Carlsberg Breweries A/S

CVR No. 25 50 83 43

Annual Report for 2008

(9th financial year)

Contents

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

Company information

Company:	Carlsberg Breweries A/S Ny Carlsberg Vej 100 1760 København V Denmark Municipality of reg. office: Copenhagen
Board of Directors:	Jens Bigum (chairman), Managing Director Povl Krogsgaard-Larsen (Deputy Chairman), Professor, Dr. Pharm Jørgen Buhl Rasmussen, Executive Vice President Eva Vilstrup Decker (Employee Board member), Customer Service Manager Morten Ibsen (Employee Board member), Head Brewer Jørn P. Jensen, Executive Vice President and CFO Hans Andersen (Employee Board member), Brewery worker
Executive Board:	Jørgen Buhl Rasmussen, Executive Vice President Jørn P. Jensen, Executive Vice President and CFO
Auditor:	KPMG Statsautoriseret Revisionspartnerselskab Borups Alle 177 2000 Frederiksberg

Management statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of Carlsberg Breweries Group and the Parent Company for 2008.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports. We consider the accounting policies used to be appropriate. Accordingly, the Annual Report gives a true and fair view of the Group’s and the Parent Company’s assets, liabilities and financial position at 31 December 2008 and of the results of the Group’s and the Parent Company’s operations and cash flows for the financial year 2008.

Further, in our opinion the management's review gives a true and fair view of the development in the Carlsberg Breweries Group's and the Parent Company's operations and financial matters, the result of the Carlsberg Breweries Group and the Parent Company for the year and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Carlsberg Breweries Group and the Parent Company.

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

Copenhagen, 24 April 2009.

Executive Board of Carlsberg Breweries A/S

Jørgen Buhl Rasmusen	Jørn P. Jensen

Board of Directors of Carlsberg Breweries A/S

Jens Bigum Chairman	Povl Krogsgaard-Larsen Deputy Chairman	Hans Andersen
Jørgen Buhl Rasmussen	Eva Vilstrup Decker	Morten Ibsen
Jørn P. Jensen		

The independent auditors' report

To the shareholder of Carlsberg Breweries A/S

We have audited the annual report of the Carlsberg Breweries Group and the Parent Company for the financial year 1 January - 31 December 2008, which comprises the statement by the Board of Directors and Board of Executives, management review, income statement, statement of recognised income and expenses for the year, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Carlsberg Breweries Group's and the Parent Company's financial position at 31 December 2008 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2008 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

Copenhagen, 24 April 2009.

KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen	Jesper Koefoed
State Authorized Public Accountant	State Authorized Public Accountant

Management Review

Five-year summary - Carlsberg Breweries Group

DKK million		2004	2005	2006	2007	2008
Sales volumes (million hl)						
Beer		92,0	101,6	100,7	115,2	126,8
Soft drinks		19,4	19,1	20,2	20,8	22,3
Income statement						
Net revenue		36.284	38.047	41.083	44.750	59.944
Operating profit before special items		2.970	3.422	3.997	5.001	7.605
Special items, net		-598	-636	-160	-427	-1.641
Financial items, net		-816	-1.014	-728	-971	-3.455
Profit before tax		1.556	1.772	3.109	3.603	2.509
Corporation tax		-426	-519	-920	-1.190	395
Consolidated profit		1.130	1.253	2.189	2.413	2.904
Attributable to:						
Minority interests		242	259	282	294	575
Shareholders in Carlsberg Breweries A/S		888	994	1.907	2.119	2.329
Balance sheet						
Total assets		44.835	50.206	45.834	49.830	130.335
Invested capital		31.137	31.379	31.297	32.954	106.740
Interest-bearing debt, net		15.884	16.316	14.800	14.937	45.771
Equity, shareholders in Carlsberg Breweries A/S		9.471	11.798	10.956	11.723	42.138
Cash flow						
Cash flow from operating activities		4.172	4.842	4.872	5.102	8.037
Cash flow from investing activities		-3.612	-3.498	232	-4.955	-57.427
Free cash flow		560	1.344	5.104	147	-49.390
Financial ratios						
Operating margin	%	8,2	9,0	9,7	11,2	12,7
Return on average invested capital (ROIC)	%	9,4	10,2	12,3	15,2	8,9
Equity ratio	%	24,6	26,5	26,9	26,1	36,3
Debt/equity (financial gearing)	x	1,44	1,23	1,20	1,15	0,97
Interest cover	x	3,64	3,37	5,48	5,15	2,20
Stock market ratios						
Earnings per share (EPS)	DKK	1.776	1.988	3.814	4.238	4.653
Cash flow from operating activities per share (CFPS)	DKK	8.344	9.684	9.744	10.204	16.058
Free cash flow per share (FCFPS)	DKK	1.120	2.688	10.208	294	-98.680
Dividend per share (proposed)	DKK	1.500	1.800	890	2.600	-
Pay-out ratio	%	84	91	23	61	-
Employees						
Full-time employees (average)		30.043	30.336	31.537	33.276	45.364

The accounting policies were amended with effect from 2005, cf. the section of the 2005 Annual Report on the transition to IFRS. The comparative figures for 2004 were restated accordingly, but those for previous years were not. 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".
The calculation of some financial ratios has been adjusted in 2007, and comparative figures have been restated.

Activities of the Group

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

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

Income statement

In 2008 Carlsberg Breweries generated net revenue of DKK 59,944m (DKK 44,750m in 2007). Organic growth amounted to DKK 3,677m (8%) and acquisitions net contributed DKK 12,867m (29%). Foreign exchange rate movements had a negative effect of DKK 1,350m (-3%) most notably caused by adverse currency development of the RUB and GBP.

The growth in net revenue was driven by positive contributions from all regions, with particularly strong revenue growth in Eastern Europe and Asia. In Eastern Europe and Asia, growth was driven by higher volumes and positive price/mix. Northern & Western Europe showed modest growth with a positive price/mix effect that more than compensated for a slight volume decline. Price increases combined with the continued premiumisation in several markets resulted in an organic increase in net revenue per hl of 5% (2% in DKK).

Beer sales represented DKK 45,503m of total revenue (DKK 32,479m in 2007), equivalent to 75.9% (72.6% in 2007).

Cost of sales amounted to DKK 31,248m (DKK 22,423m in 2007) with acquisitions net representing DKK 6,985m resulting in an organic increase of 12% (8% in DKK) driven by higher prices on key inputs like malt, hops, cans and glass bottles.

Gross profit amounted to DKK 28,696m (DKK 22,327m in 2007), with acquired activities net representing DKK 5,881m of this. Volume growth, higher price and a more profitable product mix more than compensated for higher input costs. Organic growth amounted to DKK 1,060m corresponding to +5% (+2% in DKK) mainly driven by Eastern Europe (+12%; +7% in DKK) and Asia (+18%; +15% in DKK) while Northern & Western Europe were flat (0%; -0.5% in DKK). Gross margin declined by 200bp to 47.9%.

Sales and distribution expenses amounted to DKK 17,592m, an increase of DKK 3,064m compared to 2007. Acquired activities net represented DKK 2,873m and organic development DKK 553m (organic +4%; +1% in DKK) including the effect of higher fuel costs. Administrative expenses increased by DKK 811m to DKK 3,934m, with acquired activities net representing DKK 624m and organic development DKK 259m (+6% in DKK and +8% in local currencies). The development continues to reflect an increased level of activity on the growth markets on the one hand and strict cost control on the other.

Other operating income, net was DKK 363m against DKK 228m in 2007 an increase of DKK 135m.

Share of profit after tax in associates totalled DKK 72m against DKK 94m in 2007.

Operating profit before special items was DKK 7,605m against DKK 5,001m in 2007, an increase of DKK 2,604m. Acquired activities net represented DKK 2,382m of the increase while organic growth was DKK 368m (+7%). In DKK, the growth was 4%. The positive development was attributable to higher profits in Eastern Europe and Asia.

Special items, net were DKK -1,641m against DKK -427m in 2007, and mainly comprise restructuring costs, redundancies in connection with the Excellence programmes, special items related to the sale of Türk Tuborg (DKK 232m), restructuring in France (DKK 291m), impairment on the brewery in Leeds (DKK 197m) and a

German brewery (DKK 135m), and losses on excess contracting of raw materials for 2009 (DKK 245m). Special items for the parent company is specified in to 6 to the parent company account.

Net financial items were DKK -3,455m against DKK -971m in 2007. Net interest was DKK -2,387m against DKK -854m in 2007 and is mainly attributable to the higher level of debt due to the acquisition of part of the activities from S&N as well as higher average interest rates. Other net financial items were DKK -1,068m (DKK -117m in 2007). This change is on the one hand related to one-off costs in connection with the establishment of the financing of the S&N transaction (approximately DKK -315m) and, on the other hand, the inefficient part of the currency options acquired to hedge GBP exposure on the S&N transaction (DKK -110m). In addition, net foreign exchange effect on USD- and EUR-denominated loans in Eastern Europe amounts to DKK 692m due to the sharp devaluation in Eastern Europe in the fourth quarter of 2008. Financial gains of net DKK 126m relate, among other things, to disposal of Israel Beer Breweries.

Tax totalled DKK +395 against DKK -1,190 last year. The effective tax rate of -15.3% is mainly due to a decrease in the Russian corporate tax rate as per 2009 (20% against 24% previously) resulting in a release of deferred tax of DKK 1,520m.

Consolidated profit was DKK 2,904m against DKK 2,413m 2007. Minority interests' share of this was DKK 575m against DKK 294 in 2007, reflecting the continued earnings progress in Russia and Malaysia on the one hand and the fact that minorities in BBH have been recognised at 100% since 1 May on the other hand.

Carlsberg Breweries' share of profit was DKK 2,329 against DKK 2,119m in 2007.

Balance sheet

At 31 December 2008, Carlsberg Breweries had total assets of DKK 130,335m against DKK 49,830m at 31 December 2007. The increase primarily relates to the acquisition of part of the activities in S&N. At 28 April 2008 (acquisition date) the balance sheet increased by DKK 91,956m from inclusion of the fair value of identifiable assets, liabilities and contingent liabilities acquired, including goodwill, and from revaluation of the originally owned 50% of BBH to fair value. Due to developments in currency exchange rates during 2008 the impact on the balance sheet at 31 December 2008 was DKK 83,437m calculated as the opening balances in local currencies at the acquisition date translated into DKK at the exchange rate at year-end 2008. The developments commented on below are calculated at the exchange rate at year-end 2008.

Assets

Intangible assets totalled DKK 73.5bn against DKK 10.0bn at 31 December 2007. Intangible assets mainly relate to goodwill, DKK 40.5bn, and trademarks, DKK 32.4bn. The total increase of DKK 63.5bn includes an addition of DKK 48.4bn from the acquisition of part of the activities in S&N and DKK 14.6bn from revaluation of the existing ownership share of the BBH Group. Acquisition and revaluation of brands amounted to a total of DKK 31.8bn.

Property, plant and equipment totalled DKK 32.6bn (DKK 22.2bn at 31 December 2007). The total increase of DKK 10.4bn includes an addition from the acquisition of part of the activities in S&N and revaluation of the originally owned 50% of BBH to fair value which at year-end impacted the balance sheet by DKK 11.6bn. Capital expenditure amounted to DKK 5.3bn which is particularly high due to capacity expansions in the growth markets and investments in connection with capacity efficiency projects in Denmark and Italy. These investments were completed in 2008. Exchange rate effects reduced the value of property, plant and equipment by approx. DKK 3bn.

Non-current financial assets amounted to DKK 5.2bn (DKK 2.8bn at 31 December 2007), primarily as a result of the investment in Chongqing Brewery, an increase in financial receivables mainly due to the increase in long-term trade loans from the S&N transaction, investment in Habeco, and deferred tax assets.

Current assets totalled DKK 18.9bn against DKK 15.8bn at 31 December 2007, an increase of DKK 3.1bn. Through the S&N transaction, current assets at a value of DKK 6.3bn were acquired

Liabilities

Total equity was DKK 47.4bn, of which DKK 42.1bn can be attributed to shareholders in Carlsberg Breweries A/S. The increase in equity compared to 31 December 2007 of DKK 34.4bn is due partly to Carlsberg A/S' conversion of a loan amounting to DKK 24bn to new shares, and partly to equity adjustments (DKK 14.8m at exchange rate at the acquisition date) regarding value adjustment to fair value of the net assets in BBH already owned prior to the acquisition.

Equity before minority interests has increased by profit for the year (DKK 2,329m). In addition it has been affected by exchange rate adjustments on foreign subsidiaries of DKK 7.0bn, negative value adjustments on hedging and securities of DKK 1.6bn and increased by tax on changes in equity of DKK 316m.

Dividends to shareholders (DKK 800m) and minority interests (DKK 238m) reduced total equity by DKK 1,038m.

Exchange rate adjustments on foreign subsidiaries amount to DKK -7.4bn in total equity. The total currency exposure of the Group has increased following the acquisition of part of the activities from S&N resulting in significantly increased balance sheet values of the Group. Of the total exchange rate adjustment DKK -6.4bn relates to the acquisition of part of the activities in S&N and revaluation of the existing ownership share of the BBH Group.

Value adjustments in equity mainly concern currency hedging of the GBP exposure related to the S&N transaction. The currency options were settled in April 2008, after which forward contracts were concluded to hedge the total purchase price of GBP 5.5bn at a total weighted average exchange rate (DKK/GBP) of 945.79. Value adjustment (loss) of the effective part of the hedging element of both currency options and forward contracts has been recognised in equity.

Total liabilities were DKK 83.0bn (DKK 36.8bn at 31 December 2007). The total increase of DKK 46.2bn primarily relates to the S&N transaction. Current liabilities were DKK 29.4bn (DKK 16.8bn at 31 December 2007).

Cash flow and interest-bearing debt

Cash flow from operating activities was DKK 8,037m against DKK 5,102m for 2007. Operating profit before depreciation and amortisation was DKK 11,223m against DKK 7,857m in 2007. The change in working capital was DKK 1,709m (DKK -199m in 2007). Working capital includes a positive contribution of c. DKK 1.1bn from the contract concluded with The Coca-Cola Company. Paid net interest etc. amounted to DKK -2,943m against DKK -1,257m for the same period of 2007, which mainly reflects higher financing costs due to the S&N transaction.

Cash flow from investing activities was DKK -57,427m against DKK -4,955m in 2007. This marked increase is essentially attributed to the S&N transaction. Also operational investments have increased by DKK 475m, which can largely be attributed to capacity expansions and brewery constructions in Eastern Europe (Russia, the Ukraine and Uzbekistan) as well as capacity efficiency projects in Denmark and Italy related to brewery closures. It should be noted that investments in the former BBH are included at 50% for the first four months of the year and at 100% for subsequent months.

Consequently, free cash flow was DKK -49,390m against DKK 147m for 2007.

Net interest-bearing debt was DKK 45,771m at 31 December 2008 against DKK 14,937m last year. This development essentially reflects increased borrowing related to the S&N transaction less the cash contribution from the capital increase.

Financing

At 31 December 2008, the gross interest-bearing debt amounts to DKK 50.0bn. The difference of DKK 4.2bn in the net interest-bearing debt is other interest-bearing assets, including DKK 2.7bn in cash and cash equivalents.

Of the gross interest-bearing debt of DKK 50.0bn, DKK 40.8bn (82%) is long term, i.e. with maturity more than one year from 31 December 2008, and consists primarily of facilities in EUR.

Committed credit facilities are more than sufficient to refinance maturing short-term debt.

Approximately 54% is fixed interest (fixed-interest period exceeding one year). The additional annual interest expense if interest rates increase by 1 percentage point is approx. DKK 217m (and vice versa should the interest rate be reduced by 1 percentage point).

Incentive programmes

In 2008 a total of 89,552 share options were granted to members of the Executive Board and other senior executives in the Carlsberg Breweries Group, of which the Executive Board received 89,552 share options.

In addition, a total of 707,293 share options have been granted to other senior executives and key management personnel as part of a new long-term incentive programme. The number of options in this programme will change over the next two years depending on terms in the incentive programme and developments in Carlsberg A/S' B-share price.

The share options, in total 796,845, were granted to a total of 173 key employees at an average exercise price of DKK 383.34 (2007: 263,373 share options to 145 employees at an average price of DKK 472.11)

Financial risks

Carlsberg Breweries' activities mean that the Group's profit and equity may be exposed to a variety of financial risks, primarily relating to changes in exchange rates and interest rates. The Group's financial risks are managed centrally by Group Treasury, which is responsible to the business's Executive Board and Board of Directors, on the basis of principles approved by the Board of Directors. The Group's foreign exchange, interest rate, credit and liquidity risks are presented in the notes to the consolidated financial statements.

The environment at Carlsberg Breweries

The Carlsberg Breweries Group recognises the environmental responsibilities that go with its leading global position, and takes account of environmental issues in both the continued development of its existing activities and the establishment of new ones.

Every second year Carlsberg publishes an Environmental Report with detailed information on the business's overall environmental impact. The most recent Environmental Report was published in 2007 and can be found on the Group's website along with previous reports.

Expectations for 2009

As a result of the global economic downturn in the second half of 2008, business conditions are now tougher than our mid-year expectations. Carlsberg Breweries has therefore adjusted its business plans for 2009 to reflect lower visibility and greater uncertainty.

Although our long-term business strategy remains unchanged, action plans have been put in place to ensure that Carlsberg Breweries emerges from 2009 as an even stronger business.

2009 will demonstrate a sharp focus on increasing cash flow and protecting earnings, cost control, significantly reduced capital expenditure, and accelerated debt repayment.

Our focus on short-term planning and execution has increased. Consequently, should external factors develop more negatively than currently expected, Carlsberg Breweries will take the necessary actions to drive cash flow and protect earnings.

To ensure that Carlsberg Breweries delivers on the business plans in each market, and especially to protect against a less positive development in volumes and net revenue than originally planned, all local businesses have revised their business plans since end 2008 and worked intensively on implementing cost and capital expenditure reductions and on contingency planning.

The contingency plans are focused on further cost reductions to a high degree. Carlsberg Breweries also intends to benefit from the reduced costs within several categories of procured goods. Notwithstanding this Carlsberg Breweries will continue to drive brand growth through focused innovation, marketing support and strong execution. Furthermore focus has been and will be on all initiatives that can increase free cash flow, such as improving working capital, and hereby reducing capital employed and net interest-bearing debt.

Our internal expectations are based on an updated budget reflecting the assumptions that we are currently using.

Developments in foreign exchange rates, especially the Russian rouble (RUB), are important to the results being reported in Danish kroner (DKK). The RUB has been devalued significantly since mid-2008. The guidance and expectations provided in this announcement are based on an assumption of an average EUR/RUB rate in 2009 of 47.

The expectations for 2009 are based on an assumption of contraction of the beer markets in Northern & Western Europe and largely flat beer markets in Eastern Europe (slightly declining in Russia). On this basis, and including other factors such as the above mentioned EUR/RUB rate, a rapid implementation of many cost initiatives in all markets throughout the Group, and in general our insights into our business as per today, we expect net revenue in 2009 to amount to c. DKK 63bn. Excluding effects from acquisitions/divestments net revenue in DKK is not expected to grow.

Operating profit is expected to grow to more than DKK 9bn, an increase of more than 12%.

Net profit is expected to grow to more than DKK 3.5bn.

Carlsberg Breweries reconfirms the previously stated financial targets to improve the operating margin to 14-16% in Northern & Western Europe and to 23-25% in Eastern Europe in the medium term.

Since the significant acquisition in 2008 part of Carlsberg Breweries' strategy has been to reduce debt. In the current environment, reducing the interest-bearing debt more rapidly than originally planned can benefit our shareholders. Initiatives to strengthen and improve working capital have been implemented. Consequently, operating capital expenditures for 2009 are expected to be less than DKK 3.75bn (DKK 5.3bn in 2008).

The earnings and capital expenditure expectations lead to an expectation of free cash flow of more than DKK 6bn. Consequently, significant deleverage of the Group is expected to occur leading to a net interest-bearing debt to EBITDA ratio end 2009 of around 3. Monetisation of redundant assets is not factored into these expectations.

According to Carlsberg Breweries' banking documentation, Carlsberg Breweries should be at an adjusted net interest-bearing debt vs EBITDA end 2009 of no more than 4 (4.25 end June 2009). The adjustment adds around 0.17 to the ratio calculated using the reported numbers.

The forward-looking statements, including forecasts on sales and earnings performance, reflect management’s current expectations based on information available at the date of this document, and are subject to risks and uncertainty. Such statements are made on the basis of assumptions and expectations which the Company believes to be reasonable at this time, but which may prove to be erroneous. Many factors, some of which will be beyond management's control, may cause actual developments to differ materially from the expectations expressed. Such factors include, but are not limited to, economic and political uncertainty (including developments in interest rates and exchange rates), financial and regulatory developments, changes in demand for the Group's products, competition from other breweries, the availability and pricing of raw materials and packaging materials, price reductions resulting from market-driven price reductions, market acceptance of new products, launches of rival products, stipulation of market values in the opening balance of the acquired companies, major litigations and other unforeseen factors. Should one or more of these risks or uncertainties materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

Carlsberg Breweries assumes no obligation to update or revise such forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in such forward-looking statements except when required by law.

Carlsberg Breweries Group

Consolidated financial statements 2008

Notes

Carlsberg Breweries Group

Income statement

Note		2008 DKK million	2007 DKK million
	Revenue	76.557	60.111
	Excise duties on beer and soft drinks etc.	-16.613	-15.361
	Net revenue	**59.944**	**44.750**
3	Cost of sales	-31.248	-22.423
	Gross profit	**28.696**	**22.327**
4	Sales and distribution expenses	-17.592	-14.528
5	Administrative expenses	-3.934	-3.120
6	Other operating income	662	524
6	Other operating expenses	-299	-296
18	Share of profit after tax, associates	72	94
	Operating profit before special items	**7.605**	**5.001**
7	Special items	-1.641	-427
8	Financial income	1.269	627
9	Financial expenses	-4.724	-1.598
	Profit before tax	**2.509**	**3.603**
10	Corporation tax	395	-1.190
	Consolidated profit	**2.904**	**2.413**
	Attributable to:		
11	Minority interests	575	294
	Shareholders in Carlsberg Breweries A/S	2.329	2.119
12	**Earnings per share**		
	Earnings per share	4.653	4.238
	Earnings per share, diluted	4.653	4.238

Carlsberg Breweries Group

Statement of recognised income and expenses for the year

2008 DKK million

	Note	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg Breweries A/S, total	Minority interests	Total
Profit for the year		**-**	**-**	**2.329**	**2.329**	**575**	**2.904**
Foreign exchange adjustments:							
Foreign entities		-6.913	-	-	-6.913	-533	-7.446
Transferred to income statement on disposal		-67	-	-	-67	-2	-69
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	459	-1.958	-	-1.499	-	-1.499
Hedging instruments, transferred to income statement		-	-27	-	-27	-	-27
Securities		-	75	-	75	-	75
Securities, transferred to income statement on disposal		-	-17	-	-17	-4	-21
Securities, transferred to investment in associates		-	-108	-	-108	-	-108
Other adjustments:							
Retirement benefit obligations	26	-	-	-41	-41	-	-41
Share-based payment	14	-	-	28	28	-	28
Value adjustment on step acquisition of subsidiary	31	-	-	13.060	13.060	1.750	14.810
Other		-	-	-10	-10	1	-9
Tax on changes in equity	10	-9	448	-123	316	1	317
Net amount recognised directly in equity		**-6.530**	**-1.587**	**12.914**	**4.797**	**1.213**	**6.010**
Total recognised income and expenses		**-6.530**	**-1.587**	**15.243**	**7.126**	**1.788**	**8.914**

2007 DKK million

	Note	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg Breweries A/S, total	Minority interests	Total
Profit for the year		**-**	**-**	**2.119**	**2.119**	**294**	**2.413**
Foreign exchange adjustments:							
Foreign entities		-600	-	-	-600	-70	-670
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	148	83	-	231	-	231
Hedging instruments, transferred to income statement		-33	-	-	-33	-	-33
Securities		-	42	-	42	4	46
Securities, transferred to income statement on disposal		-	-3	-	-3	-1	-4
Other adjustments:							
Retirement benefit obligations	26	-	-	-526	-526	-	-526
Share-based payment	14	-	-	19	19	-	19
Other		-	-	-10	-10	1	-9
Tax on changes in equity	10	-36	-36	169	97	-	97
Net amount recognised directly in equity		**-521**	**86**	**-348**	**-783**	**-66**	**-849**
Total recognised income and expenses		**-521**	**86**	**1.771**	**1.336**	**228**	**1.564**

Currency translation comprises 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 adjustment 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.

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.

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

Carlsberg Breweries Group

Balance sheet

Note	Assets	31 Dec. 2008 DKK million	31 Dec. 2007 DKK million
	Non-current assets:		
15, 16	Intangible assets	73.471	9.998
16, 17	Property, plant and equipment	32.551	21.168
18	Investments in associates	2.189	591
19	Securities	94	100
20	Receivables	1.707	1.476
27	Deferred tax assets	1.226	626
26	Retirement benefit plan assets	2	11
	Total non-current assets	**111.240**	**33.970**
	Current assets:		
21	Inventories	5.317	3.818
20	Trade receivables	6.391	6.300
	Tax receivables	262	62
20	Other receivables	3.026	2.695
20	Prepayments	1.211	891
19	Securities	7	34
22	Cash and cash equivalents	2.729	2.026
	Total current assets	**18.943**	**15.826**
23	Assets held for sale	152	34
	Total assets	**130.335**	**49.830**

Carlsberg Breweries Group

Balance sheet

Note	Equity and liabilities	31 Dec. 2008 DKK million	31 Dec. 2007 DKK million
	Equity:		
24	Share capital	501	500
	Reserves	41.637	11.223
	Equity, shareholders in Carlsberg Breweries A/S	42.138	11.723
	Minority interests	5.230	1.296
	Total equity	**47.368**	**13.019**
	Non-current liabilities:		
25	Borrowings	40.841	16.162
26	Retirement benefit obligations and similar obligations	1.766	2.191
27	Deferred tax liabilities	9.051	1.439
28	Provisions	1.457	223
29	Other liabilities	88	20
	Total non-current liabilities	**53.203**	**20.035**
	Current liabilities:		
25	Borrowings	9.165	3.711
	Trade payables	8.045	5.904
	Deposits on returnable packaging	1.455	1.207
28	Provisions	666	477
	Corporation tax	283	184
29	Other liabilities, etc.	9.783	5.293
	Total current liabilities	**29.397**	**16.776**
23	Liabilities associated with assets held for sale	367	-
	Total liabilities	**82.967**	**36.811**
	Total equity and liabilities	**130.335**	**49.830**

Carlsberg Breweries Group

Statement of changes in equity

2008
DKK million

	Shareholders in Carlsberg Breweries A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
Equity at 1 January 2008	500	-233	65	11.391	11.223	11.723	1.296	13.019
Total recognised income and expenses for the year, cf. separate statement	-	-6.530	-1.587	15.243	7.126	7.126	1.788	8.914
Capital increase	1	-	-	23.999	23.999	24.000	15	24.015
Acquisition/disposal of treasury shares	-	-	-	89	89	89	-	89
Dividends paid to shareholders	-	-	-	-800	-800	-800	-238	-1.038
Acquisition of minority interests	-	-	-	-	-	-	-26	-26
Acquisition of entities	-	-	-	-	-	-	2.389	2.389
Disposal of entities	-	-	-	-	-	-	6	6
Total changes in equity	**1**	**-6.530**	**-1.587**	**38.531**	**30.414**	**30.415**	**3.934**	**34.349**
Equity at 31 December 2008	**501**	**-6.763**	**-1.522**	**49.922**	**41.637**	**42.138**	**5.230**	**47.368**

2007
DKK million

	Shareholders in Carlsberg Breweries A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
Equity at 1 January 2007	500	288	-21	10.189	10.456	10.956	1.368	12.324
Total recognised income and expenses for the year, cf. separate statement	-	-521	86	1.771	1.336	1.336	228	1.564
Capital increase	-	-	-	-	-	-	43	43
Other	-	-	-	2	2	2	-	2
Acquisition/disposal of treasury shares	-	-	-	30	30	30	-198	-168
Share based payments	-	-	-	-156	-156	-156	-	-156
Dividends paid to shareholders	-	-	-	-445	-445	-445	-227	-672
Acquisition of entities	-	-	-	-	-	-	82	82
Total changes in equity	**-**	**-521**	**86**	**1.202**	**767**	**767**	**-72**	**695**
Equity at 31 December 2007	**500**	**-233**	**65**	**11.391**	**11.223**	**11.723**	**1.296**	**13.019**

No dividends has been proposed for 2008. In 2007 a proposed dividend of DKK 2,600 per share, in total DKK 1,300m, was included in retained earnings at 31 December 2007. Dividends paid out in 2008 for 2007 amount to DKK 800m (paid out in 2007 for 2006: DKK 445m), which is DKK 1,600 per share (2007: DKK 890). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

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

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 of DKK -24m (2007: DKK 26m).

Carlsberg Breweries Group

Cash flow statement

Note		2008 DKK million	2007 DKK million
	Operating profit before special items	7.605	5.001
	Adjustment for depreciation and amortisation	3.614	2.752
	Adjustment for impairment losses[1]	4	104
	Operating profit before depreciation, amortisation and impairment losses	11.223	7.857
30	Adjustment for other non-cash items	-162	-45
30	Change in working capital[2]	1.709	-199
	Restructuring costs paid	-482	-379
	Interest etc. received	216	162
	Interest etc. paid	-2.943	-1.257
	Corporation tax paid	-1.524	-1.037
	Cash flow from operating activities	**8.037**	**5.102**
	Acquisition of property, plant and equipment and intangible assets	-5.292	-4.929
	Disposal of property, plant and equipment and intangible assets	374	339
30	Change in trade loans	-290	-143
	Total operational investments	**-5.208**	**-4.733**
31	Acquisition and disposal of entities, net	-51.444	-179
	Acquisitions of associated companies	-587	-
	Disposals of associated companies	300	-
	Acquisition of financial assets[2]	-961	-40
	Disposal of financial assets	39	37
30	Change in financial receivables	403	-122
	Dividends received	31	82
	Total financial investments	-52.219	-222
	Cash flow from investing activities	**-57.427**	**-4.955**
	Free cash flow	**-49.390**	**147**
30	Shareholders in Carlsberg Breweries A/S	23.200	-421
30	Minority interests	-521	-451
30	External financing[4]	27.579	308
	Cash flow from financing activities	**50.258**	**-564**
	Net cash flow	**868**	**-417**
	Cash and cash equivalents at 1 January[5]	1.279	1.778
	Foreign exchange adjustment of cash and cash equivalents at 1 January	-30	-82
22	**Cash and cash equivalents at 31 December[5]**	**2.117**	**1.279**

[1] Impairment losses excluding those reported in special items

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

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

[4] Includes loan raised for the financing of the acquisition of activities from S&N and repayment of parts of the loan following the capital increase.

[5] Cash and cash equivalents less bank overdrafts.

Note 1 Significant accounting estimates and judgements

In preparing the Carlsberg Breweries Group's Annual Report, 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 41 to the consolidated financial statements.

Estimation uncertainty

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

The judgements, estimates and assumptions made are based on historical experience and other factors which management assesses to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Annual Report 2008 is particularly affected by estimates and judgements related to measurement of assets, liabilities and contingent liabilities acquired in the acquisition of part of the activities in S&N, see the description of judgements, estimates and assumptions for the individual items below.

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

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

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

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

Business combinations. For acquisitions of new entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the purchase 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 within 12 months.

The unallocated purchase price (positive amounts) is recognised in the balance sheet 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, the allocation of goodwill to each of the acquired entities is based on the expected future cash flows for each activity discounted at present value using a weighted average cost of capital (WACC) that is based on the risk-free interest rate and a specific risk premium in the respective countries. 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. Such a change will most likely be allocated to one or a few major activities in the acquisition. For Chongqing, which is a listed company, the fair value is also based on the company's market price and developments in the market price. Considering the uncertainties associated with the determination of the cash flows of acquired cash-generating units, it is the assessment of management that the allocation made is based on documented estimates.

The difference between the carrying amounts in the acquired entities and the fair value of identifiable assets and liabilities is specified in note 31. The determination of the fair value of identifiable assets, liabilities and contingent liabilities acquired in the acquisition of part of the activities in S&N is almost completed.

For some of the estimated fair values, verification is still outstanding, and minor adjustments to the recognised fair values might occur.

Note 15 describe the value of goodwill arising on the acquisition of part of the activities in S&N.

Trademarks

Business combinations. 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 cash flows associated with the trademarks, including the value of customer relations etc. related to the trademarks. For the entities acquired in the acquisition of parts of the activities in S&N, 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 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 main factors applied for the acquisition of part of the activities in S&N are in the following spreads:

Royalty rate	International, premium and speciality beers	3.5-7.5% depending on market
	Strong regional and national brands	3-5%
	Local brands and mainstream brands	2-3.5%
Useful life	When the value of the 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. This applies to Baltika and 1664 and certain strong regional and local brands	Indefinite useful life
	Trademarks with a definite useful life typically comprise local brands	Finite useful life
Growth rates	Trademarks with indefinite useful lives	Specific fixed growth rate. After year 20, the growth rate applied will equal the expected rate of inflation, as the growth rate for the trademarks is not expected to increase above the rate of inflation in the long term.
	Brands with finite useful lives up to 20 years	Specific fixed growth rate which only in the first year exceeds inflationary expectations. Rates range from 2 to 5%.
Tax rate	Expected future tax rate in each country, based on current legislation at the acquisition date.	10-34%
Discount rate	Depends on the risk-free interest rate plus a risk premium in each country	

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 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 is changed in line with the trademark's shorter useful life. The impairment test of trademarks is based on the same approach as is used to determine the fair value at the acquisition date. Note 16 describe the impairment test performed at 31 December 2008.

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, cf. above.

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

The cash flows used incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used. Potential upsides and downsides identified during the budget process and in the daily business are reflected in multiple scenarios for possible future cash flows for each individual cash-generating unit (country). The scenarios reflect among others different assumptions on market and 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 segment are used to calculate recoverable amounts.

Estimates of future earnings from *trademarks* with an indefinite useful life are made using the same approach as is 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. Management is of the opinion that there were no such indications at the end of 2008, and therefore trademarks with a finite useful life have not been impairment-tested.

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 16.

Discount and growth rates applied for 2008 At the year-end 2008, risk-free interest rates – in particular short-term interest rates – fluctuated extraordinarily as a result of the international financial 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 them (real interest rate).

Fair value of property, plant and equipment in business combinations. In the acquisition of part of the activities in S&N, the Carlsberg Breweries Group has acquired significant property, plant and equipment, including land and buildings, plant, machinery and equipment used in the brewing and packing process, sales equipment and vehicles, furniture and returnable packaging.

The fair value of land and buildings and 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.

Fair value is determined for each of the acquired breweries and other material assets. This comprises substantial breweries and production facilities with a number of individual assets that must be assessed both individually and as part of the entire facility in question. The assessment is based on knowledge of the technical condition of each brewery, materials used, age and level of maintenance and other indications and information for the individual assets. The assessment involves external valuers specialised in technical assistance in the construction of breweries.

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 16.

Useful lives and residual values for intangible assets with indefinite useful life and property, plant and equipment. Intangible assets with indefinite 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. 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 useful life and residual values for assets acquired in the acquisition of part of the activities in S&N are determined concurrently with the fair value, cf. above. The amortisation and depreciation periods used are described in the accounting policies in note 41 and the value of non-current assets is specified in notes 15 and 17.

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

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

Deferred tax assets. The Carlsberg Breweries Group recognises deferred tax assets, including the tax base of tax loss carryforwards, if management assesses that these tax assets can be offset against positive taxable income in the foreseeable future. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives. The judgement was also made at the acquisition date for the activities acquired as part of the S&N acquisition.

For the determination of the fair value of assets, liabilities and contingent liabilities acquired in the acquisition of part of the activities in S&N, deferred tax assets and tax liabilities have been adjusted to reflect the expected tax effect of the fair value adjustment. However, this does not apply to deferred tax on goodwill in jurisdictions where tax is not deductible for goodwill and thus having a tax base of zero, as such adjustments are not allowed under IFRS. Adjustment is based on the tax position and the relevant legislation applicable to each individual company or joint tax group in each jurisdiction. The ultimate impact on the deferred tax assets and liabilities is subject to the final allocation of the purchase price to the individual assets, liabilities and contingent liabilities.

For a more detailed presentation of the Group's tax assets, see note 27.

Receivables. Receivables are measured at amortised cost less impairment.

Write-downs are made for bad debt losses due to inability to pay. If the ability to pay deteriorates in the future, further write-downs may be necessary. Management performs analyses on the basis of customers' expected ability to pay at the balance sheet date to pay, historical information on payment patterns and doubtful debts, and customer concentrations, customers' creditworthiness, collateral received and the financial situation in the Company's sales channels.

As regards loans to the on-trade, the individual Group companies manage and control these loans as well as standard trade credit in accordance with Group guidelines. See below for further description.

For the entities acquired in the acquisition of part of the activities in S&N, any indications of impairment of receivables have been assessed at the acquisition date. 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 financial crisis, the risk of bad debt losses has increased. This has been taken into consideration in the assessment of impairment at the balance sheet date and will be included in the general management and monitoring of usual trade credits and loans to the on-trade.

Retirement benefit obligations and similar obligations. When calculating the value of the Carlsberg Breweries Group's defined benefit retirement benefit plans, a number of significant actuarial assumptions are made, including discount rates, expected return on plan assets and expected growth in wages and salaries and retirement benefits. The range and weighted average for these assumptions are disclosed in note 26.

The value of the Group's defined benefit retirement 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 influences the classification as current or non-current liabilities respectively.

Provisions, contingent assets and contingent liabilities have also been assessed at the acquisition date for the entities acquired in the acquisition of part of the activities in S&N. Provisions comprise provisions existing at the acquisition date only and are recognised at the fair value at that date. The fair value is based on the expected future cash flow to settle liabilities, including an assessment of whether contracts, agreements, guarantees etc. at the acquisition date constitute a liability which should be recognised in the balance sheet. Fair value of contingent liabilities is calculated based on the weighted likely outcome of the individual pending and probable lawsuits etc.

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 28 and contingent liabilities in note 38.

Other assets and liabilities included in the opening balance sheet on the S&N transaction. Assets and liabilities not specifically mentioned above are also measured at fair value at the acquisition date. These items include:

- Inventories measured at fair value. The fair value of finished goods and work in progress equals the selling prices less cost of disposal, cost to complete work in progress and a reasonable profit allowance based on the stage of completion, work in progress and sales activities based on estimates of gains on similar finished goods and merchandise. In addition the value is compared with comparable prices in the market for third-party products and production of the Company's products by another brewery.
- Procurement contracts concluded at prices deviating from current market prices
- Financial liabilities measured at fair value
- Lease agreements classified as operating or finance leases based on the substance of the service being rendered, including assessment of minimum lease payments, transfer of ownership and whether the assets can be used by the lessee only
- Pension obligations measured based on market assumptions
- Demolishing and restoration obligations
- Onerous contracts

Assessment in applied accounting policies

In applying the Group’s accounting policies, management makes judgements which may significantly influence the amounts recognised in the annual report.

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

For the acquisition of part of the activities in S&N, this judgement has been made for each acquired entity and activity based on the acquired ownership interest and existing shareholder agreements etc. For the activities that have not yet been hived off for legal purposes, the judgement has been based on existing agreements and current legal documentation regarding the hive-off. No changes have been or are expected to be made to the current classifications.

This classification is significant, as the recognition of proportionally consolidated joint ventures impacts differently on the financial statements from full consolidation of subsidiaries or recognition of associates using the equity method. Any amendment of IFRS preventing the use of proportional consolidation would therefore have an impact on the consolidated financial statements. The effect has been limited considerably following the acquisition of control over the entities in the former BBH Group in connection with the acquisition of part of the activities in S&N. Key figures for proportionally consolidated entities are disclosed in note 34.

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

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

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

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

Loans to the on-trade. Under certain circumstances the Carlsberg Breweries Group grants loans to customers in the on-trade 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. Such developments 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. When using special items, it is crucial that these constitute significant 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 made to enhance the Group's future earnings potential.

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

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

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

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale, and is determined taking into account marketability, obsolescence and developments in expected selling price. The calculation of net realisable value is mainly relevant to packing materials, packaging and spare parts. Net realisable value is not normally calculated for beer and soft drinks because their limited shelf-life means that slow-moving goods must instead be scrapped.

Leases and service contracts. The Carlsberg Breweries Group has entered into a number of leases and service contracts. When entering into these agreements, management considers the substance of the service being rendered in order to classify the agreement as either a lease or a service contract. In making this judgement, particular importance is attached to whether fulfilment of the agreement depends on the use of specific assets. The Group's leases and significant service contracts are disclosed in notes 38 and 39.

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

Carlsberg Breweries Group

Notes

2 Segment information

The Carlsberg Breweris Group's activities comprise the production and sale of beer and other beverages. In accordance with the Group's management and reporting structure, beverage activities are segmented according to the geographical regions where production takes place. Intra-segment revenue is based on arm's length prices.

From 2008 the segment reporting format of the Group's results has been changed. The new segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Carlsberg Breweries Group. The new segment reporting reflects the inclusion of the acquisition of part of the activities in S&N as well as a broarder geographic definition of North and Western Europe. The comparative figures have been restated.

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, 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 16.

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

					2008 DKK million
	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
Income statement:					
Net revenue	37.059	19.136	3.552	197	59.944
Intra-segment revenue	69	1	3	-73	-
Total revenue	**37.128**	**19.137**	**3.555**	**124**	**59.944**
Allocated	62%	32%	6%	0%	100%
Segment profit/loss	3.938	4.102	461	-968	7.533
Share of profit/loss after tax in associates	15	7	50	-	72
Operating profit before special items	**3.953**	**4.109**	**511**	**-968**	**7.605**
Special items					-1.641
Financial items, net					-3.455
Profit before tax					**2.509**
Corporation tax					395
Consolidated profit					2.904
Balance sheet:					
Segment assets, non-current	35.350	68.298	3.402	775	107.825
Segment assets, current	9.748	3.796	1.441	966	15.951
Investments in associates	170	59	1.960	-	2.189
Assets held for sale	153	-	-	-	153
Other assets					4.217
Total assets					**130.335**
Segment liabilities, non-current	3.094	18	49	149	3.310
Segment liabilities, current	13.405	2.788	1.225	2.532	19.950
Liabilities associated with assets held for sale	367	-	-	-	367
Interest-bearing debt, gross					50.006
Other liabilities					9.334
Equity					47.368
Total equity and liabilities					**130.335**
Other segment items:					
Acquisition of property, plant and equipment and intangible assets	2.517	2.149	391	235	5.292
Depreciation and amortisation	2.128	1.239	183	68	3.618
Impairment losses	336	-	-	-	336

Notes

2 Segment information

2007 DKK Million	Northern & Western Europe	Eastern Europe	Asia	Not allocated	Beverages, total
Income statement:					
Net revenue	32.026	9.657	2.886	181	44.750
Intra-segment revenue	61	1	-	-62	-
Total revenue	**32.087**	**9.658**	**2.886**	**119**	**44.750**
Allocated	72%	22%	6%	0%	100%
Segment profit/loss	3.330	2.132	327	-882	4.907
Share of profit/loss after tax in associates	53	2	39	-	94
Operating profit/loss before special items	**3.383**	**2.134**	**366**	**-882**	**5.001**
Special items, net					-427
Financial items, net					-971
Profit before tax					**3.603**
Corporation tax					-1.190
Consolidated profit					**2.413**
Balance sheet:					
Segment assets, non-current	21.487	7.798	2.996	472	32.753
Segment assets, current	8.786	1.692	1.035	567	12.080
Investments in associates	264	28	299	-	591
Assets held for sale	34	-	-	-	34
Other assets					4.372
Total assets					**49.830**
Segment liabilities, non-current	2.402	10	20	2	2.434
Segment liabilities, current	9.800	1.272	982	707	12.761
Interest-bearing debt, gross					19.873
Other liabilities					1.623
Equity					13.139
Total equity and liabilities					**49.830**
Other segment items:					
Acquisition of property, plant and equipment and intangible assets	2.780	1.537	579	33	4.929
Depreciation and amortisation	1.982	593	164	105	2.844
Impairment losses	108	-	1	4	113

Notes

3 Cost of sales

	2008 DKK million	2007 DKK million
Cost of materials	16.887	11.822
Direct staff costs	1.508	1.239
Machinery costs	921	759
Depreciation, amortisation and impairment losses	2.512	1.647
Indirect production overheads	3.133	2.491
Purchased finished goods and other costs	6.287	4.465
Total	**31.248**	**22.423**
Of which staff costs, see note 13	2.535	2.019

4 Sales and distribution expenses

	2008 DKK million	2007 DKK million
Marketing expenses	5.304	4.321
Sales expenses	4.899	4.099
Distribution expenses	7.389	6.108
Total	**17.592**	**14.528**
Of which staff costs, see note 13	4.440	4.028

Note

5 Fees to auditors appointed by the Annual General Meeting

	2008 DKK million	2007 DKK million
KPMG:		
Statutory audit	42	21
Non-audit services	36	25

The statutory audit fees have increased compared to 2007 as a result of the acquisition of part of the activities in S&N. Further, the audit fee in 2008 included the audit of the opening balances of each of the acquired entities.

In 2008 non-audit services included fees for assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and assets, fees for issuance of declarations and tax consultancy. In 2007 non-audit services included fees for preparation of the acquisition, tax consultancy and due diligence in connection with acquisitions.

6 Other operating income and expenses

	2008 DKK million	2007 DKK million
Other operating income:		
Gains on disposal of real estate	69	150
Gains on disposal of other property, plant and equipment and intangible assets	212	38
Interest and amortisation of on-trade loans	105	128
Rental income, real estate	58	76
Funding and grants received for research and development activities	10	-
Other, incl. repaid property tax	208	132
Total	**662**	**524**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets	-44	-84
Losses and write-downs on on-trade loans	-45	-34
Real estate costs	-58	-76
Expenses relating to research center	-53	-
Other	-99	-102
Total	**-299**	**-296**
Of which staff costs, cf. note 13	21	25

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

Notes

7 Special items

	2008 DKK million	2007 DKK million
Impairment, Türk Tuborg	-	-100
Impairment of Leeds Brewery, Carlsberg UK	-197	-
Impairment of Braunschweig Brewery, Carlsberg Deutschland	-135	-
Impairment losses and expenses relating to withdrawal from the market for discount soft drinks in Denmark (2007: reversal of provision)	-	7
Loss on disposal of Türk Tuborg	-232	-
Provision for onerous malt contracts	-245	-
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark (2007: reversal of provision)	-19	14
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-30	-3
Termination benefits etc. in connection with Operational Excellence programmes	-150	-190
Termination benefits and expenses, transfer of activities to Accounting Shared Service Centre in Poland	-16	-29
Restructuring, Carlsberg Italia	-93	-67
Restructuring, Brasseries Kronenbourg, France	-291	-
Restructuring, Ringnes, Norway	-26	-
Costs in connection with outsourcing of distribution, Carlsberg Sverige	-	-26
Other restructuring costs etc., other entities	-138	-33
Integration costs related to acquisition of part of the activities in S&N	-69	-
Special items, net	**-1.641**	**-427**

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

Cost of sales	-919	-145
Sales and distribution expenses	-114	-135
Administrative expenses	-226	-44
Other operating income	27	29
Other operating expenses	-409	-126
	-1.641	-421
Impairment of goodwill	-	-6
Special items, net	**-1.641**	**-427**

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

8 Financial income

	2008 DKK million	2007 DKK million
Interest income	214	156
Dividends from securities	20	19
Fair value adjustments of financial instruments, net, cf. note 36	556	-
Foreign exchange gains, net	-	56
Realised gains on disposal of associates and securities	126	43
Expected return on plan assets, defined benefit plans	308	321
Other financial income	45	32
Total	**1.269**	**627**

Interest income relates to interest from cash and cash equivalents.

9 Financial expenses

	2008 DKK million	2007 DKK million
Interest expenses	2.601	1.010
Fair value adjustments of financial instruments, net, cf. note 36	-	66
Realised foreign exchange losses, net	1.358	-
Realised losses on disposal of securities	5	20
Impairment of financial assets	3	4
Interest cost on obligations, defined benefit plans	339	322
Loss on other financial instruments	-	73
Other financial expenses	418	103
Total	**4.724**	**1.598**

Interest expenses primarily relate to interest on borrowings.

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

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

Carlsberg Breweries Group

Notes

10 Corporation tax

	2008 DKK million	2007 DKK million
Tax for the year comprises:		
Current tax on profit for the year	1.062	939
Change in deferred tax during the year	-272	160
Change in tax rate	-1.520	-16
Adjustments to tax for previous years	18	10
Total tax for the year	**-712**	**1.093**
Of which recognised in equity:		
Deferred tax on items recognised directly in equity	316	113
Tax for the year on items recognised directly in equity	1	-16
Tax on profit for the year	**-395**	**1.190**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25,0%	25,0%
Change in tax rate, Danish subsidiaries	0,0%	0,8%
Change in tax rate, foreign subsidiaries	-60,6%	-0,8%
Differences in tax rates, foreign subsidiaries	-4,2%	-2,0%
Adjustments to tax for previous years	-0,3%	-0,5%
Non-capitalised tax assets	11,7%	5,3%
Non-taxable income	-0,7%	-1,1%
Non-deductible expenses	6,9%	4,6%
Tax, associates	3,3%	-0,1%
Special items	-5,1%	-0,4%
Withholding taxes	8,4%	-
Other	0,3%	2,2%
Effective tax rate for the year	**-15,3%**	**33,0%**

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

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

	2008	2007
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	2.445	-198
Change in tax rate	-1.520	-16
Intangible assets and property, plant and equipment etc.	-2.401	471
Deferred tax recognised in income statement	**-1.476**	**257**

11 Minority interests

	2008 DKK million	2007 DKK million
Minority interests' share of profit for the year relates to the following:		
Baltika Brewery	448	206
Other entities in Eastern Europe	-40	-6
Northern & Western Europe	73	50
Carlsberg Brewery Malaysia Berhad	57	60
Other entities in Asia	35	-15
Other	2	-1
Total	**575**	**294**

Minority interests' share of the profit for the year has increased compared with 2007, as Carlsberg after the acquisition of part of the activities in S&N in April 2008 fully consolidates investments in the former BBH Group. The entities were consolidated proportionately by 50% for 2007.

12 Earnings per share

The calculation of earnings per share is affected by the issue of 1,000 additional shares in June 2008 as described in note 24.

	2008	2007
	DKK million	DKK million
Consolidated profit	2.904	2.413
Minority interests	-575	-294
Shareholders in Carlsberg Breweries A/S	**2.329**	**2.119**
	1,000 shares	1,000 shares
Average number of shares	501	500
Average number of treasury shares	-	-
Average number of shares outstanding	501	500
Average dilutive effect of outstanding share options	-	
Diluted average number of shares outstanding	**501**	**500**
	DKK	DKK
Earnings per share (EPS) of DKK 1,000	4.653	4.238
Diluted earnings per share (EPS-D) of DKK 1,000	4.653	4.238

13

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

	2008 DKK million	2007 DKK million
Salaries and other remuneration	6.740	5.971
Severance pay	198	176
Social security costs	982	839
Retirement benefit costs - defined contribution plans	155	184
Retirement benefit costs - defined benefit plans	90	158
Share-based payment	28	19
Other employee benefits	419	97
Total	**8.612**	**7.444**

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

Cost of sales	2.535	2.019
Sales and distribution expenses	4.440	4.028
Administrative expenses	1.500	1.158
Other operating expenses	21	25
Special items (restructuring)	116	214
Total	**8.612**	**7.444**

The Group had an average of 45,364 (2007: 31,537) full-time employees during the year.

Remuneration of key management personnel:

		2008 DKK million		2007 DKK million
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Salaries and other remuneration	27	47	26	25
Retirement benefit costs	-	3	-	2
Share-based payment	3	3	6	2
Total	**30**	**53**	**32**	**29**

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

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

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

Executive employees comprise Vice Presidents and Vice Presidents heading Group Functions at Carlsberg's headquarters in Copenhagen, a total of 19 persons (2007: 14 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Board of Directors of Carlsberg Breweries A/S received emoluments of DKK 0m (2007: DKK 0m).

14 Share-based payment

The Carlsberg Breweries Group has set up a share option programme to attract, retain and motivate the Group's key management personnel and to align their interests with those of shareholders. Key management personnel comprises the Group Executive Board, executive employees and the managements of significant subsidiaries. No share option programme has been set up for Carlsberg A/S's Board of Directors.

In 2008, a total of 796,845 (2007: 263,373) share options were granted to 173 (2007: 143) key employees. The grant date fair value of these options was a total of DKK 73 million (2007: DKK 28 million). Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme).

Share options vest currently over a period of three years from the grant date. The options may be exercised no earlier than three years and no later than eight years after the grant date. Upon resignation, a proportion of the options may be exercised within one to three months. Special terms and conditions apply in the case of retirement, illness, death and changes in Carlsberg A/S' capital resources.

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

The closing price of Carlsberg's B share on 21 May 2008 was DKK 651.
The price of Carlsberg's new B share, cf. prospectus published on 15 May 2008, was DKK 400.

Calculated adjustment factors:
Exercise price: 0.80721966
Number of options: 1.23882017

Using the adjustment factor, the total number of outstanding options end of 2007 has been adjusted to 93,778 for the Executive Board, 571,390 for key management personnel and 199,327 for retired employees from 75,700, 461,237 and 160,900 options for each of the groups respectively end of 2007.

The total cost of share-based payment is DKK 28 million (2007: DKK 19 million), which is recognised in the income statement and included in staff costs. Refunds etc. between Carlsberg A/S, Carlsberg Breweries A/S and subsidiaries in the Carlsberg Breweries Group are recognised directly in equity and total DKK 20 million (2007: DKK 48 million). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 0 million (2007: DKK 108 million).

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2008	Granted	Expired/ forfeited	Exercised	Transferred	31. Dec. 2008	For exercise 31 Dec.	Fixed	DKK per option	31 Dec. 2008	31 Dec. 2007
Executive Board												
2001	2004-2009	9.105	-	-	-	-	9.105	9.105	312,02	0,00	-	2
2002	2005-2010	9.105	-	-	-	-	9.105	9.105	261,39	4,67	-	2
2003	2006-2011	13.008	-	-	-	-	13.008	13.008	173,12	32,12	1	4
2004	2007-2012	13.008	-	-	-	-	13.008	13.008	216,65	25,69	-	4
2005	2008-2013	12.388	-	-	-	-	12.388	12.388	232,71	22,78	-	3
2006	2009-2014	12.388	-	-	-	-	12.388	-	306,89	21,02	-	3
2007	2010-2015	24.776	-	-	-	-	24.776	-	472,11	15,19	1	3
2008	2011-2016		89.552	-	-	-	89.552		383,34	32,00	3	
Total		**93.778**	**89.552**	**-**	**-**	**-**	**183.330**	**56.614**			**5**	**21**
Key management personnel												
2001	2004-2009	10.375	-	-	-3.902	-	6.473	6.473	312,02	0,00	-	2
2002	2005-2010	9.756	-	-	-3.902	-	5.854	5.854	261,39	4,67	-	2
2003	2006-2011	12.419	-	-	-	-	12.419	12.419	173,12	32,12	-	4
2004	2007-2012	40.091	-	-2.276	-2.989	-	34.826	34.826	216,65	25,69	1	12
2005	2008-2013	131.830	-	-2.685	-45.318	-2.787	81.040	81.040	232,71	22,78	2	36
2006	2009-2014	174.468	-	-9.498	-6.296	-7.433	151.241	-	306,89	21,02	3	38
2007	2010-2015	192.451	-	-11.974	-1.033	-7.433	172.011	-	472,11	15,19	3	24
2008	2011-2016		707.293	-3.097	-	-	704.196		383,34	32,00	22	
Total		**571.390**	**707.293**	**-29.530**	**-63.440**	**-17.653**	**1.168.060**	**140.612**			**31**	**118**
Retired employees												
2001	2004-2009	26.046	-	-	-11.706	-	14.340	14.340	312,02	0,00	-	5
2002	2005-2010	20.812	-	-	-	-	20.812	20.812	261,39	4,67	-	5
2003	2006-2011	29.918	-	-	-	-	29.918	29.918	173,12	32,12	1	10
2004	2007-2012	37.072	-	-	-	-	37.072	37.072	216,65	25,69	1	11
2005	2008-2013	29.319	-	-413	-	2.787	31.693	31.693	232,71	22,78	1	8
2006	2009-2014	29.525	-	-826	-	7.433	36.132	-	306,89	21,02	1	7
2007	2010-2015	26.635	-	-1.239	-	7.433	32.829	-	472,11	15,19	-	3
2008	2011-2016			-	-	-	-		383,34	32,00	-	
Total		**199.327**	**-**	**-2.478**	**-11.706**	**17.653**	**202.796**	**133.835**			**4**	**49**
Total		**864.495**	**796.845**	**-32.008**	**-75.146**	**-**	**1.554.186**	**331.061**			**40**	**188**

14 Share-based payment

	2008					2007				
	Executive Board	Key management personnel	Resigned	Total	Average exercise price	Executive Board	Key management personnel	Resigned	Total	Average exercise price
Share options outstanding at 1 January	93.778	571.390	199.327	864.495	318,81	163.091	620.153	68.972	852.216	255,83
Granted	89.552	707.293	-	796.845	383,34	49.552	213.821	-	263.373	472,11
Expired/forfeited	-	-29.530	-2.478	-32.008	368,89	-	-65.061	-	-65.061	340,30
Exercised	-	-63.440	-11.706	-75.146	259,54	-	-185.383	-	-185.383	239,89
Transferred	-	-17.653	17.653	-	-	-118.865	-12.140	130.355	-650	296,07
Share options outstanding at 31 December	**183.330**	**1.168.060**	**202.796**	**1.554.186**	**353,73**	**93.778**	**571.390**	**199.327**	**864.495**	**318,81**
Exercisable at 31 December	**56.614**	**140.612**	**133.835**	**331.061**	**228,90**	**44.226**	**72.641**	**113.848**	**230.715**	**232,72**

The average share price at the exercise date for share options was DKK 485 (2007: DKK 509).

At 31 December 2008 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 472.11 (2007: DKK 173.12 to DKK 472.11). The average remaining contractual life was 5.7 years (2007: 5.4 years).

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 2008 is DKK 40m (2007: DKK 188m) which is DKK 148m lower than at year-end 2007.

The assumptions underlying the calculation of the grant date fair value for share options granted in 2008 and 2007 are as follows:

	2008	2007
Fair value per option	104,65	136,67
Share price	383,34	584,86
Exercise price	383,34	584,86
Volatility	27%	19%
Risk-free interest rate	3,8%	3,9%
Dividend yield	1,4%	1,0%
Expected life of share options, years	5,2	5,5 år

The prices disclosed for the grant in 2007 are not adjusted for the bonus element on the capital increase in 2008.

The share price and the exercise price are calculated as the average price of Carlsberg A/S's class B shares on NASDAQ OMX Copenhagen A/S the first five trading days after the publication of Carlsberg A/S's annual financial statement following the granting of the options.

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 6 per share (2007: DKK 6 per share) divided by the share price.

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

15 Intangible assets

2008 DKK million

	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
Cost:					
Cost at 1 January 2008	8.749	926	1.530	146	11.351
Acquisition of entities	33.780	18.834	111	-	52.725
Value adjustment on step acquisition of subsidiaries	-	16.429	15	-	16.444
Reversal of cost related to step acquisition	-	-	-50	-	-50
Additions	292	-	150	17	459
Disposals of entities	-	-	-33	-	-33
Disposals	-72	-	-98	-	-170
Foreign exchange adjustments etc.	-2.280	-3.639	-43	-1	-5.963
Transfers	-	-	145	-128	17
Cost at 31 December 2008	**40.469**	**32.550**	**1.727**	**34**	**74.780**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2008	10	122	1.219	2	1.353
acquisition	-	-	-50	-	-50
Amortisation	-	31	161	-	192
Disposals of entities	-	-	-30	-	-30
Disposals	-	-	-89	-	-89
Foreign exchange adjustments etc.	3	-3	-65	-	-65
Transfers	-	-	-	-2	-2
Amortisation and impairment losses at 31 December 2008	**13**	**150**	**1.146**	**-**	**1.309**
Carrying amount at 31 December 2008	**40.456**	**32.400**	**581**	**34**	**73.471**

	2008 DKK million	**2007** DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	20	11
Sales and distribution expenses	39	47
Administrative expenses	133	152
Special items	-	6
Total	**192**	**216**

15 Intangible assets

2007 DKK million	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
Cost:					
Cost at 1 January 2007	8.732	902	1.469	149	11.252
Acquisition of entities	87	20	32	-	139
Additions	83	1	84	6	174
Disposals	-1	-	-54	2	-53
Foreign exchange adjustments etc.	-152	3	-10	-2	-161
Transfers	-	-	9	-9	-
Cost at 31 December 2007	**8.749**	**926**	**1.530**	**146**	**11.351**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2007	4	104	1.072	-	1.180
Amortisation	-	17	191	2	210
Impairment losses	6	-	-	-	6
Disposals	-	-	-41	-	-41
Foreign exchange adjustments etc.	-	1	-3	-	-2
Amortisation and impairment losses at 31 December 2007	**10**	**122**	**1.219**	**2**	**1.353**
Carrying amount at 31 December 2007	**8.739**	**804**	**311**	**144**	**9.998**

Additions to goodwill during the year can be specified as follows:	**2008**	**2007**
Acquisition of minority shareholdings	292	83
Acquisition of entities, see note 31	33.780	87
Total	**34.072**	**170**

Acquisition of entities primarily relates to the acquisition of parts of the activities in S&N Group and comprises recognised intangible assets at the acquisition date and goodwill acquired. Recognised intangible assets primarily consist of the value of trademarks, including Baltika, Kronenbourg, 1664 and regional and local brands.

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

The estimated value of acquired trademarks includes all cash flows associated with the trademarks, including the value of customer relations etc. related to the trademarks. 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 no separate value is attached to customers (shops, bars etc.) as their choice of products is driven by consumer demands.

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 31,721m (2007: DKK 654m) at 31 December 2008, equivalent to 98% (2007: 81%) 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

Goodwill is determined as the difference between purchase prise and the fair value of acquired assets, liabilities and contingent liabilities. Goodwill is allocated to the individual cash-generating units based on an allocation of fair value of each acquired entity determined on the basis of expected future cash flows for each entity discounted at net present value and 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 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 S&N. The acquisition of additional ownership interests resulted in control, and in accordance with IFRS the acquired intangible assets are recognised at fair value at the acquisition date. The fair value adjustment of the assets held prior to the acquisition has been recognised directly in equity in accordance with IFRS.

The carrying amount of other intangible assets at 31 December 2008 included capitalised software costs of DKK 300m (2007: DKK 125m) and beer delivery rights of DKK 66m (2007: DKK 77m).

Research and development costs of DKK 50m (2007: DKK 45m) have been recognised in the income statement.

Notes

16 Impairment test

Goodwill and trademarks with an indefinite useful life

The value of goodwill and trademarks increased significantly in 2008 as a result of the acquisition of part of the activities in S&N.

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

				2008
DKK million	Goodwill	Trademarks[1]	Total	%
Northern & Western Europe	14.452	3.435	17.887	26%
Eastern Europe	24.512	28.286	52.798	73%
Asia	1.492	-	1.492	2%
Total	**40.456**	**31.721**	**72.177**	**100%**

				2007
DKK million	Goodwill	Trademarks[1]	Total	%
Northern & Western Europe	5.349	654	6.003	64%
Eastern Europe	1.999	-	1.999	21%
Asia	1.391	-	1.391	15%
I alt	**8.739**	**654**	**9.393**	**100%**

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

General assumptions

The Carlsberg Breweries Group performs impairment tests of goodwill for the Group's cash-generation units and for trademarks with an indefinite useful life. Other property, plant and equipment and intangible assets are tested if there are specific indications of impairment. The cash-generating units are based on the management structure. Internal financial control is generally carried out at country level. Impairment test of goodwill is performed at country level and not segment level.

Impairment test of trademarks are based on the Group's total calculated royalty income for each trademark.

Goodwill and trademarks related to Baltika Brewery (Russia) and Brasseries Kronenbourg (France) each comprise 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 december 2008. 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 2008.

The Carlsberg Breweries Group performed impairment tests of the carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2008. Impairment tests are performed in December each year based on the budgets and business plans approved by the Board of Directors and the Executive Board.

Trademarks

Trademarks are 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 calculated royalty income generated by the individual trademark. Key assumptions include 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 on the individual global, regional and local markets. If external license 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.

The tax rate is the expected future tax rate in each country, based on current legislation. The impairment test at year-end 2008 incorporates tax rates of 10-34%.

The impairment test of trademarks is based on the same approach used for determining the fair value at the acquisition date. Note 1 describe the estimates applied in determining the fair value of assets acquired in the acquisition of part of the activities in S&N.

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

16 Impairment test

Goodwill

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 multiple scenarios for possible future cash flows for each individual cash-generating unit. The scenarios reflect among others different assumptions of market and price developments 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 account of general growth expectations for the brewery 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, with the carrying amount of the individual cash-generating unit. The carrying amount comprises goodwill and other net assets.

	Growth in the terminal period		Discount rates[1]	
Significant assumptions:	**2008**	**2007**	**2008**	**2007**
Goodwill				
Northern and Western Europe	1,5%	0.5-1.5%	3.9-13.3%	4.2-16%
Eastern Europe	2,5%	2,5%	7.9-16.1%	8.3%
Asia	2,5%	2.5%	3.9-13.0%	4.5-10.9%
Trademarks	1-5%	0-3%	6.7-16.4%	4-7%

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

Growth rates are determined for each individual entity and trademark. For the terminal period, a growth rate equal to the expected rate of inflation is applied. For trademarks in general, the growth rate can only in the first couple of years increase above the expected rate of inflation.

At year-end 2008, risk-free interest rates – in particular short-term interest rates – fluctuated extraordinarily as a result of the international financial crisis. Therefore the impairment test for 2008 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 and slightly higher than the market level in spring/summer 2008. Accordingly, the spread is higher than the rates applicable to the Group's borrowings and reflect management's expectations of the spread for future borrowings.

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

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

Eastern Europe is characterised by growth and increasing market shares driven by investments in capacity, marketing, innovation and new product launches. Increases in revenue are expected in the region, and developments in costs are expected to result in a stable operating margin. Investments are expected to be maintained at a high level to support growth.

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

16 Impairment test

Impairment losses

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

	2008 DKK million	2007 DKK million
Goodwill		
Other	-	6
Property, plant and equipment:		
Impairment of Leeds Brewery, Carlsberg UK	197	-
Impairment of Braunschweig Brewery, Carlsberg Deutschland	135	-
Türk Tuborg	-	100
Other	4	7
Total	**336**	**113**

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 carrying amount. The decline in the recoverable amount is mainly due to the decline in the property market in the last quarter of 2008. The brewery is written down to its fair value as this value is higher than value in use.

Following the financial crisis, one of the activities in Carlsberg Deutschland is loss making, among others due to difficult market conditions. The activity is taking up the full capacity in one of Carlsberg Deutschland's breweries, which results in a recoverable amount of the brewery that is lower than the carrying amount. The brewery is therefore written down to value in use.

The impairment test of Türk Tuborg performed in 2007 resulted in a negative net present value of future cash flows, which led to write-downs of non-current assets by DKK 100m. The company was sold in 2008, see note 31 for further description.

The impairment losses are recognised under special items in the income statement and included in the segment Northern & Western Europe.

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 2008. A sensitivity test has been performed to determine the lowest growth in the residual period and the highest increase in discount rates that can be achieved for each of the regions without resulting in any impairment losses.

Goodwill. Sensivity tests show that for the country with the lowest margin between recoverable amount and carrying amount, the growth rate in the residual period can decline by 1 percentage point in Northern & Western Europe and by 2.5 percentage points in Eastern Europe and Asia respectively without resulting in any impairment losses. Alternatively the discount rate can increase by 1 percentage point in Northern & Western Europe, 2.25 percentage point in Eastern Europe and 2.85 percentage points in Asia without resulting in any impairment losses.

Notice that for one country in Eastern Europe with goodwill representing less than 1% of the total carrying amount of goodwill it will result in impairment losses if growth in the residual period declines more than 0.6 percentage points or the discount rate increases by more than 0.5 percentage points. For all other countries, the decline in growth rate in the residual period of the increase in discount rate that will lead to impariment losses is even higher than described above.

Trademarks. For trademarks with a carrying amount totalling 90% of the total carrying amount for trademarks with indefinite useful life the growth rate in the residual period can be reduced by at least 1 percentage point without resulting in any impairment losses.

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

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

17 Property, plant and equipment

2008 DKK million

	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2008	12.113	23.442	8.700	2.136	46.391
Acquisition of entities	3.794	5.360	549	1.011	10.714
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
Disposals of entities	-338	-1.228	-436	-9	-2.011
Additions	506	2.434	909	1.010	4.859
Disposals	-194	-455	-849	-174	-1.672
Foreign exchange adjustments etc.	-1.193	-2.250	-481	-299	-4.223
Transfers	588	810	324	-1.785	-63
Transfer to/from assets held for sale	-23	-	-	-	-23
Cost at 31 December 2008	**16.638**	**27.439**	**8.682**	**1.893**	**54.652**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2008	4.327	14.856	6.040	-	25.223
acquisition	-192	-2.103	-87	-	-2.382
Disposals of entities	-195	-1.204	-326	-	-1.725
Disposals	-99	-425	-803	-	-1.327
Depreciation	445	1.981	997	-	3.423
Impairment losses	-	332	4	-	336
Foreign exchange adjustments etc.	-177	-922	-334	-	-1.433
Transfers	-2	-13	3	-	-12
Transfer to/from assets held for sale	-2	-	-	-	-2
Depreciation and impairment losses at 31 December 2008	**4.105**	**12.502**	**5.494**	**-**	**22.101**
Carrying amount at 31 December 2008	**12.533**	**14.937**	**3.188**	**1.893**	**32.551**
Assets held under finance leases:					
Cost	16	122	18	-	156
Depreciation and impairment losses	-4	-78	-10	-	-92
Carrying amount at 31 December 2008	**12**	**44**	**8**	**-**	**64**
Carrying amount of assets pledged as security for loans	445	-	-	45	490

	2008 DKK million	2007 DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2.492	1.636
Sales and distribution expenses	778	860
Administrative expenses	157	139
Special items	332	103
Total	**3.759**	**2.738**

Value adjustment on step acquisition of subsidiary relates to fair value revaluation of assets held by the Carlsberg Breweries Group - and recognised by proportionate consolidation - prior to obtaining complete control over the BBH Group as a result of the acquisition part of the activities in S&N. The acquisition of additional ownership interests resulted in control, and in accordance with IFRS the acquired tangible assets are recognised at fair value at the acquisition date. The fair value adjustment of the assets held prior to the acquisition has been recognised directly in equity in accordance with IFRS.

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

Notes

17 Property, plant and equipment

2007 DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
Cost:					
Cost at 1 January 2007	12.182	21.977	8.260	1.137	43.556
Acquisition of entities	53	97	10	7	167
Additions	165	1.542	935	2.093	4.735
Disposals	-334	-498	-730	-1	-1.563
Foreign exchange adjustments etc.	-190	-284	-5	-38	-517
Transfers	224	608	230	-1.062	-
Transfer to/from assets held for sale	13	-	-	-	13
Cost at 31 December 2007	**12.113**	**23.442**	**8.700**	**2.136**	**46.391**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	4.240	13.910	5.811	-	23.961
Disposals	-214	-439	-708	-	-1.361
Foreign exchange adjustments etc.	-25	-103	13	-	-115
Depreciation	324	1.383	924	-	2.631
Impairment losses	2	105	-	-	107
Depreciation and impairment losses at 31 December 2007	**4.327**	**14.856**	**6.040**	**-**	**25.223**
Carrying amount at 31 December 2007	**7.786**	**8.586**	**2.660**	**2.136**	**21.168**
Assets held under finance leases:					
Cost	10	126	36	-	172
Depreciation and impairment losses	-2	-71	-29	-	-102
Carrying amount at 31 December 2007	**8**	**55**	**7**	**-**	**70**
Carrying amount of assets pledged as security for loans	325	-	-	-	325

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 64m (2007: DKK 70m) have been pledged as security for lease liabilities totalling DKK 48m (2007: DKK 65m).

18 Associates

	2008 DKK million	2007 DKK million
Cost:		
Cost at 1 January	411	415
Acquisition of entities	1.013	-
Additions	642	31
Disposals	-21	-20
Foreign exchange adjustments etc.	5	-15
Transfer to assets held for sale	9	-
Cost at 31 December	**2.059**	**411**
Value adjustments:		
Value adjustments at 1 January	180	136
Disposals	-79	14
Dividends	-34	-60
Share of profit after tax	72	94
Foreign exchange adjustments etc.	-9	-4
Value adjustments at 31 December	**130**	**180**
Carrying amount at 31 December	**2.189**	**591**

2008
DKK million

					Carlsberg Breweries Group share		
	Revenue	Profit for the year after tax	Assets	Liabilities	Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	217	50	375	23	33%	16	127
Lanzhou Huanghe Jianjiang Brewery Company	333	18	377	118	30%	5	82
Hanoi Beer Company	-	-	-	-	16%	11	578
Chongqing Brewery	-	-	-	-	17,5%	-	1.013
Other associates, Asia (4 entities)	382	44	351	155	30-49.8%	21	85
International Breweries BV	342	-60	671	449	16%	-11	35
Nuuk Imeq A/S	153	27	230	85	31,9%	9	16
Other	3.963	164	1.696	1.325	20-25%	21	253
						72	2.189

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

2007
DKK million

					Carlsberg Breweries Group share		
	Revenue	Profit for the year after tax	Assets	Liabilities	Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	166	45	322	50	33%	15	99
Lanzhou Huanghe Jianjiang Brewery Company	313	33	345	108	30%	10	69
Other associates, Asia (4 entities)	298	34	294	100	30-49.8%	16	77
International Breweries BV	481	52	628	404	16%	11	42
Nuuk Imeq A/S	152	27	225	72	31,9%	9	22
Other	2.017	114	2.406	371	20-25%	33	282
						94	591

	2008 DKK million	2007 DKK million
Fair value of investments in listed associates:		
Chongqing Brewery, Chongqing, China	855	-
The Lion Brewery Ceylon, Biyagama, Sri Lanka	25	26
Total	**880**	**26**

The significant influence in Chongqing was not achieved until the legal transaction took place late December. Therefore no share of profit for the year after tax is included for 2008. The cost of the acquisition is on par with the fair value of the investment.

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

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

19 Securities

	2008 DKK million	2007 DKK million
Securities are classified in the balance sheet as follows:		
Non-current assets	94	100
Current assets	7	34
Total	**101**	**134**
Types of security:		
Listed shares	7	-
Unlisted shares	94	134
Total	**101**	**134**

Securities classified as current assets are those expected to be sold within one year of the balance sheet date.

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

No shares in unlisted entities were disposed of during 2007 and 2008.

20 Receivables

	2008 DKK million	2007 DKK million
Receivables are included in the balance sheet as follows:		
Trade receivables	6.391	6.300
Other receivables	3.026	2.695
Total current receivables	**9.417**	**8.995**
Non-current receivables	1.707	1.476
Total	**11.124**	**10.471**

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

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

Non-current receivables consist mainly of on-trade loans. Non-current receivables fall due more than one year from the balance sheet date, of which DKK 171m (2007: DKK 478m) falls due more than five years from the balance sheet date.

	2008 DKK million	2007 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	5.747	5.715
On-trade loans	2.278	1.626
Loans to associates	5	4
Receivables from construction contracts (selling price)	-	1.658
Fair value of hedging instruments	1.130	118
Other receivables	1.964	1.350
Total	**11.124**	**10.471**

The increase in loans to the on-trade is primarily attributable to the acquired French entities.

Receivables from the sale of goods and services fall due as follows:	**2008** DKK million	**2007** DKK million
Not fallen due or written down	4.549	4.470
Falling due in less than 30 days	561	781
Falling due between 30 and 90 days	195	316
Falling due in more than 90 days	442	148
Carrying amount at 31 December	**5.747**	**5.715**

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

Write-downs are specified as follows:	**2008** DKK million	**2007** DKK million
Write-downs at 1 January	-850	-860
Write-downs for the year	-242	-191
Realised bad debt losses	150	163
Reversed write-downs	49	38
Write-downs at 31 December	**-893**	**-850**

No significant losses were incurred in respect of an individual trade receivable or on-trade loan in 2008 and 2007.

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.).

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 balance sheet date, these loans have a fair value of DKK 2,360m (2007: DKK 1,687m). For other receivables, the fair value essentially corresponds to the carrying amount.

	2008 %	**2007** %
Average effective interest rates:		
Loans to associates	5,4	5,2
On-trade loans	7,1	8,6

Prepayments

In 2007, costs of DKK 72m related to the offer for Scottish & Newcastle plc were included in prepayments.

21 Inventories

	2008 DKK million	2007 DKK million
Raw materials and consumables	2.734	2.015
Work in progress	349	289
Finished goods	2.234	1.514
Total	**5.317**	**3.818**

Production costs of inventories sold amount to DKK 30,439m (2007: DKK 22,048m).

In accordance with IFRS, inventories acquired in the acquisition of part of the activities in S&N in 2008 were revalued at fair value. The positive revaluation, which did not affect the consolidated cash flows, increased the carrying amount of inventories by DKK 44m. Revalued inventories had been sold at 31 December 2008.

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 2m (2007: DKK 3m) and are included in cost of sales.

Obsolete beer and soft drinks and raw materials are generally scrapped because of their limited shelf-life and written down to DKK 0. Scrapped goods are included in production costs.

22 Cash and cash equivalents

	2008	2007
	DKK million	DKK million
Cash at bank and in hand	2.728	2.026
Short-term marketable securities with a term of three months or less	1	-
Total	**2.729**	**2.026**

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

Cash and cash equivalents	2.729	2.026
Bank overdrafts	-612	-747
Cash and cash equivalents, net	**2.117**	**1.279**
Of which pledged as security	-	310

Short-term bank deposits amounted to DKK 455m (2007: DKK 1,213m). The average interest rate on these deposits was 5.5% (2007: 5.4%), and the average duration was 42 days (2007: 60 days).

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

23 Assets held for sale and associated liabilities

	2008 DKK million	2007 DKK million
Assets held for sale comprise the following individual assets::		
Property, plant and equipment	112	34
Financial assets	40	-
Total	**152**	**34**
Liabilities associated with assets held for sale:		
Other provisions	367	-
Total	**367**	**-**

At 31 December 2008, assets held for sale primarily comprised distribution assets in France that are expected to be disposed of in the short term and land and property which is disposed of as part of the Carlsberg Breweries Group's strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2009.

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 367m 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 2008 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 2m (2007: DKK 13m) and affected the income statement by a total of DKK 0m (2007: DKK 0.5m) in depreciation.

Assets (shares) which no longer qualified for recognition as assets held for sale were transferred to financial assets in 2007 (2008: no transfers) as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 37m.

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 depots and properties and total DKK 5m (2007: DKK 54m).

Information on the segment in which assets held for sale are included is provided in note 2.

Notes

24 Share capital

In June 2008 Carlsberg A/S carried out a capital increase by converting a loan amounting to DKK 24,000m to new shares in Carlsberg Breweries A/S. The share capital was increased from DKK 500m to DKK 501m.

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

Provisions governing alterations to the Articles of Association. In order to pass a resolution to alter the Articles of Association or dissolve the Company which is not proposed or endorsed by the Board of Directors, it is required, that at least one third of the possible number of votes representing the total share capital shall be represented at the general meeting and the resolution shall be passed by three quarters of both the total number of votes cast and of the voting share capital represented at the general meeting. If the resolution is proposed or endorsed by the Board of Directors, only a qualified majority of two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting is required for its passing.

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

Notes

25 Borrowings

	2008 DKK million	2007 DKK million
Non-current borrowings:		
Issued bonds	3.425	4.539
Mortgages	1.249	1.451
Bank borrowings	35.625	9.588
Financial lease liabilities	28	38
Other non-current borrowings[1]	514	546
Total	**40.841**	**16.162**
Current borrowings:		
Mortgages	203	
Current portion of other non-current borrowings	3	196
Bank borrowings	2.207	2.493
Financial lease liabilities	19	28-
Borrowings from Group companies	6.553	-
Other non-current borrowings	180	994
Total	**9.165**	**3.711**
Total non-current and current borrowings	**50.006**	**19.873**
Fair value	49.605	20.024

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

All borrowings are measured at amortised cost.

Time to maturity for non-current borrowings

2008, DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	1.895	-	1.530	-	3.425
Mortgages	1	-	-	-	1.248	1.249
Bank borrowings	15.053	532	18.990	175	875	35.625
Financial lease liabilities	15	8	5	1	-1	28
Other non-current borrowings	241	256	1	-	16	514
Total	**15.310**	**2.691**	**18.996**	**1.706**	**2.138**	**40.841**

2007, DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	-	-	2.507	1	2.031	4.539
Mortgages	203	1	-	-	1.247	1.451
Bank borrowings	480	5.619	61	408	3.020	9.588
Financial lease liabilities	24	11	1	1	1	38
Other non-current borrowings	2	156	1	-	387	546
Total	**709**	**5.787**	**2.570**	**410**	**6.686**	**16.162**

Notes

25 Borrowings

Interest rate risk at 31 December

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2008
Issued bonds:					
GBP 250m maturing 12 December 2011 [1]	Fixed	6,63%	2-3 years	1.895	Fair value
GBP 200m maturing 26 February 2013	Fixed	7,01%	4-5 years	1.530	Fair value
Total issued bonds		**6,80%**		**3.425**	
Mortgages:					
Floating rate [2]	Floating	5,52%	Various	1.452	Cash flow
Total mortgages		**5,52%**		**1.452**	
Bank borrowings:					
Floating rate	Floating			16.248	Cash flow
Fixed rate [3]	Fixed			21.584	Fair value
Total bank borrowings				**37.832**	

All interest rates stated in the table are including margin.

[1] Swaps have been used to change the interest rate to a fixed EUR rate of 5.55%.

[2] This concerns one mortgage with a time to maturity of more than five years and one that matures by the end of 2009. The first loan (DKK 1,248m) is repriced semi-annually with reference to CIBOR6. The second loan (DKK 204m) is classified as a current loan with a fixed rate until December 2009.

DKK 1.248 will reprice in June 2009, and the rest will reprice in December 2009.

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

* After swaps and currency derivatives

** Before currency derivatives

Interest rate risk at 31 December:

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2007
Issued bonds:					
GBP 250m maturing 12 December 2011 [1]	Fixed	6,63%	3-4 years	2.507	Fair value
GBP 200m maturing 26 February 2013	Fixed	7,01%	> 5 years	2.032	Fair value
Total issued bonds		**6,80%**		**4.539**	
Mortgages:					
Floating rate [2]	Floating	4,06%	0-1 year	1.246	Cash flow
Fixed rate	Fixed	6,21%	2-3 years	205	Fair value
Total mortgages		**4,36%**		**1.451**	

[1]Swaps have been used to change the interest rate to a fixed EUR rate of 5.43%.

[2]The floating-rate loans will be repriced in January 2008 at a rate of 4.92%.

Notes

25 Borrowings

DKK million	Net financial interest-bearing debt*	Interest rate** Floating	Fixed	Floating %	Fixed %
EUR	10.368	6.137	4.231	59%	41%
DKK	-1.259	-1.464	205	116%	-16%
PLN	2.496	2.486	10	100%	0%
USD	1.421	1.175	246	83%	17%
CHF	2.228	881	1.347	40%	60%
RUB	1.100	1.100	-	100%	0%
Other	1.493	-3.077	4.570	-	-
Total	**17.847**	**7.238**	**10.609**	**41%**	**59%**

* After swaps and currency derivatives

** Before currency derivatives

2008

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

See also note 35 Financial risks.

2007

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	2008	2009	2010	2011	2012	2013-
CHF	1.734	494	2.228	387	1.347	-	-	-	-
DKK	1.734	-2.748	-1.014	1.529	205	-	-	-	-
EUR	8.521	2.251	10.772	4.290	19	3.732	94	1	385
GBP	4.711	-4.693	18	170	1	1	2.507	-	2.032
NOK	203	816	1.019	203	-	-	-	-	-
PLN	668	1.838	2.506	658	2	2	2	2	2
RUB	111	991	1.102	111	-	-	-	-	-
SEK	116	79	195	116	-	-	-	-	-
TRY	316	-	316	316	-	-	-	-	-
USD	1.365	143	1.508	1.119	45	45	156	-	-
Other	394	829	1.223	365	5	-	24	-	-
Total	**19.873**	**-**	**19.873**	**9.264**	**1.624**	**3.780**	**2.783**	**3**	**2.419**

Cross currency swaps and NDF (Non-deliverable forwards) were not included in the column Effect of swap in the Annual Report for 2007. In the stated figures above they are. The effect of the swap is that debt in RUB and EUR respectively is DKK 991m and DKK 1,545m higher, and debt in GBP is DKK 2,536m lower.

26 Retirement benefit obligations and similar obligations

The majority of the Group's employees are covered by retirement benefit plans. The nature of 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 63% (2007: 55%) of the Group's retirement benefit costs relate to defined contribution plans, which limit the Company'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 balance sheet based on an actuarial calculation of the present value at the balance sheet date less the plan assets. For defined benefit plans, the Group assumes the risk associated with future developments in interest rates, inflation, mortality and disability.

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

In 2007 and 2008, a number of changes were agreed to the plan in the United Kingdom in order to reduce the net liability in the plan. In 2007, Carlsberg made an extraordinary payment of GBP 15m to the plan, and in 2008, agreements have been settled about the contribution of payments in 2008-2010 amounting to GBP 15m in the first year and decreasing 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 plans especially in Germany, Sweden and Italy are unfunded. For these plans the retirement benefit obligations amount to approximately 18% (2007: 15%) of the total gross liability.

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

	2008 DKK million	**2007** DKK million
Defined benefit plans are recognised in the balance sheet as follows:		
Retirement benefit obligations and similar obligations	1.766	2.191
Plan assets	-2	-11
Net obligations	**1.764**	**2.180**
Specification of net obligations:		
Present value of funded plans	5.740	6.923
Fair value of plan assets	-5.245	-6.234
Net obligation for funded plans	**495**	**689**
Present value of unfunded plans	1.269	1.199
Assets not recognised due to asset ceiling	-	292
Net obligations recognised	**1.764**	**2.180**
Specification of total obligations:		
Present value of funded plans	5.740	6.923
Present value of unfunded plans	1.269	1.199
Total obligations	**7.009**	**8.122**

26 Retirement benefit obligations and similar obligations

	2008 DKK million	2007 DKK million
Changes in obligations:		
Total obligations at 1 January	8.122	8.106
Current service cost	139	162
Interest cost	339	322
Actuarial gains (-) and losses (+)	-467	339
Benefits paid	-425	-420
Curtailments and settlements	-49	-4
Additions due to acquisition of entities	91	-
Foreign exchange adjustments etc.	-741	-383
Total obligations at 31 December	**7.009**	**8.122**

	2008 DKK million	2007 DKK million
Changes in plan assets:		
Fair value of assets at 1 January	6.234	6.334
Expected return	308	321
Actuarial gains (-) and losses (+)	-825	-86
Contributions to plans	273	318
Benefits paid	-347	-333
Foreign exchange adjustments etc.	-398	-320
Fair value of assets at 31 December	**5.245**	**6.234**

The Group expects to contribute DKK 219m (2007: DKK 153m) to the plan assets in 2009.

Actual return on plan assets:		
Expected return	308	321
Actuarial gains (+) and losses (-)	-825	-86
Actual return	**-517**	**235**

Breakdown of plan assets:

	2008		2007	
	DKK million	%	DKK million	%
Shares	1.889	36%	2.314	37%
Bonds and other securities	2.068	40%	2.835	46%
Real estate	834	16%	837	13%
Cash and cash equivalents	454	8%	248	4%
Total	**5.245**	**100%**	**6.234**	**100%**

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

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

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

26 Retirement benefit obligations and similar obligations

	2008		2007	
Assumptions applied:	Range	Weighted average	Range	Weighted average
Discount rate	1,3 - 6,4 %	4,6%	3,3-5,7 %	4,7%
Expected return on plan assets	4,3 - 6,0 %	4,6%	4,3-6,8 %	5,4%
Future salary increases	1,5 - 4,5 %	2,6%	2,0-6,0 %	3,1%
Future retirement benefit increases	0,5 - 4,3 %	1,6%	0,5-3,5 %	2,1%

	2008 DKK million	**2007** DKK million
Recognised in income statement:		
Current service cost	139	162
Expected return on plan assets	-308	-321
Interest cost on obligations	339	322
Curtailments and settlements	-49	-4
Total recognised in income statement	**121**	**159**
The cost is recognised in the income statement as follows:		
Cost of sales	16	31
Sales and distribution expenses	77	97
Administrative expenses	2	24
Special items (restructuring)	-5	6
Total staff costs, cf. note 13	**90**	**158**
Financial income	-308	-321
Financial expenses	339	322
Total	**121**	**159**
Recognised in equity:		
Recognised at 1 January	-794	-282
Acquisition of entities	18	-
Actuarial gains/losses	-358	-426
Effect of asset ceiling	317	-100
Foreign exchange adjustment of foreign entities	137	14
Recognised in equity during the period	**114**	**-512**
Recognised at 31 December	**-680**	**-794**
Of which accumulated actuarial gains/losses	-974	-588

	2008 DKK million	**2007** DKK million	**2006** DKK million	**2005** DKK million	**2004** DKK million
Five-year overview					
Obligations	7.009	8.122	8.106	8.041	7.413
Plan assets	-5.245	-6.234	-6.334	-6.105	-5.604
Deficit	1.764	1.888	1.772	1.936	1.809
Experience adjustments to obligations	-450	29	-58	-96	-26
Experience adjustments to plan assets	999	-86	123	242	-22

27 Deferred tax assets and deferred tax liabilities

	2008 DKK million	2007 DKK million
Deferred tax at 1 January, net	813	863
Foreign exchange adjustments	-874	-54
Adjustments to previous years	-243	-146
Additions due to acquisition/disposal of entities, net	5.314	6
Value adjustment on step acquisition of subsidiaries	4.607	-
Recognised in equity	-316	-113
Recognised in income statement	44	273
Change in tax rate	-1.520	-16
Deferred tax at 31 December, net	**7.825**	**813**
Specified as follows:		
Deferred tax liabilities	9.051	1.439
Deferred tax assets	-1.226	626
Deferred tax at 31 December, net	**7.825**	**813**

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

Specification of deferred tax assets and liabilities at 31 December:

	2008 DKK million	2007 DKK million	2008 DKK million	2007 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	174	132	8.024	343
Property, plant and equipment	325	185	2.558	1.591
Current assets	81	66	59	52
Provisions and retirement benefit obligations	454	522	40	83
Fair value adjustments	104	12	283	41
Tax losses etc.	3.360	689	1.359	309
Total before set-off	**4.498**	**1.606**	**12.323**	**2.419**
Set-off	-3.272	-980	-3.272	-980
Deferred tax assets and liabilities at 31 December	**1.226**	**626**	**9.051**	**1.439**
Expected to be used as follows:				
Within 12 months of balance sheet date	731	139	1.335	123
More than 12 months after balance sheet date	495	487	7.716	1.316
Total	**1.226**	**626**	**9.051**	**1.439**

Deferred tax assets and liabilities are offset in the consolidated balance sheet 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 2,931m (2007: DKK 257m) 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 1,404m (2007: DKK 805m) 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 707m (2007: DKK 210m)

Additions due to acquisitions/disposals, net, mainly relate to deferred tax on the acquired net assets and contingent liabilities from the acquisition of certain assets from S&N.

Value adjustment on step acquisition of subsidiaries relates to deferred tax on fair value revaluation of assets, liabilities and contingent liabilities 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. The adjustment of deferred tax and the fair value revaluation of assets, liabilities and contingent liabilities related to the ownership interest held prior to the acquisition have been recognised directly in equity in accordance with IFRS.

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2007: DKK 0m).

Deferred tax of DKK 159m (2007: 79m) has been recognised in respect of earnings in the region Eastern Europe 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.

28 Provisions

Restructuring provisions totalling DKK 603m (2007: DKK 263m) relate primarily to restructurings in connection with the Operational Excellence programmes and restructurings at Carlsberg Danmark A/S, Carlsberg Sverige AB, Ringnes a.s., 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 1,520m (2007: DKK 437m) relate primarily to profit sharing in France, provisions for losses in connection with Carlsberg UK's outsourcing of the servicing of draught beer equipment, warranty obligations, onerous contracts, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

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

Of total non-current provisions DKK 1,427m is falling due within 5 years from the balance sheet date.

			2007
			DKK million
	Restructuring	Other	Total
Provisions at 1 January 2007	327	466	793
Additional provisions recognised	210	76	286
Used during the year	-229	-67	-296
Reversal of unused provisions	-31	-47	-78
Transfers	-	2	2
Foreign exchange adjustments etc.	-14	7	-7
Provisions at 31 December 2007	**263**	**437**	**700**
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	41	182	223
Current provisions	222	255	477
Total	**263**	**437**	**700**

Of total non-current provisions DKK 187m is falling due within 5 years from the balance sheet date.

29 Other liabilities etc.

	2008 DKK million	2007 DKK million
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	88	20
Current liabilities	9.783	5.293
Total	**9.871**	**5.313**
Other liabilities by origin:		
Excise duties and VAT payable	1.953	1.889
Staff costs payable	1.420	968
Interest payable	607	252
Fair value of hedging instruments	2.702	596
Liabilities related to the acquisition of entities	215	90
Amounts owed to associates	2	2
Deferred income	1.147	107
Other	1.825	1.409
Total	**9.871**	**5.313**

In 2008 deferred income was affected by new agreements entered into the region Northern & Western Europe where under the agreements prepayments have been received covering a number of years.

30 Cash flows

	2008 DKK million	2007 DKK million
Adjustment for other non-cash items:		
Share of profit after tax, associates	-72	-94
Gains on disposal of property, plant and equipment and intangible assets, net	-176	-105
Amortisation of on-trade loans etc.	86	154
Total	**-162**	**-45**
Change in working capital:		
Inventories	-68	-639
Receivables	910	-632
Trade payables and other liabilities	992	1.372
Retirement benefit obligations and other liabilities related to operating activities before special items	-94	-294
Adjusted for unrealised foreign exchange gains/losses	-31	-6
Total	**1.709**	**-199**
Change in on-trade loans:		
Loans provided	-752	-665
Repayments	462	522
Total	**-290**	**-143**
Change in financial receivables:		
Loans and other receivables	404	-199
Other	-255	-
Repayments	254	77
Total	**403**	**-122**
Shareholders in Carlsberg Breweries A/S:		
Increase of share capital	24.000	-
Dividends to shareholders	-800	-445
Acquisition of treasury shares	-	24
Total	**23.200**	**-421**
Minority interests:		
Acquisition of minority interests	-299	-69
Minority interests' share of capital increase in subsidiaries	15	43
Dividends to minority interests	-238	-227
Repurchase of investments from minority interests	-	-198
Total	**-521**	**-451**
External financing:		
Proceeds from issue of bonds	-5	-
Debt institutions, long term	22.872	5.219
Debt institutions, short term	-2.701	-4.790
Intercompany loans, short term	8.202	-
Loans from associates	-696	-102
Finance lease liabilities	-205	-19
Other financing liabilities	112	-
Total	**27.579**	**308**

Note

31 Acquisition and disposal of entities

Acquisition of entities

DKK million				**2008**
Name of acquired entities	Acquired ownership interest	Acquisition date	Main activity	Cost
Activities from S&N, including;		28 April 2008		52.374
- 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	-
Baku-Castel Brewery;	100,0%	25 August 2008	Brewery	455
Total				**52.829**

	Activities from S&N		Baku-Castel Brewery		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition	Carrying amount prior to acquisition	Fair value at acquisition
Intangible assets	354	18.935	10	10	364	18.945
Property, plant and equipment	7.212	10.624	90	90	7.302	10.714
Investments, excl. deferred tax	1.217	2.304	-	-	1.217	2.304
Inventories	1.893	1.935	23	23	1.916	1.958
Loans and receivables, current	4.431	3.540	35	35	4.466	3.575
Cash and cash equivalents	1.340	1.446	32	32	1.372	1.478
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	-5.326	-	4	-213	-5.322
Borrowings	-6.217	-5.827	-	-	-6.217	-5.827
Bank overdrafts	-77	-92	-	-	-77	-92
Trade payables and other payables	-4.644	-4.686	-68	-68	-4.712	-4.754
Liabilities associated with assets held for sale	-	-506	-	-	-	-506
Net assets	**4.386**	**21.312**	**122**	**126**	**4.508**	**21.438**
Minority interests	-639	-2.389	-	-	-639	-2.389
Equity, Carlsberg's share	**3.747**	**18.923**	**122**	**126**	**3.869**	**19.049**
Goodwill		33.451		329		33.780
Cash consideration paid		**52.374**		**455**		**52.829**
Cash and cash equivalents, acquired		-1.446		-32		-1.478
Bank overdrafts, acquired		92		-		92
Cash outflow, net		**51.020**		**423**		**51.443**
Elements of cash consideration paid:						
Cash		52.176		455		52.631
Directly attributable acquisition costs		198		-		198
Total		**52.374**		**455**		**52.829**

Activities from 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 determination of the fair value of identifiable assets, liabilities and contingent liabilities acquired in the acquisition of part of the activities in S&N is almost completed. For some of the estimated fair values, verification is still outstanding, and minor adjustments to the recognised fair value might occur. Also, adjustments will be made to the purchase price as the cost figures are dependent on the final allocation of debt between the consortium parties according to the net debt statement mechanism provided for in the Consortium Agreement. Such final allocation has not yet been completed. Changes to the opening balance sheet and cost will be made in accordance with IFRS.

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

Note

31 Acquisition and disposal of entities

The acquisition will generate 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 of the Carlsberg Breweries Group's long-term growth profile, including realisation of synergies.
- Complete ownership of BBH and the opportunity for the Carlsberg Breweries Group to take full advantage of the potential of the Carlsberg and Tuborg brands on BBH's markets.
- Significant exposure to growth markets.
- The acquisition of the French and Greek breweries supports the Carlsberg Breweries 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 Breweries Group's Excellence programmes.
- Increased sales volumes provide the Carlsberg Breweries Group with the opportunity for generating 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 logistic entities in France following changes in logistic and distribution.

The preliminary goodwill represents a significant amount due to considerable synergies that are 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 the purchase and Excellence programmes. Also, goodwill will reflect 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 new organisation, synergies from research and development and improved utilisation of the workforce and its intellectual capital.

Baku-Castel Brewery. Baku Castel Brewery is the largest brewery in Azerbaijan, providing a solid foundation for expanding the Carlsberg Group's activities in Eastern Europe. Baltika Brewery is exporting beer to Azerbaijan, which represents a positive growth potential. Goodwill represents the value of workforce acquired and synergies in the expanded business. The balance sheet Baku-Castel Brewery is based on a preliminary estimate of the fair value of acquired assets and liabilities, which may be adjusted in 2009.

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

Notes

31 Acquisition and disposal of entities

Recognition in the balance sheet at the acquisition date, including revaluation of existing ownership interest. 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.

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 equity.

In the acquisition of part of the activities in S&N, Carlsberg achieved control over BBH, and the acquisition of the remaining 50% of BBH is accounted for as a step acquisition. The acquisition date is 28 April 2008.

The part of the fair value adjustment of net assets which relates to the existing 50% of BBH held by Carlsberg is recognised in the Carlsberg Breweries Group's equity as a revaluation made in accordance with IFRS. In accordance with IFRS, fair value adjustment is made of all assets, liabilities and contingent liabilities at the acquisition date, and all fair value adjustments relating to the 50%, which had already been proportionately consolidated in the financial statements of the Carlsberg Breweries Group, are recognised in equity as a revaluation.

The total effect on balance sheet totals (fair values) at the acquisition date of the acquisition of part of the activities in S&N on the carrying amount of the Carlsberg Group's recognised assets, liabilities, contingent liabilities and equity can be specified as follows:

DKK million	Acquired	Revaluation of original 50% of BBH	Total acquisition effect
Assets:			
Goodwill	33.451	-	33.451
Other intangible assets	18.935	16.444	35.379
Property, plant and equipment	10.624	3.062	13.686
Investments, excl. deferred tax assets	2.304	10	2.314
Current assets	6.921	28	6.949
Asset held for sale	177	-	177
Total assets	**72.412**	**19.544**	**91.956**
Equity and liabilities:			
Equity	52.374	13.060	65.434
Minority interests	2.389	1.750	4.139
Total equity	**54.763**	**14.810**	**69.573**
Provisions, excl. deferred tax liabilities	1.212	3	1.215
Deferred tax, net	5.326	4.607	9.933
Borrowings	5.827	-73	5.754
Bank overdrafts	92	25	117
Trade payables and other liabilities	4.686	172	4.858
Liabilities associated with assets held for sale	506	-	506
Total liabilities	**17.649**	**4.734**	**22.383**
Total equity and liabilities	**72.412**	**19.544**	**91.956**

The total acquired net assets in the acquisition of part of the activities in S&N amount to DKK 69,573m, of which DKK 54,763m relates to the fair value of assets, liabilities and contingent liabilities associated with the 50% ownership interest acquired in 2008, and DKK 14,810m relates to fair value adjustment of existing net assets associated with the existing 50% ownership interest in the BBH Group recognised in equity.

31 Acquisition and disposal of entities

Acquisition of entities

Name of acquired entities:	Main activity	Acquisition date	Acquired ownership interest	2007 DKK million Cost
Brewery Olivaria	Brewery	1 Jan. 2007	70,0%	127
Ningxia Brewery Ltd.	Brewery	1 Jan. 2007	70,0%	102
Lao Soft Drink Co. Ltd	Beverages	1 Dec. 2007	65,0%	45
Total				274

	Other		Total	
DKK million	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	35	52	35	52
Property, plant and equipment	157	167	157	167
Financial assets, non-current	3	3	3	3
Inventories	44	41	44	41
Receivables	57	57	57	57
Cash and cash equivalents	94	94	94	94
Deferred tax liabilities, net	2	-6	2	-6
Borrowings	-64	-64	-64	-64
Trade payables and other liabilities etc.	-46	-75	-46	-75
Net assets	**282**	**269**	**282**	**269**
Minority interests	-43	-82	-43	-82
Equity, Carlsberg's share	**239**	**187**	**239**	**187**
Goodwill		87		87
Cash consideration paid		**274**		**274**
Transferred from other financial assets (prepayments)		-1		-1
		273		273
Cash and cash equivalents, acquired		94		94
Cash outflow, net		**179**		**179**
Elements of cash consideration paid:				
Cash		271		271
Directly attributable acquisition costs		3		3
Total		**274**		**274**

The Carlsberg Breweries Group owns 30% of the share capital in Brewery Olivaria and as at the acquisition date has an option to purchase an additional 21% of Brewery Olivaria's share capital. Other shareholders in Brewery Olivaria have put options on 40% of the share capital exercisable against BBH AB. The put options are exercisable from the purchase date. Accordingly, BBH AB is able to exercise control over Brewery Olivaria by way of 70% of the share capital. The purchase price of the put options is determined based on the expected price at exercise and is included in the cost of the acquisition. Any change to the expected price at exercise is adjusted in goodwill.

Strategically the acquisition of Brewery Olivaria is in line with other acquisitions made by BBH AB aimed at potential growth markets. Brewery Olivaria has a 10% market share in Belarus and Olivaria is one of the country's most recognised brands. Goodwill represents the acquired workforce and expected synergies. Brewery Olivaria is included in the earnings of the Carlsberg Group from 1 January 2007. The share of revenue is DKK 70m, and the share of operating profit before special items DKK 1m. The share of consolidated profit is a negative DKK 2m.

The balance sheet for Lao Soft Drink Co. Ltd was based on a preliminary estimate of the fair value of acquired assets and liabilities end of 2007. No major changes have been made to the opening balance sheet in 2008.

The acquisition of Lao Soft Drink Co. Ltd was based on a preliminary estimate of the fair value of acquired assets and lianbilities end of 2007. No major changes have been made to the opening balance sheet in 2008.

The acquisition of Lao Soft Drink Co. Ltd has strengthened Carlsberg's position on the beverage market in Laos. The company has a market share of approximately 90% in the soft drinks market. Goodwill represents the acquired workforce and expected synergies. If Lao Soft Drink Co. Ltd had been included in the earnings of the Carlsberg Group from 1 January 2007, the share of revenue would have been DKK 60m, and operating profit before special items DKK 8m. The share of consolidated profit would have been DKK 7m.

The acquisition of Ningxia is in line with Carlsberg's strategy and strengthens the position in Western China. Goodwill represents the expected synergies and expectations of increased growth in China. Ningxia is included in the earnings of the Carlsberg Group from 1 January 2007. The share of revenue is DKK 95m, and the share of operating profit before special items DKK 7m. The share of consolidated profit is DKK 4m.

Acquisition of entities after the balance sheet date

No entities have been acquired after the balance sheet date 31 December 2008.

31 Acquisition and disposal of entities

Disposal of entities

Disposals relates to Türk Tuborg in 2008.

	2008 DKK million	2007 DKK million
Intangible assets	3	-
Property, plant and equipment	286	-
Financial assets, non-current	2	-
Inventories	101	-
Receivables	258	-
Cash and cash equivalents	253	-
Provisions	-11	-
Deferred tax liabilities, net	-8	-
Borrowings	-254	-
Trade payables and other liabilities etc.	-264	-
Net assets	366	-
Minority interests	6	-
Equity, Carlsberg's share	372	-
Recycling of cumulative exchange differences	-55	
Directly attributable cost	167	
Gains/losses - recognised under special items	-232	-
Cash consideration received	252	-
Cash and cash equivalents, disposed of	-253	-
Cash inflow, net	-1	-

Acquisitions and disposals of entities, net	2008 DKK million	2007 DKK million
Acquisitions, cash outflow	-51.443	-179
Disposals, cash inflow	-1	-
Net	-51.444	-179

32 Specification of invested capital

	2008 DKK million	2007 DKK million
Invested capital is calculated as follows:		
Total assets	130.335	49.830
Less:		
Deferred tax assets	-1.226	-626
Loans to associates	-5	-4
Interest income receivable, fair value of hedging instruments and financial receivables	-1.470	-135
Loan to group entreprises	-	-1.658
Securities (current and non-current)	-101	-134
Cash and cash equivalents	-2.729	-2.026
Assets held for sale	-152	-34
Total assets included	**124.652**	**45.213**
Trade payables	-8.045	-5.904
Deposits on returnable packaging	-1.455	-1.207
Provisions, excluding restructuring	-1.520	-437
Corporation tax	-283	-184
Deferred income	-1.147	-107
Finance lease liabilities, included in borrowings	-47	-66
Other liabilities, excluding deferred income, interest payable and fair value of hedging instruments	-5.415	-4.354
Total liabilities offset	**-17.912**	**-12.259**
Total invested capital	**106.740**	**32.954**

The acquisition of part of the activities in S&N affected both total invested capital and the distribution between individual balance sheet items and thus the calculation and composition of the invested capital.

33 Specification of net interest-bearing debt

	2008 DKK million	2007 DKK million
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	40.841	16.162
Current borrowings	9.165	3.711
Gross interest-bearing debt	**50.006**	**19.873**
Cash and cash equivalents	-2.729	-2.026
Loans to associates	-5	-4
Loans to group enterprises	-	-1.658
On-trade loans	-2.278	-1.626
Non-interest-bearing portion	1.403	820
Other receivables	-1.964	-1.350
Non-interest-bearing portion	1.338	908
Net interest-bearing debt	**45.771**	**14.937**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	14.937	14.800
Cash flow from operating activities	-8.037	-5.102
Cash flow from investing activities, excl acquisition of entities, net	5.983	4.955
Cash flow from acquisition of entities, net	51.444	672
Dividends to shareholders and minority interests	1.038	69
Acquisition of minority interests	299	-
Acquisition/disposal of treasury shares	-	-
Acquired net interest-bearing debt from acquisition/disposal of entities	4.015	54
Change in interest-bearing lending	140	-245
Proceeds from capital increase, net	-24.000	-
Effect of currency translation	-197	-325
Other	149	59
Total change	**30.834**	**137**
Net interest-bearing debt at 31 December	**45.771**	**14.937**

34 Investments in proportionally consolidated entities

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

	2008 DKK million	2007 DKK million
Revenue	5.538	12.615
Total costs	-4.484	-9.909
Operating profit before special items	**1.054**	**2.706**
Consolidated profit	**678**	**1.698**
Non-current assets	2.505	10.410
Current assets	980	3.243
Non-current liabilities	-813	-3.906
Current liabilities	-1.055	-4.083
Net assets	**1.617**	**5.664**
Free cash flow	-563	13
Net cash flow	-469	-699
Cash and cash equivalents, year-end	6	368
Contingent liabilities in joint ventures	152	95
Capital commitments in joint ventures	49	405

The decrease in key figures is attributable to the BBH Group, which was previously recognised as a proportionately consolidated entity, being recognised as a subsidiary as at 28 April 2008. Accordingly, the 2008 figures only include 4 months' activity from the BBH Group proportionately consolidated in the income statement and cash flows, while proportionately consolidated figures for the BBH Group are not included in the balance sheet at 31 December 2008.

35 Financial risks

As a result of the Carlsberg Breweries Group's activities, the Group's profit, debt and equity are exposed to a variety of financial risks, primarily relating to changes in exchange rates and interest rates. The Group's financial risks are managed centrally by Group Treasury in accordance with written principles approved by the Board of Directors, primarily through currency and interest rate instruments and, to a lesser extent, raw material contracts.

Foreign exchange risk. As an international business the Carlsberg Breweries Group is exposed to foreign exchange risks from currency translation, as the predominant part of revenue 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. Further a currency risk exists relating to cash flows from operations

The Carlsberg Brewereis Group has a foreign exchange risk on balance sheet 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 directly in equity.

Impact of exchange rates on operating profit. As the Carlsberg Breweries Group has extensive operations outside Denmark, developments in exchange rates between DKK and the functional currencies of subsidiaries have an increasing impact on the Carlsberg Breweries Group's operating profit measured in DKK. In a number of countries (particularly in Russia and Asia) where the Carlsberg Group has activities, the currency correlates partly with developments in the USD. In 2008, the average USD rate (5.09) was 6.5% lower than in 2007 (5.45). Operating profit has been weakened as a result of a fall in the average RUB/DKK rate (a negative 4% compared with 2007), the GBP/DKK rate (a negative 13.9%), the NOK/DKK rate (a negative 2.2%) and the SEK/DKK rate (a negative 3.6%). The average CHF/DKK rate had a positive impact (3.7% higher than 2007).

The Carlsberg Breweries Group has chosen not to hedge revenue or earnings in foreign currencies, but does in certain cases hedge dividends to be received in foreign currencies.

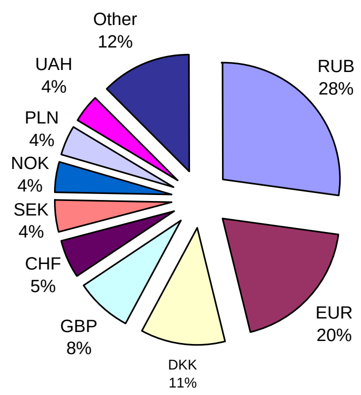
The Carlsberg Breweries Group is exposed to transaction risks to a lesser degree. It is therefore Group policy to hedge future contractual cash flows in foreign currency for a one-year period. Hedging is made when budgets for the following year have been prepared. However, transactions between countries are limited in the Carlsberg Breweries Group and therefore the hedging of projected cash flows in foreign currency is also limited. An exception to this policy is the purchase of certain raw materials, which is described in greater detail in the section on raw material risk.

The BBH Group. Following the acquisition of the 50% of BBH that Carlsberg did not already own, the impact from entities in Eastern Europe and especially Baltika Brewery on Carlsberg's operating profit has increased. For various reasons the currency risk in the entities in the BBH Group is managed differently than in Carlsberg's operations in main parts of the rest of the Group.

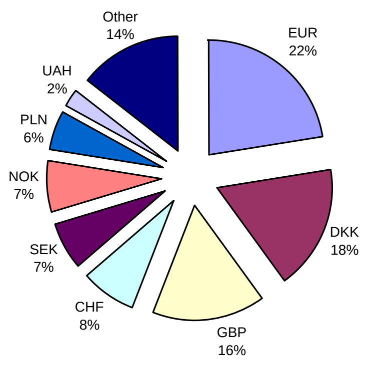
With regard to transaction risks, since 2006 it has been policy for Baltika Brewery to reduce the financial risk measured in RUB by balancing expenses in foreign currency. This means that roughly 55% of the total foreign cost base has been denominated in USD and 45% in EUR, thus neutralising the effect from changes in USD vis a vis EUR, which has proven an effective hedge as long as the Russian central bank has maintained a fixed currency against the basket (consisting of 55% USD and 45% EUR). In the last part of 2008, the Russian central bank on several occasions made a devaluation against the basket. This affected and will continue to affect the operating profit measured in RUB. Basket hedging has been chosen as the preferred method to outright hedging due to both regulatory and cost issues.

With regard to foreign exchange risks, Carlsberg will be exposed to both the impact on RUB from changes in the USD (via the basket mechanism) and the impact from central bank devaluation against the basket.

Distribution of revenue 2008



Distribution of revenue 2007



Impact of exchange rates 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 exchange rate 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.

In 2008, the Group incurred net losses on foreign exchange and made fair value adjustments of financial instruments of DKK 802m (2007: losses of DKK 10m). The main source for the losses in 2008 was USD and EUR denominated debt in a number of Group companies in Eastern Europe, in particular Baltika Brewery in Russia and Slavutich in Ukraine. Both RUB and UAH (the currency in Ukraine) came under pressure in the fourth quarter of 2008.

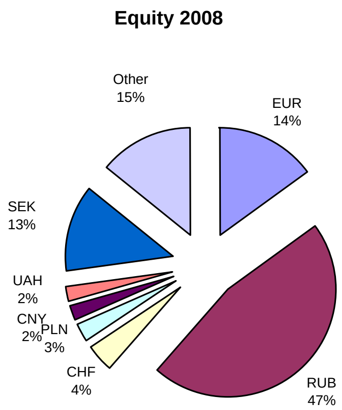
Impact of exchange rates on balance sheet and equity. The Carlsberg Breweries Group holds a number of investments in foreign subsidiaries where the translation of equity to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by taking up borrowings denominated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

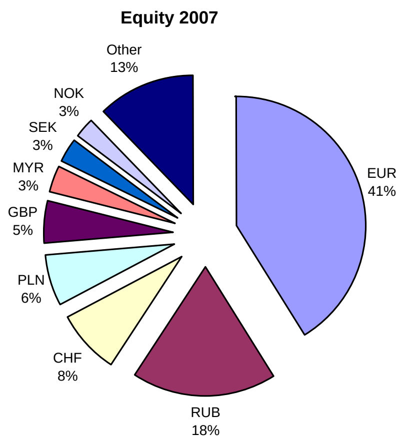
The gross and net exposure to foreign currency on net investments is presented in the table below.

35 Financial risks

Changing exchange rates will also affect the level of debt, as funding is obtained in the currencies presented in the table in the section on interest rate risk. In 2008, the net interest-bearing debt was reduced by DKK 228m due to exchange rates. The primary impact derives from net debt in GBP, USD and CHF.

Distribution of equity, including loans granted as an addition to net investment in foreign currencies (Carlsberg's share):





The Carlsberg Breweries Group's net investment in foreign currencies (including loans granted to subsidiaries as an addition to the net investment) is greatly influenced by the acquisition of the remaining 50% of BBH. RUB exposure has - in both absolute and relative terms - more than doubled due to the PPA (Purchase Price Allocation) process. In this process the assets in Russia are adjusted to their fair value, both with regard to the existing and the acquired ownership interest.

DKK million									2008
	Carlsberg's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on Carlsberg's share
RUB	26.583	3.381	-6.157	-1.374	422	28.590	-5.835	-495	-5.340
EUR	8.031	167	20	-6.691	-37	1.507	-20	-	-20
SEK	7.455	-	-1.336	-6.315	1.134	1.140	-202	-	-202
CHF	2.402	-	241	-1.917	-188	485	53	-	53
PLN	1.560	-	-247	-1.330	183	230	-64	-	-64
CNY	1.322	45	130	-	-	1.367	130	-	130
UAH	1.266	80	-738	-	-	1.346	-738	-32	-706
GBP	1.050	-	-323	-	-	1.050	-323	-	-323
VND	906	56	-8	-	-	962	-8	-	-8
MYR	837	351	-9	-684	2	504	-7	-2	-5
LTL	632	206	-2	-	-	838	-2	-	-2
Other	4.624	944	-208	-622	134	4.949	29	-3	33
Total	**56.668**	**5.230**	**-8.637**	**-18.933**	**1.650**	**42.968**	**-6.987**	**-532**	**-6.454**

DKK million									2007
	Carlsberg's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on Carlsberg's share
EUR	10.719	-	5	-6.696	-1	4.023	4	-	4
RUB	4.735	587	-209	-800	20	4.522	-189	-	-189
CHF	2.097	-	-65	-1.729	57	368	-8	-	-8
PLN	1.687	-	101	-1.452	-88	235	13	-	13
GBP	1.408	-	-161	-	57	1.408	-104	-	-104
MYR	844	353	-54	-688	64	509	10	-15	25
SEK	766	-	-55	-709	49	57	-6	-	-6
NOK	667	-	22	-655	-23	12	-1	-	-1
UAH	569	-	-44	-	-	569	-44	-	-44
CSD	474	60	-4	-	-	534	-4	-	-4
LAK	494	-	-23	-	-	494	-23	-	-23
Other	1.666	296	-203	-	-	1.962	-203	-55	-148
Total	**26.126**	**1.296**	**-690**	**-12.729**	**135**	**14.693**	**-555**	**-70**	**-485**

35 Financial risks

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

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

Interest rate risk. The most significant interest rate risk in the Carlsberg Breweries Group relates to interest-bearing debt. The management objective is for duration measured in years to be between 1 and 5 years.

The Company's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2008 gross debt (non-current and current borrowings) amounted to DKK 50,006m (2007: DKK 19,873m). After deducting cash and cash equivalents, net debt is DKK 47,277m (2007: DKK 17,847m), an increase of DKK 29,430m.

Interest rate risks are mainly managed using interest rate swaps and to a smaller degree fixed-rate bonds.

A breakdown of the Carlsberg Breweries Group's gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 25.

At year-end 54% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2007: 59%). It is estimated that an interest rate rise of 1 percentage point would lead to an increase in annual interest expenses of DKK 213m (2007: DKK 72m).

At the end of 2008, the duration of the loan portfolio was 1.7 years (2007: 1.8 years) and in value terms amounted to DKK 807m (2007: DKK 314m). Accordingly, the effect of a 1 percentage point increase in interest rates would lead to a financial gain of DKK 807m. 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 597m (2007: DKK 80m) of the duration is contained in interest rate derivatives that are designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised directly in equity. The remaining duration is borrowing with fixed interest - primarily the three issued bonds described in note 25. If the market interest rates had been 1percentage point higher (lower) at 31 December 2008, shareholders' equity would have been DKK 597m (31 December 2007: DKK 80m) higher (lower).

The recognised impact from interest rate derivatives is disclosed in note 36. The sensitivity analysis is based on the financial instruments recognised at 31 December 2008 (31 December 2007). All hedging relationships relating to interest-bearing instruments are 100% effective. The reasonable change is based on the current market conditions and expectations to interest rate changes.

Carlsberg's exposure to an increase in short-term interest rates is primarily in EUR and DKK, and secondarily in CHF and USD. 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.

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

Credit risk. Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Carlsberg Group. Group policy is that financial transactions may be entered into only with financial institutions with a high credit rating.

The Carlsberg Breweries 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 20, 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.

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

Liquidity risk. Liquidity risk is the risk of the Carlsberg Breweries Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for 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. At 31 December 2008, Carlsberg had unutilised long-term committed credit facilities of DKK 8,670m (2007: DKK 5,025m).

For day-to-day liquidity management cash pools are used, 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).

35 Financial risks

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

	2008
Total committed loans and credit facilities	55.914
Total current and non-current borrowings	-50.006
Unused committed non-current credit facilities	5.908
Cash and cash equivalents	2.729
Credit resources available	**8.637**

Included in the total current and non-current borrowings, and in the total committed loans and credit facilities is a loan of DKK 6,553 million from the parent, Carlsberg A/S

Capital structure and management. Management's strategy and overall goal is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and balance sheet ratios. In 2006 the Carlsberg Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. This rating was confirmed following the acquisition of part of the activities in S&N.

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. At 31 December 2008 the Carlsberg Breweries Group had net interest-bearing debt totalling DKK 45,769m (2007: DKK 14,937m). The credit resources available and the access to unused committed credit facilities are considered reasonable in the light of the Group's current needs in terms of financial flexibility.

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

DKK million	2008
1 - 2 years	16.770
2 - 3 years	3.526
3 - 4 years	24.902
4 - 5 years	1.662
> 5 years	2.501
Total	49.361
Current borrowings	9.165
Non-current borrowings	40.841
Total	50.006

No changes have been made to the Group's guidelines for control of capital structure and management in 2008. The increased net interest-bearing debt following the acquisition of part of the activities in S&N resulted in changes to daily procedures, including the management of the acquired entities.

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 (London Metal Exchange, LME) of aluminium. Carlsberg is thus able to hedge the underlying aluminium price risk. For 2009 the majority of the aluminium price risk has been hedged for Western and Eastern Europe, whereas the risk has been partially hedged for the period up to 2012. The total volume aluminium purchased via financial instruments was approximately 80,000 tonnes at the end of 2008 (2007: 89,000 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 75m (2007: DKK 125m). Fair values are specified in note 36.

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 to secure the delivery for the coming budget year, and the exposure for 2009 was thus hedged in autumn 2008.

For Eastern Europe hedging of the foreign exchange risk has not been made for 2009, as forward prices for the currencies contained an implicit expectation of devaluation - and thereby the cost of hedging - which was higher than Carlsberg's estimate of the likely development.

36 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discounting of cash flows are used. Where internally calculated fair values are applied, these are tested against external market valuations on a quarterly basis. Carlsberg uses three forms of financial hedging:

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

Changes in the fair value of financial instruments used as fair value hedges and derivatives not designated as hedging instruments are recognised in the income statement. These are mainly non-designated instruments to hedge financial risks relating to borrowings. Financial risks primarily comprise the exchange rate risk on borrowings, and secondarily the interest rate risk. The fair value at the balance date of these instruments was DKK -1,029m (2007: DKK -463m). The change is primarily due to the GBP 250m cross currency swap, which is a hedge of the GBP 250m bond issue. GBP depreciated 25% year-on-year and thus increased the negative fair value of the swap.

	2008		2007	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	28	2	7	31
Exchange rate instruments	533	-1.026	-73	-494
Ineffective portion of hedge	-5	-5	-	-
Total	556	-1.029	-66	-463

Cash flow hedge

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

During 2008 Carlsberg hedged the acquisition of part of the activities in S&N in GBP using both forward exchange contracts and options, and used forward exchange contracts in hedging the purchase of shares in Habeco in Vietnam. The former resulted in losses as GBP depreciated from inception and until closing. The loss on the effective part of hedges is recognised in equity and will remain in the cash flow hedge reserve as long as the acquired entities are recognised. Interest rate swaps have been applied to parts of the increase in net debt resulting from the S&N acquisition to maintain a balance between fixed and floating interest rates. Together with the pre-acquisition interest rate swaps, the details are presented in the table below. The sharp decline in interest rates in Q4 of 2008 has led to losses on the interest rate instruments - these losses will be recognised in earnings in 2009-2015. The losses on other instruments are aluminium hedges to cover (parts of) the risk on can prices. Aluminium prices fell in the second half of 2008.

Main financial instruments - overview

Instrument	Maturity	Purpose
CHF 300m interest rate swap	2009	Swap of borrowing with 1 month CHF Libor to fixed
EUR 500m interest rate swap	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap[1]	2015	Swap of borrowing with 1 month EURIBOR to fixed
GBP 250m currency swap	2011	Swap of fixed GBP interest to fixed DKK interest
Aluminium	2009-2012	Fixing of aluminium risk related to purchase of cans

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

Cash flow hedge

	2008			2007		
DKK million	Fair value adjustment recognised in equity	Fair value	Expected recognition	Fair value adjustment recognised in equity	Fair value	Expected recognition
Interest rate instruments	-972	-1.076	2009-2015	108	-11	2008-2011
Exchange rate instruments	-832	-	-	2	-	-
Other instruments	-181	-266	2009-2012	-27	-22	2008-2012
Total	-1.985	-1.342		83	-33	

36 Financial instruments

Hedging of net investments

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 equity.

Where the fair value adjustments do not exceed the value adjustments of the investment, the adjustments of the financial instruments are recognised directly in equity; otherwise the fair value adjustments are recognised in the income statement. The accumulated gains/losses will remain in equity reserves as long as the hedged entities are recognised.

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

	2008		2007	
DKK million	Fair value adjustment recognised in equity	Fair value	Fair value adjustment recognised in equity	Fair value
Exchange rate instruments	459	799	115	18
Total	459	799	115	18

	2008 DKK million				2007 DKK million			
	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement
SEK	-9.282	5.424	542	-	-1.583	5.247	-66	-
NOK	-700	3.200	-450	-	-700	3.182	72	-
CHF	-385	-	-188	-	-385	-	57	-
GBP	-	-	-	-	-	-	57	-
MYR	-450	-	2	-	-450	-	64	-
EUR	-898	5.119	-70	-	-898	635	-1	-
RUB	-7.644	-	422	-	-3.858	-	20	-
PLN	-740	-	183	-	-700	-	-88	-
EEK	-	1.538	-	-	-	-	-	-
LVL	-9	-	18	-	-	-	-	-
Total			**459**	**-**			**115**	**-**

Liquidity risk

Financial liabilities

	2008			
DKK million	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Derivative financial instruments	635	1.827	240	2.702
Financial debt	9.165	38.700	2.141	50.006
Trade payables and other liabilities	10.359	-	-	10.359
Financial liabilities associated with assets held for sale	367	-	-	367
Total	20.526	40.527	2.381	63.434

Other liabilities include accrued interest, liabilities related to the acquisition of entities and deposits on returnable packaging.

All items are stated at their carrying amount. The fair value of the derivative financial instruments is the discounted value. If the fair value of derivative financial instruments were recalculated to the undiscounted value, the fair value would be approximately DKK 150-200m higher (2007: DKK 25-50m higher). The maturity analysis is based on the contractual maturity of the notional amount of the three non-derivative financial instrument categories. Derivative financial instruments are presented gross. The notional amount of the financial debt is DKK 196m higher (2007: DKK 33m) than the carrying amount. The difference between the notional amount and the carrying amount is cost that has been capitalised and is amortised over the duration of the borrowings.

	2007			
DKK million	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Derivative financial instruments	105	491	-	596
Financial debt	3.711	9.476	6.686	19.873
Trade payables and other liabilities	7.193	-	-	7.193
Total	11.009	9.967	6.686	27.662

37 Related party disclosures

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

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

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 13.

Associates

The income statement and balance sheet include the following transactions with associates:

	2008 DKK million	**2007** DKK million
Revenue	462	213
Cost of sales	386	261
Loans	7	7
Borrowings	27	7
Receivables from the sale of goods and services	78	28
Trade payables	114	15

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

Proportionally consolidated entities

The income statement and balance sheet include the following transactions with proportionally consolidated entities:

	2008 DKK million	**2007** DKK million
Revenue	34	40
Costs	4	5
Interest income	1	1
Interest expenses	13	1
Loans	-	-
Receivables	18	19
Trade payables and other liabilities etc.	-	3
Borrowings	-	373

The decrease in key figures is attributable to the BBH Group, which was previously recognised as a proportionately consolidated entity, being recognised as a subsidiary as at 28 April 2008. Accordingly, the 2008 figures only include 4 months' activity from the BBH Group proportionately consolidated in the income statement and cash flows, while proportionately consolidated figures for the BBH Group are not included in the balance sheet at 31 December 2008.

38 Contingent liabilities and other commitments

The Carlsberg Breweries Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 125m (2007: DKK 60m) and for loans etc. raised by third parties (non-consolidated entities) of DKK 886m (2007: DKK 245m).

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

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

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

Certain guarantees etc. are issued in connection with disposal of entities and activities etc. Apart from as recognised in the balance sheet or disclosed in the Annual Report, these guarantees etc. will not have a material effect on the Group's financial position.

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

Capital commitments

	2008	**2007**
	DKK million	DKK million
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Intangible assets	7	-
Property, plant and equipment and construction contracts	490	865
Total	**497**	**865**

39 Operating lease liabilities

2008

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

2007

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Non-current assets under construction	Total
Future lease payments:					
Within one year	108	78	298	-	484
Between one and five years	246	22	444	-	712
After more than five years	286	-	45	-	331
Total	**640**	**100**	**787**	**-**	**1.527**

	2008 DKK million	**2007** DKK million
Operating lease recognised in the income statement	677	504
Expected future income under non-cancellable subleases (matures within 10 years)	123	138

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

40 Events after the balance sheet date

Apart from the events recognised or disclosed in the Annual Report, no events have occurred after the balance sheet date of importance to the Annual Report.

Note 41 Accounting policies

The 2008 Annual Report of the Carlsberg Breweries Group has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

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

The Annual Report has 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. For 2008 the segment reporting of the Group's results has been changed. The new segmentation reflects the structure used for the Group's management and evaluation of strategic and financial objectives. Comparative figures have been restated.

New International Financial Reporting Standards and Interpretations

In October 2008 the IASB issued "Amendments to IAS 39 and IFRS 7: Reclassification of Financial Assets" with effect from 1 July 2008. The Standard was subsequently adopted by the EU. The changes, which were made in response to the international financial crisis and allow reclassification of certain financial instruments, did not affect recognition and measurement in the Group's financial statements.

IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset" regarding retirement benefit plans limited by the asset ceiling and introducing minimum funding requirements is effective for financial years beginning on or after 1 January 2008. The interpretation was adopted by the EU in December 2008. In accordance with EU regulations, the Interpretation is implemented

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

- IFRS 8 "Operating Segments" which was issued by the IASB and adopted by the EU in 2007. The Standard will be adopted effective for 2009. The Standard will only affect the financial disclosures for the Group's segments. The Standard will not affect the Group's segmentation, which is already made in compliance with the Standard, or recognition and measurement in the Annual Report.
- IFRS 2 "Share-based Payment: Vesting conditions and Cancellations". The amended Standard is effective for financial years beginning on or after 1 January 2009. The amended Standard is not expected to significantly affect the Annual Report.
- IAS 23 "Borrowing Costs" effective for financial years beginning on or after 1 January 2009. 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 production commences on or after 1 January 2009. The Standard will affect building, repairs and maintenance of large production plants and breweries. Capitalised borrowing costs are expected to be a minor amount for 2009.
- IAS 1 "Presentation of Financial Statements" which describes the presentation of financial statements and changes the presentation of the primary financial statements in the Annual Report for 2009. The Standard is effective for financial years beginning on or after 1 January 2009. First-time adoption of the Standard will take place in the interim report for the first quarter 2009.
- IFRIC 13 "Customer Loyalty Programmes" regarding customer loyalty programmes. The standard is effective for financial years beginning on or after 1 January 2009. The interpretation is not expected to significantly affect the financial reporting.

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

- IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements". The Standards are effective for financial years beginning on or after 1 July 2009 and are expected to be adopted by the Carlsberg Breweries Group as of the financial year 2010.
- IFRIC 15 "Agreements for the Construction of Real Estate". . The Interpretation is effective for financial years beginning on or after 1 January 2009.
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation". The Interpretation is effective for financial years beginning on or after 1 October 2008.
- IFRIC 17 "Distribution of Non-cash Assets to Owners" . The Interpretation is effective for financial years beginning on or after 1 July 2009.

The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2008. The Carlsberg Breweries Group expects to adopt the Standards and Interpretations when they become mandatory in 2009 and 2010 respectively.

The amendments did not affect recognition and measurement or result in changes to note disclosures. The accounting policies used in the preparation of the Annual Report are consistent with those of last year.

Consolidated financial statements

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

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

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. Minority 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 purchase method is used. The acquired entities’ identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

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

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

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

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

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

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

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

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 balance sheet. 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 sheet 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 directly in equity plus 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 in accordance with the former accounting policies was written off directly in equity and where in accordance with the exemption in IFRS 1 goodwill is not recognised in the balance sheet, 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 minority interests. On acquisition of minority interests (i.e. subsequent to the Carlsberg Breweries Group obtaining control) acquired net assets are not revalued at fair value. The difference between the cost and the carrying amount of acquired minority interests at the acquisition date is recognised as goodwill.

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

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

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or the exchange rate in the latest Annual Report is recognised in the income statement as financial income or financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than the presentation currency of Carlsberg Breweries A/S (DKK), the income statements and cash flow statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. 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 balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity are recognised in the consolidated financial statements directly in equity 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 Carlsberg Breweries A/S' and which effectively hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised directly in a separate translation reserve in equity.

On recognition in the consolidated financial statements of associates with a functional currency other than the presentation currency of Carlsberg Breweries A/S, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet date. 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 balance sheet date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date, are recognised directly in 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 directly in equity 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 balance sheet date.

Derivative financial instruments. Derivative financial instruments are recognised in the balance sheet at fair value on the transaction date.

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

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability with respect to the hedged portion. Hedging of future cash flows according to agreement, except for foreign currency hedges, 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 equity. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

Derivatives designated as and qualifying for recognition as a cash flow hedge of financial investments are recognised in equity. On complete or partial disposal of the financial investment, the portion of the hedging instrument that is recognised in equity 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 currently 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 directly in a separate translation reserve in equity.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured currently at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and 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 risk to the buyer has taken place and that the income can be reliably measured and is expected to be received.

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

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

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

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

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

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

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 balance sheet 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 includes 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 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 and minority interests 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.

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 changes directly recognised in equity is recognised directly in equity. Carlsberg Breweries A/S is subject to the Danish rules on mandatory joint taxation of the Carlsberg Group's Danish companies.

Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

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

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

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

Balance sheet

Intangible assets

Goodwill. Goodwill is initially recognised in the balance sheet 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.

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

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

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

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

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

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

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, and wages and salaries. 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 balance sheet and recognised as an expense in the income statement. Costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

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

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

Land is not depreciated.

The basis of depreciation is calculated on the basis of the residual value less 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 purchase method is used, see the description under Business combinations.

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus 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 historic experiences and actual market developments.

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

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

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

***Securities*.** Shares not classified as investments in subsidiaries or associates and bonds are classified as securities available for sale. Such securities are recognised at cost at the trade date 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 directly in equity 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 equity 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. 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 impairment test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

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

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

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

Equity

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

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

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

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

Proposed dividend. 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 Board of Directors and therefore expected to be paid for the year is disclosed in the notes.

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

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

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

Share-based payments. 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.

On initial recognition of the share options, an estimate is made of the number of options expected to vest. 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.

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 balance sheet as other payables.

For 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 balance sheet 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 directly in equity.

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

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

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

Deferred tax assets and tax liabilities are offset if the Company 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 balance sheet date 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 equity are, however, recognised in equity.

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

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

A provision for onerous contracts is recognised when the expected benefits 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 the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between the proceeds 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.

Deposit 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.

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 balance sheet 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 balance sheet 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 discounted 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 twelve 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 balance sheet, and main items are specified in the notes. Comparative figures are restated.

Cash flow statement

The cash flow statement 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 flows 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 corporation tax paid.

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement 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 flows 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 minority 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

The Group’s main activity is the production and sale of beer and other beverages. This activity accounts for more than 90% of the Group’s activities. In accordance with the Group’s management structure, beverage activities are segmented according to the geographical regions where production takes place. Segment information is provided only on the Group's primary segments.

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 other activities, are not included in the operating profit/loss of the segments.

Non-current segment assets comprise non-current assets used directly in the operating activities of the segment, including intangible assets, property, plant and equipment, and investments in associates. 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.

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 Annual Report have been calculated as follows:

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

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

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

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

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

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

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

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

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

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

Operating profit is used as expression for operating profit before special items in the management review.

Organic" development is a measure of growth excluding the impact of acquisitions and divestitures. It's stated whether foreign exchange is included or excluded. We believe this provides investors with a more complete understanding of underlying trends.

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

Return on average invested capital, including goodwill (ROIC)*. Operating profit before special items as a percentage of average invested capital[1].

* This financial ratio is not defined in the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommendations and Financial Ratios 2005".

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

Carlsberg Breweries Group

Group Companies

Carlsberg Breweries A/S

				Owner-ship-share	Nominal share capital in 1,000	Currency	Exchange rate	Nothern & Western Europe	Eastern Europe	Asia	Other activities
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	♦			
Investeringsselskapet RH, Oslo, Norway	7 subsidiaries		○	100%	49.900	NOK	75,72	♦			
Ringnes a.s., Oslo, Norway	2 subsidiaries		○	100%	238.714	NOK	75,72	♦			
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96.707	EUR	745,06	♦			
Saku Ölletehase AS, Estonia		1)	○	100%	80.000	EEK	47,62	♦			
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiaries		○	100%	287.457	SEK	68,04				♦
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries		○	100%	70.000	SEK	68,04	♦			
BBH - Baltic Beverages Holding AB, Stockholm, Sweden			○	100%	12.000	EUR	745,06		♦		
A/S Aldaris, Latvia			○	85%	7.500	LVL	1.052,49	♦			
Svyturys-Utenos Alus AB, Lithuania			○	75%	118.000	LTV	215,78	♦			
UAB BBH Baltics, Litauen			○	100%	10	LTL	215,78	♦			
Baltic Beverages Eesti, Estonia			○	100%	400	EEK	47,62	♦			
Baltika Brewery, St. Petersburg, Russia	2 subsidiaries	1)	○	89%	164.364	RUB	17,98		♦		
Slavutich Brewery, Ukraine			○	92%	853.692	UAH	68,63		♦		
Lvivska Brewery, Ukraine			○	100%	72.741	UAH	68,63		♦		
Derbes Company Ltd. Liability Partnership, Kazakhstan			○	98%	4.820.426	KZT	4,36		♦		
Olivaria, Belarus		3)	♦	30%	61.444.801	BYR	0,24		♦		
Carlsberg Uzbekistan, Usbekistan			○	75%	35.217.146	UZS	0,38		♦		
Baltic Beverages Invest AB, Stockholm, Sweden			○	100%	11	EUR	745,06		♦		
Baltic Beverages Holding Oy, Helsingki, Finland			○	100%	4	EUR	745,06		♦		
Carlsberg Italia S.p.A, Lainate, Italy	13 subsidiaries		○	100%	82.400	EUR	745,06	♦			
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	7 subsidiaries	5)	♦	44%	50.000	EUR	745,06	♦			
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95.000	CHF	497,93	♦			
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries		○	100%	26.897	EUR	745,06	♦			
Göttsche Getränke GmbH, Germany			○	100%	2.000	EUR	745,06	♦			
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries		○	100%	41.250	EUR	745,06	♦			
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	745,06	♦			
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	764,73	♦			
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90.004	GBP	764,73	♦			
Emeraude SAS, France	4 subsidiaries	5)	○	100%	405.037	EUR	745,06	♦			
Brasseries Kronenbourg SAS, France			○	100%	547.891	EUR	745,06	♦			
Sorex Holding SAS, France			○	100%	14.600	EUR	745,06	♦			
Mythos Brewery SA, Greece			○	100%	39.405	EUR	745,06	♦			
Carlsberg Polska S. A., Warszawa, Poland	3 subsidiaries		○	100%	28.721	PLN	179,68	♦			
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland			○	100%	50	PLN	179,68				♦
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18.198	EUR	745,06	♦			
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239.932	HRK	101,15	♦			
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2,5)	○	44%	1.267.128	MWK	3,75			♦	
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	45.679	DKK	100,00	♦			
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2.523	USD	528,49	♦			
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37.325	BGN	380,95	♦			
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	380,95	♦			
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2.989.921	RSD	8,30	♦			
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25.200	HUF	2,80	♦			
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1.000	DKK	100,00				♦
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212.705.000	VND	0,03			♦	
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10.778.000	VND	0,03			♦	
Hue Brewery Ltd., Hue, Vietnam			♦	50%	216.788.000	VND	0,03			♦	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380.000	CNY	77,32			♦	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries		♦	61%	105.480	CNY	77,32			♦	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210.000	CNY	77,32			♦	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85.000	CNY	77,32			♦	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15.000	CNY	77,32			♦	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16.620	CNY	77,32			♦	
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194.351	CNY	77,32			♦	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1)	■	51%	154.039	MYR	151,93			♦	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10.000	MYR	151,93			♦	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	151,93			♦	
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1)	■	25%	850.000	LKR	4,73			♦	
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary		■	50%	100.000	TWD	16,30			♦	

Carlsberg Breweries Group

Group Companies

Carlsberg Breweries A/S

				Owner-ship-share	Nominal share capital in 1,000	Currency	Exchange rate	Nothern & Western Europe	Eastern Europe	Asia	Other activities
Carlsberg Asia Pte Ltd., Singapore			O	100%	54.914	SGD	366,57			♦	
Brewery Invest Pte. Ltd, Singapore			O	100%	3.200	SGD	366,57			♦	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary		O	100%	260.000	HKD	68,19			♦	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			O	100%	442.330	CNY	77,32			♦	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303.659	CNY	77,32			♦	
Carlsberg Hong Kong Ltd., Hong Kong, China			O	100%	(-)	HKD	68,19			♦	
Kunming Huashi Brewery Company Ltd., Kunming, China			O	100%	79.528	CNY	77,32			♦	
Lao Brewery Co. Ltd., Vientiane, Laos			♦	50%	14.400.000	LAK	0,06			♦	
Carlsberg Singapore Pte. Ltd., Singapore			O	100%	1.000	SGD	366,57			♦	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			O	100%	1.000	SGD	366,57			♦	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466.325	NPR	8,05			♦	
Dali Beer (Group) Limited Company, Dali, China			O	100%	97.799	CNY	77,32			♦	
Hanio Vung Tau Joint Stock, Vietnam		5)	♦	40%	150.000.000	VND	0,03			♦	
Hanio Beer Company, Vietnam		5)	■	16%	2.318.000.000	VND	0,03			♦	
Kronenbourg Vietnam Limited, Vietnam		5)	■	50%	629.936.908	VND	0,03			♦	
Chongqing Brewery Co. Ltd, China		1,5)	■	18%	483.971	CNY	77,32			♦	
Caretech Ltd, Hong Kong, China		5)	♦	50%	10.000	HKD	68,19			♦	
Cambrew Pte Ltd, Singapore		5)	♦	100%	21.720	SGD	366,57			♦	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	♦	100%	125.000	USD	528,49			♦	
Lao Soft Drinks Co. Ltd, Laos			O	65%	2.448.000	LAK	0,06			♦	
Carlsberg IndoChina			O	100%	8.000	VND	528,49			♦	
South Asian Breweries Pvt Ltd, Singapore			♦	45%	65.000	SGD	366,57			♦	
South Asian Breweries Pvt Ltd, India			O	100%	700.000	INR	10,99			♦	
Parag Breweries Ltd, India			O	52%	5.200	INR	10,99			♦	
Halong Beer and Beverage, Vietnam			♦	30%	9.000.000.000	VND	0,03			♦	
Danish Malting Group A/S, Vordingborg, Denmark			O	100%	100.000	DKK	100,00				♦
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			O	100%	20.000	PLN	179,68				♦
Carlsberg Finans A/S, Copenhagen, Denmark			O	100%	25.000	DKK	100,00				♦
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary		O	100%	52.847	DKK	100,00				♦
CTDD Beer Imports Ltd., Quebec, Canada			O	100%	(-)	CAD	429,90	♦			
Carlsberg USA Inc., New York, USA			O	100%	1.260	USD	528,49	♦			
Carlsberg Canada Inc., Mississauga, Ontario, Canada			O	100%	5.000	CAD	429,90	♦			
Carlsberg IT A/S, Copenhagen, Denmark			O	100%	50.000	DKK	100,00				♦
Carlsberg Insurance A/S, Copenhagen, Denmark			O	100%	25.000	DKK	100,00				♦

O Subsidiay
♦ Proportionally consolidated entities
■ Associate
1) Listed company
2) Carlsberg is responsible for management
3) Carlsberg can exercise control due to call options.
4) In accordance with section 5(1) of the Danish Financial Statements Act (exemption provision), a annual report is not prepared
5) Company not audited by KPMG

Financial statements

Notes

Carlsberg Breweries A/S - Parent Company

Income statement

Note		2008 DKK million	2007 DKK million
	Net revenue	1.654	1.441
2	Cost of sales	-521	-521
	Gross profit	**1.133**	**920**
3	Sales and distribution expenses	-637	-585
4	Administrative expenses	-672	-742
5	Other operating income	299	274
5	Other operating expenses	-16	-4
	Operating profit before special items	**107**	**-137**
6	Special items, net	-2.798	-1.679
7	Financial income	4.735	4.737
8	Financial expenses	-3.265	-914
	Profit before tax	**-1.221**	**2.007**
9	Corporation tax	-33	-173
	Consolidated profit	**-1.254**	**1.834**
	Attributable to:		
	Dividends to shareholders in Carlsberg Breweries A/S	-	1.300
	Reserves	-1.254	534
10	**Earnings per share**		
	Earnings per share	-2.505	3.668
	Earnings per share, diluted	-2.505	3.668

Carlsberg Breweries A/S - Parent Company

Statement of recognised income and expenses for the year

2008

	Note	Fair value adjustments	Retained earnings	Total
				DKK million
Profit for the year		**-**	**-1.254**	**-1.254**
Value adjustments:				
Hedging instruments, value adjustment for the year	28,29	-1.698	-	-1.698
Other adjustments:				
Share-based payment	12	-	12	12
Tax on changes in equity	9	307	-	307
Net amount recognised directly in equity		**-1.391**	**12**	**-1.379**
Total recognised income and expenses		**-1.391**	**-1.242**	**-2.633**

2007

	Note	Fair value adjustments	Retained earnings	Total
				DKK million
Profit for the year		**-**	**1.834**	**1.834**
Value adjustments:				
Hedging instruments, value adjustment for the year	29	47	-	47
Other adjustments:				
Share-based payment	12	-	8	8
Other		-	-4	-4
Tax on changes in equity	9	-11	-	-11
Net amount recognised directly in equity		**36**	**4**	**40**
Total recognised income and expenses		**36**	**1.838**	**1.874**

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.

Carlsberg Breweries A/S - Parent Company

Balance sheet

Note	Assets	31 Dec. 2008 DKK million	31 Dec. 2007 DKK million
	Non-current assets:		
13, 14	Intangible assets	325	151
14, 15	Property, plant and equipment	69	74
16	Investments in subsidiaries	27.462	16.643
17	Investments in associates and joint ventures	4.207	2.847
18	Securities	11	18
19	Receivables	8.087	8.980
20	Deferred tax assets	485	257
	Total non-current assets	**40.646**	**28.970**
	Current assets:		
19	Trade receivables	853	472
	Tax receivables	8	10
19	Other receivables	57.864	9.059
19	Prepayments	14	58
21	Cash and cash equivalents	573	191
	Total current assets	**59.312**	**9.790**
	Total assets	**99.958**	**38.760**

Carlsberg Breweries A/S - Parent Company

Balance sheet

Note	Equity and liabilities	31 Dec. 2008 DKK million	31 Dec. 2007 DKK million
	Equity:		
22	Share capital	501	500
	Reserves	42.072	21.460
	Total equity	**42.573**	**21.960**
	Non-current liabilities:		
23	Borrowings	34.364	11.839
24	Provisions	148	1
29	Other liabilities	2	-
	Total non-current liabilities	**34.514**	**11.840**
	Current liabilities:		
24	Borrowings	19.382	3.868
	Trade payables	510	476
	Deposits on returnable packaging	29	36
25	Other liabilities, etc.	2.950	580
	Total current liabilities	**22.871**	**4.960**
	Total liabilities	**57.385**	**16.800**
	Total equity and liabilities	**99.958**	**38.760**

Carlsberg Breweries A/S - Parent Company

Statement of changes in equity

2008
DKK million

	Shareholders in Carlsberg Breweries A/S				
	Share capital	Fair value adjustments	Retained earnings	Total reserves	Total equity
Equity at 1 January 2008	500	-6	21.466	21.460	21.960
Total recognised income and expenses for the year, cf. separate statement	-	-1.391	-1.242	-2.633	-2.633
Capital increase	1	-	23.999	23.999	24.000
Share based payments	-	-	46	46	46
Dividends paid to shareholders	-	-	-800	-800	-800
Total changes in equity	**1**	**-1.391**	**22.003**	**20.612**	**20.613**
Equity at 31 December 2008	**501**	**-1.397**	**43.469**	**42.072**	**42.573**

2007
DKK million

	Shareholders in Carlsberg Breweries A/S				
	Share capital	Fair value adjustments	Retained earnings	Total reserves	Total equity
Equity at 1 January 2007	500	-42	20.133	20.091	20.591
Total recognised income and expenses for the year, cf. separate statement	-	36	1.838	1.874	1.874
Share based payments	-	-	-60	-60	-60
Dividends paid to shareholders	-	-	-445	-445	-445
Total changes in equity	**-**	**36**	**1.333**	**1.369**	**1.369**
Equity at 31 December 2007	**500**	**-6**	**21.466**	**21.460**	**21.960**

No dividends has been proposed for 2008. In 2007 a proposed dividend of DKK 2,600 per share, in total DKK 1,300m, was included in retained earnings at 31 December 2007. Dividends paid out in 2008 for 2007 amount to DKK 800m (paid out in 2007 for 2006: DKK 445m), which is DKK 1,600 per share (2007: DKK 890). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

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

Carlsberg Breweries A/S - Parent Company

Cash flow statement

Note		2008 DKK million	2007 DKK million
	Operating profit before special items	107	-137
	Adjustment for depreciation and amortisation	17	15
	Adjustment for impairment losses	62	209
	Operating profit before depreciation, amortisation and impairment losses	**186**	**87**
26	Adjustment for other non-cash items	-40	11
26	Change in working capital	-136	-189
	Restructuring costs paid	-62	-
	Interest etc. received	1.153	862
	Interest etc. paid	-2.166	-897
	Corporation tax paid	49	-6
	Cash flow from operating activities	**-1.016**	**-132**
	Acquisition of property, plant and equipment and intangible assets	-190	-11
	Disposal of property, plant and equipment and intangible assets	93	1
	Total operational investments	**-97**	**-10**
16	Investments subsidiaries, net	-791	-146
	Capital injection in subsidiaries	-12.688	-292
	Investments in financial assets	-2.446	-15
	Disposal of financial assets	449	6
	Dividend paid in excess of accumulated earnings from the acquisition	-	1.309
	Loan to group companies	-45.964	-3.371
	Dividends received	1.562	3.612
	Total financial investments	**-59.878**	**1.103**
	Cash flow from investing activities	**-59.975**	**1.093**
	Free cash flow	**-60.991**	**961**
26	Shareholders in Carlsberg Breweries A/S	23.200	-445
26	External financing[2]	38.191	-394
	Cash flow from financing activities	**61.391**	**-839**
	Net cash flow	**400**	**122**
	Cash and cash equivalents at 1 January[3]	-10	-111
	Foreign exchange adjustment of cash and cash equivalents at 1 January	-5	-21
21	**Cash and cash equivalents at 31 December[3]**	**385**	**-10**

[1] Impairment losses excluding those reported in special items.

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

[3] Cash and cash equivalents less bank overdrafts.

Note 1 Significant accounting estimates and judgements

In preparing the Carlsberg Breweries A/S' Annual Report, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the company's assets and liabilities. The most significant accounting estimates and judgements for the Company are presented below. The most significant accounting estimates and judgements for the Carlsberg Breweries Group are presented in note 1 to the consolidated financial statements. The Company's accounting policies are described in detail in note 33.

Estimation uncertainty

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

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

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

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

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

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

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

Assessment in applies accounting policies

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

Notes

2 Cost of sales

	2008 DKK million	2007 DKK million
Purchased finished goods and other costs	521	521
Total	**521**	**521**

3 Sales and distribution expenses

	2008 DKK million	2007 DKK million
Marketing expenses	504	468
Sales expenses	43	27
Distribution expenses	90	90
Total	**637**	**585**
Of which staff cost note 11	76	63

4 Fees to auditors appointed by the Annual General Meeting

	2008 DKK million	2007 DKK million
KPMG:		
Statutory audit	1	1
Non-audit services	32	12

In 2008 non-audit services included fees for assistance in the acquisition of part of the activities in S&N, including due diligence related to the acquisition, advisory services related to the separation of the acquired entities and assets,and tax consultancy. In 2007 non-audit services included fees for preparation of the acquisition, tax consultancy and due diligence in connection with acquisitions.

Note

5 **Other operating income and expenses**

	2008 DKK million	2007 DKK million
Other operating income:		
Management fee from group companies	200	267
Gains on disposal of other property, plant and equipment and intangible assets	89	2
Other	10	5
Total	**299**	**274**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets	-16	-4
Total	**-16**	**-4**

6 **Special items**

	2008 DKK million	2007 DKK million
Impairment of investments in subsidiaries, cf. note 16	-1.953	-1.687
Loss on disposal of investments in subsidiaries	-600	-
Loss on disposal of investments in subsidiaries to group companies	-3.401	-
Gain on disposal of investments in subsidiaries to group companies	3.218	-
Restructuring cost	-62	-
Adjustment to gain on sale of shares in subsidiaries	-	8
Special items, net	**-2.798**	**-1.679**

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

Administrative expenses	-62	-
Financial income	3.187	8
Financial expenses	-5.923	-1.687
Special items, net	**-2.798**	**-1.679**

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

The complex structure in the take out of the activities from S&N, the financial purchase price allocation according to IFRS and the intra-group transactions has resulted in realised gains and losses on disposal of investment in subsidiaries to group companies of DKK 3,078m and DKK -3,401m respectively. The gain and loss is a result of difference in the sales prices (fair value) in the intra-group transactions following the purchase price allocation process compared to the initially allocated cost price in the consortium agreement.

The total cost price for the acquired activities is allocated to the relevant cash generating units (countries) in the purchase price allocation process. The cost price allocated to each cash generating unit is based on fair value and has been impairment tested as described in note 16 to the consolidated financial statements. The test shows no impairment of the cost price for the subsidiaries acquired as part of the acquisition of part of S&N.

Notes

7 Financial income

	2008 DKK million	2007 DKK million
Interest income	2.506	918
Dividend income from subsidiaries and associates	1.562	3.612
Fair value adjustments of financial instruments, net, cf. note 29	490	-
Foreign exchange gains, net	-	168
Gains on disposal of associates and securities	177	39
Total	**4.735**	**4.737**

Interest income relates to interest from cash and cash equivalents.

8 Financial expenses

	2008 DKK million	2007 DKK million
Interest expenses	2.302	749
Fair value adjustments of financial instruments, net, cf. note 29	-	140
Realised foreign exchange losses, net	689	-
Other financial expenses	274	25
Total	**3.265**	**914**

Notes

9 Corporation tax

	2008	2007
	DKK million	DKK million
Tax for the year comprises:		
Current tax on profit for the year	-11	10
Change in deferred tax during the year	-263	67
Change in tax rate	-	36
Adjustments to tax for previous years	-	71
Total tax for the year	**-274**	**184**
Of which recognised in equity:		
Deferred tax on items recognised directly in equity	307	-11
Tax for the year on items recognised directly in equity	-	-
Tax on profit for the year	**33**	**-173**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	-25,0%	25,0%
Change in tax rate, Danish subsidiaries	0,0%	1,8%
Adjustments to tax for previous years	0,0%	1,8%
Non-capitalised tax assets	1,7%	0,0%
Non-taxable income	-28,6%	-45,2%
Non-deductible expenses	0,2%	0,4%
Tax, associates	0,0%	0,0%
Special items	55,7%	24,3%
Withholding taxes	-1,3%	0,0%
Other	0,0%	0,5%
Effective tax rate for the year	**2,7%**	**8,6%**

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

	2008	2007
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	10	99
Change in tax rate	-	36
Intangible assets and property, plant and equipment etc.	34	-43
Deferred tax recognised in income statement	**44**	**92**

Notes

10 Earnings per share

The calculation of earnings per share is affected by the issue of 1,000 additional shares in June 2008 as described in note 22.

	2008	2007
	DKK million	DKK million
Shareholders in Carlsberg Breweries A/S	**-1.254**	**1.834**
	1,000 shares	1,000 shares
Average number of shares	501	500
Average number of treasury shares	-	-
Average number of shares outstanding	501	500
Average dilutive effect of outstanding share options	-	-
Diluted average number of shares outstanding	**501**	**500**
	DKK	DKK
Earnings per share (EPS) of DKK 1,000	-2.505	3.668
Diluted earnings per share (EPS-D) of DKK 1,000	-2.505	3.668

Notes

11

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

	2008 DKK million	2007 DKK million
Salaries and other remuneration	309	234
Severance pay	5	1
Social security costs	2	1
Retirement benefit costs - defined contribution plans	20	16
Share-based payment	12	8
Other employee benefits	3	4
Total	**351**	**264**

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

	2008 DKK million	2007 DKK million
Sales and distribution expenses	76	63
Administrative expenses	275	201
Total	**351**	**264**

The Company had an average of 264 (2007: 227) full-time employees during the year.

Remuneration of key management personnel:

	2008 DKK million		2007 DKK million	
	Group Executive Board	Executive employees	Group Executive Board	Executive employees
Salaries and other remuneration	27	47	26	25
Retirement benefit costs	-	3	-	2
Share-based payment	3	3	6	2
Total	**30**	**53**	**32**	**29**

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

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

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

Executive employees comprise members of ExCom and Senior Vice Presidents and Vice Presidents heading Group Functions at Carlsberg’s headquarters in Copenhagen, a total of 19 persons (2007: 14 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Board of Directors of Carlsberg Breweries A/S received emoluments of DKK 0m (2007: DKK 0m).

12 Share-based payment

In 2008, a total of 300,571 (2007: 86,222) share options were granted to 36 (2007: 24) key employees. The grant date fair value of these options was a total of DKK 38m (2007 DKK 10m). The total cost of share-based payment was DKK 12m (2007: DKK 8m), which is recognised in the income statement under staff costs. Refunds etc. between Carlsberg A/S and Carlsberg Breweries A/S are recognised directly in equity and total DKK 2 million (2007: DKK 12 million). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 0 million (2007: DKK 48 million).

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

		Number							Exercise price	Fair value		
Grant year	Exercise year	1 Jan. 2008	Granted	Expired/ forfeited	Exercised	Transferred	31. Dec. 2008	For exercise 31 Dec.	Fixed	DKK per option	31 Dec. 2008	31 Dec. 2007
Executive Board												
2001	2004-2009	9.105	-	-	-	-	9.105	9.105	312,02	0,00	-	2
2002	2005-2010	9.105	-	-	-	-	9.105	9.105	261,39	4,67	-	2
2003	2006-2011	13.008	-	-	-	-	13.008	13.008	173,12	32,12	1	4
2004	2007-2012	13.008	-	-	-	-	13.008	13.008	216,65	25,69	-	4
2005	2008-2013	12.388	-	-	-	-	12.388	12.388	232,71	22,78	-	3
2006	2009-2014	12.388	-	-	-	-	12.388	-	306,89	21,02	-	3
2007	2010-2015	24.776	-	-	-	-	24.776	-	472,11	15,19	1	3
2008	2011-2016		89.552	-	-	-	89.552		383,34	32,00	3	
Total		**93.778**	**89.552**	**-**	**-**	**-**	**183.330**	**56.614**			**5**	**21**
Key management personnel												
2001	2004-2009	3.902	-	-	-4.552	-	-650	-650	312,02	0,00	-	1
2002	2005-2010	3.902	-	-	-	-	3.902	3.902	261,39	4,67	-	1
2003	2006-2011	7.216	-	-	-	-	7.216	7.216	173,12	32,12	-	3
2004	2007-2012	23.847	-	-	-	-	23.847	23.847	216,65	25,69	1	7
2005	2008-2013	34.171	-	-	-4.542	-2.787	26.842	26.842	232,71	22,78	-	8
2006	2009-2014	48.108	-	-	-619	-6.194	41.295	-	306,89	21,02	1	7
2007	2010-2015	47.778	-	-	-	-	47.778	-	472,11	15,19	-	4
2008	2011-2016		211.019	-	-	-	211.019		383,34	32,00	4	
Total		**168.924**	**211.019**	**-**	**-9.713**	**-8.981**	**361.249**	**61.157**			**6**	**31**
Retired employees												
2001	2004-2009	17.560	-	-	-	-	17.560	17.560	312,02	0,00	-	3
2002	2005-2010	18.861	-	-	-	-	18.861	18.861	261,39	4,67	-	5
2003	2006-2011	22.763	-	-	-	-	22.763	22.763	173,12	32,12	1	8
2004	2007-2012	27.966	-	-	-	-	27.966	27.966	216,65	25,69	1	8
2005	2008-2013	22.299	-	-	-	2.787	25.086	25.086	232,71	22,78	-	6
2006	2009-2014	26.635	-	-	-	6.194	32.829	-	306,89	21,02	1	6
2007	2010-2015	26.635	-	-	-	-	26.635	-	472,11	15,19	-	3
2008	2011-2016			-	-	-	-		383,34	32,00	-	
Total		**162.719**	**-**	**-**	**-**	**8.981**	**171.700**	**112.236**			**3**	**39**
Total		**425.421**	**300.571**	**0**	**-9.713**	**-**	**716.279**	**230.007**			**14**	**91**

	2008					2007				
	Executive Board	Key manage-ment personnel	Resigned	Total	Average exercise price	Executive Board	Key manage-ment personnel	Resigned	Total	Average exercise price
Share options outstanding at 1 Januar	93.778	168.924	162.719	425.421	303,10	163.091	198.398	30.475	391.964	251,64
Granted	89.552	211.019	-	300.571	383,34	49.552	36.670	-	86.222	306,89
Expired/forfeited	-	-	-	-	-	-	-3.098	-	-3.098	262,39
Exercised	-	-9.713	-	-9.713	274,61	-	-48.841	-	-48.841	274,14
Transferred	-	-8.981	8.981	-	-	-118.865	-14.205	132.244	-826	295,55
Share options outstanding at 31 December	**183.330**	**361.249**	**171.700**	**716.279**	**337,16**	**93.778**	**168.924**	**162.719**	**425.421**	**303,10**
Exercisable at 31 December	**56.614**	**61.157**	**112.236**	**230.007**	**229,99**	**44.226**	**38.868**	**87.151**	**170.245**	**231,16**

The average share price at the exercise date for share options was DKK 466 (2007: DKK 495).

At 31 December 2008 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 472.11 (2007: DKK 173.12 to DKK 472.11). The average remaining contractual life was 5.2 years (2007: 5.3 years).

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

13 Intangible assets

2008 DKK million

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

	2008 DKK million	**2007** DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	2	-
Administrative expenses	6	7
Total	**8**	**7**

2007 DKK million

	Trademarks	Other intangible assets	Prepayments	Total
Cost:				
Cost at 1 January 2007	137	18	1	156
Additions	-	4	4	8
Transfers	-	1	-1	-
Cost at 31 December 2007	**137**	**23**	**4**	**164**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2007	-	6	-	6
Amortisation	-	7	-	7
Amortisation and impairment losses at 31 December 2007	**-**	**13**	**-**	**13**
Carrying amount at 31 December 2007	**137**	**10**	**4**	**151**

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

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

The carrying amount of other intangible assets at 31 December 2008 included capitalised software costs of DKK 3m (2007: DKK 6m).

Notes

14 Impairment test

At 31 December 2008 impairment tests were performed of the carrying amount of trademarks with an indefinite useful life. Impairment tests are performed annually in the fourth quarter.

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

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

Based on the impairment tests performed, no indications of further impairment of trademarks with an indefinite useful life existed at 31 December 2008. In addition, it is Management's assessment that probable changes in the described significant parameters would not lead to the carrying amount of trademarks with an indefinite useful life exceeding the recoverable amount.

Notes

15 Property, plant and equipment

2008 DKK million

	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost:			
Cost at 1 January 2008	141	28	169
Additions	-	8	8
Disposals	-	-6	-6
Cost at 31 December 2008	**141**	**30**	**171**
Depreciation and impairment losses:			
Depreciation and impairment losses at 1 January 2008	74	21	95
Disposals	-	-2	-2
Depreciation	7	2	9
Depreciation and impairment losses at 31 December 2008	**81**	**21**	**102**
			-
Carrying amount at 31 December 2008	**60**	**9**	**69**
Carrying amount of assets pledged as security for loans	-	-	-

	2008 DKK million	**2007** DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2	1
Sales and distribution expenses	1	1
Administrative expenses	6	6
Total	**9**	**8**

2007 DKK million

	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost:			
Cost at 1 January 2007	141	26	167
Acquisition of entities	-	2	2
Cost at 31 December 2007	**141**	**28**	**169**
Depreciation and impairment losses:			
Depreciation and impairment losses at 1 January 2007	68	19	87
Depreciation	6	2	8
Depreciation and impairment losses at 31 December 2007	**74**	**21**	**95**
Carrying amount at 31 December 2007	**67**	**7**	**74**
Carrying amount of assets pledged as security for loans	-	-	-

Notes

16 Investments in subsidiaries

	2008 DKK million	2007 DKK million
Cost:		
Cost at 1 January	20.970	21.849
Acquisition of entities	52.374	-
Additions	12.688	432
Dividends paid in excess of accumulated earnings from the acquisition date	-	-1.309
Adjustment of cost	-	-2
Transfers	-1.080	-
Disposal of entities to group companies	-50.522	-
Disposal of entities	-2.462	-
Cost at 31 December	**31.968**	**20.970**
Value adjustments:		
Value adjustments at 1 January	-4.327	-2.640
Impairment losses	-1.953	-1.687
Disposal of entities	1.774	-
Value adjustments at 31 December	**-4.506**	**-4.327**
Carrying amount at 31 December	**27.462**	**16.643**

Movements in the year comprise effect of currency exchange and displacement in unpaid purchase price.

Value adjustments 2008

Impairment losses in 2008 relate to investments in Carlsberg UK. Impairment losses related to Carlsberg UK are primarily attributable to deterioration in business conditions and amounts to DKK -1,953 million.

Disposal of entities is related to the sale of Türk Tuborg in October 2008.

The assumptions used for the impairment test of the parent company's investments in subsidiaries are identical with those used for the Carlsberg Breweries Group's cash-generating units. The assumptions are stated in note 16 to the consolidated financial statements.

Value adjustments 2007:

Impairment losses in 2007 primarily relate to investments in Türk Tuborg and Carlsberg Italia. As in 2006, the impairment losses related to Türk Tuborg are primarily attributable to deterioration in business conditions related to ongoing increases in excise duties. The impairment loss in respect of the investment in Carlsberg Italia is attributable to continued difficult market conditions on a declining market, resulting in an unsatisfactory development in earnings and lower expectations of future earnings. The total impairment loss in respect of Türk Tuborg and Carlsberg Italia amounts to DKK -1,514 million. The remaining impairment losses relate to investments in Carlsberg IT, Carlsberg USA, Carlsberg Hungary and Carlsberg Accounting Service Center Poland, in total DKK -173 million. The cost of each investment subsequently amounts to DKK 0 million. Impairment losses are recognised under special items in the income statement.

Notes

17 Associates and joint ventures

	2008 DKK million	2007 DKK million
Cost:		
Cost at 1 January	2.847	2.804
Additions	580	43
Transfers	905	-
Disposals	-125	-
Cost at 31 December	**4.207**	**2.847**
Carrying amount at 31 December	**4.207**	**2.847**

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

Notes

18 Securities

	2008 DKK million	2007 DKK million
Securities are classified in the balance sheet as follows:		
Non-current assets	11	18
Total	**11**	**18**
Types of security:		
Unlisted shares	11	18
Total	**11**	**18**

Securities classified as current assets are those expected to be sold within one year of the balance sheet date.

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

No shares in unlisted entities were disposed of during 2007 and 2008.

Notes

19 Receivables

	2008 DKK million	2007 DKK million
Receivables are included in the balance sheet as follows:		
Trade receivables	853	472
Other receivables	57.864	9.059
Total current receivables	**58.717**	**9.531**
Non-current receivables	8.087	8.980
Total	**66.804**	**18.511**

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

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

	2008 DKK million	2007 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	207	176
Receivables from group companies	646	296
Loans to group companies	63.460	17.508
Fair value of hedging instruments	887	165
Other receivables	1.604	366
Total	**66.804**	**18.511**

Receivables from the sale of goods and services fall due as follows:	**2008**	**2007**
	DKK million	DKK million
Not fallen due or written down	173	146
Falling due in less than 30 days	10	22
Falling due between 30 and 90 days	-11	-1
Falling due more than 90 days	35	9
Carrying amount at 31 December	**207**	**176**

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

Write-downs are specified as follows:	**2008**	**2007**
	DKK million	DKK million
Write-downs at 1 January	-2	-2
Write-downs for the year	-5	-
Realised bad debt losses	1	-
Reversed write-downs	-	-
Write-downs at 31 December	**-6**	**-2**

	2008 %	2007 %
Average effective interest rates:		
Loan to group companies	6,2	5,6

Prepayments

In 2007, costs of DKK 72m related to the offer for Scottish & Newcastle plc were included in prepayments.

Notes

20 Deferred tax assets and deferred tax liabilities

	2008 DKK million	2007 DKK million
Deferred tax at 1 January, net	257	384
Joint taxation contribution	-35	-35
Adjustments to previous years	-	11
Recognised in equity	307	-11
Recognised in income statement	-44	-56
Change in tax rate	-	-36
Deferred tax at 31 December, net	**485**	**257**

Specification of deferred tax assets and liabilities at 31 December:

	2008 DKK million	2007 DKK million	2008 DKK million	2007 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	6	10	41	36
Property, plant and equipment	2	2	10	11
Current assets	2	-	-	-
Provisions and retirement benefit obligations	31	11	-	-
Fair value adjustments	-	-	-	-1
Tax losses etc.	565	280	70	-
Total before set-off	**606**	**303**	**121**	**46**
Set-off	-121	-46	-121	-46
Deferred tax assets and liabilities at 31 December	**485**	**257**	**-**	**-**
Expected to be used as follows:				
Within 12 months of balance sheet date	350	175	-	-
More than 12 months after balance sheet date	135	82	-	-
Total	**485**	**257**	**-**	**-**

Of the total deferred tax assets recognised, DKK 565m (2007: DKK 246m) 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 136m (2007: DKK 0m) were not recognised. These relate to tax losses on exchange rates affect of the Dansih tax rules for interest ceiling. Tax loss must be utilised within 3 years other wise it will expire.

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2007: DKK 0m).

Notes

21 Cash and cash equivalents

	2008 DKK million	2007 DKK million
Cash at bank and in hand	573	191
Total	**573**	**191**

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

	2008 DKK million	2007 DKK million
Cash and cash equivalents	573	191
Bank overdrafts	-188	-201
Cash and cash equivalents, net	**385**	**-10**

Notes

22 Share capital

In June 2008 Carlsberg A/S carried out a capital increase by converting a loan amounting to DKK 24,000m to new shares in Carlsberg Breweries A/S. The share capital was increased from DKK 500m to DKK 501m.

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

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

Provisions governing alterations to the Articles of Association. In order to pass a resolution to alter the Articles of Association or dissolve the Company which is not proposed or endorsed by the Board of Directors, it is required, that at least two thirds of the possible number of votes representing the total share capital shall be represented at the general meeting and the resolution shall be passed by two thirds of both the total number of votes cast and of the voting share capital represented at the general meeting.

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

23 Borrowings

	2008 DKK million	2007 DKK million
Non-current borrowings:		
Bank borrowings	29.138	6.117
Borrowings from Group companies	5.226	5.722
Total	**34.364**	**11.839**
Current borrowings:		
Bank borrowings	188	201
Borrowings from parent	6.530	-
Borrowings from Group companies	12.664	3.667
Total	**19.382**	**3.868**
Total non-current and current borrowings	**53.746**	**15.707**
Fair value	53.746	15.852

All borrowings are measured at amortised cost.

Time to maturity for non-current borrowings

2008, DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Bank borrowings	10.113	254	18.771	-	-	29.138
Borrowings from subsidiaries	-	2.964	-	2.262	-	5.226
Total	**10.113**	**3.218**	**18.771**	**2.262**	**-**	**34.364**

2007, DKK million

	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Bank borrowings	393	5.457	-	267	-	6.117
Borrowings from Group companies	-	-	2.964	-	2.758	5.722
Total	**393**	**5.457**	**2.964**	**267**	**2.758**	**11.839**

Interest rate risk at 31 December

2008

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Bank borrowings:					
Floating rate	Floating	-	-	8.082	Cash flow
Fixed rate [1]	Fixed	-	-	21.244	Fair value
Total bank borrowings				**29.326**	

[1] The main part of the long term bank borrowing is originally floating but have been swapped to an average fixed interest of 5,03% including margin.

DKK million	Net debt *	Interest rate** Floating	Interest rate** Fixed	Interest rate** Floating %	Interest rate** Fixed %
EUR	33.092	10.740	22.352	32%	68%
DKK	3.649	685	2.964	19%	81%
PLN	2.212	2.212	-	100%	0%
USD	1.579	1.579	-	100%	0%
CHF	2.630	2.630	-	100%	0%
RUB	7.241	7.241	-	100%	0%
Other	2.770	1.243	1.527	-	-
Total	53.173	26.330	26.843	50%	50%

* After swaps and currency derivatives

** Before currency derivatives

Notes

23 Borrowings

Interest rate risk at 31 December:

2007

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Bank borrowings:					
Floating rate	Floating	N/A	N/A	6.948	Cash flows
Fixed rate	Fixed	N/A	N/A	5.283	Fair value
Total bank borrowings				**12.231**	

		Interest rate**			
DKK Mio.	Net debt *	Floating	Fixed	Floating %	Fixed %
EUR	10.760	6.529	4.231	61%	39%
DKK	2.362	-711	3.073	-30%	130%
PLN	2.506	2.496	10	100%	0%
USD	1.499	1.253	246	84%	16%
CHF	2.228	881	1.347	40%	60%
RUB	1.102	1.102	-	100%	0%
Other	548	-4.022	4.570	-	-
Total	21.005	7.528	13.477	36%	64%

* After swaps and currency derivatives

** Before currency derivatives

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	2.091	539	2.630	2.091	-	-	-	-	-
DKK	10.024	-6.344	3.680	7.060	-	2.964	-	-	-
EUR	30.569	2.813	33.382	8.217	11.176	-	-	7.451	3.725
GBP	1.530	-1.377	153	3	-	-	-	1.527	-
NOK	76	865	941	76	-	-	-	-	-
PLN	53	2.159	2.212	53	-	-	-	-	-
RUB	1	-	1	1	-	-	-	-	-
SEK	7.548	-249	7.299	7.548	-	-	-	-	-
USD	1.394	192	1.586	1.394	-	-	-	-	-
Other	460	1.403	1.862	460	-	-	-	-	-
Total	**53.746**	**-**	**53.746**	**26.903**	**11.176**	**2.964**	**-**	**8.978**	**3.725**

See also note 28 Financial risks.

2007

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	2008	2009	2010	2011	2012	2013-
CHF	1.805	495	2.300	458	1.347	-	-	-	-
DKK	3.944	-2.747	1.197	980	-	-	2.964	-	-
EUR	4.910	706	5.616	436	-	3.728	-	-	746
GBP	2.081	-2.157	-76	69	-	-	-	-	2.012
NOK	203	815	1.018	203	-	-	-	-	-
PLN	7	1.838	1.845	7	-	-	-	-	-
SEK	1.274	79	1.353	1.274	-	-	-	-	-
USD	1.352	142	1.494	1.352	-	-	-	-	-
Other	131	829	960	131	-	-	-	-	-
Total	**15.707**	**-**	**15.707**	**4.910**	**1.347**	**3.728**	**2.964**	**-**	**2.758**

Note

24 Provisions

Provisions totalling DKK 148m relate primarily to ongoing disputes, lawsuits etc.

DKK million	Other	Total
Provisions at 1 January 2008	1	1
Additional provisions recognised	147	-
Provisions at 31 December 2008	**148**	**1**
Provisions are recognised in the balance sheet as follows:		
Non-current provisions	148	1
Total	**148**	**1**

Notes

25 Other liabilities etc.

	2008 DKK million	2007 DKK million
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	2	-
Current liabilities	2.950	580
Total	**2.952**	**580**
Other liabilities by origin:		
Staff costs payable	61	47
Accrued royalty expense	75	-
Interest payable	916	219
Fair value of hedging instruments	1.791	269
Deferred income	33	-
Other	76	45
Total	**2.952**	**580**

Notes

26 Cash flows

	2008 DKK million	2007 DKK million
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-89	3
Share-based payment	12	8
Other non-cash adjustments	37	-
Total	**-40**	**11**
Change in working capital:		
Receivables	-322	-185
Trade payables and other liabilities	186	-4
Total	**-136**	**-189**
Shareholders in Carlsberg Breweries A/S:		
Increase of share capital	24.000	-
Dividends to shareholders	-800	-445
Total	**23.200**	**-445**
External financing:		
Proceeds from borrowings	22.862	3.321
Loans to group companies	-	-3.711
Borrowings from group companies	15.327	-
Other financing liabilities	2	-
Current borrowings, net	-	-4
Total	**38.191**	**-394**

Noter

27 Specification of net interest-bearing debt

	2008 Mio. kr.	2007 mio. kr.
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	34.364	11.839
Current borrowings	19.382	3.868
Gross interest-bearing debt	**53.746**	**15.707**
Cash and cash equivalents	-573	-191
Loans to group companies	-63.460	-17.508
Net interest-bearing debt	**-10.287**	**-1.992**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	-1.992	2.002
Cash flow from operating activities	1.016	132
Cash flow from investing activities, excl. Acquisition of entities, net	59.184	-1.093
Cash flow from acquisition of entities, net	791	-
Dividends to shareholders	800	445
Change in interest-bearing lending	-45.964	-3.162
Proceeds from capital increase	-24.000	-
Effect of currenct translation	-86	-281
Other	-36	-35
Total change	**-8.295**	**-3.994**
Net interest-bearing debt at 31 December	**-10.287**	**-1.992**

28 Financial risks

Carlsberg Breweries A/S main activity is to own a number of subsidiaries and funding the capital required for both net investment and loans to subsidiaries. As a consequence, Carlsberg Breweries A/S is exposed to foreign exchange risk from its borrowing in foreign currency and financial instruments to hedge net investments in foreign currency, and interest rate risk from its debt and interest rate derivatives.

Interest rate risk. Carlsberg Breweries A/S performs the role of internal bank in the Carlsberg Breweries Group. Part of this role is to implement Carlsberg interest rate risk target, which is to have a duration of 1 to 5 years. This duration is measured on the net debt in the Carlsberg Group.

The Company's loan portfolio consists of bilateral loan agreements, syndicated credit facilities and loans from the shareholder and subsidiaries. At 31 December 2008 gross debt (non-current and current borrowings) amounted to DKK 53,746m (2007: DKK 15,707m). After deducting cash and cash equivalents, net debt is DKK 53,173m (2007: 15,346m), an increase of DKK 37,827m.

Interest rate risks are mainly managed using interest rate swaps and to a smaller degree loans with fixed interest rate from subsidiaries.

A breakdown of the Carlsberg Breweries A/S gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 23.

At year-end 50% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2007: 65%). Carlsberg Breweries A/S engages in on-lending to subsidiaries. At 31. december 2008 Carlsberg Breweries A/S had lend DKK 63,460m to subsidiaries (2007: DKK 17,508m).

	Net debt before swaps						Next repricing
DKK million		2009	2010	2011	2012	2013	2014-
CHF	2.091	2.091	-	-	-	-	-
DKK	16.523	12.559	-	2.964	-	-	-
EUR	30.279	7.927	11.176	-	-	7.451	3.725
GBP	1.442	-85	-	-	-	1.527	-
NOK	-9	-9	-	-	-	-	-
PLN	53	53	-	-	-	-	-
SEK	7.490	7.490	-	-	-	-	-
USD	1.387	1.387	-	-	-	-	-
Other	-6.083	-6.083	-	-	-	-	-
I alt	53.173	25.330	11.176	2.964	-	8.978	3.725

Credit risk. Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the Carlsberg Group. Group policy is that financial transactions may be entered into only with financial institutions with a high credit rating.

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

Liquidity risk. Liquidity risk is the risk of the Carlsberg Breweries Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for the management of funding and liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources.

Carlsberg Breweries A/S is the main funding vehicle in the Carlsberg Breweries Group. Accordingly, reference to the note on financial risk in Carlsberg Breweries Group with regards to liquidity risk is made.

Capital structure and management. Management's strategy and overall goal is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and balance sheet ratios. In 2006 the Carlsberg Breweries Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. This rating was confirmed following the acquisition of S&N.

29 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods. Both external valuation reports and internally calculated fair values based on discountuing of cash flows are used. Where internally calculated fair values are applied, these are tested against external market valuations on a quarterly basis.

Carlsberg Breweries A/S uses two forms of financial hedging:

Financial derivatives not designated as hedging instruments (economic hedges)

Changes in the fair value of financial instruments not designated as hedging instruments are recognised in the income statement. These are mainly non-designated instruments to hedge financial risks relating to borrowings. It is primarily the exchange rate risk on borrowing, and secondarily the interest rate risk.The fair value at the balance date of these instruments are DKK -34m (2007: DKK -93m).

	2008		2007	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	2	-	3	5
Exchange rate instruments	488	34	-143	-105
Ineffective portion of hedge*	-	-	-	-
Total	490	34	-140	-100

* This is the ineffective portion of an aluminium hedge - the fair value adjustment is reclassified from a cash flow hedge relationsship.

Cash flow hedge

Cash flow hedges are primarily used on interest rate swap where the hedged item is the underlying (floating rate) borrowing, and on currency derivatives where the underlying is acquisitions. Cash flow hedges are also used on aluminium hedges (where the hedged item is aluminium cans used in a number of Group entities in Western Europe).

During 2008 Carlsberg hedged the acquisition of S&N in GBP using both FX forwards and options, and used FX forwards in hedging the purchase of shares in Habeco in Vietnam. The former resulted in losses as GBP depreciated from inception and untill closing. The loss is recognized in equity and will remain in the cash flow hedge reserve as long as the acquired entities recognized. Interest rate swaps have been applied to parts of the increase in net debt resulting from the S&N acquisition to maintain a balance between fixed and floating interest rates. Together with the pre-acquisition interest rate swaps the details are presented in the table below. The sharp decline in interest rates in Q4 of 2008 have lead to losses on the interest rate instruments - these losses will be recognized in earnings 2009-2015. The losses on other instruments are aluminium hedges to cover (parts of) the risk to can prices. Aluminium prices have fallen in the second half-year of 2008.

Main financial instruments - overview

Instrument	Maturity	Purpose
CHF 300m interest rate swap	2009	Swap of borrowing with 1 month CHF Libor to fixed
EUR 500m interest rate swap	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2010	Swap of borrowing with 1 month EURIBOR to fixed
EUR 1,000m interest rate swap[1]	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap[1]	2015	Swap of borrowing with 1 month EURIBOR to fixed

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

Cash flow hedge

	2008			2007		
DKK million	Fair value adjustment recognised in equity	Fair value	Expected recognition	Fair value adjustment recognised in equity	Fair value	Expected recognition
Interest rate instruments	-904	-970	2009-2015	44	-14	2008-2011
Exchange rate instruments	-794	33	-	3	3	-
Total	-1.698	-937		47	-11	

29 Financial instruments

Financial liabilities

DKK million	2008 Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Derivative financial instruments	781	769	241	1.791
Financial debt	19.382	34.364	-	53.746
Trade payables and other liabilities	1.502	-	-	1.502
Total	21.665	35.133	241	57.039

Other liabilities include accrued interest, liabilities related to the acquisition of entities and deposits on returnable packaging.

All figures are book value figures. The fair value of the derivative financial instruments are the discounted values. If the fair value of derivative financial instruments were recalculated to be un-discounted they would be aproximately 75-100m DKK higher (2007:DKK 0m higher).The maturity analysis is based on the contractual maturity on the principal amount of non-derivative financial instruments. Derivative financial instruments have been presented gross. The notional on financial debt is DKK 179m higher (2007: DKK 0m) than the book value. The difference between the two figures are cost that have been activated and are being amortized overe the duration of the borrowings.

DKK million	2007 Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Total
Derivative financial instruments, net	247	22	-	269
Financial debt	3.868	9.081	2.758	15.707
Trade payables and other liabilities	731	-	-	731
Total	4.846	9.103	2.758	16.707

Notes

30 Related party disclosures

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, DK-1760 Copenhagen V, Denmark, holds all of the shares in Carlsberg Breweries A/S. Carlsberg Breweries A/S has paid a dividend of DKK 800m to Carlsberg A/S (2007: DKK 445m). Carlsberg A/S has in 2008 made a cash capital increase of DKK 24,000m (2007: DKK 0m).

The income statement and balance sheet include the following transactions with Carlsberg A/S:

	2008 DKK million	2007 DKK million
Other operating income	12	16
Administration cost	-	-
Financial income	13	9
Financial expense	-249	-1
Loans	-	1.658
Receivables from the sale of goods and services	18	1
Borrowings	6.577	-
Trade payables	125	68

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

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 11.

Associates
Dividends of DKK 96m (2007: DKK 142m) were received from associates.

The income statement and balance sheet include the following transactions with associates:

	2008 DKK million	2007 DKK million
Revenue	29	111
Financial income	-	1
Financial expense	-	-2
Borrowings	-	-746
Receivables from the sale of goods and services	9	34
Trade payables	-	6

Subsidiaries
Dividends of DKK 1,435m (2007: DKK 3,470m) were received from subsidiaries.

The income statement and balance sheet include the following transactions with subsidiaries:

	2008 DKK million	2007 DKK million
Revenue	622	395
Costs	-701	-610
Other operating income	198	331
Sales and distribution expense	59	-13
Administration cost	-83	-276
Interest income	2.488	524
Interest expenses	-717	-686
Loans	63.460	15.850
Borrowings	17.889	8.643
Receivables	2.402	572
Trade payables and other liabilities etc.	858	357

Notes

31 Contingent liabilities and other commitments

Carlsberg Breweries A/S has issued guarantees for loans etc. raised by subsidiaries and associates (non-consolidated share of loan) of DKK 4,581m (2007: DKK 5,914m).

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

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

The Carlsberg Breweries A/S is party to certain lawsuits, disputes etc. of various sizes. In management's opinion, apart from as recognised in the balance sheet or disclosed in the Annual Report, the outcome of these lawsuits, disputes etc. will not have a material negative effect on the Company's financial position.

Certain guarantees etc. are issued in connection with disposal of entities and activities etc. Apart from as recognised in the balance sheet or disclosed in the Annual Report, these guarantees etc. will not have a material effect on the company's financial position.

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

Capital commitments

	2008	**2007**
	DKK million	DKK million
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Property, plant and equipment	-	5
Total	**-**	**5**

32 Events after the balance sheet date

Apart from the events recognised or disclosed in the Annual Report, no events have

Note 33 Accounting policies

The 2008 Annual Report of Carlsberg Breweries A/S has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

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

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

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

Income statement

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

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

Balance sheet

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

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