Carlsberg

Annual Report 2003

The financial year 2003 proved a difficult year in respect of developments in markets and currencies. Nevertheless, Carlsberg managed to improve profitability in local currencies and to increase the sale of Carlsberg beer by more than 7%.

A BRIEF PRESENTATION

Apart from a 60% (2003) stake in Carlsberg Breweries, Carlsberg A/S, the Carlsberg Group, comprises the Carlsberg Research Center, Carlsberg Properties as well as the administration of the Carlsberg Bequest to the Memory of Brewer J. C. Jacobsen and the Tuborg Foundation.

Carlsberg Breweries

Carlsberg Breweries A/S is one of the world's major international brewing operations, and Carlsberg and Tuborg are two of the most widely sold beer brands on a global scale. Carlsberg Breweries was established in 2001.

Carlsberg Breweries comprises, among others, Carlsberg Bryggerierne (1847),Tuborgs Bryggerier (1873), Pripps (1828) and Ringnes (1877) — as well as a number of subsidiaries and associated companies, the majority of which are situated outside the Nordic region. Carlsberg Breweries has a total workforce of approximately 31,500 people, if all associated companies are included. It sells its products in about 150 markets.

The core business of Carlsberg Breweries is the production and sale of beer and soft drinks. More than 95% of beer sales are achieved outside Denmark. International brewing operations include the export of beer brewed in Denmark, as well as local brewing at 91 production sites in 47 countries. The Carlsberg and Tuborg beer brands are produced by 60 companies in 45 countries. Local production, according to the specifications of Carlsberg Breweries, is handled partly by breweries in which Carlsberg Breweries has equity investments, and partly by breweries and partners with which agreements have been made for the production and sale of Carlsberg and Tuborg beer.

Carlsberg Research Center

Ever since Carlsberg's foundation, the Company has operated its own research departments. In 1875, the Carlsberg Laboratory was established. It is now integrated in the Carlsberg Research Center, which houses 80 laboratories equipped with state-of-the-art technology and a staff of about 130 people. When Carlsberg Breweries was established, the activities of the Carlsberg Research Center continued under Carlsberg A/S. In addition to extensive basic research, brewing related research is conducted into enzyme chemistry, protein chemistry, carbohydrate chemistry, plant breeding and genetics as well as the malting, brewing and fermentation processes. In addition, process and product development takes place at Carlsberg Breweries.

Carlsberg A/S

Carlsberg A/S is a company publicly quoted on the Copenhagen Stock Exchange with some 16,500 registered shareholders. The largest single shareholder by far is the Carlsberg Foundation, which is required by its charter to hold a minimum of 51% of the shares in Carlsberg A/S. Over the years, Carlsberg's employees have accepted offers to buy shares on favourable terms or have been granted shares in connection with Carlsberg's 150th anniversary in 1997.

The Carlsberg Foundation was established in 1876 by Carlsberg's founder, Brewer J.C. Jacobsen, and its income goes to support Danish natural and social sciences as well as the humanities. The Carlsberg Foundation also administers and maintains the Frederiksborg Museum of National History and the Carlsberg Laboratory.

The New Carlsberg Foundation, a separate department of the Carlsberg Foundation with its own board of management, has the special task of acquiring works of art for Danish museums and institutions. It is also responsible for the administration and maintenance of the Ny Carlsberg Glyptotek, in collaboration with the Danish government and the City of Copenhagen.

The Tuborg Foundation is another department of the Carlsberg Foundation with its own board of directors. It operates in support of activities of benefit to society, as is also the case with the Carlsberg Bequest to the Memory of Brewer J.C. Jacobsen.

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LETTER TO THE SHAREHOLDERS

The financial year 2003 proved a difficult year in respect of developments in markets and currencies. Nevertheless, Carlsberg managed to improve profitability in local currencies and to increase the sale of Carlsberg beer by more than 7%.

Carlsberg A/S' share of profit for the year

Carlsberg A/S' share of profit for the year reached almost DKK 1bn. Even though this was a 5% decline compared to last year, it was better than the expectations of a 10% decline expressed at the beginning of the year.

Significant conditions in 2003 affecting the results

The beginning of 2003 was characterized by a number of significant adverse conditions such as the break-out of SARS in Asia and the war in Iraq. Both affected Carlsberg's beverage business markedly as they changed the consumer pattern and led to a decrease in the consumption of Carlsberg's products in the sales channels where the best sales prices - and hence profit margins - are realised. However, both situations were solved by the end of Q2 2003 and the consumer pattern quickly normalized.

Also, the exchange rate developments affected the realised results of Carlsberg markedly. Almost all important currencies in Carlsberg's business were weakened in relation to the Danish krone and this had a significant adverse effect on Carlsberg's operating profit. However, to a minor degree, the exchange rate developments also had a positive influence, namely on the item Financials - due to Carlsberg's borrowing in the same currencies.

Earnings

In order to describe the economic development in the Carlsberg Group in 2003, the following key figures are emphasized:

Operating profit (EBITA) of DKK 3.6bn was 6% down on last year, but when using the same exchange rates as in 2002 it was up by 4%. So the business of the Carlsberg Group is progressing and the company is now in a stronger position.

Cash flow is also an important indicator of the possibilities of developing the future business. In recent years, the Carlsberg Group has focused markedly on this and as a result, free cash flow amounted to DKK 2.6bn in 2003, the highest in the 5-year comparative history of the company.

Dividend

The Board of Directors proposes that a dividend of DKK 5.00 per share be paid similar to last year, which corresponds to 25% of the share capital. This comprises DKK 304m due to the fact that no dividend is paid on treasury shares. The proposed dividend corresponds to 32% of Carlsberg's share of profit for the year. It is proposed that the remaining amount of DKK 652m be appropriated to the reserves.

Carlsberg Breweries

Carlsberg Breweries is continuing its efforts to increase profitability and to expand the positions in the growth markets in eastern Europe and Asia.

The beer industry's strong local character and its local customers and consumers form the decentralised basis for Carlsberg Breweries' business model, which is guided by centrally established principles regarding procedures and operations, and ambitious business goals.

Most national beer markets are currently characterised by demand for strong local brands and – particularly as regards the more mature markets – an increasing demand for international premium beer brands and specialties. According to the latest statistics available, the Carlsberg brand is the fastest growing international premium brand (followed by the Tuborg brand). This position has been achieved through an extensive brand rejuvenation programme, which will continue in the coming years. The programme is based on the development of a more specific brand vision and positioning. The programme is anchored in the brand's strength as "Probably the best beer in the world" and adds a globally recognised and more friendly dimension to the famous brand.

It remains a goal to gain market share in the growth markets in eastern Europe and Asia to compensate for the stagnating trend in the more traditional markets in western Europe. However, Carlsberg Breweries will still seek to expand its influence in that region as well.

The competition from other international brewery groups is intensifying in the growth markets. The joint ventures in eastern Europe, Baltic Beverages Holding (BBH), and in Asia, Carlsberg Asia, enjoy strong market positions and strengthen the growth prospects.

Western Europe was again characterised by stagnating markets in 2003, but in line with expectations profitability increased. Western Europe still holds potential for profitable growth and/or improvements in profitability and this is a key priority. "Excellence" programmes have been initiated and have already begun to show results.

In eastern Europe, BBH achieved volume growth again this year, however, earnings fell due to adverse exchange rate developments. A more favourably development in the region was the fact that Türk Tuborg in Turkey managed to turn the very unsatisfying results of 2002 into a profit which was even higher than predicted in the rather aggressive business plan approved at the beginning of the year.

In Asia, Carlsberg extended its position with a number of minor acquisitions in China and the acquisition of minority interests in existing Group companies. The joint-venture agreement entered in 2000 was terminated by Carlsberg in August 2003, however, Carlsberg is still convinced that the region holds significant potential for the Carlsberg brand.

Quality

Carlsberg's approach to quality has always been anchored in J.C. Jacobsen's "Golden Words": "In working the brewery it should be a constant purpose, regardless of immediate gain, to develop the art of making beer to the greatest possible degree of perfection so that this brewery as well as its products may ever stand out as a model and, through their example, assist in keeping beer brewing in this country at a high and honourable level."

Quality is an essential prerequisite for Carlsberg's success. Our products must be of supreme and outstanding quality and Carlsberg will never compromise on quality.

Social responsibility

Beer is a low-alcohol product brewed from natural raw materials, and if consumed in moderation by adults, beer is highly consistent with a healthy lifestyle. Misuse of beer may have negative consequences for the individual as well as for society, particularly those under legal drinking age.

As the brewer of one of the world's leading beer brands, the Company takes an active part in the political debate regarding alcohol. The Company's position on alcohol is emphasised internally by detailed guidelines regarding the marketing of beer as well as through information and training activities. Externally, the Company's position on alcohol is emphasised through the co-operation with national brewers' associations and The European Brewers' Association and through voluntary agreements on guidelines for the marketing of alcohol products.

Carlsberg works actively to optimise the use of natural resources and to reduce any negative impact on the environment and Carlsberg Breweries will systematically improve its environmental efforts through internationally recognised standards for environmental management.

Corporate Governance

The guidelines for Corporate Governance are continuously being debated both nationally and internationally. Carlsberg is following the debate closely and the recommendations presented. The Company already complies with most of these recommendations.

Incentive programmes

In 2001, a share option programme was introduced for the Executive Board and other key managers in Carlsberg A/S and Carlsberg Breweries A/S. The programme is intended to strengthen the alignment of interests between the management and the shareholders. A total of 331,000 options were granted to the Executive Board and key managers in Carlsberg A/S and Carlsberg Breweries in the first three years of the programme. The total number of share options granted in 2004 is expected to be around 200,000. This liability is covered by the repurchase of treasury shares.

Recent important developments

Carlsberg A/S has signed an agreement to buy Orkla ASA's 40% shareholding in Carlsberg Breweries A/S for a total of approximately DKK 14.8bn. Completion is only subject to approval by the corporate assembly ("bedriftsforsamlingen") of Orkla. Carlsberg will then own Carlsberg Breweries 100%. The acquisition is expected to create significant shareholder value and simplify the structure of the Carlsberg Group. The shareholders will get a more direct access to the operational cash flows of the entire Group and at the same time, the acquisition

Following the completion of the transaction with Orkla the Executive Board of Carlsberg will comprise Nils S. Andersen (Chief Executive Officer) and Executive Vice Presidents Paul Bergqvist (right) and Jørn P. Jensen.

will be immediately earnings enhancing (prior to the amortisation of goodwill). Furthermore, the shareholders will achieve enhanced transparency and in future, the breweries will have a single shareholder focused only on the brewing industry.

The Transaction will be financed through an EUR 2.45bn unsecured credit facility. The Group will refinance parts of the credit facility through a capital increase of approx. DKK 3-3.5bn. Hence, approval to increase the authorised share capital of Carlsberg with a pre-emptive right for the Company's shareholders will be sought at the Annual General Meeting of the Company on 18 March 2004. If approved, all outstanding treasury stock in Carlsberg is expected to be cancelled.

In January 2004, Carlsberg Breweries A/S has submitted an offer to acquire Holsten-Brauerei AG at a net price of approximately EUR 437m. The acquisition is conditional on authority approval as well as a satisfactory acceptance rate among the shareholders - factors which are expected to be settled prior to the presentation of the Q1 Financial Statement 2004.

Changes in management

Following the completion of the transaction with Orkla, the Executive Board of Carlsberg will comprise Nils S. Andersen (Chief Executive Officer), Jørn P. Jensen (Executive Vice President and Chief Financial Officer) and Paul Bergqvist (Executive Vice President). Furthermore, the non-executive directors of Carlsberg Breweries nominated by Orkla will resign from the Board of Directors of Carlsberg Breweries A/S.

Annual General Meeting of Carlsberg A/S

The Annual General Meeting will take place at Radisson SAS Falconer, Falkonér Allé 9, Frederiksberg, Copenhagen, Denmark on Thursday 18 March 2004. Invitation to the General Meeting will be forwarded to the registered shareholders of the Company approx. 12 days prior to the date of the meeting.

BOARD OF DIRECTORS AND EXECUTIVE BOARD/MANAGEMENT

BOARD OF DIRECTORS

Povl Krogsgaard-Larsen, born 1941
Professor, D.Sc., Ph.D., Dr.h.c. (Chairman) *)
Chairman of The Carlsberg Foundation
Member of the Board of Directors of Carlsberg Breweries A/S and Auriga A/S. (1993/2002)

Jens Bigum, born 1938
Managing Director, (Deputy Chairman) *)
Chairman of the Board of Directors of Carlsberg Breweries A/S.
Deputy Chairman of the Board of Directors of Arla Foods plc.
Member of the Board of Directors of Per Aarsleff A/S and L. Hammerich & Co. A/S. (2001/2001)

Hans Andersen, born 1955
Brewery worker, Carlsberg Danmark A/S.
Member of the Board of Directors of Carlsberg Breweries A/S
(Employee Board member 1998/2002)

Torkild Andersen, born 1934
Professor, D.Ph.
Member of the Board of Directors of 6 property companies affiliated to the Carlsberg Foundation. (1996/2002)

Søren Bjerre-Nielsen, born 1952
Executive Vice President, Danisco A/S.
Member of the Board of Directors of Carlsberg A/S, VKR Holding A/S, VELUX A/S, Villum Kann Rasmussen Fonden and Danmarks Nationalbank. (2003/2003)

Henning Dyremose, born 1945
President, Chief Executive Officer, TDC A/S.
Chairman of the Board of Directors in a number of companies affiliated to TDC A/S. Deputy Chairman of the Board of Directors of Brødrene A. & O. Johansen A/S. Member of the Board of Directors of Carlsberg Breweries A/S. (1999/2002)

Claes Gjermansen, born 1952
General Manager, Carlsberg Research Center.
(Employee Board member 2002/2002)

Niels Kærgård, born 1942
Professor D.Econ.
Member of the Board of Directors of 6 property companies affiliated to The Carlsberg Foundation. (2003/2003)

Axel Michelsen, born 1940
Professor, D.Ph. (1986/2002)

Erik Dedenroth Olsen, born 1949
IT Consultant, Carlsberg Danmark A/S.
Member of the Board of Directors of Carlsberg Breweries A/S.
(Employee Board member (1998/2002)

Bent Ole Petersen, born 1954
General Manager, Carlsberg Research Center.
(Employee Board member (2002/2002)

Per Øhrgaard, born 1944
Professor, D.Ph.
Member of the Board of Directors of JP/Politikens Hus A/S and of 6 property companies affiliated to The Carlsberg Foundation.
(1993/2000)

*) The chairmanship of the Board of Directors.
( ) The year of election to the Board of Directors of Carlsberg A/S.

EXECUTIVE BOARD/MANAGEMENT

Jørn P. Jensen, born 1964
Chief Executive Officer.
Chairman of the Board of Directors of Ejendomsaktieselskabet af 4. marts 1992, Investeringsselskabet af 17. januar 1991 A/S, Ejendomsaktieselskabet Tuborg Nord B, Boliginteressentskabet Tuborg Nord, Ejendomsaktieselskabet Tuborg Nord C, Ejendomsaktieselskabet Tuborg Nord D and VersaMatrix A/S. Deputy Chairman of the Board of Directors of Royal Scandinavia A/S, Member of the Board of Directors of Carlsberg Breweries A/S, Coca-Cola Nordic Beverages a/s, Ejendomsselskabet Tuborg Nord B and JL-Fondet/Vesterhavet A/S. (2001)

Klaus Bock *), born 1944
Executive Vice President for Research.
Chairman of the Board of Directors of Danish National Research Foundation and Combio A/S. Member of the Board of Directors of VersaMatrix A/S.

Per Brøndum Andersen *), born 1954
Executive Vice President, CFO.
Chief Executive Officer of Coca-Cola Nordic Beverages a/s.
Member of the Board of Directors of VersaMatrix A/S.

*) Not registered with the Danish Commerce and Companies Agency.

Other key employees and staff functions:

Orla Kristensen, Vice President	Property Department
Mikael Bo Larsen, IR Manager	Investor Relations
Hans Henrik Schmidt, Legal Counsel	Secretariat
Margrethe Skov, Public Affairs Director	Corporate Communications
Finn Terkelsen, Vice President	Trust Administration

THE CARLSBERG GROUP HIGHLIGHTS, KEY FIGURES, AND RATIOS, 5-YEAR SUMMARY

	1998/99	2000 (12 months) 1)	2001	2002	2003
BEER SALES					
- million hl2)					
Sold in Denmark	4.0	3.8	3.9	3.9	**3.8**
Sold outside Denmark	33.0	36.0	63.1	74.7	**77.6**
Total sales	37.0	39.8	67.0	78.6	**81.4**
SOFT DRINK SALES					
- million hl					
Sold in Denmark	3.2	3.5	3.3	3.1	**3.0**
Sold outside Denmark	10.6	11.3	17.9	17.8	**18.2**
Total sales	13.8	14.8	21.2	20.9	**21.2**
TOTAL BEER AND SOFT DRINK SALES	50.8	54.6	88.2	99.5	**102.6**
HIGHLIGHTS – DKK million					
Income Statement					
Revenue	31,253	34,470	46,934	48,603	**47,345**
Excise duties	7,131	8,820	12,515	13,059	**12,719**
Net revenue	24,122	25,650	34,419	35,544	**34,626**
Operating profit	1,715	1,995	3,294	3,779	**3,564**
Special items, net	-93	363	32	-23	**-401**
Financials, net	-222	-264	-255	-884	**-475**
Profit before tax	1,400	2,094	3,071	2,872	**2,688**
Profit before goodwill	905	1,547	2,454	2,149	**2,098**
Consolidated profit	764	-117	2,151	1,774	**1,719**
Carlsberg A/S' share of profit	852	34	1,194	1,011	**956**
Balance Sheet					
Non-current assets	21,133	25,597	31,171	30,600	**29,962**
Current assets	12,254	14,571	16,284	15,923	**16,750**
Share capital	1,278	1,278	1,278	1,278	**1,278**
Capital and reserves	15,647	16,083	19,158	17,286	**17,906**
Non-current liabilities	5,646	6,034	12,124	10,724	**11,095**
Current liabilities	8,889	14,988	12,315	15,115	**14,350**
Balance sheet total	33,387	40,168	47,455	46,523	**46,712**
Net interest-bearing debt	4,282	10,309	10,918	10,923	**8,929**
Cash flow					
Cash flow from operating activities	1,821	2,305*	2,215	5,550	**4,517**
Cash flow from investing activities	-1,459	-6,057*	-3,514	-3,946	**-1,904**
Free cash flow	362	-3,752*	-1,299	1,604	**2,613**
Cash flow from financing activities	-1,409	3,541*	2,302	-1,107	**-1,539**

	1998/99	2000 (12 months) 1)	2001	2002	2003
Investments					
Acquisition and divestment of property, plant and equipment, net	2,024	2,770*	3,551	2,991	**1,218**
Acquisition and divestment of companies, net	621	4,309*	1,996	1,131	**143**
Depreciation	1,354	2,153*	2,523	2,630	**2,673**
Key figures					
Operating margin[3)]	7.1%	7.8%	9.6%	10.6%	**10.3%**
Return on investments[4)]	6.4%	6.5%	8.9%	9.4%	**9.2%**
Return on capital and reserves[5)]	5.0%	-0.7%	12.2%	9.7%	**9.8%**
Solvency ratio[6)]	46.9%	40.0%	40.4%	37.2%	**38.3%**
Gearing[7)]	27.4%	64.1%	57.0%	63.2%	**49.9%**
Stock market ratios					
Number of shares	63,906	63,906	63,906	63,906	**63,906**
Number of shares, excl. own shares	63,706	63,706	63,706	60,862	**60,862**
Earnings per share[8)]	13.3	0.5	18.7	16.6	**15.7**
Earnings per share before goodwill and own shares	14.7	14.0	21.4	20.2	**19.4**
Earnings per share before goodwill, own shares and special items			17.4	20.5	**21.9**
Cash flow per share[9)]	28.5	40.4	34.7	89.1	**74.2**
Book value (DKK per share) excl. own shares			189.0	177.9	**185.3**
Year-end market quotation (B-shares)	257.0	468.0	347.8	311.3	**273.7**
Dividend per share	4.0	5.4	5.0	5.0	**5.0**
Payout ratio[10)]	30%	Na	27%	30%	**32%**
Price/Earnings[11)]	19.3	Na	18.6	18.8	**17.4**
Employees					
Number of employees[12)]	21,906	23,641	27,368	28,466	**31,531**

* The figures cover 15 months

1) Unaudited comparative figures adapted for the calendar year 2000 and adjusted for the effects of the changes made in the basis of the financial statements

2) Sales of Carlsberg and Tuborg beer, including beer brewed under licence and other beer brands produced by breweries of the Carlsberg Group and associated undertakings

3) Operating profit expressed as a percentage of net revenue

4) Operating profit expressed as a percentage of average operating assets

5) Consolidated profit expressed as a percentage of average consolidated capital and reserves

6) Consolidated capital and reserves at year-end expressed as a percentage of total liabilities

7) Net interest-bearing debt expressed as a percentage of consolidated capital and reserves

8) Carlsberg A/S' share of profit for the year per DKK 20 share excl. own shares

9) Cash flow from operations divided on average number of shares excl. own shares

10) Dividend paid divided by Carlsberg A/S' share of profit

11) Market price per share divided by earnings per share before own shares (see note 8)

12) Including all employees in proportionally consolidated undertakings

MANAGEMENT REPORT FOR 2003

2003 IN OUTLINE

- Results are better than expectations in the Q3 Financial Statement.

- Net revenue rose by 4% at unchanged currency rates. At actual exchange rates, net revenue amounted to DKK 34.6bn (-3%).

- Operating profit (EBITA) increased by 4% at unchanged exchange rates. At actual exchange rates operating profit amounted to DKK 3.6bn (-6%).

- Carlsberg's share of the results prior to the net effect of special items was DKK 1,109m (+8%). Inclusive of special items, the share amounted to DKK 956m (-5%).

- Earnings per share (before goodwill, own shares and special items) increased to DKK 21.90 from DKK 20.50 (+7%).

- Cash flow from operating activities and free cash flow totalled DKK 4.5bn and 2.6bn, respectively, and interest-bearing debt was reduced by DKK 2.0bn.

- It is proposed that a dividend of DKK 5.00 per share be paid (unchanged compared to 2002).

- Carlsberg A/S has acquired the 40% minority shareholding in Carlsberg Breweries from Orkla ASA.

COMMENTS TO THE ACCOUNTS FOR THE PAST YEAR

Recent developments

Carlsberg A/S acquired the 40% minority shareholding in Carlsberg Breweries from Orkla ASA. The transaction is expected to be completed by mid-March this year at the latest. Carlsberg A/S will subsequently own Carlsberg Breweries 100%. This significant transaction has no effect on the annual report for 2003, but will have significant effect on the annual report for 2004. For further details on the acquisition of Orkla's 40% shareholding in Carlsberg Breweries, please see the announcement to the Copenhagen Stock Exchange 19 February 2004.

As announced to the Copenhagen Stock Exchange on 20 January 2004, Carlsberg Breweries has submitted an offer to acquire Holsten-Brauerei AG. The acquisition is conditional on authority approval as well as on the acquisition of a satisfactory shareholding in the company - factors which are expected to be settled prior to the presentation of the Q1 Financial Statement 2004.

Accounting policies and basis of comparison

The accounting policies applied remain unchanged from the 2002 Annual Report and follow the Danish Financial Statements Act of 7 June 2001 as well as the requirements from the Copenhagen Stock Exchange regarding financial reporting, including current Danish accounting standards.

The financial statements for Asia (Carlsberg Asia Pte. Ltd.) for the first half of 2003 and for 2002 are based on a 50/50 joint venture structure, where Carlsberg Asia Pte. Ltd. is proportionally consolidated. Carlsberg has, cf. announcement to the Copenhagen Stock Exchange dated 1 August 2003, terminated the joint venture and, as a consequence, the accounting treatment has been changed accordingly with effect from 1 July 2003.

When comparing with the previous financial year, please note the changes in the Group structure as a result of acquisitions and divestments during the year. In Poland, Carlsberg Breweries has increased its ownership with approx. 13% to 85% and in December a public offer was submitted for the remaining 15% of the shares. In Turkey, the shareholding was increased by about 12% in June to approx. 95%. In addition, Carlsberg Breweries has increased its stakes in the Vietnamese breweries and the Bulgarian breweries. In China, Carlsberg Breweries bought two minor breweries in the Yunnan province in January and June, respectively. In Russia, Baltic Beverages Holding (BBH) took over the entire share capital in the brewery Ak-Nar in Almaty, Kazakhstan.

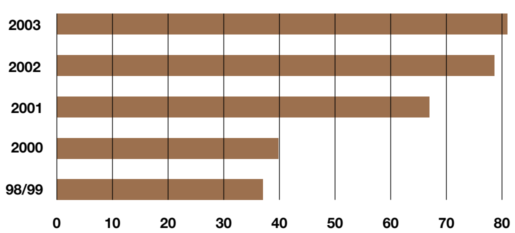
Segment information

The Group's main activity is the brewing and sale of beer and other beverages, and this makes up more than 90% of the consolidated revenue. In accordance with the Group's management structure, the beverage activities are segmented according to the geographical regions where production takes place.

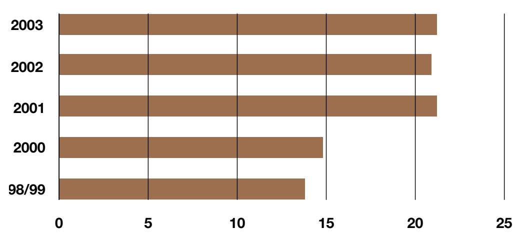
Volume

The Carlsberg Group's beer (81.4m hl) and soft drink (21.2m hl) sales amounted to 102.6m hl (+3%) this year calculated in accordance with industrial standards (100% of the volume for subsidiaries, proportionally consolidated and as-

TOTAL BEER SALES (MILLION HL) 12 MONTHS



TOTAL SOFT DRINK SALES (MILLION HL) 12 MONTHS



sociated companies as well as licence production). A calculation of volume based on subsidiaries and licence production with the addition of ownership shares in proportionally consolidated and associated companies results in a beer volume of 54.4m hl (+4%). This calculation method has been applied in the geographic segments below. The period saw a gain of more than 7% for the Carlsberg brand. Global beer consumption is still increasing, however, showing major regional differences.

Net revenue

Net revenue (revenue less excise duties) amounted to DKK 34.6bn against DKK 35.5bn in the same period last year (-3%). Converted at unchanged exchange rates, the increase was 4%. Converted at unchanged exchange rates, the increase in net revenue is mainly attributable to organic growth in eastern Europe as well as the new structure in Asia, while divested business units in Switzerland (soft drink and wine) and the divestment of the Hannen brewery facilities in Germany led to a decline in net revenue.

Operating profit (EBITA)

Operating profit amounted to DKK 3,564m against DKK 3,779m last year (-6%). At unchanged exchange rates, operating profit was up 4%, which was mainly due to general progress in results in all regions in Carlsberg Breweries at unchanged exchange rates. In 2003, Carlsberg Breweries increased its marketing expenses particularly for marketing of the Carlsberg brand, and this resulted in a very favourable development in volume. The Carlsberg brand is now the world's fastest growing premium beer brand.

As to Carlsberg A/S' property activities, results were as expected and operating profit was favourably affected by the gain from the divestment of property at approx. DKK 150m (2002 approx. DKK 120m).

Depreciation on property, plant and equipment, etc. is included in operating profit with a negative DKK 2,673m against a negative DKK 2,630m in 2002.

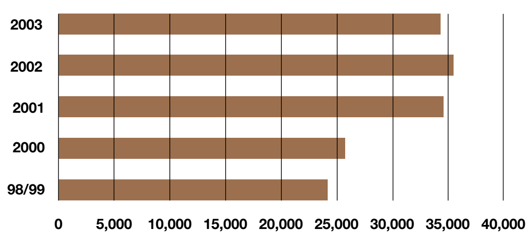
Special items, net

As in previous years, Special items, net includes one-off items. Special items totalled a negative DKK 401m against a negative DKK 23m last year. The items include major restructuring costs especially for the closing of the brewery in Bromma, Sweden, but the restructurings in Norway and the UK are also included. Furthermore, the divestment of business units in Switzerland and of the brewery in Germany led to substantial non-recurring expenses which, however, are cancelled out by the reversal of a previous provision made regarding the brewery in Germany. The tax effect of the special items amounted to DKK 146m and, consequently, the effect of special items negatively affects Carlsberg A/S' share of profit for the year with DKK 153m.

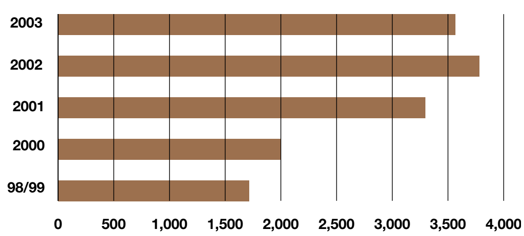
Financials, net

Financials, net amounted to a negative DKK 475m against a negative DKK 884m last year. The improvement is mainly due to lower financial expenses in Carlsberg Breweries, i.a. because of the lower interest rate level and the reduction of interest-bearing debt made possible by the substantial free cash flow. Also, the currency translation adjustments of loans, particularly as regards USD-related currencies, had a positive effect.

NET REVENUE (DKK MILLION) 12 MONTHS



OPERATING PROFIT (DKK MILLION) 12 MONTHS



Corporation tax

The tax rate was 22.0% against 25.2% last year. The decreased tax rate in 2003 can be ascribed to the results realised by Carlsberg Breweries in 2003, as these have made it possible to utilize not capitalised tax assets, whose realisable value was previously considered uncertain.

Profit before goodwill amortisation and write-down

Profit before goodwill amortisation and write-down amounted to DKK 2,098m against DKK 2,149m in 2002. Adjusted for special items, the results for 2003 were DKK 181m (+8%) up on last year due to increased earnings in Carlsberg Breweries.

Carlsberg A/S' share of profit

Carlsberg A/S' share of profit amounted to DKK 956m against DKK 1,011m last year. Adjusted for special items, the share of profit was DKK 84m up on last year, corresponding to an 8% increase. The increase is driven by the improved earnings in Carlsberg Breweries.

Consolidated goodwill

In accordance with the new accounting policies introduced in 2002, goodwill has been capitalised and totalled DKK 5.1bn at 31 December 2003 following amortisation of DKK 379m during the year. Tests have been made on the goodwill for the companies whose results have not lived up to expectations. The tests carried out, based on the most recent elaborated business plans have shown that there is no need to write down the capitalised goodwill amounts.

Capital and reserves

Consolidated capital and reserves amounted to DKK 17,906m against DKK 17,286m last year.

The Parent Company's share of capital and reserves totalled DKK 11,276m against DKK 10,836m last year.

Capital and reserves was positively influenced by the profit for the year, less dividend paid for 2002 and influx in connection with the new structure in Asia. It was negatively affected by currency translation adjustments and payment to minority interests.

Retirement benefit obligations

At the end of 2003, analyses of any underfunded pension obligations were carried out. These relate mainly to the company in the UK. Total underfunding amounted to about DKK 0.7bn, (2002 approx. DKK 1.0bn) which will cause additional revenue expenditure of around DKK 30-40m in the years ahead if circumstances remain unchanged.

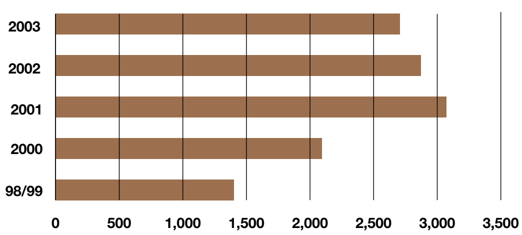
Other provisions

Other provisions amounted to DKK 360m at the end of 2003 (DKK 198m at the end of 2002). Additions under this item stem from the previously mentioned restructurings for which provision has been made for the anticipated costs. During the period, provisions were applied in accordance with plans.

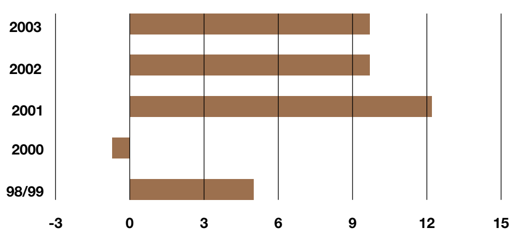
Investments

The year saw total net investments of DKK 1.4bn against DKK 4.1bn last year. The investments primarily relate to new production plants in western Europe and in BBH and to a smaller degree the acquisition of companies. Investments in property, plant and equipment, net, were DKK 1.8bn down on last year mainly due to the divestment of assets, which have become superfluous due to the

PROFIT BEFORE TAX (DKK MILLION) 12 MONTHS



RETURN ON CAPITAL AND RESERVES (%) 12 MONTHS



implementation of restructuring projects, etc. The acquisition of companies in 2003 was somewhat below last year's level, whereas the acquisition of minority interests was somewhat higher. However, the minority acquisitions are included under financing activities in the cash flow statement and not under investing activities.

Securities, cash and cash equivalents, and net interest-bearing debt

Cash flow from operating activities totalled DKK 4.5bn compared to DKK 5.6bn last year, whereas free cash flow amounted to DKK 2.6bn against 1.6bn last year. The project launched by Carlsberg Breweries to reduce invested capital has contributed positively to the cash flow for 2003 and has furthermore contributed to a rise of about 0.2 percentage-points to 11.7% in return on capital employed (ROCE) in Carlsberg Breweries.

The net interest-bearing debt totalled DKK 8.9bn, which is DKK 2.0bn below last year.

At 31 December 2003, securities and cash and cash equivalents, consisting of cash at bank and in hand and listed securities, amounted to DKK 4.2bn (2002: DKK 3.0bn), based on market prices. To this may be added unutilised credit facilities amounting to about DKK 5.9bn (2002: DKK 6.7bn).

In 2004, the securities and cash and cash equivalents will be significantly affected by the previously mentioned acquisitions of Holsten-Brauerei and of the 40% shareholding in Carlsberg Breweries. In connection with the Carlsberg Breweries acquisition, the financing plan entails a capital increase in Carlsberg A/S to be carried out in the first half of 2004.

Development by regions

Western Europe

DKK million	2002	2003	Changes in percent
Net revenue	26,997	**26,182**	-3
Operating profit	2,269	**2,364**	+4
Operating margin (%)	8.4	**9.0**	
Beer sales (million hl)	24.4	**23.7**	-3

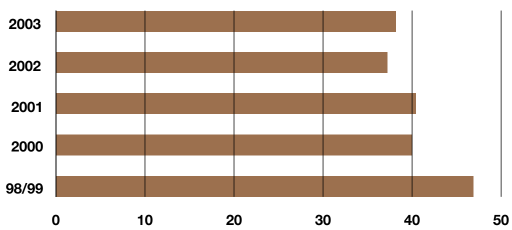
Western Europe registered a small reduction in total beer volume of 3% to 23.7m hl. The region's operating profit at unchanged exchange rates was DKK 201m (9%) up on last year while the operating margin of 9% was 0.6 percentage points above last year's level. Overall progress was slightly below expectations mainly due to the developments in the Swedish market.

Net revenue was slightly up on last year at unchanged exchange rates. Converted at actual exchange rates, revenue declined by approx. DKK 0.8bn (-3%) to DKK 26.2bn, primarily due to the developments in the GBP exchange rate.

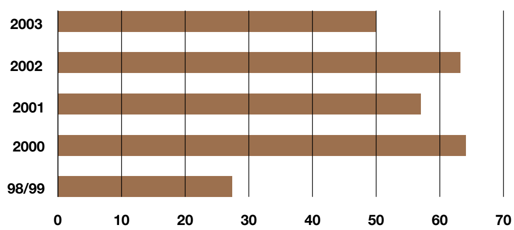
Operating profit was DKK 201m above last year at unchanged exchange rates (+9%). Converted at actual exchange rates, operating profit was DKK 95m above last year (+4%), cf. comments on the individual markets set out below.

In the **Nordic region**, beer sales declined slightly during the period and particularly Carlsberg Sweden experienced a decline. The markets were characterised by severe price competition, a rise in border trade where profitability is low, and pressure on market shares. In Sweden, the analyses and negotiations regarding cost reductions initiated in August led to the closing of the brewery in Bromma. Production for the Swedish market will now be concentrated in Falkenberg supplemented with capacity at the brewery in Valby (Denmark).

SOLVENCY RATIO (%)



GEARING (%)



In the **UK**, the Carlsberg brand achieved a 13% gain, while Tetley's maintained volume in the decreasing ale market. The exchange rate developments, increased costs for logistics and pensions adversely affected operating profit compared with last year. However, this is more than offset by income from divested brewery facilities and other remaining brewery machinery and equipment.

Following a somewhat weak first half-year, the market in **southern Europe** generally showed a better performance than last year in the second half, primarily due to significantly better summer weather compared to the previous year. Following the implementation of restructuring projects, Feldschlösschen in Switzerland managed to adjust the cost structure and improve business procedures, and as a result operating profit is considerably up on last year. In Carlsberg Italia, a close scrutiny of the debtors led to a substantial impairment loss and, as a consequence, operating profit is significantly below last year's level.

Eastern Europe

DKK million	2002	2003	Changes in percent
Net revenue	7,475	**7,331**	-2
Operating profit	1,274	**1,226**	-4
Operating margin (%)	17.0	**16.7**	
Beer sales (million hl)	23.6	**25.6**	+8

The region realised an 8% growth in volume and total sales of 25.6m hl. At unchanged exchange rates, operating profit was DKK 1,430m or 12% above last year. At unchanged exchange rates, the relatively high operating margins are by and large maintained in 2003, which is the result of improvements in Türk Tuborg, Turkey, where results improved significantly following the introduction of a more stringent business concept at the brewery. On the other hand BBH experienced a decline, cf. comments below.

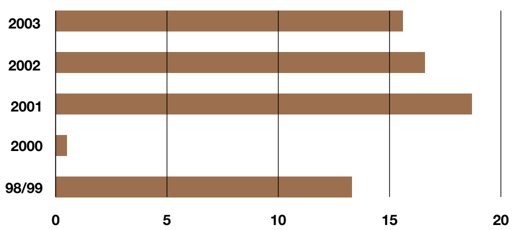
Net revenue rose by 14% at unchanged exchange rates. Calculated at actual exchange rates net revenue fell by 2% to DKK 7.3bn.

Operating profit was 12% up on last year at unchanged exchange rates. Converted at actual exchange rates, operating profit was DKK 1,226m against DKK 1,274m last year (-4%). Operating profit in BBH declined whereas i.a. Poland and especially Turkey experienced significant progress.

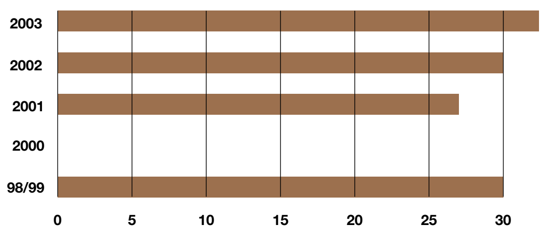
In **BBH** (50%) net revenue rose by 8% at unchanged exchange rates. Converted at actual exchange rates, net revenue fell by approx. 6% to DKK 4,313m. Volume rose by 8%, which was above market growth and thus BBH continues to gain market share. Exchange rate developments are partly cancelled out by progress in volume and moderate increases in sales prices. BBH's market share in Russia was 33%, which is slightly above last year. Operating profit in BBH of DKK 986m is DKK 245m below last year, mainly because of exchange rate developments with DKK 144m, but also because sales prices did not increase in line with inflation. At unchanged exchange rates, the operating margin in BBH was thus slightly down on last year due to a change in sales mix and an increase in sales prices which was below the rate of inflation. The Russian beer market is expected to grow by approx. 5% in 2004, and BBH is expected to continue to outperform the market. In 2003, BBH showed a positive free cash flow especially due to a significant reduction in investments in property, plant and equipment. In 2004, the level of investments is expected to be somewhat lower than in 2003.

The other companies in the region achieved re-

EARNINGS PER SHARE (DKK 20) 12 MONTHS



PAYOUT RATIO (%)



sults a good deal above last year's level. As previously mentioned, Türk Tuborg (Turkey) saw significant progress and showed results above expectations in the business plan. In Poland, the merged operations of the Carlsberg companies showed progress in sales and realised cost savings, which has led to results somewhat above last year. Following three acquisitions in 2002, the set-up of a new market in the Balkans adversely affected profit in 2003.

Asia

DKK million	2002	2003	Changes in percent
Net revenue	1,019	**1,290**	
Operating profit	467	**451**	-3
Operating margin (%)***	21.4	**17.6**	
Beer sales (million hl)	4.2	**5.1**	+21

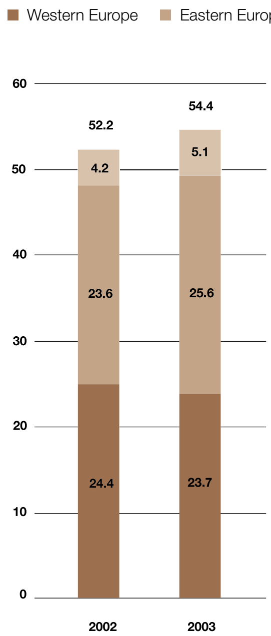
* The figures relate to the joint venture structure.
** The figures for the first half-year relate to the joint venture structure.
*** Exclusive of the one-line consolidated brewery Hite (South Korea) as well as the effect from the profit guarantee for the companies in Thailand.

The financial statement for Asia (Carlsberg Asia Pte. Ltd.) for the first half of 2003 and for 2002 are based on a 50/50 joint venture structure, where Carlsberg Asia Pte. Ltd. is proportionally consolidated. Carlsberg has, cf. announcement to the Copenhagen Stock Exchange dated 1 August 2003, terminated the joint venture and, as a consequence, the accounting treatment has been changed accordingly with effect from 1 July 2003. This has not had any significant effect on the operating profit in 2003, as the loss of profit from the Thai activities (including the profit guarantee) is offset by the fact that the inclusion of the Carlsberg Asia results is changed from 50% to 100%. Proforma figures for 2002 and 2003 according to the present structure are included in this report. DKK 656m was added to the consolidated capital and reserves in connection with the termination of the joint venture in Asia. The amount cancels out an equivalent write-down made when the agreement regarding the establishment of the joint venture in Asia was concluded. Carlsberg is still convinced that Asia offers favourable development possibilities, and that the region holds significant potential for the Carlsberg brand.

Net revenue rose to DKK 1,290m due to the new structure in Asia following the termination of the joint venture agreement. The exchange rate development adversely affected the period.

Operating profit declined by DKK 16m compared to last year, primarily as a result of the negative exchange rate development (DKK -74m). The companies in Malaysia, Hong Kong, Singapore and Vietnam all showed progress in the second half-year. The progress outweighs the decline in the first half-year which was caused by the change in consumption patterns (SARS). One-line consolidated breweries are included with DKK 162m (especially Hite, South Korea), while the profit guarantee for the companies in Thailand, which is included in the first half-year, contributed with DKK 62m.

CARLSBERG BREWERIES' SALES
MILLION HL BEER PRO RATA



Profit expectations for 2004

The profit expectations for 2004 are – compared to 2003 – significantly affected by the acquisition of the remaining 40% of the shares in Carlsberg Breweries.

The acquisition adversely affects the items "Financials" and "Goodwill/trademark amortisation and write-down", while "Tax" and "Minority interests" are positively affected. Consolidated capital and reserves will be affected with the disposal of Orkla ASA's minority shareholding in Carlsberg Breweries.

At unchanged exchange rates, a minor increase in net revenue is expected, i.a. due to continued expectations of volume progress for the Carlsberg brand and organic growth in eastern Europe. Also, net revenue will see an increase of approx. DKK 2.5-3.0bn, if the Holsten-Brauerei acquisition is carried through.

Operating profit, which is not significantly affected by the acquisition of the remaining 40% of the shares in Carlsberg Breweries, is expected to amount to DKK 3.5bn to DKK 3.7bn.

In 2003, Carlsberg's share of results (before amortisation and write-off of trademarks and goodwill) totalled DKK 1,179m. This figure is expected to increase in 2004 to DKK 1.3-1.4bn based on 100% ownership of Carlsberg Breweries and calculated financing costs for the acquisition. Amortisation and write-down of trademarks and goodwill is not expected to be allowed with the transition to IFRS/IAS as of 1 January 2005 - annual impairment tests of the values are to be carried out instead. In connection with the transition to IFRS/IAS, a new 2004 annual report will be prepared and comparative figures in 2005 for 2004 are thus expected to be exclusive of goodwill/ trademark amortisation and write-down.

Forward-looking statement

The forward-looking statements contained herein, including forecasts of sales and earnings performance, inherently involve risks and uncertainties and could be materially affected by factors such as global economic matters, including interest rate and currency developments, raw material developments, production and distribution related problems, breach or unexpected termination of contracts, price reductions resulting from market-driven conditions, market acceptance of new products, launches of competing products and other unforeseen factors.

Any disputes arising in connection with the termination of the joint venture in Asia shall be settled by arbitration in London. Chang Beverages has initiated arbitration proceedings against Carlsberg Breweries A/S. Chang Beverages demands that Carlsberg Asia continue as a joint venture, alternatively that Carlsberg Breweries A/S pay damages. No amount is specified in Chang's claim for damages. Carlsberg Breweries rejects all Chang Beverages' demands.

Carlsberg will only update and adjust the specifically stated expectations in as far as this is required by law etc.

Incentive programmes

In 2003, a total of 128,000 share options were granted to the Executive Boards and key managers of Carlsberg A/S and Carlsberg Breweries A/S – a total of 40 employees – with an exercise rate of 225.13 (101,500 in 2002 at an exercise rate of 339.91). In 2004, approximately 130 employees will be granted approx. 200,000 options at an exercise rate which is calculated as the average market price during the five first trading days after the publication of the preliminary profit statement. The total value of the options granted in the period 2001-2004 may then be assessed at approx. DKK 34m.

Annual General Meeting

The Annual General Meeting will be held on Thursday 18 March 2004 at 16.30 in Radisson SAS Falconer, 9, Falkoner Allé, Frederiksberg, Copenhagen, Denmark.

Decisions and proposals of the Board of Directors to the Annual General Meeting

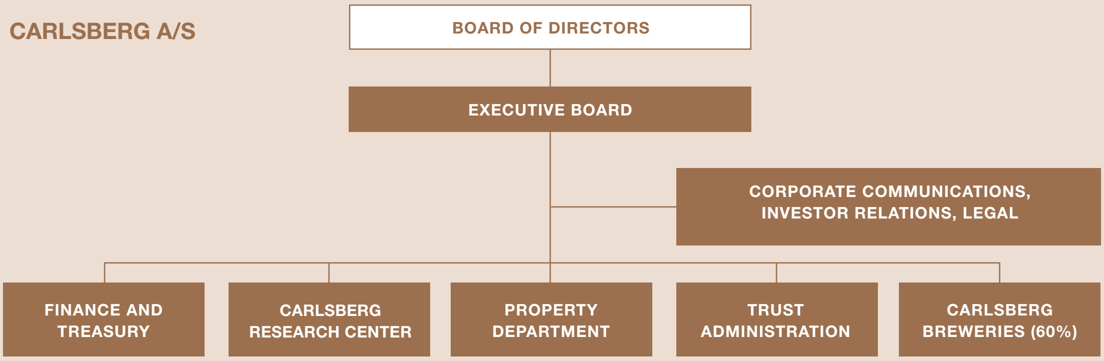
The Board of Directors proposes that a dividend of DKK 5.00 per share be paid, which corresponds to 25% of the share capital in line with last year. DKK 304m has been appropriated for this purpose, as dividend is not paid on own shares. It is proposed that the remaining amount of DKK 652m be appropriated to the reserves.

The printed annual report

This financial statement is available in Danish and English. In case of doubt, the Danish version shall apply.

ORGANISATION AND GROUP COMPANIES

CARLSBERG A/S



GROUP COMPANIES

CARLSBERG A/S Share capital DKK 1,278,125,640		Investment	Nominal capital ('000)	Currency
Brewing companies				
Denmark				
Carlsberg Breweries A/S, Copenhagen	●	60%	500,000	DKK
Other companies				
Investeringsselskabet af 17. januar 1991 A/S, Copenhagen	●	100%	14,500	DKK
Ejendomsaktieselskabet af 4. marts 1982, Copenhagen	●	100%	9,500	DKK
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen	●	100%	25,000	DKK
Ejendomsinteressentskabet Tuborg Nord B				
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen	●	100%	10,000	DKK
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen	●	100%	10,000	DKK
VersaMatrix A/S	●	100%	1,000	DKK
Combio A/S, Copenhagen	■	33%	1,092	DKK
Coca-Cola Nordic Beverages a/s, Gentofte	■	51%	10,000	DKK

● Subsidiaries

■ Other associated undertaking

CORPORATE GOVERNANCE IN THE CARLSBERG GROUP

The basic framework of Corporate Governance in Carlsberg A/S includes, among other things, the Danish Companies Act, the Danish Financial Statements Act, the Danish Securities Trading Act, "Rules Governing Securities Listing on the Copenhagen Stock Exchange A/S", recommendations from the Copenhagen Stock Exchange's Committee on Corporate Governance, etc. as well as the Company's articles of association as amended on 8 March 2001. In addition, a number of internal procedures are followed to ensure active, safe and profitable governance of the companies.

Organisation structure

The General Meeting is the top decision-making authority in Carlsberg A/S. Registered shareholders are invited to the General Meeting in which all shareholders are entitled to participate and vote in person or by proxy. The Board of Directors is elected by the General Meeting and constitutes the Company's top management. The Board of Directors consists of 12 members, 8 members elected by the shareholders and 4 members elected by the employees in accordance with the Danish Companies Act. The board members are elected individually. Each year, the three longest sitting board members shall retire at the General Meeting. Re-election may take place. The age limit is 70 years.

The Boards of Directors of Carlsberg A/S, Carlsberg Breweries A/S and the other Carlsberg Group companies ensure that the Executive Boards implement the goals and procedures established by the Boards of Directors.

The Executive Boards systematically keep the Boards of Directors of the various companies up-to-date both through meetings and written and oral reports. The reports include general international developments, business developments, the company's earnings capacity and the financial situation of the company/Group, etc.

The Boards meet according to a pre-determined meeting schedule at least 6 times a year. Normally, a day-long meeting is held once a year between the Board of Directors and the Executive Board with issues such as company mission, goals, strategy, and communications strategy on the agenda. Also, issues such as the working process of the Board of Directors and the co-operation between the Board and the Executive Board are evaluated at the annual meeting.

In between the ordinary Board meetings, the board members receive written material on the activities of the Company on a current basis and extraordinary meetings are arranged if the situation calls for it.

The Boards make decisions on issues such as acquisitions, large investments and divestments, raising of capital, long-term obligations, control and audit matters and significant operational matters.

The Boards of Directors in the various companies evaluate the various risks arising from the Group's substantial commitments in international operations.

The methods comprise assessment and formulation of policies on financial risks, including exchange rate and interest rate fluctuations in the financial markets, insurance issues and environmental considerations as well as competition law.

Further, the Board also supervises the special risks inherent in the company mission in relation to the Group's marketing of alcoholic beverages.

The Boards of Directors appoint the Chief Executive Officer and other Executive Board members, and the Executive Board under the management of the CEO is responsible for the preparation and implementation of the strategic plans.

The CEO is not a member of the Board but participates in the Board meetings together with other members of the Executive Board.

Carlsberg A/S' Board of Directors

At the General Meeting on 17 March 2003, Professor, D.Econ. Niels Kærgård and Executive Vice President Søren Bjerre-Nielsen were elected as new members of the Board of Directors, replacing Professor, D.Econ. Poul Chr. Matthiessen and Managing Director Jens Otto Veile. Further, Professor, D.Ph. Per Øhrgaard was re-elected. Apart from this, the composition of the Board of Directors of Carlsberg A/S remained unchanged as regards the members elected by the shareholders.

At the General Meeting it was furthermore announced that employee representatives are general manager Bent Ole Petersen and general manager Claes Gjermansen (company employees) and brewery worker Hans Andersen and IT consultant Erik Dedenroth Olsen (Group employee representatives). At a subsequent Board meeting, the Board elected Professor, D.Sc., Ph.D, Dr.h.c Povl Krogsgaard-Larsen as chairman and CEO Jens Bigum as deputy chairman.

The Chairman of the Board of Directors and the Deputy Chairman of the Board of Directors, con-

THE CARLSBERG FOUNDATION

Carlsberg A/S' largest shareholder is the Carlsberg Foundation (the "foundation"), which is required to own a minimum of 51% of Carlsberg A/S' share capital. At the end of the financial year 2003, the foundation held 55.6% (exclusive of treasury shares). Due to the combination of A and B shares held by the foundation, it has 80.9% of the votes at the General Meeting.

The Executive Board of the foundation constitutes an important part of Carlsberg A/S' Board of Directors, and the Chairman of the Executive Board of the foundation holds the position as Chairman of Carlsberg A/S' Board of Directors.

According to the foundation's charter and statutes, the foundation is subject to special obligations and rights in relation to Carlsberg A/S. Among other things, this means that Carlsberg A/S must bear costs related to the running of the Carlsberg Laboratory. As a consequence, Carlsberg A/S' Board of Directors approves the budget of the laboratory, which receives an annual grant amounting to 9% of the foundation's disbursements of about DKK 100m.

The Carlsberg Laboratory is an independent unit within the Carlsberg Research Center.

In relation to the foundation, Carlsberg A/S is also subject to special obligations as regards the site and buildings owned in Valby, Denmark. The purpose of these obligations is to preserve historical buildings.

stitute the Chairmanship, which, among other things, organises the Board meetings in co-operation with the CEO.

Audit

Two independent audit companies are appointed at the Annual Ordinary General Meeting to safequard the interests of the shareholders and the public.

The state-authorised auditors report to the entire Board of Directors at least once a year (annual report meeting) and to the Chairmanship at least twice a year or immediately after having noted matters upon which the Board of Directors must decide.

Remuneration and incentive programmes

The Board of Directors in Carlsberg A/S does not receive any other fee than director's fee and the Board members are not included in the Company's incentive programmes.

In order to be able to attract and maintain competent executives, the remuneration of the members of the Executive Board and of the key managers is determined in relation to tasks, value creation as well as market and competition terms within international companies.

In 2001, the Board of Directors of Carlsberg A/S decided to establish a share option programme for the Executive Board and a number of key managers within the Carlsberg Group. Carlsberg A/S' obligations are covered by its portfolio and purchase of treasury shares.

Year	Number of employees	Number of share options	Exercise price
2001	44	101,500	405.75
2002	40	101,500	339.91
2003	40	128,000	225.13
2004	Approx.130	Approx. 200,000	

The programme entitles the Executive Boards and a number of key managers in Carlsberg A/S and Carlsberg Breweries A/S to purchase B-shares in Carlsberg A/S during a period from three to eight years after the option right has been granted.

The exercise price is determined as the average of the first five stock exchange business days following publication of the preliminary profit statement of Carlsberg A/S.

End-2003 none of the options had been exercised. The option programme is supplemented with annual bonus schemes. The incentive programme as a whole will thus ensure that in future a more substantial part of total compensation will depend on performance.

The purpose of the programme is to create an even greater alignment of the interests of the Company's management and the shareholders, as the programme will have a favourable influence on both short and long-term goals.

Remuneration and incentive programmes appear from note 2 of the Financial Statements.

SHAREHOLDER INFORMATION

Carlsberg A/S' shares are listed on the Copenhagen Stock Exchange in class Carlsberg A and Carlsberg B. The shares trade in denominations of DKK 20, the A-shares with 20 votes per share and the B-shares with 2 votes per share.

The Carlsberg B-share is listed on the KFX index, and total turnover for the accounting period amounted to DKK 28.8m shares at a total value of approx. DKK 7.2bn. The previous year, turnover amounted to DKK 39.0m shares at a value of about DKK 13.9bn.

In the financial year 2003, the highest quoted price for the Carlsberg B-share was DKK 323.50 and the lowest quoted price was DKK 200.50. Highest and lowest quoted prices in 2002 were DKK 440 and 286, respectively. The quoted price of the Carlsberg B-share at year-end was DKK 273.70 against DKK 311.30 at the end of 2002.

At the end of 2003, Carlsberg's market value (excluding treasury shares) amounted to DKK 15.7bn against DKK 18.2bn the year before.

Shareholders

The Carlsberg Foundation holds 55.6% (excluding treasury shares) of the share capital. Franklin Resources Inc. (Franklin Mutual Advisers, LCC and Templeton Worldwide Inc.), USA, has announced that they hold a stake of more than 5%. No other shareholder is recorded as holding a stake of more than 5%.

The Carlsberg Group has a total of about 1,557,838 A-shares and 1,485,721 B-shares corresponding to 4.8% of the total share capital. Carlsberg has a total of about 16,000 registered shareholders representing a total share capital of DKK 1,070,842,020 corresponding to 84% of the share capital.

Shareholder Structure*)

The distribution of shares between the various investor segments at the end of the financial year is set out below. It is estimated that the majority of non-identified shareholders are foreign investors.

%	2003	2002
The Carlsberg Foundation	55.56%	55.56%
Free Flow	44.44%	44.44%
Total	**100.00%**	**100.00%**
Free Flow:		
Denmark, total	**32.10%**	**33.95%**
Foreign		
North America	33.84%	12.94%
United Kingdom	10.12%	12.74%
Other	9.73%	5.22%
Unidentified shareholders	14.21%	35.15%
Foreign and unidentified total	**67.90%**	**66.05%**
Free flow total	**100.00%**	**100.00%**

*) Excl. treasury shares

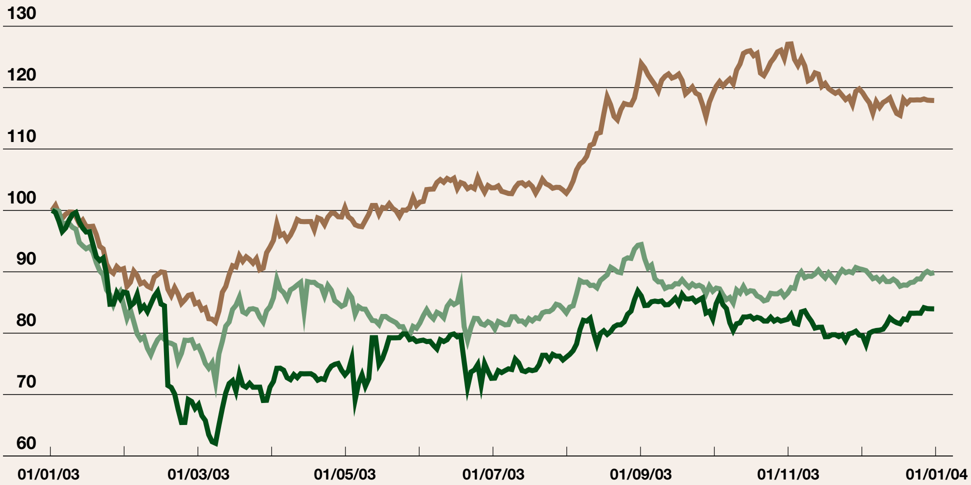
Insider register

Insiders in Carlsberg are members of the Board of Directors and the Executive Board as well as a number of the Group's employees, who have access to insider information. The register of Carlsberg A/S includes approx. 80 employees. The reporting of their trade with Carlsberg shares also includes any trade made by spouses/cohabitants, children under the age of 18, etc.

According to the internal rules of the company, the individuals in the insider register may only trade in Carlsberg A/S' shares during a 4-week period after the publication of the Preliminary Proft Statement, the Quarterly Financial Statements or any similar announcement regarding financial issues. Carlsberg A/S reports net trading recording during the four-week trading window.

SHARE PRICE INDEX 01.01.2003 (=100) – 31.12.2003

Development of the Carlsberg B-share compared to the KFX-index and the Peer Group Breweries (Carlsberg B, Heineken, Scottish & Newcastle, SABMiller and Interbrew)



- Carlsberg B-share
- KFX-index
- Peer Group Breweries

SHARE REFERENCES

Class of shares	Nominal value	Number	Share capital DKK	Voting right per share	ID code	Bloomberg	Reuters
A	20	35,257,090	705,141,800	20	DK001018167-6	CARLA DC	CARCa.CO
B	20	28,649,192	572,983,840	2	DK001018175-9	CARLB DC	CARCb.CO
		63,906,282	1,278,125,640				

FINANCIAL CALENDAR

18	March 2004	Annual General Meeting
8	April 2004	Quiet period for Q1 Financial Statement
6	May 2004	Q1 Financial Statement
15	July 2004	Quiet period for Q2 Financial Statement
12	August 2004	Q2 Financial Statement
7	October 2004	Quiet period for Q3 Financial Statement
4	November 2004	Q3 Financial Statement
31	December 2004	End of financial year 2004

Quarterly report to the Copenhagen Stock Exchange regarding insiders' holding of Carlsberg A/S-shares:

Carlsberg A/S A-shares

15 December 2003	Shareholding (no.)	Market price DKK
Board of Directors and Executive Board	830	202,520
All individuals in the insider register	4,504	1,098,976

Carlsberg A/S B-shares

15 December 2003	Shareholding (no.)	Market price DKK
Board of Directors and Executive Board	2,485	679,647
All individuals in the insider register	12,442	3,402,887

Investor Relations Dialogue and Contact

During the financial year 2003, almost 200 meetings have been held in Denmark, USA, the UK and Continental Europe with the participation of more than 400 investors and analysts. Furthermore, in cooperation with Baltic Beverages Holding, Carlsberg held a Capital Markets Day in St. Petersburg with special focus on our Russian activities. Finally, Carlsberg participated in two investor conferences: ABN AMRO Beverages Conference (Paris) and CSFB Global Beverages Conference (New York).

Relevant investor information is available on www.carlsberg.com/investor, including Carlsberg's investor presentations, announcements to the Copenhagen Stock Exchange, financial statements as well as Carlsberg News.

Carlsberg A/S' IR manager is:
Mikael Bo Larsen
Investor Relations
Valby Langgade 1
DK-2500 Valby
Denmark
Phone: +45 3327 1223
E-mail: investor.relations@carlsberg.com

ANALYSTS

The institutions below report on the developments in Carlsberg on a current basis:

Denmark
ABN-AMRO: *Jesper Breitenstein.*
Alm. Brand Børs: *Michael Drøscher.*
Carnegie: *Julie Quist.*
Danske Securities: *Peter Kondrup.*
Enskilda Securities: *Hans Gregersen.*
Gudme Raaschou: *Stig Frederiksen.*
Svenska Handelsbanken: *Torben Sand.*
Jyske Bank: *Ulla Mouritsen.*
Nordea Securities:
Finn Bjarke Petersen.
Spar Nord: *Poul Henrik Svendsen.*
Sydbank: *Bjørn Schwarz.*

UK
BNP Paribas: *Nikolaas Faes.*
CAI Chevreux: *Frans Høyer.*
Cazenove: *Sandy Soames,*
Matthew Webb.
Credit Suisse First Boston:
Michael Bleakley, Ian Schackleton.
Deutsche Bank: *Nick Bevan.*
Dresdner Kleinwort Wasserstein:
Ralf Knabe.
Goldman Sachs: *Clair Ross.*
HSBC: *Simon Hales.*
Lehman Brothers: *David Hayes.*
Merrill Lynch: *Mark Blythman.*
Morgan Stanley: *Alexandra Oldroyd.*
Societe Generale: *James Williamson.*
UBS: *Frederik Liljewall.*
West LB Panmure: *Stuart Price.*

Others
ING (The Netherlands): *Gerard Rijke.*
ABG Sundal Collier (Norway):
Torgeir Vaage.
Natexis Bleichroeder (France):
Oliver Lebrun.

Carlsberg's Investor Relations Policy
The Investor Relations activities are based on openness and transparency through extensive and uniform information and an active dialogue with present and potential investors and share analysts in order to establish knowledge of and confidence in the company. The purpose of Carlsberg's investor relations policy is to create a broad investor basis on criteria such as geographical distribution, investment approach and horizon as well as size (including a balancing between the shareholding of institutional investors versus private investors). It is a sub-objective to expose actively the investment history of Carlsberg to international institutional investors, first and foremost in the UK and North America.

An essential element in Carlsberg's Investor Relations Policy is fieldwork through information as well as canvassing in order to encourage analysts and investors to act upon the news relating to the Carlsberg share and thus ensure broad attention on the share and that the valuation of the share is always based on available share information.

The day-to-day contact to analysts and investors is carried out by an IR-department and Carlsberg spends many resources both managerial as well as financial on carrying out this task.

In connection with all communications to the financial market, efforts are made to ensure a high degree of publicity, including the active use of the Internet.

IR Quiet Periods
In line with a number of other listed companies, Carlsberg A/S has introduced so-called IR quiet periods. An IR quiet period is usually a four-week, closed period prior to the publication of quarterly financial statements and preliminary profit statements. During such period, communication to investors, analysts and the media is subject to limitations. The periods are included in the Financial Calendar.

Register of shareholders
Carlsberg's register of shareholders is managed by
Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark
Phone: +45 4339 2885

Shares can be registered in the name of the shareholder by contacting the depositary bank. Registered shareholders automatically receive financial statements, annual reports, Carlsberg News and invitation to Carlsberg's General Meeting.

Dividend
The Board of Directors proposes to the Annual General Meeting on 18 March 2004, that a dividend of DKK 5.00 per share be paid. Distribution of dividend occurs automatically through the Danish Securities Centre.

ANNOUNCEMENTS TO THE STOCK EXCHANGE

Announcements to The Copenhagen Stock Exchange A/S
1 January 2003 – 19 February 2004

6	January 2003	Increased shareholding in Pirinsko, Bulgaria
20	January 2003	Share option programme 2003
31	January 2003	Financial Calendar 2003
20	February 2003	Preliminary Profit Statement 2002
17	March 2003	Carlsberg's Annual General Meeting
8	May 2003	Q1 Financial Statement 2003
16	June 2003	Change in Executive Board of Carlsberg Breweries A/S
23	June 2003	Discussions in Asia
1	August 2003	Carlsberg Breweries terminates joint venture in Asia
14	August 2003	Carlsberg Breweries increases shareholding in Vietnam
14	August 2003	Negotiations about structural changes in Sweden
15	August 2003	Q2 Financial Statement 2003
2	September 2003	Arbitration regarding Carlsberg Asia
22	September 2003	Carlsberg Breweries makes an offer for Serbian brewery Pivara Celarevo A.D.
7	November 2003	Q3 Financial Statement 2003
18	November 2003	Carlsberg Sweden phases out production in Stockholm
20	January 2004	Carlsberg Breweries becomes the leading brewer in the north of Germany
21	January 2004	Financial Calendar 2004
10	February 2004	Financial results 2003 for Baltic Beverages Holding
19	February 2004	Carlsberg A/S acquires full ownership of Carlsberg Breweries A/S
19	February 2004	Preliminary Profit Statement 2003

CARLSBERG RESEARCH CENTER, CARLSBERG PROPERTIES AND FOUNDATIONS

Carlsberg Research Center includes the Carlsberg Laboratory, Carlsberg Biosector and the Carlsberg Research Laboratory.

In 2003, the Carlsberg Research Center initiated an action programme designed to implement the concept "Common Future Commitment" creating value based on a balance between the generation of knowledge and business understanding. This work has led to the establishment of a common vision and three strategic focus areas.

Vision:
Carlsberg Research Center (CRC) shall integrate a broad range of natural sciences to create novel opportunities within brewing and biotechnology.

Strategic focus areas:

- Malting, brewing and fermentation
- Biotechnological production processes
- Biomedical sciences to target early drug discovery

The Carlsberg Laboratory
The Carlsberg Laboratory has its own independent statutes which form part of the Carlsberg Foundation's statutes. At present, the laboratory consists of two departments - the Department of Physiology and the Department of Chemistry - each with its own head of department.

In 2003, the Carlsberg Laboratory employed Professor Ole Hindsgaul, a highly qualified international researcher from Edmonton in Canada.

The funding period of Denmark's Center for Solid Phase Organic Combinatorial Chemistry (the SPOCC Center) at the Carlsberg Laboratory has been prolonged and now covers a 10-year period (1997-2007). The funding totals DKK 40m.

In the past year, the Carlsberg Laboratory has received approx. DKK 25m from external sponsors, including substantial grants from the Carlsberg Foundation, the Danish National Research Foundation and various EU grants.

Carlsberg Biosector
The objective of the activities in Carlsberg Biosector is to capitalise values and provide a breeding ground for increased focus on the Carlsberg Re-

search Center through the identification and management of non-beer related projects with a commercial potential.

In the past year, Carlsberg Biosector has established a cell cultivation facility for the handling of mammal cells. This facility has made it possible to start a project within the strategic focus area: “Biomedical sciences to target early drug discovery”. In cooperation with GASA, Carlsberg Biosector has initiated a project within plant breeding. Finally, Carlsberg Biosector has increased Carlsberg Research Center’s focus on intellectual rights by establishing a patent facility.

The Carlsberg Research Laboratory
Breeding of brewing yeast

In modern times, the quality of food production has improved significantly. It is generally known that the breeding of farm animals and plant crops has led to improved production and had these improvements not been made, the number of people living on earth would have been considerably less. The breeding of barley has led to strains of malting barley which provide a higher yield and improved malting properties. However, what is not generally known is that it is also possible to breed brewing yeast. Through centuries, the brewing yeast has evolved through natural selection. Due to the natural low mutation rate, new properties have emerged. Some of these were maintained and spread by the brewers who exchanged yeast with each other. Hence, the strains which were regarded as the most suitable survived. Modern technology has contributed significantly to the increased understanding of the mechanisms behind the evolution processes.

Carlsberg has a longstanding tradition for yeast research. It was Carlsberg which showed that the use of purified brewing yeast is crucial to the uniform and high quality of beer. Later on, the Carlsberg Laboratory proved the sexual reproduction in yeast, which is a precondition for targeted and efficient breeding programmes. New production methods make new demands on the yeast. Evidently, the fermenting conditions for the yeast in today’s huge fermenting tanks differ from the small production plants of former times. For instance, the demands made to the qualifications and sturdiness of the sedimentation are entirely different. The Carlsberg Research Laboratory works actively within this area.

The yeast contributes significantly to the beer flavour. Modern yeast breeding allows for the isolation of yeast variants and hence makes it possible to brew beer types with varying taste profiles. This makes it possible to widen the product portfolio and reach an increased number of different customer groups. It has also proven possible to produce yeast variants which eliminate certain taste defects related to the yeast thus achieving improvements in the production. Advanced fermentation pilot plants are involved in the breeding activities. This ensures that it is possible to test a large number of potentially interesting yeast variants. Hence, earlier times’ passive breeding of yeast ba-

The Carlsberg Research Center has 130 full-time employees and includes the Carlsberg Laboratory, Carlsberg Biosector and the Carlsberg Research Laboratory as well as affiliated auxiliary departments. The vision of the Carlsberg Research Center is to integrate a broad range of natural sciences to create novel opportunities within brewing and biotechnology.

sed on natural selection has been replaced by targeted yeast breeding. Carlsberg's extensive and long experience and knowledge on beer yeast helps to ensure that our breweries continuously have the best strains of beer yeast.

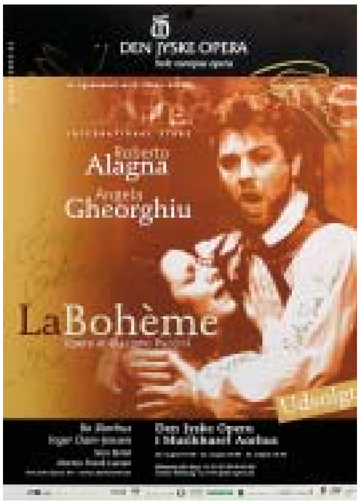
Carlsberg Bioincubator

Carlsberg Bioincubator administers Carlsberg's biotech portfolio and is the commercial link between Carlsberg Research Center and the biotech market. Biotech investments are part of Carlsberg A/S' investment of liquid funds. The portfolio has not changed compared to last year and includes:

- *Combio A/S*, a spin-off from the Carlsberg Research Center
- *Versamatrix A/S*, a spin-off from the Carlsberg Research Center
- *Poalis A/S*, a company originating from the Royal Veterinary and Agricultural University in Copenhagen
- *DTU Innovation K/S*, an innovation environment at the Technical University of Denmark
- *Care Capital*, an American late-stage biotech venture foundation.

During the past year, Carlsberg Bioincubator has been working primarily with business development in the portfolio companies and counselling on the development and implementation of a new strategy with increased commercial focus on the Carlsberg Research Center. The main biotech rationale is that by synergising internal and external activities, the creation of value in Carlsberg A/S will increase. Further, the closer contact with external biotech companies is expected to promote the activities, the possibilities of joint ventures and the commercial culture at the Carlsberg Research Center.

Carlsberg Bioincubator is currently evaluating business plans from external biotech companies with a view to investments. The focus area covers start-up companies, which technologically overlap the professional competencies at the Carlsberg Research Center.



- The Tuborg Foundation gave DKK 200,000 to the Danish National Opera in Aarhus, Jutland for their performance of “La Bohème” with Angela Gheroghiu and Roberte Alagna in Musikhuset in Aarhus, in August 2003.
- Tuborg Nord is under completion. The housing construction consists of high-quality flats in an attractive area

CARLSBERG PROPERTIES

Carlsberg Properties handles Carlsberg A/S’ property portfolio, including in particular the development and building on the approx. 400,000 m^2 former domicile and plant of Tuborg Breweries overlooking the sound between Denmark and Sweden in Hellerup, north of Copenhagen. The area is divided into Tuborg Nord and Tuborg Syd, each constituting almost half of the extensive area.

Tuborg Nord

The third phase of the housing construction - first phase of Tuborg Sundpark - consisting of 50 large high-quality flats is under completion with expected occupation no later than 1 April 2004. The flats have been sold as condominiums at the expected price.

The fourth and last phase of the housing construction - second phase of Tuborg Sundpark - consisting of 60 large high-quality flats has been started and is expected to be completed around mid-2005. These flats are also being sold as condominiums and sales are proceeding in accordance with expectations.

The Tuborg Nord project will then be completed.

Tuborg Syd

The development of Tuborg Syd, which makes available a total floorage of approx. 100,000 m^2 company domiciles, approx. 100,000 m^2 housing construction and approx. 25,000 m^2 for public purposes, is proceeding satisfactory.

2003 saw the completion of two major constructions, the company domicile for the pension insurance company Sampension/KP-pension with a floorage of approx. 9,500 m^2 and the extension of the present domicile of PricewaterhouseCoopers with a floorage of approximately 8,000 m^2 (the former administration building of Tuborg). Hence, a floorage of approx. 40.000 m^2 of the total company domiciles has been completed.

At present, the development and projecting of the shopping area immediately north of the new channel, the yachting harbour with room for approx. 350 boats as well as the first housing construction south of the yachting harbour are proceeding.

THE CARLSBERG BEQUEST TO THE MEMORY OF BREWER J.C. JACOBSEN

On 1 October 1938 - 50 years after the Carlsberg Foundation took over brewer J.C. Jacobsen’s brewery Gamle Carlsberg (Old Carlsberg) - the foundation established the Carlsberg Bequest to the Memory of Brewer J.C. Jacobsen as a tribute to the foundation’s founder, whose extensive engagement in society is well-known.

The charter stipulates that the trust is to “ope-

rate in support of socially beneficial aims within the sphere of practical life, particularly in connection with science".

Since its establishment, the trust has granted around DKK 225m measured in current value to approx. 6,500 large and small projects within all branches of society. At present, the trust grants about DKK 6m annually to approx. 200 activities in Denmark.

The "Carlsberg's Research Prize for the Promotion of Chemistry" of DKK 100,000 is granted every second year to a researcher within the field of chemistry. In 2003, Professor, D. Sc. Jens Ulstrup, Technical University of Denmark, received the prize.

In 2003, the Carlsberg Bequest to the Memory of Brewer J.C. Jacobsen was able to once again grant a scholarship of DKK 60,000 to each of 10 young students preparing their final thesis within chemistry, biochemistry or biotechnology at science faculties at the Danish universities.

The purpose of granting these scholarships is to strengthen project activities within these areas as well as the recruitment base and the professional competency at a time with increased competition on well-qualified candidates within scientific subjects.

The wide range of causes benefiting from the Carlsberg Bequest to the Memory of Brewer J.C. Jacobsen for socially beneficial aims is illustrated by the following examples of grants awarded in 2003:

Yachtklubben Furesø (yachting club)
DKK 25,000 for the acquisition of a "29'er" boat.

IF Frem Bjæverskov (sports union)
DKK 37,500 for the acquisition of a music Center for Skovbohallen (sports hall) in Bjæverskov, Jutland.

Historisk-Arkæologisk ForsøgsCenter, Lejre (experimental archaeology)
DKK 25,000 for the manufacture of viking clothes for children and young people camping at Lejre Experimental Center.

FDF Fraugde (girl and boy scouts)
DKK 3,500 for the acquisition of a Trollhättan tent.

Stiftelsen "Georg Stages Minde" (The Georg Stage Memorial Foundation)
DKK 75,000 for the repair of the rigging of the full-rigged training ship Georg Stage.

Carlsberg's Idélegat (Carlsberg's grant for "bright ideas")
Every second year, the Carlsberg Bequest to the Memory of Brewer J. C. Jacobsen allocates DKK 1,000,000 for Carlsberg's Idélegat, the purpose of which is to provide a helping hand to creative and innovative young people within Danish culture and leisure. In 2002, 78 projects received between DKK 5,000 and 15,000. A total of DKK 100,000 is granted to "Discovery of the Year" - four young ta-

lents who have made remarkable efforts of a creative or cultural nature. In 2003, these awards were given to draughtsman Thomas Thorhauge, author Lone Hørslev, film director Laurits Munch-Petersen and the rock pop band Tiger Tunes.

THE TUBORG FOUNDATION

The Tuborg Foundation was established on 9 February 1931 to mark the 40th anniversary of the establishment of The United Breweries Co. Ltd.

On 1 October 1991, the Tuborg Foundation was merged with the Carlsberg Foundation. The latter continued with the Tuborg Foundation as an independent unit within the Carlsberg Foundation and with its own board of directors and administration.

According to its charter, the objective of the Tuborg Foundation is "to work for socio-beneficial objectives especially in support of Danish trade and industry."

All branches of Danish society have benefited from the Tuborg Foundation. Trade and industry, art, culture, education and sports have all received grants. Since its establishment, the foundation has granted more than DKK 550m measured in current value to more than 12,000 large and small projects in Denmark.

The Business Economics Prize of the Tuborg Foundation was awarded for the 4th time. Seven PhD students each received DKK 150,000 for studies at a university in the United States.

Each year since 1950, the Tuborg Foundation has sent young students who want to qualify within the trade sector on study tours abroad. The travelling scholarships have been awarded to four groups, covering farmers, shop assistants, specialist workers and technicians. In 2003, 60 young students visited Lithuania, England and Germany. The Tuborg Foundation granted DKK 565,000 to these scholarships.

The KaosPilot programme in Aarhus, Jutland, was granted DKK 1,610,000 from the Tuborg Foundation in December 2003. This programme which has a very professional and entrepreneurial philosophy and concept was suddenly facing a problem as it was decided that it was no longer to be part of the governmental educational system. The Tuborg Foundation hopes that this award will create a "mental and economic pause for thought" to be used for finding a long-term model for the continued existence of the KaosPilot programme as a postgraduate study programme in Denmark.

In 2003, the foundation granted approx. DKK 30m to about 600 activities.

Below are a few examples:

Borbjerg Gymnastik and Ungdomsforening (Gymnastics)
DKK 21,000 for the acquisition of a new music center with wireless microphones for the gymnasium.

International Performance Festival Odense
DKK 20,000 for the printing of programmes and flyers in connection with the celebration of the 4th International Performance Festival.

Talentkraftcenter Esbjerg, Orienteringsklubben
DKK 19,900 for the acquisition of a projector incl. scanner for training of young orienteers.

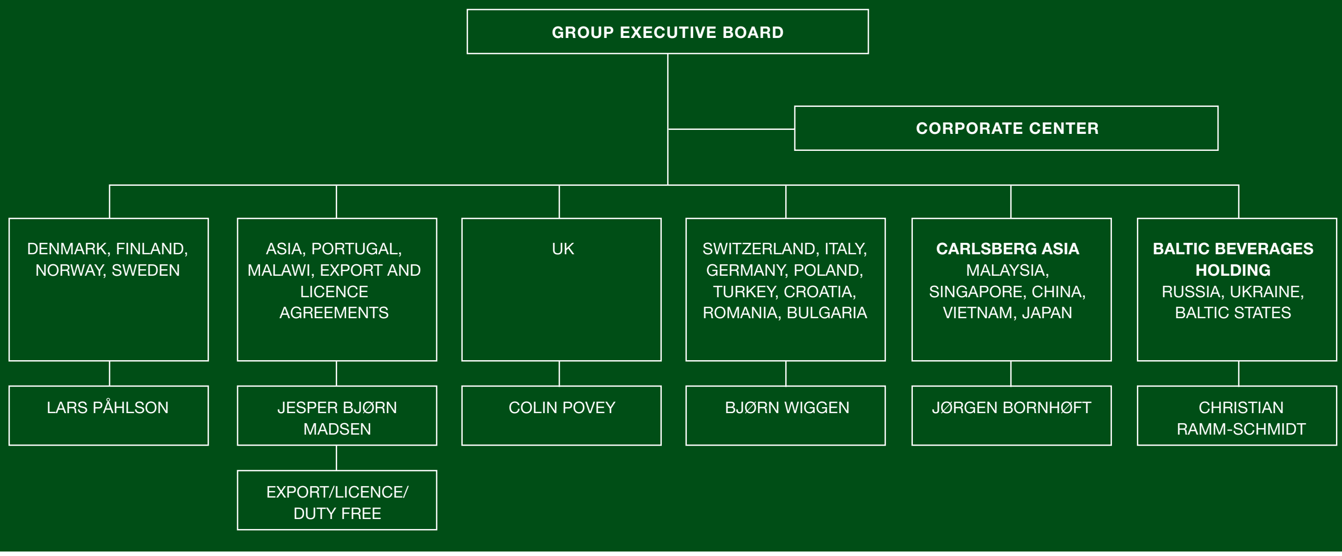
Syddansk Universitet, Center for Småvirksomhedsforskning
DKK 75,000 to carry out a "Global Entrepreneurship Monitor project 2003" - conference and report.

Børnehjælpsdagen (Child Welfare)
DKK 111,000 for the acquisition of new IT-equipment.

Hertha Leverfællesskab
DKK 70,000 for the acquisition of 7 heifers as well as equipment for a milking bail in connection with the project "We take care of cows - they supply us with milk" for mentally retarded people.


Carlsberg
Beer
COPENHAGEN · DENMARK

CARLSBERG BREWERIES



SENIOR VICE PRESIDENTS

Lars Påhlson, Senior Vice President
Jesper Bjørn Madsen, Senior Vice President
Colin Povey, Chief Executive
Bjørn Wiggen, Senior Vice President
Jørgen Bornhøft, Chief Executive
Christian Ramm-Schmidt, President and CEO

CORPORATE CENTRE

Marketing:	Alex Myers, Vice President
Supply Chain:	Kasper Madsen, Vice President
IT:	Torben Melskens, Vice President
HR:	Vibeke Frank, Vice President
Procurement:	Helge Jacobsen, Vice President
Group Accounting:	Jan Thieme Rasmussen, Vice President
Controlling:	Morten Leth, Vice President
Treasury:	Jørgen Andersen, Vice President
Business Development:	Geir Nesheim, Vice President
Legal:	Ulrik Andersen, Vice President
Corporate Communications:	Tomas Jørgensen, Corporate Communications Manager
Export, Licence & Duty Free:	Søren Holm Jensen, Vice President
Danbrew Ltd.:	Jens Due, Managing Director
Danish Malting Group A/S:	Kim Gubbi Jørgensen, Vice President

BOARD OF DIRECTORS

Jens Bigum, born 1938
(Chairman)
Managing Director.
Deputy Chairman of the Board of Directors of Carlsberg A/S and Arla Foods plc. Member of the Board of Directors of Per Aarsleff A/S and L. Hammerich & Co. A/S.

Finn Jebsen, born 1950
(Deputy Chairman)
President and Group Chief Executive, Orkla ASA.

Hans Andersen, born 1955
Brewery Worker, Carlsberg Danmark A/S.*)
Member of the Board of Directors of Carlsberg A/S.

Søren Bjerre-Nielsen, born 1952
Executive Vice President, Danisco A/S.
Member of the Board of Directors of VKR Holding A/S, VELUX A/S, Villum Kann Rasmussen Fonden and Danmarks Nationalbank

Eva Vilstrup Decker, born 1964
Customer Service Manager, Carlsberg Breweries A/S.*)

Henning Dyremose, born 1945
President, Chief Executive Officer, TDC A/S.
Chairman of the Board of Directors in a number of companies affiliated to TDC A/S. Deputy Chairman of the Board of Directors of Brødrene A. & O. Johansen A/S. Member of the Board of Directors of Carlsberg A/S.

Jens Magnus Eiken, born 1964
Brewmaster, Carlsberg Breweries A/S.*)

Roar Engeland, born 1960
Executive Vice President, Orkla ASA.

Jørn P. Jensen, born 1964
Chief Executive Officer, Carlsberg A/S.
Chairman of the Board of Directors of Ejendomsaktieselskabet af 4. marts 1992, Investeringsselskabet af 17. januar 1991 A/S, Ejendomsaktieselskabet Tuborg Nord B, Boliginteressentskabet Tuborg Nord, Ejendomsaktieselskabet Tuborg Nord C, Ejendomsaktieselskabet Tuborg Nord D and VersaMatrix A/S. Deputy Chairman of the Board of Directors of Royal Scandinavia A/S, Member of the Board of Directors of Coca-Cola Nordic Beverages A/S, Ejendomsselskabet Tuborg Nord B and JL-Fondet/Vesterhavet A/S.

Povl Krogsgaard-Larsen, born 1941
Professor, D.Sc., Ph.D., Dr.h.c.
Chairman of The Carlsberg Foundation and the Board of Directors of Carlsberg A/S. Member of the Board of Directors of Auriga A/S.

Erik Dedenroth Olsen, born 1949
IT Consultant, Carlsberg Danmark A/S.*)
Member of the Board of Directors of Carlsberg A/S.

Dag J. Opedal, born 1959
Executive Vice President, Orkla ASA.

*) Employee Board members.

EXECUTIVE BOARD

Nils S. Andersen, born 1958
President, Group Chief Executive Officer.

Member of the Board of Directors in a number of Carlsberg Breweries' subsidiaries and associated companies, including Chairman of Carlsberg Danmark A/S. Member of the Board of Directors of Danbrew Ltd. A/S, William Demant Holding A/S, Oticon A/S and Carlsberg Laboratorium. Deputy Chairman of the Executive Committee of the Danish Brewers' Association.

Paul Bergqvist, born 1946
Executive Vice President, Deputy CEO. Swedish citizen.

Member of the Board of Directors in a number of Carlsberg Breweries' subsidiaries and associated companies, including Chairman of the Board of Directors of Baltic Beverages Holding AB, Carlsberg Asia Pte Ltd., Danish Malting Group A/S and Danbrew Ltd. A/S. Member of the Board of Directors of Amber Venture Partners AB and CityMail Sweden AB, Sweden.

Bjørn Erik Næss, born 1954 **)
Executive Vice President, CFO. Norwegian citizen.

Member of the Board of Directors in a number of Carlsberg Breweries' subsidiaries and associated companies, including Carlsberg Danmark A/S. Member of the Board of Directors of Det Berlingske Officin A/S.

**) Resigned on 13 February 2004.

MANAGEMENT REPORT CARLSBERG BREWERIES

While 2001 and 2002 focused on integrating Orkla, and securing cost-effectiveness in Switzerland, Poland and Turkey, 2003 saw a focus on creating a unified and profitable Carlsberg Breweries Group.

Integrating Carlsberg Breweries Group companies was the theme running through 2003. Co-operation between the individual companies in Carlsberg Breweries was strengthened by investing substantial amounts of money and management time.

With the 120 top executives in the Group, we began programmes to improve earnings and drive profitability, to continue strengthening our brands and market positions, and creating the basis for continued growth and development of the company and its more than 31,000 employees.

The group culture project, focusing on making the Carlsberg Breweries Group “Probably the best Brewing Group in the World”, concentrated on five key areas, which are set out below. They will also be in focus in 2004:

Growth for the Carlsberg brand

The Carlsberg brand is the single most important unifying element in the company, apart from being the company’s biggest asset. Building the strength and visibility of the Carlsberg brand – both externally and internally – is important for the long-term development of the Group.

To ensure a third consecutive year of accelerating growth for the Carlsberg brand, we allocated DKK100m for Carlsberg introductions in many new markets. The results have been positive. The new launches, together with good performance in most established markets, contributed to the 7% growth of the Carlsberg brand. For the second year in a row, Carlsberg is expected to be the world’s fastest growing international brand.

Operational excellence

Compared with our global competitors, the Group works in smaller markets with, typically, smaller production units, which leads to greater complexity. To ensure competitiveness – especially when considering the consolidation of EU markets - the Group must continuously work on strengthening

FOOTBALL IN FOCUS IN 2004

2004 is the year of football for Carlsberg as the brand's biggest sponsorship ever kicks off. The European Football Championships, Euro 2004, will support Carlsberg's reputation as one of the best sponsors in world football with an unbeatable connection to the fans.

Carlsberg will continue the focus on fans for Euro 2004 with a new campaign looking at the funny and sometimes strange rituals that fans around the world share. More than 50 countries are running the Euro 2004 advertising campaign developed centrally by Carlsberg Marketing. Carlsberg is the Official Beer of the European Championship.

Portugal will provide a colourful backdrop to an exciting event that will dominate the summer – the peak selling season for beer. The partnership between UEFA and Carlsberg Breweries is one of the longest running in world football. Carlsberg has supported UEFA since the 1988 tournament. It will also support the European Championships in 2008.

CHANGES IN STRUCTURE

In Poland, Carlsberg Okocim became more integrated with the Carlsberg Group as the Group's shareholding in Carlsberg Okocim increased from 72% at the beginning of the year to 85% by the end. A public offer for the remaining 15% was made in December 2003. Further shares were bought in the Bulgarian breweries Shumensko and Pirinsko Pivo, bringing Carlsberg Breweries' share in the companies to 89% and 98%, respectively.

In Vietnam, we increased our ownership in South-East Asia Brewery Ltd. to 60% and Hue Brewery Ltd. to 50%, by buying shares owned by the Danish Industrialisation Fund for Developing Countries (pending final approval by the Vietnamese government).

In Turkey, control of Türk Tuborg was strengthened by the acquisition of the Yasar Group's 12.1% shareholding, bringing Carlsberg Breweries' ownership to 95% of the company. We bought a majority stake in the company in 2002.

Progress was made in Asia. We consolidated our holdings in Vietnam, put our own management in place in Carlsberg Asia, and bought two Chinese breweries in the Yunnan province.

Towards the end of the year we acquired the Serbian brewery Celarevo to add to our developing Balkan business in Croatia, Bulgaria, Romania and Bosnia.

Tou Brewery in Stavanger, Norway, was closed and we announced the closure of the Bromma brewery in Stockholm, Sweden, in response to overcapacity in those two markets.

We sold our German production in Mönchengladbach and a soft drink bottling plant in Switzerland to free resources and concentrate on building brands.

Successful turnaround projects were completed in Poland, Switzerland and Turkey.

effectivity in production and administration. Emphasis is put on doing this in a way that simultaneously improves staff qualifications and the quality of our customer services, while reducing costs.

A Production Excellence programme that encompasses the Group's largest breweries in western Europe was launched during the last quarter of 2003. We expect to realise savings of DKK 300m from 2006. We are also making efforts to reduce costs by concentrating production in fewer plants. This led to closing the Tou Brewery in Stavanger, Norway, and in 2004 production at the brewery in Bromma, Sweden will stop.

Initiatives to standardise the Group's business models and IT platforms are being implemented by concentrating IT operations in Denmark, Switzerland and Poland. Following analyses of the most important administration tasks in the Group a cost reduction programme was started in the second half of 2003. We expect yearly savings of DKK 200m, with full effect from 2006.

Best in class market cultivation

Thanks to our strong local brands, Carlsberg Breweries is market leader in most of the markets where we have subsidiaries. This provides the Group with an excellent opportunity – and duty – to provide the best possible service to strengthen our customers' business through professional guidance and support, as well as a well-positioned product portfolio and long-term trade policies. The individual companies in the Group handle these tasks to ensure we keep the close contact with customers and consumers that is fundamental to success in our business.

In the years ahead we will promote co-operation across borders while keeping our decentralised model, enabling us to best use our strong brands and the Group's professional knowledge in many markets. This will result in shared, more efficient business models, new product launches and better exploitation of expertise within the Group.

People development

Staying close to customers, despite different cultures and language barriers, is only possible if our employees are highly qualified, motivated, and well-informed. We have taken important first steps in this area, with a joint performance evaluation and a bonus model for the 120 top managers. This group has also been granted share options. This year will see the launch of training models covering production, procurement, sales and marketing as well as a continuation of the broadly-based strategy development programme.

Simplification of the Group structure

The precondition for the success of the many initiatives has been a strengthening of internal governance through the simplification of the internal Group structure. Since the beginning of 2002, Carlsberg Breweries has gained full control of the breweries in Italy, Poland, Turkey, and Croatia, among others. Several central departments have been reinforced to be able to handle the new and challenging tasks.

Investments in development and implementation of these programmes have been high in 2003 and the investment level will be maintained in 2004. So far results have been positive and the Executive Board expects the immediate financial benefits as well as the long-term effects on the Group's ability to increase revenue and operating profit to surpass the original expectations.

Carlsberg Breweries' local and international partners are included in the initiatives to a limited extent. As an example, Baltic Beverages Holding (BBH) is working on a productivity programme based on the Carlsberg Breweries model.

We would stress that partnerships, particularly in growth markets, are an important part of our growth strategy. Our decision to end the co-operation with the Chang Group in Asia was made because we considered the activities the Chang Group was planning to contribute to be of an insignificant value. Furthermore, it proved impossible to establish an open and trusting relationship with the Chang Group.

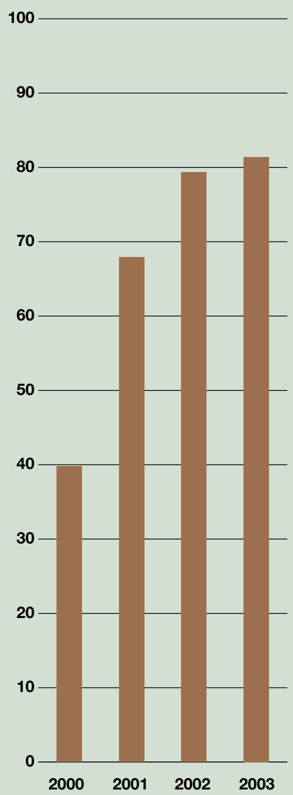
Carlsberg Breweries' results

2003 was a difficult year, characterised by unfavourable market trends during the first half. The Danish krone also strengthened significantly, which inevitably affects a company like Carlsberg

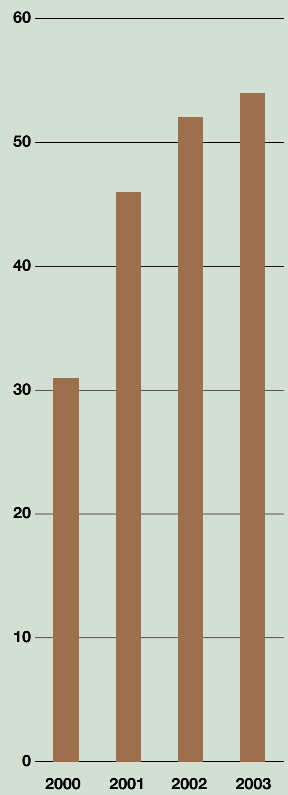
Breweries, which earns more than two-thirds of its operating profit outside the Euro market. As a result, we were unable to realise our ambitious expectations for growth in revenue and operating profit, and EBITDA was 4% below the previous year although revenue and EBITA in local currencies increased by 3% and 6%, respectively.

The 18% increase in Carlsberg Breweries' net profit was slightly better than expected. The Group's net cash flow of DKK 2.2bn also surpassed expectations. Carlsberg sales showed a positive development, with a growth rate of more than 7%, particularly in the second half of the year. Considering the poor economic environment and strong competition in the market where the Group operates we find the results satisfactory.

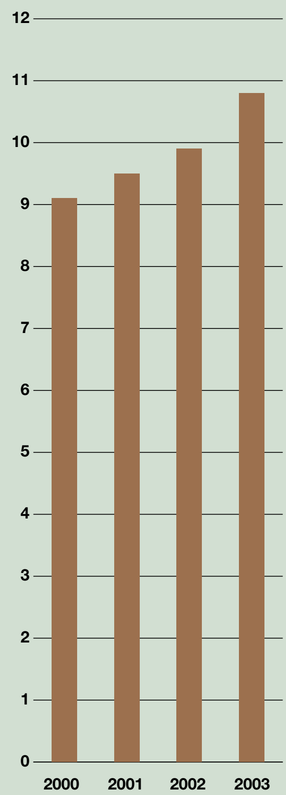
CARLSBERG BREWERIES' TOTAL BEER SALES (MILLION HL)



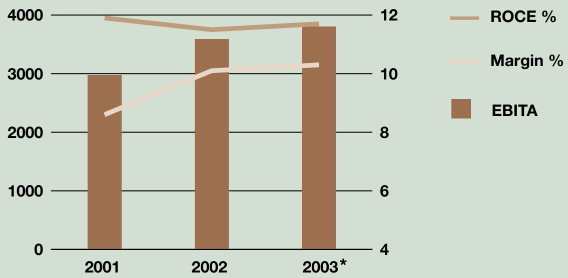
CARLSBERG BREWERIES' GROUP PRO RATA BEER SALES (MILLION HL)



CARLSBERG BRAND SALES (MILLION HL)



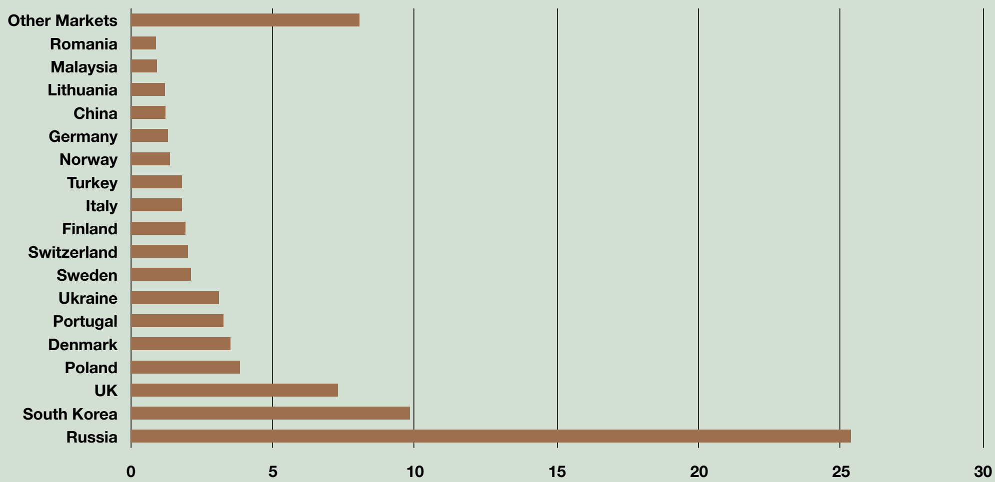
CARLSBERG BREWERIES'
EBITA (DKKm)



* At 2002 exchange rates

Carlsberg Breweries is one of the world's largest brewers. We have sales in 150 markets and employ more than 31,000 people worldwide. The Group's total sales in 2003 increased by 4% to 81.4m hl. This increase, which should be compared with a global growth rate of about 1%, is driven by Carlsberg Breweries' presence in the eastern European and Asian growth markets.

CARLSBERG BREWERIES' SALES 2003, MILLION HL BEER



Marketing – achieving growth through strong brands

Gaining a top three position in a market – and preferably number one or two – is often a precondition for successfully defending or growing market share and increasing profitability. Our brand strategy is based on building a strong brand portfolio with Carlsberg as the leading international premium brand, supported by our wide range of strong regional and national brands. Marketing spend on Carlsberg both internationally and locally has increased significantly over the last two years to support this strategy and has produced strong results.

Carlsberg brand growth has continued for the third consecutive year, achieving our target of 7% and showing a strong upward trend. Carlsberg brand growth picked up speed in 2000 and enjoys a leading position in the total global market. It was the fastest-growing international beer brand in 2002 according to market researchers Canadean.

Traditionally, the UK has been the biggest market for Carlsberg. The Carlsberg brand grew by 12% over the year. Poland has shown remarkable growth, followed by strong performance in Russia, Italy and Switzerland. Finland and Romania have also sold significantly more Carlsberg this year, despite a competitive market.

Carlsberg laid the foundations for growth with a rejuvenation programme in 2002 that refined Carlsberg's character, 'warming it up' and giving it stronger emotional appeal for cosmopolitan beer drinkers.

Use of international advertising has increased significantly, and campaigns were used successfully in more than 15 markets.

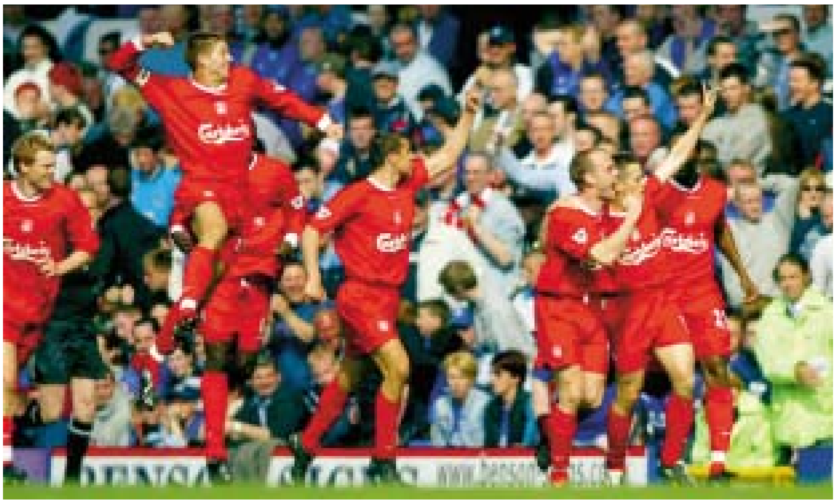
Preparations for the European Football Championships, Euro2004, in Portugal began in many markets, marking the sales push for our biggest involvement in a sporting event. Carlsberg will be implementing the sponsorship in more markets than ever before – more than 50 countries will use Euro2004 as one of their main marketing and sales drivers in 2004. It will also show Carlsberg coming together as one company, which will be reflected in a consistent sales and marketing mix.

In other sporting arenas, we have continued to develop our high-profile sponsorship in Alpine skiing in Europe, and golf, mainly in Asia.

Tuborg marketing material, from primary packaging to point-of-sale, has been updated to reflect the new positioning of the brand. The brand, repositioned in late-2002, now has a consistent image that is independent of the Carlsberg brand and clarifies the complementary roles of Tuborg Green and Gold.

Social responsibility

Being responsible is one of Carlsberg Breweries' core values. We strive to ensure good ethical business conduct within the company and in our daily business relations with consumers, costumers and suppliers. The Group constantly seeks to improve



the working conditions for our workforce and minimise our impact on the environment.

In 2003, Carlsberg Breweries introduced its principles of Corporate Social Responsibility to all majority-owned subsidiaries, other Group companies and external business relations. These principles focus mainly on environment, beer and society, and responsible management. The objective is to ensure employees and business associates at all levels know where we stand on these issues, and to ensure compliance and improve performance where required.

Responsible management

During 2003, Carlsberg Breweries communicated our Code of Responsible Management to all subsidiaries, followed by personal presentations to local management. Compliance and audit schemes will be introduced during 2004 to ensure that the individual companies comply with this Code of Responsible Management.

We also expect our suppliers to share the same principles wherever we do business. Guidelines have been developed and communicated to all strategic suppliers. The key points in these guidelines are: compliance with applicable laws and standards; employment practices; fair employment terms and environmental practices. We plan to audit strategic suppliers in 2004.

Beer and Society

Enjoying our brands is part of the social life of millions of consumers. Most people consume beer responsibly and in moderation. However, if beer is misused it may cause harm to both the individual and society. Carlsberg Breweries shares public concern about misuse of alcohol products. During 2003, we introduced a code of practice about drinking beer in the workplace, and a Code of Marketing Practice to ensure that our commercial communication promotes enjoyable and appropriate consumption. This Code outlines the ‘rights’ and ‘wrongs’ for everyone with a role in developing marketing communications for our beer and alcohol brands around the world. Through internal approval procedures and external evaluation of our commercial communication, we seek to ensure compliance with our high standards.

Through various national and international organisations, Carlsberg Breweries supports targeted initiatives and campaigns to promote responsible consumption and reduce misuse. This also includes supporting research into the medical and social aspects of alcohol consumption.

Environmental management

In 2003, all production sites committed to planning and carrying out ISO 14001 Environmental Certification.

Eighteen production sites and the headquarters of Carlsberg Breweries introduced an updated or a new ISO 14001 environmental certificate, and we expect an extra sixteen sites to be ready for certification during 2004.

The introduction of environmental certification has increased awareness of environmental issues and no major environmental accidents were reported in 2003.

Besides minor everyday investments in environmental improvements at the production sites, a major project has been launched to improve waste water purification at Carlsberg Okocim's Bosman brewery in Poland.

Environmental communications

An environmental report for the years 2001 and 2002 was completed in 2003. This report is available at www.carlsberg.com as well as the environmental report for 1998-2000.

Environmental reporting 2003

Environmental information for 2003 comes from 34 production facilities, employing around 17,000 staff. Production at these facilities is divided into the following main areas:

Maltings	251,000 tonnes
Breweries	28.4m hl
Soft drinks	9.8m hl
Total beer and soft drinks	38.2m hl

Brewing gives few worries of any serious environmental impact, but water and energy are consumed in malting, brewing and soft drink production, leading to waste water and exhaust gasses.

EXTRACT FROM CARLSBERG BREWERIES' CODE OF RESPONSIBLE MANAGEMENT

Business ethics

- Carlsberg Breweries does not permit bribes with the objective of winning business or other advantages in relations with actual or potential business partners and government representatives.
- Applicable local competition law shall be complied with and employees shall not conduct illegal industrial espionage.
- Financial transactions shall be handled in a true and fair manner supported by accurate documentation in reasonable detail within the proper time period.

Labour standards

Carlsberg Breweries will actively implement the core areas in the United Nation's Universal Declaration on Human Rights, including:

- Equal opportunities.
- Regular reviews of proper work health and safety conditions.
- Freedom of association.
- Elimination of child labour and forced labour.
- Fair employment terms, particularly as regards: remuneration, working hours and employee development in accordance with industry standards.

Therefore, water consumption, choice of energy source and treatment of waste water from production have the greatest significance for our surrounding environment.

EXTRACT FROM CARLSBERG BREWERIES' CODE OF MARKETING PRACTICE

As part of our social responsibility programme, we support efforts to encourage responsible drinking of alcohol by adults. This must be reflected in all our communication and interaction with consumers and customers – in particular, in our marketing communication.

Our Code of Marketing Practice must always be applied along any local regulations:

- For all alcoholic brands by all European operations where Carlsberg Breweries have managerial control, plus any joint venture/associated companies nominated by Group Management.
- Globally for Carlsberg, Tuborg and Tetley (international) brands for all marketing materials.

Fundamental principles across markets and brands:

'Enjoying responsibly' is the overall essence of our communication philosophy for our brands in a social context. Our beer and alcoholic beverage brands are there to offer consumers refreshment and social enjoyment. They should be consumed responsibly by adults.

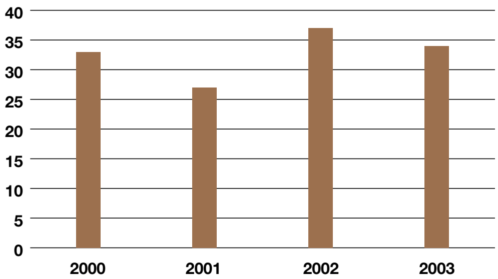
This means:

- Be legal, decent, honest and truthful. Legal restrictions vary from market to market. We will always operate within those legal boundaries, but we will go further by adding our own company code of conduct across markets.
- Position all brands towards adults and responsible consumption.

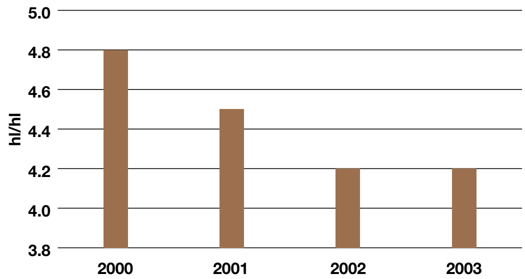
Our Code of Marketing Practice specifically addresses key areas of potential alcohol misuse:

- General misuse and excessive consumption
- Drinking and driving
- Underage drinking
- Misrepresentation

NUMBER OF PRODUCTION SITES PARTICIPATING
IN THE ENVIRONMENTAL REPORTING

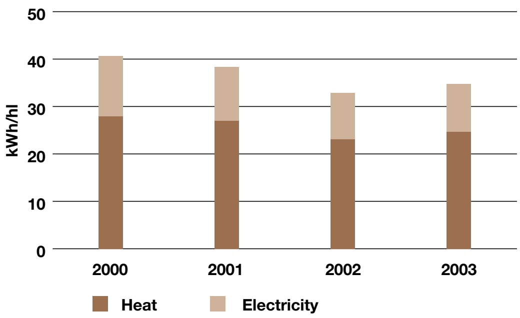


BEER AND SOFT DRINKS
WATER CONSUMPTION IN HL PER HL FINISHED PRODUCT



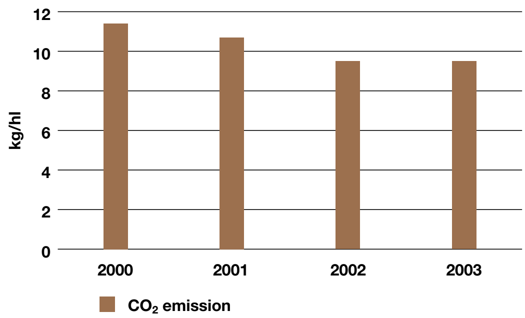
The data from the production facilities shows that specific water consumption compared to previous years has stabilised around 4.2hl per hl finished product.

BEER AND SOFT DRINKS
ENERGY CONSUMPTION PER HL FINISHED PRODUCT

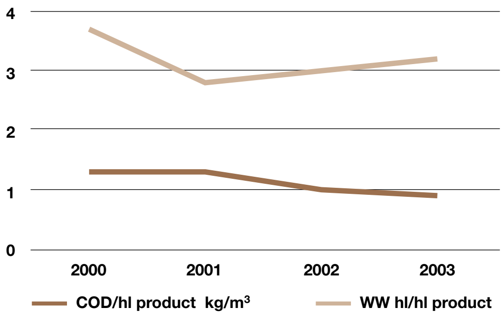


The total energy consumption has increased slightly because beer now accounts for a larger share of total production volume.

BEER AND SOFT DRINKS
CO_2 EMISSION FROM FOSSIL FUEL AND ELECTRICITY IN KG PER HL FINISHED PRODUCT



BEER AND SOFT DRINKS
COD WASTE WATER VOLUME IN HL PER HL FINISHED PRODUCT AND COD BEFORE TREATMENT



As far as waste waters are concerned, specific COD discharge has not changed significantly.

A STRONGER TUBORG STEPS OUT

Tuborg Global Marketing has updated all marketing material, from primary packaging, point-of-sale to music platform, to reflect the new international positioning of Tuborg.

Tuborg, repositioned in late-2002, now has a consistent image that is independent of Carlsberg, and separates the roles of Tuborg Green and Gold. Even before the repositioning Tuborg was the fourth-fastest growing international brand in 2002.*) Tuborg Green targets the young, party-loving crowd who drink mainstream beers. Tuborg Gold is the beer for 25- to 30-year-old professional men, who want to reward themselves with something a little more premium.

A TV commercial, produced in co-operation by the Israel Beer Breweries marketing team and Tuborg global marketing communicates the brand message of ‘living life to the full’. Several European markets are developing shared communication so the same campaign can travel across different markets, optimising marketing spending.

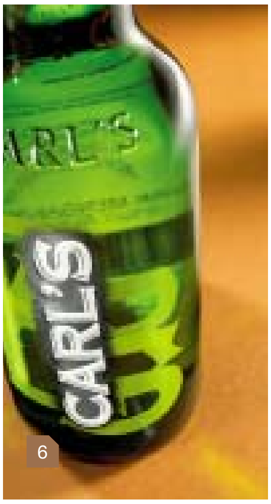
*) Source: Canadean, Global Brands Report

CARLSBERG BREWERIES

Strong global, regional and national beer brands form part of Carlsberg Breweries' range of fast moving consumer goods.

1	Carlsberg	Global
2	Tuborg	Europe
3	Baltika	Russia
4	Pirinsko	Bulgaria
5	Cardinal	Switzerland
6	Carl's	Malaysia
7	Carlsberg Export	UK
8	Falcon	Sweden
9	Hannen Alt	Germany
10	Super Bock	Portugal
11	Tetley's	UK
12	Karhu	Finland
13	Lav	Serbia
14	Okocim	Poland
15	Pan	Croatia
16	Pripps	Sweden
17	Ringnes	Norway
18	Splügen	Italy
19	Hite	South Korea

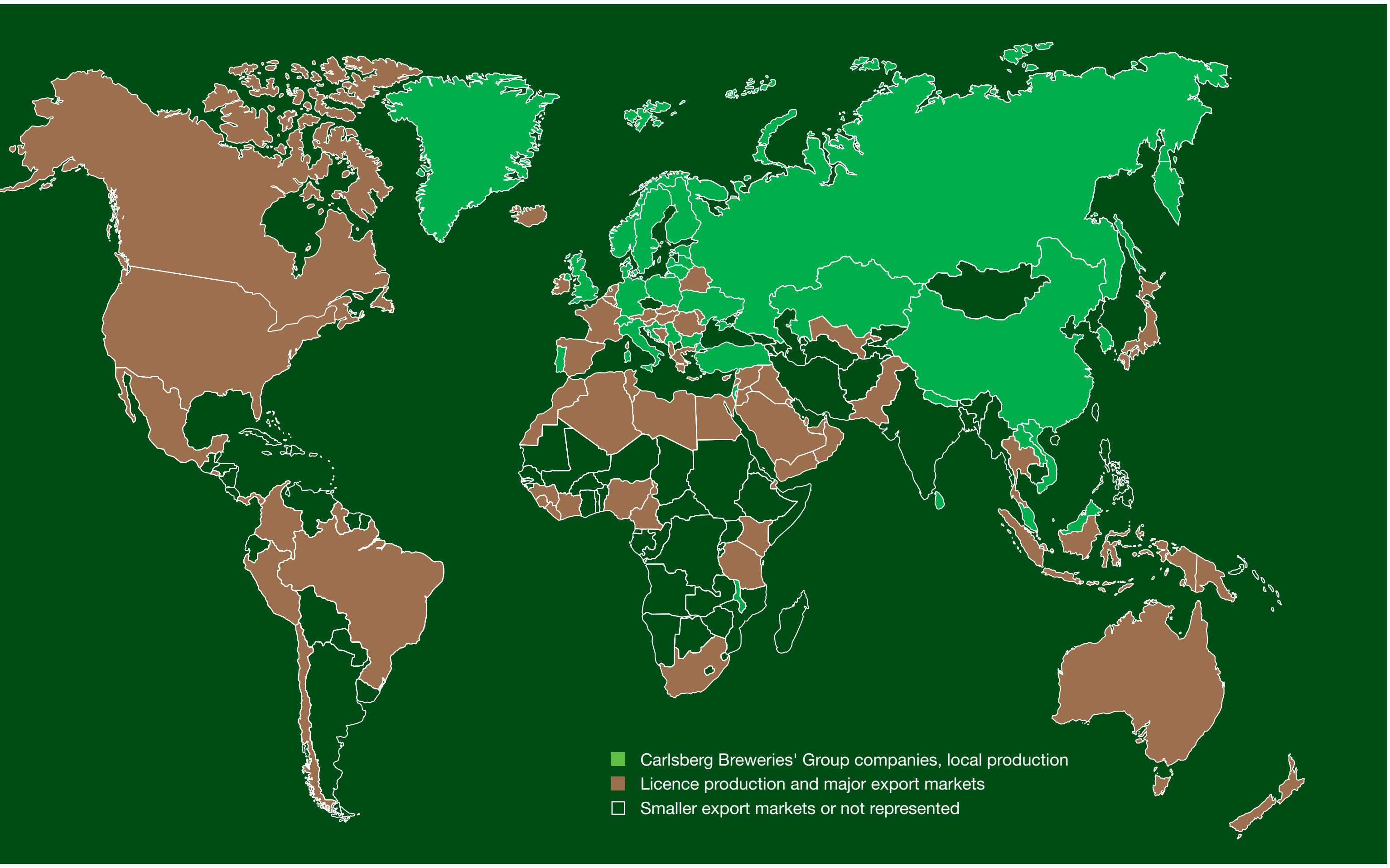

CARDINAL
5


CARL'S
6


1847
Carlsberg
Export
7


FALCON
8


HANNEN
ALT
9


Carlsberg Breweries' Group companies, local production
Licence production and major export markets
Smaller export markets or not represented


15
PAN
LAGER
PAN


16
SPECIAL


17
SIDEN 1877
Ringnes


18
SPLUGEN


19
Hite

WESTERN EUROPE

Western Europe registered a small reduction in total beer volume of 3% to 23.7m hl. The region's operating profit at unchanged exchange rates was DKK 201m (9%) up on last year while the operating margin of 9% was 0.6 percentage points above last year's level. Overall progress was slightly below expectations mainly due to the developments in the Swedish market.

The Nordic Region

DENMARK – Carlsberg Danmark A/S

Market share growth for Carlsberg brand despite increasing competition and market decline

The Danish beer market is in a moderate decline. Private imports from cross-border trade with Germany show no sign of falling.

Carlsberg Danmark's beer sales volume fell slightly and market share was lost. The total market share for beer now equals 66%. The market for carbonated soft drinks also continued to decline, resulting in a slight fall in volume, despite a market share growing to 50%. Market share and volumes on mineral water fell slightly because of heavy price competition.

Operating profit increased slightly compared with 2002.

The Carlsberg brand gained market share from distribution gains and product launches because of the 'beer election' campaign. The Tuborg brand lost market share however, particularly at the beginning of the year.

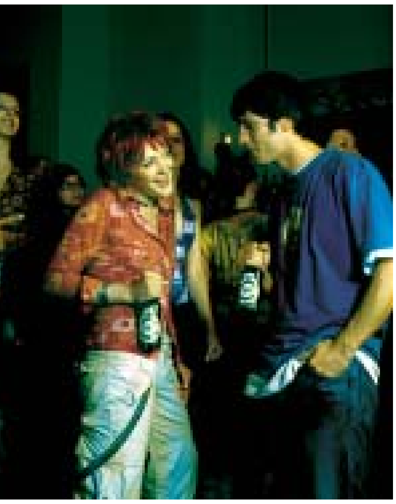
The decrease in the soft drink tax in October did not halt the decline in the soft drink market, while a lower tax on spirits meant a strong volume increase in spirits and intensified competition. Efforts to further reduce overall costs were not enough to offset the negative effects of the declining market and increased competition.

Projects to increase the efficiency within production began in the autumn in the Frederica brewery and is now continuing in Copenhagen.

SWEDEN – Carlsberg Holding Sverige AB

Decreasing volumes and continuing unsatisfactory results

Extensive private beer imports from neighbouring countries with significantly lower beer tax characterises the Swedish beer market. There is a growing focus on discount products within the



daily commodity sector. Both these factors have affected Carlsberg negatively. Despite this, the company is still the leader in the Swedish beer market with a sales share of around 44%. Carlsberg is also the market leader in mineral water with a market share of slightly more than 50%.

The company has gradually decreased its activities in the low price soft drinks segment over the past few years. This has lead to falling market shares but better pricing of the soft drink brands.

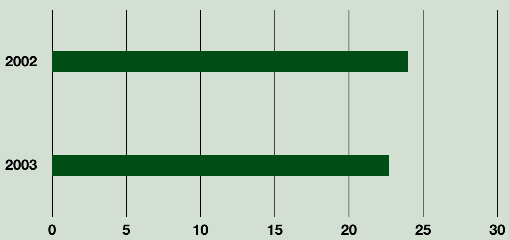
The result of, above all, restructuring costs and falling beer volumes is an operating loss, which is more substantial than last year and most unsatisfactory.

Repeated consumer studies show that Carlsberg Sverige has the strongest brand portfolio among Swedish breweries. With Pripps, Falcon and Carlsberg, it is the top company when it comes to consumer awareness of the brewery and its products as well as in total volume on the beer market. Within mineral water and soft drinks, the internationally known Ramlösa and Pepsi-Cola are marketed.

The total volume of sales was 4.36m hl – a decrease from previous year of about 10%. The fall is the result of the growing low price segments – within beer, mainly because of a changed consumer focus on low price products. Within water and soft drinks, the commodity businesses have a growing commitment to private label products.

A large cost-cutting programme was launched in 2003. To reduce the high fixed costs and production capacity, Carlsberg Sverige will close the brewery in Stockholm during 2004. It will concentrate production at the brewery in Falkenberg with support production in Denmark. At the same time, the company management and administration for Carlsberg in Sweden and Denmark will be co-ordi-

BEER SALES (MILLION HL)



WESTERN EUROPE

DKK million	2002	2003	Changes in percent
Net revenue	26,997	**26,182**	-3
Operating profit	2,269	**2,364**	+4
Operating margin (%)	8.4	**9.0**	
Beer sales (million hl)	24.4	**23.7**	-3

nated. When completed, these measures, with the introduction of a new SAP business system, will lower the costs substantially.

NORWAY – Ringnes a.s.

Solid financial results in a demanding market

Norwegian beer market volumes fell by around 4% in a market characterised by increased price competition. Ringnes effectively defined its beer market position with actions to secure market leadership, including innovation programmes.

Ringnes kept the position as Norway's leading brewery with a beer market share of 57% in the competitive grocery market. Within soft drinks, Ringnes held the number two position with a market share of 27%. In mineral water, Ringnes regained last year's loss caused by the recall of the Imsdal brand, and achieved a market share of 72%. This was partially a result of targeted investments in core brands and of the successful launch of a new 500ml container.

Ringnes strengthened its portfolio by launching the Tuborg brand nationally and the brand achieved above 7% market share within two months. In the soft drink market Ringnes saw a strengthening of its own brand, Solo, and kept its share of soft drinks overall.

The competitive Norwegian drinks market will experience new challenges in the coming years. Ringnes has foreseen the changes and are constantly focusing on making the operations more efficient. While growing the business in 2003, the company was restructured by closing the Tou Brewery and streamlining the organization to meet future challenges.

FINLAND – Oy Sinebrychoff Ab

Sinebrychoff, the new market leader in Finland

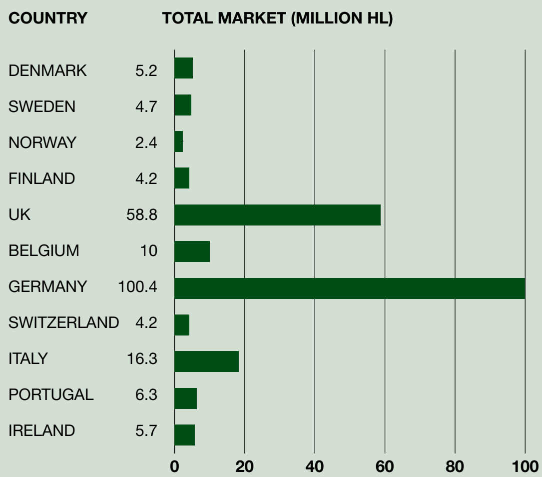
Total demand for beverages fell in Finland, mainly because of the cold early summer and the growth of low priced, private imports. Only long drink and mineral water consumption increased. A significant decrease took place in the cider segment where the established players lost to new entrants and private labels. The demand for beer decreased by 2.4%. However, Sinebrychoff managed to gain market share and reach market leader position in the overall beverages markets. Sinebrychoff is market leader in beers, ciders and soft drinks.

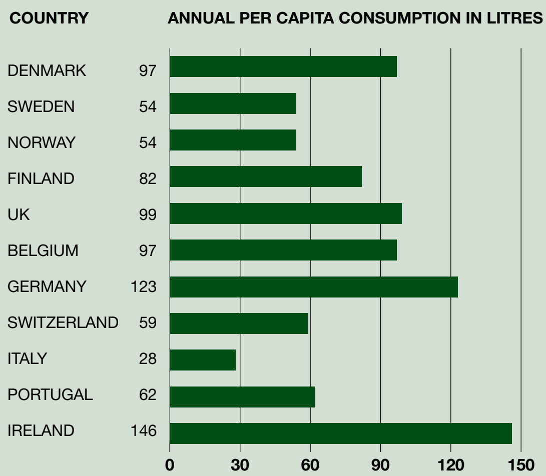
The total sales volume was 4m hl, 1.6% lower compared with the previous year and lower than the overall market decrease.

The sales volume of beer fell by 1%. The Karhu brand strengthened its market leader position despite aggressive price competition. The Koff brand is in its rebuilding phase and achieved a strong position among younger adults. Koff had a successful summer campaign and will continue with a strong promotional and brand communication calendar.

Sales of Carlsberg increased by 9.4%. The brand had another year of good volume growth in the off-trade, and is a clear leader among interna-

SOURCE: CANADEAN





PROBABLY THE BEST WEB SITE IN THE WORLD

Carlsberg has relaunched www.carlsberg.com as an interactive lifestyle magazine targeting Carlsberg's core audience with new interactive solutions.

Forget everything you have learnt from traditional web sites that reuse the graphic tools from off-line media such as books or leaflets. Carlsberg's new internet site takes you into a so-called e-zine, an interactive lifestyle magazine with a new visual platform for the internet.

tional beers. Cider volumes were down by 14% and soft drinks, including mineral waters, by 6%. Long drink volumes increased by 11% driven by the successful launch of the new Kurko brand.

Battery continued as a brand leader in energy drinks and the sales volume increased by 13%. Battery export sales fell as the total energy drink sector in the main market in Norway shrank dramatically because of the introduction of Flavoured Alcoholic Beverages (FABs) and cider in the retail sector.

Sinebrychoff managed to increase its already high productivity in many operations, for example in production and administration. Improvement programmes compensated for the increase of production costs.

The financial results were good. Return on capital employed grew because the company completed several successful projects.

Western Europe

UNITED KINGDOM – Carlsberg-Tetley PLC

Improved performance through core brand growth, cost savings and asset reductions

Despite a long warm summer, the UK beer market saw only marginal growth. Strong progress in the off-trade was almost cancelled by continuing decline in the on-trade. The market was again characterised by continued consolidation and saw two of Carlsberg-Tetley's largest on-trade customers merge. Competitive pricing continued and strong national and international brands continued to increase market share at the expense of regional and local products.

Against this background, Carlsberg-Tetley grew its market share and strongly increased its core brand sales. Carlsberg and Carlsberg Export saw growth in 2003 of 15% and 9% respectively, while Tetley's also improved in a declining ale market. Core brand volumes increased to 82% of total sales.

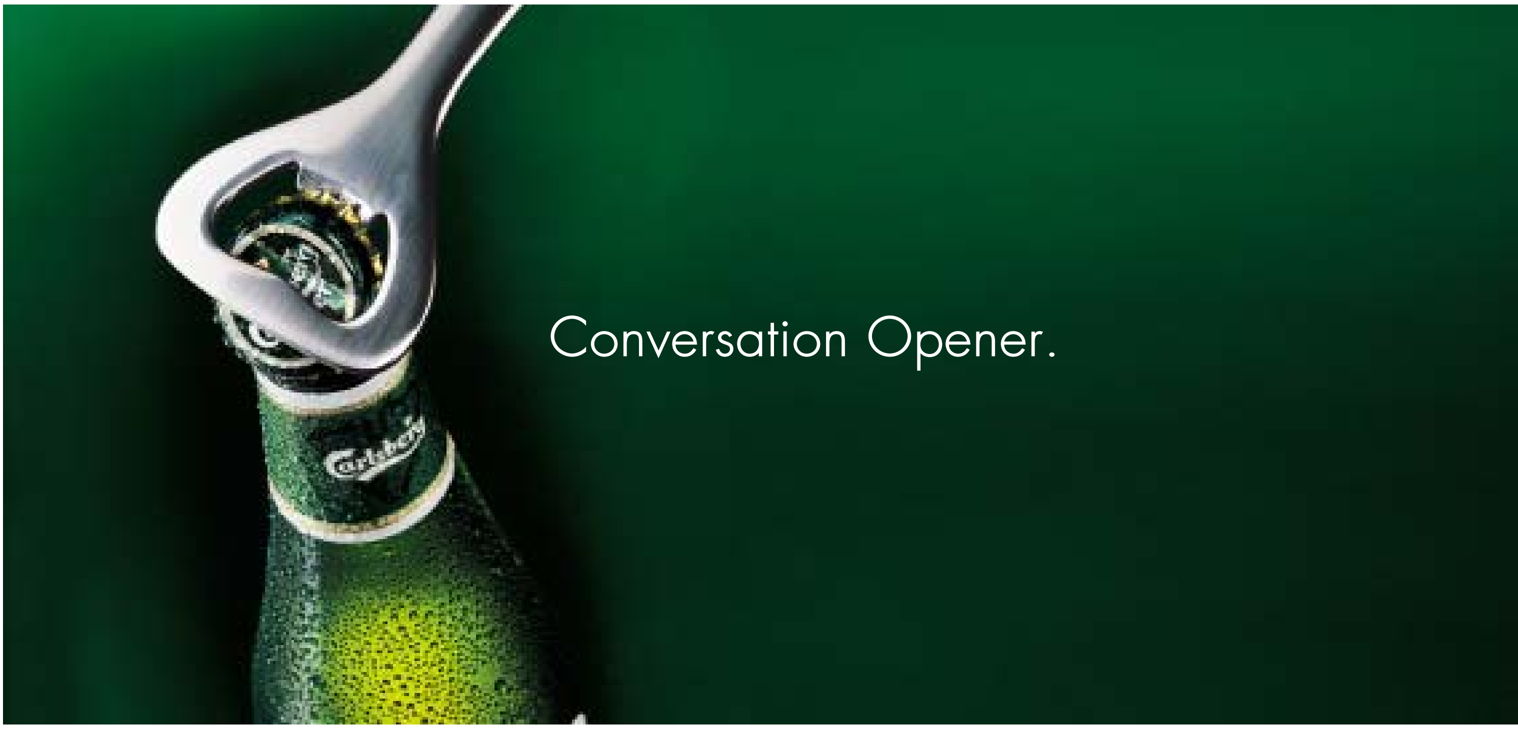
The brewery completed a number of projects to expand production volumes, enabling long-term contract volumes to be produced, yielding large cost savings.

The asset base was reduced aggressively. The contracting out of non-core activities, depot disposals and a cut in working capital produced significant free cash flow and improved the company's return on capital employed to 11%. The company's operating profit showed satisfactory progress compared with 2002.

GERMANY – Hannen Brauerei GmbH

Hannen to focus on building brands, production plant sold

A new deposit on one-way packaging has caused fundamental changes in the German beer market. The new deposit affected the Tuborg brand and Carlsberg Elephant Beer in particular. In general, the deposit has been responsible for a 6% fall in the total beer market. The can market faces losses of 71%, while returnable bottles increased by 24%.



Tuborg, however, kept its position as Germany's leading international brand. The main focus is still on building the Carlsberg brand by selecting the fashionable on-trade and increasing distribution in the off-trade.

Hannen continued to improve its financial performance in 2003, despite the difficult market conditions. In the middle of the year Hannen sold its production facilities to the German brewery Oettinger Brauhaus.

SWITZERLAND – Feldschlösschen Getränke Holding AG

A successful reorganization – and hot summer weather – ensured a successful 2003

Feldschlösschen was able to consolidate its position as Switzerland's leading beverages company. In the two core businesses, own beers and own mineral waters, volumes were higher than last year. Profits also advanced significantly. The sale of Eglisau Mineral Springs, which specialises in soft drinks, completed the process of focusing on the two core businesses.

As regards own beer brands, Feldschlösschen, the country's leading brand with 26% of the market, and Carlsberg gained volume and market share. In the mineral water market, the Rhäzünser and Arkina brands increased volume, while Passugger held its position. New marketing campaigns were successfully completed for Carlsberg, Feldschlösschen and Arkina.

During the year, Feldschlösschen launched no fewer than seven new beer products, four of which were seasonal specialities. New packaging was also introduced.

Despite an increase in imports and substantial growth of the retail sector's own brands (where Feldschlösschen is not active), Feldschlösschen's share of the beer market grew slightly.

Through the reorganisation programme that has been running for the last three years, it was possible to continue improving efficiency and costs. The brewery reduced the number of its own distribution centres by a further three locations to 18. The total number of employees fell about 10% to around 1,800, partly caused by the sale of Eglisau Mineral Springs.

ITALY – Carlsberg Italia S.p.A

After a difficult beginning of the year the market picked up with a good summer season

The Italian beverage market returned to growth in 2003. The hot summer season gave a good boost to most of the beverage categories and the beer segment grew by 7%. The Carlsberg Italia market share among Italian brewers of branded beer increased with half a percentage point and is now above 9%.

Sales volume increased by 11% to 4.4m hl and sales in the beer category by 10% to 1.9m hl. The Carlsberg brand increased by 27% and successfully followed the set plan for launch of the brand both in the on-trade and off-trade. The brand volume reached 120,000 hl. Operating profit was below last year's as the company absorbed large costs related to the continuing development of the operations.

During the year, the three sales channels: on-trade sales, sales to wholesalers and retail sales were all forcefully developed. At the same time, Carlsberg Italia prepared for restructuring direct sales and distribution, and for centralising administration of the subsidiaries, which will result in efficiency improvements and cost savings.

PORTUGAL – Unicer – Bebidas de Portugal, S.G.P.S., S.A.

Best beer sales ever

Competition in the mature Portuguese beer market was fierce. However, the Unicer Group managed to consolidate its position as leader in the beer category, gaining market share in the year and reaching the best beer sales ever, helped by the favourable summer.

The Carlsberg brand is a clear leader in the premium beer segment, strongly supported by the Euro 2004 campaign launched during the year. Unicer launched Super Bock Stout in February, successfully reaching new segments in the market.

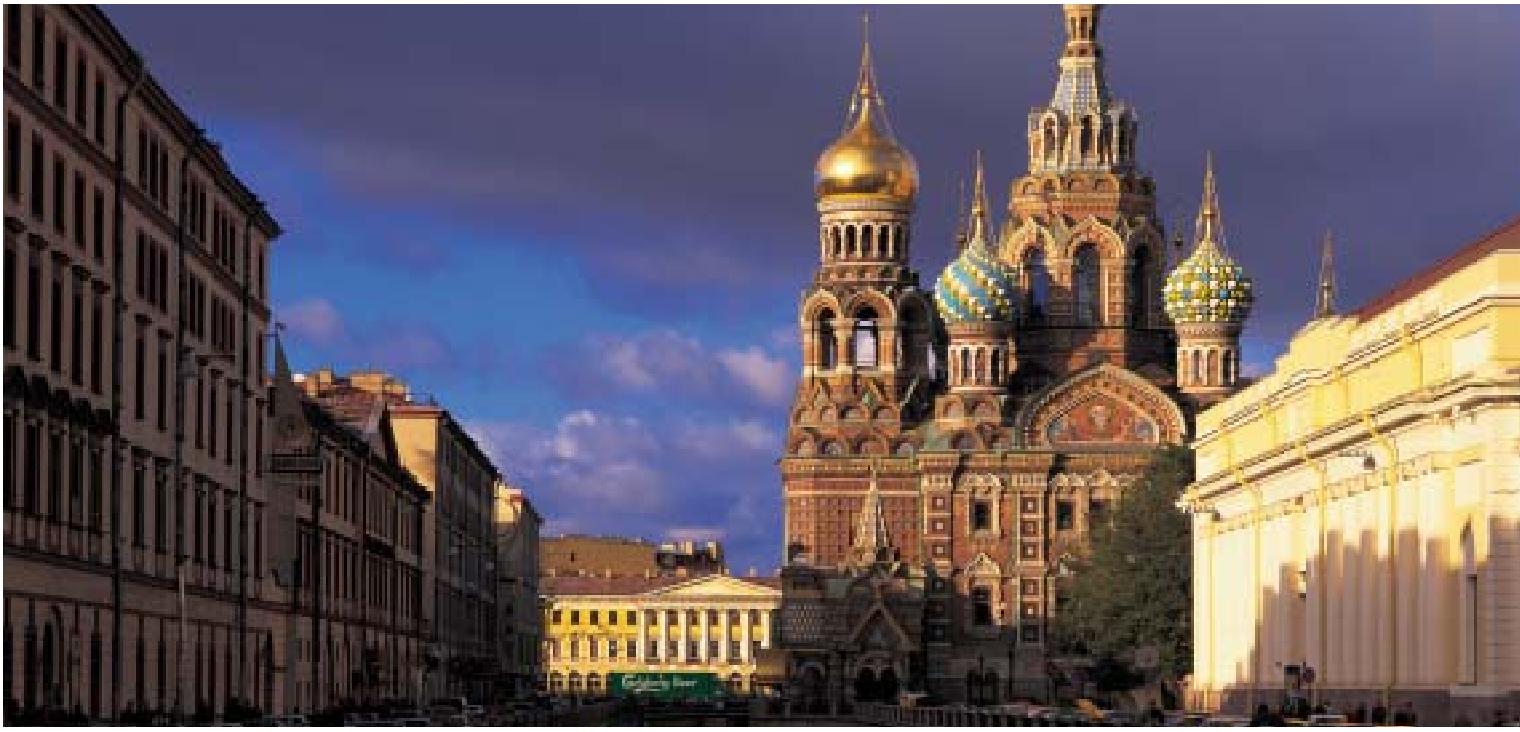
Unicer upgraded its major bottling line, making the line one of the most modern in Europe. A new pilot plant was also installed.

Consumers' loyalty and preference are a recognition of Unicer's commitment to high quality.

Financial results improved significantly compared with 2002.

Group Companies Western Europe

Carlsberg Danmark A/S, Copenhagen, Denmark 2 subsidiaries	100%
Pripps Ringnes AB, Stockholm, Sweden 1 subsidiary	100%
Oy Sinebrychoff, Helsinki, Finland	100%
Carlsberg Sverige Holding AB, Stockholm, Sweden 2 subsidiaries	100%
Ringnes a.s, Oslo, Norway – owned by Pripps Ringnes AB 4 subsidiaries	100%
Carlsberg-Tetley PLC, Northampton, UK 2 subsidiaries	100%
Carlsberg Italia S.p.A., Varese, Italy 39 subsidiaries	100%
Unicer-Bebidas de Portugal, SGPS, SA, Porto, Portugal 12 subsidiaries	44%
Hannen Brauerei GmbH, Mönchengladbach, Germany 4 subsidiaries	100%
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland 4 subsidiaries	100%
International Breweries B.V., Bussum, The Netherlands 2 subsidiaries	16%



EASTERN EUROPE

The region realised an 8% increase in volume and total sales of 25.6m hl. At unchanged exchange rates, operating profit was DKK 1,430m or 12% above last year.

POLAND – Carlsberg Okocim S.A.

The fastest growing company in Polish beer market

Carlsberg Okocim is a strong number three with a 14% market share and a growth rate higher than total market.

The company achieved positive sales and financial results thanks to clear strategies related to priority brands, best customer service, decreasing cost and organisational alignment.

Volumes sold were up 6.2% to 3.8m hl against 4.6% for the total beer market. The Carlsberg brand became the fastest growing international premium brand in Poland with year-on-year growth of 138%. Carlsberg Okocim successfully launched a new brand – Harnas – with big media support and many trade activities following a new brand portfolio and positioning strategy. The portfolio strategy was created to better assign sales and marketing efforts.

Carlsberg Okocim increased efficiency thanks to cost reducing programmes within production, distribution and administration. These programmes are expected to achieve extra savings. Large investments in capacity and modernisation of production assets were made based on sales forecasts, to meet demand in forthcoming years. Large investments in sales and marketing will meet growing competitiveness in the market.

During 2003, Carlsberg Breweries increased its shareholding in Carlsberg Okocim by 13.5% to 85%. A public tender to further increase the shareholding by 8% to 93% was made in December 2003.

TURKEY – Türk Tuborg Bira ve Malt Sanayii S.A.

A year of turnaround to profitability

2003 was a year of financial turnaround for Türk Tuborg. Gross profit margins improved significantly mainly because of a shift towards a more profitable product mix, savings in production costs, favourable material prices and strict cost control. Favourable exchange rates also made a significant contribution to improvements in operating profit and cash flow.

In October, the Turkish government unexpec-

tedly announced a major increase in the excise duty, which has had a negative impact on the brewing industry. Following appeals, the government is reviewing its position on the exercise duty increase.

Türk Tuborg is updating its IT systems and has started to implement an improved version of SAP.

During 2003, there has been an increased focus on reducing possible environmental impact of the brewery in Izmir by increasing the capacity of the waste water treatment plant, reducing dust emissions and achieving a higher material use.

The Turkish beer market remains one of the lowest per capita consumptions in Europe.

While off-premise consumption was robust throughout the year, on-premise consumption was negatively affected by a temporary reduction in tourism caused by the war in Iraq. In off-premises, Türk Tuborg gained market share mainly from the Tuborg brand, driven by consumer promotions and advertising activities on Tuborg Gold, and the launch of returnable Tuborg Pilsener in urban Turkey. Carlsberg continued to have the highest awareness in the premium sector, but the international premium sector remains small in Turkey. Exports by Türk Tuborg have shown positive results.

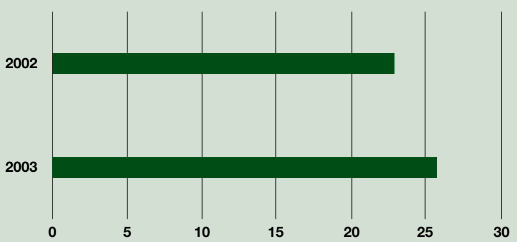
During 2003, Carlsberg Breweries bought a further 12.1% shareholding in Türk Tuborg and now owns 95.3% of the company.

CROATIA – Panonska Pivovara d.o.o.

Panonska Pivovara is one of the fastest growing breweries in Croatia and aims to become number two in the market

Croatia is a competitive market that declined in the first months of the year, driven mostly by high excise duties and bad weather. The market is still under pressure as more players continue to enter

BEER SALES (MILLION HL)



EASTERN EUROPE

DKK million	2002	2003	Changes in percent
Net revenue	7,475	**7,331**	-2
Operating profit	1,274	**1,226**	-4
Operating margin (%)	17.0	**16.7**	
Beer sales (million hl)	23.6	**25.6**	+8

the market. Panonska was one of the leading breweries in terms of growth with a growth rate of more than 7% in a market with no growth. Big international players have taken a major part of the market at the expense of smaller local breweries. This trend is expected to continue.

Financial performance was at the same level as last year as higher gross profits were reinvested into increased brand investments.

Volume development influenced Panonska's market share, which increased one percentage point. The Pan brand continues to grow in the mainstream segment, driven by acceptance of a new brand positioning, new packaging (one-way 250ml) and popular promotion. The Tuborg volume trend in the premium segment has been negative over the past few years. Repositioning the brand has shown slight improvements in the brand's position, but sales results have been slow to develop. Panonska completed its brand portfolio by launching the Carlsberg brand in December 2003.

Cost efficiency measures and projects for achieving operational excellence were initiated and are expected to be implemented in 2004. During 2003, Panonska Pivovara increased production efficiency through a volume increase, investment in new packaging equipment and an improved organisation structure.

BULGARIA – Shumensko Pivo AD, Pirinsko Pivo AD

Entry into the Bulgarian beer market by buying two local breweries and investing in restructuring

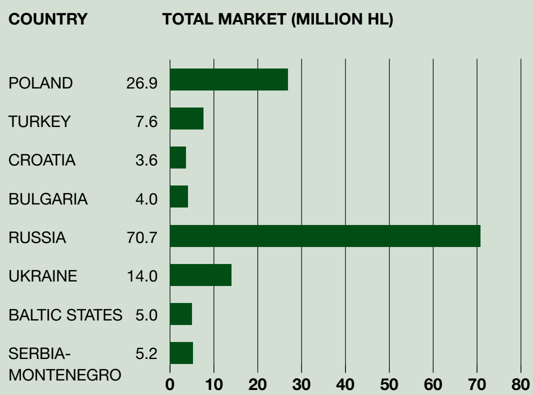
Carlsberg Bulgaria, with its two local brands Pirinsko and Shumensko and imports of both Tuborg and Carlsberg, kept its third position with a 13% market share.

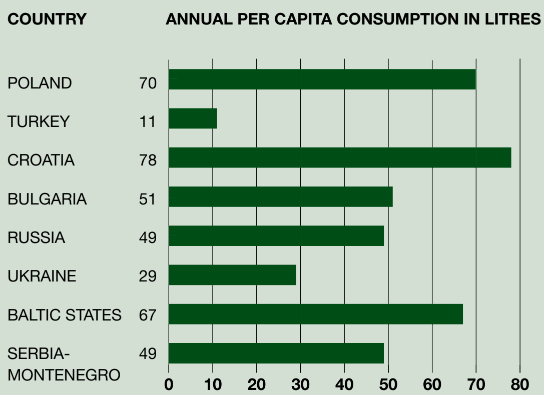
Growth in Bulgaria remains sluggish mainly because of the slow nature of economic reforms and the suppressed buying power of Bulgarian consumers. Value offerings are the engine for growth, and will continue to squeeze industry earnings. In 2003, the Bulgarian beer market should grow by 7% mainly because of the growth of PET sales.

Total sales were below 2002 figures, and should be seen in the context of major business restructurings and various sales and distribution problems.

Applying a portfolio approach to brand rationalisation has resulted in specific roles with a long-term perspective for brands and packs. Shumensko brand architecture, positioning and marketing mix have been updated to place the brand in the mainstream plus segment and local premium segments. An integrated advertising campaign supported the relaunch of Shumensko. Brand fundamentals, positioning statement and communication for Pirinsko were developed for a relaunch with new visual identity.

All of these factors led to a significant increase in brand indicators and consumer awareness for both brands.





SOURCE: CANADEAN

PROBABLY THE BEST WEB SITE IN THE WORLD

Carlsberg has relaunched www.carlsberg.com as an interactive lifestyle magazine targeting Carlsbergs core audience with new interactive solutions.

The web site uses a cutting-edge marketing tool, the active desktop. The active desktop means that Carlsberg is there the minute you switch your computer on. The brand web site is out somewhere in cyberspace waiting for the user to show up. The active desktop means Carlsberg is present on the computer screen before the user logs on the internet. For the EURO 2004 campaign, the active desktop will automatically update with scores and statistics from the tournament.

The weak sales development resulted in an unsatisfactory financial performance. Restructuring plans for the company are now in place and a new capital structure is being considered.

The full consolidation of Carlsberg Bulgaria will be completed in 2004 and significant benefits are expected through centralised management as well as optimisation of the value chain.

ROMANIA – United Romanian Breweries Bereprod S.R.L.

Continued sales growth

United Romanian Breweries, which sells the Carlsberg, Tuborg and Skol brands from the Carlsberg Breweries' portfolio, saw total sales volumes grow by 23% compared with 2002. This continues the rapid growth seen since the company's launch in 1997. Tuborg is the strongest brand in the portfolio, but Carlsberg has grown strongly since its launch in 2001. United Romanian Breweries is the fourth biggest brewer in the market with a 7% market share.

SERBIA - Pivara Celarevo A.D.

Strengthening the market in the Balkans

Carlsberg Breweries acquired a 51% share in the Serbian brewery Pivara Celarevo. The brewery is situated in the town of Celarevo in the Vojvodina province about 130 kilometres north of the capital Beograd and its only brand Lav (meaning lion) is the second strongest standard brand in the country.

Russia, Ukraine, Kazakhstan and the Baltic states

Baltic Beverages Holding AB (BBH) shows continued growth

BBH is a 50/50 joint venture between Carlsberg Breweries A/S and Scottish & Newcastle PLC.

BBH was founded in 1991 and has developed into a major player within its geographical market of the CIS and the Baltic states. The brewery's objective is to become market leader in each of its markets.

BBH's basic strategy is to buy majority ownership in existing breweries, keep local management and carry out significant quality improvements to produce and supply strong national and regional brands within the broad quality segment. BBH works actively in the management boards, and supports the local breweries with marketing, sales and logistics.

BBH runs 18 breweries, ten of which are in Russia, four in the Baltic States, and two each in the Ukraine and in Kazakhstan. BBH also holds a stake in five maltings. A new brewery being built in Kiev, Ukraine, will open in early 2004. There are about 15,000 employees at BBH.

In 2003, the Russian market grew (below expectations), 7% (BBH +8%), due to demanding market conditions and unfavourable weather, especially in the first half of the year. The second half showed a good volume trend. The volume growth in Russia amounted to 4.5m hl. Market

growth in 2003 in the Ukraine rose by 8% and in Kazakhstan by 14%. The Baltic markets are more mature, with higher per capita consumption levels, and the total market volumes remained level with the previous year. BBH is the undisputed market leader in Russia with 33% (32.6% in 2002).

In the Ukraine, BBH made good progress, and now has a 21.7% market share (20.4%). In the Baltic markets, BBH was the number one brewing group with a share of 44.1% (44.7%). In the newest market, Kazakhstan, BBH took 21% of the fast-growing market, and is competing for market leadership.

In May 2003, BBH bought its second brewery in Kazakhstan, giving BBH a brand portfolio to compete for market leadership. In Russia, BBH successfully completed the new breweries, Baltika-Samara and Baltika-Khabarovsk, which strengthen the company's position as a true national brewing group. Following these investments, BBH has strong coverage in Russia and the Ukraine

Development of the brand portfolio is important to BBH. In Russia, BBH holds three of the Russian top four brands: Baltika, the number one; Arsenalnoye (number three); and Yarpivo (number four). Baltika is among the three biggest brands by volume in Europe. Tuborg or Carlsberg successfully complement domestic brands in all major BBH markets.

Several major internal development projects characterised the year for BBH. BBH Baltics was created to put in place a pan-Baltic strategy for the four BBH breweries in the Baltic States and to prepare them for entry to the European Union in May 2004. In Russia, Baltika has undergone a huge restructuring of its route-to-market to control its sales, distribution and pricing. Full benefits of the changes should be realised in 2004. Smaller Russian BBH breweries Vena, Zolotoy Ural and Pikra have shown high growth rates and much improved performance. The Kazakhstan breweries have seen a major upgrade in capacity, production quality, nationwide sales and distribution and management.

Group Companies
Eastern Europe, etc.

BBH - Baltic Beverages Holding AB, Stockholm, Sweden 16 subsidiaries, owned by Pripps Ringnes AB	50%
Carlsberg Okocim S.A., Brzesko, Poland 3 subsidiaries	85%
Panonska Pivovara d.o.o., Koprivnica, Croatia	80%
Israel Beer Breweries Ltd., Ashkelon, Israel	20%
Nuuk Imeq A/S, Nuuk, Greenland	24%
Browary Dolnoslaskie Piast, Wroclaw, Poland 5 subsidiaries	100%
Türk Tuborg Bira ve Malt Sanayii S.A., Izmir, Turkey 1 subsidiary	96%
OAO Vena, St. Petersburg, Russia	50%
Bottling and Brewing Group Ltd., Blantyre, Malawi 1 subsidiary	44%
Carlsberg Hungary Sales Limited Liability Company, Hungary	100%
Carlsberg Canada Inc., Toronto, Canada	100%
Carlsberg Agency Inc., New York, USA	100%
Shumensko Pivo AD, Shumen, Bulgaria 1 subsidiary	89%
Pirinsko Pivo AD, Blagoevgrad, Bulgaria	98%

ASIA

Carlsberg has, cf. announcement to the Copenhagen Stock Exchange dated 1 August 2003, terminated the joint venture. Carlsberg is convinced that Asia offers favourable development possibilities, and that the region holds significant potential for the Carlsberg brand.

MALAYSIA – Carlsberg Brewery Malaysia Berhad

Increased sales

Total sales of Carlsberg Malaysia increased in 2003 despite difficult market conditions and increased competition. Carlsberg maintained its position as market leader. Given greater price competition, Carlsberg Malaysia's financial performance for the year is satisfactory, although profitability did not reach the same level as in 2002.

Smuggled beer continues to disturb the market in many parts of the country. With the recent rise in excise duty on beer, smuggling could increase.

CHINA – Carlsberg Brewery Guangdong Ltd., Dali Beer (Group) Limited Co., Kunming Huashi Brewery Ltd.

Carlsberg top international brand in major cities

The Chinese beer market continued to show growth with a greater number of local players and brands, and increased investments by foreign brewers. Increased price competition across the country has made it increasingly difficult for smaller brewing companies to reach satisfactory earnings.

The international premium beer market – in which the Carlsberg brand competes – is still around 2% of the total market. Carlsberg came under increased pressure in the main cities, however, the brand ranks among the top international brands in most major cities in China. Despite fierce price competition, Carlsberg Brewery Guangdong's local brand, Dragon 8, increased sales.

The two recent buys in the south-western Yunnan province, Kunming Huashi Brewery Ltd. and Dali Beer (Group) Limited Co. (both bought in 2003) – which both produce local brands – together hold around 50% of the market, with Dali Beer being the market leader in the province.

HONG KONG – Carlsberg Brewery Hong Kong Limited

Carlsberg – major player in the premium segment

The Hong Kong beer market fell around 5% compared with 2002, mainly caused by lower consumer spending because of the SARS outbreak.

Sales of Carlsberg fell below the 2002 level as the premium segment – in which Carlsberg competes – lost volume to the low-priced segment. Within premium beers, however, the Carlsberg brand maintained its share and continued to be a major player.

The Skol brand – which is also part of the Carlsberg Brewery Hong Kong product portfolio, positioned in the low–price segment – increased its volume considerably in 2003.

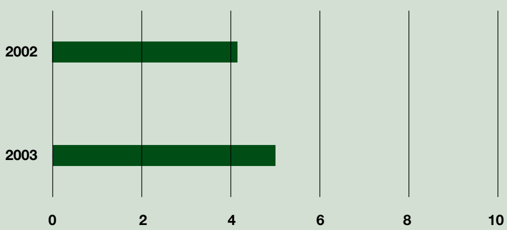
SINGAPORE – Carlsberg Singapore Pte Ltd

Carlsberg – leading imported beer

The beer market in Singapore suffered during the first part of the year because of the SARS outbreak. However, it managed to regain lost volume by the end of 2003 and end the year at level with 2002.

Frequent and extensive advertising and promotion characterised the market, and despite the difficult conditions, the Carlsberg brand increased its volume and market share compared with 2002. Carlsberg is the leading imported beer brand and the second biggest brand overall.

BEER SALES (MILLION HL)



ASIA

DKK million	2002	2003	Changes in percent
Net revenue	1,019	**1,290**	
Operating profit	467	**451**	-3
Operating margin (%)***	21.4	**17.6**	
Beer sales (million hl)	4.2	**5.1**	+21

* The figures relate to the joint venture structure.
** The figures for the first half-year relate to the joint venture structure.
*** Exclusive of the one-line consolidated brewery Hite (South Korea) as well as the effect from the profit guarantee for the companies in Thailand.

VIETNAM – Hue Brewery Ltd., South-East Asia Brewery Ltd.

Increased market presence

The Vietnamese beer market showed a growth in 2003 compared with 2002 of around 8%. The potential for further growth is still great with a per capita consumption of only 10 litres.

Both of Carlsberg's investments in Vietnam – Hue Brewery Ltd. in Hue and South-East Asia Brewery Ltd. in Hanoi – increased volumes as well as earnings during 2003. Both breweries' strong local brands increased market presence, in particular in the northern and central provinces. The Carlsberg brand also strengthened its position in the premium segment despite a competitive market environment.

In the second half of 2003, Carlsberg increased its shareholding in Vietnam by buying the Danish Industrialization Fund for Developing Countries' shareholding of 25% in South-East Asia Brewery Ltd. and 15% in Hue Brewery Ltd. and increased its shareholding to 60% and 50%, respectively.

SOUTH KOREA – Hite Brewery Co. Ltd.

The South Korean beer market declined with about 2% in 2003 compared with 2002

Hite Brewery Co. Ltd. – in which Carlsberg holds a 22% stake – however, managed to gain market share and strengthened its position as the number one brewery in South Korea. Also in 2003 earnings for Hite Brewery Co. Ltd. were very satisfactory.

NEPAL – Gorkha Brewery Pvt. Ltd

The Nepalese beer market increased by 7%

Gorkha Brewery Pvt. Ltd continued to hold two-thirds of the Nepalese beer market with Tuborg in the mainstream and Carlsberg in the premium segment. In particular the growth of Carlsberg has been very satisfactory.

Tuborg Royal Danish Strong Beer, launched at the end of 2002, gained a good foothold in the market and is expected to capture extra market share among strong beers.

LAOS – Lao Brewery Co. Ltd

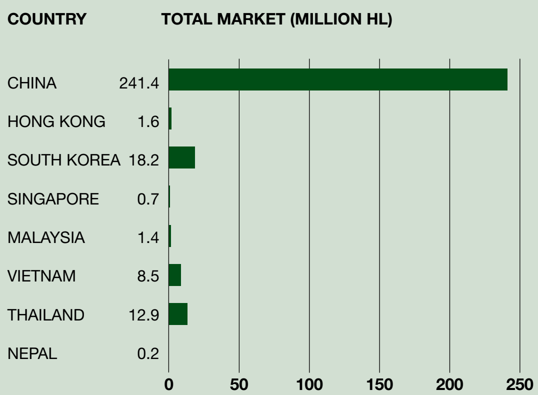
The Laotian beer market increased 10% compared with 2002. Lao Brewery, in which Carlsberg has a 25% stake, is the only brewery in Laos. The strong performance of Lao Beer ensured very satisfactory earnings for 2003.

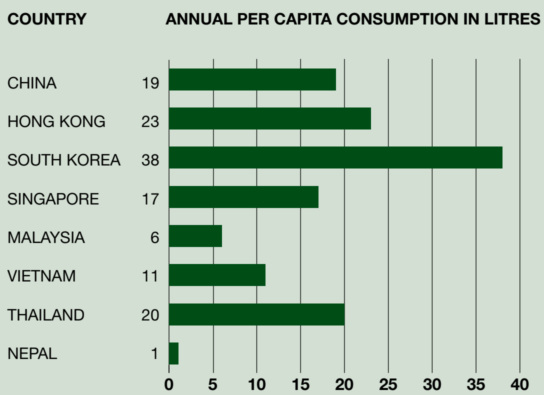
Other Asian Markets

Carlsberg has licence partnerships for the Carlsberg brand in several Asian countries including:

Sri Lanka

Carlsberg showed very positive growth and is the leading premium brand in Sri Lanka. Carlsberg holds – through Carlsberg Brewery Malaysia Berhad – a 24.8% stake in Lion Brewery, which produces Carlsberg beer as well as leading local brands.





SOURCE: CANADEAN

Group Companies
Asia

Carlsberg Asia Pte Ltd, Singapore 11 subsidiaries	100%

Japan
Carlsberg is among the leading international brands in the premium segment, although sales in 2003 were slightly below 2002.

Indonesia
Carlsberg showed good growth in the premium segment, however, volumes are still moderate.

Africa MALAWI – Bottling and Brewing Group Ltd. (Carlsberg Malawi Brewery Ltd.)
Sales of the Carlsberg brands and the local Kuche Kuche brand continued their positive trend with an overall increase of 5% compared with the previous year. Problems with availability of raw materials for production of still waters and cordials has prompted investment in a new PET line.

The sales volume of Coca-Cola and local SOBO brand soft drinks continued their strong trend with an overall increase of 18% compared with the previous year.

After a few years with unsatisfactory profits, 2003 showed some very positive results.

MIDDLE EAST

ISRAEL – Israel Beer Breweries Ltd.
Continued market share growth

Israel Beer Breweries sells the Carlsberg and Tuborg brands from the Carlsberg Breweries portfolio, as well as non-alcoholic Tuborg beer and the leading fruits based drink named Prigat.

Despite the unstable political atmosphere and security unrest, the company succeeded in maintaining its level of sales volume and increased its market share in all categories.

Carlsberg is the leading international brand, IBBL's beer market share is 29%, 43% in the non-alcoholic beer market, and 36.5% in the fruits based drinks market.

IBBL was the first in the group to introduce the no-label look Carlsberg bottle, which significantly improved sales and brand image.

EXPORT AND LICENCE

The nordic region

Iceland
The Icelandic beer market saw moderate growth in 2003. The Carlsberg brand is marketed by Iceland's largest brewery Vifilfell ehf. and it has made good progress in recent years, strengthening its position in the Icelandic market.

The Tuborg brand is brewed and distributed by the longstanding partner Egill Skallagrímsson ehf. Tuborg experienced sagging sales in 2003, but it still remains one of the most popular brands in Iceland.

Greenland

In Greenland, the Carlsberg and Tuborg brands are bottled at the production plant Nuuk Imeq, in which Carlsberg Breweries holds a 24% stake. Carlsberg and Tuborg remain the leading beer brands in the market. Consumption continues to show a slight decline as both wine and FABs are gaining popularity in the market. Sales of beer and soft drinks were also affected by the general business difficulties in Greenland, particularly in the fishing industry.

Rest of western Europe

Ireland

Ireland has experienced a general decline in total alcohol consumption, particularly as regards spirits, but beer has also shown a declining trend.

Despite sharpened competition and the general market decline, Carlsberg has maintained market share and the position as the third largest lager brand. Carlsberg is brewed under licence by Diageo, which has intensified resources and activities in the past year with a view to further strengthening the Carlsberg brand.

The Tuborg brand was successfully launched in Ireland in October. Tuborg is distributed in co-operation with United Beverages Sales Ltd., a Diageo subsidiary.

Spain

The Spanish beer market again saw a modest increase in consumption in 2003. Sales of the Carlsberg brand showed better growth than the general premium segment. The Carlsberg brand is brewed under licence and distributed by Mahou S.A.

Los Deportistas' import of Tetley's Bitter, primarily sold in tourist areas, achieved fair growth in a stagnating ale market.

Belgium

The Belgian beer market remained stable, in line with previous years, with increasing sales in the off-trade offset by declining sales in the on-trade. Carlsberg maintained its position as the largest brand in the premium segment. Both Carlsberg and Tuborg are marketed and distributed by Carlsberg Importers S.A., a partnership between the Haelterman family and Carlsberg Breweries.

France

Total beer sales in France increased slightly, mainly driven by a record hot summer. Sales in the off-trade increased, whereas sales in the on-trade continued the previous years' declining trend. Taking into account the general market development, sales of Carlsberg products were less than satisfactory. In France, Carlsberg Green Label is brewed under licence and distributed by Brasseries Kronenbourg S.A., a company owned by Scottish & Newcastle.

PROBABLY THE BEST WEB SITE IN THE WORLD

Carlsberg has relaunched www.carlsberg.com as an interactive lifestyle magazine targeting Carlsberg's core audience with new interactive solutions.

The relaunch of the Carlsberg brand site is based on a thorough research of the user's behaviour on the internet. 'A passion for excellence' is one of the key concepts for the Carlsberg consumer, who has a great interest in eye-pleasing design. To meet this need the web site has a strong visual identity and is added a witty angle.

Cyprus
The Cypriot beer market saw a slightly rising trend in 2003. The Carlsberg brand is produced and marketed by the long-standing partner Photos Photiades Breweries Ltd. In recent years, Carlsberg's position as the best selling brand in Cyprus has been strengthened. Furthermore, in 2003 the parties entered into an agreement on production, sale and distribution of the beer brand Leon.

Other European markets
Over a number of years, Carlsberg has been produced under licence in Malta by Simonds Farsons Cisk plc, and in 2003 the parties concluded an agreement to expand their co-operation to include production, sale and marketing of the Skol brand.

Licence agreements also apply for the Carlsberg brand in Greece, The Canary Islands and for Tuborg in Hungary.

The Americas and Africa

Canada
Beer consumption in Canada increased slightly in the past year with annual per capita consumption totalling about 68 litres. Consumption of premium and imported beer is advancing at the expense of local standard beer, however, Carlsberg sales have also stagnated during the period. Carlsberg Breweries and Labatt Breweries of Canada, who have handled Carlsberg licence production in Canada since 1987, agreed to terminate their co-operation in the Canadian market with effect from 15 January 2004.

Instead, Carlsberg Breweries will take over responsibility for the brand as well as for the marketing activities on the Canadian market through the establishment of a 100%-owned subsidiary, Carlsberg Canada Inc., based in Toronto. A production agreement has been made with Moosehead Breweries Ltd., New Brunswick, and a sales and distribution agreement with Premium Beer Company, Toronto, for Canada.

USA
The US beer market showed a slight decline and for the first time in several years the import segment also experienced recession. The sale and distribution agreement for Carlsberg with Labatt USA L.L.C will end from 1 May, 2004.

Latin America
Carlsberg sales in Brazil weakened, which is not satisfactory. In Brazil, Carlsberg is produced under licence and distributed by AmBev.

Africa
A new agreement has been entered into with Al Ahram Beverages Company in Egypt regarding production, sale and marketing of the non-alcoholic beer brand Birell, previously owned and launched by Feldschlösschen Getränke Holding AG. At the same time it has been agreed to cease licence production of the Carlsberg brand.

In Cameroon and the Ivory Coast, the Tuborg brand is produced under licence by Brasserie Glasserie International, and both countries witnessed strong sales progress for the Tuborg brand.

The Caribbean

Carlsberg is brewed under licence by Carib Brewery Ltd. The licence covers Trinidad & Tobago, as well as certain other countries in the Caribbean region. The development in Carlsberg sales in Trinidad & Tobago was favourable and export to the region is being established.

Middle East

Export of Carlsberg to the Middle East continued the positive trend from 2002. Growth is primarily driven by sales in the UAE (United Arab Emirates) where co-operation with the local partner African & Eastern has strengthened Carlsberg's position in an otherwise stagnating market.

Export of Tuborg is at level, with Bahrain as its key market.

The Moussy brand (produced by Feldschlösschen Getränke A.G. in Switzerland), is one of the leading non-alcoholic beer brands in the region and is marketed in Saudi Arabia and the rest of the Middle East.

Other exports

Carlsberg Breweries' other export business, covering more than 50 markets, continued its positive trend. In particular, strong growth was achieved in exports of Tuborg to Canada and of Carlsberg to Australia, Africa and the Caribbean. During 2003, Tuborg was re-launched in the USA and France, and Carlsberg was introduced in Tanzania and Equatorial Guinea. Exports of Tetley's English Ale and Ramlösa were in line with 2002.

In 2003, the Duty Free/Travel Retail segment was affected by Germany's introduction of deposit on cans as well as the increase in beer allowances for Scandinavian travellers. Following a weak kick-off, satisfactory growth was achieved in total sales.

FINANCIAL STATEMENTS FOR 2003

FINANCIAL REVIEW 2003

2003 in outline

- Sales of beer and soft drinks amounted to 102.6m hl against 99.5m hl in 2002.
- Pro rata volume sales of beer totalled 54.3m hl against 52.2m hl in 2002.
- Net revenue totalled DKK 34.6bn against DKK 35.5bn in 2002, corresponding to a decline of DKK 0.9bn or -3%.
- Operating profit (EBITA) amounted to DKK 3,564m against DKK 3,779m in 2002, corresponding to a decline of DKK 215m or -6%.
- Special items net amounted to a negative DKK 401m against a negative DKK 23m in 2002.
- Net financials showed expenditure of DKK 475m against DKK 884m in 2002.
- Profit before goodwill amortisation and write-down totalled DKK 2,098m against DKK 2,149m in 2002. Adjusted for special items after tax the amounts are DKK 2,353m against DKK 2,172m.
- Consolidated profit amounted to DKK 1,719m against DKK 1,774m in 2002. Adjusted for special items after tax the amounts are DKK 1,974m against DKK 1,787m.
- Carlsberg A/S' share of profit amounted to DKK 956m against DKK 1,011m in 2002. Adjusted for special items after tax the amounts are DKK 1,109m against DKK 1,025m, an increase of 8%.
- Capital and reserves amounted to DKK 11.3bn after appropriation to the reserves from the profit for the year against DKK 10.8bn at 31 December 2002.
- Cash flow from operations amounted to a positive DKK4.5bn against a positive DKK 5.6bn in 2002.
- Free cash flow for the year totalled a positive 2.6bn against a positive DKK 1.6bn last year.
- Net interest-bearing debt amounted to DKK 8.9bn against DKK 10.9bn last year.

Accounting policies

The accounting policies applied remain unchanged from the Annual Report for 2002.

With effect from Q1, 2005, it is expected that the Group will prepare financial statements in accordance with the international accounting standards IFRS/IAS. The project to ensure compliance with these standards is proceeding according to plans and the effect of the changes is expected to be published in the Annual Report for 2004.

Significant events

On 1 August 2003, Carlsberg Breweries A/S terminated the joint venture Carlsberg Asia. The company subsequently continues as a 100% owned subsidiary under Carlsberg Breweries and was included as such in the accounts with effect from 1 July 2003. The termination was made because the value of the companies to be contributed to Carlsberg Asia by Chang Beverages Pte. Ltd. did not correspond to what had been agreed and does not in any way match the assets contributed to Carlsberg Asia by Carlsberg Breweries. Chang Beverages started arbitration proceedings against Carlsberg Breweries in September 2003 claiming that the joint venture continue alternatively damages. There is no fixed amount on Chang Beverages' claim for damages.

The termination of the joint venture has had no significant impact on results for the year.

In January and March 2003, Carlsberg Asia acquired breweries in the Yunnan province in China. The brewery Kunming Huashi Brewery Company Ltd. was acquired in January, and in March the entire share capitals of Dali Beer (Group) Limited Company and the company Yunnan Dali Beer Joint Stock Company were acquired.

In August, Carlsberg Breweries A/S acquired IFU's (The Danish Industrialization Fund for Developing Countries) 25% shareholding in South-East Asia Brewery Ltd. in Hanoi and a 15% shareholding in Hue Brewery Ltd. in central Vietnam. This brings Carlsberg Breweries' stakes to 60% and 50%, respectively. The companies are included in the accounts as subsidiary and proportionally consolidated associated undertaking, respectively, with effect from 1 August 2003.

The stake in the Bulgarian brewery, Pirinsko Pivo was increased to 98% in January 2003 in connection with a public tender offer. In November 2003, the shareholding in the other Bulgarian brewery, Shumensko Pivo AD, was increased to 89% following the acquisition of just under 30% of the share capital.

During the year, Carlsberg Breweries A/S has increased its ownership interest in Carlsberg Okocim S.A. to 85% from 71%, and in December 2003 a public tender offer was made through the Polish stock exchange in Warszaw for the remaining 15% of the shares. In January 2004, this offer resulted in the acquisition of another 8%, and the shareholding now totals 92.97%.

In May 2003, Baltic Beverages Holding AB (BBH) acquired the entire share capital in the brewery Ak-Nar in Almaty, Kazakstan. The plan is to merge the brewery with the nearby brewery Irbis, which was acquired in November 2002.

On 6 June, the acquisition of an additional 12.1% of the shares in Türk Tuborg was announced. Carlsberg Breweries A/S' stake in the company now totals 95.5%. Türk Tuborg is listed on the Istanbul stock exchange.

On 1 July 2003, Carlsberg Breweries A/S' German subsidiary Hannen Brauerei sold its production unit in Mönchengladbach to the German brewery Oettinger Brauhaus GmbH.

In order to concentrate on its core activities – production and sale of beer and mineral water - Feldschlösschen Getränke AG in July entered into an agreement to sell its soft drink plant in Eglisau to Thurella AG. The agreement takes effect on 1 January 2004.

Through a direct placement Carlsberg Breweries A/S has acquired 51% of the shares in the Serbian brewery Pivara Celarevo A.D. In 2004, Carlsberg will make a public tender offer for the remaining 49% of the shares. The company is not included in the financial statement for 2003.

In November 2003, it was decided to close production in Bromma, Sweden and move it to the brewery in Falkenberg and, to a lesser degree, to Copenhagen. It has also been decided to move the administration to Falkenberg. A few departments will be merged with the Danish departments and will thus be moved to Copenhagen.

Income Statement

Operating profit

Operating profit amounted to DKK 3,564m against DKK 3,779m in 2002. The decrease of DKK 215m - or -6% - stems from a decline in Carlsberg Breweries of 4% and a minor reduction in Carlsberg A/S' other activities (including in particular the fact that reversal of provisions relating to CCNB and the Allied Domecq agreement, which accounted for DKK 118m in 2002, has ceased).

For further details on developments in net revenue and operating profit please see the Management Report with specification of the developments in the individual regions in Carlsberg Breweries.

Profit before amortisation and write down of goodwill

Profit before amortisation and write down of goodwill (exclusive of special items after tax) rose by 8% or DKK 181m on last year, which is primarily due to Carlsberg Breweries, which realised an increase of DKK 350m before special items after tax. The increase relates to a fall in financial expenses and reduced corporation tax and is partly offset by a slight decline in operating profit.

Carlsberg A/S' share of profit

Carlsberg A/S' share of profit was 8% up on last year (exclusive of special items after tax) and stems from an increase in results in Carlsberg Breweries reduced by a slight decline in earnings from Carlsberg A/S' other activities.

Balance sheet

The balance sheet total of the Carlsberg Group was at level with last year. Minor shifts between short-term and long-term debt and between non-current/current assets and cash at bank and in hand.

Cash flow statement

The Carlsberg Group had a substantial free cash flow of DKK 2.6bn in 2003 against DKK 1.6bn in 2002. The improvement mainly relates to the Cash

Race project implemented in Carlsberg Breweries, and particularly western Europe contributed positively. The considerable free cash flow made it possible for the Carlsberg Group to reduce net interest-bearing debt by DKK 2.0bn.

Financial risks

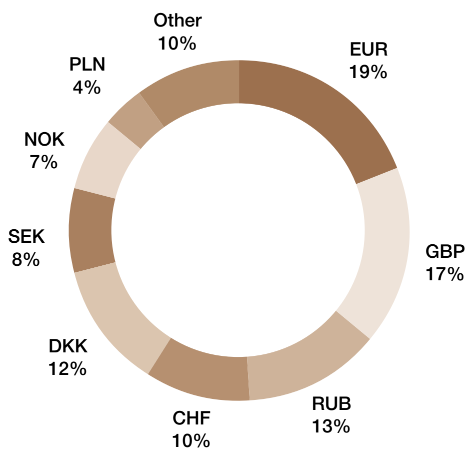
The activities in the Carlsberg Group are exposed to a variety of financial risks, which primarily relate to the effects of changing foreign currency exchange rates and interest rates. The overall treasury policies aim at identifying and hedging financial risk according to principles approved by the Board of Directors.

The Group's centralised treasury function operates as a service centre and handles financial risk management for Group subsidiaries.

Foreign exchange risk

The Carlsberg Group operates internationally and is exposed to foreign exchange risk. By far the most predominant part of the revenue originates from foreign companies being translated into DKK. As can be seen from the diagram below showing revenue by currencies in 2003, the Group is mainly exposed to foreign exchange risks relating to: EUR, GBP, RUB and CHF.

Entities in the Group use forward contracts as agreed with treasury function to hedge anticipated transactions in foreign currencies. However, cross-border transactions are rather limited in the Group, and hedging of projected cash flows are consequently also very limited in the Group.



Carlsberg has a number of investments in foreign subsidiaries, whose capital and reserves are exposed to currency translation risk. In a number of instances the Group hedges the currency exposure from the translation of net investments through borrowings denominated in the relevant foreign currencies or by forward exchange contracts.

Interest rate risk

The interest rate exposure is the risk of changes in fair value or cash flow of an asset or liability due to changes in the yield curve.

The most significant interest rate exposure in the Carlsberg Group relates to interest-bearing debt, since the Group did not hold any significant long-term interest-bearing assets at 31 December 2003. The company's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2003, net interest-bearing debt amounted to DKK 8.9bn. The management of the interest rate exposure involves the use of interest rate instruments such as interest rate swaps and options as well as fixed and floating rate debt. The policy is to ensure that borrowings are mainly at floating rate. At the year-end, 68% of the loan portfolio was at floating rate. The average duration on the debt portfolio was 1.2 years at 31 December 2003.

Credit exposure

The credit exposure is the risk that a counterpart fails to discharge its contractual obligation and thereby causes a loss to the Group. The credit exposure is monitored centrally. The treasury policies ensure that financial transactions can only be entered with financial institutions with high credit rating. The credit risk on financial transactions is measured as the nominal amount for placement of excess liquidity. When measuring credit risk on a derivative, the market value is added to a risk-weighted nominal amount of the derivative.

The Carlsberg Group advances loans to the on-trade. Credit risk related to trade loans is monitored and controlled continuously, and it is estimated that provisions made are sufficient to cover any loss.

Liquidity risk

Liquidity risk is the risk that the Group fails to discharge its contractual obligations due to liquidity shortfall. Carlsberg pursues a policy of managing funding and placement of liquid funds centrally. Funding takes place based on the Group's investment plans and operational liquidity requirements, and any excess liquidity is equalised internally through intra-group accounts. At 31 December 2003, the Carlsberg Group had unutilised committed credit facilities of DKK 5.9bn.

ACCOUNTING POLICIES

The annual report of the Carlsberg Group for 2003 has been prepared in accordance with the Danish Financial Statements Act of 7 June 2001 (reporting class D), current Danish accounting standards and the reporting requirements of the Copenhagen Stock Exchange.

Consolidation policies

The consolidated financial statements of the Carlsberg Group (the "Group") comprise the financial statements of the Parent Company, Carlsberg Breweries A/S and other subsidiaries, i.e. undertakings in which the Parent Company, directly or indirectly, holds the majority of the voting rights or – in some other way – has a controlling interest.

Associated undertakings, which by agreement are managed jointly with one or more other undertakings (joint ventures), are consolidated proportionally with the proportionate share of the individual items. Other associated undertakings are included at a proportionate share of profit and capital and reserves (the equity method).

The consolidated financial statements are prepared on the basis of the financial statements of the Parent Company, its subsidiaries and proportionally consolidated associated undertakings, by combining items of a uniform nature and eliminating intercompany sales, licences, interest, dividends, profit and balances. Investments in subsidiaries and proportionally consolidated associated undertakings are offset against a proportionate share of the undertaking's capital and reserves stated in accordance with the accounting policies of the Group.

Investments in subsidiaries and associated undertakings are treated according to the purchase accounting method and any balance between cost and capital and reserves at the time of acquisition, stated in accordance with the accounting policies of the Group, is allocated to the assets and liabilities of the individual undertakings based on their fair values. Provision is made for liabilities relating to restructuring of acquired undertakings, which has been decided and announced to the relevant parties at the time of acquisition.

Any remaining balance (goodwill) is recognised under intangible assets and amortised under the straight-line method over the estimated useful life, however not exceeding 20 years.

Any negative balance (negative goodwill) equivalent to expected future losses or costs is included in the balance sheet and recorded as income as the losses or costs are realised. Any negative goodwill apart from this is systematically recorded as income over the economic lives of intangible assets and property, plant and equipment.

Minority shareholders' share of the profit and capital and reserves of the subsidiaries is stated separately. Minority interests are included on the basis of their proportionate share of assets and liabilities acquired, revalued to fair value at the time of acquisition of the subsidiaries.

When disposing of subsidiaries and proportionally consolidated undertakings and other associated undertakings, the undertaking's results are included in the consolidated income statement until the date of disposal. Any realised gains or losses constituting the difference in value compared to net carrying amount at the date of disposal are recorded in the income statement.

Foreign currency translation

The exchange rates at the day of transaction are applied to transactions in foreign currency.

Amounts receivable and payable in foreign currencies are translated into Danish kroner at the exchange rates ruling at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement.

The financial statements of independent foreign subsidiaries and associated undertakings are translated into Danish kroner at the average exchange rates during the financial year for the income statements, and at the exchange rates ruling at the balance sheet date for assets and liabilities. Differences in exchange rates when translating foreign undertakings' capital and reserves at the exchange rate at the balance sheet date are taken directly to capital and reserves. Net currency exchange rate gains and losses on transactions to hedge investments in subsidiaries and associated undertakings are taken directly to capital and reserves.

Goodwill relating to foreign subsidiaries and proportionally consolidated undertakings is treated as an asset belonging to the foreign undertakings and translated into Danish kroner at the exchange rates ruling at the balance sheet date. Goodwill amortisation is translated at average rates for the financial year.

Where the statements of foreign subsidiaries and associated undertakings are presented in a currency for which the accumulated inflation over the past three years exceeds 100%, adjustment for inflation is made. The adjusted statement is translated into Danish kroner at the exchange rates at the balance sheet date.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Derivative financial instruments are included in other receivables and other liabilities.

Changes in the fair value of derivatives, which qualify as fair value hedges of a recognised asset or a recognised liability, are recognised in the income statement along with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivatives, which qualify as hedges of future assets or liabilities, are recognised in retained profit in capital and reserves. Income and costs relating to such hedging transactions are transferred from capital and reserves upon realisation of the hedged item.

For derivative financial instruments, which do not meet the criteria for hedge accounting, changes in the fair value are recognised in the income statement on a current basis.

Incentive programmes

The value of share options granted is not recognised in the income statement but are covered by the portfolio of treasury shares. Costs for the share option programmes are thus recognised under capital and reserves in accordance with the applicable accounting policies.

Net revenue

Sales are recorded as income upon delivery. Licence fee income is recorded on the basis of the amounts earned during the year. Contract work for the account of third parties is recorded under the percentage of completion method and is recorded in the balance sheet under receivables after a prudent evaluation of each contract. Net revenue consists of the above items less the taxes and duties imposed on sales, including excise duties on beer and soft drinks and discounts.

Cost of sales

Cost of sales represents direct and indirect costs paid to achieve the net revenue for the year, including depreciation.

Sales and distribution expenses

Sales and distribution expenses represent salaries to sales and distribution staff, marketing expenses and costs relating to operation of vehicles, including depreciation of property, plant and equipment and amortisation of intangible assets relating to sales and distribution activities, other than goodwill.

Administrative expenses

Administrative expenses include management costs, administrative staff costs, office premises and other expenses, including depreciation of property, plant and equipment and amortisation of intangible assets relating to administration, other than goodwill.

Other operating income and other operating expenses

Other operating income and other operating expenses include items of a nature secondary to the primary activities, such as income from rental properties, gains and losses from the sale of property, plant and equipment as well as government grants not related to acquisition of assets or refunds of expenses.

Special items

This item includes significant non-recurring items, which are not directly attributable to the normal operating of the company, including relatively substantial profit or loss arising from disposals, special write-downs and provisions and any reversal of such items.

Write-down of assets

The net carrying amount of intangible assets and property, plant and equipment is assessed on an annual basis to determine any indication of impairment of value. If this is the case, the assets are written down to the lower value estimated as the net market value or the net present value, if higher.

Profit from investments in associated undertakings

The share of the profit or loss from associated undertakings is recorded in accordance with the accounting policies of the Group. Adjustments are made for changes in unrealised inter-company profit and loss. The share of the calculated tax of these undertakings is charged to the income statement under corporation tax.

Financial income and expenses

Financial income and expenses include interest, realised and unrealised exchange rate adjustments, adjustment of securities and other financial instruments to fair value, amortisation of debt and receivables, dividends and refunds as well as deductions and additions under the on-account taxation scheme.

Corporation tax

Tax for the year recognised in the income statement consists of current and deferred tax for the year, the effect on deferred tax from changes of tax rates as well as adjustments of actual tax from previous years. The portion of the tax for the year that is directly attributable to capital and reserves is recognised directly under capital and reserves.

Current tax is calculated at the tax rate applicable for the year. Deferred tax is calculated at the adopted or expected tax rates.

The Parent Company is taxed jointly with its wholly-owned Danish subsidiaries. The jointly-taxed, profit-yielding Danish undertakings pay tax to the Parent Company. The Parent Company settles the tax with the tax authorities (the full allocation method).

Intangible assets

The cost of goodwill and other intangible assets is capitalised and amortised under the straight-line method over the expected useful lives of the assets. There is no revaluation to fair value.

Research costs are recognised in the income statement as incurred. Costs incurred in connection with development activities are recognised as an asset if expected to generate probable future economic benefit. Other development costs are charged to the income statement as incurred.

Amortisation is calculated under the straight-line method over the estimated useful lives of the assets as follows:

- Goodwill: maximum 20 years
- Brands: maximum 20 years
- Software, etc.: 3 years
- Distribution rights: contract period, but not exceeding 5 years

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. Borrowing costs incurred during the production period relating to assets of own manufacture are not capitalised.

Depreciation to scrap value is provided under the straight-line method over the estimated useful lives of the assets as follows:

- Buildings: 20-40 years
- Plant, machinery and equipment: 5-15 years
- Other assets, vehicles, fixtures and equipment, including draught beer equipment and soft drink machines: 5-10 years
- Returnable packaging: 3-5 years

Items costing less than DKK 25,000 are fully charged to the income statement in the year of acquisition.

Leased and rented assets qualifying as finance leases are treated according to the same principles as corresponding owned assets.

Investments

Investments in associated undertakings are recognised in the consolidated balance sheet with a proportionate share of the net carrying amount of the undertakings in question (capital and reserves stated under Group policies) deducting or adding inter-company profit and losses.

Subsidiaries and associated undertakings with a negative carrying amount are measured at DKK nil and any receivables in these undertakings are written down with the Parent Company's share of the negative net asset value. If the negative net asset value exceeds the receivables, the remaining amount is recognised under provisions for liabilities and charges to the extent that the Parent Company holds a legal or constructive obligation to cover the negative balance of the undertaking.

Non-current receivables from associated undertakings, i.e. amounts falling due after more than one year, are recognised at the lower of amortised cost or recoverable value.

Associated beverage undertakings are recognised under operating profit as these undertakings are an integrated part of the primary activities of the Group.

Other securities and investments include financial assets such as bonds, shares and similar items of a non-current nature. The assets are recognised at cost and subsequently valued at fair value. Listed securities are recognised at the rates ruling at the balance sheet date. Unlisted securities are recognised based on a prudent estimation of fair value. Any adjustment to fair value is included under financials.

Other non-current receivables, i.e. amounts falling due after more than one year, are recognised at amortised cost or recoverable value, if lower.

Inventories

Inventories are recognised at cost, stated under the average method. Write-down is made to net realisable value if lower.

Indirect production overheads are included in the cost price.

Receivables

Receivables from trade with third party customers, associated undertakings and other receivables, which are expected to be realised within 12 months from the balance sheet date, are recognised at amortised cost or net realisable value, if lower. Short-duration receivables with no stated interest rate are as a rule recognised at nominal value unless the effect of imputing interest would be significant.

Receivables also include current trade loans and contract work in progress at the account of third parties. Contract work in progress on behalf of third parties is recognised under net revenue and in the balance sheet at the percentage of completion method. The net amount of recorded cost, recognised profit/loss and progress billings is included in trade receivables, unless the progress billings exceed the sales price. In such cases they are included in trade payables.

Capital and reserves

Dividends are recognised at the time of adoption at the Annual General Meeting. Dividends proposed for the year are shown as a separate item in capital and reserves.

This item includes own shares.

Retirement benefit obligations and similar obligations

To the extent that pension obligations and other post retirement obligations relating to defined benefit schemes are not covered by insurance or a separate pension fund, provision is made in the balance sheet.

Commitments for defined benefit plans are computed on the basis of an annual actuarial valuation at present value of the expected future benefits to be paid. If the actuarial gain or loss exceeds 10% of the computed pension obligation or the fair value of the pension fund assets, such gain or loss is amortised over the relevant employees' expected remaining term of service in the Group. Actuarial gain or loss not exceeding 10% is not recognised in the financial statements but included in the future actuarial valuation.

Payments to defined contribution schemes are charged to the income statement in the year in which they are made.

Deferred tax

Deferred tax is provided for all temporary differences between accounting and tax values using the liability method with a balance sheet focus based on the tax rates adopted or expected at the balance sheet date. However, no provision is made for investments in subsidiaries, joint ventures and associated undertakings, where it is not likely that the temporary difference will be reversed in the foreseeable future or where sale is tax-exempt. Deferred tax assets, including assets relating to tax losses carried forward, are stated at recoverable value based on a conservative valuation.

Deposit on returnable packaging
Deposits on returnable packaging are stated on the basis of deposit price as well as an estimate of the number of cans, bottles and crates in circulation.

Provisions for restructuring, etc.
Restructuring provisions, etc. are recognised on the balance sheet date when the decision has been adopted and announced to the parties involved, provided that a reliable estimate of the liability can be made. Restructuring provisions are based on a plan according to which restructuring starts immediately after the decision has been made.

Interest-bearing loans and similar liabilities
Debt is recognised at cost at the time of raising the loan. Subsequently, debt is stated at amortised cost. Capital losses and costs of loans are thus allocated over the term of the liabilities based on the calculated effective rate of interest when raising the loan.

Government grants
Government grants relating to the purchase of property, plant and equipment and intangible assets are offset in the balance sheet against the cost price of the assets acquired. Other government grants are either offset against the costs to which they relate or included in other operating income and as such form part of cash generated from operating activities.

Cash flow statement
The statement shows the consolidated cash flows in operating activities, investing activities and financing activities and consolidated cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are reported using the indirect method and comprise the consolidated operating profit of the Group adjusted for non-cash financials, corporation tax, depreciation and other items. This adjusted operating profit is adjusted for the change in working capital such as inventories, receivables, payables, etc. for the year.

Cash flows from investing activities arise from the acquisition and disposal of undertakings, investments in other non-current assets and dividends received. Cash flows from financing activities comprise dividends paid and changes in non-current liabilities, etc.

Cash and cash equivalents comprise in hand and demand deposits as well as short-term, highly liquid investments that are readily convertible into cash and only subject to an insignificant risk of changes in value less short-term credit facility drawdowns. Cash equivalents include bonds and other investments with a maturity at the date of acquisition not exceeding 3 months. Shares and other short-term bank borrowings are not included.

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

The segment's operating profit includes net revenue, operating costs, and share of profit from associated undertakings to the extent that they are directly attributable to this. Income and costs related to Group functions have not been distributed and, as is also the case with eliminations and other activities, they are not included in the operating profit of the segments.

Non-current assets in the segment consist of the non-current assets used directly for segment operations, including intangible assets, property, plant and equipment and investments in associated undertakings. Current assets are distributed on the segments to the extent that they are directly attributable to these, including inventories, trade receivables, other receivables and prepayments and accrued income.

Segment liabilities comprise segment operating liabilities, including trade payables and other liabilities.

INCOME STATEMENT

PARENT COMPANY				GROUP	
2002 DKK million	2003 DKK million	Note		2003 DKK million	2002 DKK million
-	-		Revenue	47,345	48,603
-	-		Excise duties on beer and soft drinks, etc.	-12,719	-13,059
-	**-**	1	**NET REVENUE**	**34,626**	**35,544**
-	-	2	Cost of sales	-16,989	-17,674
-	**-**		**GROSS PROFIT**	**17,637**	**17,870**
-	-	2	Sales and distribution expenses	-12,172	-11,943
-45	-40	2	Administrative expenses	-2,712	-2,674
85	49	3	Other operating income, net	575	320
1,137	1,120	4	Profit, subsidiaries		
4	-4	4	Profit, other associates	236	206
1,181	**1,125**	1	**OPERATING PROFIT (EBITA)**	**3,564**	**3,779**
-	-	5	Special items, net	-401	-23
1,181	**1,125**		**PROFIT BEFORE FINANCIALS (EBIT)**	**3,163**	**3,756**
218	218	6	Financial income	416	514
-13	-57	7	Financial expenses	-891	-1,398
1,386	**1,286**		**PROFIT BEFORE TAX**	**2,688**	**2,872**
-375	-330	8	Corporation tax	-590	-723
			PROFIT BEFORE GOODWILL AMORTISATION AND WRITE-DOWN	**2,098**	**2,149**
		9	Goodwill amortisation and write-down	-379	-375
			CONSOLIDATED PROFIT	**1,719**	**1,774**
		18	Minority interests	-763	-763
1,011	**956**		**PROFIT FOR THE YEAR, Carlsberg A/S´ share**	**956**	**1,011**
			Proposed appropriation:		
304	304		Dividend to shareholders		
707	652		Appropriated to reserves		
1,011	956				

BALANCE SHEET AT 31 DECEMBER

PARENT COMPANY			Assets	GROUP	
2002 DKK million	2003 DKK million	Note		2003 DKK million	2002 DKK million
			NON-CURRENT ASSETS		
		9	Intangible assets		
-	-		Goodwill	5,140	5,224
-	-		Other intangible assets	356	407
-	-		Advance payments	165	7
-	-			5,661	5,638
		10	Property, plant and equipment		
748	868		Land and buildings	7,786	8,309
3	6		Plant, machinery and equipment	7,462	7,505
1	-		Other assets, vehicles, etc.	2,973	3,397
384	197		Construction in progress	910	1,639
1,136	1,071			19,131	20,850
			Investments		
7,279	7,771	11	Investments in subsidiaries		
6	-		Receivables from subsidiaries		
156	151	11	Investments in associates	1,630	1,183
29	-	11	Receivables from associates	-	75
92	233	11,12	Other investments	672	364
70	61	20	Deferred tax	732	475
-	-	11,12	Other receivables	2,136	2,015
7,632	8,216			5,170	4,112
8,768	9,287	1	TOTAL NON-CURRENT ASSETS	29,962	30,600
			CURRENT ASSETS		
			Inventories and receivables		
-	-	13	Inventories	2,675	2,780
8	9	14	Trade receivables	6,212	6,139
248	65		Receivables from subsidiaries		
109	-		Receivables from associates	327	157
80	38	15	Other receivables	1,751	1,967
-	-	15	Prepayments and accrued income	620	894
445	112			11,585	11,937
1,972	2,536	16	Securities and cash and cash equivalents	5,165	3,986
2,417	2,648		TOTAL CURRENT ASSETS	16,750	15,923
11,185	11,935		TOTAL ASSETS	46,712	46,523

BALANCE SHEET AT 31 DECEMBER

PARENT COMPANY			Capital and Reserves and Liabilities	GROUP	
2002 DKK million	2003 DKK million	Note		2003 DKK million	2002 DKK million
			CAPITAL AND RESERVES		
1,278	1,278	17	Share capital	1,278	1,278
9,558	9,998		Reserves	9,998	9,558
10,836	11,276		TOTAL CAPITAL AND RESERVES	11,276	10,836
		18	Minority interests	6,630	6,450
			CONSOLIDATED CAPITAL AND RESERVES	17,906	17,286
			LIABILITIES		
			Provisions		
51	51	19	Retirement benefit obligations and similar obligations	600	699
-	-		Liabilities for deposits on returnable packaging	1,234	1,197
-	-	20	Deferred tax	1,167	1,304
10	10	21	Other	360	198
61	61			3,361	3,398
		22	Non-current liabilities		
-	-		Borrowings	10,883	10,696
-	-		Other	212	28
-	-			11,095	10,724
			Current liabilities		
-	117	22	Borrowings	4,985	5,839
34	3		Trade payables, etc.	4,173	3,652
77	366		Payables to subsidiaries		
42	13		Payables to associates	14	62
38	1		Corporation tax	464	342
89	66	23	Other	4,573	4,977
8	32		Deferred income	141	243
288	598			14,350	15,115
349	659	1	TOTAL LIABILITIES	28,806	29,237
11,185	11,935		TOTAL CAPITAL AND RESERVES AND LIABILITIES	46,712	46,523

26 Investments in proportionally consolidated undertakings
27 Financial instruments
28 Related parties
29 Contingent liabilities and other commitments etc. in the Group

CASH FLOW STATEMENT

		GROUP	
		2003 DKK million	2002 DKK million
24	Cash flow relating to operations	5,824	6,671
	Financials, net	-550	-482
	Corporation tax paid	-757	-639
	CASH FLOW FROM OPERATING ACTIVITIES	4,517	5,550
	Acquisition/divestment of property, plant and equipment, net	-1,218	-2,991
25	Acquisition/divestment of undertakings, net	-143	-1,131
	Acquisition/divestment of investments, net	-585	141
	Dividend	42	35
	CASH FLOW FROM INVESTING ACTIVITIES	-1,904	-3,946
	FREE CASH FLOW	2,613	1,604
	Dividend paid	-304	-320
	Repurchase of own shares/securities	-12	-970
	Repayment on debt	-764	-1,312
	Minority interests	-730	-127
	Financial payments and repayments	271	1,622
	CASH FLOW, FROM FINANCING ACTIVITIES	-1,539	-1,107
	CASH FLOW FROM OPERATING, INVESTING AND FINANCING ACTIVITIES	1,074	497
	Securities and cash and cash equivalents, beginning of year	2,995	3,165
	Bonds transferred to cash and cash equivalents, beginning of year	-	117
	Debt transferred to cash and cash equivalents, beginning of year	-	-320
	Currency translation adjustment relating to cash and cash equivalents, beginning of year	-60	-45
	Acquired/sold cash at bank and in hand	237	-419
	Cash flow for the year	1,074	497
16	SECURITIES AND CASH AND CASH EQUIVALENTS, YEAR-END	4,246	2,995

The cash flow statement cannot be derived solely from the published financial statements.

MOVEMENTS IN PARENT COMPANY'S CAPITAL AND RESERVES

DKK million	Share capital	Revaluation reserve – equity method	Retained earnings	Dividend	Total
			2003		
Capital and reserves at 1 January 2003	1,278	1,019	8,235	304	10,836
Profit for the year		850	106		956
Dividend paid to shareholders		-158	158	-304	-304
Carlsberg Asia		390			390
Currency translation adjustment, etc.		-602			-602
Dividend proposed for 2003			-304	304	
Capital and reserves at 31 December 2003	**1,278**	**1,499**	**8,195**	**304**	**11,276**
			2002		
Capital and reserves at 1 January 2002	1,278		6,781		8,059
Accumulated effect of change in accounting principles		1,454	2,208	320	3,982
Adjusted capital and reserves at 1 January 2002	1,278	1,454	8,989	320	12,041
Profit for the year		791	220		1,011
Dividend paid to shareholders		-260	260	-320	-320
Repurchase of own shares			-970		-970
Dilution, Carlsberg Asia		-455	0		-455
Currency translation adjustment, etc.		-511	40		-471
Dividend proposed for 2002			-304	304	
Capital and reserves at 31 December 2002	**1,278**	**1,019**	**8,235**	**304**	**10,836**

MOVEMENTS IN CONSOLIDATED CAPITAL AND RESERVES

DKK million	Share capital	Retained earnings	Dividend	Total
		2003		
Capital and reserves at 1 January 2003	1,278	15,704	304	17,286
Profit for the year		1,719		1,719
Dividend paid to shareholders			-304	-304
Paid to minority shareholders		-284		-284
Carlsberg Asia		656		656
Currency translation adjustment, etc.		-1,167		-1,167
Dividend proposed for 2003		-304	304	
Capital and reserves at 31 December 2003	1,278	16,324	304	17,906
		2002		
Capital and reserves at 1 January 2002	1,278	11,235		12,513
Accumulated effect of change in accounting policies		6,325	320	6,645
Adjusted capital and reserves at 1 January 2002	1,278	17,560	320	19,158
Profit for the year		1,774		1,774
Dividend paid to shareholders			-320	-320
Repurchase of own shares		-970		-970
Dividend, minority shareholders		-324		-324
Dilution, Carlsberg Asia		-907		-907
Currency translation adjustment, etc.		-1,125		-1,125
Dividend proposed for 2002		-304	304	
Capital and reserves at 31 December 2002	1,278	15,704	304	17,286

NOTES

(DKK million)

1 Segment information

	2003						
	Western Europe	Eastern Europe	Asia	Not distributed	Total beverages	Other	Carlsberg Group total
Net revenue [1]	26,182	7,331	1,290	-177	34,626		34,626
%	76	21	4	-1	100		100
Operating profit (EBITA)	2,364	1,226	451	-612	3,429	135	3,564
Non-current assets	17,983	7,356	2,473	760	28,572	1,390	29,962
Liabilities [2])	15,637	4,230	1,538	6,977	28,382	424	28,806

	2002						
	Western Europe	Eastern Europe	Asia	Not distributed	Total beverages	Other	Carlsberg Group total
Net revenue [1]	26,997	7,475	1,019	53	35,544	-	35,544
%	76	21	3	0	100	-	100
Operating profit (EBITA)	2,269	1,274	467	-425	3,585	194	3,779
Non-current assets	19,804	7,168	1,690	397	29,059	1,541	30,600
Liabilities [2]	15,299	4,586	732	8,297	28,914	323	29,237

1) Licence fees are included in net revenue.

2) Not allocated liabilities of DKK 6,977m (2002: DKK 8,297m.) relate to Group funding in connection with acquisition of undertakings.

Other primarily relates to the Parent Company.

In accordance with the exemption order issued by the Danish Commerce and Companies Agency, segment information is not stated for the Parent Company.

NOTES

(DKK million)

2 Staff costs, share options granted to management and fees to auditors appointed by the General Meeting are:

Staff costs:

	2003		2002	
	Parent	Group	Parent	Group
Wages, salaries and remuneration	70	5,500	67	5,817
Social security costs	1	830	1	892
Pension costs - defined contribution plans	10	127	10	98
Pension costs - defined benefit plans	-	249	-	220
Other benefits	1	52	1	10
	82	6,758	79	7,037

Wages, salaries and remuneration for the Group and the Parent Company include remuneration paid to the Executive Board of the Parent Company of DKK 4m (2002: DKK 4m), including the value of the share options in Carlsberg A/S, and to the Board of Directors of DKK 4m (2002: DKK 4m).

Total staff costs are distributed on the following items:

	2003		2002	
	Parent	Group	Parent	Group
Cost of sales	-	1,879	-	1,943
Sales and distribution expenses	-	3,566	-	3,968
Administrative expenses	22	1,181	21	1,068
Other opreating income, net	60	60	58	58
Special items (restructuring)	-	72	-	-

In the financial year, the average number of employees in the Parent Company was 156 (2002: 150) and 31,531 in the Group (2002: 28,466), of whom 8,185 (2002: 8,225) in proportionally consolidated undertakings.

Share options
The Executive Board and key managers in Carlsberg A/S and Carlsberg Breweries A/S have been granted share options in Carlsberg A/S in 2001, 2002 and 2003 as set out below:

Granted in	No. of options	Exercise price	Exercise period	Value
2001	101,500	405.75	2004-2008	3
2002	101,500	339.91	2005-2009	4
2003	128,000	225.13	2006-2010	11
Total	331,000			18

The above comprises the Executive Boards of Carlsberg A/S and Carlsberg Breweries A/S with 40,000 options for 2003, 28,000 for 2002 and 28,000 for 2001. The options are covered by the portfolio of treasury shares.

Fees for auditors appointed by the General Meeting

		2003		2002	
		Parent	Group	Parent	Group
PricewaterhouseCoopers:	Audit	0.7	14.4	0.6	12.6
	Other services	1.0	10.6	1.9	14.5
KPMG	Audit	0.5	3.6	0.5	4.7
	Other services	1.0	3.5	0.3	2.7
Other auditors	Audit		5.1		7.0
	Other services		1.6		46.0

Other services include fees for assistance in connection with projects, due diligence, etc.

NOTES

(DKK million)

3 Other operating income, net

2003:
Other operating income, net includes the profit guarantee for the period 01.01.2003 to 30.06.2003 for the Thailand operations, gain/loss from the sale of property, plant and equipment (including rental properties), distribution from trade associations as well as income from rental property and herewith related expenses.

2002:
Other operating income, net includes the profit guarantee for the Thailand operations, gains from sale of property, plant and equipment (including rental properties) and income from rental properties and herewith related expenses.

Other operating income, net comprises:

	2003		2002	
	Parent	Group	Parent	Group
Other operating income	200	915	230	632
Other operating expenses	-151	-340	-145	-312
	49	575	85	320

4 Profit from investments

	2003		2002	
	Parent	Group	Parent	Group
Profit from investments in subsidiaries:				
Profit before tax	1,120		1,137	
Corporation tax	-270		-378	
Profit after tax	850		759	
Profit from investments in other associated companies:				
Profit before tax	-4	236	4	206
Corporation tax	-1	-69	28	-32
Profit after tax	-5	167	32	174

5 Special items

	2003		2002	
	Parent	Group	Parent	Group
Gain on sale and fair value adjustment of shares	-	-	-	49
Gain on sale of brands	-	-	-	75
Reversal of impairment charge relating to Hannen Brauerei GmbH	-	138	-	-
Impairment of plant, etc.	-	-132	-	-
Restructuring charges	-	-407	-	-147
Special items, net	-	-401	-	-23

NOTES

(DKK million)

6 Financial income

	2003 Parent	2003 Group	2002 Parent	2002 Group
Interest income	77	234	165	450
Dividend income	-	2	-	11
Gains on foreign currency translation, net	-	34	-	-
Other financial income	141	146	53	53
	218	416	218	514

The Parent Company's interest income from subsidiaries amounted to DKK 17m (2002: DKK 70m).

Gains on foreign currency translation includes adjustments of DKK 16m (2002: loss of DKK 44m) realting to monetary net assets in hyperinflation economies.

7 Financial expenses

	2003 Parent	2003 Group	2002 Parent	2002 Group
Interest expenses	21	775	12	1,071
Fair value adjustments, net	-	4	-	27
Loss on foreign currency translation, net	1	1	1	209
Write-down, investments	35	35	-	-
Other financial expenses	-	76	-	91
	57	891	13	1,398

Interest paid by the Parent Company to subsidiaries amounted to DKK 3m (2002: DKK 6m).

Fair value adjustments, net in the Group relate to the following instruments:

	2003 Parent	2003 Group	2002 Parent	2002 Group
Interest rate swaps: fair value	-	6	-	23
Forward exchange contracts: fair value hedging	-	-12	-	-24
Fair value adjustments, other assets	-	10	-	28
	-	4	-	27

8 Corporation tax

Tax on profit for the year comprises:

	2003 Parent	2003 Group	2002 Parent	2002 Group
Current tax	28	842	50	833
Movement in deferred tax during the year	-24	-288	10	-147
Share of tax in subsidiaries, cf note 4	270	-	378	-
Share of tax in associates, cf note 4	1	69	-28	32
Adjustment of tax for previous year	55	-33	-35	5
	330	590	375	723

Reconciliation of the effective tax rate for the year:

	2003 Group	2002 Group
Tax rate in Denmark	30.0%	30.0%
Difference in tax rates, foreign subsidiaries	-3.5%	-1.3%
Non-taxable income and non tax-deductible expenses	-2.2%	-1.2%
Adjustment of tax for previous years	1.5%	0.2%
Tax loss	-5.6%	1.4%
Other	1.7%	-3.9%
Effective tax rate for the year	21.9%	25.2%

The Parent Company and its Danish subsidiaries participate in the joint tax on account scheme.

NOTES

(DKK million)

9 Intangible assets

Group:	Goodwill	Other intangible assets	Advance payments
Cost			
Cost at 1 January 2003	6,534	846	7
Additions relating to the acquisition of undertakings	136	7	5
Additions during the year	578	73	165
Disposals during the year	-49	-25	-
Currency translation adjustments, etc.	-400	-30	-
Transfers	3	45	-12
Cost at 31 December 2003	6,802	916	165
Amortisation and impairment losses			
Amortisation and impairment losses at 1 January 2003	1,310	439	-
Additions relating to the acquisition of undertakings	5	3	-
Additions during the year	24	6	-
Disposals during the year	-7	-18	-
Currency translation adjustments, etc.	-52	-9	-
Amortisation for the year	379	139	-
Transfers	3	-	-
Amortisation and impairment losses at 31 December 2003	1,662	560	-
Carrying amount at 31 December 2003	5,140	356	165

Amortisation of intangible assets other than goodwill is included in the following items:

	2003	2002
Cost of sales	7	21
Sales and distribution expenses	25	19
Administrative expenses	107	80
	139	120

The carrying amount of other intangible assets at 31 December 2003 includes capitalised software of DKK 268m (2002: DKK 311m) and supply rights of DKK 42m (2002: DKK 64m).

Research and development costs of DKK 45m (2002: DKK 45m) have been expensed.

When Carlsberg Breweries included Orkla's brewing activities on 1 January 2001, Orkla received shares in Carlsberg Breweries as payment. The price of the shares issued was established based on the carrying amounts, as only a relative ownership structure was negotiated and agreed between Carlsberg and Orkla. Consequently, Carlsberg has not capitalised goodwill relating to that transaction, cf. accounting standard 3, section 41.

NOTES

(DKK million)

10 Property, plant and equipment:

Group:	Land and buildings	Plant, machinery and equipment	Other assets, vehicles, etc.	Construction in progress
Cost				
Cost at 1 January 2003	12,170	18,556	9,418	1,647
Additions relating to the acquisition of undertakings	229	643	196	5
Disposals relating to the divestment of undertakings	-223	-	-	-
Additions during the year	244	1,005	1,434	1,033
Disposals during the year	-1,036	-1,570	-2,541	-55
Currency translation adjustments, etc.	-631	-1,136	-623	-90
Transfers	640	804	123	-1,622
Cost at 31 December 2003	11,393	18,302	8,007	918
Depreciation and impairment losses				
Depreciation and impairment losses at 1 January 2003	3,861	11,051	6,021	8
Additions relating to the acquisition of undertakings	53	344	130	-
Disposals relating to the divestment of undertakings	-2	-	-	-
Disposals during the year	-481	-1,338	-1,745	-
Currency translation adjustments, etc.	-134	-619	-440	-
Depreciation during the year	295	1,171	1,068	-
Impairment losses during the year	15	244	9	-
Transfers	-	-13	-9	-
Depreciation and impairment losses at 31 December 2003	3,607	10,840	5,034	8
Carrying amount at 31 December 2003	7,786	7,462	2,973	910

Other assets, vehicles, etc. includes rolling equipment such as cars and trucks, draught beer equipment and coolers, returnable packaging and office equipment.

	2003	2002
Depreciation during the year is included in the following items:		
Cost of sales	1,462	1,516
Sales and distribution expenses	874	789
Administrative expenses	179	181
Other operating income, net	19	24
	2,534	2,510

The cost of finance leases amounted to DKK 894m (2002: DKK 206m). Accumulated depreciation on finance leases amounted to DKK 83m (2002: DKK 60m), and the net carrying amount of finance leases thus totalled to DKK 811m (2002: DKK 146m). Depreciation of DKK 31m has been recognised in 2003 (2002: DKK 8m).

The carrying amount of land and buildings in Denmark amounted to DKK 1,818m (2002: DKK 1,880m). The value of property in Denmark as assessed for tax purposes amounted to DKK 3,451m (2002: DKK 4,089m).

Parent:	Land and buildings	Plant, machinery and equipment	Other assets, vehicles, etc.	Construction in progress
Cost				
Cost at 1 January 2003	1,166	83	8	384
Additions during the year	22	-	-	237
Disposals during the year	-329	-3	-2	-37
Transfers	381	6	-	-387
Cost at 31 December 2003	1,240	86	6	197
Depreciation and impairment losses				
Depreciation and impairment losses at 1 January 2003	418	80	7	-
Disposals during the year	-62	-3	-1	-
Depreciation during the year	16	3	-	-
Depreciation and impairment losses at 31 December 2003	372	80	6	-
Carrying amount at 31 December 2003	868	6	-	197

The value of property in Denmark as assessed for tax purposes at 1 January 2003 amounted to DKK 1,754m (2002: DKK 1,830m).

NOTES

(DKK million)

11 Investments

Group:	Associates Investments	Associates Receivables	Other investments	Other non-current receivables
Cost				
Cost at 1 January 2003	994	385	293	2,038
Additions relating to the acquisition of undertakings	65	-	3	7
Disposals relating to the divestment of undertakings	-	-	-	0
Additions during the year	500	1	240	921
Disposals during the year	-136	-46	-10	-470
Currency translation adjustments, etc.	-155	15	-15	-103
Transfers	-203	-355	516	146
Transfers to/from current assets	-	-	-1	-302
Cost at 31 December 2003	1,065	-	1,026	2,237
Revaluation and impairment losses				
Revaluation and impairment losses at 1 January 2003	189	-310	71	-23
Additions relating to the acquisition of undertakings	-	-	-	-
Disposals relating to the divestment of undertakings	-	-	-	-
Additions during the year	109	-	-	-
Disposals during the year	-	-	-8	-
Dividend	-60	-	-	-
Share of profit	167	-	-	-
Impairment losses during the year	-	-30	-8	-26
Currency translation adjustments, etc.	-48	14	125	41
Transfers	208	326	-534	-140
Transfers to/from current assets	-	-	-	47
Revaluation and impairment losses at 31 December 2003	565	-	-354	-101
Carrying amount at 31 December 2003	1,630	-	672	2,136

Investments in associated undertakings at 31 December 2003 includes goodwill of DKK 92m, net of accumulated amortisation of DKK 12m (2002: DKK 66m, net of accumulated amortisation of DKK 6m).

Additions during the year under Revaluation and impairment losses relates to the changed structure in Asia.

Parent:	Subsidiaries Investments	Subsidiaries Receivables	Associates Investments	Associates Receivables	Other investments
Cost					
Cost at 1 January 2003	6,339	118	94	339	34
Additions during the year	10	-	-	1	-
Disposals during the year	-	-6	-	-	-
Transfers	-	-	-196	-340	536
Cost at 31 December 2003	6,349	112	-102	-	570
Revaluation and impairment losses					
Revaluation and impairment losses at 1 January 2003	940	-112	62	-310	58
Dividend	-158	-	-	-	-
Share of profit before tax	850	-	-5	-	-
Impairment losses during the year	-	-	-	-30	-
Currency translation adjustments, etc.	-210	-	-	-	141
Transfers	-	-	196	340	-536
Revaluation and impairment losses at 31 December 2003	1,422	-112	253	-	-337
Carrying amount at 31 December 2003	7,771	-	151	-	233

NOTES

(DKK million)

12 Other investments and other non-current receivables

Other investments in the Group include shares of DKK 576m (2002: DKK 302m), bonds of DKK 86m (2002: DKK 52m) and other financial assets of DKK 10m (2002: DKK 10m).

Non-current receivables in the Group of DKK 2,136m (2002: DKK 2,015m) mainly relate to on-trade loans and receivables of DKK 560m relating to the sale and lease back of draught beer equipment in the UK.

The average effective interest rate for the interest-bearing non-current assets is as follows:

	2003		2002	
	Parent	Group	Parent	Group
Bonds	-	6.5%	-	6.5%
Non-current receivables	4.4%	4.5%	4.3%	4.0%
Repayments falling due after five years from the balance sheet date:				
Non-current receivables	-	795	-	360

13 Inventories

	2003		2002	
	Parent	Group	Parent	Group
Raw materials and consumables	-	1,105	-	1,164
Work in progress	-	221	-	232
Finished goods	-	1,349	-	1,384
	-	2,675	-	2,780

14 Trade receivables

	2003		2002	
	Parent	Group	Parent	Group
Trade receivables	9	6,764	8	6,658
Contract work in progress	-	5	-	2
Provision for bad and doubtful debts	-	-557	-	-521
	9	6,212	8	6,139

Provision for bad and doubtful debts in the Group of DKK 96m (2002: DKK 41m) have been applied. The Parent Company did not apply provision for bad and doubtful debts in 2003 and 2002.

	2003	2002
Receivables from construction contracts in the Group are netted as follows:		
Work in progress	40	1,139
Advances received on construction contracts	-35	-1,137
	5	2

15 Other receivables and prepayments and accrued income

Other receivables consists of VAT receivables, interest receivables and other receivables not arising from the sale of beverages. DKK 62m (2002: DKK 437m) of the receivables are interest-bearing.

The main part of prepayments is attributable to prepaid sponsorship and marketing expenses.

NOTES

(DKK million)

16 Cash and cash equivalents

	2003		2002	
	Parent	Group	Parent	Group
Cash at bank and in hand	1,895	4,521	1,468	3,448
Liquid securities	641	644	504	538
	2,536	5,165	1,972	3,986

For the purpose of the Group's cash flow statement, bank overdrafts are offset against cash and cash equivalents:

	2003	2002
Cash and cash equivalents and liquid securities	5,165	3,941
Bank overdrafts	-919	-946
Securities and cash and cash equivalents, net	4,246	2,995

Short-term bank deposits amounted to DKK 3,795m (2002: DKK 2,889m). The average interest rate on these deposits amounted to 2.4% (2002: 4.2%) and the average duration was 30 days (2002: 84 days).

17 Share capital

Specification of share capital:	No. of DKK 20	Nominal amount
A-shares	35,257,090	705
B-shares	28,649,192	573
Of this treasury shares	3,043,559	

18 Minority interests

	2003	2002
Minority interests at 1 January 2003	6,450	7,117
Profit for the year	763	763
Carlsberg Asia	266	-452
Dividend etc. to minority shareholders	-284	-324
Currency translation adjustments, etc.	-565	-654
Minority interests at 31 December 2003	6,630	6,450

19 Retirement benefit obligations

	2003	
	Parent	Group
Net retirement benefit obligations at 1 January 2003	51	699
Currency translation adjustments, etc.	-	-20
Transfer to/from other provisions, etc.	-	-3
Expensed during the year	-	247
Payments during the year	-	-323
Net retirement benefit obligations at 31 December 2003	51	600

Not recognised actuarial loss at 31 December 2003 amounted to DKK 670m (2002: DKK 1,064m) and is primarily attributable to Carlsberg-Tetley PLC, UK. Inclusion of the actuarial loss is expected to cause additional expenses of around DKK 30-40m yearly.

NOTES

(DKK million)

20 Deferred tax assets and liabilities

Provision for deferred tax at 31 December 2003 relates to the following items:

	Assets		Liabilities	
	2003	2002	2003	2002
Group:				
Intangible assets	159	106	429	157
Land and buildings	28	13	638	668
Plant, machinery and equipment, etc.	186	220	885	929
Investments	89	105	-	-
Inventories	45	36	48	90
Receivables	45	17	5	3
Provisions	71	88	66	41
Tax losses, etc.	1,098	755	85	280
Tax assets and liabilities	1,721	1,340	2,156	2,169
Netting	989	865	989	865
Tax assets and liabilities, net	732	475	1,167	1,304
Parent:				
Land and buildings	-	-	37	46
Plant, machinery and equipment, etc.	4	5	-	-
Investments	77	93	-	-
Receivables	-	-	1	-
Provisions	15	15	-	-
Tax losses, etc.	3	3	-	-
Tax assets and liabilities	99	116	38	46
Netting	38	46	38	46
Tax assets and liabilities, net	61	70	-	-

Non-capitalised tax assets for the Group amounted to DKK 133m.

Movements in deferred tax assets/liabilities:

	Deferred tax assets		Deferred tax liabilities	
	Parent	Group	Parent	Group
Deferred tax assets/liabilities at 1 January 2003	70	475	-	1,304
Additions relating to the acquisition of undertakings	-	152	-	6
Taken to the income statement	-9	-238	-	-211
Taken to capital and reserves	-	27	-	-23
Adjustments for previous years	-	203	-	-4
Currency translation adjustments	-	-20	-	-38
Transfers	-	133	-	133
Deferred tax assets/liabilities at 31 December 2003	61	732	-	1,167

NOTES

(DKK million)

21 Other provisions

	Parent		Group	
	Restructuring	Other	Restructuring	Other
Other provisions at 1 Janaury 2003	-	10	90	108
Additions relating to the acquisition of undertakings	-	-	-	-
Additions during the year	-	-	294	-19
Disposals relating to the divestment of undertakings	-	-	-	-
Disposals during the year	-	-	-84	-44
Currency translation adjustments, etc.	-	-	-2	-2
Reclassification from current liabilities	-	-	-	14
Transfers	-	-	-8	13
Other provisions at 31 December 2003	-	10	290	70

22 Borrowings

	2003		2002	
	Parent	Group	Parent	Group
Current liabilities:				
Current portion of non-current liabilities	-	1,004	-	578
Bank borrowings and overdrafts	117	2,506	-	4,372
Other current liabilities	-	1,475	-	889
Total current liabilities	117	4,985	-	5,839
Non-current liabilities:				
Bond loans	-	8,672	-	8,788
Mortgages	-	405	-	423
Bank borrowings	-	512	-	1,349
Other borrowings	-	1,294	-	136
Total non-current borrowings	-	10,883	-	10,696
Other non-current liabilities	-	212	-	28
Total non-current liabilities	-	11,095	-	10,724

The non-current liabilities fall due from the balance sheet day:

Between 2 and 5 years	-	5,367	-	5,120
After 5 years	-	5,728	-	5,604
	-	11,095	-	10,724

The weighted average effective interest rate at 31 December 2003 in the Group and the periods in which the borrowings reprice are:

	Weighted average interest rate	Carrying amounts allocated in interest repricing periods		
		1 year	2-5 years	After 5 years
Bond loans	6.3%		3,902	4,770
Bank borrowings and other borrowings	3.9%	6,562	200	-
Effect of interest rate swaps	-0.9%	6,024	-2,416	-3,174
Total	4.3%	12,586	1,686	1,596

Of the bond loans DKK 8,672m (2002: DKK 9,299m) is at fixed rates, of which the main part has been swapped into floating rates.
The main part of bank borrowings totalling DKK 1,446m (2002: DKK 2,159m) is also at floating rates.

23 Other current liabilities

	2003		2002	
	Parent	Group	Parent	Group
Duties and VAT	-	1,760	-	1,614
Social costs, etc.	-	843	-	923
Interest payable	-	199	-	298
Other	66	1,771	89	2,142
	66	4,573	89	4,977

NOTES

(DKK million)

24 Cash flow from operating activities

	2003	2002
Profit before financials (EBIT)	3,163	3,756
Adjustment of non-cash transactions:		
Depreciation	2,673	2,630
Impairment losses	268	0
Profit before tax from investments	-236	-206
Gain from divestment of activities/subsidiaries	-138	-124
Gain from disposal of non-current assets	-465	-200
Other non-cash adjustments to EBIT	-12	-2
Cash flow from operations before changes in working capital	5,253	5,854
Changes in working capital:		
Inventories	-18	171
Trade receivables and other receivables	489	613
Trade payables and other payables	46	382
Post retirement obligations and other obligations	87	-240
Adjustment of unrealised gains/losses on working capital	-33	-109
	571	817
Cash flow from operating activities	5,824	6,671

25 Acquisition and divestment of companies

Acquisition and divestment of companies had the following effect on the Group's assets and liabilities:

	2003		2002	
	Acquisition	Divestment	Acquisition	Divestment
Intangible assets	-9	-	-10	44
Property, plant and equipment	-289	-	-1,070	162
Investments, exclusive of deferred tax assets	-10	-	-5	-
Inventories	-61	-	-60	14
Trade receivables and other receivables	-137	-	-310	31
Securities and cash and cash equivalents	-89	-	-18	11
Provisions, exclusive of deferred tax assets	1	-	36	-1
Deferred tax assets/liabilities, net	-	-	51	-8
Borrowings	176	-	177	-5
Trade payables and other payables	194	-	478	-154
Minority interests	43	-	59	-
Identifiable assets and liabilities, net	-181	-	-672	94
Share of capital and reserves transferred from investments in associated companies	85		63	
Goodwill etc. on acquisitions/divestments	-136	-	-606	-17
Cash consideration paid/received	-232	-	-1,215	77
Cash and cash equivalents acquired/diposed of	89	-	18	-11
Cash outflow/inflow	-143	-	-1,197	66
Acquisition and divestment of undertakings, net		143		-1,131

The termination of the joint venture Carlsberg Asia with effect from July 2003 is not included in the figures, just as the establishment is not comprised in the comparative figures.

NOTES

(DKK million)

26 Investments in proportionally consolidated undertakings

The amounts specified below represent the Group's share of the assets and liabilities, net revenue and results in proportionally consolidated undertakings. These amounts are included in the consolidated balance sheet, income statement and cash flow statement.

	2003	2002
Non-current assets	4,712	6,078
Current assets	1,771	2,641
Non-current liabilities	-1,066	-710
Current liabilities	-2,123	-3,074
Net assets	3,294	4,935
Net revenue	6,059	6,723
Operating profit (EBITA)	1,381	1,879
Cash flow, net	89	-234
Securities and cash and cash equivalents at the end of the period	449	368

The development in the figures reflects the termination of the joint venture in Asia and the inclusion of Carlsberg Asia as a subsidiary with effect from July 2003.

27 Financial instruments

The net fair value at 31 December 2003 of derivative financial instruments primarily designated for fair value hedging of investments and borrowings:

	2003		2002	
	Parent	Group	Parent	Group
Contracts with positive fair value:				
Interest rate swaps	-	167	-	23
Forward exchange contracts	-	130	-	89
Other	-	-	-	-
Contracts with negative fair value:				
Interest rate swaps	-	19	-	135
Forward exchange contracts	-	62	-	66
Other	-	-	-	-
Interest rate swaps:				
The notional principal amount on outstanding interest rate swaps	-	4,378		7,764
The fixed interest rate varies from (lowest)		5.4%		4.3%
The fixed interest rate varies from (highest)		7.0%		7.0%
The floating interest rate varies from (lowest)		1.2%		1.4%
The floating interest rate varies from (highest)		4.7%		5.1%

Net interest-bearing debt by currencies and next interest rate adjustment:

		Next interest rate adjustment					
Amounts in DKK million	31.12.2003	2004	2005	2006	2007	2008	After 5 years
DKK	473	387	4	56	26	-	-
USD	2,913	2,891	22	-	-	-	-
EUR	5,237	3,702	67	5	1,463	-	-
GBP	3,130	1,534	-	-	-	-	1,596
CHF	1,977	1,977	-	-	-	-	-
NOK	802	800	2	-	-	-	-
SEK	134	134	-	-	-	-	-
SGD	-	-	-	-	-	-	-
RUB	159	159	-	-	-	-	-
TRL	-	-	-	-	-	-	-
PLN	765	743	-	22	-	-	-
Other	278	259	19	-	-	-	-
Total interest-bearing debt	15,868	12,586	114	83	1,489	-	1,596
Short-term bank deposits	-3,822	-3,822	-	-	-	-	-
Liquid assets (other securities and cash and cash equivalents)	-1,343	-1,343	-	-	-	-	-
Other interest-bearing debt	-1,774	-1,774	-	-	-	-	-
Net interest-bearing debt	8,929	5,647	114	83	1,489	-	1,596

NOTES

(DKK million)

28 Related parties

The Group has not during the year undertaken significant transactions with major shareholders, the Board of Directors or the Executive Board outside the Carlsberg Group, in which the relevant parties have interests.

Related parties with controlling interest:

The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark owns 55.6% of the shares in Carlsberg A/S, exclusive of treasury shares.

29 Contingent liabilities and other commitments etc. in the Group

The following assets have been pledged as security for borrowings at DKK 588m in the Group:

	2003		2002	
	Parent	Group	Parent	Group
Land and buildings, carrying amount	-	1,075	-	1,091
Plant, machinery and equipment, carrying amount	-	629	-	953
	-	1,705	-	2,044

Carlsberg A/S has issued guarantees for loans amounting to DKK 1,489m (31.12.02: DKK 6,863m) raised by subsidiaries.
Carlsberg Breweries A/S has issued guarantees for loans totalling DKK 13,666m (31.12.2002: DKK 9,902m) raised by subsidiaries and DKK 0m (31.12.2002: DKK 53m) for loans raised by third parties.

Carlsberg Breweries has issued guarantees for bank loans of DKK 32m (31.12.2002: DKK 188m) raised by customers/suppliers.
The objective of such guarantees is to strengthen business relations with the companies in question.

Carlsberg A/S is registered jointly with Carlsberg Breweries A/S and Carlsberg Danmark A/S regarding VAT and excise duties and has joint and several liability in connection with payment thereof. Carlsberg A/S has joint and several liability for payment of corporation tax in the undertakings included in the joint taxation.

Following Carlsberg Breweries A/S' termination of the joint venture with Chang Beverages Pte Ltd the latter has started arbitration proceedings in London. Chang Beverages Pte Ltd. has filed three claims:

- primarily that the joint venture be re-established.
- further, damages for Carlsberg Breweries' unjustified termination of the agreement.
- further, that Carlsberg Breweries A/S until the matter has been settled be ordered to observe a number of restrictions as regards material decisions, etc. made in or regarding Carlsberg Asia.

As the case is at a relatively early stage, it is very difficult to predict the outcome. It has not been deemed necessary to make any provisions in the annual report to cover this case.

Carlsberg A/S is party to certain lawsuits, etc. The management does not expect the outcome of such cases to have a material, negative impact on the financial position of the Group.

Except as mentioned in the Management Report no post balance sheet events have occurred which may affect the annual report.

Capital commitments

Capital expenditure contracted for on the balance sheet day but not recognised in the financial statement can be specified as follows:

	2003		2002	
	Parent	Group	Parent	Group
Intangible assets	-	355	-	104
Plant, machinery and equipment	-	300	-	331
	-	655	-	435

Operating lease commitments

The future aggregate lease payments under non-cancellable operating leases can be specified as follows:

	2003		2002	
	Parent	Group	Parent	Group
Not later than 1 year	-	111	-	54
Later than 1 year and not later than 5 years	-	249	-	134
After 5 years	-	101	-	82
	-	461	-	270

SEGMENT INFORMATION BY QUARTERS

(Unaudited)

Q1

DKK million	Western Europe	Eastern Europe	Asia	Not distib-uted*	Bever-ages total**	Other	Carlsberg Group, total
2002							
Net revenue	5,638	1,593	323	18	7,572		7,572
Operating profit	139	176	137	-97	355	85	440
Special items, net					-		-
Financials, net					-255	39	-216
Corporation tax					-17	-35	-52
Profit before goodwill amortisation and write-down					83	89	172
Goodwill amortisation and write-down					-95	3	-92
Consolidated profit					-12	92	80
Minority interests					-81		-44
Carlsberg Breweries' share of the profit					-93		
Carlsberg A/S' share of the profit							36
2003							
Net revenue	5,274	1,326	273	-18	6,855		6,855
Operating profit	-18	61	113	-151	5	13	18
Special items, net					-2		-2
Financials, net					-245	27	-218
Corporation tax					102	-12	90
Profit before goodwill amortisation and write-down					-140	28	-112
Goodwill amortisation and write-down					-97	2	-95
Consolidated profit					-237	30	-207
Minority interests					-23		81
Carlsberg Breweries' share of the profit					-260		
Carlsberg A/S' share of the profit							-126

* ”Not distributed” includes corporate functions, other undertakings, elimination of inter-company trade in the three geographical segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

SEGMENT INFORMATION BY QUARTERS

(Unaudited)

Q2

DKK million	Western Europe	Eastern Europe	Asia	Not distrib-uted*	Bever-ages total**	Other	Carlsberg Group, total
2002							
Net revenue	7,379	2,230	233	109	9,951		9,951
Operating profit	**848**	**484**	**104**	**-94**	**1,342**	**32**	**1,374**
Special items, net					-18		-18
Financials, net					-300	69	-231
Corporation tax					-341	-13	-354
Profit before goodwill amortisation and write-down					**683**	**88**	**771**
Goodwill amortisation and write-down					-93	2	-91
Consolidated profit					590	90	680
Minority interests					-130		-313
Carlsberg Breweries' share of the profit					460		
Carlsberg A/S' share of the profit							367
2003							
Net revenue	7,128	2,135	199	-20	9,442		9,442
Operating profit	**771**	**442**	**95**	**-123**	**1,185**	**45**	**1,230**
Special items, net					5		5
Financials, net					-150	3	-147
Corporation tax					-275	-14	-289
Profit before goodwill amortisation and write-down					**765**	**34**	**799**
Goodwill amortisation and write-down					-93	3	-90
Consolidated profit					672	37	709
Minority interests					-99		-328
Carlsberg Breweries' share of the profit					573		
Carlsberg A/S' share of the profit							381

* ”Not distributed” includes corporate functions, other undertakings, elimination of inter-company trade in the three geographical segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

SEGMENT INFORMATION BY QUARTERS

(Unaudited)

Q3

DKK million	Western Europe	Eastern Europe	Asia	Not distib-uted*	Bever-ages total**	Other	Carlsberg Group, total
2002							
Net revenue	7,111	2,211	241	-164	9,399		9,399
Operating profit	**891**	**468**	**156**	**-90**	**1,425**	**24**	**1,449**
Special items, net					29	-	29
Financials, net					-222	53	-169
Corporation tax					-302	-20	-322
Profit before goodwill amortisation and write-down					**930**	**57**	**987**
Goodwill amortisation and write-down					-93	3	-90
Consolidated profit					837	60	897
Minority interests					-121		-408
Carlsberg Breweries' share of the profit					716		
Carlsberg A/S' share of the profit							489
2003							
Net revenue	7,137	2,348	445	-70	9,860		9,860
Operating profit	**945**	**602**	**167**	**-131**	**1,583**	**88**	**1,671**
Special items, net					-19	-	-19
Financials, net					-101	28	-73
Corporation tax					-389	-46	-435
Profit before goodwill amortisation and write-down					**1,074**	**70**	**1,144**
Goodwill amortisation and write-down					-101	3	-98
Consolidated profit					973	73	1,046
Minority interests					-118		-460
Carlsberg Breweries' share of the profit					855		
Carlsberg A/S' share of the profit							586

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographical segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

SEGMENT INFORMATION BY QUARTERS

(Unaudited)

Q4

DKK million	Western Europe	Eastern Europe	Asia	Not distrib-uted*	Bever-ages total**	Other	Carlsberg Group, total
2002							
Net revenue	6,869	1,442	222	89	8,622		8,622
Operating profit	391	146	70	-144	463	53	516
Special items, net					-34	-	-34
Financials, net					-306	38	-268
Corporation tax					-38	43	5
Profit before goodwill amortisation and write-down					85	134	219
Goodwill amortisation and write-down					-105	3	-102
Consolidated profit					-20	137	117
Minority interests					-11		2
Carlsberg Breweries' share of the profit					-31		
Carlsberg A/S' share of the profit							119
2003							
Net revenue	6,643	1,522	373	-69	8,469		8,469
Operating profit	666	121	76	-207	656	-11	645
Special items, net					-385	-	-385
Financials, net					-141	104	-37
Corporation tax					69	-25	44
Profit before goodwill amortisation and write-down					199	68	267
Goodwill amortisation and write-down					-99	3	-96
Consolidated profit					100	71	171
Minority interests					-26		-56
Carlsberg Breweries' share of the profit					74		
Carlsberg A/S' share of the profit							115

* ”Not distributed” includes corporate functions, other undertakings, elimination of inter-company trade in the three geographical segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

SEGMENT INFORMATION

(Unaudited)

Accumulated at 31 December

DKK million	Western Europe	Eastern Europe	Asia	Not distib-uted*	Bever-ages total**	Other	Carlsberg Group, total
2002							
Net revenue	26,997	7,475	1,019	53	35,544		35,544
Operating profit	2,269	1,274	467	-425	3,585	194	3,779
Special items, net					-23	-	-23
Financials, net					-1,085	201	-884
Corporation tax					-697	-26	-723
Profit before goodwill amortisation and write-down					1,780	369	2,149
Goodwill amortisation and write-down					-386	11	-375
Consolidated profit					1,394	380	1,774
Minority interests					-342		-763
Carlsberg Breweries' share of the profit					1,052		
Carlsberg A/S' share of the profit							1,011
2003							
Net revenue	26,182	7,331	1,290	-177	34,626		34,626
Operating profit	2,364	1,226	451	-612	3,429	135	3,564
Special items, net					-401	-	-401
Financials, net					-637	162	-475
Corporation tax					-493	-97	-590
Profit before goodwill amortisation and write-down					1,898	200	2,098
Goodwill amortisation and write-down					-390	11	-379
Consolidated profit					1,508	211	1,719
Minority interests					-266		-763
Carlsberg Breweries' share of the profit					1,242		
Carlsberg A/S' share of the profit							956

* "Not distributed" includes corporate functions, other undertakings, elimination of inter-company trade in the three geographical segments, etc. of Carlsberg Breweries A/S.

** Carlsberg Breweries A/S, total.

PROFORMA SEGMENT INFORMATION BY QUARTERS FOR PRESENT STRUCTURE IN ASIA

(Unaudited)

DKK million	Q1	Q2	Q3	Q4	12 months
2002					
Net revenue	521	463	426	369	1,779
Operating profit	182	108	207	41	538
2003					
Net revenue	481	344	445	373	1,643
Operating profit	136	103	167	76	482

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Group and the Parent Company for 2003.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act and the reporting requirements of the Copenhagen Stock Exchange, which include current Danish accounting standards.

In our opinion, the Annual Report has been prepared in accordance with appropriate accounting policies and give a true and fair view of the Group's and the Parent Company's assets and liabilities, financial position, profit for the year and consolidated cash flow.

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

Copenhagen, 19 February 2004

Executive Board of Carlsberg A/S

Jørn P. Jensen
Chief Executive Officer

Board of Directors of Carlsberg A/S

Povl Krogsgaard-Larsen Chairman	Jens Bigum Deputy Chairman	Hans Andersen
Torkild Andersen	Søren Bjerre-Nielsen	Henning Dyremose
Claes Gjermansen	Niels Kærgård	Axel Michelsen
Erik Dedenroth Olsen	Bent Ole Petersen	Per Øhrgaard

AUDITORS' REPORT

To the Shareholders of Carlsberg A/S
We have audited the Annual Report of the Carlsberg Group and the Parent Company for the financial year 2003.

The Annual Report is the responsibility of Company Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

Basis of Opinion
We conducted our audit in accordance with Danish and International Auditing Standards (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Annual Report. An audit also includes assessing the accounting policies applied and significant estimates made by Management, as well as evaluating the overall annual report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the Annual Report gives a true and fair view of the financial position at 31 December 2003 of the Group and the Parent Company and of the results of the Group and the Parent Company operations and consolidated cash flows for the financial year 2003 in accordance with the Danish Financial Statements Act, the Danish Accounting Standards and other financial reporting requirements of the Copenhagen Stock Exchange.

Copenhagen, 19 February 2004

PricewaterhouseCoopers
Statsautoriseret Revisionsinteressentskab

Morten Iversen
State Authorised
Public Accountant

Fin T. Nielsen
State Authorised
Public Accountant

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State Authorised
Public Accountant

Poul Erik Olsen
State Authorised
Public Accountant

GROUP COMPANIES

			Investment	Nominal share capital ('000)	Currency
CARLSBERG A/S					
Share capital DKK 1,278m					
Brewing companies					
Carlsberg Breweries A/S, Copenhagen	31 subsidiaries	●	60%	500,000	DKK
Other companies					
Investeringsselskabet af 17. januar 1991 A/S, Copenhagen		●	100%	14,500	DKK
Ejendomsaktieselskabet af 4. marts 1982, Copenhagen		●	100%	9,500	DKK
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen		●	100%	25,000	DKK
Ejendomsinteressentskabet Tuborg Nord B					DKK
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen		●	100%	10,000	DKK
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen		●	100%	10,000	DKK
VersaMatrix A/S, Copenhagen		●	100%	1,000	DKK
Combio A/S, Copenhagen		■	33%	1,092	DKK
Coca-Cola Nordic Beverages a/s, Hellerup; Denmark		■	51%	10,000	DKK

● Subsidiaries
■ Other associated undertaking

(Continues next page)

GROUP COMPANIES

(cont.)

			Investment	Nominal share capital ('000)	Currency	Exchange rate
CARLSBERG BREWERIES A/S						
Share capital DKK 500,000,000						
Northern Europe						
Carlsberg Denmark A/S, Copenhagen	2 subsidiaries	●	100%	100,000	DKK	100.00
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary	●	100%	287,457	SEK	82.54
Oy Sinebrychoff, Helsinki, Finland		●	100%	96,707	EUR	744.17
Carlsberg Sweden Holding Ab, Falkenberg, Sweden	2 subsidiaries	●	100%	150,000	SEK	82.54
Ringnes AS, Oslo, Norway	4 subsidiary	●	100%	248,590	NOK	90.51
United Kingdom						
Carlsberg - Tetley PLC, Northampton	2 subsidiaries	●	100%	90,004	GBP	1,060.36
Western and southern Europe						
Carlsberg Italy S.p.A, Varese, Italy	39 subsidiaries	●	100%	48,400	EUR	744.17
Unicer-Bebidas S.A., Porto, Portugal	12 subsidiaries	◆	44%	50,000	EUR	744.17
Hannen Brauerei GmbH, Monchengladbach, Germany	4 subsidiaries	●	100%	17,897	EUR	744.17
Feldschlosschen Getranke Holding AG, Rheinfelden, Switzerland	4 subsidiaries	●	100%	95,000	CHF	478.88
International Breweries B.V., Bussum, Netherlands	2 subsidiaries	■	16%	2,523	USD	607.03
Eastern Europe, Africa and Americas						
BBH - Baltic Beverages Holding AB, Stockholm, Sweden - owned by Pripps Ringnes AB	16 subsidiaries	◆ 3)	50%	12,000	EUR	744.17
Carlsberg Okocim S.A., Brzesko, Poland	4 subsidiaries	● 1)	85%	28,721	PLN	159.81
Panonska Pivovara d.o.o., Koprivnica, Croatia		●	80%	159,932	HRK	96.81
Israel Beer Brweries Ltd, Ashkelon, Israel		■	20%	15,670	ILS	137.94
Nuuk Imeq A/S, Nuuk, Greenland		■	24%	34,720	DKK	100.00
Browary Dolnoslaskie Piast S.A., Wroslaw, Poland	5 subsidiaries	●	100%	101,193	PLN	159.81
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey	1 subsidiary	● 1)	96%	186,988	USD	607.03
OAO Vena, Russia		●	50%	34,063	EUR	744.17
Bottling and Brewing Group Ltd., Blantyre, Malawi	2 subsidiaries	●	44%	1.132.877	MWK	5.74
Carlsberg Hungary Sales Limited Liability Company, Hungary		●	100%	25,000	HUF	2.81
Carlsberg Canada Inc, Toronto, Canada		●	100%	750	CAD	461.99
Carlsberg Agency Inc., New York, USA		●	100%	70	USD	607.03
Shumensko Pivo AD, Shumen, Bulgaria	1 subsidiary	●	89%	700	BGN	381.11
Pirinsko Pivo AD, Blagoevgrad, Bulgaria		●	98%	1,032	BGN	381.11
Asia						
Carlsberg Asia Pte Ltd., Singapore	11 subsidiaries	● 2)	100%	170,000	SGD	354.67
Other companies						
Carlsberg International A/S, Copenhagen		●	100%	1,000	DKK	100.00
Danbrew Ltd. A/S, Copenhagen	1 subsidiary	●	100%	2,000	DKK	100.00
Danish Malting Group A/S, Vordingborg, Denmark		●	100%	100,000	DKK	100.00
Carlsberg Finans A/S, Copenhagen		●	100%	25,000	DKK	100.00
Carlsberg (UK) Limited, Northampton, UK		●	100%	692	GBP	1,060.36
Carlsberg Nordic ITS A/S, Copenhagen		●	100%	50,000	DKK	100.00
Carlsberg Breweries Insurance A/S, Copenhagen		●	100%	25,066	DKK	100.00
J.C. Bentzen A/S, Copenhagen, Denmark		●	100%	30,000	DKK	100.00

● Subsidiaries
◆ Proportionally consolidated undertakings
■ Other associated undertaking
1) Listed company managed by Carlsberg Breweries.
2) Malaysia Berhad listed with a 50% shareholding and managed by Carlsberg Asia.
In Carlsberg Asia the first half of 2003 is proportionally consolidated whereas the second half is fully consolidated.
Carlsberg Asia comprises i.a. the following companies: Carlsberg Brewery Hong Kong Ltd. (51%), Hong Kong; Carlsberg Singapore Pte. Ltd. (100%), Singapore and Carlsberg Brewery Malaysia Berhad (50%), Malaysia.
3) The company owns i.a. the following companies: Baltika Brewery (74%), Russia; Yarpivo PLC Company (60%), Russia; Voronezh Brewery (78%), Russia; Slavutich Brewery (92%), Ukraine; A/S Aldaris (75%), Lithuania; Saku Brewery AS (75%), Estonia and Svyturys-Utenos Alus AB (76%), Lithuania.

Photo: Sisse Jarner, Bent Rej, Burt Seeger, Action Images et al. Editor: Andrew Arnold, Jeanett W. Glenthøj,
Niels Eyde Madsen (responsible). Translation: Helle Dyrved Møllegaard. ISSN 0907-0265

CARLSBERG A/S

BOARD OF DIRECTORS

Professor, D.Sc.,
Ph.D., Dr.h.c.
Povl Krogsgaard-Larsen
Chairman

Managing Director
Jens Bigum
Deputy Chairman

Brewery Worker
Hans Andersen

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