 3.50 per share (2008: DKK 4.84 per share). Dividends paid out to shareholders of Carlsberg A/S do not impact taxable income in Carlsberg 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.

## Statement of cash flows

DKK million	Note	2009	2008
Operating profit before special items		9,390	7,978
Adjustment for depreciation and amortisation		3,769	3,628
Adjustment for impairment losses <sup>1</sup>		10	4
<b>Operating profit before depreciation, amortisation and impairment losses</b>		<b>13,169</b>	<b>11,610</b>
Adjustment for other non-cash items	29	265	-604
Change in working capital <sup>2</sup>	29	3,675	1,556
Restructuring costs paid		-507	-482
Interest etc. received		255	256
Interest etc. paid		-1,852	-3,010
Corporation tax paid		-1,374	-1,514
<b>Cash flow from operating activities</b>		<b>13,631</b>	<b>7,812</b>
Acquisition of property, plant and equipment and intangible assets		-2,767	-5,292
Disposal of property, plant and equipment and intangible assets		255	374
Change in trade loans	29	-411	-290
<b>Total operational investments</b>		<b>-2,923</b>	<b>-5,208</b>
Acquisition and disposal of entities, net	30	95	-51,438
Acquisitions of associates		-48	-587
Disposals of associates		-7	300
Acquisition of financial assets <sup>3</sup>		-11	-961
Disposal of financial assets		44	39
Change in financial receivables	29	-98	427
Dividends received		56	69
<b>Total financial investments</b>		<b>31</b>	<b>-52,151</b>
Other investments in property, plant and equipment		-388	-1,117
Disposal of other property, plant and equipment		198	1,323
<b>Total other activities<sup>4</sup></b>		<b>-190</b>	<b>206</b>
<b>Cash flow from investing activities</b>		<b>-3,082</b>	<b>-57,153</b>
<b>Free cash flow</b>		<b>10,549</b>	<b>-49,341</b>
Shareholders in Carlsberg A/S	29	-540	29,482
Non-controlling interests	29	-591	-549
External financing <sup>5</sup>	29	-8,862	21,151
<b>Cash flow from financing activities</b>		<b>-9,993</b>	<b>50,084</b>
<b>Net cash flow</b>		<b>556</b>	<b>743</b>
Cash and cash equivalents at 1 January <sup>6</sup>		2,065	1,351
Foreign exchange adjustment of cash and cash equivalents at 1 January		-38	-29
<b>Cash and cash equivalents at 31 December<sup>6</sup></b>	<b>21</b>	<b>2,583</b>	<b>2,065</b>

<sup>1</sup> Impairment losses excluding those reported in Special items.

<sup>2</sup> 2008 includes DKK 1,065m received regarding an agreement with The Coca-Cola Company in June 2008.

<sup>3</sup> 2008 includes cost of hedging instruments acquired in 2008 prior to the acquisition of part of the activities in S&N.

<sup>4</sup> Other activities cover real estate and assets under construction, separate from beverage activities, including costs of construction contracts.

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

<sup>6</sup> Cash and cash equivalents less bank overdrafts.

## Notes

### NOTE 1 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

#### Estimation uncertainty

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

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

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

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

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

The Carlsberg 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 there is a significant risk of changes that could result in material adjustments to the carrying amount of assets or liabilities within the next financial year.

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

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

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

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

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

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

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

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

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

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

**NOTE 1** SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

**Useful lives and residual values for intangible assets with finite useful life and property, plant and equipment.** Intangible assets with finite useful life and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment losses. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and

residual values are determined based on past experience and expectations of the future use of the assets. Reassessment of the expected future use is as a minimum made in connection with an evaluation of changes in production structure, restructuring and brewery closures. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 40 and the value of non-current assets is specified in notes 14 and 16.

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

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

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

**Receivables.** Receivables are measured at amortised cost less impairment.

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

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

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

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

**Retirement benefit obligations and similar obligations.** When calculating the value of the Carlsberg 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 that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., management bases its assessment on external legal assistance and established precedents. In connection with large restructurings, management assesses the timing of costs to be incurred, which

**NOTE 1** SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

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 37.

**Assessment in applied accounting policies**

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

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

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

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

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

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

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

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

**Recognition of real estate projects.** When entering into contracts, management makes judgements as to whether the individual real estate project is sufficiently modified for the percentage of completion method to apply. At the end of 2009 all 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.

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

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

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

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

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

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

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

For leases an assessment is made as to whether the lease is a finance lease or an operating lease. The Carlsberg 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.

**NOTE 2** SEGMENT INFORMATION

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

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

DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non- beverage	2009 Carlsberg Group, total
<b>Income statement:</b>							
Net revenue	36,434	18,543	4,224	181	59,382	-	59,382
Intra-segment revenue	32	2	-	-34	-	-	-
<b>Total net revenue</b>	<b>36,466</b>	<b>18,545</b>	<b>4,224</b>	<b>147</b>	<b>59,382</b>	<b>-</b>	<b>59,382</b>
Share of profit/loss after tax in associates	7	-5	102	-	104	8	112
<b>Operating profit before special items</b>	<b>4,237</b>	<b>5,289</b>	<b>666</b>	<b>-732</b>	<b>9,460</b>	<b>-70</b>	<b>9,390</b>
Special items					-262	-433	-695
Financial items, net					-2,980	-10	-2,990
<b>Profit before tax</b>					<b>6,218</b>	<b>-513</b>	<b>5,705</b>
Corporation tax					-1,561	23	-1,538
<b>Consolidated profit</b>					<b>4,657</b>	<b>-490</b>	<b>4,167</b>
EBIT margin	11.6%	28.5%	15.8%		15.9%		15.8%

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

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

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

**DKK million****Other segment items:**

Total assets	50,183	69,002	7,368	-4,667	121,886	12,629	134,515
Invested capital, cf. note 31	28,466	63,270	5,154	464	97,354	12,184	109,538
Acquisition of property, plant and equipment and intangible assets	1,400	879	258	230	2,767	388	3,155
Depreciation and amortisation	2,119	1,349	208	77	3,753	16	3,769
Impairment losses	73	17	2	-	92	-	92

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

**NOTE 2** SEGMENT INFORMATION – CONTINUED

DKK million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total	Non-beverage	2008
							Carlsberg Group, total
<b>Income statement:</b>							
Net revenue	37,059	19,136	3,552	197	59,944	-	59,944
Intra-segment revenue	69	1	3	-73	-	-	-
<b>Total net revenue</b>	<b>37,128</b>	<b>19,137</b>	<b>3,555</b>	<b>124</b>	<b>59,944</b>	<b>-</b>	<b>59,944</b>
Share of profit/loss after tax in associates	15	7	50	-	72	9	81
<b>Operating profit before special items</b>	<b>3,953</b>	<b>4,108</b>	<b>511</b>	<b>-968</b>	<b>7,604</b>	<b>374</b>	<b>7,978</b>
Special items					-1,641	-	-1,641
Financial items, net					-3,455	-1	-3,456
<b>Profit before tax</b>					<b>2,508</b>	<b>373</b>	<b>2,881</b>
Corporation tax					383	-71	312
<b>Consolidated profit</b>					<b>2,891</b>	<b>302</b>	<b>3,193</b>
EBIT margin	10.6%	21.5%	14.4%		12.7%		13.3%

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

Not allocated operating profit before special items, DKK -968m, consists of DKK -964m from other companies and activities and DKK -4m from eliminations.

## DKK million

<b>Other segment items:</b>							
Total assets	45,556	71,351	6,803	5,958	129,668	12,971	142,639
Invested capital, cf. note 31	31,493	68,771	5,485	351	106,100	12,543	118,643
Acquisition of property, plant and equipment and intangible assets	2,517	2,149	391	235	5,292	1,117	6,409
Depreciation and amortisation	2,124	1,240	183	68	3,615	13	3,628
Impairment losses	336	-	-	-	336	-	336

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

Information on geographical allocation of net revenue and non-current assets	Net revenue		Non-current assets	
	2009	2008	2009	2008
Denmark (Carlsberg A/S's domicile)	4,847	4,838	2,298	2,384
Russia	15,580	13,671	59,349	37,047
Other countries	38,955	41,435	57,639	84,017
<b>Total</b>	<b>59,382</b>	<b>59,944</b>	<b>119,286</b>	<b>123,448</b>

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

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

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

**NOTE 3** COST OF SALES

DKK million	2009	2008
Cost of materials	16,981	16,879
Direct staff costs	1,270	1,508
Machinery costs	818	920
Depreciation, amortisation and impairment losses	2,581	2,513
Indirect production overheads	3,353	3,131
Purchased finished goods and other costs	5,194	6,298
<b>Total</b>	<b>30,197</b>	<b>31,249</b>
Of which staff costs, cf. note 12	2,529	2,535

**NOTE 4 SALES AND DISTRIBUTION EXPENSES**

DKK million	2009	2008
Marketing expenses	4,508	5,304
Sales expenses	4,837	4,899
Distribution expenses	6,644	7,389
<b>Total</b>	<b>15,989</b>	<b>17,592</b>
Of which staff costs, cf. note 12	4,517	4,440

**NOTE 5 FEES TO AUDITORS APPOINTED BY THE ANNUAL GENERAL MEETING**

DKK million	2009	2008
<b>KPMG:</b>		
Statutory audit	29	43
Assurance engagements	1	10
Tax advisory	5	10
Other services	5	25

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

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

In 2008 assurance engagements included fees for audit opinions issued in connection with the rights issue and the capital increase as well as other opinions to third parties. Tax advisory services related to the S&N transaction and general tax consultancy. Other services included assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and other services related to the capital increase in Carlsberg A/S in June 2008.

**NOTE 6 OTHER OPERATING INCOME AND EXPENSES**

DKK million	2009	2008
<b>Other operating income:</b>		
Gains on disposal of real estate under other activities	60	487
Gains on disposal of real estate within beverage activities	61	69
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	40	212
Interest and amortisation of on-trade loans	103	105
Rental income, real estate	53	65
Funding and grants received for research and development activities	23	21
Other	214	219
<b>Total</b>	<b>554</b>	<b>1,178</b>
<b>Other operating expenses:</b>		
Loss on disposal of real estate within beverage activities	-10	-
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	-61	-44
Losses and write-downs on on-trade loans	-97	-45
Real estate costs	-98	-95
Expenses relating to research centres	-167	-152
Other	-166	-114
<b>Total</b>	<b>-599</b>	<b>-450</b>
Of which staff costs, cf. note 12	-90	-106
<b>Recognised gains on construction contracts comprise:</b>		
Construction contract revenue for work performed during the year	-	184
Production costs	-	-107
<b>Total</b>	<b>-</b>	<b>77</b>

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

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

Funding and grants received for research and development activities include funding from the Carlsberg Foundation of DKK 14m (2008: DKK 11m) for the operation of the Carlsberg Laboratory.

**NOTE 7** SPECIAL ITEMS

DKK million	2009	2008
Gain on sale of Braunschweig Brauerei and Fighter brand activities, Carlsberg Deutschland (2008: impairment of brewery)	49	-135
Impairment of finite brands	-37	-
Impairment (2008) and restructuring of Leeds Brewery, Carlsberg UK	-67	-197
Loss on disposal of Türk Tuborg	-	-232
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark	-40	-19
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-20	-30
Provision for onerous procurement contracts	-175	-245
Termination benefits etc. in connection with Operational Excellence programmes	-31	-150
Termination benefits in connection with restructuring of sales force, logistics and administration, Carlsberg UK	-34	-
Termination benefits etc., Carlsberg Italia	-56	-93
Termination benefits etc. in connection with restructuring, Brasseries Kronenbourg, France	-95	-291
Termination benefits in connection with restructuring, Carlsberg Deutschland	-72	-
Restructuring, Ringnes, Norway	-	-26
Other restructuring costs etc., other entities	-100	-154
Integration costs related to acquisition of part of the activities in S&N	-17	-69
<b>Special items, net</b>	<b>-695</b>	<b>-1,641</b>
<b>If special items had been recognised in operating profit before special items, they would have been included in the following items:</b>		
Cost of sales	-353	-919
Sales and distribution expenses	-157	-114
Administrative expenses	-179	-226
Other operating income	94	27
Other operating expenses	-100	-409
	-695	-1,641
Impairment of goodwill	-	-
<b>Special items, net</b>	<b>-695</b>	<b>-1,641</b>

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

**NOTE 8 FINANCIAL INCOME AND FINANCIAL EXPENSES****Financial items recognised in the income statement**

DKK million	2009	2008
<b>Financial income:</b>		
Interest income	211	249
Dividends from securities	6	21
Fair value adjustments of financial instruments, net, cf. note 35	80	556
Realised gains on disposal of associates and securities	3	126
Expected return on plan assets, defined benefit plans	270	308
Other financial income	39	50
<b>Total</b>	<b>609</b>	<b>1,310</b>
Interest income relates to interest from cash and cash equivalents measured at amortised cost.		
<b>Financial expenses:</b>		
Interest expenses	-2,372	-2,635
Realised foreign exchange losses, net	-581	-1,358
Realised losses on disposal of securities	-41	-5
Impairment of financial assets	-119	-3
Interest cost on obligations, defined benefit plans	-342	-340
Other financial expenses	-144	-425
<b>Total</b>	<b>-3,599</b>	<b>-4,766</b>
<b>Net financial items recognised in the income statement</b>	<b>-2,990</b>	<b>-3,456</b>

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

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

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

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

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

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

**Financial items recognised in other comprehensive income**

DKK million	2009	2008
<b>Foreign exchange adjustments of foreign entities:</b>		
Foreign currency translation of foreign entities	-3,146	-8,319
Recycling of cumulative translation differences related to foreign entities disposed of in the year to income statement	11	-69
<b>Total</b>	<b>-3,135</b>	<b>-8,388</b>
<b>Value adjustments of hedging instruments:</b>		
Cash flow hedges, efficient portion of changes in fair value	-311	-1,984
Net change in fair value of cash flow hedges transferred to income statement	450	-27
Net investment hedges, net change in fair value	-116	459
Net change in fair value of net investment hedges transferred to income statement	-	-
<b>Total</b>	<b>23</b>	<b>-1,552</b>
<b>Value adjustments of securities:</b>		
Securities, net change in fair value	1	-33
Net change in fair value of securities transferred to income statement	-	-21
Net change in fair value of securities transferred to associates	-	169
<b>Total</b>	<b>1</b>	<b>115</b>
<b>Net financial items recognised in other comprehensive income</b>	<b>-3,111</b>	<b>-9,825</b>
<b>Total net financial items recognised in comprehensive income</b>	<b>-6,101</b>	<b>-13,281</b>

**NOTE 9** CORPORATION TAX

DKK million	2009	2008
<b>Tax for the year comprises:</b>		
Current tax on profit for the year	1,584	1,072
Change in deferred tax during the year	-17	-227
Change in deferred tax from change in tax rate	-26	-1,508
Adjustments to tax for previous years	-42	16
<b>Tax on comprehensive income for the year</b>	<b>1,499</b>	<b>-647</b>
<b>Of which recognised in other comprehensive income:</b>		
Deferred tax on items recognised in other comprehensive income	82	334
Tax for the year on items recognised in other comprehensive income	-23	1
Adjustments to tax for previous years	-20	0
<b>Tax on other comprehensive income for the year</b>	<b>39</b>	<b>335</b>
<b>Tax on profit for the year recognised in income statement</b>	<b>1,538</b>	<b>-312</b>
<b>Reconciliation of the effective tax rate for the year:</b>		
Tax rate in Denmark	25.0%	25.0%
Change in tax rate, foreign subsidiaries	-0.4%	-52.3%
Differences in tax rates, foreign subsidiaries	-2.6%	-3.6%
Adjustments to tax for previous years	-1.1%	-0.4%
Non-capitalised tax assets, net movements	2.1%	10.2%
Non-taxable income	-0.7%	-0.6%
Non-deductible expenses	3.7%	5.4%
Tax incentives etc.	-2.4%	-4.5%
Special items/tax in associates	1.1%	2.8%
Withholding taxes	2.3%	7.4%
Other	0.0%	-0.2%
<b>Effective tax rate for the year</b>	<b>27.0%</b>	<b>-10.8%</b>

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

**Tax recognised in other comprehensive income:**

DKK million	2009			2008		
	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Foreign exchange adjustments	-3,135	-	-3,135	-8,388	-	-8,388
Hedging instruments	23	-38	-15	-1,552	325	-1,227
Securities	1	-	1	115	4	119
Retirement benefit obligations	-382	75	-307	-46	6	-40
Share of other comprehensive income in associates	31	-	31	-	-	-
Value adjustment on step acquisition of subsidiary	-	-	-	14,745	-	14,745
Other	-6	2	-4	-9	-	-9
<b>Total</b>	<b>-3,468</b>	<b>39</b>	<b>-3,429</b>	<b>4,865</b>	<b>335</b>	<b>5,200</b>

DKK million	2009	2008
<b>The change in deferred tax recognised in the income statement can be broken down as follows:</b>		
Tax losses	-939	2,436
Deferred tax from change in tax rate	-26	-1,508
Intangible assets and property, plant and equipment etc.	1,004	-2,328
<b>Change in deferred tax recognised in the income statement</b>	<b>39</b>	<b>-1,400</b>

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

**NOTE 10** NON-CONTROLLING INTERESTS

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

**NOTE 11** EARNINGS PER SHARE

In 2008 Carlsberg adjusted the calculation of basic and diluted earnings per share for the current year as well as the comparative years 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.

As the Carlsberg rights issue in May 2008 was offered to all existing shareholders, the number of ordinary shares to be used in calculating basic and diluted earnings per share for all periods prior to the rights issue is the number of ordinary Carlsberg B shares outstanding before the issue, multiplied by an adjustment factor calculated as the fair value of B shares in Carlsberg A/S immediately before the exercise of rights divided by the theoretical ex-rights fair value per share.

The theoretical ex-rights fair value per share is calculated by adding the aggregate market value of the shares immediately before the exercise of the rights to the proceeds from the exercise of the rights, and dividing by the number of shares outstanding after the exercise of the rights.

The closing price of Carlsberg's B share on 21 May 2008 was DKK 651.

The price of Carlsberg's new B shares, cf. prospectus published on 15 May 2008, was DKK 400.

Resulting adjustment factors:  
Exercise price: 1.23882017

DKK million	2009	2008
Consolidated profit	4,167	3,193
Non-controlling interests	-565	-572
<b>Shareholders in Carlsberg A/S</b>	<b>3,602</b>	<b>2,621</b>
<b>1,000 shares</b>		
Average number of shares	152,550	118,785
Average number of treasury shares	-7	-7
Average number of shares outstanding	152,543	118,778
Average dilutive effect of outstanding share options	104	-
<b>Diluted average number of shares outstanding</b>	<b>152,647</b>	<b>118,778</b>
<b>DKK</b>		
Earnings per share of DKK 20 (EPS)	23.6	22.1
Diluted earnings per share of DKK 20 (EPS-D)	23.6	22.1

Diluted earnings per share exclude from the calculation 913,743 share options (2008: 1,577,786) that do not have a dilutive effect due to the sum of the exercise price and the fair value of the options at grant date

being higher than the average market price of the Carlsberg B share in the year.

**NOTE 12** STAFF COSTS AND REMUNERATION OF THE SUPERVISORY BOARD,  
THE EXECUTIVE BOARD AND OTHER EXECUTIVE EMPLOYEES

DKK million	2009	2008
Salaries and other remuneration	7,467	6,831
Severance pay	264	198
Social security costs	1,077	988
Retirement benefit costs – defined contribution plans	170	155
Retirement benefit costs – defined benefit plans	115	90
Share-based payment	52	31
Other employee benefits	79	421
<b>Total</b>	<b>9,224</b>	<b>8,714</b>

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

Cost of sales	2,579	2,535
Sales and distribution expenses	4,517	4,440
Administrative expenses	1,644	1,517
Other operating expenses	90	106
Special items (restructuring)	394	116
<b>Total</b>	<b>9,224</b>	<b>8,714</b>

The Group had an average of 43,271 (2008: 45,505) full-time employees during the year.

DKK million	2009		2008	
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
<b>Remuneration of Group Executive Board and executive employees:</b>				
Salaries and other remuneration	30	65	27	53
Retirement benefit costs	-	4	-	3
Share-based payment	6	13	3	3
<b>Total</b>	<b>36</b>	<b>82</b>	<b>30</b>	<b>59</b>

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

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

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

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

Executive employees comprise members of the Executive Committee, Senior Vice Presidents and Vice Presidents heading Group functions at Carlsberg's headquarters in Copenhagen, a total of 18 persons (2008: 21 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Supervisory Board of Carlsberg A/S received remuneration of DKK 6m (2008: DKK 6m) for duties performed in the Company and some subsidiaries. The remuneration is a fixed annual amount. The Supervisory Board is not included in share option programmes, retirement benefit plans and other schemes. No agreements have been entered into concerning termination benefits and no such payments were made.

**NOTE 13** SHARE-BASED PAYMENT

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

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

If an employee in the long-term incentive programme chooses settlement in share options, the employee will be awarded the number of share options calculated as the value of the predetermined percentage of the employee's salary divided by the fair value of one share option. The exact number of share options granted under the long-term incentive programme each year will be determined after publication of the Annual Report. 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 in February of the next year, the number of granted options will be adjusted.

**The general terms and conditions for the two programmes:**

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

Upon resignation, a proportion of the options may be exercised within one to three months unless special severance terms are agreed. Special terms and conditions apply in the case of retirement, illness, death or changes in Carlsberg A/S's capital resources. Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme). The Carlsberg Group has not purchased a significant number of treasury shares to meet this obligation. Treasury share holdings at 31 December 2009 totalled 3,472 shares (2008: 3,276 shares).

After the rights issue in Carlsberg A/S in 2008, an adjustment was made to the share option programme which existed at the time of the rights issue to ensure that holders of share options receive the same nominal yield on a given increase in the share price. The exercise price of the options has been adjusted for the bonus element on the issue of new shares at a discount. The bonus element has been calculated as described in note 11, Earnings per share. Correspondingly, the number of granted options was adjusted by a factor calculated as 1 divided by the bonus element. These adjustments meant that the fair value of the share option programme in place at the time of the rights issue was unchanged. In connection with the adjustments, comparative figures have been restated.

In 2009, a total of 444,164 (2008: 799,942) share options were granted to 217 (2008: 173) key employees. The fair value at grant date of these options was a total of DKK 51m (2008: DKK 74m). The fair value is recognised in the income statement over the vesting period of three years. In 2009, DKK 15m was recognised in respect of share options granted (2008: DKK 20m). The total cost of share-based payment was DKK 52m (2008: DKK 31m) in respect of options granted in the period 2006-2009 (2008: 2005-2008) and included options granted under the long-term incentive programme. The cost of share-based payment is included in staff costs. At 31 December 2009, an amount of DKK 63m (2008: DKK 73m) has not been recognised in respect of current share option programmes.

The fair value of granted share options is estimated using the Black-Scholes call option pricing model based on the exercise price. The fair value at 31 December 2009 was DKK 270m (2008: DKK 41m), which is DKK 229m higher than at year-end 2008.

The number of options granted under the long-term incentive programme is adjusted annually during the vesting period (three years). The total outstanding options at 31 December 2009, 311,832, relate to the Group's long-term incentive programme, of which 90,789 will be adjusted in 2010, 90,789 in 2011 and 53,645 in 2012. In 2009 the preliminary number of options regarding options granted in 2008 has been adjusted to 76,609 based on the assumptions available after publishing the Annual Report for 2008. These assumptions are presented below. The change in assumptions led to a negative adjustment of 116,027 options regarding 2008.

At 31 December 2009 the exercise price for outstanding share options was in the range of DKK 173.12 to DKK 490.55 (2008: DKK 173.12 to DKK 490.55). The average remaining contractual life was 5.1 years (2008: 5.6 years).

**NOTE 13** SHARE-BASED PAYMENT – CONTINUED

Grant year	Exercise year	1 Jan. 2009	Granted/ grant adjusted	Expired/ forfeited	Exercised	Transferred	31 Dec. 2009	Number For exercise 31 Dec.	Exercise price Fixed, weighted average	Fair value		
										DKK per option, weighted average	31 Dec. 2009	31 Dec. 2008
<b>Executive Board:</b>												
2001	2004-2009	9,105	-	-9,105	-	-	-	-	312.02	-	-	
2002	2005-2010	9,105	-	-	-	-	9,105	9,105	261.39	122.60	1	
2003	2006-2011	13,008	-	-	-	-	13,008	13,008	173.12	211.27	3	
2004	2007-2012	13,008	-	-	-	-	13,008	13,008	216.65	180.37	2	
2005	2008-2013	12,388	-	-	-	-	12,388	12,388	232.71	179.06	2	
2006	2009-2014	12,388	-	-	-	-	12,388	12,388	306.89	139.55	2	
2007	2010-2015	24,776	-	-	-	-	24,776	24,776	472.11	111.82	3	
2008	2011-2016	89,552	-	-	-	-	89,552	89,552	490.55	136.10	12	
2009	2012-2017		60,000	-	-	-	60,000		203.50	237.37	14	
<b>Total</b>		<b>183,330</b>	<b>60,000</b>	<b>-9,105</b>	<b>-</b>	<b>-</b>	<b>234,225</b>	<b>59,897</b>			<b>39</b>	<b>5</b>
<b>Key management personnel:</b>												
2001	2004-2009	7,805	-	-7,805	-	-	-	-	312.02	-	-	
2002	2005-2010	9,756	-	-	-3,902	-5,854	-	-	261.39	122.60	-	
2003	2006-2011	18,273	-	-	-1,951	-10,469	5,853	5,853	173.12	211.27	1	
2004	2007-2012	36,777	-	-	-2,632	-11,382	22,763	22,763	216.65	180.37	4	
2005	2008-2013	82,486	-	-1,858	-11,148	-14,042	55,438	55,438	232.71	179.06	10	
2006	2009-2014	152,273	-	-7,123	-19,509	-24,980	100,661	100,661	306.89	139.55	14	
2007	2010-2015	175,108	-	-18,890	-	-31,587	124,631	124,631	472.11	111.82	14	
2008	2011-2016	707,293	-116,027	-65,241	-	-99,718	426,307	426,307	446.90	136.10	55	
2009	2012-2017		384,164	-12,500	-	-25,514	346,150		268.90	237.37	72	
<b>Total</b>		<b>1,189,771</b>	<b>268,137</b>	<b>-113,417</b>	<b>-39,142</b>	<b>-223,546</b>	<b>1,081,803</b>	<b>184,715</b>			<b>170</b>	<b>32</b>
<b>Resigned employees:</b>												
2001	2004-2009	14,340	-	-14,340	-	-	-	-	312.02	-	-	
2002	2005-2010	20,812	-	-	-1,951	5,854	24,715	24,715	261.39	122.60	3	
2003	2006-2011	29,918	-	-	-1,951	10,469	38,436	38,436	173.12	211.27	8	
2004	2007-2012	37,722	-	-	-3,902	11,382	45,202	45,202	216.65	180.37	8	
2005	2008-2013	32,106	-	-	-1,858	14,042	44,290	44,290	232.71	179.06	8	
2006	2009-2014	36,958	-	-	-	24,980	61,938	61,938	306.89	139.55	9	
2007	2010-2015	32,829	-	-	-	31,587	64,416	64,416	472.11	111.82	7	
2008	2011-2016	-	-	-	-	99,718	99,718	99,718	446.90	136.10	13	
2009	2012-2017		-	-	-	25,514	25,514		268.90	237.37	5	
<b>Total</b>		<b>204,685</b>	<b>-</b>	<b>-14,340</b>	<b>-9,662</b>	<b>223,546</b>	<b>404,229</b>	<b>214,581</b>			<b>61</b>	<b>4</b>
<b>Total</b>		<b>1,577,786</b>	<b>328,137</b>	<b>-136,862</b>	<b>-48,804</b>	<b>-</b>	<b>1,720,257</b>	<b>459,193</b>			<b>270</b>	<b>41</b>

	2009					2008				
	Group Executive Board	Key man- agement personnel	Resigned em- ployees	Total	Average exercise price	Group Executive Board	Key man- agement personnel	Resigned em- ployees	Total	Average exercise price
Share options outstanding at 1 January	183,330	1,189,771	204,685	1,577,786	384.76	93,778	590,004	201,216	884,998	317.61
Granted	60,000	268,137	-	328,137	268.90	89,552	710,390	-	799,942	446.90
Expired/forfeited	-9,105	-113,417	-14,340	-136,862	393.13	-	-29,530	-2,478	-32,008	368.89
Exercised	-	-39,142	-9,662	-48,804	258.89	-	-63,440	-11,706	-75,146	259.54
Transferred	-	-223,546	223,546	-	-	-	-17,653	17,653	-	-
<b>Share options outstanding at 31 December</b>	<b>234,225</b>	<b>1,081,803</b>	<b>404,229</b>	<b>1,720,257</b>	<b>353.56</b>	<b>183,330</b>	<b>1,189,771</b>	<b>204,685</b>	<b>1,577,786</b>	<b>352.66</b>
<b>Exercisable at 31 December</b>	<b>59,897</b>	<b>184,715</b>	<b>214,581</b>	<b>459,193</b>	<b>252.82</b>	<b>56,614</b>	<b>155,097</b>	<b>134,898</b>	<b>346,609</b>	<b>228.57</b>
Exercised options as % of share capital	0.00%	0.03%	0.01%	0.03%		0.00%	0.04%	0.01%	0.05%	

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

**NOTE 13** SHARE-BASED PAYMENT – CONTINUED

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

Grant	2009		2008		
	Ordinary share options	Long-term incentive (prelim.)	Ordinary share options	Long-term incentive (final)	Long-term incentive (prelim.)
Fair value per option, DKK	88.41	158.73	157.54	73.07	53.80
Share price, DKK	203.50	384.00	490.55	203.50	171.25
Exercise price, DKK	203.50	384.00	490.55	203.50	171.25
Volatility	52%	57%	19%	52%	50%
Risk-free interest rate	3.0%	2.3%	3.3%	2.4%	2.7%
Dividend yield	1.7%	0.9%	0.8%	1.7%	3.5%
Expected life of share options, years	5.5	3.6	5.9	3.5	3.7

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

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

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

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

**NOTE 14** INTANGIBLE ASSETS

DKK million					2009
	Goodwill	Trademarks	Other intangible assets	Pre-payments	Total
<b>Cost:</b>					
Cost at 1 January 2009	48,162	35,478	1,727	34	85,401
Additions	335	-	349	31	715
Disposal of entities	-190	-	-18	-	-208
Disposals	-	-	-39	-1	-40
Foreign exchange adjustments etc.	-1,379	-1,307	21	-	-2,665
Transfers	-	-	24	-25	-1
<b>Cost at 31 December 2009</b>	<b>46,928</b>	<b>34,171</b>	<b>2,064</b>	<b>39</b>	<b>83,202</b>
<b>Amortisation and impairment losses:</b>					
Amortisation and impairment losses at 1 January 2009	13	151	1,146	-	1,310
Amortisation	-	35	200	-	235
Impairment losses	-	37	-	-	37
Disposal of entities	-	-	-9	-	-9
Disposals	-	-	-20	-	-20
Foreign exchange adjustments etc.	4	2	32	-	38
<b>Amortisation and impairment losses at 31 December 2009</b>	<b>17</b>	<b>225</b>	<b>1,349</b>	<b>-</b>	<b>1,591</b>
<b>Carrying amount at 31 December 2009</b>	<b>46,911</b>	<b>33,946</b>	<b>715</b>	<b>39</b>	<b>81,611</b>

DKK million	2009	2008
<b>Amortisation and impairment losses for the year are included in:</b>		
Cost of sales	39	21
Sales and distribution expenses	45	39
Administrative expenses	151	133
Special items	37	-
<b>Total</b>	<b>272</b>	<b>193</b>

**NOTE 14** INTANGIBLE ASSETS – CONTINUED

DKK million					2008
	Goodwill	Trademarks	Other intangible assets	Pre-payments	Total
<b>Cost:</b>					
Cost at 1 January 2008	16,956	3,926	1,530	146	22,558
Acquisition of entities	34,020	18,803	111	-	52,934
Value adjustment on step acquisition of subsidiaries	-	16,388	15	-	16,403
Reversal of cost related to step acquisition	-	-	-50	-	-50
Additions	231	-	150	17	398
Disposal of entities	-	-	-33	-	-33
Disposals	-72	-	-98	-	-170
Foreign exchange adjustments etc.	-2,973	-3,639	-43	-1	-6,656
Transfers	-	-	145	-128	17
<b>Cost at 31 December 2008</b>	<b>48,162</b>	<b>35,478</b>	<b>1,727</b>	<b>34</b>	<b>85,401</b>
<b>Amortisation and impairment losses:</b>					
Amortisation and impairment losses at 1 January 2008	10	122	1,219	2	1,353
Reversal of cumulative amortisation related to step acquisition	-	-	-50	-	-50
Amortisation	-	32	161	-	193
Disposal of entities	-	-	-30	-	-30
Disposals	-	-	-89	-	-89
Foreign exchange adjustments etc.	3	-3	-65	-	-65
Transfers	-	-	-	-2	-2
<b>Amortisation and impairment losses at 31 December 2008</b>	<b>13</b>	<b>151</b>	<b>1,146</b>	<b>-</b>	<b>1,310</b>
<b>Carrying amount at 31 December 2008</b>	<b>48,149</b>	<b>35,327</b>	<b>581</b>	<b>34</b>	<b>84,091</b>

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

DKK million	2009	2008
Acquisition of non-controlling interests	335	231
Acquisition of entities, cf. note 30	-	34,020
<b>Total</b>	<b>335</b>	<b>34,251</b>

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 33,401m (2008: DKK 34,683m) at 31 December 2009, equivalent to 98% (2008: 98%) of the capitalised trademarks – primarily the Carlsberg, Tuborg, Baltika, Kronenbourg, 1664 and Holsten trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are 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.

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

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

Research and development costs of DKK 101m (2008: DKK 106m) have been recognised in the income statement.

**NOTE 15** IMPAIRMENT TEST**Goodwill and trademarks with an indefinite useful life**

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

DKK million				2009
	Goodwill	Trademarks <sup>1</sup>	Total	%
Northern & Western Europe	20,317	6,446	26,763	33%
Eastern Europe	24,309	26,955	51,264	64%
Asia	2,285	-	2,285	3%
<b>Total</b>	<b>46,911</b>	<b>33,401</b>	<b>80,312</b>	<b>100%</b>

DKK million				2008
	Goodwill	Trademarks <sup>1</sup>	Total	%
Northern & Western Europe	14,555	3,439	17,994	22%
Eastern Europe	23,881	28,244	52,125	63%
Asia	1,506	-	1,506	2%
Carlsberg Breweries A/S <sup>2</sup>	8,207	3,000	11,207	13%
<b>Total</b>	<b>48,149</b>	<b>34,683</b>	<b>82,832</b>	<b>100%</b>

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

<sup>2</sup> Relates to Carlsberg A/S's acquisition of the non-controlling holding in Carlsberg Breweries A/S in 2004, which from 2009 has been re-allocated to the regions.

**General assumptions**

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

Goodwill and trademarks related to Baltika Breweries (Russia), Brasseries Kronenbourg (France) and the acquisition of the 40% non-controlling holding in Carlsberg Breweries A/S each comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2009.

**Trademarks**

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

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

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

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

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

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

**Goodwill**

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

**NOTE 15** IMPAIRMENT TEST – CONTINUED

The change in management structure and responsibilities is resulting in optimisations across countries focusing on the whole Group or region – not just on the specific country. The change in procurement and sourcing between countries is increasing the intercompany trade/transactions and the profit allocation will change due to transfer-pricing allocation of profits.

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

Budgets and business plans for the next three years are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. The impairment test is based on scenarios for possible future cash flows. Potential upsides and downsides identified during the budget process and in the daily business are reflected in scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect, among other things, different assumptions of combinations of market, price and input cost developments. Projections beyond the next three years are based on general expectations and risks. The terminal value beyond the next three years

takes into account the general growth expectations for the brewing industry in the relevant segments. Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments. The average growth rates for the terminal period are presented below.

Pre-tax discount rates are applied in calculating the recoverable amounts and reflect the risk-free borrowing rate in each particular geographical segment.

The impairment test of cash-generating units is based on a comparison of the recoverable amount, corresponding to the discounted value of the expected future free cash flow and the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

**Property, plant and equipment**

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

**Significant assumptions**

	Growth in the terminal period		Discount rates <sup>1</sup>	
	2009	2008	2009	2008
<b>Goodwill:</b>				
Northern & Western Europe	1.5%	1.5%	4.2-4.8%	3.9-13.3%
Eastern Europe	2.5%	2.5%	9.2%	7.9-16.1%
Asia	2.5%	2.5%	4.8-12.1%	3.9-13.0%
<b>Trademarks</b>	2-5%	1-5%	5.8-16.2%	6.7-16.4%

<sup>1</sup> Pre-tax discount rates are used for goodwill, whereas post-tax discount rates are used for trademarks.

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

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

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

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

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

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

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

**NOTE 15** IMPAIRMENT TEST – CONTINUED**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	2009	2008
<b>Trademarks:</b>		
Trademarks with finite useful life	37	-
<b>Property, plant and equipment:</b>		
Impairment of Leeds Brewery, Carlsberg UK	-	197
Impairment of Braunschweig Brewery, Carlsberg Deutschland	-	135
Other	55	4
<b>Total</b>	<b>92</b>	<b>336</b>

The impairment losses on trademarks with a finite useful life in 2009 relate to minor local trademarks in Latvia and Kazakhstan that have suffered from the economic crisis and therefore showed a recoverable amount below the carrying amount. The trademarks are therefore written down to the lower recoverable amount. The impairment of property, plant and equipment relates to restructuring projects resulting in a declining recoverable amount of tangible assets.

The impairment losses in Carlsberg UK in 2008 relate to the Leeds site. Due to the proposed closure of the brewery, the impairment test of the cash-generating unit for the Leeds site showed a recoverable amount below the carrying amount. The decline in the recoverable amount was mainly due to the decline in the property market in the last quarter of 2008. The brewery was written down (in 2008) to its fair value as this value was higher than the value in use.

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

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

**Sensitivity test**

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

**Goodwill.** Sensitivity tests show that for the region or entity with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 9 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 3 percentage points in Asia without resulting in any impairment losses. Alternatively, the discount rate can increase by around 7 percentage points in Northern & Western Europe, around 2 percentage points in Eastern Europe and around 3 percentage points in Asia without resulting in any impairment losses.

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

**NOTE 16** PROPERTY, PLANT AND EQUIPMENT

						2009
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total	
<b>Cost:</b>						
Cost at 1 January 2009	17,551	27,535	8,687	2,793	56,566	
Additions	184	793	778	1,090	2,845	
Disposal of entities	-197	-323	-85	-7	-612	
Disposals	-181	-1,700	-683	-141	-2,705	
Foreign exchange adjustments etc.	-89	-186	94	-49	-230	
Transfers	1,328	-88	1,220	-2,215	245	
Transfer to/from assets held for sale	-318	-220	203	-	-335	
<b>Cost at 31 December 2009</b>	<b>18,278</b>	<b>25,811</b>	<b>10,214</b>	<b>1,471</b>	<b>55,774</b>	
<b>Depreciation and impairment losses:</b>						
Depreciation and impairment losses at 1 January 2009	4,417	12,599	5,498	-	22,514	
Disposal of entities	-132	-286	-59	-	-477	
Disposals	-109	-1,553	-657	-	-2,319	
Depreciation	599	1,490	1,445	-	3,534	
Impairment losses	15	28	12	-	55	
Foreign exchange adjustments etc.	78	168	130	-	376	
Transfers	38	274	-20	-	292	
Transfer to/from assets held for sale	-4	-19	-3	-	-26	
<b>Depreciation and impairment losses at 31 December 2009</b>	<b>4,902</b>	<b>12,701</b>	<b>6,346</b>	<b>-</b>	<b>23,949</b>	
<b>Carrying amount at 31 December 2009</b>	<b>13,376</b>	<b>13,110</b>	<b>3,868</b>	<b>1,471</b>	<b>31,825</b>	
<b>Assets held under finance leases:</b>						
Cost	7	53	21	-	81	
Depreciation and impairment losses	-2	-43	-4	-	-49	
<b>Carrying amount at 31 December 2009</b>	<b>5</b>	<b>10</b>	<b>17</b>	<b>-</b>	<b>32</b>	
Carrying amount of assets pledged as security for loans	1,267	-	-	462	1,729	
<b>DKK million</b>						
<b>Depreciation and impairment losses are included in:</b>				<b>2009</b>	<b>2008</b>	
Cost of sales				2,542	2,492	
Sales and distribution expenses				803	778	
Administrative expenses				199	169	
Special items				45	332	
<b>Total</b>				<b>3,589</b>	<b>3,771</b>	

**NOTE 16** PROPERTY, PLANT AND EQUIPMENT – CONTINUED

					2008
DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
<b>Cost:</b>					
Cost at 1 January 2008	12,739	23,544	8,707	2,784	47,774
Acquisition of entities	3,812	5,351	549	1,011	10,723
Value adjustment on step acquisition of subsidiaries	1,577	1,429	53	3	3,062
Reversal of cost related to step acquisition	-192	-2,103	-87	-	-2,382
Additions	915	2,434	909	1,717	5,975
Disposal of entities	-338	-1,228	-436	-9	-2,011
Disposals	-583	-455	-851	-292	-2,181
Foreign exchange adjustments etc.	-1,193	-2,250	-481	-299	-4,223
Transfers	846	813	324	-2,122	-139
Transfer to/from assets held for sale	-32	-	-	-	-32
<b>Cost at 31 December 2008</b>	<b>17,551</b>	<b>27,535</b>	<b>8,687</b>	<b>2,793</b>	<b>56,566</b>
<b>Depreciation and impairment losses:</b>					
Depreciation and impairment losses at 1 January 2008	4,669	14,947	6,049	-	25,665
Reversal of cumulative depreciation related to step acquisition	-192	-2,103	-87	-	-2,382
Disposal of entities	-195	-1,204	-326	-	-1,725
Disposals	-129	-425	-806	-	-1,360
Depreciation	451	1,987	997	-	3,435
Impairment losses	-	332	4	-	336
Foreign exchange adjustments etc.	-177	-922	-334	-	-1,433
Transfers	-1	-13	1	-	-13
Transfer to/from assets held for sale	-9	-	-	-	-9
<b>Depreciation and impairment losses at 31 December 2008</b>	<b>4,417</b>	<b>12,599</b>	<b>5,498</b>	<b>-</b>	<b>22,514</b>
<b>Carrying amount at 31 December 2008</b>	<b>13,134</b>	<b>14,936</b>	<b>3,189</b>	<b>2,793</b>	<b>34,052</b>
<b>Assets held under finance leases:</b>					
Cost	16	122	18	-	156
Depreciation and impairment losses	-4	-78	-10	-	-92
<b>Carrying amount at 31 December 2008</b>	<b>12</b>	<b>44</b>	<b>8</b>	<b>-</b>	<b>64</b>
Carrying amount of assets pledged as security for loans	951	-	-	944	1,895

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

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

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

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

**NOTE 17 ASSOCIATES**

DKK million	2009	2008
<b>Cost:</b>		
Cost at 1 January	2,079	431
Acquisition of entities	475	1,013
Additions	87	642
Disposals	-1	-21
Foreign exchange adjustments etc.	-93	5
Transfer to assets held for sale	-	9
<b>Cost at 31 December</b>	<b>2,547</b>	<b>2,079</b>
<b>Value adjustments:</b>		
Value adjustments at 1 January	145	191
Disposals	-	-79
Dividends	-52	-38
Impairment losses	-117	-
Share of profit after tax	112	81
Share of other comprehensive income	31	-
Foreign exchange adjustments etc.	1	-10
<b>Value adjustments at 31 December</b>	<b>120</b>	<b>145</b>
<b>Carrying amount at 31 December</b>	<b>2,667</b>	<b>2,224</b>

DKK million	Revenue	Profit after tax	Assets	Liabilities	2009		
					Ownership interest	Profit after tax	Equity
					Carlsberg Group share		
<b>Key figures for associates:</b>							
Tibet Lhasa Brewery Co. Ltd.	279	66	438	25	33%	22	147
Lanzhou Huanghe Jianjiang Brewery Company	328	33	336	48	30%	10	90
Hanoi Beer Company	1,081	159	1,019	365	16.0%	20	535
Chongqing Brewery	1,569	107	2,743	1,758	17.5%	18	1,011
Other associates, Asia (4 entities)	413	70	379	151	30-49.8%	32	94
International Breweries BV	-	-24	855	703	16%	-4	24
Nuuk Imaq A/S	154	27	218	71	31.9%	9	47
Nordic Getränke GmbH	372	-5	1,692	933	50%	-2	359
Other	1,987	-14	1,828	1,290	20-25%	7	360
						<b>112</b>	<b>2,667</b>

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

DKK million	Revenue	Profit after tax	Assets	Liabilities	2008		
					Ownership interest	Profit after tax	Equity
					Carlsberg Group share		
<b>Key figures for associates:</b>							
Tibet Lhasa Brewery Co. Ltd.	217	50	375	23	33%	16	127
Lanzhou Huanghe Jianjiang Brewery Company	333	18	377	118	30%	5	82
Hanoi Beer Company	-	-	-	-	16.0%	11	578
Chongqing Brewery	-	-	-	-	17.5%	-	1,013
Other associates, Asia (4 entities)	382	44	351	155	30-49.8%	21	85
International Breweries BV	342	-60	671	449	16%	-11	35
Nuuk Imaq A/S	153	27	230	85	31.9%	9	16
Other	941	195	1,857	1,347	20-25%	30	288
						<b>81</b>	<b>2,224</b>

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

**NOTE 17 ASSOCIATES – CONTINUED**

DKK million	2009	2008
Fair value of investments in listed associates:		
Chongqing Brewery, Chongqing, China	1,515	1,013
The Lion Brewery Ceylon, Biyagama, Sri Lanka	70	25
<b>Total</b>	<b>1,585</b>	<b>1,038</b>

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

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

**NOTE 18 SECURITIES**

DKK million	2009	2008
Securities are classified in the statement of financial position as follows:		
Non-current assets	94	118
Current assets	17	7
<b>Total</b>	<b>111</b>	<b>125</b>
Types of security:		
Listed shares	4	7
Unlisted shares	107	118
<b>Total</b>	<b>111</b>	<b>125</b>

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

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

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

**NOTE 19 RECEIVABLES**

DKK million	2009	2008
Receivables are included in the statement of financial position as follows:		
Trade receivables	5,898	6,369
Other receivables	1,750	3,095
<b>Total current receivables</b>	<b>7,648</b>	<b>9,464</b>
Non-current receivables	1,604	1,707
<b>Total</b>	<b>9,252</b>	<b>11,171</b>

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

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

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

**NOTE 19** RECEIVABLES – CONTINUED

DKK million	2009	2008
<b>Receivables by origin:</b>		
Receivables from the sale of goods and services	5,269	5,724
On-trade loans	2,143	2,278
Loans to associates	36	6
Fair value of hedging instruments	271	1,131
Other receivables	1,533	2,032
<b>Total</b>	<b>9,252</b>	<b>11,171</b>

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.

DKK million	2009	2008
<b>Receivables from the sale of goods and services fall due as follows:</b>		
Not yet due or written down	4,353	4,526
Falling due in less than 30 days	323	561
Falling due between 30 and 90 days	222	195
Falling due in more than 90 days	371	442
<b>Carrying amount at 31 December</b>	<b>5,269</b>	<b>5,724</b>

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

DKK million	2009	2008
<b>Write-downs on receivables from sale of goods and services are specified as follows:</b>		
Write-downs at 1 January	-960	-850
Write-downs for the year	-346	-242
Realised bad debt losses	214	150
Reversed write-downs	61	49
Acquisitions and disposals	4	-67
<b>Write-downs at 31 December</b>	<b>-1,027</b>	<b>-960</b>

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

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

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

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

%	2009	2008
<b>Average effective interest rates:</b>		
Loans to associates	2.9	5.4
On-trade loans	6.7	7.1

**NOTE 20 INVENTORIES**

DKK million	2009	2008
Raw materials and consumables	1,953	2,734
Work in progress	261	349
Finished goods	1,387	2,145
<b>Total</b>	<b>3,601</b>	<b>5,228</b>

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

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

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

**NOTE 21 CASH AND CASH EQUIVALENTS**

DKK million	2009	2008
Cash at bank and in hand	2,729	2,856
Short-term marketable securities with a term of three months or less	5	1
<b>Total</b>	<b>2,734</b>	<b>2,857</b>

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

Cash and cash equivalents	2,734	2,857
Bank overdrafts	-151	-792
<b>Cash and cash equivalents, net</b>	<b>2,583</b>	<b>2,065</b>
Of which pledged as security	-	-

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

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

**NOTE 22 ASSETS HELD FOR SALE AND ASSOCIATED LIABILITIES**

DKK million	2009	2008
<b>Assets held for sale comprise the following individual assets:</b>		
Property, plant and equipment	380	122
Financial assets	8	40
<b>Total</b>	<b>388</b>	<b>162</b>
<b>Liabilities associated with assets held for sale:</b>		
Other provisions	51	453
<b>Total</b>	<b>51</b>	<b>453</b>

At 31 December 2009, assets held for sale primarily comprised an office building from the real estate development of the former Tuborg site in Hellerup, Denmark. Sales agreements have been entered into in relation to the asset and the sale will take place in 2010. In addition assets held for sale include manufacturing and distribution assets in France that are expected to be disposed of in the short term, and land and property which is disposed of as part of the Carlsberg Group's strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2010.

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

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

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

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

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

**NOTE 23** 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 2008	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
<b>31 December 2008</b>	<b>33,699,252</b>	<b>673,985</b>	<b>118,857,554</b>	<b>2,377,151</b>	<b>152,556,806</b>	<b>3,051,136</b>
No change in 2009	-	-	-	-	-	-
<b>31 December 2009</b>	<b>33,699,252</b>	<b>673,985</b>	<b>118,857,554</b>	<b>2,377,151</b>	<b>152,556,806</b>	<b>3,051,136</b>

A shares carry 20 votes per DKK 20 share. B shares carry two votes per DKK 20 share. A preferential right to an 8% non-cumulative dividend is attached to B shares. Apart from 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 with a nominal value of DKK 20 at a price of DKK 400. The nominal share capital increase amounted to DKK 1,525,568 thousand and the total proceeds from the share capital increase less costs incurred were DKK 29,938m.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKKm	Percentage of share capital
1 January 2008	32,762	-	0.0%
Acquisition of treasury shares	37,283	1	0.0%
Used to settle share options	-66,769	-1	0.0%
<b>31 December 2008</b>	<b>3,276</b>	<b>-</b>	<b>0.0%</b>
1 January 2009	3,276	-	0.0%
Acquisition of treasury shares	49,000	1	0.0%
Used to settle share options	-48,804	-1	0.0%
<b>31 December 2009</b>	<b>3,472</b>	<b>-</b>	<b>0.0%</b>

At 31 December 2009 the fair value of treasury shares amounted to DKK 1m (2008: DKK 1m).

The Annual General Meeting has authorised the Supervisory Board 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 (2008: DKK 1m) at an average price of DKK

382 (2008: DKK 500), corresponding to a purchase price of DKK 19m (2008: DKK 20m). Class B treasury shares are primarily acquired to facilitate settlement of share option schemes. The Company holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 13m (2008: DKK 20m). The disposal was made in connection with settlement of share options.

**NOTE 24** BORROWINGS

DKK million	2009	2008
<b>Non-current borrowings:</b>		
Issued bonds	13,522	3,425
Mortgages	1,990	1,984
Bank borrowings	20,110	37,274
Financial lease liabilities	13	28
Other non-current borrowings <sup>1</sup>	440	519
<b>Total</b>	<b>36,075</b>	<b>43,230</b>
<b>Current borrowings:</b>		
Issued bonds	-	2,499
Mortgages	-	203
Bank borrowings	3,013	2,390
Financial lease liabilities	17	19
Other current borrowings	292	180
<b>Total</b>	<b>3,322</b>	<b>5,291</b>
<b>Total non-current and current borrowings</b>	<b>39,397</b>	<b>48,521</b>
Fair value	40,652	48,070

<sup>1</sup> Other non-current borrowings include employee bonds of DKK 18m (2008: DKK 5m).

Borrowings are measured at amortised cost. Carlsberg has designated a fixed interest rate GBP 300m bond issue and two fixed-rate mortgages

as the hedged items in the fair value hedge with the designated risk being movements in the benchmark interest rate (floating interest rate). Hence, the carrying amount of these borrowings is adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of these borrowings is DKK 2,803m (2008: DKK 362m).

## Time to maturity for non-current borrowings

DKK million						2009
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	2,046	-	1,647	7,396	2,433	13,522
Mortgages	-	-	-	-	1,990	1,990
Bank borrowings	743	18,308	202	113	744	20,110
Financial lease liabilities	7	5	1	-	-	13
Other non-current borrowings	338	32	25	16	29	440
<b>Total</b>	<b>3,134</b>	<b>18,345</b>	<b>1,875</b>	<b>7,525</b>	<b>5,196</b>	<b>36,075</b>
DKK million						2008
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	1,895	-	1,530	-	3,425
Mortgages	1	-	-	-	1,983	1,984
Bank borrowings	15,053	2,180	18,990	175	876	37,274
Financial lease liabilities	14	8	5	1	-	28
Other non-current borrowings	241	256	1	-	21	519
<b>Total</b>	<b>15,309</b>	<b>4,339</b>	<b>18,996</b>	<b>1,706</b>	<b>2,880</b>	<b>43,230</b>

**NOTE 24** BORROWINGS – CONTINUED

## Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2009
					Interest rate risk
<b>Issued bonds:</b>					
GBP 250m maturing 12 December 2011	Fixed	6.63%	1-2 years	2,046	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	3-4 years	1,647	Fair value
EUR 1,000m maturing 28 May 2014	Fixed	6.22%	4-5 years	7,396	Fair value
GBP 300m maturing 28 November 2016	Fixed	7.41%	6-7 years	2,433	Fair value
<b>Total issued bonds</b>		<b>6.59%</b>		<b>13,522</b>	
<b>Mortgages:</b>					
Floating-rate	Floating	1.95%		1,618	Cash flow
Fixed-rate	Fixed	4.95%		372	Fair value
<b>Total mortgages</b>		<b>2.51%</b>		<b>1,990</b>	
<b>Bank borrowings:</b>					
Floating-rate	Floating			12,420	Cash flow
Fixed-rate	Fixed			10,703	Fair value
<b>Total bank borrowings</b>				<b>23,123</b>	

All interest rates stated in the table are including margin.

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

The floating-rate mortgages comprise three mortgages with a time to maturity of more than five years, of which two loans (total DKK 370m) 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. The third loan (DKK 1,248m) is repriced semi-annually with reference to 6-month CIBOR.

The floating-rate loans were repriced in December 2009 at a rate of 1.66-1.73% (excl. margin) commencing in January 2010. DKK 1,248m will reprice in June 2010, and the rest will reprice in December 2010.

A floating-rate mortgage of DKK 372m is swapped to a fixed rate. Time to maturity is more than 5 years.

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

DKK million	Net financial interest-bearing debt <sup>1</sup>	Interest rate <sup>2</sup>			
		Floating	Fixed	Floating %	Fixed %
EUR	28,141	10,224	17,917	36%	64%
DKK	-875	-1,265	390	145%	-45%
PLN	1,780	1,774	6	100%	0%
USD	757	55	702	7%	93%
CHF	2,582	2,582	-	100%	-
RUB	-259	-259	-	100%	-
Other	4,537	935	3,602	21%	79%
<b>Total</b>	<b>36,663</b>	<b>14,046</b>	<b>22,617</b>	<b>38%</b>	<b>62%</b>

<sup>1</sup> After swaps and currency derivatives.

<sup>2</sup> Before currency derivatives.

**NOTE 24** BORROWINGS – CONTINUED

## Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	2008 Interest rate risk
<b>Issued bonds:</b>					
GBP 250m maturing 12 December 2011	Fixed	6.63%	2-3 years	1,895	Fair value
GBP 200m maturing 26 February 2013	Fixed	7.01%	4-5 years	1,530	Fair value
DKK 2,500m maturing 4 June 2009	Fixed	4.88%	0-1 year	2,499	Fair value
<b>Total issued bonds</b>		<b>5.99%</b>		<b>5,924</b>	
<b>Mortgages:</b>					
Floating-rate	Floating	5.52%	Variable	1,814	Cash flow
Fixed-rate	Fixed	4.95%	Variable	373	Fair value
<b>Total mortgages</b>		<b>5.42%</b>		<b>2,187</b>	
<b>Bank borrowings:</b>					
Floating-rate	Floating			18,078	Cash flow
Fixed-rate	Fixed			21,586	Fair value
<b>Total bank borrowings</b>				<b>39,664</b>	

All interest rates stated in the table are including margin.

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

The floating-rate mortgages comprise three mortgages with a time to maturity of more than five years and one that matured in 2009. Of these, 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 0. The third loan (DKK 1,248m) is repriced semi-annually with reference to 6-month CIBOR. A fourth loan (DKK 204m) is classified as a current loan with a fixed rate until December 2009.

The floating-rate loans were repriced in December 2008 at a rate of 4.93-4.97% (excl. margin) commencing in January 2009. DKK 1,248m was repriced in June 2009, and the rest in December 2009.

A floating-rate mortgage of DKK 373m is swapped to a fixed rate. Time to maturity is more than 5 years.

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

DKK million	Net financial interest-bearing debt <sup>1</sup>	Interest rate <sup>2</sup>			
		Floating	Fixed	Floating %	Fixed %
EUR	34,256	12,620	21,636	37%	63%
DKK	3,136	2,759	377	88%	12%
PLN	1,577	1,568	9	99%	1%
USD	1,863	1,458	405	78%	22%
CHF	2,468	2,468	-	100%	-
RUB	-807	-808	1	100%	0%
Other	3,171	-330	3,501	-11%	111%
<b>Total</b>	<b>45,664</b>	<b>19,735</b>	<b>25,929</b>	<b>43%</b>	<b>57%</b>

<sup>1</sup> After swaps and currency derivatives.

<sup>2</sup> Before currency derivatives.

**NOTE 24** BORROWINGS – CONTINUED

				2009					
Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
CHF	9	2,556	2,565	109	-100	-	-	-	-
DKK	2,015	-2,846	-831	1,625	-	-	-	5	385
EUR	25,750	2,815	28,565	7,833	-112	66	7,517	7,441	3,005
GBP	6,091	-3,449	2,642	2,399	2,045	-	1,647	-	-
NOK	-19	810	791	-19	-	-	-	-	-
PLN	26	1,750	1,776	20	2	2	2	-	-
RUB	37	558	595	37	-	-	-	-	-
SEK	12	-407	-395	12	-	-	-	-	-
SGD	12	-	12	12	-	-	-	-	-
USD	5,124	-3,837	1,287	4,422	283	271	102	46	-
Other	340	2,050	2,390	330	4	6	-	-	-
<b>Total</b>	<b>39,397</b>	<b>-</b>	<b>39,397</b>	<b>16,780</b>	<b>2,122</b>	<b>345</b>	<b>9,268</b>	<b>7,492</b>	<b>3,390</b>

Cf. also note 34, Financial risks.

				2008					
Currency profile of borrowings before and after derivative financial instruments				Next repricing (of principal before currency swaps)					
DKK million	Original principal	Effect of swap	After swap	2009	2010	2011	2012	2013	2014-
CHF	1,942	539	2,481	1,942	-	-	-	-	-
DKK	6,528	-3,379	3,149	6,150	-	-	-	-	378
EUR	34,213	217	34,430	12,578	11,184	2	1	7,452	2,996
GBP	3,430	-3,290	140	4	-	1,895	-	1,531	-
NOK	76	865	941	76	-	-	-	-	-
PLN	134	2,160	2,294	125	2	2	2	2	1
RUB	1	1,536	1,537	1	-	-	-	-	-
SEK	46	-249	-203	46	-	-	-	-	-
USD	1,691	172	1,863	1,286	307	98	-	-	-
Other	460	1,429	1,889	384	19	24	19	14	-
<b>Total</b>	<b>48,521</b>	<b>-</b>	<b>48,521</b>	<b>22,592</b>	<b>11,512</b>	<b>2,021</b>	<b>22</b>	<b>8,999</b>	<b>3,375</b>

**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 countries in which the Group's employees work. Benefits are generally based on wages and salaries and length of employment. Retirement benefit obligations cover both present and future retirees' entitlement to retirement benefits.

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

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

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

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

A number of plans, especially in Germany, Sweden and Italy, are unfunded. For these plans the retirement benefit obligations amount to approximately 17% (2008: 18%) of the total gross liability.

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

DKK million	2009	2008
<b>Defined benefit plans are recognised in the statement of financial position as follows:</b>		
Retirement benefit obligations and similar obligations	2,153	1,793
Plan assets	-2	-2
<b>Net obligations</b>	<b>2,151</b>	<b>1,791</b>
<b>Specification of net obligations:</b>		
Present value of funded plans	6,640	5,767
Fair value of plan assets	-5,823	-5,245
<b>Net obligation for funded plans</b>	<b>817</b>	<b>522</b>
Present value of unfunded plans	1,334	1,269
Assets not recognised due to asset ceiling	-	-
<b>Net obligations recognised</b>	<b>2,151</b>	<b>1,791</b>
<b>Specification of total obligations:</b>		
Present value of funded plans	6,640	5,767
Present value of unfunded plans	1,334	1,269
<b>Total obligations</b>	<b>7,974</b>	<b>7,036</b>
<b>Changes in obligations:</b>		
Total obligations at 1 January	7,036	8,151
Current service cost	133	139
Interest cost	342	340
Actuarial gains (-) and losses (+)	613	-462
Benefits paid	-441	-433
Curtailments and settlements	-18	-49
Employee contributions to pension scheme	16	-
Transfer from other provisions	7	-
Acquisition/disposal (-) of entities	-7	91
Foreign exchange adjustments etc.	293	-741
<b>Total obligations at 31 December</b>	<b>7,974</b>	<b>7,036</b>
<b>Changes in plan assets:</b>		
Fair value of assets at 1 January	5,245	6,234
Expected return	270	308
Actuarial gains (+) and losses (-)	231	-825
Contributions to plans	203	273
Benefits paid	-339	-347
Foreign exchange adjustments etc.	213	-398
<b>Fair value of assets at 31 December</b>	<b>5,823</b>	<b>5,245</b>

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

**NOTE 25** RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2009	2008
Actual return on plan assets:		
Expected return	270	308
Actuarial gains (+) and losses (-)	231	-825
<b>Actual return</b>	<b>501</b>	<b>-517</b>

	2009		2008	
	DKK million	%	DKK million	%
<b>Breakdown of plan assets:</b>				
Shares	1,936	33%	1,889	36%
Bonds and other securities	2,505	44%	2,068	40%
Real estate	1,012	17%	834	16%
Cash and cash equivalents	370	6%	454	8%
<b>Total</b>	<b>5,823</b>	<b>100%</b>	<b>5,245</b>	<b>100%</b>

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.

	2009		2008	
	Range	Weighted average	Range	Weighted average
<b>Assumptions applied:</b>				
Discount rate	2.0-5.9%	4.5%	1.3-6.4%	4.6%
Expected return on plan assets	4.0-6.5%	4.6%	4.3-6.0%	4.6%
Future salary increases	2.0-4.8%	3.1%	1.5-4.5%	2.6%
Future retirement benefit increases	1.0-4.0%	2.3%	0.5-4.3%	1.6%

DKK million	2009	2008
<b>Recognised in the income statement:</b>		
Current service cost	133	139
Expected return on plan assets	-270	-308
Interest cost on obligations	342	340
Curtailments and settlements	-18	-49
<b>Total recognised in the income statement</b>	<b>187</b>	<b>122</b>
<b>The cost is recognised in the income statement as follows:</b>		
Cost of sales	19	16
Sales and distribution expenses	74	77
Administrative expenses	29	2
Special items (restructuring)	-7	-5
<b>Total staff costs, cf. note 12</b>	<b>115</b>	<b>90</b>
Financial income	-270	-308
Financial expenses	342	340
<b>Total</b>	<b>187</b>	<b>122</b>

**NOTE 25** RETIREMENT BENEFIT OBLIGATIONS AND SIMILAR OBLIGATIONS – CONTINUED

DKK million	2009	2008
Recognised in other comprehensive income:		
Recognised at 1 January	-704	-818
Acquisition of entities	-	18
Actuarial gains/losses	-382	-363
Effect of asset ceiling	-	317
Foreign exchange adjustment of foreign entities	-38	142
Recognised in other comprehensive income during the period	-420	114
Recognised at 31 December	-1,124	-704
Of which accumulated actuarial gains/losses	-1,356	-974

DKK million	2009	2008	2007	2006	2005
Five-year overview:					
Obligations	7,974	7,036	8,151	8,134	8,065
Plan assets	-5,823	-5,245	-6,234	-6,334	-6,105
Deficit	2,151	1,791	1,917	1,800	1,960
Experience adjustments to obligations	-34	-69	-42	-15	-71
Experience adjustments to plan assets	-544	-323	-899	-366	-243

**NOTE 26** DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

DKK million	2009	2008
Deferred tax at 1 January, net	8,631	1,458
Foreign exchange adjustments	-323	-874
Adjustments to previous years	-41	-209
Additions due to acquisition/disposal of entities, net	-19	5,403
Value adjustment on step acquisition of subsidiaries	-	4,588
Recognised in other comprehensive income	-82	-335
Recognised in income statement	65	108
Change in tax rate	-26	-1,508
Deferred tax at 31 December, net	8,205	8,631
Specified as follows:		
Deferred tax liabilities	9,688	9,885
Deferred tax assets	-1,483	-1,254
Deferred tax at 31 December, net	8,205	8,631

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

**NOTE 26** 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	
	2009	2008	2009	2008
Intangible assets	92	174	7,560	8,837
Property, plant and equipment	484	326	2,732	2,559
Current assets	104	81	46	59
Provisions and retirement benefit obligations	707	474	876	40
Fair value adjustments	63	103	123	285
Tax losses etc.	2,493	3,432	811	1,441
<b>Total before set-off</b>	<b>3,943</b>	<b>4,590</b>	<b>12,148</b>	<b>13,221</b>
Set-off	-2,460	-3,336	-2,460	-3,336
<b>Deferred tax assets and liabilities at 31 December</b>	<b>1,483</b>	<b>1,254</b>	<b>9,688</b>	<b>9,885</b>
<b>Expected to be used as follows:</b>				
Within 12 months after the end of the reporting period	386	739	888	1,414
More than 12 months after the end of the reporting period	1,097	515	8,800	8,471
<b>Total</b>	<b>1,483</b>	<b>1,254</b>	<b>9,688</b>	<b>9,885</b>

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

Of the total deferred tax assets recognised, DKK 2,103m (2008: DKK 3,016m) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 1,407m (2008: DKK 1,404m) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the

foreseeable future. Tax losses that will not expire amount to DKK 1,069m (2008: DKK 707m).

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

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

**NOTE 27** PROVISIONS

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

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

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

DKK million	Restructuring	Other	2009
			Total
Provisions at 1 January 2009	603	1,572	2,175
Additional provisions recognised	300	592	892
Disposal of entities	-21	-5	-26
Used during the year	-282	-357	-639
Reversal of unused provisions	-13	-9	-22
Transfers	-59	20	-39
Discounting	22	64	86
Foreign exchange adjustments etc.	15	3	18
<b>Provisions at 31 December 2009</b>	<b>565</b>	<b>1,880</b>	<b>2,445</b>
<b>Provisions are recognised in the statement of financial position as follows:</b>			
Non-current provisions	339	1,014	1,353
Current provisions	226	866	1,092
<b>Total</b>	<b>565</b>	<b>1,880</b>	<b>2,445</b>

**NOTE 27** PROVISIONS – CONTINUED

DKK million	Restructuring	Other	2008 Total
Provisions at 1 January 2008	263	480	743
Acquisition of entities	236	885	1,121
Value adjustment on step acquisition of subsidiaries	-	3	3
Additional provisions recognised	345	513	858
Disposal of entities	-	-11	-11
Used during the year	-227	-183	-410
Reversal of unused provisions	-	-17	-17
Transfers	5	-74	-69
Discounting	20	55	75
Foreign exchange adjustments etc.	-39	-79	-118
<b>Provisions at 31 December 2008</b>	<b>603</b>	<b>1,572</b>	<b>2,175</b>
<b>Provisions are recognised in the statement of financial position as follows:</b>			
Non-current provisions	387	1,111	1,498
Current provisions	216	461	677
<b>Total</b>	<b>603</b>	<b>1,572</b>	<b>2,175</b>

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

**NOTE 28** OTHER LIABILITIES ETC.

DKK million	2009	2008
<b>Other liabilities are recognised in the statement of financial position as follows:</b>		
Non-current liabilities	746	263
Current liabilities	10,845	9,905
<b>Total</b>	<b>11,591</b>	<b>10,168</b>
<b>Other liabilities by origin:</b>		
Excise duties and VAT payable	2,642	1,953
Staff costs payable	1,542	1,434
Interest payable	834	681
Fair value of hedging instruments	2,485	2,729
Liabilities related to the acquisition of entities	649	215
Amounts owed to associates	2	2
Deferred income	1,514	1,172
Other	1,923	1,982
<b>Total</b>	<b>11,591</b>	<b>10,168</b>

**NOTE 29** CASH FLOWS

DKK million	2009	2008
<b>Adjustment for other non-cash items:</b>		
Share of profit after tax, associates	-112	-81
Gains on disposal of property, plant and equipment and intangible assets, net	-90	-664
Amortisation of on-trade loans etc.	467	141
<b>Total</b>	<b>265</b>	<b>-604</b>
<b>Change in working capital:</b>		
Inventories	1,568	-68
Receivables	1,014	987
Trade payables and other liabilities	955	755
Retirement benefit obligations and other liabilities related to operating activities before special items	147	-88
Adjusted for unrealised foreign exchange gains/losses	-9	-30
<b>Total</b>	<b>3,675</b>	<b>1,556</b>
<b>Change in on-trade loans:</b>		
Loans provided	-1,104	-752
Repayments	693	462
<b>Total</b>	<b>-411</b>	<b>-290</b>
<b>Change in financial receivables:</b>		
Loans and other receivables	-121	428
Other	-	-255
Repayments	23	254
<b>Total</b>	<b>-98</b>	<b>427</b>
<b>Shareholders in Carlsberg A/S:</b>		
Increase of share capital	-	29,938
Dividends to shareholders	-534	-458
Acquisition of treasury shares	-19	-20
Disposal of treasury shares	13	22
<b>Total</b>	<b>-540</b>	<b>29,482</b>
<b>Non-controlling interests:</b>		
Acquisition of non-controlling interests	-286	-299
Non-controlling interests' share of capital increase in subsidiaries	7	15
Dividends to non-controlling interests	-312	-265
<b>Total</b>	<b>-591</b>	<b>-549</b>
<b>External financing:</b>		
Proceeds from issue of bonds	9,931	-
Debt institutions, long-term	-19,901	24,522
Debt institutions, short-term	1,116	-2,701
Loans from associates	103	-712
Financial lease liabilities	-5	-205
Other financing liabilities	-106	247
<b>Total</b>	<b>-8,862</b>	<b>21,151</b>

**NOTE 30 ACQUISITION AND DISPOSAL OF ENTITIES**

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

The Group acquired part of the activities in S&N in April 2008 and Baltika-Baku LLC in August 2008. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities in these acquisitions was completed in 2009. The final allocation of fair value has resulted in total net assets of DKK 21.2bn, a decline of DKK 0.2bn compared to the preliminary allocation at 31 December 2008, and total goodwill of DKK 34.0bn, an increase of DKK 0.2bn. Furthermore, there have been some re-

classifications between the individual statement of financial position items. The comparative figures and the specification below have been restated accordingly. As a consequence of the final allocation of the fair value, comparative figures have been restated with a net effect on consolidated profit of DKK -13m from DKK 3,206m to DKK 3,193m, and equity as of 31 December 2008 has been reduced by DKK 850m from DKK 60,751m to DKK 59,901m, which primarily relates to foreign exchange adjustments of goodwill. Further adjustments may be made to the purchase price for the acquisition of parts of S&N depending on the final allocation of debt according to agreement.

DKK million	Acquired ownership interest	Acquisition date	Main activity	2008 Cost
<b>Name of acquired entities:</b>				
Activities in S&N, including:		28 April 2008		52,379
Baltic Beverages Holding (BBH) AB	50.0%	28 April 2008	Brewery	-
Brasseries Kronenbourg	100.0%	28 April 2008	Brewery	-
Mythos Brewery	100.0%	28 April 2008	Brewery	-
Other	17.5 - 100.0%	28 April 2008	Brewery	-
Baltika-Baku LLC	100.0%	25 August 2008	Brewery	455
<b>Total</b>				<b>52,834</b>

DKK million	Activities in S&N		Baltika-Baku LLC		Total	
	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition
Intangible assets	368	18,904	10	10	378	18,914
Property, plant and equipment	7,212	10,624	90	99	7,302	10,723
Investments, excl. deferred tax	1,217	2,243	-	-	1,217	2,243
Inventories	1,893	1,890	23	23	1,916	1,913
Loans and receivables, current	4,431	3,540	35	35	4,466	3,575
Cash and cash equivalents	1,340	1,452	32	32	1,372	1,484
Assets classified as held for sale	-	177	-	-	-	177
Provisions, excl. deferred tax liabilities	-910	-1,212	-	-	-910	-1,212
Deferred tax assets and liabilities, net	-213	-5,415	-	4	-213	-5,411
Borrowings	-6,217	-5,827	-	-	-6,217	-5,827
Bank overdrafts	-77	-92	-	-	-77	-92
Trade payables and other payables	-4,644	-4,632	-68	-68	-4,712	-4,700
Liabilities associated with assets held for sale	-	-591	-	-	-	-591
<b>Net assets</b>	<b>4,400</b>	<b>21,061</b>	<b>122</b>	<b>135</b>	<b>4,522</b>	<b>21,196</b>
Non-controlling interests	-639	-2,382	-	-	-639	-2,382
<b>Equity, Carlsberg's share</b>	<b>3,761</b>	<b>18,679</b>	<b>122</b>	<b>135</b>	<b>3,883</b>	<b>18,814</b>
Goodwill		33,700		320		34,020
<b>Cash consideration paid</b>		<b>52,379</b>		<b>455</b>		<b>52,834</b>
Cash and cash equivalents, acquired		-1,452		-32		-1,484
Bank overdrafts, acquired		92		-		92
<b>Cash outflow, net</b>		<b>51,019</b>		<b>423</b>		<b>51,442</b>
<b>Elements of cash consideration paid:</b>						
Cash		52,176		455		52,631
Directly attributable cost		203		-		203
<b>Total</b>		<b>52,379</b>		<b>455</b>		<b>52,834</b>

**NOTE 30** ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

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

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

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

The acquisition is generating the following significant advantages:

- Complete control over BBH and the elimination of uncertainties as to long-term control over the asset and a considerable improvement in the Carlsberg Group's long-term growth profile, including realisation of synergies.
- Complete ownership of BBH and the opportunity for the Carlsberg Group to take full advantage of the potential of the Carlsberg and Tuborg brands in BBH's markets.
- Significant exposure to growth markets.
- The acquisition of the French and Greek breweries supports the Carlsberg Group's existing portfolio of leading market positions in Europe, which increases capacity and provides the opportunity for synergies through the implementation of the Carlsberg Group's Excellence programmes.
- Increased sales volumes provide the Carlsberg Group with the opportunity to generate significant synergies due to reduced indirect production overheads, implementation of best practice in the brewing industry and cost savings on purchases.
- The acquisition strengthens the Carlsberg Group's existing and growing presence in Asia through the acquisition of additional activities on the attractive Chinese and Vietnamese markets.

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

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

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

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

**NOTE 30** ACQUISITION AND DISPOSAL OF ENTITIES – CONTINUED

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

The entity disposed of in 2008 was Türk Tuborg.

DKK million	2009	2008
Intangible assets	208	3
Property, plant and equipment	135	286
Financial assets, non-current	28	2
Inventories	25	101
Receivables	456	258
Cash and cash equivalents	87	253
Provisions	-26	-11
Deferred tax liabilities, net	-19	-8
Borrowings	-42	-254
Trade payables and other liabilities etc.	-216	-264
<b>Net assets</b>	<b>636</b>	<b>366</b>
Non-controlling interests	-	6
Interest in disposed entity retained by Carlsberg	-4	-
<b>Equity, Carlsberg's share</b>	<b>632</b>	<b>372</b>
Recycling of cumulative exchange differences	11	-55
Directly attributable cost	-1	167
Gains/losses – recognised under special items	49	-232
Gains/losses – recognised under financial items	-41	-
Transferred to investments in associates	-475	-
<b>Cash consideration received</b>	<b>175</b>	<b>252</b>
Cash and cash equivalents, disposed of	-87	-253
<b>Cash inflow, net</b>	<b>88</b>	<b>-1</b>
<b>DKK million</b>	<b>2009</b>	<b>2008</b>
<b>Acquisition and disposal of entities, net:</b>		
Acquisitions, cash outflow	-	-51,437
Disposals, cash inflow (2009: includes disposal of associates)	88	-1
<b>Net</b>	<b>88</b>	<b>-51,438</b>

**NOTE 31** SPECIFICATION OF INVESTED CAPITAL

DKK million	2009	2008
<b>Invested capital is calculated as follows:</b>		
Total assets	134,515	142,639
<b>Less:</b>		
Deferred tax assets	-1,483	-1,254
Loans to associates	-36	-6
Interest income receivable, fair value of hedging instruments and financial receivables	-342	-1,470
Securities (current and non-current)	-111	-125
Cash and cash equivalents	-2,734	-2,857
Assets held for sale	-388	-162
<b>Total assets included</b>	<b>129,421</b>	<b>136,765</b>
Trade payables	-7,929	-8,009
Deposits on returnable packaging	-1,361	-1,455
Provisions, excluding restructuring	-1,880	-1,572
Corporation tax	-411	-279
Deferred income	-1,514	-1,172
Financial lease liabilities, included in borrowings	-30	-47
Other liabilities, excluding deferred income, interest payable and fair value of hedging instruments	-6,758	-5,588
<b>Total liabilities offset</b>	<b>-19,883</b>	<b>-18,122</b>
<b>Total invested capital</b>	<b>109,538</b>	<b>118,643</b>

**NOTE 32** SPECIFICATION OF NET INTEREST-BEARING DEBT

DKK million	2009	2008
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	36,075	43,230
Current borrowings	3,322	5,291
<b>Gross interest-bearing debt</b>	<b>39,397</b>	<b>48,521</b>
Cash and cash equivalents	-2,734	-2,857
Loans to associates	-36	-6
On-trade loans	-2,143	-2,278
Non-interest-bearing portion	1,368	1,403
Other receivables	-1,533	-2,032
Non-interest-bearing portion	1,360	1,405
<b>Net interest-bearing debt</b>	<b>35,679</b>	<b>44,156</b>
<b>Changes in net interest-bearing debt:</b>		
Net interest-bearing debt at 1 January	44,156	19,726
Cash flow from operating activities	-13,631	-7,812
Cash flow from investing activities, excl. acquisition of entities, net	3,177	5,715
Cash flow from acquisition of entities, net	-95	51,438
Dividends to shareholders and non-controlling interests	846	723
Acquisition of non-controlling interests	286	299
Acquisition/disposal of treasury shares	6	-2
Acquired net interest-bearing debt from acquisition/disposal of entities	45	4,015
Change in interest-bearing lending	-	140
Proceeds from capital increase, net	-	-29,938
Effect of currency translation	562	-226
Other	327	78
<b>Total change</b>	<b>-8,477</b>	<b>24,430</b>
<b>Net interest-bearing debt at 31 December</b>	<b>35,679</b>	<b>44,156</b>

**NOTE 33** INVESTMENTS IN PROPORTIONALLY CONSOLIDATED ENTITIES

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

in the consolidated statement of financial position, including goodwill, and in the income statement.

DKK million	2009	2008
Revenue	2,593	5,538
Total costs	-2,228	-4,484
<b>Operating profit before special items</b>	<b>365</b>	<b>1,054</b>
<b>Consolidated profit</b>	<b>225</b>	<b>678</b>
Non-current assets	2,477	2,505
Current assets	914	980
Non-current liabilities	-625	-813
Current liabilities	-1,270	-1,055
<b>Net assets</b>	<b>1,496</b>	<b>1,617</b>
Free cash flow	250	-563
Net cash flow	82	-469
Cash and cash equivalents, year-end	75	6
Contingent liabilities in joint ventures	135	152
Capital commitments in joint ventures	15	49

The decrease in key figures is attributable to the BBH Group, which was recognised as a proportionally consolidated entity until the acquisition of part of the activities in S&N and as a subsidiary from 28 April 2008.

Accordingly, the 2008 figures included 4 months' activity from the BBH Group proportionally consolidated in the income statement and cash flows.

**NOTE 34 FINANCIAL RISKS**

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

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

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

**Foreign exchange risk**

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

The Carlsberg Group is exposed to fluctuations in EUR/DKK. However, due to Denmark's fixed exchange rate regime, where the DKK is pegged to the EUR, the foreign exchange risk is considered insignificant.

The Carlsberg Group has a foreign exchange risk on statement of financial position items, partly in terms of translation of debt denominated in a currency other than the functional currency for the relevant Group entity, and partly in terms of translation of net investments in entities with a functional currency other than DKK. The former risk affects operating profit. However, where debt is classified as hedging of net investments in foreign subsidiaries, fair value adjustments are recognised in other comprehensive income.

**Impact on operating profit.** As the Carlsberg Group has extensive operations outside Denmark, developments in exchange rates between DKK and the functional currencies of subsidiaries have a significant impact on the Carlsberg Group's operating profit measured in DKK. Operating profit has been weakened as a result of a decrease in the average RUB/DKK rate (-17% compared

to 2008), GBP/DKK rate (-11% compared to 2008), NOK/DKK rate (-6% compared to 2008), PLN/DKK rate (-19% compared to 2008), UAH/DKK rate (-29% compared to 2008) and SEK/DKK rate (-10% compared to 2008). The average CHF/DKK rate had a positive impact (5% higher than 2008).

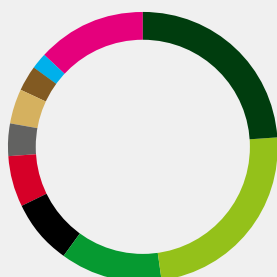
The Carlsberg Group has chosen not to hedge the translation of revenue or earnings in foreign currencies, but does in certain cases hedge specific cash flows such as dividends to be received in foreign currencies.

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

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

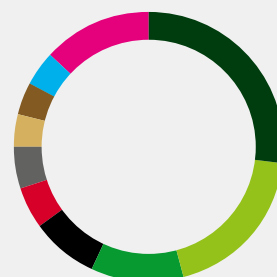
With regard to transaction risks, since 2006 it has been the policy for Baltika Breweries to reduce the financial risk measured in RUB by balancing expenses in foreign currency. This means that roughly 55% of the total foreign cost base has been denominated in USD and 45% in EUR, thus neutralising the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

**Distribution of revenue 2009**



24% RUB, 24% EUR, 12% DKK, 8% GBP, 6% CHF, 4% SEK, 4% NOK, 3% PLN, 3% UAH, 12% Other

**Distribution of revenue 2008**



27% RUB, 19% EUR, 11% DKK, 8% GBP, 5% CHF, 5% SEK, 4% NOK, 4% PLN, 4% UAH, 13% Other

**Impact on net finance costs.** The main principle for funding currency in subsidiaries is that loans and borrowings should be in local currency or hedged to local currency to avoid foreign exchange risk. However, in some Group entities debt is denominated in a currency other than the Group entity's functional currency without the foreign exchange risk being hedged. This applies primarily to Group entities in Eastern Europe, and is based on an

assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, will be high enough to justify a foreign exchange risk – in some countries financing in local currency is not available at all. At the end of 2009, for EUR and USD loans in Eastern Europe, a 10% increase in the following cross rates would

**NOTE 34** FINANCIAL RISKS – CONTINUED

impact financial items as follows: USD/UAH (DKK -41m), USD/KZT (DKK -51m) and EUR/UZS (DKK -30m). For USD deposits, a 10% increase in USD/RUB would have a positive impact of DKK 48m. Baltika Breweries was in a net cash position by the end of 2009.

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

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

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

Changing foreign exchange rates will also affect the level of debt, as funding is obtained in a number of currencies (cf. the table in the section on interest rate risk). In 2009, the net interest-bearing debt was increased by DKK 562m (2008: decreased by DKK 228m) due to foreign exchange rates. The primary impact derives from net debt in GBP: GBP/DKK appreciated from 7.65 at the end of 2008 to 8.23 at the end of 2009.

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

For 2009 the total losses for Carlsberg A/S's shareholders amounted to DKK 3,600m (2008: DKK 6,454m) on net investments, loans granted to subsidiaries as an addition to the net investment and net investment hedges. The losses have primarily been incurred in the Eastern European currencies RUB and UAH. "Other" included losses in KZT and BYR of DKK 132m.

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

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

Foreign exchange adjustment of the net investment in 2008 in "Other" relates to various Eastern European and Asian currencies, and NOK.

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

**Interest rate risk**

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

The Group's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2009, gross debt (non-current and current borrowings) amounted to DKK 39,397m (2008: DKK 48,521m). After deducting cash and cash equivalents, net debt was DKK 36,663m (2008: DKK 45,664m), a decrease of DKK 9,001m.

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

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

At year-end, 62% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2008: 57%). It is estimated that an interest rate rise of 1 percentage point would lead to an increase in annual interest expenses of DKK 118m (2008: DKK 197m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At the end of 2009, the duration of the net loan portfolio was 2.3 years (2008: 1.9 years) and in value terms amounted to DKK 850m (2008: DKK 849m). Accordingly, the effect of a 1 percentage point increase in interest rates would lead to a financial gain of DKK 850m. However, since only interest rate swaps, and not fixed-interest borrowing, are marked-to-market, only the duration contained in financial instruments will affect equity. It is estimated that DKK 425m (2008: DKK 625m) of the duration is contained in interest rate derivatives designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised in other comprehensive income. The remaining duration is borrowing with fixed interest – primarily the three issued bonds described in note 24. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2009, shareholders' equity would have been DKK 425m (31 December 2008: DKK 625m) higher (lower).

The recognised impact from interest rate derivatives is disclosed in note 35. The sensitivity analysis is based on the financial instruments recognised at 31 December 2009 (31 December 2008).

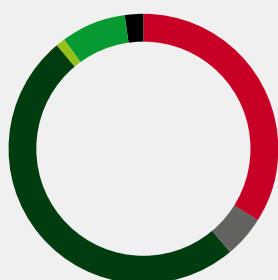
Carlsberg's exposure to an increase in short-term interest rates is primarily in EUR and USD, and secondarily DKK. The exposure to medium- and long-term interest rates is primarily in EUR. The table below shows the breakdown of currencies and interest rate fixing for the net debt.

**NOTE 34 FINANCIAL RISKS - CONTINUED**

							2009
Net financial debt before swaps							Next repricing
DKK million		2010	2011	2012	2013	2014	2015-
CHF	26	126	-100	-	-	-	-
DKK	1,971	1,581	-	-	-	5	385
EUR	25,326	9,829	-112	66	7,517	7,441	3,005
GBP	6,065	-47	2,045	-	1,647	-	-
NOK	-22	-22	-	-	-	-	-
PLN	30	24	2	2	2	-	-
RUB	-817	-817	-	-	-	-	-
SEK	-16	-16	-	-	-	-	-
USD	4,594	3,892	283	271	102	46	-
Other	-494	-504	4	6	-	-	-
<b>Total</b>	<b>36,663</b>	<b>14,046</b>	<b>2,122</b>	<b>345</b>	<b>9,268</b>	<b>7,492</b>	<b>3,390</b>

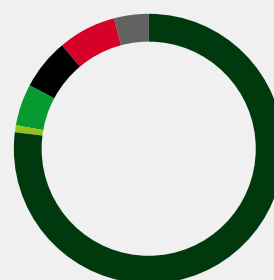
							2008
Net financial debt before swaps							Next repricing
DKK million		2009	2010	2011	2012	2013	2014-
CHF	1,861	1,861	-	-	-	-	-
DKK	6,358	5,981	-	-	-	-	377
EUR	33,715	12,079	11,184	2	1	7,452	2,997
GBP	3,068	-358	-	1,895	-	1,531	-
NOK	-11	-11	-	-	-	-	-
PLN	134	125	2	2	2	2	1
RUB	-173	-173	-	-	-	-	-
SEK	-62	-62	-	-	-	-	-
USD	1,561	1,156	307	98	-	-	-
Other	-787	-863	19	24	19	14	-
<b>Total</b>	<b>45,664</b>	<b>19,735</b>	<b>11,512</b>	<b>2,021</b>	<b>22</b>	<b>8,999</b>	<b>3,375</b>

**Distribution of gross financial debt 2009**



50% Long-term bank borrowings  
 1% Other long-term funding  
 8% Short-term bank borrowing  
 2% Other short-term funding  
 34% Long-term bonds  
 5% Long-term mortgages

**Distribution of gross financial debt 2008**



77% Long-term bank borrowings  
 1% Other long-term funding  
 5% Short-term bank borrowing  
 6% Other short-term funding  
 7% Long-term bonds  
 4% Long-term mortgages

**NOTE 34** FINANCIAL RISKS – CONTINUED**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. The credit exposure on financial institutions is effectively managed at two levels. Carlsberg primarily enters into financial instruments and transactions with financial institutions that are the Group's relationship banks, i.e. extending loans to the Group. In most cases, Carlsberg will be in a net debt position with its relationship banks. Furthermore, Group Treasury monitors the Group's gross credit exposure to banks, and operates with individual limits on banks based on rating, level of government support and access to netting of asset and liabilities.

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

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

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

	<b>2009</b>
Total non-current committed loans and credit facilities	45,457
Total current and non-current borrowings	-39,397
Unused committed non-current credit facilities	6,060
Cash and cash equivalents	2,734
<b>Credit resources available</b>	<b>8,794</b>

The unused committed non-current credit facilities of DKK 6,060m are net of non-current and current borrowings, and therefore DKK 3,322m (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 9,382m.

**Raw material risk**

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

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

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

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

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

**Liquidity risk**

Liquidity risk is the risk of the Carlsberg Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for funding and liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources, and to some extent tapping a diversity of funding sources. At 31 December 2009, Carlsberg had unutilised long-term committed credit facilities of DKK 9,382m (2008: DKK 8,866m).

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

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

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

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

**Capital structure and management**

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

Carlsberg A/S's share capital is divided into two classes (A shares and B shares). Combined with the Carlsberg Foundation's position as majority shareholder (in terms of control), management considers that this division will remain advantageous for all of the Company's shareholders, as

**NOTE 34** FINANCIAL RISKS – CONTINUED

this structure enables and supports the long-term development of the Carlsberg Group.

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. Management assesses total committed credit facilities, expected future cash flows and the net debt ratio

as well as relevant bank covenants, which are mainly related to the aforementioned key figures. At 31 December 2009, the Carlsberg Group had net interest-bearing debt totalling DKK 35,679m (2008: DKK 44,156m). The credit resources available and the access to unused committed credit facilities are considered reasonable in light of the Group's current needs in terms of financial flexibility.

Committed non-current credit facilities at 31 December:

DKK million	2009
1-2 years	5,813
2-3 years	25,048
3-4 years	1,875
4-5 years	7,525
>5 years	5,196
<b>Total</b>	<b>45,457</b>
Current borrowings	3,322
Non-current borrowings	36,075
<b>Total</b>	<b>39,397</b>

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

**NOTE 35** FINANCIAL INSTRUMENTS

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

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

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

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

The only fair value adjustments of designated fair value hedge relationships are a cross-currency swap of a GBP 300m bond issue with fixed interest that has been swapped to floating EUR, and two swaps hedging two fixed-rate mortgage loans. In 2009 DKK -109m (2008: DKK -7m) arising from the change in fair value of financial instruments designated as the hedged item in a fair value hedge was recognised in the income statement. The fair value adjustment of the loan was DKK +87m (2008: DKK +7m). In all three hedging relationships, the fair value adjustment relates to changes in the market risk factor (interest and foreign exchange rates) and not to credit risk.

DKK million	2009		2008	
	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-10	-	28	2
Exchange rate instruments	97	-1,111	533	-1,026
Ineffective portion of hedge	-7	-7	-5	-5
<b>Total</b>	<b>80</b>	<b>-1,118</b>	<b>556</b>	<b>-1,029</b>

**NOTE 35** FINANCIAL INSTRUMENTS – CONTINUED

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

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

The value of fair value hedges recognised at 31 December amounted to DKK -1,118m (2008: DKK -1,029m). The recognition of the fair value hedges in the consolidated financial statements is specified in a separate table below.

**Cash flow hedges**

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

**Main financial instruments – overview**

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

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

DKK million	2009			2008		
	Fair value adjustment recognised in other comprehensive income	Fair value	Expected recognition	Fair value adjustment recognised in other comprehensive income	Fair value	Expected recognition
Interest rate instruments	-118	-1,130	2010-2015	-998	-1,102	2009-2015
Exchange rate instruments	-88	-25	2010	-832	-	-
Other instruments	345	79	2010-2012	-181	-266	2009-2012
<b>Total</b>	<b>139</b>	<b>-1,076</b>		<b>-2,011</b>	<b>-1,368</b>	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DKK 139m (2008: DKK -2,011m). The adjustments are included in Financial income and financial expenses (note 8).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -1,076m (2008: DKK -1,368m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

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

**NOTE 35 FINANCIAL INSTRUMENTS – CONTINUED****Hedging of net investments in foreign subsidiaries**

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

Where the fair value adjustments do not exceed the value adjustments of the investment, the adjustments of the financial instruments are recognised

in other comprehensive income; otherwise the fair value adjustments are recognised in the income statement.

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

Hedging of net investments			2009	2008		
DKK million	Fair value adjustment recognised in other comprehensive income	Fair value		Fair value adjustment recognised in other comprehensive income	Fair value	
Exchange rate instruments	-116	-20		459	799	
<b>Total</b>	<b>-116</b>	<b>-20</b>		<b>459</b>	<b>799</b>	

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

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

DKK million	2009				2008			
	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to other comprehensive income	Income statement
SEK	-9,877	5,787	-172	-	-9,282	5,424	542	-
NOK	-750	3,182	340	-	-700	3,200	-450	-
CHF	-460	-	-7	-	-385	-	-188	-
GBP	-70	-	1	-	-	-	-	-
MYR	-450	-	10	-	-450	-	2	-
EUR	-398	635	7	-	-898	5,119	-70	-
RUB	-2,857	-	-236	-	-7,644	-	422	-
PLN	-820	-	-29	-	-740	-	183	-
CNY	-1,400	-	4	-	-	-	-	-
HKD	-500	-	-9	-	-	-	-	-
EEK	-	1,152	-1	-	-	1,538	-	-
LVL	-	-	-24	-	-9	-	18	-
<b>Total</b>			<b>-116</b>	<b>-</b>			<b>459</b>	<b>-</b>

**NOTE 35** FINANCIAL INSTRUMENTS – CONTINUED**Recognition of financial instruments – summary**

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

DKK million	2009	2008
Fair value presented in the previous table:		
Fair value/economic hedges	-1,118	-1,029
Cash flow hedges	-1,076	-1,368
Net investment hedges	-20	799
<b>Total</b>	<b>-2,214</b>	<b>-1,598</b>

## Presentation in notes to the consolidated financial statements:

Receivables, cf. note 19	271	1,131
Other liabilities, cf. note 28	-2,485	-2,729
<b>Total</b>	<b>-2,214</b>	<b>-1,598</b>

**Liquidity risk**

Financial liabilities	2009				
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Derivative financial instruments:</b>					
Derivative financial instruments, payables	2,257	549	1,471	237	2,485
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	39,605	3,322	31,029	5,254	39,397
Interest expense	5,559	1,340	3,640	579	N/A
Trade payables and deposits on returnable packaging	9,290	9,290	-	-	9,290
Liabilities related to the acquisition of entities	649	127	-	522	649
Financial liabilities associated with assets held for sale	51	51	-	-	51
<b>Non-derivative financial instruments, total</b>	<b>55,154</b>	<b>14,130</b>	<b>34,669</b>	<b>6,355</b>	<b>49,387</b>
<b>Financial liabilities, total</b>	<b>57,411</b>	<b>14,679</b>	<b>36,140</b>	<b>6,592</b>	<b>N/A</b>
Derivative financial instruments, receivables	-249	-147	-102	-	-271

**NOTE 35** FINANCIAL INSTRUMENTS – CONTINUED

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

All items are stated at their notional amounts. Derivative financial instruments payable and receivable are presented gross. Derivative financial instruments are in general traded within the Group's relationship banks, cf. the credit risk section in note 34. The notional amount/contractual cash flow of the financial debt is DKK 208m higher (2008: DKK 196m) than the carrying amount. The difference between the notional amount and the carrying amount is a cost that has been capitalised and is amortised over the dura-

tion of the borrowings, and the difference between the notional amount of the bond and the two mortgages which are carried at fair value. The interest expense is the contractual cash flows expected on issued bonds, the part of bank borrowing that has been swapped and mortgages (all excluding swaps but including margin). The expected cash flows from the swaps related to the borrowings are included in the contractual cash flow for the derivative financial instrument. It should be noted that the cash flows regarding the interest expense are estimated cash flows based on the notional amount of the above-mentioned borrowings and forward interest rates at year-ends 2009 and 2008.

Financial liabilities					2008
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
<b>Derivative financial instruments:</b>					
Derivative financial instruments, payables	2,941	711	2,127	103	2,729
<b>Non-derivative financial instruments:</b>					
Financial debt, gross	48,717	5,291	40,546	2,880	48,521
Interest expense	4,648	1,222	2,857	569	N/A
Trade payables and deposits on returnable packaging	9,466	9,466	-	-	9,466
Liabilities related to the acquisition of entities	215	-	215	-	215
Financial liabilities associated with assets held for sale	453	453	-	-	453
<b>Non-derivative financial instruments, total</b>	<b>63,499</b>	<b>16,432</b>	<b>43,618</b>	<b>3,449</b>	<b>N/A</b>
<b>Financial liabilities, total</b>	<b>66,440</b>	<b>17,143</b>	<b>45,745</b>	<b>3,552</b>	<b>N/A</b>
Derivative financial instruments, receivables	-750	-705	-45	-	-1,131

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

DKK million	2009	2008
	Level 2 – Observable data	Level 2 – Observable data
<b>Financial assets:</b>		
Fair value hedges	30	243
Cash flow hedges	79	-
Net investment hedges	162	888
<b>Total</b>	<b>271</b>	<b>1,131</b>
<b>Financial liabilities:</b>		
Financial debt at fair value	2,803	361
Fair value and economic hedges	1,148	1,272
Cash flow hedges	1,155	1,368
Net investment hedges	182	89
<b>Total</b>	<b>5,288</b>	<b>3,090</b>

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.

**NOTE 36** RELATED PARTY DISCLOSURES

**Related parties exercising control.** The Carlsberg Foundation, H.C. Andersens Boulevard 35, 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 dividends and grants, cf. note 6, 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 Supervisory Board, members of the Executive Board, other executive employees, or companies outside the Carlsberg Group in which these parties have significant influence.

**Associates**

DKK million	2009	2008
<b>The income statement and statement of financial position include the following transactions with associates:</b>		
Revenue	218	462
Cost of sales	291	386
Loans	34	7
Borrowings	-193	27
Receivables from the sale of goods and services	49	78
Trade payables	12	114

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

**Proportionally consolidated entities**

DKK million	2009	2008
<b>The income statement and statement of financial position include the following transactions with proportionally consolidated entities:</b>		
Revenue	10	34
Costs	4	4
Interest income	-	7
Interest expenses	-	13
Receivables	17	23
Trade payables and other liabilities etc.	-	1

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

four months' activity from the BBH Group proportionally consolidated in the income statement.

**NOTE 37** CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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

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

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

**Contractual commitments.** The Carlsberg 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	2009	2008
<b>Capital commitments which at the end of the reporting period are agreed to be made at a later date and are therefore not recognised in the consolidated financial statements:</b>		
Intangible assets	9	7
Property, plant and equipment and construction contracts	145	490
<b>Total</b>	<b>154</b>	<b>497</b>

**NOTE 38** OPERATING LEASE LIABILITIES

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2009
					Total
<b>Future lease payments:</b>					
Within one year	127	12	294	-	433
Between one and five years	963	19	434	-	1,416
After more than five years	209	-	25	-	234
<b>Total</b>	<b>1,299</b>	<b>31</b>	<b>753</b>	<b>-</b>	<b>2,083</b>

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	2008
					Total
<b>Future lease payments:</b>					
Within one year	149	41	584	-	774
Between one and five years	272	49	1,249	2	1,572
After more than five years	265	-	40	-	305
<b>Total</b>	<b>686</b>	<b>90</b>	<b>1,873</b>	<b>2</b>	<b>2,651</b>

DKK million	2009	2008
Operating lease recognised in the income statement	463	677
Expected future income under non-cancellable subleases (matures within 10 years)	105	123

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

**NOTE 39** EVENTS AFTER THE REPORTING PERIOD

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

**NOTE 40** ACCOUNTING POLICIES

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

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

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

The consolidated financial statements have been prepared on the historical cost basis except for the following assets and liabilities, which are measured at fair value: derivative financial instruments, financial instruments

in the trading portfolio and financial instruments classified as available for sale.

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

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

**NOTE 40** ACCOUNTING POLICIES – CONTINUED**New International Financial Reporting Standards and Interpretations**

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

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

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

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

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

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

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

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

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

**Consolidated financial statements**

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

Entities over which the Group exercises a significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of

the voting rights but less than 50%. When assessing whether Carlsberg A/S exercises control or significant influence, potential voting rights exercisable at the end of the reporting period are taken into account.

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

A Group chart is included in note 41.

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

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

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

**Business combinations.** Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognised in the consolidated income statement until the date of disposal or 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, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

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

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

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

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

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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

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

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

For business combinations 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.

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.

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

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

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

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transac-

tion date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

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

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of Carlsberg A/S (DKK), the income statements and statement of cash flows are translated at the exchange rates at the transaction date and the statement of financial position items are translated at the exchange rates at the end of the reporting period. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the end of the reporting period and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the end of the reporting period are recognised in other comprehensive income 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 are designated as hedges of investments in foreign entities with a functional currency different from that of Carlsberg 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 A/S, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the end of the reporting period, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the end of the reporting period, are recognised in 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 (including comparative figures) are inflation-adjusted for changes in purchasing power in the local currency. Inflation adjustment is based on relevant price indexes at the end of the reporting period.

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

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

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item are recognised in other comprehensive income. 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 costs comprise items secondary to the principal activities of the entities, including income and expenses relating to rental properties and construction contracts (real estate projects) and gains and losses on the disposal of intangible assets and property, plant and equipment. Gains and losses on the disposal of intangible assets and property, plant and equipment are determined as the sales price less selling costs and the carrying amount at the disposal date. Also included in this item is the effective interest rate on on-trade loans calculated on the basis of amortised cost, expenses relating to the research activities in Denmark and France, and funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory.

Revenue on construction contracts (real estate projects) which are specifically negotiated is recognised as the work is carried out, corresponding to the selling price of work performed during the year (the percentage of completion method). Revenue is recognised when total income and expenses on a construction contract as well as the stage of completion at the end of the reporting period can be determined reliably, and when it is probable that the economic benefits, including payments, will be received by the Group. On disposal of real estate projects which are not specifically negotiated, the gain is recognised at the disposal date (the sales method).

Profit on real estate projects is recognised net under other operating income. Revenue and expenses relating to construction contracts which are specifically negotiated are disclosed in the notes.

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

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

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

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

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

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

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

**Financial income and expenses.** Financial income and expenses comprise interest income and expenses, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets (other than loans to customers in the on-trade, 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.

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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

**Statement of financial position****Intangible assets**

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

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

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

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

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

CO<sub>2</sub> 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<sub>2</sub> exceed allocated levels based on the holding of rights.

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

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

**Trademarks with finite useful lives**

Useful life, normally maximum 20 years

**Software etc.**

3-5 years

**Delivery rights**

Depending on contract; if no contract term has been agreed, normally not exceeding 5 years

**Customer agreements/relationships**

Depending on contract with the customer; when no contract exists, normally not exceeding 20 years

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

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

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

**Tangible assets**

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of 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 years

Land is not depreciated.

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As regards loans to the on-trade, any difference between present value and the nominal amount at the loan date is treated as a prepaid discount to the customer, which is recognised in the income statement in accordance with the terms of the agreement. The market interest rate is used as the discount

rate, corresponding to the money market rate based on the maturity of the loan with the addition of a risk premium. The effective interest rate on these loans is recognised in other operating income, and the amortisation of the difference between the discount rate and the effective interest rate is included as a discount in revenue.

**Construction contracts.** Construction contracts (real estate projects) are measured at the contract revenue of the work performed less progress billings and anticipated losses.

The contract revenue is measured by reference to the percentage of completion at the end of the reporting period and total expected revenue from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is measured as the proportion of contract costs incurred for work performed relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognised as an expense immediately. The selling price of construction contracts is recognised under other receivables and disclosed in the notes.

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

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

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

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

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

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

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

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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

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

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

**Equity**

**Translation reserve.** The translation reserve in the consolidated financial statements comprises foreign exchange adjustments arising on translation of financial statements of foreign entities from their functional currencies into the presentation currency used by Carlsberg 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 to 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 are recognised directly in equity.

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

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

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

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

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

**Employee benefits.** Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee renders the related service. This includes the payment to other key employees in the Group who participate in the long-term incentive programme and choose cash settlement. The cost is provided for over the vesting period of the programme and according to the service 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 significant defined benefit plans an annual actuarial calculation is made of the present value of future benefits under the defined benefit plan. The present value is determined on the basis of assumptions about the future development in variables such as salary levels, interest rates, inflation and mortality. The present value is determined only for benefits earned by employees from their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the statement of financial position under retirement benefit obligations.

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

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

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

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

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

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

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

Deferred tax on all temporary differences between the carrying amount and the tax base of assets and liabilities is measured using the 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

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

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 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, and the sale is expected to be carried out within 12 months in accordance with a formal plan. Discontinued operations also include entities which are classified as held for sale in connection with an acquisition.

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

**Statement of cash flows**

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

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

**Cash flow from investing activities.** Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities

**NOTE 40** ACCOUNTING POLICIES – CONTINUED

and activities, and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

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

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

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

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

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

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

**Segment information**

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

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

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

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

**Financial ratios**

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

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

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

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

**Debt/operating profit before depreciation, amortisation and impairment.** Net interest-bearing debt<sup>2</sup> divided by operating profit before special items adjusted for depreciation, amortisation and impairment.

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

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

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

**Financial gearing.** Net interest-bearing debt<sup>2</sup> at year-end divided by total equity at year-end.

**Free cash flow per share (FCFPS).** Free cash flow<sup>4</sup> divided by average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33<sup>3</sup>.

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

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

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

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

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

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

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

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

**Return on average invested capital, including goodwill (ROIC).** Operating profit before special items as a percentage of average invested capital<sup>1</sup>.

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

<sup>1</sup> The calculation of invested capital is specified in note 31.

<sup>2</sup> The calculation of net interest-bearing debt is specified in note 32.

<sup>3</sup> 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.

<sup>4</sup> The calculation of free cash flow is specified in the statement of cash flows.

## NOTE 41 GROUP COMPANIES

		Owner- ship share	Nominal share capital (‘000)	Cur- rency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
VersaMatrix A/S, Copenhagen, Denmark		100%	1,750	DKK	100.00				◆
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen, Denmark		100%	25,000	DKK	100.00				◆
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark		100%	10,000	DKK	100.00				◆
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen, Denmark		100%	10,000	DKK	100.00				◆
Ejendomsaktieselskabet af 4. marts 1982, Copenhagen, Denmark		100%	9,500	DKK	100.00				◆
Investeringsselskabet af 17. januar 1991, Copenhagen, Denmark		100%	14,500	DKK	100.00				◆
Carlsberg Ejendomme Holding A/S, Denmark	1 subsidiary	100%	500	DKK	100.00				◆
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark	4) ◆	50%	-	DKK	100.00				◆
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark	4) ◆	50%	-	DKK	100.00				◆
Carlsberg Breweries A/S, Copenhagen, Denmark		100%	501,000	DKK	100.00				◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries	100%	100,000	DKK	100.00	◆			
Investeringsselskabet RH, Oslo, Norway	7 subsidiaries	100%	49,900	NOK	89.42	◆			
Ringnes a.s., Oslo, Norway	2 subsidiaries	100%	238,714	NOK	89.42	◆			
Oy Sinebrychoff Ab, Helsinki, Finland		100%	96,707	EUR	744.15	◆			
Saku Õlletehase AS, Estonia	1) ◆	100%	80,000	EEK	47.56	◆			
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary	100%	287,457	SEK	72.28				◆
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries	100%	70,000	SEK	72.28	◆			
BBH – Baltic Beverages Holding AB, Stockholm, Sweden		100%	12,000	EUR	744.15		◆		
A/S Aldaris, Latvia		89%	7,500	LVL	1,049.10	◆			
Svyturys-Utenos Alus AB, Lithuania		76%	118,000	LTN	215.52	◆			
UAB BBH Baltics, Lithuania		100%	10	LTN	215.52	◆			
Baltic Beverages Eesti, Estonia		100%	400	EEK	47.56	◆			
Baltika Breweries, St. Petersburg, Russia	2 subsidiaries	1) ◆	89%	164,364	RUB	17.15	◆		
Baltika-Baku Brewery, Baku, Azerbaijan		100%	26,849	AZN	646.50		◆		
Slavutich Brewery, Ukraine		92%	853,692	UAH	65.00		◆		
Lvivska Brewery, Ukraine		100%	72,741	UAH	65.00		◆		
Derbes Company Ltd. Liability Partnership, Kazakhstan		100%	4,820,426	KZT	3.50		◆		
Olivaria, Belarus	3) ◆	30%	61,444,801	BYR	0.18		◆		
Carlsberg Uzbekistan, Uzbekistan	5) ◆	100%	35,217,146	UZS	0.34		◆		
Baltic Beverages Invest AB, Stockholm, Sweden		100%	11	EUR	744.15		◆		
Baltic Beverages Holding Oy, Helsinki, Finland		100%	4	EUR	744.15		◆		
Carlsberg Italia S.p.A, Lainate, Italy	13 subsidiaries	100%	82,400	EUR	744.15	◆			
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	7 subsidiaries	5) ◆	44%	50,000	EUR	744.15	◆		
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries	100%	95,000	CHF	500.17	◆			
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries	100%	26,897	EUR	744.15	◆			
Nordic Getränke GmbH, Germany		50%	1,000	EUR	744.15	◆			
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries	100%	41,250	EUR	744.15	◆			
Tuborg Deutschland GmbH, Mönchengladbach, Germany		100%	51	EUR	744.15	◆			
Carlsberg GB Limited, Northampton, UK		100%	692	GBP	823.17	◆			
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries	100%	90,004	GBP	823.17	◆			
Emeraude SAS, France	4 subsidiaries	5) ◆	100%	405,037	EUR	744.15	◆		
Brasseries Kronenbourg SAS, France		100%	547,891	EUR	744.15	◆			
Sorex Holding SAS, France		100%	14,600	EUR	744.15	◆			
Mythos Brewery S.A., Greece		100%	39,405	EUR	744.15	◆			
Carlsberg Polska S. A., Warsaw, Poland	3 subsidiaries	100%	28,721	PLN	180.40	◆			
Carlsberg Accounting Centre Sp. z o.o., Poznan, Poland		100%	50	PLN	180.40				◆
Dyland BV, Bussum, Netherlands	1 subsidiary	100%	18,198	EUR	744.15	◆			
Carlsberg Croatia d.o.o., Koprivnica, Croatia		80%	239,932	HRK	101.99	◆			
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2,5) ◆	44%	1,267,128	MWK	3.67			◆
Nuuk Imeq A/S, Nuuk, Greenland		32%	38,000	DKK	100.00	◆			
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries	16%	2,523	USD	519.01	◆			
Carlsberg Bulgaria AD, Mladost, Bulgaria		80%	37,325	BGN	380.48	◆			
B to B Distribution EOOD, Mladost, Bulgaria		100%	10	BGN	380.48	◆			

## NOTE 41 GROUP COMPANIES – CONTINUED

			Owner- ship share	Nominal share capital ('000)	Cur- rency	Exchange rate	Northern & Western Europe	Eastern Europe	Asia	Non-beverage
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries	○	80%	2,989,921	RSD	7.76	◆			
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary		○	100%	25,400	HUF	2.74	◆			
Carlsberg International A/S, Copenhagen, Denmark		○	100%	1,000	DKK	100.00				◆
South-East Asia Brewery Ltd., Hanoi, Vietnam		○	60%	212,705,000	VND	0.03			◆	
International Beverages Distributors Ltd., Hanoi, Vietnam		○	60%	10,778,000	VND	0.03			◆	
Hué Brewery Ltd., Hué, Vietnam		◆	50%	216,788,000	VND	0.03			◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China		■	33%	380,000	CNY	76.04			◆	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries	◆	61%	105,480	CNY	76.04			◆	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China		■	30%	210,000	CNY	76.04			◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China		■	33%	85,000	CNY	76.04			◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China		■	30%	15,000	CNY	76.04			◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China		■	30%	16,620	CNY	76.04			◆	
Ningxia Xixia Jianiang Brewery Ltd, China		○	70%	194,351	CNY	76.04			◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia	1)	○	51%	154,039	MYR	151.49			◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia		○	100%	10,000	MYR	151.49			◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia		○	100%	100	MYR	151.49			◆	
Carlsberg Singapore Pte. Ltd., Singapore		○	100%	1,000	SGD	369.49			◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore		○	100%	1,000	SGD	369.49			◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka	1)	■	25%	850,000	LKR	-			◆	
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary	■	50%	100,000	TWD	-			◆	
Carlsberg Asia Pte Ltd., Singapore		○	100%	54,914	SGD	369.49			◆	
Brewery Invest Pte. Ltd, Singapore		○	100%	3,200	SGD	369.49			◆	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary	○	100%	260,000	HKD	66.93			◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China		○	100%	442,330	CNY	76.04			◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China		■	25%	303,659	CNY	76.04			◆	
Kunming Huashi Brewery Company Ltd., Kunming, China		○	100%	79,528	CNY	76.04			◆	
Lao Brewery Co. Ltd., Vientiane, Laos		◆	50%	14,400,000	LAK	0.06			◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal		■	50%	466,325	NPR	7.06			◆	
Dali Beer (Group) Limited Company, Dali, China		○	100%	97,799	CNY	76.04			◆	
Hanio Vung Tau Joint Stock, Vietnam	5)	◆	45%	345,190,377	VND	0.03			◆	
Hanio Beer Company, Vietnam	5)	■	16%	2,318,000,000	VND	0.03			◆	
Chongqing Brewery Co. Ltd, China	1, 5)	■	18%	483,971	CNY	76.04			◆	
Caretech Ltd, Hong Kong, China	5)	◆	50%	10,000	HKD	66.93			◆	
Cambrew Pte Ltd, Singapore		5)	◆	100%	21,720	SGD	369.49		◆	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	◆	100%	125,000	USD	519.01		◆	
Lao Soft Drinks Co. Ltd, Laos		○	65%	2,448,000	LAK	0.06			◆	
Carlsberg IndoChina, Vietnam		○	100%	8,000	VND	0.03			◆	
South Asian Breweries Pvt Ltd, Singapore		◆	45%	65,000	SGD	369.49			◆	
South Asian Breweries Pvt Ltd, India		○	100%	618,288	INR	11.19			◆	
Parag Breweries Ltd, India		○	52%	5,200	INR	11.19			◆	
Halong Beer and Beverage, Vietnam		◆	31%	9,000,000,000	VND	0.03			◆	
Danish Malting Group A/S, Vordingborg, Denmark		○	100%	100,000	DKK	100.00				◆
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland		○	100%	20,000	PLN	180.40				◆
Carlsberg Finans A/S, Copenhagen, Denmark		○	100%	25,000	DKK	100.00				◆
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary	○	100%	31,000	DKK	100.00				◆
CTDD Beer Imports Ltd., Quebec, Canada		○	100%	-	CAD	494.81	◆			
Carlsberg Canada Inc., Mississauga, Ontario, Canada		○	100%	5,000	CAD	494.81	◆			
Carlsberg IT A/S, Copenhagen, Denmark		○	100%	50,000	DKK	100.00				◆
Carlsberg Insurance A/S, Copenhagen, Denmark		○	100%	25,000	DKK	100.00				◆

○ Subsidiary ◆ Proportionally consolidated entity ■ Associate

1) Listed company 2) Carlsberg is responsible for management 3) Carlsberg can exercise control due to call options

4) A separate annual report is not prepared 5) Company not audited by KPMG