Carlsberg Breweries A/S

CVR No. 25 50 83 43

Annual Report for 2010

(11th financial year)

Contents

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

MANAGEMENT REVIEW

FIVE-YEAR SUMMARY – CARLSBERG BREWERIES GROUP

Five-year summary

DKK million		2006	2007	2008	2009	2010
Total sales volumes (million hl)						
Beer		100,7	115,2	126,8	137,0	136,5
Other beverages		20,2	20,8	22,3	22,2	22,5
Pro rata volumes (million hl)						
Beer		72,6	82,0	109,3	116,0	114,2
Other beverages		17,5	17,8	19,8	19,8	19,3
Income statement						
Net revenue		41.083	44.750	59.944	59.382	60.054
Operating profit before special items		3.997	5.001	7.604	9.460	10.246
Special items, net		-160	-427	-1.641	-262	-249
Financial items, net		-728	-971	-3.455	-2.980	-2.137
Profit before tax		3.109	3.603	2.508	6.218	7.860
Corporation tax		-920	-1.190	383	-1.561	-1.847
Consolidated profit		2.189	2.413	2.891	4.657	6.013
Attributable to:						
Non-controlling interests		282	294	572	565	609
Shareholders in Carlsberg Breweries A/S		1.907	2.119	2.319	4.092	5.404
Statement of financial position						
Total assets		45.834	49.830	129.668	121.886	132.129
Invested capital		31.297	32.954	106.740	97.354	104.855
Interest-bearing debt, net		14.800	14.937	45.771	36.122	32.847
Equity, shareholders in Carlsberg Breweries A/S		10.956	11.723	41.367	42.613	52.544
Statement of cash flows						
Cash flow from operating activities		4.872	5.102	8.037	13.420	11.225
Cash flow from investing activities		232	-4.955	-57.427	-2.409	-6.242
Free cash flow		5.104	147	-49.390	11.011	4.983
Financial ratios						
Operating margin	%	9,7	11,2	12,7	15,9	17,1
Return on average invested capital (ROIC)	%	12,3	15,2	8,9	9,3	9,8
Equity ratio	%	23,9	23,5	31,9	35,0	39,8
Debt/equity (financial gearing)	x	1,20	1,15	0,97	0,76	0,57
Interest cover	x	5,48	5,15	2,20	3,17	4,80
Stock market ratios*						
Basic earnings per share (EPS)	DKK	3.814	4.238	4.629	8.168	10.786
Cash flow from operating activities per share (CFPS)	DKK	9.744	10.204	16.042	26.786	22.405
Free cash flow per share (FCFPS)	DKK	10.208	294	-98.583	21.978	9.946
Dividend per share (proposed)	DKK	890	2.600	-	-	-
Pay-out ratio	%	23	61	-	-	-
Employees						
Full-time employees (average)		31.537	33.276	45.364	43.137	41.278

* Stock market ratios for 2006-2008 are adjusted for bonus factor from rights issue in June 2008 in accordance with IAS 33. Number of shares (period-end) is not adjusted.
Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, Recommandations and Financial Ratios 2010". Comparative figures have been restated.

ACTIVITIES OF THE GROUP

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

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

BUSINESS DEVELOPMENT

As the year progressed, the Group started to see improving trends in all regions compared to the very challenging 2009, when most markets were impacted by the economic crisis. While Northern & Western European beer markets remained challenging with an overall market decline, the trend in 2010 improved versus the weaker 2009 market development. The Russian market dynamics were more difficult to forecast than usual due to the substantial price increases needed to cover the large excise duty increase of 200% on 1 January 2010. Driven by an improved macroeconomic environment, a warm summer in Q3 and the phased implementation of price increases, the Russian market trend improved throughout the year. The other Eastern European markets improved significantly compared to 2009. The Asian beer markets, which were largely unaffected by the economic crisis in 2009, continued their very strong growth pattern.

Organic beer volumes declined by 2%. Including acquisitions, net, the decline was 1% to 114.2m hl (116.0m hl in 2009). Adjusting for the Russian destocking impact, the Group's organic beer volume growth would have been 1%.

Northern & Western European organic beer volume development was flat despite an estimated market decline of 2-3%. Beer volumes in Eastern Europe declined organically by 9% (-3% excluding destocking), mainly driven by the destocking in Q1 and the significant price increases in Russia following the excise duty increase in January. The Asian region continued to perform strongly with 14% organic beer volume growth.

Pro rata Group volumes of other beverages were 19.3m hl (19.8m hl in 2009). The decline was mainly driven by the strikes in Denmark and Finland in Q2 and portfolio optimisations in a few markets.

The Group increased marketing investments by double-digit percentages in all three regions in 2010 to drive profitable market share growth. This was effected through support of our key brands, new products and innovations including major customer and consumer activations. Innovations, new product launches and relaunches of existing brands will remain a key focus area for the Group in 2011.

The introductions and relaunches were carried out across all three regions and were a combination of innovations, relaunches of existing brands and the roll-out of Group brands in new markets. Examples include new products under the Baltika umbrella in Russia, Zatecky Gus Dark in Russia, Tuborg Lime Cut in the Nordic markets, Kronenbourg Sélection in France, relaunches and line extensions in several Asian markets such as Vietnam, China and Cambodia, and the roll-out of Kronenbourg 1664, Somersby and Eve in new markets across the three regions.

Despite a challenging year in Russia, Group net revenue grew by 1% to DKK 60,054m (DKK 59,382m in 2009) with a 3% organic decline (total volume -2% and -1% price/mix), currency impact 5% and -1% net acquisition impact.

To ensure that volume and value market share growth are maximised across channels and customers, the Group continued to apply and develop our value management and channel marketing tools.

In 2010, the Group benefited from favourable hedges, lower input costs and efficiency initiatives. Cost of sales per hl declined with large variations between markets and regions. Hence, gross profit margin increased by 260bp to 51.7%. The organic gross profit growth was 1%. Gross profit per hl increased in all regions with particularly strong improvement in Asia.

Group operating profit grew by 8.3% to DKK 10,246m (DKK 9,460m in 2009). Organic growth was flat, currency impact was 8% and there was no net effect from acquisitions.

Although the Group is focusing intensively on driving profitable market share growth, this was balanced with the strong focus on improving efficiencies across the Group. This is a continuous process and an integrated part of the Carlsberg strategy and business model.

Operating margin improved by 120bp to 17.1% (15.9% in 2009). The Group is well on track to meet the medium term margin targets for both the Group and our three regions, although margins will fluctuate between years depending on both external and internal factors such as input costs, price increases and country mix.

Net profit was DKK 6.0bn (DKK 4.7bn in 2009), a 28% increase.

Operating cash flow was DKK 11.2bn, compared to the exceptionally strong operating cash flow of DKK 13.4bn in 2009. The 2009 operating cash flow benefited significantly from a substantial working capital improvement. In 2010 the Group managed to further reduce working capital, both as an average throughout the year and at the end of the financial year. This was a result of the ongoing efforts to optimise working capital management. For 2010 and onwards the Group has shifted focus from the end-of-year working capital level to the average level for the year. The positive impact from reduced working capital was DKK 0.8bn (DKK 3.3bn in 2009). Average trade working capital to net revenue declined to 2.6% (5.6% in 2009).

Free cash flow was DKK 5.0bn (DKK 11.0 bn in 2009). In 2010, a significantly higher level of cash was spent on acquisitions, and total financial investments in 2010 amounted to DKK 2.7bn (DKK 0 bn in 2009). The acquisitions were primarily in Asia, where the Group increased its holdings in companies where it already had ownership.

Driven by the improved profitability, the return on average invested capital in the beverage activities grew to 9.8% (9.3% in 2009), which is the highest level since the Scottish & Newcastle acquisition. Northern & Western Europe reported particularly strong improvement from 13.6% to 17.2%. For both Northern & Western Europe and Eastern Europe, capital expenditures were kept below depreciation, while the opposite was the case in Asia due to capacity expansions.

Deleveraging has been a high priority in recent years and in 2010 net debt was further reduced. At the end of 2010, net debt amounted to DKK 32.8bn (DKK 36.1bn at the end of 2009). Net debt/EBITDA declined to 2.4x (2.7x at the end of 2009). The Group is committed to an investment grade credit quality.

In October 2010 the Group established a new 5-year multi-currency revolving credit facility of EUR 1.75bn and issued 7-year EUR notes of EUR 1bn with attractive prices and conditions. The new facilities were mainly used to refinance the Scottish & Newcastle acquisition facilities. Following the refinancing, the Group has extended the maturity profile of its debt and achieved more balanced funding sources.

During 2010, several structural changes took place. Most of these changes were in the Asian region. In January, the Group received the final approvals to increase its direct and indirect shareholding in the Wusu Xinjiang Beer Group in China's Xinjiang Province to 65%. In November, the Group increased the shareholding in Gorkha Brewery in Nepal to 90%, including put options. In December, the Group obtained the final approvals to increase the shareholding in the Chinese Chongqing Brewery Co. Ltd. from 17.46% to 29.71%. Lastly, the Group increased the shareholding in Olivaria Brewery in Belarus from 37% to 68%.

Organisationally, several tools continued to be developed and rolled out to drive capability building, improved processes and decision-making.

FINANCIAL REVIEW

Income statement
The Group generated total net revenue of DKK 60,054m (DKK 59,382m in 2009), an increase of 1% compared to 2009. Gross profit was DKK 31,072m (DKK 29,185m in 2009) and gross profit margin was 51.7% (2009: 49.1%).

Sales and distribution expenses were DKK -17,158m, up DKK 1,169m compared to 2009, primarily due to higher marketing costs. Administrative expenses amounted to DKK -4,043m (DKK -3,865m in 2009). Other operating income, net, was DKK 234m (DKK 25m in 2009). The increase was mainly due to real estate gains and the disposal of a brand in the French business. The Group's share of the net profit of associates was DKK 141m against DKK 104m in 2009.

Operating profit before special items was DKK 10,246m against DKK 9,460m in 2009.

Net special items include costs in connection with the restructuring measures implemented across the Group and amounted to DKK -249m against DKK -262m in 2009. Special items were positively affected by a fair value non-cash revaluation of previously owned shareholdings in connection with step acquisitions, including Wusu Xinjiang Beer Group and Gorkha Brewery in Nepal, cf. note 7 to the consolidated financial statements, related to a new acquisition accounting regulation. A DKK -300m non-cash cost related to impairment of Eastern European brands, including the Slavutich brand in Ukraine, has been recognised.

Net financial items amounted to DKK -2,137m against DKK -2,980m in 2009. Net interest costs accounted for DKK -1,913m, compared with DKK -2,160m in 2009, reflecting the lower net debt following the continued deleveraging in 2010. Other net financial items were DKK -224m (DKK -820m in 2009). The positive development is due to significantly lower foreign currency borrowings in Eastern Europe, last year's significant losses on foreign debt denominated in foreign currency, primarily in Eastern Europe, and the fact that in 2009 there were write-downs on financial assets, which was not the case in 2010.

Tax totalled DKK -1,847m against DKK -1,561m in 2009. Excluding the non-cash, non-taxable income under special items of DKK 598m this equals a tax rate of 25%.

Consolidated profit was DKK 6,013m against DKK 4,657m in 2009.

Statement of financial position
At 31 December 2010, the Group had total assets of DKK 132.1bn (DKK 121.9bn at 31 December 2009). The increase of DKK 10.2bn primarily relates to currency adjustments.

Assets
Intangible assets totalled DKK 76.6bn against DKK 70.4bn at 31 December 2009. The increase is mainly related to currency impact and the acquisition of additional shares in Wusu Xinjiang Beer Group and Gorkha Brewery Pvt Ltd. Property, plant and equipment were DKK 31.2bn (DKK 30.3bn at 31 December 2009). Financial assets amounted to DKK 8.0bn (DKK 5.7bn at 31 December 2009). The increase is primarily due to the increased shareholding in Chongqing Brewery Co. Ltd. Current assets totalled DKK 16.0bn against DKK 15.3bn at 31 December 2009.

Liabilities
Total equity was DKK 57.9bn, of which DKK 52.5bn can be attributed to shareholders in Carlsberg Breweries A/S and DKK 5.4bn to non-controlling interests. The increase in equity compared to 31 December 2009 was DKK 10.7bn, mainly due to currency adjustments of approximately DKK 6.0bn, profit for the period of DKK 6.0bn, payment of dividends to shareholders of DKK -0.7bn, value adjustments of hedging instruments of DKK -0.8bn, and acquisition of entities of DKK 0.4bn. Total liabilities were DKK 74.2bn (DKK 74.6bn at 31 December 2009). Non-current liabilities decreased by DKK 2.6bn compared with 31 December 2009, while current liabilities excluding the current portion of borrowings were DKK 23.0bn, up DKK 1.8bn compared to 31 December 2009.

Statement of cash flows
Operating profit before depreciation and amortisation was DKK 14,212m, an increase of DKK 989m compared to 2009. The change in working capital was DKK 797m (DKK 3,289m in 2009). The positive impact was driven in particular by higher trade payables and lower trade receivables which were partly offset by higher inventories. Cash flow from operating activities in 2010 was DKK 11,225m against DKK 13,420m for the same period of 2009. The reduction was as expected due to the smaller positive impact from change in working capital in 2010 compared to 2009. Paid net interest etc. amounted to DKK -2,069m against DKK -1,554m for the same period of 2009. The development was in line with expectations as 2009 was positively impacted by accrued interests and settlement of financial instruments. Free cash flow was DKK 4,983m against DKK 11,011m for 2009. Cash flow from investing activities was DKK -6,242m against DKK -2,409m in 2009. Operational capital expenditure was DKK 714m higher than in 2009, impacted by capacity expansion at the Northampton brewery in the UK and capacity expansion projects in Asia. Financial investments were higher by DKK 3,119m compared to 2009, primarily due to the acquisition of shares in Wusu Xinjiang Beer Group and Chongqing Brewery Co. Ltd.

Financing
At 31 December 2010, the gross interest-bearing debt amounted to DKK 37,2bn and net interest-bearing debt amounted to DKK 32,8bn. The difference of DKK 4.4bn is other interest-bearing assets, including DKK 2.7bn in cash and cash equivalents. Of the gross interest-bearing debt, 85% (DKK 31.8bn) is long term, i.e. with maturity more than one year from 31 December 2010, and consists primarily of facilities in EUR. In October, the Group established a new 5-year multicurrency revolving credit facility of EUR 1.75bn and issued 7-year EUR notes of EUR 1bn with attractive prices and conditions. The new facilities were mainly used for refinancing of the Scottish & Newcastle acquisition facilities. Following the refinancing, the maturity profile of the debt has been extended and funding sources have become more balanced.

INCENTIVE PROGRAMMES

In 2010 a total of 134,950 share options were granted to members of the Executive Board and other management personnel in the Carlsberg Breweries Group, of which the Executive Board received 30,000 share options.

In addition, a total of 140,061 share options have been granted to other senior executives and management personnel as part of a new long-term incentive programme. The number of options in this programme will change over the next two years, depending on the terms in the incentive programme and developments in the price of Carlsberg's B share.

The share options, in total 275,011, were granted to a total of 153 key employees at an average exercise price of DKK 488.92 (2009: 453.536 (adjusted) share options to 215 employees at an average price of DKK 314.39 (adjusted)).

In 2011, a total of approximately 60,000 share options will be granted to the Executive Board. The exercise price will be calculated as the average of the share price on the first five trading days after publication of the Company Announcement for Carlsberg A/S published the 21 February 2011. In addition, members of the long-term incentive programme will be granted share options based on performance, programme terms and developments in the price of Carlsberg's B share.

RISK MANAGEMENT

The Group considers effective risk management an integral part of its business operations as it reduces uncertainty, helps the Group achieve its strategic ambition and facilitates value creation for all stakeholders. The Group’s risk management involves the identification, assessment and economic management of risks that might prevent the Group from achieving its strategic ambition. The risk management policy sets out the requirements for implementing a risk management process in the Group.

Risk management framework

Carlsberg Breweries A/S' risk management framework is a systematic process of risk identification, analysis and evaluation providing a comprehensive overview of strategic risks and enabling the Group to mitigate and monitor the most significant risks. The risk management framework is based at the strategic level to ensure that the risks related to carrying out the Group's strategy – both short term and long term – are identified and that relevant preventive actions are taken. The risk management framework is a top-down approach and covers all major entities across regions, markets and functions.

Risk management governance structure

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

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

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

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

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

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

Risk assessment 2011

In September 2010, ExCom carried out the annual risk management workshop to evaluate the adequacy of the existing heat map. The review resulted in a revision of the identified high risks, and a revised set of high risks for 2011 were defined. Local risk management workshops and heat mapping were also carried out during the third quarter of 2010. The correlation between the high risks identified at Group level and at local level was significant, which indicates that the strategy and associated risks at local and regional level are aligned with the overall Group strategy.

The Group's Executive Committee has identified four strategic high risks facing the Group in 2011. The financial risks are described in the notes to the consolidated financial statements.

BEER EXCISE DUTIES

Description
Beer is a highly taxable consumer product. The Group views beer excise duties as tax on the consumer and as a general rule any increase in beer excise duties is therefore added to the Group's sales prices.

Possible impact
Beer consumption is price-sensitive and major changes in beer excise duties may therefore significantly impact the demand for the Group's products. Decreasing demand leading to lower volumes may negatively impact net revenue and, subsequently, operating profit.

Mitigation
The Group closely monitors the risks related to increases in excise duties and acts to limit the potential impact. Carlsberg carries out thorough scenario planning based on known and anticipated increases in beer excise duties. The scenarios include evaluation of prices, price sensitivity analyses, packaging and product mix, regional and national market positions, and microeconomic factors such as changes in the supply/demand balance for various input costs. On a case-by-case basis, local markets are supported by the Group's central public affairs department. The support includes lobbying tools and guidance as well as economic impact assessments to promote informed political decisions. Carlsberg plays an active role in the local brewers' associations in operating markets. In addition, Carlsberg is active in The Brewers of Europe and supports the Worldwide Brewing Alliance to provide tools to brew and market beer freely, cost-effectively and responsibly.

LEGAL RESTRICTIONS

Description
Several of the Group's markets already operate with restrictions regarding sales, availability and advertising regulation. Increasingly, the brewing sector is facing pressure from authorities and other stakeholders to reduce alcohol consumption.

Possible impact
Viewed separately, changes in regulations may impact consumer behaviour and the impact may result in decreased demand. Decreasing demand leading to lower volumes may negatively impact the Group's net revenue and, subsequently, its operating profit.

Mitigation
Through targeted campaigns in local markets the Group works to limit the negative consequences of inappropriate consumption of beer and other alcoholic beverages and actively promotes responsible sale and consumption. In local markets, Carlsberg actively works to establish marketing self-regulation systems and CSR initiatives, including campaigns against under-age drinking, the promotion of responsible drinking messages on packaging, and campaigns against drinking and driving. Carlsberg is active in The Brewers of Europe and supports the Worldwide Brewing Alliance to provide tools to brew and market beer freely, cost-effectively and responsibly.

PRICE INCREASES

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

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

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

COMMODITY PRICE VOLATILITY

Description
Failure to purchase adequate commodities, including raw materials and packaging materials, at competitive prices.

Possible impact
Commodity price volatility introduces uncertainty as to the price of the Group's input costs and, consequently, potentially lower profitability.

Mitigation
Carlsberg's policy is to have more than one supplier of raw materials and packaging for its production units around the world in order to mitigate the risk of increasing prices. In some areas within cans, glass and plastic bottles, there is, however, a certain dependence on individual suppliers because of their market position. In order to mitigate these risks, Carlsberg has centralised its procurement organisation. Hedging of both volume and price is used actively when deemed appropriate, and this includes the management of long-term Group agreements with key suppliers and fixed-price policies. In markets where hedging is not easily obtained, Carlsberg seeks to develop cooperation with local farmers to ensure volume and quality of barley supply and reduce the exposure to spot-market price volatility.

CORPORATE SOCIAL RESPONSIBILITY

A central element of the Group's strategy is the integration of corporate social responsibility (CSR) throughout the value chain. Embedding CSR aspects and considerations in existing business processes, developing policies to ensure standards, and setting global and local targets to improve CSR performance form the cornerstone of this strategic process.

Implementing CSR activities is instrumental in addressing business challenges such as water scarcity, in creating new opportunities through, for example, energy-efficient brewing processes, in earning our licence to operate, and in growing by working with communities and partners.

During 2010, the Group continued to implement our Group-wide approach to CSR. Furthermore, three year targets and key CSR initiatives were developed to support the Group's objective of growing responsibly.

Implementing CSR policies
In 2010, a new phase was reached by introducing CSR policies across the entire organisation. The integration of the CSR policies in the day-to-day business operations has been initiated across Group companies. The focus has been on creating awareness among employees through communication and training, which has resulted in structural changes such as increased focus on health & safety on the work floor.

Carlsberg has developed a measurement scale to evaluate how far each company has progressed in implementing the policies. Using this information, necessary actions will be initiated to further align all companies with Group standards. Carlsberg's CSR policies are available online at www.carlsberggroup.com/csr.

Improving CSR reporting and management
In 2009, CSR performance data were gathered for the first time for all CSR areas (environment, health & safety, community engagement, labour & human rights, business ethics and responsible marketing). This provides us with better insight into individual company performance against the Group average and helps to

identify areas for efficiency improvement, risk mitigation, cost saving and improvement of stakeholder relationships.

In 2010, we continued improving our reporting principles and performance measurement by expanding the scope of the CSR reporting. The 2010 CSR data confirmed that Group performance improved in several CSR areas. The positive development is the result of strong local performance, as well as an increased and coordinated approach at Group level. KPMG Sustainability has provided independent assurance on key environmental indicators. The results and conclusions of this process can be found at http://www.carlsberggroup.com/csr/approach/ReportingonProgress/Pages/2010Assurance.aspx.

The independent assurance process helps to raise awareness and further embed CSR throughout the Group. The aim is to widen the scope of the assurance to cover a larger range of indicators in 2011.

GROWING RESPONSIBLY - 2013 TARGETS

CSR area	2009 performance	2010 performance	2013 targets
Water	3.7 hl/hl	3.5 hl/hl	3.2 hl/hl
CO_2	8.9 kg CO_2/hl	8.7 kg CO_2/hl	8.2 kg CO_2/hl
Energy	32.2 kWh/hl	32.3 kWh/hl	29 kWh/hl
Lost-time accidents in production per 1,000 employees	20.1	16.7	11.7(-30%)

Reducing environmental impact
The Carlsberg Group is among industry leaders when it comes to energy and water efficiency in production. The Group intends to maintain this position and has taken several initiatives to further improve efficiency within the supply chain. In 2010, the Group's water consumption improved by 5%. Upgrading of equipment and optimisation of processes through LEAN and ProdEx programmes contributed greatly to the improvements. Energy consumption and CO2 emissions remained at the 2009 levels, despite a slight decrease in production.

A continuous supply of affordable water is a key prerequisite for the Group's ambition to be the fastest growing global beer company. In 2010, the Group carried out a pilot assessment to better understand our exposure to water risks such as scarcity, poor quality and increased costs. In 2011, the Group will carry out a full risk assessment at all sites and develop a water management strategy to cover the entire value chain. The Group intends to work with external partners in addressing the issue of water scarcity.

Responsible drinking
The Group is committed to promoting responsible drinking of beer and to preventing misuse. Targeted activities focus on contexts where the risk of harmful drinking is high. While policies are developed centrally, our companies tailor and implement activities appropriate to the local culture and address critical issues with highest local relevance such as under-age drinking and drink driving.

In 2010, the Group finalised the development of a global e-learning tool to train marketing and communication managers in responsible marketing of alcoholic beverages. Roll-out of the global training programme in 2011 will further ensure compliance with local and international self-regulation marketing codes.

Online CSR report
The Carlsberg Group is a signatory to the United Nations Global Compact. The management review does not comprise a full report on CSR. Reference is made to the separate communication on progress in accordance with the UN Global Compact, which can be found at www.carlsberggroup.com/csr/approach/ReportingonProgress/Pages/2010Assurance.aspx.

The Carlsberg Group publishes a web-based CSR report on its corporate website: www.carlsberggroup.com/csr. The report includes the full scope of the 2010 performance data as well as the 2013 targets.

THE AUDIT COMMITTEE

In March 2009, the Supervisory Board of Carlsberg A/S (Parent company of Carlsberg Breweries A/S) established an Audit Committee in accordance with the Danish Act on Approved Auditors and Audit Firms. In 2010, the Audit Committee consisted of three members of the Supervisory Board in Carlsberg A/S (Jess Søderberg, Chairman, Povl Krogsgaard-Larsen and Richard Burrows). Jess Søderberg and Richard Burrows both qualify as being independent of Carlsberg A/S and both possess the relevant financial expertise. The Audit Committee is appointed for one year at a time. The Audit Committee works according to Terms of Reference, which are reviewed and approved annually by the Supervisory Board, and a detailed annual meeting plan approved by the Supervisory Board prior to the beginning of each financial year.

In 2010, the Audit Committee held five meetings. All members participated in all meetings except for one meeting at which one member was absent. In accordance with its Terms of Reference and annual meeting plan, the Audit Committee primarily a) monitors the financial reporting process, b) monitors the effectiveness of the internal control and risk management systems, c) monitors the internal audit function, and d) monitors the external audit of financial reporting and the independence of the external audit.

At each Audit Committee meeting, the Audit Committee goes through relevant issues with the external auditors and the head of Group Internal Audit, and the Committee invites other relevant function heads from the Carlsberg organisation depending on the topics being discussed at the meeting. The heads of Group Finance and Group Accounting are usually invited to participate in the Audit Committee meetings. In 2010, the Audit Committee held meetings with the external auditors and Group Internal Audit as well as with other relevant function heads without the presence of the Executive Board.

INTERNAL CONTROLS OF FINANCIAL REPORTING

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

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

The Company has a number of policies and procedures in key areas of financial reporting, including the Finance Manual, the Chart of Authority, the Risk Management Policy, the Treasury Policy, the Information Security Policy and the Business Ethics Policy. These policies and procedures apply to all subsidiaries and similar requirements are set out in collaboration with the partners of the joint ventures.

Risk assessment
The risk assessment process related to financial reporting is conducted annually based on a topdown, risk-based approach. The significant accounts in the consolidated financial statements are identified based on the assessment of quantitative and qualitative factors. The associated financial reporting risks are identified based on the evaluation of the impact of the risks materialising and the likelihood of the risks materialising. The risk assessment process related to the financial reporting process is approved by the Audit Committee on an annual basis.

Control activities
Based on the risk assessment, the Group has established minimum requirements for the conducting and documentation of IT and manual control activities to mitigate identified significant financial reporting risks. Relevant Group companies and functions establish and implement internal controls comprising relevant control activities for significant processes. The local management is responsible for ensuring that the internal

control activities are performed and documented, and is required to report the compliance quarterly to the Group's finance organisation.

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

Information and communication
The Group has established information and communication systems to ensure that accounting and internal control compliance are established, including a finance manual, a controller manual and internal control requirements. All Group companies are using a standardised financial reporting system. The Group has established a project which will standardise processes and reduce the number of financial reporting systems over the coming years.

Monitoring
The monitoring of the internal control and risk management systems related to financial reporting is performed at multiple levels in the Group, such as periodical review of control documentation, controller visits, audits performed by Group Internal Audit and monitoring by the Audit Committee. The Audit Committee's Terms of Reference outline its roles and responsibilities related to supervision and monitoring of the internal control and risk management systems related to financial reporting. The monitoring is performed on the basis of periodical reporting from the finance organisation, internal and external audit.

2011 earnings expectations
2011 will be a year in which profitable market share growth will be driven by innovations, investments in key brands combined with "The Carlsberg way of doing business" initiatives, improved route-to-market models and continued value and channel management efforts. The efforts to drive revenue and market share growth will be carefully balanced with the continuous efforts to improve operational and capital efficiencies.

The key assumptions underpinning the outlook for 2011 are:
• Low single-digit decline in Northern & Western European markets
• Russian market growth of 2-4%
• Continued growth in key markets across Asia
• Increasing cost of sales due to higher input costs
• Marketing investments as percentage of sales at slightly higher levels than in 2010

Consequently, for 2011 the Carlsberg Group expects market share growth in markets representing 2/3 of our business

The impact from increased input costs will be mitigated by higher sales prices in all regions. In Eastern Europe, the impact from increased input costs will be higher than the Group average and consequently operating profit margin in the region will be impacted negatively for 2011.

DISCLAIMER

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

Consolidated financial statements 2010

Notes to the consolidated financial statemetns

Carlsberg Breweries Group

Income statement

DKK million	Note	2010	2009
Revenue		81.295	75.676
Excise duties on beer and soft drinks etc.		-21.241	-16.294
Net revenue		**60.054**	**59.382**
Cost of sales	3	-28.982	-30.197
Gross profit		**31.072**	**29.185**
Sales and distribution expenses	4	-17.158	-15.989
Administrative expenses	5	-4.043	-3.865
Other operating income	6	637	459
Other operating expenses	6	-403	-434
Share of profit after tax, associates	17	141	104
Operating profit before special items		**10.246**	**9.460**
Special items, net	7	-249	-262
Financial income	8	1.055	579
Financial expenses	8	-3.192	-3.559
Profit before tax		**7.860**	**6.218**
Corporation tax	9	-1.847	-1.561
Consolidated profit		**6.013**	**4.657**
Attributable to:			
Non-controlling interests	10	609	565
Shareholders in Carlsberg Breweries A/S		5.404	4.092
Earnings per share	11		
Basic earnings per share		10.786	8.168
Diluted earnings per share		10.786	8.168

Carlsberg Breweries Group

Statement of comprehensive income

DKK million	Note	2010	2009
Profit for the year		**6.013**	**4.657**
Other comprehensive income:			
Foreign exchange adjustments of foreign entities	8	5.947	-2.966
Value adjustments of hedging instruments	8, 35, 36	-759	29
Value adjustments of securities	8	1	1
Retirement benefit obligations	25	-153	-382
Share of other comprehensive income in associates	17	-	31
Other		10	-5
Corporation tax	9	41	39
Other comprehensive income		**5.087**	**-3.253**
Total comprehensive income		**11.100**	**1.404**
Total comprehensive income attributable to:			
Non-controlling interests		1.043	171
Shareholders in Carlsberg Breweries A/S		10.057	1.233

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

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

Carlsberg Breweries Group

Statement of financial position

Assets

DKK million	**Note**	**31 Dec. 2010**	**31 Dec. 2009**
Non-current assets:			
Intangible assets	14, 15	76.606	70.405
Property, plant and equipment	15, 16	31.226	30.344
Investments in associates	17	4.835	2.628
Securities	18	95	71
Receivables	19	1.747	1.604
Deferred tax assets	26	1.289	1.426
Retirement benefit plan assets	25	8	2
Total non-current assets		**115.806**	**106.480**
Current assets:			
Inventories	20	4.191	3.601
Trade receivables	19	5.719	5.919
Tax receivables		155	175
Other receivables	19	2.323	2.254
Prepayments		938	666
Securities	18	34	17
Cash and cash equivalents	21	2.679	2.694
Total current assets		**16.039**	**15.326**
Assets held for sale	22	284	80
Total assets		**132.129**	**121.886**

Carlsberg Breweries Group

Statement of financial position

Equity and liabilities

DKK million	Note	31 Dec. 2010	31 Dec. 2009
Equity:			
Share capital	23	501	501
Reserves		-6.918	-11.685
Retained earnings		58.961	53.797
Equity, shareholders in Carlsberg Breweries A/S		52.544	42.613
Non-controlling interests		5.381	4.660
Total equity		**57.925**	**47.273**
Non-current liabilities:			
Borrowings	24	31.834	35.315
Retirement benefit obligations and similar obligations	25	2.398	2.127
Deferred tax liabilities	26	9.179	8.936
Provisions	27	1.471	1.322
Other liabilities	28	747	570
Total non-current liabilities		**45.629**	**48.270**
Current liabilities:			
Borrowings	24	5.407	5.073
Trade payables		9.419	7.932
Deposits on returnable packaging		1.279	1.361
Provisions	27	505	1.081
Corporation tax		530	424
Other liabilities, etc.	28	11.257	10.421
Total current liabilities		**28.397**	**26.292**
Liabilities associated with assets held for sale	22	178	51
Total liabilities		**74.204**	**74.613**
Total equity and liabilities		**132.129**	**121.886**

Carlsberg Breweries Group

Statement of changes in equity

2010

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

2009

DKK million	Share capital	Currency translation	Hedging reserves	Available for sale investments	Total reserves	Retained earnings	Equity, shareholders in Carlsberg Breweries A/S	Non-controlling interests	Total equity
	Shareholders in Carlsberg Breweries A/S								
Equity at 1 January 2009	501	-7.756	-1.471	122	-9.105	49.971	41.367	5.151	46.518
Profit for the period	-	-	-	-	-	4.092	4.092	565	4.657
Other comprehensive income									
Foreign exchange adjustments of foreign entities	-	-2.570	-	-	-2.570	-	-2.570	-396	-2.966
Value adjustments of hedging instruments	-	-116	145	-	29	-	29	-	29
Value adjustments of securities	-	-	-	1	1	-	1	-	1
Retirement benefit obligations	-	-	-	-	-	-382	-382	-	-382
Share of other comprehensive income in associates	-	-	-	-	-	31	31	-	31
Other	-	-	-	-	-	-6	-6	1	-5
Corporation tax	-	-30	-10	-	-40	78	38	1	39
Other comprehensive income	**-**	**-2.716**	**135**	**1**	**-2.580**	**-279**	**-2.859**	**-394**	**-3.253**
Total comprehensive income for the year	**-**	**-2.716**	**135**	**1**	**-2.580**	**3.813**	**1.233**	**171**	**1.404**
Capital increase	-	-	-	-	-	-	-	7	7
Refund to parent company for exercise of share options	-	-	-	-	-	-6	-6	-	-6
Change in expected future refunds for exercise of share options	-	-	-	-	-	-30	-30	-	-30
Share-based payment	-	-	-	-	-	49	49	-	49
Dividends paid to shareholders	-	-	-	-	-	-	-	-312	-312
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-357	-357
Total changes in equity	**-**	**-2.716**	**135**	**1**	**-2.580**	**3.826**	**1.246**	**-491**	**755**
Equity at 31 December 2009	**501**	**-10.472**	**-1.336**	**123**	**-11.685**	**53.797**	**42.613**	**4.660**	**47.273**

No dividend (2009: No dividend) is proposed for the year. No dividends are paid out in 2010 for 2009 (paid out in 2009 for 2008: No dividend). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

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

Carlsberg Breweries Group

Statement of cash flows

DKK million	Note	2010	2009
Operating profit before special items		10.246	9.460
Adjustment for depreciation and amortisation		3.966	3.753
Adjustment for impairment losses[1]		-	10
Operating profit before depreciation, amortisation and impairment losses		14.212	13.223
Adjustment for other non-cash items	29	618	330
Change in working capital	29	797	3.289
Restructuring costs paid		-446	-508
Interest etc. received		238	222
Interest etc. paid		-2.307	-1.776
Corporation tax paid		-1.887	-1.360
Cash flow from operating activities		**11.225**	**13.420**
Acquisition of property, plant and equipment and intangible assets		-3.322	-2.767
Disposal of property, plant and equipment and intangible assets		180	320
Change in trade loans	29	-430	-411
Total operational investments		-3.572	-2.858
Free operating cash flow		**7.653**	**10.562**
Acquisition and disposal of entities, net	30	-477	519
Acquisitions of associated companies		-2.041	-48
Disposals of associated companies		-	-7
Acquisition of financial assets		-36	-13
Disposal of financial assets		18	44
Change in financial receivables	29	-223	-96
Dividends received		89	50
Total financial investments		-2.670	449
Other investments in property, plant and equipment		-	-
Disposal of other property, plant and equipment		-	-
Total other activities[2]		-	-
Cash flow from investing activities		**-6.242**	**-2.409**
Free cash flow		**4.983**	**11.011**
Shareholders in Carlsberg Breweries A/S	29	-	-
Non-controlling interests	29	-878	-591
External financing	29	-4.432	-9.869
Cash flow from financing activities		**-5.310**	**-10.460**
Net cash flow		**-327**	**551**
Cash and cash equivalents at 1 January[3]		2.625	2.117
Foreign exchange adjustment of cash and cash equivalents[4]		248	-43
Cash and cash equivalents at 31 December[3]	21	**2.546**	**2.625**

[1] Impairment losses excluding those reported in special items

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

[3] Cash and cash equivalents less bank overdrafts.

[4] Foreign exchange adjustment of cash and cash equivalents for 2010 mainly relates to the appreciated exchange rate of RUB .

NOTE 1 Significant accounting estimates and judgements

In preparing the Carlsberg Breweries Group's consolidated financial statements, management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements are 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.

Following the economic downturn in 2008 and parts of 2009, most economies are regaining their former strength. International economic and financial markets are reverting to more normal conditions, and prior years' significant and sometimes unexpected fluctuations in interest and currency exchange rates have also stabilised at more normal levels. The year saw a general recovery in the consumption of many products, including beverages, and consumers having more financial capacity and optimism than in the prior years. The impact on business development and the 2010 financials is described in the Management review, especially the sections describing the segment developments.

Estimates in the consolidated financial statements for 2010 have been prepared taking the recovery in the economic and financial markets into consideration, but still ensuring that one-off effects which are not expected to exist in the long term do not affect estimation and determination of factors, including discount rates and expectations of the future.

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

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

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

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

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

In a step acquisition, the Group gains control of an entity in which the Group already holds a shareholding immediately before the step acquisition. In 2010 the Group completed two step acquisitions. In January 2010, the Group acquired an additional shareholding in Wusu Xinjiang Beer Group, China, and through changes in the shareholders agreement gained control. In November 2010 the Group acquired an additional shareholding in Gorkha Brewery, Nepal.

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

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

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

Most items in the statement of net interest-bearing debt of S&N at 28 April 2008 were finally agreed and settled with the consortium partner during 2010, resulting in a total cost of acquisition of DKK 52,663m. The increased cost of acquisition has been allocated to the entities in Eastern Europe, increasing goodwill in that region.

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

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

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

NOTE 1 Significant accounting estimates and judgements - Continued

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

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

Annual assessment of trademarks. Management performs an annual assessment of whether the current market situation in the relevant market has reduced the value or changed the useful lives of trademarks. When there is an indication of a reduction in the value or useful life, the trademark is tested for impairment and is written down if necessary or the amortisation period is reassessed and if necessary changed in line with the trademark's shorter useful life. The impairment test of trademarks is based on the same approach used to determine the fair value at the acquisition date. Note 15 describes the impairment test performed at 31 December 2010.

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

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

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

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

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

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

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

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

The impairment test of trademarks resulted in an impairment loss of DK 300m mainly related to trademarks with indefinite useful life.

The useful life of trademarks is assessed yearly, especially in relation to trademarks which have been impaired. At year-end 2010, the useful life has been changed for two trademarks.

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

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

Discount and growth rates applied for 2010. At year-end 2010, most risk-free interest rates had stabilised to more normal movements and correlations in the financial and economic markets. The impairment tests performed at year-end 2010 are therefore based on observed market data. The risk premium for the risk-free interest rate (spread) is fixed at market price or slightly lower than the current market level, which is comparable to the market level in spring/summer 2008.

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

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

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

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

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

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

NOTE 1 Significant accounting estimates and judgements - Continued

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

Receivables. Receivables are measured at amortised cost less impairment.

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

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

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

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

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

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

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

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

Provisions are disclosed in note 27 and contingent liabilities in note 38.

NOTE 1 Significant accounting estimates and judgements - Continued

Assessment in applied accounting policies

In applying the Group's accounting policies, management makes judgements which may significantly influence the amounts recognised in the consolidated financial statements. Such judgements include classification of shareholdings and joint ventures, classification and recognition of financial instruments, recognition of revenue and excise duties, timing of the recognition of revenue and costs relating to loans to the on-trade, use of special items, measurement of inventories and classification of lease agreements.

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

This classification is significant, as the recognition of proportionally consolidated joint ventures impacts the financial statements differently from full consolidation of subsidiaries or recognition of associates using the equity method. Any amendment of IFRS preventing the use of proportional consolidation would therefore have an impact on the consolidated financial statements. Key figures for proportionally consolidated entities are disclosed in note 34.

Financial instruments. When entering into financial instruments, management assesses whether the instrument is an effective hedge of recognised assets and liabilities, expected future cash flows or financial investments. The effectiveness of recognised hedge instruments is assessed at least quarterly, 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 Group grants loans to on-trade customers in some markets. The agreements are typically complex and cover several aspects of the relationship between the parties. Management assesses the recognition and classification of income and expenses for each of these agreements, including the allocation of revenue from the loan between income, customer discounts and other operating income. Management also assesses whether developments of importance to the on-trade could indicate impairment of on-trade loans in a market in general. Such developments also include changes in local legislation, which may have an adverse effect on the earnings in the industry as a whole and where the effect cannot be allocated to individual loans.

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

NOTE 1 Significant accounting estimates and judgements - Continued

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

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

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

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

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

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

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

Carlsberg Breweries Group

Note

2 Segment information

The Group's activities are segmented on the basis of geographical regions in accordance with the management reporting structure. For segment reporting purposes, the Chief Operating Decision Maker is the Executive Committee. The Executive Committee manages and makes business decisions based on geographical segments. Segments are managed and decisions are made based on business performance measured as operating profit before special items. Decisions on intra-Group sale of trademarks and activities, financing and tax planning are made based on information for the Group as a whole and therefore not segmented. The "Not allocated" segment relates mainly to headquarters functions which consist of management fees, royalty charges, central marketing, sponsorships, receivables etc. and of eliminations. Intra-segment revenue is based on arm's length prices.
The non-beverage activities are managed separately and therefore also shown separately. The segmentation reflects the structure used for internal reporting and monitoring of the strategic and financial targets of the Group.

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

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

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

Not allocated net revenue, DKK 98m, consists of DKK 2.549m net revenue from other companies and activities and DKK 2.451m from eliminations of sales between these other companies and the segments.

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

Other segment items:					
Total assets	52.275	74.496	14.449	-9.090	132.130
Assets held for sale	79	-	-	205	284
Invested capital, cf. note 32	28.216	67.553	10.808	-1.722	104.855
Acquisition of property, plant and equipment and intangible assets	1.644	745	549	384	3.322
Depreciation and amortisation	2.057	1.507	287	115	3.966
Impairment losses	440	240	43	-	723

Not allocated total assets, DKK -9.090m, comprise entities that are not business segments and eliminations of investments in subsidiaries, receivables, loans etc.

Note

2 Segment information (continued)

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

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

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

Special items were in 2009 affected by intra-Group sale between a company within the beverage activity and a company within other activities which is eliminated at Group level.

Other segment items:					
Total assets	50.183	69.002	7.368	-4.667	121.886
Assets held for sale	80	-	-	-	80
Invested capital, cf. note 32	28.466	63.270	5.154	464	97.354
Acquisition of property, plant and equipment and intangible assets	1.400	879	258	230	2.767
Depreciation and amortisation	2.119	1.349	208	77	3.753
Impairment losses	73	17	2	-	92

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

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

	Net revenue		Non-current assets	
	2010	**2009**	**2010**	**2009**
Denmark (Carlsberg Breweries A/S's domicile)	4.604	4.847	2.192	2.298
Russia	14.466	15.580	63.335	59.349
Other countries	40.984	38.955	50.279	44.833
Total	**60.054**	**59.382**	**115.806**	**106.480**

The geographical allocation is made on the basis of the selling countries' domicile and comprises countries each accounting for more than 10% of the Group's consolidated net revenue as well as that of the domicile country.
Non-current assets comprise non-current assets other than financial instruments, deferred tax assets, post-employment benefits.

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

Note

3 Cost of sales

DKK million	2010	2009
Cost of materials	16.682	16.981
Direct staff costs	1.311	1.270
Machinery costs	929	818
Depreciation, amortisation and impairment losses	2.728	2.581
Indirect production overheads	3.293	3.353
Purchased finished goods and other costs	4.039	5.194
Total	**28.982**	**30.197**
Of which staff costs, cf. note 12	2.638	2.579

4 Sales and distribution expenses

DKK million	2010	2009
Marketing expenses	5.857	4.508
Sales expenses	4.808	4.837
Distribution expenses	6.493	6.644
Total	**17.158**	**15.989**
Of which staff costs, cf. note 12	4.724	4.517

5 Fees to auditors appointed at the Annual General Meeting

DKK million	2010	2009
KPMG:		
Statutory audit	28	28
Assurance engagements	1	1
Tax advisory	5	5
Other services	2	4

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

Note

6 Other operating income and expenses

DKK million	2010	2009
Other operating income:		
Gains on disposal of real estate	49	61
Gains on disposal of other property, plant and equipment and intangible assets	176	40
Interest and amortisation of on-trade loans	105	103
Rental income, real estate	67	43
Funding and grants received for research and development activities	-	9
Income from grants and subsidies	11	-
Loss compensation	20	-
Other	209	203
Total	**637**	**459**
Other operating expenses:		
Loss on disposal of real estate	-51	-10
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	-7	-60
Losses and write-downs on on-trade loans	-73	-97
Real estate costs	-38	-45
Expenses relating to research centres	-48	-64
Other	-186	-158
Total	**-403**	**-434**
Of which staff costs, cf. note 12	-25	-17

Note

7 Special items

DKK million	2010	2009
Special items, income:		
Adjustment to gain on disposal of entities in prior year	134	-
Gain on disposal of Braunschweig Brauerei and Fighter brand activities, Carlsberg Deutschland	-	49
Revaluation gain on step acquisition of entities	598	-
Gain on sale of assets to Carlsberg A/S	-	433
Income total	**732**	**482**
Special items, cost:		
Impairment of trademarks	-300	-37
Impairment of Dresden Brauerei, Carlsberg Deutschland	-128	-
Impairment of properties, Unicer-Bebidas de Portugal	-65	-
Impairment of Lingwu Brewery, Ningxia, China	-40	-
Restructuring of Fribourg Brauerei, Feldschlösschen, Switzerland	-161	-
Restructuring of Leeds Brewery, Carlsberg UK	-19	-67
Relocation costs, termination benefits and impairment of non-current assets in connection with new production structure in Denmark	-4	-40
Termination benefits etc. in connection with Operational Excellence Programmes	-20	-31
Termination benefits in connection with restructuring of sales force, logistic and administration, Carlsberg UK	-29	-34
Termination benefit etc. Carlsberg Italia	-28	-56
Termination benefits, and impairment of non-current assetsin connection with new administration structure at Brasseries Kronenbourg, France (2009: Termination benefits in connection with restructuring)	-77	-95
Termination benefit in connection with restructuring, Carlsberg Deutschland	-	-72
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	-	-20
Provision for onerous malt contracts, including reversal of unused provision from previous year	-7	-175
Costs in relation to acquisitions of entities, mainly Wusu Xinjiang Beer Group, China, and Chongqing Brewery Co. Ltd., China (2009: Acquisition of part of the activities in S&N)	-71	-17
Other restructuring costs etc., other entities	-32	-100
Cost total	**-981**	**-744**
Special items, net	**-249**	**-262**

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

Cost of sales	-627	-353
Sales and distribution expenses	-52	-157
Administrative expenses	-171	-179
Other operating income	807	527
Other operating expenses	-206	-100
	-249	-262
Impairment of goodwill	-	-
Special items, net	**-249**	**-262**

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

Special items, income amount to DKK 732m (2009: DKK 49m) and relate to an adjustment to a gain from disposal of an entity in prior years and revaluation on step acquisitions of Wusu Xinjiang Beer Group, China, and Gorkha Brewery, Nepal.

Special items costs amounts to DKK -981m (2009: -744m).

Impairment of trademarks of DKK 300m primarily relates to trademarks in Eastern Europe, including Slavutich in Ukraine and Nevskoye in Russia, cf. note 15.

The Dresden Brauerei, Germany, was sold in January 2011. Prior to the sale an impairment of DKK 128m was recognised on the brewery assets corresponding to the difference between the carrying amount and the sales price agreed with the acquirer.

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

Note

8 Financial income and financial expenses

Financial items recognised in the income statement

DKK million	2010	2009
Financial income:		
Interest income	224	181
Dividends from securities	7	6
Fair value adjustments of financial instruments, net, cf. note 36	495	80
Realised gains on disposal of associates and securities	1	3
Expected return on plan assets, defined benefit plans	312	269
Other financial income	16	40
Total	**1.055**	**579**

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

Financial expenses:		
Interest expenses	-2.137	-2.341
Foreign exchange losses, net	-474	-582
Realised losses on disposal of securities	-9	-41
Impairment of financial assets	-22	-119
Interest cost on obligations, defined benefit plans	-377	-341
Other financial expenses	-173	-135
Total	**-3.192**	**-3.559**
Financial items, net recognised in the income statement	**-2.137**	**-2.980**

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

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

Financial items recognised in other comprehensive income

DKK million	2010	2009
Foreign exchange adjustments of foreign entities:		
Foreign currency translation of foreign entities	5.976	-2.977
Recycling to income statement of cumulative translation differences related to foreign operations acquired in step acquisitions/disposed of in the year	-29	11
Total	**5.947**	**-2.966**
Value adjustments of hedging instruments:		
Cash flow hedges, effective portion of changes in fair value	-288	-305
Net change in fair value of cash flow hedges transferred to income statement	598	450
Net investments hedges, net change in fair value	-1.069	-116
Total	**-759**	**29**
Value adjustments of securities:		
Securities, net change in fair value	1	1
Total	**1**	**1**
Financial items, net recognised in other comprehensive income	**5.189**	**-2.936**
Total financial items, net recognised in comprehensive income	**3.052**	**-5.916**

Of net change in fair value of cash flow hedges DKK -1m (2009: DKK 148m) is included in cost of sales and DKK 599m (2009: DKK 302m) is included in financial items.

Note

9 **Corporation tax**

DKK million	2010	2009
Tax for the year comprises:		
Current tax on profit for the year	1.910	1.579
Change in deferred tax during the year	16	9
Change in deferred tax from change in tax rate	-63	-26
Adjustments to tax for previous years	-57	-40
Tax on comprehensive income for the year	**1.806**	**1.522**
Of which is recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income:	31	82
Tax for the year on items recognised in other comprehensive income:	1	-23
Adjustment to tax for previous years	9	-20
Tax on other comprehensive income for the year	**41**	**39**
Tax on profit for the year recognised in income statement	**1.847**	**1.561**

	2010		2009	
Reconciliation of the effective tax rate for the year:	%	DKK million	%	DKK million
Nominal weighted tax rate for Carlsberg Breweries Group	22,1%	1.741	22,7%	1.411
Change in tax rate	-0,8%	-63	-0,3%	-19
Adjustments to tax for previous years	0,7%	49	-1,0%	-62
Non-capitalised tax assets, net movements	-1,5%	-116	0,2%	12
Non-taxable income	-0,4%	-32	-0,6%	-37
Non-deductible expenses	2,3%	181	3,4%	211
Tax incentives etc.	-0,8%	-63	-2,2%	-137
Special items/tax in associates	-1,6%	-126	1,0%	62
Withholding taxes	3,8%	299	2,1%	131
Other	-0,3%	-24	-0,2%	-11
Effective tax rate for the year	**23,5%**	**1.847**	**25,1%**	**1.561**

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

Tax recognised in other comprehensive income:

	2010			2009		
DKK million	Recognised item before tax	Tax (expense) benefit	Net of tax	Recognised item before tax	Tax (expense) benefit	Net of tax
Foreign exchange adjustments	5.947	-	5.947	-3.135	-	-3.135
Hedging instruments	-759	9	-750	29	-39	-10
Securities	1	-	1	1	-	1
Retirement benefit obligations	-153	34	-119	-382	73	-309
Share of other comprehensive income in associates	-		-	31	-	31
Other	10	-2	8	-6	5	-1
Total	**5.046**	**41**	**5.087**	**-3.462**	**39**	**-3.423**

An interest ceiling reduces the tax deduction for value adjustments of hedging instruments recognised in other comprehensive income

DKK million	2010	2009
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	-47	-925
Deferred tax from change in tax rate	-63	-26
Intangible assets and property, plant and equipment etc.	94	1.016
Change in deferred tax recognised in the income statement	**-16**	**65**

Adjustment to tax for previous years DKK 9m (2009: DKK -20m) is included in the tax income/expense for hedging instruments.

Note

10 Non-controlling interests

DKK million	2010	2009
Non-controlling interests' share of profit for the year relates to the following:		
Baltika Brewery	419	413
Carlsberg Malaysia Group	115	58
Other	75	94
Total	**609**	**565**

11 Earnings per share

	2010	2009
DKK		
Basic earnings per share of DKK 1.000 (EPS)	10.786	8.168
1,000 shares		
Average number of shares	501	501
DKK million		
Consolidated profit	6.013	4.657
Non-controlling interests	-609	-565
Profit attributable to shareholders in Carlsberg Breweries A/S	**5.404**	**4.092**

12

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

DKK million	2010	2009
Salaries and other remuneration	7.747	7.384
Severance pay	90	264
Social security costs	1.154	1.077
Retirement benefit costs - defined contribution plans	207	163
Retirement benefit costs - defined benefit plans	94	115
Share-based payment	31	49
Other employee benefits	138	79
Total	**9.461**	**9.131**

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

Cost of sales	2.638	2.579
Sales and distribution expenses	4.724	4.517
Administrative expenses	1.943	1.624
Other operating expenses	25	17
Special items (restructuring)	131	394
Total	**9.461**	**9.131**

The Group had an average of 41,278 (2009: 43,137) full-time employees during the year.

Remuneration of Executive Board and Key management personnel:

DKK million	2010			2009		
	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel	Jørgen Buhl Rasmussen	Jørn P. Jensen	Key management personnel
Fixed salary	10,5	9,1	41,6	10,5	9,1	43,0
Cash bonus	6,3	5,5	21,6	5,3	4,6	17,9
Non-monetary benefits	0,3	0,2	1,3	0,3	0,2	2,0
Share-based payment	3,5	3,5	7,9	3,0	3,0	11,6
Total	**20,6**	**18,3**	**72,4**	**19,1**	**16,9**	**74,5**

Executive Boards share options

		Number						DKK million
Grant year	Exercise year	1 Jan. 2010	Granted	Expired/ forfeited	Exercised	31 Dec. 2010	For exercise 31 Dec.	Fair value
Jørgen Buhl Rasmussen								
2007	2010-2015	12.388	-	-	-	12.388	12.388	2
2008	2011-2016	44.776	-	-	-	44.776		9
2009	2012-2017	30.000	-	-	-	30.000		11
2010	2013-2018	-	15.000	-	-	15.000		4
Total		**87.164**	**15.000**	**-**	**-**	**102.164**	**12.388**	**26**
Jørn P. Jensen								
2002	2005-2010	9.105	-	-	-9.105	-		
2003	2006-2011	13.008	-	-	-	13.008	13.008	5
2004	2007-2012	13.008	-	-	-	13.008	13.008	4
2005	2008-2013	12.388	-	-	-	12.388	12.388	4
2006	2009-2014	12.388	-	-	-	12.388	12.388	3
2007	2010-2015	12.388	-	-	-	12.388	12.388	2
2008	2011-2016	44.776	-	-	-	44.776		9
2009	2012-2017	30.000	-	-	-	30.000		11
2010	2013-2018	-	15.000	-	-	15.000		4
Total		**147.061**	**15.000**	**-**	**-9.105**	**152.956**	**63.180**	**42**
Executive Board								
Total		**234.225**	**30.000**	**-**	**-9.105**	**255.120**	**75.568**	**68**

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

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

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

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

The Supervisory Board of Carlsberg Breweries A/S received remuneration of DKK 0m (2009: DKK 0m). The Supervisory Board is not included in share option programmes, retirement benefit plans and other schemes.

Note

13 Share-based payment

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

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

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

The general terms and conditions for the two programmes:

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

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

In 2010, a total of 275,011 (2009: 446,080) share options were granted to 153 (2009: 215) employees. The fair value at grant date of these options was a total of DKK 45m (2009: DKK 49m). 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).

	Number				Exercise price
Share option programme	Executive board	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2008	**183.330**	**898.989**	**202.796**	**1.285.115**	**362,02**
Granted	60.000	225.145	-	285.145	203,50
Forfeited/expired	-9.105	-113.331	-14.340	-136.776	390,54
Exercised	-	-39.142	-9.662	-48.804	258,89
Transferred	-	-170.446	170.446	-	383,49
Share options outstanding 31 December 2009	**234.225**	**801.215**	**349.240**	**1.384.680**	**330,20**
Granted	30.000	104.950	-	134.950	417,34
Forfeited/expired	-	-50.757	-1.951	-52.708	367,70
Exercised	-9.105	-43.456	-124.223	-176.784	253,33
Transferred	-	-47.321	47.321	-	359,54
Share options outstanding 31 December 2010	**255.120**	**764.631**	**270.387**	**1.290.138**	**348,31**
Exercisable at 31 December 2009	59.897	182.857	199.119	441.873	253,79
Exercised options as % of share capital of Carlsberg A/S	0,00%	0,03%	0,01%	0,04%	
Exercisable at 31 December 2010	75.568	159.279	239.307	474.154	277,90
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,03%	0,08%	0,12%	

	Number				Exercise price
Long-term incentive programme	Executive board	Other management personnel	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2008	**-**	**269.071**	**-**	**269.071**	**371,25**
Granted	-	160.935	-	160.935	500,33
Adjustment	-	-122.043	-	-122.043	296,52
Transferred	-	-33.598	33.598	-	406,36
Share options outstanding 31 December 2009	**-**	**274.365**	**33.598**	**307.963**	**420,48**
Granted	-	140.061	-	140.061	558,50
Adjustment	-	18.663	2.640	21.303	404,82
Forfeited/expired	-	-142.749	-19.959	-162.708	352,21
Transferred	-	-9.075	9.075	-	518,23
Share options outstanding 31 December 2010	**-**	**281.265**	**25.354**	**306.619**	**531,36**
Total outstanding share options	**255.120**	**1.045.896**	**295.741**	**1.596.757**	**383,46**

Note

13 Share-based payment

There are no exercisable share options in the long-term incentive programme as at 31 December 2010. The average share price at the exercise date for share options was DKK 510 (2009: DKK 372). At 31 December 2010 the exercise price for outstanding share options was in the range of DKK 173.12 to DKK 558.50 (2009: DKK 173.12 to DKK 531.80). The average remaining contractual life was 4.8 years (2009: 5.1 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 2010 was DKK 354m (2009: DKK 226m), which is DKK 128m higher than at year-end 2009.

The number of options relating to each annual long-term incentive program is annually adjusted during the vesting period (3 years). The total outstanding options at 31 December 2010, 306,619, relates to the Groups long-term inventive program, of which 100,311 will be adjusted in 2011, 100,311 in 2012 and 47,046 in 2013. In 2010 the preliminary number of options regarding options granted in 2009 has been adjusted to 58,951 based on the assumptions available after publishing the Annual Report for 2009. These assumptions are presented below. The change in assumptions led to a positive adjustment of 4,546 options regarding 2009 and 16,757 regarding 2008.

The total cost of share-based payment is DKK 31m (2009: DKK 49m), 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 35m (2009: DKK 6m). Change in expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 100m (2009: DKK 30m). The performance conditions related to share options granted under the long-term incentive programme in 2008 are not expected to be fulfilled hence the share options are not expected to vest. A reversal of cost of DKK 11m has been recognised in 2010 in respect of the non-vesting of share options.

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

Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at grant date	2010 Options outstanding	2009 Options outstanding
Share option programme:										
01.03.2002	01.03.2010	Grant 2002	261,39	30%	4,5%	1,4%	5,5	41,56	-	29.918
01.03.2003	01.03.2011	Grant 2003	173,12	25%	4,1%	1,8%	5,5	126,35	18.861	51.443
01.03.2004	01.03.2012	Grant 2004	216,65	29%	3,5%	1,8%	5,5	81,51	57.534	78.372
01.03.2005	01.03.2013	Grant 2005	232,71	27%	3,1%	1,7%	5,5	74,27	81.348	109.845
01.03.2006	01.03.2014	Grant 2006	306,89	19%	3,3%	1,3%	5,5	89,37	128.299	172.295
01.03.2007	01.03.2015	Grant 2007	472,11	19%	3,9%	1,0%	5,5	136,67	188.113	210.726
01.03.2008	01.03.2016	Grant 2008	457,82	22%	3,6%	1,1%	5,5	141,72	210.698	217.109
01.06.2008	01.06.2016	Special grant	531,80	23%	4,3%	0,9%	5,5	181,08	183.755	202.327
01.09.2008	01.09.2016	Special grant	448,18	27%	4,3%	1,3%	5,5	128,83	40.000	40.000
01.03.2009	01.03.2017	Grant 2009	203,50	52%	3,0%	1,7%	5,5	88,41	251.246	272.645
01.03.2010	01.03.2018	Grant 2010	417,34	30%	3,1%	0,8%	8,0	154,23	130.284	
Total outstanding share options under the share options programme									**1.290.138**	**1.384.680**
Long-term incentive programme:										
01.01.2008	01.01.2014	LTI 08-10 year 1 (final)	203,50	52%	2,4%	1,7%	3,5	73,07	-	72.740
01.01.2008	01.01.2014	LTI 08-10 year 2 (prelim.)	384,00	57%	3,5%	0,9%	3,5	213,70	-	37.144
01.01.2008	01.01.2014	LTI 08-10 year 2 (final)	417,34	30%	2,1%	0,8%	4,0	120,61	-	-
01.01.2008	01.01.2014	LTI 08-10 year 3 (prelim.)	558,50	36%	1,4%	0,6%	3,5	114,64	-	37.144
01.01.2009	01.01.2015	LTI 09-11 year 1 (prelim.)	384,00	57%	2,3%	0,9%	3,5	158,73	-	53.645
01.01.2009	01.01.2015	LTI 09-11 year 1 (final)	417,34	30%	2,4%	0,8%	5,0	136,10	58.951	-
01.01.2009	01.01.2015	LTI 09-11 year 2 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	53.265	53.645
01.01.2009	01.01.2015	LTI 09-11 year 3 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	53.265	53.645
01.01.2010	01.01.2016	LTI 10-12 year 1 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	47.046	
01.01.2010	01.01.2016	LTI 10-12 year 2 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	47.046	
01.01.2010	01.01.2016	LTI 10-12 year 3 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	47.046	
Total outstanding share options under the long-term incentive programme									**306.619**	**307.963**
Total outstanding share options									**1.596.757**	**1.692.643**

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

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

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

The risk-free interest rate is the interest rate on Danish government bonds of the relevant maturity, while the dividend yield is calculated as DKK 3.6 per share (2009: DKK 3.6 per share) divided by the share price.

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

Carlsberg Breweries Group

Note

14 Intangible assets

DKK million	Goodwill	Trademarks	Other intangible assets	Prepayments	Total 2010
Cost:					
Cost at 1 January 2010	38.722	31.171	2.064	39	71.996
Entities acquired in a step acquisition	977	58	31	-	1.066
Revaluation of previously recognised assets acquired in step acquisition	-	38	39	-	77
Acquisition of ownership interest in proportionally consolidated entities	119	1	-	-	120
Additions	545	-	152	411	1.108
Disposals	-	-	-75	-	-75
Transfers	-	-	-154	162	8
Transfer to/from assets held for sale	-	-	-31	-	-31
Foreign exchange adjustments etc.	2.263	2.145	52	1	4.461
Cost at 31 December 2010	**42.626**	**33.413**	**2.078**	**613**	**78.730**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2010	17	225	1.349	-	1.591
Acquisition of ownership interest in proportionally consolidated entities	-	1	-	-	1
Disposals	-	-	-73	-	-73
Amortisation	-	38	272	-	310
Impairment losses	-	300	-	-	300
Transfer to/from assets held for sale	-	-	-28		-28
Foreign exchange adjustments etc.	-4	5	22	-	23
Amortisation and impairment losses at 31 December 2010	**13**	**569**	**1.542**	**-**	**2.124**
Carrying amount at 31 December 2010	**42.613**	**32.844**	**536**	**613**	**76.606**

DKK million	2010	2009
Amortisation and impairment losses for the year are included in:		
Cost of sales	53	39
Sales and distribution expenses	56	45
Administrative expenses	201	151
Special items	300	37
Total	**610**	**272**

Note

14 Intangible assets

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

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

DKK million	**2010**	**2009**
Acquisition of non-controlling interests	-	217
Entities acquired in a step acquisition	977	-
Acquisition of ownership interest in proportionally consolidated entities	119	-
Recognition and revaluation of put options	261	118
Adjustment to acquisition of entities in prior period	284	-
Total	**1.641**	**335**

Additions to goodwill is furter described in note 30 and 31.

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 32.213m (2009: DKK 30,401m) at 31 December 2010, equivalent to 98% (2009: 98%) of the capitalised trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are wellestablished trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts, which are helping to maintain and increase the value of these trademarks.

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

The carrying amount of other intangible assets at 31 December 2010 included capitalised software costs of DKK 277m (2009: DKK 342m) and beer delivery rights of DKK 79m (2009: DKK 59m).

Research and development costs of DKK 51m (2009: DKK 43m) have been recognised in the income statement.

15 Impairment test

Goodwill and trademarks with an indefinite useful life

General assumptions. The Carlsberg Breweries Group annually performs impairment tests of goodwill and trademarks with an indefinite useful life. Intangible assets with finite life and property, plant and equipment are tested if there are indications of impairment. The Carlsberg Group has performed impairment tests of the carrying amounts based on the budget and target plans approved by the Supervisory Board and the Executive Board in December 2010.

Goodwill and trademarks related to Baltika Breweries (Russia), Brasseries Kronenbourg (France) and the acquisition of the 40% non-controlling holding in Carlsberg Breweries A/S each comprises 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2010. No other goodwill and trademarks comprise 10% or more of the total carrying amount of goodwill and trademarks with indefinite useful life at 31 December 2010.

Goodwill

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

The management structure and responsibilities are supporting and promoting optimisations across countries focusing on the whole Group or region – and not just on the specific country. The procurement and sourcing between countries is increasing the intercompany trade/transactions, which will also have an increasing impact on allocation of profits.

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

DKK million	**2010**	%	**2009**	%
Northern & Western Europe:				
Northern Europe	4.542	11%	4.384	11%
Western Europe excl. Unicer, Portugal	10.046	24%	9.813	25%
Unicer, Portugal	536	1%	540	2%
Eastern Europe:				
Eastern Europe	24.573	58%	22.504	58%
Asia:				
Greater China, Malaysia and Singapore	1.806	4%	936	3%
Indochina	570	1%	528	1%
India	119	0%	-	0%
Nepal	421	1%	-	0%
Total	**42.613**	**100%**	**38.705**	**100%**

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

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

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

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

Trademarks

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

Trademarks with an indefinite useful life

	2010	%	**2009**	%
DKK million				
Northern & Western Europe	3.405	11%	3.446	11%
Eastern Europe	28.808	89%	26.955	89%
Total	**32.213**	**100%**	**30.401**	**100%**

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

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

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

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

The tax rate is the expected future tax rate in each country, based on current legislation. The impairment test at year-end 2010 incorporates tax rates of 9-34%.

15 Impairment test – Continued

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

Significant assumptions for goodwill and trademarks

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

Significant assumptions	Growth in the terminal period		Discount rates	
	2010	**2009**	**2010**	**2009**
Goodwill:				
Northern Europe	1.5%	1.5%	3,9%	4,8%
Western Europe excl. Unicer, Portugal	1.5%	1.5%	3,6%	4,6%
Unicer, portugal	1.5%	1.5%	3,3%	4,0%
Eastern Europe	2,5%	2,5%	9,2%	9,2%
Greater China, Malaysia and Singapore	2,5%	2,5%	4,1%	4,8%
Indochina	2,5%	2,5%	10,3%	12,2%
India	3,5%	-	8,3%	-
Nepal	2,5%	-	15,1%	-
Trademarks:				
Northern & Western Europe:	2,0%	2,0%	5,7-11,1%	5,9-9,4%
Eastern Europe:	2-5%	2-5%	10,6-17,0%	10,2-16,2%

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

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 at a level that reflects management's expectations of the spread for future borrowings.

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

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

Eastern Europe has – following the economic crisis – experienced a decline in volumes during 2010. In 2011 a flat market combined with increasing market shares driven by investments in marketing, innovation and new product launches is expected. In the longer run increases in revenue are expected in the region.

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

15 Impairment test – Continued

Sensitivity test

Sensitivity tests have been performed to determine the lowest growth rates and/or highest discount rates that can occur in the cost-generating units without resulting in any impairment loss.

Goodwill. Sensitivity tests show that for the cash-generating unit (less integrated entity) with the lowest margin between recoverable amount and carrying amount, the growth rate in the terminal period can decline by around 0.6 percentage points. Alternatively, the discount rate can increase by around 0.4 percentage points without resulting in any impairment losses. For the region with the lowest margin the interest rate can increase by 2 percentage points or the growth rate decrease by 2 percentage points without resulting in any impairment loss.

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

Property, plant and equipment

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

Impairment losses

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

DKK million	2010	2009
Trademarks:		
Trademarks with finite useful life	-	37
Trademarks with indefinite useful life	300	-
Property, plant and equipment:		
Impairment of Dresden Brauerei, Carlsberg Deutschland	128	-
Impairment of Fribourg Brewery, Feldschlösschen, Switzerland	119	-
Impairment of property, Unicer-Bebidas de Portugal	65	-
Impairment of Lingwu Brewery, Ninxia, China	40	-
Impairment of buildings, Brasseries Kronenbourg, France	35	-
Other	36	55
Total	**723**	**92**

The impairment losses on trademarks (indefinite and finite) in 2010 relate to local trademarks in Russia (Nevskoye), Ukraine (Slavutich), Kazakhstan and Lithuania that have suffered from the economic crisis and therefore showed a recoverable amount below the carrying amount. The trademarks are therefore written down to the lower recoverable amount.

For 2009 the impairment losses on trademarks relate to minor local trademarks in Latvia and Kazakhstan.

The impairment of the Dresden Brauerei is a consequence of the disposal of the brewery in January 2011.

The impairment of the Fribourg Brauerei is a consequence of the decision to close the brewery by June 2011.

15 Impairment test – Continued

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

The impairment losses of DKK 723m (2009: DKK 82m) are recognised under special items in the income statement, while DKK 0m (2009: DKK 10m) has been included in cost of sales. The impairment losses are included in the relevant segments, cf. note 2.

Based on the impairment tests performed, there were no indications of further impairment of goodwill and trademarks with an indefinite useful life at 31 December 2010.

Note

16 Property, plant and equipment

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
					2010
Cost:					
Cost at 1 January 2010	16.686	25.710	10.208	1.023	53.627
Entities acquired in a step acquisition	82	209	6	46	343
Revaluation of previously recognised assets acquired in step acquisition	67	204	2	10	283
Increase in ownership interest in proportionally consolidated entities	29	86	2	11	128
Additions	260	868	876	880	2.884
Disposals	-342	-1.519	-1.002	-41	-2.904
Transfers	69	544	251	-877	-13
Transfer to/from assets held for sale	-232	-360	-118	-	-710
Foreign exchange adjustments etc.	982	1.450	512	71	3.015
Cost at 31 December 2010	**17.601**	**27.192**	**10.737**	**1.123**	**56.653**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2010	4.335	12.605	6.343	-	23.283
Disposals	-205	-1.438	-904	-	-2.547
Depreciation	530	1.782	1.346	-	3.658
Impairment losses	246	173	4	-	423
Transfers	-99	90	3	-	-6
Transfer to/from assets held for sale	-170	-336	-110	-	-616
Foreign exchange adjustments etc.	232	681	319	-	1.232
Depreciation and impairment losses at 31 December 2010	**4.869**	**13.557**	**7.001**	**-**	**25.427**
Carrying amount at 31 December 2010	**12.732**	**13.635**	**3.736**	**1.123**	**31.226**
Assets held under finance leases:					
Cost	7	97	13	-	117
Depreciation and impairment losses	-3	-48	-2	-	-53
Carrying amount at 31 December 2010	**4**	**49**	**11**	**-**	**64**
Carrying amount of assets pledged as security for loans	-	-	-	-	-

DKK million	2010	2009
Depreciation and impairment losses are included in:		
Cost of sales	2.675	2.542
Sales and distribution expenses	781	803
Administrative expenses	202	184
Special items	423	45
Total	**4.081**	**3.574**

Note

16 Property, plant and equipment

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

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 (2009: DKK 32m) have been pledged as security for lease liabilities totalling DKK 65m (2009: DKK 31m).

Note

17 Associates

DKK million	2010	2009
Cost:		
Cost at 1 January	2.527	2.059
Acquisition of entities	-	475
Additions	2.041	87
Entities acquired in a step acquisition transferred to other asset groups	-14	-
Disposals	-	-1
Foreign exchange adjustments etc.	188	-93
Cost at 31 December	**4.742**	**2.527**
Value adjustments:		
Value adjustments at 1 January	101	130
Dividends	-89	-48
Impairment losses	-	-117
Share of profit after tax	141	104
Other equity movements	-	31
Entities acquired in a step acquisition transferred to other asset groups	-62	-
Foreign exchange adjustments etc.	2	1
Value adjustments at 31 December	**93**	**101**
Carrying amount at 31 December	**4.835**	**2.628**

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

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

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

Carlsberg Breweries Group

Note

17 Associates

DKK million							2009
					Carlsberg Breweries Group share		
	Revenue	Profit after tax	Assets	Liabilities	Ownership interest	Profit after tax	Equity
Key figures for associates:							
Chongqing Brewery Co., Ltd.	1.569	107	2.743	1.758	17,5%	18	1.011
Tibet Lhasa Brewery Co. Ltd.	279	66	438	25	33%	22	147
Lanzhou Huanghe Jianjiang Brewery Company	328	33	336	48	30%	10	90
Hanoi Beer Company	1.081	159	1.019	365	16%	20	535
The Lion Brewery	160	13	224	66	25%	3	37
Other associates, Asia (4 entities)	413	70	379	151	30-49,8%	32	94
International Breweries BV	-	-24	855	703	16%	-4	24
Nuuk Imeq A/S	154	27	218	71	31,9%	9	47
Nordic Getränke GmbH	372	-5	1.692	933	50%	-2	359
Other	1.827	-27	1.604	1.224	20-50%	-4	284
						104	**2.628**

DKK million	2010	2009
Fair value of investments in listed associates:		
Chongqing Brewery Co., Ltd.	6.757	1.515
The Lion Brewery Ceylon, Biyagama, Sri Lanka	178	70
Total	**6.935**	**1.585**

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

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

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

18 Securities

DKK million	2010	2009
Securities are classified in the statement of financial position as follows:		
Non-current assets	95	71
Current assets	34	17
Total	**129**	**88**
Types of security:		
Listed shares	18	4
Unlisted shares	111	84
Total	**129**	**88**

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

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

No shares in unlisted entities were disposed of during 2010 and 2009.

Note

19 Receivables

DKK million	2010	2009
Receivables are included in the statement of financial position as follows:		
Trade receivables	5.719	5.919
Other receivables	2.323	2.254
Total current receivables	**8.042**	**8.173**
Non-current receivables	1.747	1.604
Total	**9.789**	**9.777**

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

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

Non-current receivables consist mainly of on-trade loans. Non-current receivables fall due more than one year from the end of the reporting period, with DKK 138m (2009: DKK 128m) falling due more than five years from the end of the reporting period.

DKK million	2010	2009
Receivables by origin:		
Receivables from the sale of goods and services	5.057	5.269
On-trade loans	2.065	2.144
Loans to associates	48	36
Loans to partners	225	-
Fair value of hedging instruments	318	263
Other receivables	1.391	1.452
Intercompany receivables	685	613
Total	**9.789**	**9.777**

Hedging instruments are measured at fair value. All other receivables are measured at amortised cost.

On-trade loans are usually repaid through discounts during the continuing sales relationship with the individual customer, which is reflected in the repayment scheme and the discounting of the loans. There are therefore no significant overdue on-trade loans.

	2010	2009
	%	%
Average effective interest rates:		
Loans to associates	2,9	2,9
On-trade loans	7,9	6,7

Note

20 Inventories

DKK million	2010	2009
Raw materials and consumables	2.213	1.953
Work in progress	310	261
Finished goods	1.668	1.387
Total	**4.191**	**3.601**

Production costs of inventories sold amount to DKK 28,754m (2009: DKK 30,094m).

Raw materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 7m (2009: DKK 21m) and are included in cost of sales.

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

21 Cash and cash equivalents

DKK million	2010	2009
Cash at bank and in hand	2.678	2.690
Short-term marketable securities with a term of three months or less	1	4
Total	**2.679**	**2.694**

In the statement of cash flows, bank overdrafts are offset against cash and cash equivalents as follows:		
Cash and cash equivalents	2.679	2.694
Bank overdrafts	-133	-69
Cash and cash equivalents, net	**2.546**	**2.625**
Of which pledged as security	-	-

Short-term bank deposits amounted to DKK 1,216m (2009: DKK 1,680m). The average interest rate on these deposits was 5.2% (2009: 5.6%).

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

22 Assets held for sale and associated liabilities

DKK million	2010	2009
Assets held for sale comprise the following individual assets::		
Intangible assets	3	-
Property, plant and equipment	175	72
Other non-current assets	7	-
Current assets	70	-
Financial assets	29	8
Total	**284**	**80**

DKK million	2010	2009
Liabilities associated with assets held for sale:		
Interest Bearing loans and liabilities	3	-
Deferred tax liabilities	52	-
Other provisions	41	51
Other liabilities	82	-
Total	**178**	**51**

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

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

Other provisions associatied with assets held for sale amounting to DKK 41m (2009: DKK 51m) comprise liabilities related to terminating the agreements and disposing of the assets classified as held for sale. Other liabilities associated with assets held for sale amounting to DKK 82m comprise liabilities related to the activities in Dresden.

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

Assets (properties) which no longer qualified for recognition as assets held for sale were transferred to property, plant and equipment in 2010 as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 5m (2009: DKK 2m) and affected the income statement by a total of DKK 0m (2009: 0m) in depreciation.

In 2009 assets (shares) which no longer qualified for recognition as assets held for sale were transferred to financial assets in as a result of ongoing sales negotiations not proceeding as expected. This involved an amount of DKK 14m. In 2010 no assets have been transferred to financial assets.

Gains or losses of the disposal of assets held for sale are recognised in the income statement under other operating income. The gains recognised as income in all material respects relate to disposal of land, depots and properties and total DKK -3m (2009: DKK 6m).

Note

23 Share capital

	Total share capital	
	Shares of DKK 1.000	Nominal value, DKK '000
1 January 2009	501	501.000
No change in 2009	-	-
31 December 2009	**501**	**501.000**
No change in 2010	-	-
31 December 2010	**501**	**501.000**

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

Note

24 Borrowings

DKK million	2010	2009
Non-current borrowings:		
Issued bonds	19.216	13.504
Mortgages	1.248	1.248
Bank borrowings	11.193	20.110
Financial lease liabilities	46	13
Other non-current borrowings	131	440
Total	**31.834**	**35.315**
Current borrowings:		
Mortgages	2.160	-
Current portion of other non-current borrowings	217	-
Bank borrowings	991	2.931
Financial lease liabilities	19	17
Borrowings from Group Companies	1.448	1.833
Other current borrowings	572	292
Total	**5.407**	**5.073**
Total non-current and current borrowings	**37.241**	**40.388**
Fair value	38.442	41.641

Borrowings are measured at amortised cost. The Group has designated a fixed interest rate GBP 300m bond issue as the hedged items in the fair value hedge with the designated risk being movements in the benchmark interest rate (floating interest rate). Hence, the carrying amount of this borrowing is adjusted for movements in the fair value due to movements in the benchmark rate. The carrying amount of this borrowing is DKK 2,693m (2009: DKK 2,433m).

Time to maturity for non-current borrowings

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

DKK million 2009	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
Issued bonds	2.046	-	1.647	7.391	2.420	13.504
Mortgages	-	-	-	-	1.248	1.248
Bank borrowings	743	18.308	202	113	744	20.110
Financial lease liabilities	7	5	1	-	-	13
Other non-current borrowings	338	32	25	16	29	440
Total	**3.134**	**18.345**	**1.875**	**7.520**	**4.441**	**35.315**

Note

24 Borrowings (Continued)

Interest rate risk at 31 December

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

All interest rates stated in the table includes margin.

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

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

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

The main part of the bank borrowing was originally floating but has been swapped to a fixed interest rate. 95% of the fixed-rate bank borrowing has an average fixed rate of 4.87% including margin.

DKK million	Net financial interest-bearing debt*	Interest rate** Floating	Fixed	Floating %	Fixed %
EUR	29.708	4.106	25.602	14%	86%
DKK	-2.141	-2.141	-	100%	0%
PLN	1.590	1.583	7	100%	0%
USD	458	535	-77	117%	-17%
CHF	2.921	2.921	-	100%	0%
RUB	462	462	-	100%	0%
Other	1.564	-174	1.738	-11%	111%
Total	**34.562**	**7.292**	**27.270**	**21%**	**79%**

* After swaps and currency derivatives

** Before currency derivatives

Note

24 Borrowings (Continued)

Interest rate risk at 31 December:

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

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

The floating-rate mortgages comprised three mortgages with a time to maturity of more than five years, of which two loans (total DKK 370m) were originally at fixed rates but were swapped to floating rates. The loans were adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0. The third loan (DKK 1,248m) was repriced semi-annually with reference to 6-month CIBOR .

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

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

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

		Interest rate**			
DKK million	**Net financial interest-bearing debt***	**Floating**	**Fixed**	**Floating %**	**Fixed %**
EUR	28.141	10.224	17.197	36%	64%
DKK	1.147	1.519	-372	132%	-32%
PLN	1.780	1.774	6	100%	0%
USD	757	55	702	7%	93%
CHF	2.582	2.582	-	100%	-
RUB	-259	-259	-	100%	93%
Other	3.546	-428	3.974	-	-
Total	**37.694**	**15.467**	**22.227**	**41%**	**59%**

* After swaps and currency derivatives

** Before currency derivatives

Note

24 Borrowings

2010

Currency profile of borrowings before and after derivative financial instruments — Next repricing (of principal before currency swaps)

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

Cf. also note 35, Financial risks.

2009

Currency profile of borrowings before and after derivative financial instruments — Next repricing (of principal before currency swaps)

DKK million	Original principal	Effect of swap	After swap	2010	2011	2012	2013	2014	2015-
CHF	9	2.556	2.565	109	-100	-	-	-	-
DKK	3.006	-2.846	160	3.006	-	-	-	-	-
EUR	25.750	2.815	28.565	7.833	-112	66	7.517	7.441	3.005
GBP	6.091	-3.449	2.642	2.399	2.045	-	1.647	-	-
NOK	-19	810	791	-19	-	-	-	-	-
PLN	26	1.750	1.776	20	2	2	2	-	-
RUB	37	558	595	37	-	-	-	-	-
SEK	12	-407	-395	12	-	-	-	-	-
SGD	12	0	12	12	-	-	-	-	-
USD	5.124	-3.837	1.287	4.422	283	271	102	46	-
Other	340	2.050	2.390	330	4	6	-	-	-
Total	**40.388**	**-**	**40.388**	**18.172**	**2.122**	**345**	**9.268**	**7.487**	**3.005**

Note

25 Retirement benefit obligations and similar obligations

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

Approximately 69% (2009: 59%) of the Group's retirement benefit costs relate to defined contribution plans, which limit the Group's obligation to the contributions paid. The retirement benefit plans are funded by payments from the Group's companies and employees to funds that are independent of the Group.

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

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

A number of plans, especially in Germany, Sweden and Italy, are unfunded. For these plans the retirement benefit obligations amount to approximately 15% (2009: 16%) of the total gross liability.

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

DKK million	**2010**	**2009**
Defined benefit plans are recognised in the statement of financial position as follows:		
Retirement benefit obligations and similar obligations	2.398	2.127
Plan assets	-8	-2
Net obligations	**2.390**	**2.125**
Specification of net obligations:		
Present value of funded plans	7.874	6.640
Fair value of plan assets	-6.904	-5.823
Net obligation for funded plans	**970**	**817**
Present value of unfunded plans	1.420	1.308
Net obligations recognised	**2.390**	**2.125**
Specification of total obligations:		
Present value of funded plans	7.874	6.640
Present value of unfunded plans	1.420	1.308
Total obligations	**9.294**	**7.948**

Note

25 **Retirement benefit obligations and similar obligations**

DKK million	2010	2009
Changes in obligations:		
Total obligations at 1 January	7.948	7.009
Current service cost	150	133
Interest cost	390	341
Actuarial gains (-) and losses (+)	350	610
Benefits paid	-469	-436
Curtailments and settlements	-56	-18
Employee contributions to pension scheme	16	16
Transfer from other provisions	28	7
Entities acquired in a step acquisition	52	-
Disposal of entities	-	-7
Foreign exchange adjustments etc.	885	293
Total obligations at 31 December	**9.294**	**7.948**

Changes in plan assets:		
Fair value of assets at 1 January	5.823	5.245
Expected return	325	269
Actuarial gains (-) and losses (+)	197	228
Contributions to plans	187	203
Benefits paid	-380	-339
Foreign exchange adjustments etc.	752	217
Fair value of assets at 31 December	**6.904**	**5.823**

The Group expects to contribute DKK 234m (2009: DKK 144m) to the plan assets in 2011.

Actual return on plan assets:		
Expected return	325	269
Actuarial gains (+) and losses (-)	197	228
Actual return	**522**	**497**

Breakdown of plan assets:

		2010		**2009**
	DKK million	%	DKK million	%
Shares	2.139	31%	1.936	33%
Bonds and other securities	3.212	47%	2.505	44%
Real estate	1.274	18%	1.012	17%
Cash and cash equivalents	279	4%	370	6%
Total	**6.904**	**100%**	**5.823**	**100%**

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

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

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

Note

25 Retirement benefit obligations and similar obligations

	2010	2009
Assumptions applied:	Weighted average	Weighted average
Discount rate	3,7%	4,5%
Expected return on plan assets	4,4%	4,6%
Future salary increases	3,4%	3,1%
Future retirement benefit increases	2,1%	2,3%

DKK million	2010	2009
Recognised in income statement:		
Current service cost	150	133
Expected return on plan assets	-325	-270
Interest cost on obligations	390	342
Curtailments and settlements	-56	-18
Total recognised in income statement	**159**	**187**
The cost is recognised in the income statement as follows:		
Cost of sales	15	19
Sales and distribution expenses	53	74
Administrative expenses	28	29
Special items (restructuring)	-2	-7
Total staff costs, cf. note 12	**94**	**115**
Financial income	-325	-269
Financial expenses	390	341
Total	**159**	**187**
Recognised in other comprehensive income:		
Recognised at 1 January	-1.124	-704
Actuarial gains/losses	-153	-382
Foreign exchange adjustment of foreign entities	-133	-38
Recognised in other comprehensive income during the period	**-286**	**-420**
Recognised at 31 December	**-1.410**	**-1.124**
Of which accumulated actuarial gains/losses	-1.509	-1.356

	2010 DKK million	2009 DKK million	2008 DKK million	2007 DKK million	2006 DKK million
Five-year overview					
Obligations	9.330	7.948	7.009	8.151	8.134
Plan assets	-6.905	-5.823	-5.245	-6.234	-6.334
Deficit	2.425	2.125	1.764	1.917	1.800
Experience adjustments to obligations	108	-34	-492	-42	-15
Experience adjustments to plan assets	-815	-544	100	-899	-366

Note

26 Deferred tax assets and deferred tax liabilities

DKK million	2010	2009
Deferred tax at 1 January, net	7.510	7.907
Adjustments to previous years	51	-41
Entities acquired in a step acquisition	30	-
Revaluation of previously recognised deferred tax acquired in a step acquisition	52	-
Disposal of entities	-	-19
Recognised in other comprehensive income	-31	-81
Recognised in income statement	47	91
Change in tax rate	-63	-26
Foreign exchange adjustments	347	-321
	7.943	**7.510**
Of which is transferred to Assets held for sale	-53	-
Deferred tax at 31 December, net	**7.890**	**7.510**
Specified as follows:		
Deferred tax liabilities	9.179	8.936
Deferred tax assets	-1.289	-1.426
Deferred tax at 31 December, net	**7.890**	**7.510**

Specification of deferred tax assets and liabilities at 31 December:

DKK million	2010	2009	2010	2009
	Deferred tax assets		Deferred tax liabilities	
Intangible assets	420	92	7.193	6.750
Property, plant and equipment	336	303	2.858	2.551
Current assets	110	102	54	46
Provisions and retirement benefit obligations	532	690	229	876
Fair value adjustments	112	63	173	123
Tax losses etc.	1.944	2.392	889	806
Total before set-off	**3.454**	**3.642**	**11.397**	**11.152**
Set-off	-2.165	-2.216	-2.165	-2.216
Transferred to assets held for sale			-53	
Deferred tax assets and liabilities at 31 December	**1.289**	**1.426**	**9.179**	**8.936**
Expected to be used as follows:				
Within 12 months after the end of the reporting period	86	348	138	888
More than 12 months after the end of the reporting period	1.203	1.078	9.041	8.048
Total	**1.289**	**1.426**	**9.179**	**8.936**

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

Of the total deferred tax assets recognised, DKK 1,194m (2009: DKK 1,237m) relate to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 1,458m (2009: DKK 1,456m) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Tax losses that will not expire amount to DKK 1,036m (2009: DKK 1,069m).

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2009: DKK 0m).

Deferred tax of DKK 104m (2009: DKK 106m) has been recognised in respect of earnings in the Eastern Europe region which are intended for distribution in the short term, as tax of 5% is payable on distributions. For other subsidiaries where distributable reserves are planned to be distributed, any distribution of earnings will not trigger a significant tax liability based on current tax legislation.

Note

27 Provisions

Restructuring provisions totalling DKK 409m (2009: DKK 565m) relate primarily to restructurings of Carlsberg Sverige, Carlsberg Deutschland, Carlsberg UK, Feldschlösschen Getränke, Brasseries Kronenbourg. and Carlsberg Italia. 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.

The group has made provision for certain contracts which are deemed to be onerous. Onerous contracts totalling DKK 315m (2009: DKK 676m) primarily relate to raw materials.

Other provisions totalling DKK 1,252m (2009: DKK 1,162m) relate primarily to profit sharing in France, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

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

DKK million				**2009**
	Restructurings	Onerous contracts	Other	Total
Provisions at 1 January 2009	603	245	1.275	2.123
Additional provisions recognised	300	459	127	886
Disposal of entities	-21	-	-5	-26
Used during the year	-282	-28	-313	-623
Reversal of unused provisions	-13	-	-7	-20
Transfers	-59	-	20	-39
Discounting	22	-	62	84
Foreign exchange adjustments etc.	15	-	3	18
Provisions at 31 December 2009	**565**	**676**	**1.162**	**2.403**
Provisions are recognised in the statement of financial position as follows:				
Non-current provisions	340	-	982	1.322
Current provisions	225	676	180	1.081
Total	**565**	**676**	**1.162**	**2.403**

DKK 1,081m (2009: DKK 1,272m) of total non-current provisions falls due within five years from the end of the reporting period

Note

28 Other liabilities etc.

DKK million	**2010**	**2009**
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	747	570
Current liabilities	11.257	10.421
Total	**12.004**	**10.991**
Other liabilities by origin:		
Excise duties and VAT payable	2.851	2.642
Staff costs payable	1.794	1.526
Interest payable	740	839
Fair value of hedging instruments	2.236	2.455
Liabilities related to the acquisition of entities	1.138	188
Amounts owed to associates	1	2
Deferred income	1.204	1.150
Other	2.040	2.189
Total	**12.004**	**10.991**

Note

29 Cash flows

DKK million	2010	2009
Adjustment for other non-cash items:		
Share of profit after tax, associates	-141	-104
Gains on disposal of property, plant and equipment and intangible assets, net	-159	-30
Amortisation of on-trade loans etc.	918	-207
Total	**618**	**330**
Change in working capital:		
Inventories	-291	1.568
Receivables	362	1.027
Trade payables and other liabilities	1.138	539
Retirement benefit obligations and other liabilities related to operating activities before special items	-433	164
Adjusted for unrealised foreign exchange gains/losses	21	-9
Total	**797**	**3.289**
Change in on-trade loans:		
Loans provided	-1.050	-1.104
Repayments	620	693
Total	**-430**	**-411**
Change in financial receivables:		
Loans and other receivables	-241	-121
Repayments	20	25
Total	**-223**	**-96**
Non-controlling interests:		
Acquisition of non-controlling interests	-169	-286
Non-controlling interests’ share of capital increase in subsidiaries	-	7
Dividends to non-controlling interests	-709	-312
Total	**-878**	**-591**
External financing:		
Proceeds from issue of bonds	7.368	9.918
Debt institutions, long term	-9.465	-15.751
Debt institutions, short term	-1.766	1.116
Intercompany loans, short term	-439	-5.144
Loans from associates	-36	103
Finance lease liabilities	-23	-5
Other financing liabilities	-43	-106
Total	**-4.432**	**-9.869**

Note

30 Acquisition and disposal of entities

Acquisition of entities acquired in a step acquisition

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

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

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

	Wusu Xinjiang Beer Group	Gorkha Brewery	Total
Fair value of consideration transferred for acquired ownership interest	228	228	456
Fair value of previously held ownership interest	660	285	945
Fair value of non-controlling ownership interest	385	57	442
Fair value of entities acquired in stages, total	**1.273**	**570**	**1.843**
Carrying amount of identified assets and liabilities recognised before step acquisition	31	76	107
Revaluation of identified assets and liaiblities recognised before step acquisition	235	-	235
Fair value of acquired identified assets, liabilities and contingent liabilities	179	76	255
Fair value of identified assets, liabilities and contingent liabilities	**445**	**152**	**597**
Total goodwill	**828**	**418**	**1.246**
Goodwill recognised before a step acquisition	269	-	269
Change in total recognised goodwill	**559**	**418**	**977**
Goodwill is attributable to:			
Shareholders in Carlsberg Breweries A/S	599	369	968
Non-controlling interest	229	49	278
Total goodwill	**828**	**418**	**1.246**
Gain on revaluation of previously held ownership interest in entities acquired in step acquisitions:			
Carrying amount of previously held ownership interest	-300	-76	-376
Fair value of previously held ownership interest	660	285	945
Recycling of cumulative exchange differences	30	-1	29
Total	**390**	**208**	**598**
Elements of cash consideration paid:			
Cash	228	-	228
Cash and cash equivalents, acquired	-5	-30	-35
Total cash consideration paid	**223**	**-30**	**193**
Contingent consideration	-	228	228
Total consideration transferred	**223**	**198**	**421**

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

Acquisition and disposal of entities continued

	Acquired share of net assets recognised at fair: Wusu Xinjiang Beer Group	Gorkha Brewery	Total	Revaluation of previously recognised net assets at fair	Total change in net assets from acquisition
Intangible assets	89	-	89	77	166
Property, plant and equipment	281	62	343	283	626
Investments, excl. deferred tax	-	-	-	-76	-76
Inventories	49	18	67	18	85
Loans and receivables, current	2	44	46	44	90
Cash and cash equivalents	5	15	20	15	35
Pension liabilities	-52	-	-52	-	-52
Deferred tax assets and liabilities, net	-28	-2	-30	-52	-82
Borrowings	-37	-30	-67	-30	-97
Trade payables and other payables	-130	-31	-161	-44	-205
Net assets	**179**	**76**	**255**	**235**	**490**

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

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

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

In Q4 2010, Carlsberg gained control of Gorkha Brewery through a step acquisition. The shareholdings held immediately before obtaining control have been recognised at fair value with the revaluation adjustment, DKK 208m, recognised in special items. The purchase price allocation of the fair value of identified assets, liabilities and contingent liabilities is still ongoing and has not yet been completed. Adjustments may therefore be made to all items in the opening statement of financial statement. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

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

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

The acquired entities contributed positively to operating profit before special items for 2010 by approximately DKK 36m and to the profit for the year by approximately DKK 19m. The net profit for the year had the acquisition of Gorkha Brewery been completed at 1 January 2010 is estimated at DKK 5.382m. As the acquisition of Wusu Xinjiang Beer Group was completed at 1 January 2010, the result has already been included in net profit for the year.

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

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

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

Acquisition of proportionally consolidated entities. In Q4 2010, Carlsberg acquired an additional 22.5% of the shares in the jointly controlled entity South Asian Breweries Pte. Ltd. (India) which is recognised by proportional consolidation. The purchase price allocation, including contingent consideration, of the fair value of identified assets, liabilities and contingent liabilities in the acquisition has not yet been completed. Fair value of identified assets, liabilities and contingent liabilities less the cost of the acquisition, DKK 119m, is recognised as goodwill. Accounting for the acquisition will be completed within the 12-month period required by IFRS 3.

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

The Group did not complete any acquisitions of entities during 2009.

Note

30 Acquisition and disposal of entities

Disposal of entities

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

DKK million	2010	2009
Intangible assets	-	208
Property, plant and equipment	-	135
Financial assets, non-current	-	28
Inventories	-	25
Receivables	-	456
Cash and cash equivalents	-	87
Provisions	-	-26
Deferred tax liabilities, net	-	-19
Borrowings	-	-42
Trade payables and other liabilities etc.	-	-216
Net assets	**-**	**636**
Interest in disposed entity retained by Carlsberg	-	-4
Equity, Carlsberg's share	-	632
Recycling of cumulative exchange differences	-	11
Directly attributable cost	-	-1
Gains/losses - recognised under special items	-	49
Gains/losses - recognised under financial items	-	-41
Transferred to investments in associates	-	-475
Cash consideration received	**-**	**175**
Cash and cash equivalents, disposed of	-	-87
Cash inflow, net	-	88

DKK million	2010	2009
Acquisition and disposal of entities, net:		
Acquisitions, cash outflow	-193	-
Payment regarding acquisition in prior period	-284	-
Disposals, cash inflow (2009: Includes disposal of associates)	-	88
Net	**-477**	**88**

Note

31 **Acquisition and disposal of non-controlling interests**

DKK million	Increase in ownership					Decrease in ownership		**2010**
Entity	Baltika Brewery	Olivaria	Bottling and Brewing Group Ltd. [1]	Parag Breweries Ltd. [1]	Slavutich Brewery [2]	Carlsberg Singapore Pte. Ltd. [3]	Derbes Company Ltd. [4]	
Country	Russia	Belarus	Malawi	India	Ukraine	Singapore	Kazakhstan	
Ownership interest increased/decreased	0,15%	30,22%	3,90%	10,00%	0,48%	-49,00%	-1,08%	Total
Paid/received	-55	-114	-	-	-	-	-	-169
Change in provision for put option	-	92	-	-	-	-	-	92
Proportionate share of equity acquired/disposed	54	22	16	2	7	-43	-3	55
Difference recognised directly in equity	**-1**	**-**	**-**	**2**	**7**	**-43**	**-3**	**-22**
Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:								
1 January 2010	29.472	129	107	24	986	76	208	31.002
Effect of acquisition/disposal	54	22	16	2	7	-43	-3	55
Comprehensive income	5.782	22	33	-69	384	51	65	6.268
Dividends, capital injections etc.	-4.718	-5	-	74	174	-61	21	-4.515
31 December 2010	**30.590**	**168**	**156**	**31**	**1.551**	**23**	**291**	**32.810**

DKK million	Increase in ownership						**2009**
Entity	Derbes Company Ltd. [5]	A/S Aldaris	Svyturys-Utenos Alus AB [6]	Slavutich Brewery	Carlsberg Uzbekistan	Olivaria [7]	
Country	Kazakhstan	Latvia	Lithuania	Ukraine	Uzbekistan	Belarus	
Ownership interest increased	10,00%	3,74%	24,65%	0,41%	24,90%	7,48%	Total
Paid	-153	-29	-25	-3	-76	-	-286
Change in provision for put option	8	-	-360	-	-	-54	-406
Proportionate share of equity acquired	27	10	290	3	16	11	357
Difference recognised as goodwill	**-118**	**-19**	**-95**	**-**	**-60**	**-43**	**-335**
Effects of changes in Carlsberg's ownership interest on the equity attributable to Carlsberg:							
1 January 2009	406	261	858	813	30	138	2.506
Effect of acquisition	27	10	290	3	16	11	357
Comprehensive income	-185	6	106	95	-10	-20	-8
Dividends, capital injections etc.	-40	-	-50	75	37	-	22
31 December 2009	**208**	**277**	**1.204**	**986**	**73**	**129**	**2.877**

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

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

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

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

5) Non-controlling interests of Derbes Company Ltd.'s exercise of put options held against the Group.

6) A cquisition of a non-controlling shareholding and revaluation of put options held by non-controlling shareholders of Svyturys-Utenos against the Group. The change in value has been recognised as goodwill as the put options relate to transactions completed prior to 1 January 2010.

7) Revaluation of put options held by non-controlling shareholders of Olivaria against the Group. The change in value has been recognised as goodwill as the put options relate to transactions completed prior to 1 January 2010.

Carlsberg Breweries Group

Note

32 Specification of invested capital

DKK million	2010	2009
Invested capital is calculated as follows:		
Total assets	132.129	121.886
Less:		
Deferred tax assets	-1.289	-1.426
Loans to associates (current)	-27	-36
Loans to Group companies (current)	-654	-590
Interest income receivable, fair value of hedging instruments and financial receivables	-329	-336
Securities (current and non-current)	-129	-88
Cash and cash equivalents	-2.679	-2.694
Assets held for sale	-284	-80
Total assets included	**126.738**	**116.636**
Trade payables	-9.419	-7.932
Deposits on returnable packaging	-1.279	-1.361
Provisions, excluding restructuring	-1.567	-1.838
Corporation tax	-530	-424
Deferred income	-1.204	-1.150
Finance lease liabilities, included in borrowings	-65	-30
Other liabilities, excluding deferred income, interest payable and fair value of hedging instrument	-7.819	-6.547
Total liabilities offset	**-21.883**	**-19.282**
Total invested capital	**104.855**	**97.354**

Note

33 Specification of net interest-bearing debt

DKK million	2010	2009
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	31.834	35.315
Current borrowings	5.407	5.073
Gross interest-bearing debt	**37.241**	**40.388**
Cash and cash equivalents	-2.679	-2.694
Loans to associates, interest-bearing portion	-24	-36
Loans to partners	-225	-
On-trade loans	-2.065	-2.143
Non-interest-bearing portion	1.286	1.368
Other receivables	-1.391	-1.533
Non-interest-bearing portion	1.357	-
Receivables from group companies, interest-bearing portion	-653	-613
Net interest-bearing debt	**32.847**	**36.122**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	36.122	45.771
Cash flow from operating activities	-11.225	-13.420
Cash flow from investing activities, excl acquisition of entities, net	5.765	2.928
Cash flow from acquisition of entities, net	477	-519
Dividends to shareholders and non-controlling interests	709	312
Acquisition of non-controlling interests	169	286
Acquired net interest-bearing debt from acquisition/disposal of entities	97	-123
Change in interest-bearing lending	15	-
Effect of currency translation	808	554
Other	-90	333
Total change	**-3.275**	**-9.649**
Net interest-bearing debt at 31 December	**32.847**	**36.122**

Note

34 Investments in proportionally consolidated entities

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

DKK million	**2010**	**2009**
Revenue	2.558	2.593
Total costs	-2.118	-2.238
Operating profit before special items	**440**	**355**
Consolidated profit	**284**	**215**
Non-current assets	2.244	2.388
Current assets	1.012	877
Assets classified as held-for-sale	10	10
Non-current liabilities	-253	-616
Current liabilities	-1.556	-1.233
Net assets	**1.457**	**1.426**
Free cash flow	266	246
Net cash flow	213	78
Cash and cash equivalents, year-end	283	69
Contingent liabilities in joint ventures	132	135
Capital commitments in joint ventures	-	15

The investment in Wusu Xinjiang Beer Group was proportionally consolidated in 2009 (60.12%). While it is fully consolidated in 2010 following a step acquisition as at 1 January, cf. note 30.

Note 35 – Financial risk

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

The Group's financial risks are managed by Group Treasury in accordance with the Treasury Policy approved by the Supervisory Board, including the hedging of aluminium prices. The risks related to the purchase of main raw material categories are managed by Group Procurement. The risk management framework is described in the Management review. The Group has not identified any additional financial risk exposures in 2010 compared to 2009.

The risk management activities are unchanged compared to 2009.

Capital structure

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

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

As an element of strategic capital structure decisions, management assesses the risk of changes in the Group's investment grading. In 2006 the Carlsberg Group (parent company) was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. The ratings were reaffirmed in May 2010.

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

At 31 December 2010, the Group had net interest-bearing debt totalling DKK 32,847m (2009: DKK 36,122m). 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.

Comitted non-current credit facilities at 31 December

DKK million	**2010**	**2009**
1-2 years	10.687	4.904
2-3 years	2.360	25.048
3-4 years	7.858	1.875
4-5 years	13.200	7.525
>5 years	11.368	5.196
Total	**45.473**	**44.548**
Current borrowings	5.407	5.073
Non-current borrowings	31.834	35.315
Total	**37.241**	**40.388**

Market risk

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

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

Note 35 – Financial risk - Continued

Foreign exchange risk

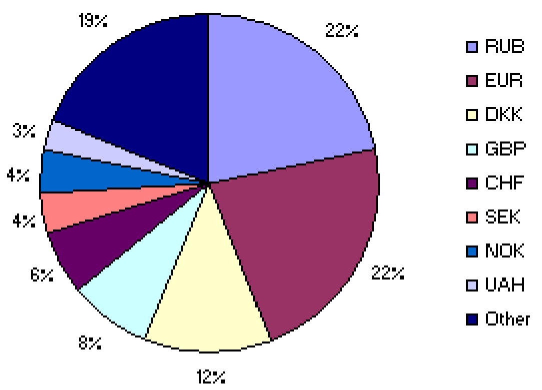
A significant part of the Group's activities and investments take place outside Denmark and in currencies other than DKK. Foreign exchange risk is therefore a principal financial risk for the Group and as such exchange rate fluctuations can have a significant impact on the income statement and the statement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

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

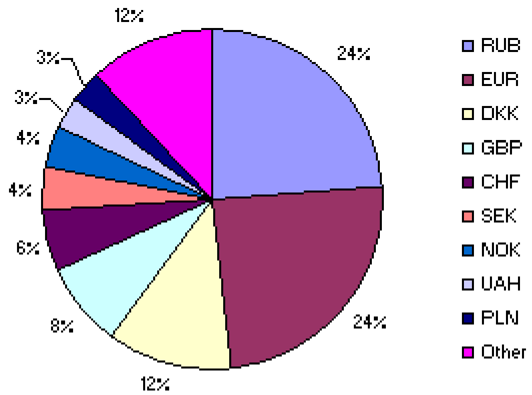
Furthermore, the Group has a foreign exchange risk on cash flow from operations in countries where there is no natural hedge relationship between cash flow from operations and loans.

Revenue exposure to currencies is illustrated below:

Distribution of net revenue 2010, DKK 60,054m



Distribution of net revenue 2010, DKK 59,382m



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

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

Impact from Eastern Europe

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

Note 35 – Financial risk - Continued

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

Investment in and financing of local entities

The Group is exposed to foreign exchange risk on borrowings denominated in a currency other than the functional currency of the individual Group entity. Interest on borrowings is denominated in the currency of the borrowing.

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

At 31 December 2010, 86% of the Group's net financial debt was in EUR (2009: 75%); cf. note 24 Borrowings.

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

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

Applied exchange rates

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

	Closing Rate		Average Rate	
	2010	**2009**	**2010**	**2009**
Swiss Franc (CHF)	5,9755	5,0017	5,4070	4,9287
Chinese Yuan (CNY)	0,8504	0,7604	0,8365	0,7859
Euro (EUR)	7,4544	7,4415	7,4473	7,4462
Pound Sterling (GBP)	8,6659	8,2319	8,7169	8,3745
Malaysian Ringgit (MYR)	1,8226	1,5149	1,7484	1,5216
Norwegian Krone (NOK)	0,9534	0,8942	0,9311	0,8542
Polish Zloty (PLN)	1,8801	1,8040	1,8620	1,7211
Russian Rouble (RUB)	0,1848	0,1715	0,1876	0,1687
Swedish Krone (SEK)	0,8270	0,7228	0,7830	0,7015
Ukrainian Hryvnia (UAH)	0,7050	0,6500	0,7216	0,6901

Note 35 – Financial risk - Continued

Impact on financial statement and sensitivity analysis

Impact on operating profit
Developments in exchange rates between DKK and the functional currencies of foreign entities had an increasing impact compared to 2009 on the Group's operating profit measured in DKK. Operating profit has been improved as a result of an increase in the average RUB /DKK rate (11.2%), NOK/DKK rate (9.0%), UAH/DKK rate (4.6%), GBP/DKK rate (4.1%), PLN/DKK rate (8.2%), SEK/DKK rate (11.6%) and CHF/DKK rate (9.7%).

Impact on net financial costs
In 2010, the Group achieved net gains on foreign exchange and made fair value adjustments of financial instruments of DKK 22m (2009: DKK -501m). The main source for the losses in 2009 was USD- and EUR-denominated debt in a number of Group companies in Eastern Europe.

Impact on statement of financial position
Fluctuations in foreign exchange rates will also affect the level of debt, as funding is obtained in a number of currencies. In 2010, the net interest-bearing debt increased by DKK 816m (2009: DKK 554m) due to foreign exchange rates. The primary impact derives from net debt in GBP: GBP/DKK appreciated from 8.23 at the end of 2009 to 8.67 at the end of 2010.

Impact on other comprehensive income
For 2010 the total gains on net investments, loans granted to subsidiaries as an addition to the net investment and net investment hedges amounted to DKK 4,907m (2009: DKK -3,262m). The gains have primarily been incurred in RUB, UAH, CNY and CHF.

Sensitivity analysis
A negative development in the exchange rates would, all other things being equal, have the following impact on the consolidated profit and loss and other comprehensive income for 2010. The hypothetical impact ignores the fact that the subsidiaries' initial recognition of revenue, cost and debt is exposed to the changes in the exchange rates.

2010

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

DKK million	USD recievables	USD payables	USD loans	USD cash	Gross exposure	Derivative	Net exposure	%-exposure	Effect on P/L
USDRUB	-	-67	-	504	437	-	437	10,00%	44
USDUAH	2	-50	-298	8	-338	-	-338	10,00%	-34
USDKZT	-	-6	-459	-	-464	-	-464	10,00%	-46
USDDKK	139	-33	-9.183	1	-9.076	8.884	-192	10,00%	-19
Total									**-55**

Note 35 – Financial risk - Continued

2009

DKK million	EUR recievables	EUR payables	EUR loans	EUR cash	Gross exposure	Derivative	Net exposure	%-exposure	Effect on P/L
EUR/RUB	3	-94	-	129	37	-	37	10,00%	4
EUR/LTL	3	-7	-	-	-3	-	-3	10,00%	-
EUR/LVL	6	-9	-	1	-3	3	-	10,00%	-
EUR/RSD	9	-22	-	-	-13	-	-13	10,00%	-1
EUR/KZT	-	-19	-	-	-19	-	-19	10,00%	-2
EUR/UAH	-	-16	-	-	-16	-	-16	10,00%	-2
EUR/UZS	-	-76	-296	15	-357	-	-357	10,00%	-36
EUR/CNY	-	-1	-	-	-1	-	-1	10,00%	-
Total									**-37**

DKK million	USD recievables	USD payables	USD loans	USD cash	Gross exposure	Derivative	Net exposure	%-exposure	Effect on P/L
USDRUB	-	-19	-31	482	432	-	432	10,00%	43
USDUAH	5	-28	-413	-	-436	-	-436	10,00%	-44
USDKZT	-	-	-508	-	-508	-	-508	10,00%	-51
Total									**-52**

Interest rate risk

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

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

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

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

Sensitivity analysis

At the reporting date, 79% of the net borrowings consisted of fixed-rate loans with rates fixed for more than one year (2009: 59%). It is estimated that an interest rate increase of 1 percentage point would lead to an increase in annual interest expenses of DKK 73m (2009: DKK 155m). The calculation assumes a parallel shift in the relevant yield curves and 100% effective hedging of changes in the yield curve.

At 31 December 2010, the duration of the borrowings was 3.0 years (2009: 2.2 years) and in value terms amounted to DKK 1,025m (2009: DKK 821m). If the market interest rate had been 1 percentage point higher (lower) at the reporting date, it would have led to a financial gain (loss) of DKK 1,025m (2009: DKK 821m). However, since only interest rate swaps and not fixed-rate borrowings are recognised at fair value, marked-to-market, only the duration contained in financial instruments will impact comprehensive income. It is estimated that DKK 255m (2009: DKK 406m) of the duration is contained in interest rate derivatives designated as cash flow hedges, meaning that the impact from changes in interest rates will be recognised in other comprehensive income. If the market interest rates had been 1 percentage point higher (lower) at 31 December 2010, shareholders' equity would have been DKK 255m (2009: DKK 406m) higher (lower). The remaining duration is included in borrowings with fixed interest – primarily the issued bonds described in note 24, which are carried at amortised cost.

The sensitivity analysis is based on the financial instruments recognised at the reporting date. The sensitivity analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the same basis as for 2009.

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

Raw material risk

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

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

To hedge the implicit risk of rising aluminium prices associated with the purchase of cans, the Group's purchase price under the majority of purchase agreements is variable and based on the global market price of aluminium (London Metal Exchange, LME). The Group is thus able to hedge the underlying aluminium price risk. For 2011 the majority of the aluminium price risk has been hedged for Northern & Western Europe and Eastern Europe, whereas the risk has been partially hedged for the period up to 2012. The total volume of aluminium purchased via financial instruments was approximately 78,000 tonnes at the end of 2010 (2009: 57,000 tonnes). Based on this volume, and assuming 100% efficiency, a 10% increase (decrease) in aluminium prices would impact equity positively (negatively) by DKK 110m (2009: DKK 65m). Fair values are specified in note 36.

It is Group policy to secure delivery of malt and hops for the coming budget year, and the exposure for 2011 was thus hedged through fixed-price purchase agreements in 2010.

Credit risk

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

Trade receivables, on-trade loans and other receivables

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

The Group does not generally renegotiate the terms of trade receivables with the individual customer and trade receivables are not changed to on-trade loans. However, if a negotiation takes place, the outstanding balance is included in the analysis based on the original payment terms. No significant trade receivables or on-trade loans have been renegotiated during 2009 and 2010.

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

Note 35 – Financial risk - Continued

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

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

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

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

The credit risk on other loans is secured through collateral in shares, which the borrower holds in one of the Group's subsidiaries. The Group primarily enters into financial instruments and transactions with the Group's relationship banks, i.e. extending loans to the Group. In most cases, the Group will be in a net debt position with its relationship banks.

Furthermore, Group Treasury monitors the Group's gross credit exposure to banks, and operates with individual limits on banks based on rating, level of government support and access to netting of assets and liabilities. There are no historic losses related to bank balances and derivative financial instruments due to the counterparty's inability to pay, and management does not expect any counterparty to fail to meet its obligations.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The carrying amount of financial assets, DKK 12,243m (2009: DKK 12,471m), is summarised below.

					2010
DKK million	Net carrying amount at 31 Dec	Neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivable from sale of goods and ser	5.057	4.634	163	105	155
On-trade loans	2.065	217	5	1.731	112
Loans to associates	48	48	-	-	-
Loans to partners	225	225			
Intercompany receivables	685	685	-	-	-
Fair value of hedging instruments	318	318	-	-	-
Other receivable	1.391	1.158	14	69	150
Cash and cash equivalent	2.679	2.679	-	-	-

Note 35 – Financial risk - Continued

2009

DKK million	Net carrying amount at 31 Dec	Neither impaired nor past due on the reporting date	Past due less than 30 days	Past due between 30 and 90 days	Past due more than 90 days
Receivable from sale of goods and services	5.269	4.354	323	221	371
On-trade loans	2.144	-	-	2.144	-
Loans to associates	36	36	-	-	-
Fair value of hedging instruments	263	263	-	-	-
Other receivable	1.452	-	-	1.452	-
Intercompany receivables	613	613	-	-	-
Cash and cash equivalent	2.694	2.694	-	-	-

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

No significant impairment losses were incurred in respect of individual trade receivables or on-trade loans in 2010 and 2009. The impairment losses at 31 December 2010 relate to several minor customers that have – in different ways – indicated that they do not expect to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behaviour and extensive analysis of the underlying customers' credit ratings.

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

2010

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

2009

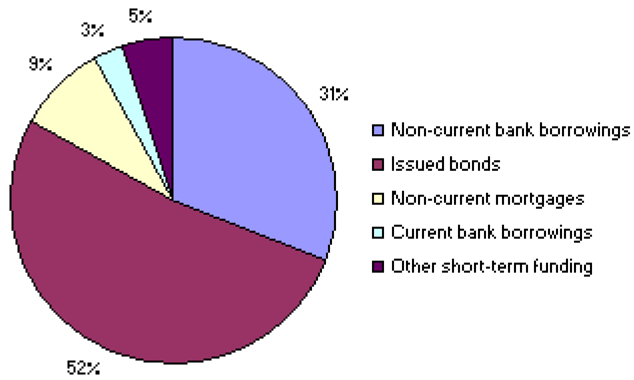
DKK million	Trade receivables	On-trade loans	Other receivables	Total
Impairment at 1 January	-719	-241	-	-960
Impairment loss recognised	-237	-109	-	-346
Realised impairment losses	169	45	-	214
Reversed impairments	47	13	-	60
Disposals	-11	16	-	5
Impairment at 31 December	**-751**	**-276**	**-**	**-1.027**

Note 35 – Financial risk - Continued

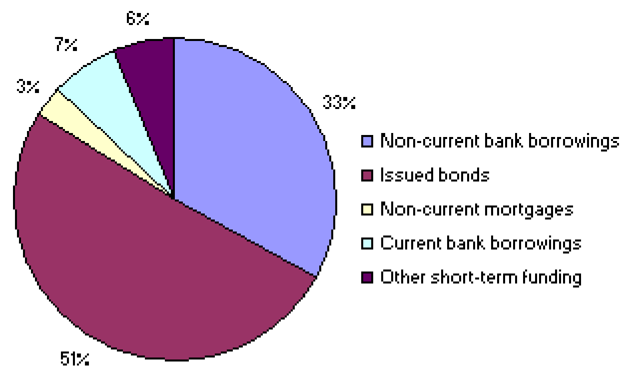
Liquidity risk
Liquidity risk results from the Group's potential inability to meet the obligations associated with its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. The Group's liquidity policy is managed by Group Treasury. The approach is to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources, and to some extent tapping a diversity of funding sources. At 31 December 2010, the Group had unutilised long-term committed credit facilities of DKK 13,639m (2009: DKK 9,233m).

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

Distribution gross financial debt 2010, DKK 37,241m



Distribution gross financial debt 2010, DKK 40,388m



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

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

	2010	**2009**
Total non-current commited loans and credit facilities	45.473	44.548
Total current and non-currents borrowings	-37.241	-40.388
Unused committed non-current credit facilities	8.232	4.160
Cash and cash equivalents	2.679	2.694
Credit resources available	**10.911**	**6.854**

The unused committed non-current credit facilities of DKK 8,232m (2009: DKK 4,160m) are net of non-current and current borrowings, and therefore DKK 5,407m (2009: DKK 5,073m) (the current borrowing) lower than the unutilised long-term committed credit facilities of DKK 13,639m (2009: DKK 9,233m).

A few insignificant long-term committed credit facilities include financial covenants with reference to the ratio between net debt and EBITDA. Management monitors this ratio, and at 31 December 2010 there was sufficient headroom below the ratio.

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

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

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

DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
					2009
Derivative financial systems					
Derivative financial instruments, payables	2.227	547	1.456	224	2.455
Non-derivative financial instruments					
Financial debt gross	40.596	5.073	31.025	4.498	40.388
Interest expense	5.598	1.236	3.900	462	N/A
Trade payables and other liabilities	9.290	9.290	-	-	9.290
Liabilities related to the acquisition of entities	649	127	-	522	649
Non-derivate financial instruments total	**56.133**	**15.726**	**34.925**	**5.482**	**-**
Financial liabilities total	**58.360**	**16.273**	**36.381**	**5.706**	**-**

All items are stated at their nominal amounts. Derivative financial instruments are presented gross. Derivative financial instruments are in general traded within the Group's relationship banks. The nominal amount/contractual cash flow of the financial debt is DKK 82m (2009: DKK 208m) higher than the carrying amount. The difference between the nominal amount and the carrying amount at initial recognition is cost that has been capitalised and is amortised over the duration of the borrowings, and the difference between the nominal amount of the bond and the two mortgages, which is carried at fair value. The interest expense is the contractual cash flows expected on the financial gross debt at 31 December 2010. For the part of bank borrowing and mortgages that has been swapped, the expected interest (before swaps but including margin) has been included. The expected net cash flow from the swaps related to the borrowings is included in the contractual cash flow for the derivative financial instrument. It should be noted that the cash flow regarding the interest expenses is estimated cash flow based on the notional amount of the above-mentioned borrowings and forward interest rates at year-end 2010 and 2009. Interest on the debt existing at year-end 2010 and 2009, for which no contractual obligation (current borrowing and part of the amount drawn on cash pools) exists, has been included for a two-year period.

Note 35 – Financial risk - Continued

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

		2010		2009	
DKK million	Note	Carrying amount	Fair value	Carrying Amount	Fair value
Securities	18	129	129	129	129
Available for sale instruments		**129**	**129**	**129**	**129**
Fair value hedges	36	108	108	9	9
Cash flow hedges	36	151	151	90	90
Net investment hedges	36	59	59	164	164
Derivative financial instruments		**318**	**318**	**263**	**263**
Trade receivables	19	5.057	5.057	5.269	5.269
On trade loans	19	2.065	2.065	2.144	2.144
Other receivables	19	1.615	1.615	1.452	1.452
Loans to associates	19	48	48	36	36
Loans to partners	19	225	225	-	-
Cash and cash equivalents	21	2.679	2.679	2.694	2.694
Loans and receivables		**11.689**	**11.689**	**11.595**	**11.595**
Fair value hedges		-846	-846	-1.136	-1.136
Cash flow hedges		-895	-895	-1.135	-1.135
Net investment hedges		-495	-495	-184	-184
Derivative financial instruments		**-2.236**	**-2.236**	**-2.455**	**-2.455**
Issued bonds	24	21.376	22.576	13.504	14.757
Mortages	24	1.248	1.248	1.248	1.248
Bank borrowings	24	12.184	12.177	23.041	23.041
Financial lease obligations	24	65	65	30	30
Other non current borrowings	24	2.368	2.375	2.565	2.565
Trade payables		9.419	9.419	7.932	7.932
Financial liabilities measured at amortised cost		**46.660**	**47.860**	**48.320**	**49.573**

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

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

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

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

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

On-trade loans
On-trade loans are recognised at amortised cost. Based on discounted cash flows using the interest rates at the end of the reporting period, these loans have a fair value of DKK 2,065m (2009: DKK 2,143m).

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

Note

36 Financial instruments

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

	2010		2009	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-	-	-10	-
Exchange rate instruments	569	-738	97	-1.120
Other instruments	-23	1	-	-
Ineffective portion of hedge	-51	-	-7	-7
Total	**495**	**-737**	**80**	**-1.127**

Value adjustments of fair value hedges in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (note 8). In 2010 financial income amounted to DKK 495m (2009: DKK 80m).

The inefficient portion is due to the reclassifications of fair value adjustments on interest rate hedges designated as cash flow hedges. The total ineffective portion is a loss of DKK -51m (2009: DKK -7m). The ineffective portion of hedge is split between inefficiency of hedges DKK -28m (2009: DKK -7m), and hedged item no longer likely to occur DKK -23m (2009: DKK 0m) The fair value of the entire derivative is classified under cash flow hedges.Other instruments are primarily aluminium hedges not classified as cash flow hedges during the year. The fair value of these aluminium derivatives are classified under cash flow hedges.

The value of fair value hedges recognised at 31 December amounted to DKK -737m (2009: DKK -1,127m). The recognition of the fair value hedges in the consolidated financial statements is specified in a separate table below.

Cash flow hedges

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

Main financial instruments - overview

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

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

Note

36 Financial instruments

Cash flow hedges

DKK million	2010 Fair value adjustment recognised in other compre-hensive income	2010 Fair value	2010 Expected recognition	2009 Fair value adjustment recognised in other compre-hensive income	2009 Fair value	2009 Expected recognition
Interest rate instruments	292	-852	2011-2015	-112	-1.099	2010-2015
Exchange rate instruments	-24	-43	2011	-88	-25	2010
Other instruments	42	151	2011-2012	345	79	2010-2012
Total	**310**	**-744**		**145**	**-1.045**	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amounted to DK 310m (2009: DK 145m). The adjustments are included in financial income and financial expenses (cf. note 8).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -744m (2009: DKK -1,045m). This includes the inefficient reclassified to to the income statement, but does not include the value of cash flow hedges closed but not yeat transferred to the incoem statement

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

Hedging of net investments in foreign subsidiaries

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

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

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

Hedging of net investments

DKK million	2010 Fair value adjustment recognised in other compre-hensive income	2010 Fair value	2009 Fair value adjustment recognised in other compre-hensive income	2009 Fair value
Exchange rate instruments	-1.069	-436	-116	-20
Total	**-1.069**	**-436**	**-116**	**-20**

Fair value adjustments of net investment hedges in the financial year are recognised in other comprehensive income and amounted to DKK -1,069m (2009: DKK -116m).

The fair value of net investment hedges recognised at 31 December amounted to DKK -436m (2009: DKK -20m).

Million	2010 Hedging of investment, amount in currency	2010 Addition to net investment, amount in currency	2010 Total adjustment to other compre-hensive income (DKK)	2010 Income statement (DKK)	2009 Hedging of investment, amount in currency	2009 Addition to net investment, amount in currency	2009 Total adjustment to other compre-hensive income (DKK)	2009 Income statement (DKK)
SEK	-390	3.740	-428	-	-9.877	5.787	-172	-
NOK	-750	3.182	134	-	-750	3.182	340	-
CHF	-460	-	-429	-	-460	-	-7	-
GBP	-70	90	-2	-	-70	-	1	-
MYR	-450	-	-137	-5	-450	-	10	-
EUR	-398	663	44	-	-398	635	7	-
RUB	-	-	-25	-	-2.857	-	-236	-
PLN	-820	-	-102	-	-820	-	-29	-
CNY	-1.250	-	-85	-	-1.400	-	4	-
HKD	-	2.810	-40	-	-500	-	-9	-
EEK	-	-	1	-	-	1.152	-1	-
LVL	-	-	-	-	-	-	-24	-
Total			**-1.069**	**-5**			**-116**	**-**

Note

37 Related party disclosures

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

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

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

	Associates		Proportionally consolidated entities	
DKK million	**2010**	**2009**	**2010**	**2009**
Revenue	379	218	7	10
Cost of sales	-229	-291	-2	-4
Loans	48	34	-	-
Receivables	105	49	11	17
Borrowings	-150	-193	-	-
Trade payables and other liabilities etc.	-1	-12	-	-

Note

38 Contingent liabilities and other commitments

The Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 86m (2009: DKK 79m) and for loans etc. raised by third parties (non-consolidated entities) of DKK 742m (2009: DKK 835m).

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

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

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

Capital commitments

DKK million	2010	2009
Capital commitments which at the end of the period are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Intangible assets	5	9
Property, plant and equipment and construction contracts	153	113
Total	**158**	**122**

Note

39 Operating lease liabilities

2010

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

2009

DKK million	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Total
Future lease payments:				
Within one year	197	39	294	580
Between one and five years	334	84	683	1.101
After more than five years	255	-	25	280
Total	**786**	**123**	**1.052**	**1.961**

DKK million	**2010**	**2009**
Operating lease recognised in the income statement	543	462
Expected future income under non-cancellable subleases (matures within 10 years)	84	105

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

40 Events after the reporting period

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

NOTE 41 ACCOUNTING POLICIES

The 2010 consolidated financial statements of the Carlsberg Breweries Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

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

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

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

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

New International Financial Reporting Standards (IFRS s) and Interpretations

Implementation of new IFRSs and Interpretations. With effect from 1 January 2010 the following new and amended IFRSs and Interpretations were implemented:
- IFRS 3 "Business Combinations"
- IAS 27 "Consolidated and Separate Financial Statements"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items"
- Amendment to IAS 39 "Financial Instruments: Recognition and Measurement – Reclassification of Financial Assets: Effective Date and Transition"
- Amendment to IFRS 2 "Share-based Payment – Group Cash-settled Share-based Payment Transactions"
- Amendment to IAS 32 "Financial Instruments: Presentation – Classification of Rights Issue"
- Improvements to IFRSs issued in April 2009
- Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and IAS 39 "Financial Instruments: Recognition and Measurement – Embedded Derivatives"
- IFRIC 18 "Transfer of Assets from Customers"

Except for IFRS 3 and IAS 27, the new and amended standards and interpretations have not changed the recognition and measurement.

IFRS 3 has changed the accounting treatment of business combinations as follows:
- Transaction costs directly attributable to a business combination are recognised in the income statement and included in special items, cost. Such costs were previously included in the cost of a business combination.
- Contingent consideration paid in a business combination is accounted for at fair value at the acquisition date and included in the cost of the acquisition. Subsequent fair value adjustments are recognised in the income statement under special items. Such adjustments were previously recognised in the cost of the acquisition.
- In a business combination achieved in stages (step acquisition), the shareholding acquired before obtaining control is recognised at fair value. The fair value adjustment is recognised in the income statement under special items. Previously each significant transaction was accounted for separately to determine the cost and fair value of identifiable assets, liabilities and contingent liabilities acquired, and fair value adjustments were recognised in other comprehensive income.
- Goodwill related to non-controlling interests' share of an acquired business may be recognised as part of the total goodwill. The recognition of such goodwill is optional and will be chosen for each individual transaction. The choice will be disclosed in the notes.

NOTE 41 Accounting policies - Continued

IAS 27 has changed the accounting for transactions with non-controlling interests. Acquisition and disposal of non-controlling interests without the loss of control is recognised directly in equity. Disposal of shareholdings with the loss of control is recognised in the income statement, and the remaining shareholding is remeasured at fair value. The fair value adjustment is recognised in the income statement.

In accordance with IFRS 3 and IAS 27, the comparative figures have not been restated.

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

- IAS 24 "Related Party Disclosures". The standard changes some definitions of related parties and the requirements on disclosures of transactions with related parties
- Amendment to IFRIC 14 "Prepayments of a Minimum Funding Requirement"
- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

The new and amended IFRSs and Interpretations are effective for financial years beginning on or after 1 July 2010 or 1 January 2011 and will be adopted by the Carlsberg Breweries Group as of the financial year 2011.

New and amended IFRSs and Interpretations not yet adopted by the EU

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

- Improvements to IFRSs issued in May 2010. The improvements have various application dates, the earliest for financial years beginning on or after 1 July 2010.
- IFRS 9 "Financial Instruments" most recently revised in November 2010. As further changes to the standard are being drafted and planned, the impact of the final standard on the consolidated financial statements cannot yet be estimated. The standard is effective for financial years beginning on or after 1 January 2013.
- Amendments to IFRS 7 "Financial Instruments: Disclosures – Transfer of Assets". The amendments will change disclosures on financial instruments in a transfer of assets. The standard is effective for financial years beginning on or after 1 July 2011.
- IFRS Practice Statement: Management Commentary, which provides a broad, non-binding framework for the presentation of a management commentary on financial statements that have been prepared in accordance with IFRS. The practice statement may be applied to management reviews presented prospectively from 8 December 2010.
- Amendments to IAS 12 "Deferred Tax: Recovery of Underlying Assets". The amendments provide further guidance on deferred tax on investment properties and are therefore not relevant to the Group.

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

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

Consolidated financial statements

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

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

NOTE 41 Accounting policies – Continued

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

A Group chart is included in note 42.

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

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

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

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

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

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

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

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

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

Negative differences (negative goodwill) are recognised in the income statement at the acquisition date.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly.

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

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

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

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

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

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

Acquisition and disposal of non-controlling interests. On acquisition of non-controlling interests (i.e. subsequent to the Carlsberg Breweries Group obtaining control) acquired net assets are not remeasured at fair value.

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

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

NOTE 41 Accounting policies – Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Income statement

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

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

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

NOTE 41 Accounting policies – Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of financial position

Intangible assets

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

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

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

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

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

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

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

NOTE 41 Accounting policies – Continued

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

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

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

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

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

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

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

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

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

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

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

Land is not depreciated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Equity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 41 Accounting policies – Continued

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

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

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

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

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

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

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

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

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

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

Other liabilities are measured at amortised cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statement of cash flows

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

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

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

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

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

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

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

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

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

Segment information

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

In accordance with the Group's management structure, beverage activities are segmented according to the geographical regions where production takes place. The segment information is based on the Group's accounting policies.

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

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

Financial ratios

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

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

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

NOTE 41 Accounting policies – Continued

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

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

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

Earnings per share, diluted (EPS-D). Consolidated profit for the year, excluding non-controlling interests, divided by the average number of shares outstanding, fully diluted for share options in the money and the bonus element in a rights issue in accordance with IAS 33[1].

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

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

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

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

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

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

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

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

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

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

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

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

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

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

42 Group companies

Carlsberg Breweries A/S

				Ownership share	Nominel share capital 1.000	Currency	Exchange rate
Northern and Western Europe Group							
Carlsberg Danmark A/S, Copenhagen, Denmark	2 subsidiaries		○	100%	100.000	DKK	100,00
Carlsberg Sverige AB, Stockholm, Sweden	4 subsidiaries		○	100%	70.000	SEK	82,70
Ringnes a.s., Oslo, Norway	2 subsidiaries		○	100%	238.714	NOK	95,34
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96.707	EUR	745,44
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	4 subsidiaries		○	100%	26.897	EUR	745,44
Nordic Getränke GmbH, Germany			■	50%	1.000	EUR	745,44
Holsten-Brauerei AG, Hamburg, Germany	5 subsidiaries		○	100%	41.250	EUR	745,44
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	745,44
Carlsberg Polska S. A., Warszawa, Poland	2 subsidiaries		○	100%	28.721	PLN	188,01
Saku Õlletehase AS, Estonia		1)	○	100%	80.000	EEK	47,64
A/S Aldaris, Latvia			○	89%	7.500	LVL	1.050,21
Svyturys-Utenos Alus AB, Lithuania			○	76%	118.000	LTL	215,89
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	866,59
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90.004	GBP	866,59
Emeraude SAS, France	4 subsidiaries	5)	○	100%	405.037	EUR	745,44
Brasseries Kronenbourg SAS, France			○	100%	547.891	EUR	745,44
Sorex Holding SAS, France			○	100%	14.600	EUR	745,44
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95.000	CHF	597,55
Carlsberg Italia S.p.A, Lainate, Italy	5 subsidiaries		○	100%	82.400	EUR	745,44
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	6 subsidiaries	5)	♦	44%	50.000	EUR	745,44
Mythos Brewery S.A., Greece			○	100%	39.405	EUR	745,44
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		○	80%	2.989.921	RSD	7,07
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239.932	HRK	100,94
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37.325	BGN	381,14
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	381,14
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25.400	HUF	2,67
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	(-)	CAD	561,54
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	5.000	CAD	561,54
Investeringselskapet RH, Oslo, Norway	7 subsidiaries		○	100%	49.900	NOK	95,34
Pripps Ringnes AB, Stockholm, Sweden	2 subsidiaries		○	100%	287.457	SEK	82,70
Baltic Beverages Eesti, Estonia			○	100%	400	EEK	47,64
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18.198	EUR	745,44
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	38.000	DKK	100,00
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2.523	USD	561,33
Eastern Europe							
Baltika Brewery, St. Petersburg, Russia	6 subsidiaries	1)	○	89%	164.364	RUB	18,48
Baltika - Baku Brewery, Baku, Azerbaijan			○	100%	26.849	AZN	696,12
Slavutich Brewery, Ukraine			○	93%	853.692	UAH	70,50
Olivaria, Belarus		3)	○	68%	61.444.801	BYR	0,19
Carlsberg Kazakhstan Ltd., Kazakhstan			○	99%	4.820.426	KZT	3,82
UzCarlsberg LLC, Uzbekistan		5)	○	100%	35.217.146	UZS	0,34
Baltic Beverages Invest AB, Stockholm, Sweden			○	100%	11	EUR	745,44
BBH - Baltic Beverages Holding AB, Stockholm, Sweden			○	100%	12.000	EUR	745,44
Asia							
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	1 subsidiary		○	100%	260.000	HKD	72,13
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	100%	442.330	CNY	85,04
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	79.528	CNY	85,04
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	10 subsidiaries		○	65%	105.480	CNY	85,04
Ningxia Xixia Jianiang Brewery Ltd, China			○	70%	194.351	CNY	85,04
Dali Beer (Group) Limited Company, Dali, China			○	100%	97.799	CNY	85,04
Chongqing Brewery Co., Ltd. Brewery Co. Ltd, China	8 subsidiaries	1,5)	■	29%	483.971	CNY	85,04
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380.000	CNY	85,04
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210.000	CNY	85,04
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85.000	CNY	85,04
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15.000	CNY	85,04
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16.620	CNY	85,04
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		1)	○	51%	154.039	MYR	182,26
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10.000	MYR	182,26
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	182,26
Luen Heng F&B Sdn BhdSelangor Darul Ehsan, Malaysia			○	70%	5.000	MYR	182,26
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1.000	SGD	435,12
The Lion Brewery Ceylon, Biyagama, Sri Lanka		1)	■	25%	850.000	LKR	5,06
Carlsberg Distributors Taiwan Ltd, Taiwan	1 subsidiary		■	50%	100.000	TWD	19,30

42 Group companies

Carlsberg Breweries A/S

				Ownership share	Nominel share capital 1.000	Currency	Exchange rate
Cambrew Pte Ltd, Singapore		5)	♦	50%	21.720	SGD	435,12
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary	5)	♦	50%	125.000	USD	561,33
Carlsberg IndoChina, Vietnam			○	100%	8.000	VND	0,03
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212.705.000	VND	0,03
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10.778.000	VND	0,03
Hue Brewery Ltd., Hue, Vietnam			♦	50%	216.788.000	VND	0,03
Hanoi Vung Tau Joint Stock, Vietnam		5)	♦	51%	345.190.377	VND	0,03
Halong Beer and Beverage, Vietnam			■	31%	9.000.000.000	VND	0,03
Hanoi Beer Company, Vietnam		5)	■	16%	2.318.000.000	VND	0,03
Lao Brewery Co. Ltd., Vientiane, Laos			♦	50%	14.400.000	LAK	0,07
Lao Soft Drinks Co. Ltd, Laos			○	65%	2.448.000	LAK	0,07
Carlsberg India Pvt Ltd., India		3)	♦	68%	618.288	INR	12,55
Parag Breweries Ltd, India		3)	♦	62%	5.200	INR	12,55
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	2,5)	○	50%	1.267.128	MWK	3,71
Brewery Invest Pte. Ltd, Singapore			○	100%	3.200	SGD	435,12
Caretech Ltd, Hong Kong, China		5)	♦	50%	10.000	HKD	72,13
South Asian Breweries Pvt Ltd, Singapore		3)	♦	41%	65.000	SGD	435,12
Carlsberg Asia Pte Ltd., Singapore			○	100%	54.914	SGD	435,12
Not allocated							
Danish Malting Group A/S, Vordingborg, Denmark			○	100%	100.000	DKK	100,00
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			○	100%	20.000	PLN	188,01
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25.000	DKK	100,00
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1.000	DKK	100,00
Carlsberg Invest A/S, Copenhagen, Denmark	1 subsidiary		○	100%	31.000	DKK	100,00
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50.000	DKK	100,00
Carlsberg Insurance A/S, Copenhagen, Denmark			○	100%	25.000	DKK	100,00
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland			○	100%	50	PLN	188,01

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

Carlsberg Breweries A/S - Parent Company

Financial statements 2010

Notes

Carlsberg Breweries A/S - Parent Company

Income statement

	Note	2010 DKK million	2009 DKK million
Net revenue		**1.880**	**1.691**
Cost of sales	2	-644	-548
Gross profit		**1.236**	**1.143**
Sales and distribution expenses	3	-725	-503
Administrative expenses	4	-639	-619
Other operating income	5	541	161
Other operating expenses	5	-3	-46
Operating profit before special items		**410**	**136**
Special items, net	6	-73	306
Financial income	7	2.325	4.557
Financial expenses	7	-3.540	-2.748
Profit before tax		**-878**	**2.251**
Corporation tax	8	263	-54
Consolidated profit		**-615**	**2.197**
Attributable to:			
Reserves		-615	2.197

Statement of comprehensive Income

	Note	2010 DKK million	2009 DKK million
Profit for the year		**-615**	**2197**
Other comprehensive income:			
Value adjustments of hedging instruments	27	310	-82
Other		-2	-6
Tax on changes in other comprehensive income	8	-68	-
Other comprehensive income		**240**	**-88**
Total comprehensive income		**-375**	**2109**

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

Carlsberg Breweries A/S - Parent Company

Statement of financial position

Assets	Note	31 Dec. 2010 DKK million	31 Dec. 2009 DKK million
Non-current assets:			
Intangible assets	11, 12	1.125	321
Property, plant and equipment	12, 13	10	62
Investments in subsidiaries	14	67.169	65.266
Investments in associates and joint ventures	15	3.048	4.176
Securities	16	11	11
Receivables	17	4.266	7.572
Deferred tax assets	18	474	300
Total non-current assets		**76.103**	**77.708**
Current assets:			
Trade receivables	17	1.127	781
Tax receivables		-	-
Other receivables	17	18.258	20.093
Prepayments		1	1
Cash and cash equivalents	19	46	11
Total current assets		**19.432**	**20.886**
Assets held for sale		7	-
Total assets		**95.542**	**98.594**

Carlsberg Breweries A/S - Parent Company

Statement of financial position

Equity and liabilities	Note	31 Dec. 2010 DKK million	31 Dec. 2009 DKK million
Equity:			
Share capital	20	501	501
Hedging reserves		-1.239	-1.479
Retained earnings		44.999	45.664
Total equity		**44.261**	**44.686**
Non-current liabilities:			
Borrowings	21	29.481	33.754
Provisions	22	101	100
Other liabilities	23	476	5
Total non-current liabilities		**30.058**	**33.859**
Current liabilities:			
Borrowings	21	17.852	16.411
Trade payables		632	681
Deposits on returnable packaging		31	34
Provisions	22	9	21
Corporation tax		-	18
Other liabilities, etc.	23	2.699	2.884
Total current liabilities		**21.223**	**20.049**
Total liabilities		**51.281**	**53.908**
Total equity and liabilities		**95.542**	**98.594**

Carlsberg Breweries A/S - Parent Company

Statement of changes in equity

2010
DKK million

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

2009
DKK million

	Shareholders in Carlsberg Breweries A/S			
	Share capital	Hedging reserves	Retained earnings	Total equity
Equity at 1 January 2009	501	-1.397	43.469	42.573
Profit for the year	-	-	2.197	2.197
Other comprehensive income:	-	-	-	-
Value adjustments of hedging instruments	-	-82	-	-82
Other	-	-	-6	-6
Other comprehensive income	**-**	**-82**	**-6**	**-88**
Total comprehensive income for the year, cf. separate statement	**-**	**-82**	**2.191**	**2.109**
Share-based payment	-	-	23	23
Share-based payment - exercises	-	-	-19	-19
Total changes in equity	**-**	**-82**	**2.195**	**2.113**
Equity at 31 December 2009	**501**	**-1.479**	**45.664**	**44.686**

No dividend (2009: No dividend) is proposed for the year. No dividends are paid out in 2010 for 2009 (no dividends are paid out in 2009 for 2008). Dividends paid out to shareholders of Carlsberg Breweries A/S do not impact taxable income in Carlsberg Breweries A/S.

Carlsberg Breweries A/S - Parent Company

Statement of cash flows

	Note	2010 DKK million	2009 DKK million
Operating profit before special items		410	136
Adjustment for depreciation and amortisation		18	15
Operating profit before depreciation, amortisation and impairment losses		**428**	**151**
Adjustment for other non-cash items	24	-257	-7
Change in working capital	24	-408	321
Restructuring costs paid		-48	-65
Interest etc. received		996	3.621
Interest etc. paid		-2.590	-3.275
Corporation tax paid		3	157
Cash flow from operating activities		**-1.876**	**903**
Acquisition of property, plant and equipment and intangible assets		-815	-7
Disposal of property, plant and equipment and intangible assets		-	1
Total operational investments		**-815**	**-6**
Acquired / disposed subsidiaries, net		-228	640
Capital injection in subsidiaries		-96	-38.426
Acquisitions of associated companies		-16	-29
Disposals of associated companies		-	55
Disposal of securities		-	3
Change in financial receivables		-171	-54
Dividends received		1.119	2.068
Total financial investments		**608**	**-35.743**
Cash flow from investing activities		**-207**	**-35.749**
Free cash flow		**-2.083**	**-34.846**
External financing[2]	24	2.109	34.477
Cash flow from financing activities		**2.109**	**34.477**
Net cash flow		**26**	**-369**
Cash and cash equivalents at 1 January[3]		11	385
Foreign exchange adjustment of cash and cash equivalents at 1 January		9	-5
Cash and cash equivalents at 31 December[3]	19	**46**	**11**

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

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

[3] Cash and cash equivalents less bank overdrafts.

NOTE 1 Significant accounting estimates and judgements

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

The Company's accounting policies are described in detail in note 31.

Estimation uncertainty

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

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

Following the economic downturn in 2008 and parts of 2009, most economies are regaining their former strength. International economic and financial markets are reverting to more normal conditions, and prior years' significant and sometimes unexpected fluctuations in interest and currency exchange rates have also stabilised at more normal levels, The impact on the business development and 2010 financials is described in the Management review, especially the sections describing the segment developments.

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

Investments in subsidiaries, joint ventures and associates. Management performs an annual test for indications of impairment of investments in subsidiaries, joint ventures and associates. Impairment tests are conducted in the same way as for goodwill in the Carlsberg Breweries-group, cf. note 41 to the consolidated financial statements.

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

A more detailed description of the Company's tax assets is presented in note 18.

Note

2 Cost of sales

	2010 DKK million	2009 DKK million
Purchased finished goods and other costs	644	548
Total	**644**	**548**

3 Sales and distribution expenses

	2010 DKK million	2009 DKK million
Marketing expenses	536	371
Sales expenses	60	38
Distribution expenses	129	94
Total	**725**	**503**
Of which staff cost note 9	104	82

4 Fees to auditors appointed by the Annual General Meeting

	2010 DKK million	2009 DKK million
KPMG:		
Statutory audit	3	3
Assurance engagements	-	-
Tax advisory	1	3
Other services	-	2

5 Other operating income and expenses

	2010 DKK million	2009 DKK million
Other operating income:		
Management fee from group companies	264	150
Gains on disposal of other property, plant and equipment and intangible assets	268	1
Other	9	10
Total	**541**	**161**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets etc.	-3	-46
Total	**-3**	**-46**

6 Special items

	2010 DKK million	2009 DKK million
Impairment of investments in subsidiaries, cf. note 14	-	-14
Loss on disposal of investments in subsidiaries	-7	-
Loss on disposal of investments in subsidiaries to group companies	-25	-363
Gain on disposal of investments in subsidiaries to group companies	24	756
Restructuring cost	-35	-63
Other	-30	-10
Special items, net	**-73**	**306**

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

	2010	2009
Cost of sales	-31	-27
Administrative expenses	1	-46
Financial income	24	756
Financial expenses	-67	-377
Special items, net	**-73**	**306**

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

Note

7 Financial income and financial expenses

	2010 DKK million	2009 DKK million
Financial items recognised in the income statement		
Interest income	992	2.230
Dividends from subsidiaries and associates	1.118	2.068
Fair value adjustments of financial instruments, net, cf. note 27	213	253
Realised gains on disposal of associates and securities	2	3
Other financial income	-	3
Total	**2.325**	**4.557**

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

	2010 DKK million	2009 DKK million
Interest expenses	2.178	2.502
Fair value adjustments of financial instruments, net, cf. note 27	1.044	-
Realised foreign exchange losses, net	286	182
Realised losses on disposal of securities	4	40
Impairment of financial assets	-	3
Other financial expenses	28	21
Total	**3.540**	**2.748**
Net financial items recognised in the income statment	**-1.215**	**1.809**

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

	2010 DKK million	2009 DKK million
Financial items recognised in other comprehensive income		
Value adjustments of hedging instruments		
Cash flow hedging instruments, effective portion of changes in fair value	-239	-402
Net change in fair value of cash flow hedges transferred to income statement	549	320
Net financial items recognised in other comprehensive income	**310**	**-82**
Total net financial items recognised in comprehensive income	**-905**	**1.727**

Note

8 Corporation tax

	2010 DKK million	2009 DKK million
Tax for the year comprises:		
Current tax on profit for the year	5	2
Change in deferred tax during the year	-192	52
Adjustments to tax for previous years	-8	21
Tax on comprehensive income for the year	**-195**	**54**
Of which recognised in other comprehensive income:		
Deferred tax on items recognised in other comprehensive income	78	20
Tax for the year on items recognised in other comprehensive income	-10	-20
Tax on other comprehensive income for the year	**68**	**-**
Tax on profit for the year recognised in the income statement	**-263**	**54**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	-25,0%	-25,0%
Change in tax rate, Danish subsidiaries	0,0%	0,0%
Adjustments to tax for previous years	0,2%	0,1%
Non-capitalised tax assets	23,6%	0,0%
Non-taxable income	-32,4%	23,2%
Non-deductible expenses	0,7%	-0,5%
Special items	1,9%	0,7%
Withholding taxes	0,6%	-0,1%
Other	0,0%	-0,8%
Effective tax rate for the year	**-30,4%**	**-2,4%**

Tax recognised in other comprehensive income:

DKK million	2010 Recognised item before tax	2010 Tax (expense) benefit	2010 Net of tax	2009 Recognised item before tax	2009 Tax (expense) benefit	2009 Net of tax
Hedging instruments	311	-68	243	-82	-	-82
Other expenses recognised in other comprehensive income	-2	-	-2	-6	-	-6
Total	**309**	**-68**	**241**	**-88**	**-**	**-88**

The change in deferred tax recognised in the income statement can be broken down as follows:	2010 DKK million	2009 DKK million
Tax losses	-191	-42
Intangible assets and property, plant and equipment etc.	-79	94
Deferred tax recognised in income statement	**-270**	**52**

Adjustment for tax for previous years, DKK 10m, is included in the tax expense for hedging instruments

Note

9

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

	2010 DKK million	**2009** DKK million
Salaries and other remuneration	453	381
Severance pay	6	5
Social security costs	3	3
Retirement benefit costs - defined contribution plans	26	23
Share-based payment	17	23
Other employee benefits	5	3
Total	**510**	**438**

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

Sales and distribution expenses	104	82
Administrative expenses	406	356
Total	**510**	**438**

The Company had an average of 326 (2009: 310) full-time employees during the year.

Remuneration of Group Executive Board

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

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

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

Note

10 Share-based payment

In 2010, a total of 110,853 (2009: 156,412) share options were granted to 39 (2009: 37) employees. The grant date fair value of these options was a total of DKK 18m (2009: DKK 16m). The total cost of share-based payment was DKK 17m (2009: DKK 23m), 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 18m (2009: DKK 3m). Expected future refunds based on the fair value of share options at year end are recognised directly in equity by DKK 59m (2009: DKK 16m).

	Number				Exercise price
Share option programme	Executive board	Other employees	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2008	**183.330**	**335.567**	**169.099**	**687.996**	**356,38**
Granted	60.000	56.416	-	116.416	203,50
Forfeited/expired	-9.105	-39.077	-14.959	-63.141	358,60
Exercised	-	-8.331	-10.870	-19.201	242,46
Transferred	-	-146.439	146.439	-	370,90
Share options outstanding 31 December 2009	**234.225**	**198.136**	**289.709**	**722.070**	**334,56**
Granted	30.000	38.100	-	68.100	417,34
Forfeited/expired	-	-7.038	-1.951	-8.989	306,00
Exercised	-9.105	-7.711	-78.118	-94.934	242,84
Transferred	-	-44.519	47.321	2.802	410,21
Share options outstanding 31 December 2010	**255.120**	**176.968**	**256.961**	**689.049**	**355,84**
Exercisable at 31 December 2009	59.897	30.834	171.159	261.890	244,74
Exercised options as % of share capital of Carlsberg A/S	0,00%	0,01%	0,01%	0,02%	
Exercisable at 31 December 2010	75.568	40.807	140.417	256.792	268,07
Exercised options as % of share capital of Carlsberg A/S	0,01%	0,01%	0,05%	0,07%	

	Number				Exercise price
Long-term incentive programme	Executive board	Other employees	Resigned employees	Total	Fixed, weighted average
Share options outstanding 31 December 2008	**-**	**72.819**	**-**	**72.819**	**371,25**
Granted	-	39.996	-	39.996	500,33
Adjustment	-	-37.543	-	-37.543	306,60
Transferred	-	-16.535	16.535	-	358,08
Share options outstanding 31 December 2009	**-**	**58.737**	**16.535**	**75.272**	**423,12**
Granted	-	42.753	-	42.753	558,50
Adjustment	-	23.469	4.996	28.465	434,85
Forfeited/expired	-	-44.096	-13.110	-57.206	399,05
Share options outstanding 31 December 2010	**-**	**80.863**	**8.421**	**89.284**	**532,21**
Total outstanding share options	**255.120**	**257.831**	**265.382**	**778.333**	**376,14**

Grant date	Expiring date	Programme	Exercise price	Expected volatility	Risk-free interest rate	Expected dividend yield	Expected life of options, years	Fair value at measurement date	**2010** Options outstanding	**2009** Options outstanding
Share option programme:										
01.03.2002	01.03.2010	Grant 2002	261,39	30%	4,5%	1,4%	5,5	41,56	-	26.015
01.03.2003	01.03.2011	Grant 2003	173,12	25%	4,1%	1,8%	5,5	126,35	14.959	39.735
01.03.2004	01.03.2012	Grant 2004	216,65	29%	3,5%	1,8%	5,5	81,51	45.609	62.869
01.03.2005	01.03.2013	Grant 2005	232,71	27%	3,1%	1,7%	5,5	74,27	54.713	55.332
01.03.2006	01.03.2014	Grant 2006	306,89	19%	3,3%	1,3%	5,5	89,37	64.313	77.939
01.03.2007	01.03.2015	Grant 2007	472,11	19%	3,9%	1,0%	5,5	136,67	79.985	91.548
01.03.2008	01.03.2016	Grant 2008	457,82	22%	3,6%	1,1%	5,5	141,72	92.081	102.030
01.06.2008	01.06.2016	Special grant	531,80	23%	4,3%	0,9%	5,5	181,08	117.686	117.686
01.09.2008	01.09.2016	Special grant	448,18	27%	4,3%	1,3%	5,5	128,83	40.000	40.000
01.03.2009	01.03.2017	Grant 2009	203,50	52%	3,0%	1,7%	5,5	88,41	113.202	108.916
01.03.2010	01.03.2018	Grant 2010	417,34	30%	3,1%	0,8%	8,0	154,23	66.500	
Total outstanding share options under the share options programme									**689.047**	**722.070**
Long-term incentive programme:										
01.01.2008	01.01.2014	LTI 08-10 year 1 (final)	203,50	52%	2,4%	1,7%	3,5	73,07	-	17.874
01.01.2008	01.01.2014	LTI 08-10 year 2 (prelim.)	384,00	57%	3,5%	0,9%	3,5	213,70	-	8.701
01.01.2008	01.01.2014	LTI 08-10 year 2 (final)	417,34	30%	2,1%	0,8%	4,0	120,61	-	-
01.01.2008	01.01.2014	LTI 08-10 year 3 (prelim.)	558,50	36%	1,4%	0,6%	3,5	114,64	-	8.701
01.01.2009	01.01.2015	LTI 09-11 year 1 (prelim.)	384,00	57%	2,3%	0,9%	3,5	158,73	-	13.332
01.01.2009	01.01.2015	LTI 09-11 year 1 (final)	417,34	30%	2,4%	0,8%	5,0	136,10	16.631	-
01.01.2009	01.01.2015	LTI 09-11 year 2 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	14.950	13.332
01.01.2009	01.01.2015	LTI 09-11 year 3 (prelim.)	558,50	30%	1,6%	0,6%	4,2	139,68	14.950	13.332
01.01.2010	01.01.2016	LTI 10-12 year 1 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	14.251	
01.01.2010	01.01.2016	LTI 10-12 year 2 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	14.251	
01.01.2010	01.01.2016	LTI 10-12 year 3 (prelim.)	558,50	29%	1,9%	0,6%	5,2	151,52	14.251	
Total outstanding share options under the long-term incentive programme									**89.284**	**75.272**
Total outstanding share options									**778.331**	**797.342**

There are no exercisable share options in the long-term incentive programme as at 31 December 2010. The average share price at the exercise date for share options was DKK 534 (2009: DKK 374).

At 31 December 2010 the exercise price for outstanding share options was in the range DKK 173.12 to DKK 558.50 (2009: DKK 173.12 to DKK 531.50). The average remaining contractual life was 4.7 years (2009: 4.8 years).

Note

11 Intangible assets

2010 DKK million

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

	2010 DKK million	2009 DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	4	4
Administrative expenses	2	3
Total	**6**	**7**

2009 DKK million

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

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 2010 included capitalised software costs of DKK 0m (2009: DKK 2m).

Note

12 Impairment test

At 31 December 2010 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 2010. In addition, it is Management's assessment that probable changes in the described significant parameters would not lead to the carrying amount of trademarks with an indefinite useful life exceeding the recoverable amount.

Note

13 Property, plant and equipment

2010
DKK million

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

	2010 DKK million	2009 DKK million
Depreciation and impairment losses are included in:		
Cost of sales	2	2
Administrative expenses	10	6
Total	**12**	**8**

2009
DKK million

	Land and buildings	Fixtures and fittings, other plant and equipment	Assets under construction	Total
Cost:				
Cost at 1 January 2009	141	30	-	171
Additions	-	2	2	4
Disposals	-	-5	-	-5
Cost at 31 December 2009	**141**	**27**	**2**	**170**
Depreciation and impairment losses:				
Depreciation and impairment losses at 1 January 2009	81	21	-	102
Disposals	-	-2	-	-2
Depreciation	6	2	-	8
Depreciation and impairment losses at 31 December 2009	**87**	**21**	**-**	**108**
Carrying amount at 31 December 2009	**54**	**6**	**2**	**62**
Carrying amount of assets pledged as security for loans	-	-	-	-

Note

14 Investments in subsidiaries

	2010 DKK million	2009 DKK million
Cost:		
Cost at 1 January	69.786	31.968
Acquisition of entities	228	49
Additions	1.626	38.431
Transfers	822	-37
Disposal of entities to group companies	-759	-625
Cost at 31 December	**71.702**	**69.786**
Value adjustments:		
Value adjustments at 1 January	-4.520	-4.506
Impairment losses	-13	-14
Value adjustments at 31 December	**-4.533**	**-4.520**
Carrying amount at 31 December	**67.169**	**65.266**

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

Value adjustments 2010

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

The assumptions used for the impairment test of the parent company's investments in subsidiaries are identical with those used for the Carlsberg Breweries Group's cash-generating units. The assumptions are stated in note 15 to the consolidated financial statements.

Value adjustments 2009

Impairment losses in 2009 relate to investments in Carlsberg Hungary. Impairment losses are primarily attributable to deterioration in business conditions and amounts to DKK -14m.

The assumptions used for the impairment test of the parent company's investments in subsidiaries are identical with those used for the Carlsberg Breweries Group's cash-generating units. The assumptions are stated in note 15 to the consolidated financial statements.

Note

15 Associates and joint ventures

	2010 DKK million	2009 DKK million
Cost:		
Cost at 1 January	4.179	4.207
Additions	16	30
Transfers	-1.144	37
Disposals	-	-95
Cost at 31 December	**3.051**	**4.179**
Value adjustments:		
Value adjustments at 1 January	-3	-
Impairment in the period	-	-3
Value adjustments at 31 December	**-3**	**-3**
Carrying amount at 31 December	**3.048**	**4.176**

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

16 Securities

	2010 DKK million	2009 DKK million
Securities are classified in the statement of financial position as follows:		
Non-current assets	11	11
Total	**11**	**11**
Types of security:		
Unlisted shares	11	11
Total	**11**	**11**

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

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

No shares in unlisted entities were disposed of during 2010 and 2009.

Note

17 Receivables

Receivables are included in the statement of financial position as follows:	2010 DKK million	2009 DKK million
Trade receivables	1.127	781
Other receivables	18.258	20.093
Total current receivables	**19.385**	**20.874**
Non-current receivables	4.266	7.572
Total	**23.651**	**28.446**

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.

Receivables by origin:	2010 DKK million	2009 DKK million
Receivables from the sale of goods and services	106	159
Receivables from group companies	1.021	622
Loans to group companies	21.672	27.063
Loans to partners	225	-
Fair value of hedging instruments	290	194
Receivables from sales of activities	-	55
Other receivables	337	353
Total	**23.651**	**28.446**

Receivables from the sale of goods and services fall due as follows:	2010 DKK million	2009 DKK million
Not fallen due or written down	97	146
Falling due in less than 30 days	3	8
Falling due between 30 and 90 days	7	5
Falling due more than 90 days	-1	-
Carrying amount at 31 December	**106**	**159**

Receivables from the sale of goods and services and loans are recognised net of write-downs for bad debt losses. No write downs have been recognised in 2010 and 2009.

	2010 %	2009 %
Average effective interest rates:		
Loan to group companies	1,9	5,7

Note

18 Deferred tax assets and deferred tax liabilities

	2010 DKK million	2009 DKK million
Deferred tax at 1 January, net	300	485
Joint taxation contribution	-45	-142
Adjustments to previous years	41	-11
Recognised in other comprehensive income	-78	20
Recognised in income statement	256	-52
Deferred tax at 31 December, net	**474**	**300**

Specification of deferred tax assets and liabilities at 31 December:

	2010 DKK million	2009 DKK million	2010 DKK million	2009 DKK million
	Deferred tax assets		**Deferred tax liabilities**	
Intangible assets	5	1	44	41
Property, plant and equipment	2	2	7	8
Current assets	2	2	-	-
Provisions and retirement benefit obligations	27	17	-	-
Fair value adjustments	47	-	-	18
Tax losses etc.	592	495	150	150
Total before set-off	**675**	**517**	**201**	**217**
Set-off	-201	-217	-201	-217
Deferred tax assets and liabilities at 31 December	**474**	**300**	**-**	**-**
Expected to be used as follows:				
Within 12 months from the end of the reporting period	51	119	-	-
More than 12 months after the end of the reporting period	423	181	-	-
Total	**474**	**300**	**-**	**-**

Of the total deferred tax assets recognised, DKK 592m (2009: DKK 495m) 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 358m (2009: DKK 164m) were not recognised. These relate to tax losses on exchange rates affect of the Danish tax rules for interest ceiling. Tax loss must be utilised within 3 years other wise it will expire.

Deferred tax on temporary differences relating to investments in subsidiaries, joint ventures and associates amounts to DKK 0m (2009: DKK 0m).

Note

19 Cash and cash equivalents

	2010 DKK million	2009 DKK million
Cash at bank and in hand	46	11
Total	**46**	**11**

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

	2010	2009
Cash and cash equivalents	46	11
Cash and cash equivalents, net	**46**	**11**

20 Share capital

	Total share capital	
	Shares of DKK 1,000	Nominal value, DKK '000
1 January 2009	501	501.000
No change in 2009	-	-
31 December 2009	**501**	**501.000**
No change in 2010	-	-
31 December 2010	**501**	**501.000**

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

Note

21 Borrowings

DKK million	2010	2009
Non-current borrowings:		
Issued bonds	17.482	9.811
Bank borrowings	9.536	18.602
Borrowings from Group companies	2.463	5.341
Total	**29.481**	**33.754**
Current borrowings:		
Bank borrowings	187	285
Borrowings from parent	1.446	1.829
Borrowings from Group companies	16.219	14.297
Total	**17.852**	**16.411**
Total non-current and current borrowings	**47.333**	**50.165**
Fair value	48.289	51.155

All borrowings are measured at amortised cost with the exception of the fixed interest rate GBP 300m bond which is measured at fair value. The carrying amount of this borrowing is DKK 2,693m (2009: DKK 2,420m).

Time to maturity for non-current borrowings

DKK million						**2010**
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	-	-	7.414	-	10.068	17.482
Bank borrowings	8.133	-	-	1.403	-	9.536
Borrowings from Group Companies	-	1.718	-	-	745	2.463
Total	**8.133**	**1.718**	**7.414**	**1.403**	**10.813**	**29.481**

DKK million						**2009**
	1-2 years	**2-3 years**	**3-4 years**	**4-5 years**	**> 5 years**	**Total**
Issued bonds	-	-	-	7.391	2.420	9.811
Bank borrowings	642	17.960	-	-	-	18.602
Borrowings from Group Companies	2.964	-	1.633	-	744	5.341
Total	**3.606**	**17.960**	**1.633**	**7.391**	**3.164**	**33.754**

Interest rate risk at 31 December

					2010
DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	3-4 years	7.414	Fair value
EUR 1,000m maturing 13 October 2017	Fixed	3,55%	>5 years	7.375	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	>5 years	2.693	Fair value
Total bank borrowings				**17.482**	
Bank borrowings:					
Floating rate	Floating			-900	Cash flow
Fixed rate	Fixed		2-5 years	10.436	Fair value
Total bank borrowings				**9.536**	

The long term bank borrowing is originally floating but have been swapped to an average fixed interest of 4,87% including margin. The swaps are also covering part of the borrowing from Group companies

Note

21 Borrowings (continued)

DKK million	Net debt *	Floating	Fixed	Floating %	Fixed %
		Interest rate**			
EUR	33.082	7.112	25.970	21%	79%
DKK	-110	-110	-	100%	0%
PLN	1.556	1.556	-	100%	0%
SEK	4.045	4.045	-	100%	0%
CHF	3.681	3.681	-	100%	0%
NOK	931	931	-	100%	0%
Other	4.102	2.384	1.718	58%	42%
Total	**47.287**	**19.599**	**27.688**	**41%**	**59%**

* After swaps and currency derivatives

** Before currency derivatives

Interest rate risk at 31 December:

DKK million	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
					2009
Issued bonds:					
EUR 1,000m maturing 28 May 2014	Fixed	6,22%	4-5 years	7.391	Fair value
GBP 300m maturing 28 November 2016	Fixed	7,41%	6-7 years	2.420	Fair value
Total bank borrowings				**9.811**	
Bank borrowings:					
Floating rate	Floating	-	-	8.469	Cash flow
Fixed rate	Fixed	-	-	10.418	Fair value
Total bank borrowings				**18.887**	

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

DKK million	Net debt *	Floating	Fixed	Floating %	Fixed %
		Interest rate**			
EUR	33.844	12.326	21.518	36%	64%
DKK	-120	-120	-	100%	0%
PLN	1.751	1.751	-	100%	0%
SEK	6.923	6.923	-	100%	0%
CHF	2.922	2.922	-	100%	0%
RUB	1.182	1.182	-	100%	0%
Other	3.653	2.006	1.647	55%	45%
Total	**50.155**	**26.990**	**23.165**	**54%**	**46%**

* After swaps and currency derivatives

** Before currency derivatives

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	2011	2012	2013	2014	2015	2016-
				Next repricing (of principal before currency swaps)					**2010**
CHF	693	2.988	3.681	693	-	-	-	-	-
DKK	5.441	-4.762	679	5.441	-	-	-	-	-
EUR	21.559	11.562	33.121	-4.411	-	7.454	7.414	2.982	8.120
GBP	5.157	-4.500	657	3.439	-	1.718	-	-	-
NOK	445	486	931	445	-	-	-	-	-
PLN	67	1.489	1.556	67	-	-	-	-	-
RUB	88	-	88	88	-	-	-	-	-
SEK	4.248	-203	4.045	4.248	-	-	-	-	-
USD	9.183	-8.884	299	9.183	-	-	-	-	-
Other	452	1.824	2.276	452	-	-	-	-	-
Total	**47.333**	**-**	**47.333**	**19.645**	**-**	**9.172**	**7.414**	**2.982**	**8.120**

See also note 26 Financial risks.

Note

21 Borrowings (continued)

2009

Currency profile of borrowings before and after derivative financial instruments

DKK million	Original principal	Effect of swap	After swap	Next repricing (of principal before currency swaps) 2010	2011	2012	2013	2014	2015-
CHF	366	2.556	2.922	366	-	-	-	-	-
DKK	2.736	-2.846	-110	2.736					
EUR	27.146	6.698	33.844	8.592	2.964	-	7.442	7.391	3.721
GBP	7.391	-6.775	616	2.780	-	-	1.647	-	-
NOK	372	810	1.182	371	-	-	-	-	-
PLN	1	1.750	1.751	1	-	-	-	-	-
RUB	224	-	224	224	-	-	-	-	-
SEK	7.330	-407	6.923	7.330	-	-	-	-	-
USD	3.561	-3.812	-251	3.561	-	-	-	-	-
Other	1.038	2.026	3.064	1.039	-	-	-	-	-
Total	**50.165**	**-**	**50.165**	**27.000**	**2.964**	**-**	**9.089**	**7.391**	**3.721**

Note

22 Provisions

Provisions totalling DKK 110m relate primarily to ongoing disputes, lawsuits, restructuring etc.

2010 DKK million	Restructurings	Other	Total
Provisions at 1 January 2010	21	100	121
Additional provisions recognised	-	1	1
Used during the year	-12	-	-12
Provisions at 31 December 2010	**9**	**101**	**110**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	101	101
Current provisions	9	-	9
Total	**9**	**101**	**110**

2009 DKK million	Restructurings	Other	Total
Provisions at 1 January 2009	-	148	148
Additional provisions recognised	34	-	34
Used during the year	-13	-29	-42
Reversal of unused provisions	-	-19	-19
Provisions at 31 December 2009	**21**	**100**	**121**
Provisions are recognised in the statement of financial position as follows:			
Non-current provisions	-	100	100
Current provisions	21	-	21
Total	**21**	**100**	**121**

Note

23 Other liabilities etc.

	2010 DKK million	2009 DKK million
Other liabilities are recognised in the statement of financial position as follows:		
Non-current liabilities	476	5
Current liabilities	2.699	2.884
Total	**3.175**	**2.889**
Other liabilities by origin:		
Excise duties and VAT payable	-	15
Staff costs payable	124	90
Accrued royalty expense	111	94
Interest payable	748	815
Fair value of hedging instruments	1.485	1.704
Liabilities related to the acquisition of entities	469	-
Deferred income	147	88
Other	91	83
Total	**3.175**	**2.889**

24 Cash flows

	2010 DKK million	2009 DKK million
Adjustment for other non-cash items:		
Gains on disposal of property, plant and equipment and intangible assets, net	-268	-1
Share-based payment	17	23
Other non-cash adjustments	-6	-29
Total	**-257**	**-7**
Change in working capital:		
Receivables	57	11
Trade payables and other liabilities	-486	306
Other liabilities related to operating activities before special items	-	-4
Adjusted for unrealised foreign exchange gains/losses	21	8
Total	**-408**	**321**
External financing:		
Proceeds from issue of bonds	7.368	9.918
Debt institutions - long term	-9.139	-9.291
Debt institutions - long term	186	-
Borrowings from group companies	3.699	33.847
Other financing liabilities	-5	3
Total	**2.109**	**34.477**

Note

25 **Specification of net interest-bearing debt**

	2010 Mio. kr.	2009 mio. kr.
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	29.481	33.754
Current borrowings	17.852	16.411
Gross interest-bearing debt	**47.333**	**50.165**
Cash and cash equivalents	-46	-11
Receivable from sale of activities	-	-55
Loans to group companies	-21.672	-27.063
Net interest-bearing debt	**25.615**	**23.036**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	23.036	-10.287
Cash flow from operating activities	1.876	-903
Cash flow from investing activities, excl. acquisition of entities, net	-21	36.389
Cash flow from acquisition of entities, net	228	-640
Change in interest-bearing lending	-171	-627
Effect of currency translation	1.037	-938
Other	-595	42
Total change	**2.354**	**33.323**
Net interest-bearing debt at 31 December	**25.615**	**23.036**

Note

26 Financial risks

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

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

The Company’s loan portfolio consists of bilateral loan agreements, syndicated credit facilities and loans from the shareholder and subsidiaries. At 31 December 2010 gross debt (non-current and current borrowings) amounted to DKK 47,333m (2009: DKK 50,165m). After deducting cash and cash equivalents, net debt is DKK 47,287m (2009: 50,154m), a decrease of DKK 2,867m.

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

A breakdown of the Carlsberg Breweries A/S gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 21.

At year-end 59% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2009: 46%). Carlsberg Breweries A/S engages in on-lending to subsidiaries. At 31. december 2010 Carlsberg Breweries A/S had lend DKK 21,900m to subsidiaries (2009: DKK 27,293m).

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

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

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

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

Capital structure and management. Management's strategy and overall goal is to ensure a continued development and strengthening of the Group's capital structure which supports long-term profitable growth and a solid increase in key earnings and ratios. In 2006 the Carlsberg Breweries Group was awarded investment-grade ratings by Moody's Investor Service and Fitch Ratings. This rating has not been changed subsequently.

27 Financial instruments

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

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

Financial derivatives not designated as hedging instruments (economic hedges)

Changes in the fair value of financial instruments not designated as hedging instruments are recognised in the income statement. These are mainly non-designated foreign exchange instruments, which are classified as net investment hedges in the Consolidated account, but which for the purpose of the un-consolidated account are not designated as such. The fair value at the balance date of these instruments are DKK -351m (2009: DKK -404m).

	2010		**2009**	
DKK million	Fair value adjustment recognised in income statement	Fair value	Fair value adjustment recognised in income statement	Fair value
Interest rate instruments	-	-	-10	-
Exchange rate instruments	-775	-400	238	-397
Other instruments	-5	49	25	-
Ineffective portion of hedge	-51	-	-	-7
Total	**-831**	**-351**	**253**	**-404**

Value adjustments of fair value hedges in the financial year are recognised in the income statement. The adjustments are included in financial income and financial expenses (cf. note 7). In 2010 financial expense of DKK 831m is recognised, and in 2009 financial income of DKK 253m was recognised. Included is also the ineffective portion of interest rate hedges DKK -51m (2009: DKK -7m). The ineffective portion of hedge is split between ineffectiveness of hedges DKK -28m (2009: DKK -7m), and hedged item no longer likely to occur DKK -23m (2009: DKK 0m). The fair value of the entire interest rate swaps (effective and ineffective portion) is shown in the table in the cash flow hedge section.

The value of fair value hedges recognised 31 December amounts to DKK -351 m in 2010 and DKK -404m in 2009. The recognition of the fair value in the financial statements is specified in a separate table below.

Cash flow hedges

Cash flow hedges are primarily used on interest rate swap where the hedged item is the underlying (floating rate) borrowing, and on currency derivatives where the underlying is acquisitions. Cash flow hedges are also used on aluminium hedges (where the hedged item is aluminium cans used in a number of Group entities in across Carlsberg). However, for the purpose of the Carlsberg Breweries AS un-consolidated account, the aluminium hedges are not treated as cash flow hedges.

Main financial instruments - overview

Instrument	Maturity	Purpose
EUR 1,000m interest rate swap	2013	Swap of borrowing with 1 month EURIBOR to fixed
EUR 400m interest rate swap	2015	Swap of borrowing with 1 month EURIBOR to fixed

Cash flow hedge

	2010			**2009**		
DKK million	Fair value adjustment recognised in other compre-hensive income	Fair value	Expected recognition	Fair value adjustment recognised in other compre-hensive income	Fair value	Expected recognition
Interest rate instruments	308	-844	2011-2015	-82	-1.106	2010-2015
Exchange rate instruments	2	-	-	-	-	2010
Total	**310**	**-844**		**-82**	**-1.106**	

Fair value adjustments on cash flow hedges in the financial year are recognised in other comprehensive income and amount to DKK 288m in 2010 and DKK -82 in 2009. The adjustments are included in financial income and financial expenses (cf. note 7).

The fair value of cash flow hedges recognised at 31 December amounted to DKK -844m (2009: DK -1.106m). The recognition of cash flow hedges in the consolidated financial statements is summarised in a separate table.

Note

27 **Financial instruments**

(continued)

Recognition of financial instruments - summary

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

	Fair value presented in tables above			Presentation in the notes to the financial statements	
	2010	**2009**		**2010**	**2009**
Fair value/economic hedges	-351	-404	Receivables, cf. note 17	290	194
Cash flow hedges	-844	-1.106	Other liabilities, cf. note 23	-1.485	-1.704
Total	**-1.195**	**-1.510**	**Total**	**-1.195**	**-1.510**

Liquidity risk

Financial liabilities					**2010**
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	1.488	677	811	-	1.485
Non-derivative financial instruments					
Financial debt gross	47.409	17.852	18.758	10.800	47.333
Interest expense	6.388	1.751	4.010	627	N/A
Trade payables and other liabilities	663	663	-	-	663
Liabilities related to the acquisition of entities	469	-	91	378	469
Non-derivate financial instruments total	**54.929**	**20.266**	**22.858**	**11.805**	**N/A**
Financial liabilities total	**56.417**	**20.943**	**23.669**	**11.805**	**N/A**

Financial liabilities					**2009**
DKK million	Contractual cash flows	Maturity < 1 year	Maturity > 1 year < 5 years	Maturity > 5 years	Carrying amount
Derivative financial instruments					
Derivative financial instruments, payables	1.412	667	521	224	1.704
Non-derivative financial instruments					
Financial debt gross	50.353	16.411	30.728	3.214	50.165
Interest expense	5.802	1.406	3.996	400	N/A
Trade payables and other liabilities	643	643	-	-	643
Non-derivate financial instruments total	**56.798**	**18.460**	**34.724**	**3.614**	**N/A**
Financial liabilities total	**58.210**	**19.127**	**35.245**	**3.838**	**N/A**

Note

27 Financial instruments

(continued)

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

		2010		2009	
DKK Million	Note	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Securities	16	11	11	11	11
Available for sale instruments		**11**	**11**	**11**	11
Fair value hedges	27	-351	-351	-404	-404
Cash flow hedges	27	-844	-844	-1.106	-1.106
Derivative financial instruments		**-1.195**	**-1.195**	**-1.510**	**-1.510**
Trade receivables	17	1.127	1.127	781	781
Other receivables	17	337	337	408	408
Loans to Group companies	17	21.672	21.672	27.063	27.063
Loans to partners	17	225	225	-	-
Cash and cash equivalents	19	46	46	11	11
Loans and receivables		**23.407**	**23.407**	**28.263**	**28.263**
			-		
Issued bonds	21	17.482	18.438	9.811	10.801
Bank borrowings	21	9.723	9.723	18.887	18.887
Borrowing from Parent Company	21	1.446	1.446	1.829	1.829
Borrowing from Group Companies	21	18.682	18.682	19.638	19.638
Trade payables		632	632	681	681
Financial liabilities measured at amortised cost*		**47.965**	**48.921**	**50.846**	**51.836**

* In the issued bond number, the value of one bond held at fair value is included, see note 21.

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

The fair value of all derivatives calculated internally (whether designated as fair value or economic hedges, cash flow hedges or net investment hedges) is calculated by a) estimating the notional future cash flows using observable market data such as yield curves and the aluminium forward curve b) discounting the estimated and fixed cash flow to present value 3) converting the amounts in foreign currency into the functional currency at the end-of-period foreign exchange rate. The fair value of the financial net debt is calculated using the same methodology as for derivatives - using both externally and internally generated yield curves. The fair value of other payables relates to shareholder agreements with non-controlling interests according to which Carlsberg at a future date may or may not acquire non-controlling interests at fair value. The fair value is calulated using a multiple model based on EBITDA numbers, a relevant multiple and adjusted for net debt.

Note

28 Related party disclosures

Related parties exercising control. Carlsberg A/S, Ny Carlsberg Vej 100, DK-1760 Copenhagen V, Denmark, holds all of the shares in Carlsberg Breweries A/S. Carlsberg Breweries A/S has paid a dividend of DKK 0m to Carlsberg A/S (2009: DKK 0m). In 2008, Carlsberg A/S made a cash capital increase of DKK 24,000m.

The income statement and statement of financial position include the following transactions with Carlsberg A/S:

	2010 DKK million	**2009** DKK million
Other operating income	12	2
Financial income	-	2
Financial expense	-22	-117
Loans	41	-
Receivables from the sale of goods and services	14	1
Borrowings	-1.451	-1.830
Trade payables	-23	-8

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

Emoluments to the Board of Directors and remuneration of the Executive Board are disclosed in note 10.

Associates
Dividends of DKK 72m (2009: DKK 74m) were received from associates.

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

	2010 DKK million	**2009** DKK million
Revenue	25	29
Receivables from the sale of goods and services	-2	-1

Subsidiaries
Dividends of DKK 1,045m (2009: DKK 1,992m) were received from subsidiaries.

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

	2010 DKK million	**2009** DKK million
Revenue	605	610
Costs	-167	-716
Sales and distribution expense	-52	-53
Administration cost	-6	-32
Other operating income	262	113
Interest income	927	2.200
Interest expenses	-585	-878
Loans	21.616	27.063
Receivables	1.228	829
Borrowings	-18.283	-19.637
Trade payables and other liabilities etc.	-536	-814

Note

29 Contingent liabilities and other commitments

Carlsberg Breweries A/S has issued guarantees for loans etc. raised by subsidiaries and associates (non-consolidated share of loan) of DKK 6,628m (2009: DKK 4,689m).

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

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

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

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

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

Capital commitments

Neither at the end of the reporting period in 2010 nor 2009 had Carlsberg Breweries A/S any capital commitments to be made at a later date.

30 Events after the reporting period

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

NOTE 31 Accounting policies

The 2010 financial statements of Carlsberg Breweries A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies, cf. the statutory order pursuant to the Danish Financial Statements Act.

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

The financial statements are presented in Danish kroner (DKK million), which is the functional currency.

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

Income statement

Dividends on investments in subsidiaries, joint ventures and associates. Dividends on investments in subsidiaries, joint ventures and associates are recognised as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

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

Statement of financial position

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

COMPANY INFORMATION

Company:	Carlsberg Breweries A/S Ny Carlsberg Vej 100 1760 København V Denmark Municipality of reg. office: Copenhagen
Board of Directors:	Jess Søderberg (chairman), Managing Director Povl Krogsgaard-Larsen (Deputy Chairman), Professor, Dr. Pharm Jørgen Buhl Rasmussen, President, CEO Jørn P. Jensen, Deputy CEO Peter Petersen (Employee Board member), Chairman of the Staff Association Carlsberg and Demand Planner Eva Vilstrup Decker (Employee Board member), Customer Service Manager Carsten Buhl (Employee Board member), Senior Project Manager
Executive Board:	Jørgen Buhl Rasmussen, President, CEO Jørn P. Jensen, Deputy CEO
Auditor:	KPMG Statsautoriseret Revisionspartnerselskab Borups Alle 177 2000 Frederiksberg

EXECUTIVE COMMITTEE AND SUPERVISORY BOARD

Executive Committee

Jørgen Buhl Rasmussen
President, CEO since 2007.

Appointed to the Executive Board of Carlsberg Breweries A/S in 2006.

Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Prior to joining Carlsberg, Mr Rasmussen held senior managerial positions covering Western and Central Eastern Europe, the Middle East, Africa and parts of Asia in several global FMCG companies, amongst others Gillette Group, Duracell, Mars and Unilever.

Jørn P. Jensen
Deputy CEO since 2007; CFO since 2004.

Appointed to the Executive Board of Carlsberg A/S in 2000.

Chairman, Deputy Chairman or member of the Supervisory Boards of Carlsberg Group companies. Member of the Supervisory Board of DONG Energy A/S. Prior to joining Carlsberg, Mr Jensen held senior managerial positions in, amongst others, Nilfisk Advance A/S and Foss Electric A/S.

Supervisory Board

Jess Søderberg
Chairman

Chairman of the Audit Committee of Carlsberg Group A/S. Managing Director. Born 1944. Elected 2008 and 2010. Election period expires 2012. Former CEO of the A.P. Møller - Mærsk Group (1993-2007) and before that CFO of the same company from 1981. Member of the Supervisory Board and Audit Committee of The Chubb Corporation, advisor to Permira and member of Danske Bank's Advisory Board. Managing Director of J.S. Invest ApS, J. Søderberg Shipping ApS and KF Invest ApS. Mr Søderberg has acquired broad international experience of management and finance as a result of many years in the senior management of A.P. Møller - Mærsk.

Povl Krogsgaard-Larsen
Deputy Chairman

Professor, D.Pharm. Born 1941. Elected 1993 and 2009. Election period expires 2011. Chairman of the Executive Board of the Carlsberg Foundation. Chairman of the Supervisory Boards of Auriga A/S and Bioneer A/S. Mr Krogsgaard-Larsen is affiliated to the Faculty of Pharmaceutical Sciences at the University of Copenhagen. With his background as a researcher and educator, he has particular expertise in the analysis of issues within the pharmaceutical sector and the presentation of plans and results. As former rector of what was then the Royal Danish School of Pharmacy, he also has experience of the management of large knowledge-based organisations such as PharmaBiotec, Neuro Science PharmaBiotec and the Drug Research Academy. He also has experience from directorships at other international companies.

Peter Petersen
Employee Board member, Chairman of the Staff Association Carlsberg and Demand Planner

Eva Vilstrup Decker
Employee Board member, Customer service manager

Carsten Buhl
Employee Board member, Senior Project Manager

MANAGEMENT STATEMENT

The Supervisory Board and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Breweries Group and the parent company for 2010.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for annual reports of listed companies.

In our opinion the consolidated financial statements and the parent company's financial statements give a true and fair view of the Carlsberg Breweries Group's and the parent company's assets, liabilities and financial position at 31 December 2010 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2010.

Further, in our opinion the Management's review includes a fair review of the development in the Carlsberg Breweries Group's and the parent company's operations and financial matters, the result for the year and of the Carlsberg Breweries Group and the parent company's financial position as well as describes the significant risks and uncertainties affecting the Carlsberg Breweries Group and the parent company.

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

Copenhagen, 24 March 2011

Executive Board of Carlsberg Breweries A/S

Jørgen Buhl Rasmussen	Jørn P. Jensen

Supervisory Board of Carlsberg Breweries A/S

Jess Søderberg Chairman	Povl Krogsgaard-Larsen Deputy Chairman	Peter Petersen
Jørgen Buhl Rasmussen	Eva Vilstrup Decker	Carsten Buhl
Jørn P. Jensen		

THE INDEPENDENT AUDITORS' REPORT

To the shareholders of Carlsberg Breweries A/S
We have audited the consolidated financial statements and the parent company financial statements of Carlsberg Breweries A/S for the financial year 2010, pp. 16-142. The consolidated financial statements and the parent company financial statements comprise the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes for the Carlsberg Breweries Group as well as for the parent company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In addition to our audit, we have read the Management's review prepared in accordance with Danish disclosure requirements for listed companies and issued a statement in this regard.

Management's responsibility
Management is responsible for the preparation and fair presentation of the consolidated financial statements and the parent company financial statements in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. Further, it is the responsibility of Management to prepare a Management's review that gives a fair review in accordance with Danish disclosure requirements for listed companies.

Auditors' responsibility and basis of opinion
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements and the parent company financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Carlsberg Breweries Group's and the parent company's financial position at 31 December 2010 and of the results of the Carlsberg Breweries Group's and the parent company's operations and cash flows for the financial year 2010 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's review
Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information given in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 24 March 2011
KPMG
Statsautoriseret Revisionspartnerselskab

Henrik Kronborg Iversen
State Authorised Public Accountant

Jesper Koefoed
State Authorised Public Accountant

Carlsberg