



Carlsberg Breweries A/S

CVR. No. 25 50 83 43

Annual Report for 2002
(3rd accounting year)

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*This Annual Report is available in Danish and English.
In case of doubt, the Danish version shall apply.*

Company Information

Company: Carlsberg Breweries A/S
Ny Carlsberg Vej 100
DK-1760 Copenhagen V
Denmark

Municipality: Copenhagen

Board of Directors: Jens Bigum, Managing Director (Chairman)
Finn Marum Jebsen, President and Group CEO (Deputy chairman)
Hans Andersen, Brewery Worker (Employee Board member)
Søren Bjerre-Nielsen, Executive Vice President
Eva Vilstrup Decker, Customer Service Manager (Employee Board member)
Henning Dyremose, President and CEO
Roar Engeland, Executive Vice President
Jens Magnus Eiken, Brewmaster (Employee Board member)
Jørn P. Jensen, CEO
Poul Chr. Matthiessen, Professor D.Econ.
Erik Dedenroth Olsen, IT Consultant (Employee Board member)
Dag Opedal, Executive Vice President

Executive Board: Nils S. Andersen, President and CEO
Paul Bergqvist, Executive Vice President
Bjørn Erik Næss, Executive Vice President

Auditors: PricewaterhouseCoopers
Strandvejen 44
DK-2900 Hellerup
Denmark

Deloitte & Touche
Tuborg Havnevej 18
DK-2900 Hellerup
Denmark

Management Statement

The Board of Directors and the Executive Board have today discussed and approved the Annual Report of the Carlsberg Breweries Group and the Parent Company for 2002.

The Annual Report has been prepared in accordance with the Danish Financial Statements Act.

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, 18 February 2003.

Executive Board of Carlsberg Breweries A/S

Nils S. Andersen
President and CEO

Paul Bergqvist

Bjørn Erik Næss

Board of Directors of Carlsberg Breweries A/S

Jens Bigum
Chairman

Finn Marum Jebsen
Deputy chairman

Søren Bjerre-Nielsen

Henning Dyremose

Roar Engeland

Dag Opedal

Jørn P. Jensen

Poul Chr. Matthiessen

Hans Andersen

Eva Vilstrup Decker

Jens Magnus Eiken

Erik Dedenroth Olsen

Auditors' report

To the Shareholders of Carlsberg Breweries A/S

We have audited the Annual Report of the Carlsberg Breweries Group and the Parent Company for the financial year 2002.

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 2002 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 2002 in accordance with the Danish Financial Statements Act.

Copenhagen, 18 February 2003.

PricewaterhouseCoopers

Deloitte & Touche

Morten Iversen
State Authorised
Public Accountant

Fin T. Nielsen
State Authorised
Public Accountant

David Holm
State Authorised
Public Accountant

Kim Mücke
State Authorised
Public Accountant

Management Report

Highlights, key figures and ratios of the Carlsberg Breweries Group

| | <u>2002</u> | <u>2001</u> |
|--|----------------|-------------|
| Sales ¹⁾ - million hl | | |
| Beer | 78.6 | 67.9 |
| Soft drinks | 20.9 | 20.3 |
| Total sales | 99.5 | 88.2 |
| | | |
| Earnings - DKK million | | |
| Net revenue | 35,543 | 34,419 |
| Operating profit (EBITA) | 3,585 | 2,971 |
| Amortisation of goodwill | - 386 | - 314 |
| Special items, net | - 24 | 32 |
| Financials, net *) | - 1,084 | - 288 |
| Profit before tax | 2,091 | 2,401 |
| Consolidated profit | 1,394 | 1,779 |
| Carlsberg Breweries A/S' share | 1,052 | 1,369 |
| | | |
| Balance sheet – DKK million | | |
| Non-current assets | 29,059 | 29,741 |
| Current assets | 13,432 | 15,036 |
| Capital and Reserves | 11,878 | 12,868 |
| Non-current liabilities | 14,061 | 15,614 |
| Current liabilities | 14,853 | 14,324 |
| Balance sheet total | 42,491 | 44,777 |
| Net interest-bearing debt | 13,070 | 13,128 |
| | | |
| Cash flow – DKK million | | |
| Cash flow from operating activities | 4,824 | 2,299 |
| Cash flow from investing activities | - 3,777 | - 4,880 |
| Cash flow from financing activities | - 2,129 | 3,380 |
| | | |
| Key ratios | | |
| Operating margin ²⁾ | 10.1% | 8.6% |
| Return on investments ³⁾ | 9.2% | 7.4% |
| Return on Capital and Reserves ⁴⁾ | 8.5% | 12.2% |
| Solvency ratio ⁵⁾ | 28.0% | 28.7% |
| Gearing ⁶⁾ | 110% | 102% |

Employees

| | | |
|---------------------|---------------|--------|
| Number of employees | 28,316 | 27,218 |
|---------------------|---------------|--------|

*) Financials for 2001 include gains from sale of Thai shares of DKK 518m

- 1) Sales of Carlsberg and Tuborg beer, including beer brewed under licence, and other beer brands brewed by breweries of the Carlsberg Breweries Group and associates
- 2) Operating profit expressed as a percentage of net revenue
- 3) Operating profit expressed as a percentage of operating assets
- 4) Profit for the year, Carlsberg Breweries A/S' share expressed as a percentage of average capital and reserves
- 5) Capital and reserves at year-end expressed as a percentage of total liabilities
- 6) Interest-bearing debt expressed as a percentage of capital and reserves

The figures for the Company's first accounting year 1 July to 31 December 2000 have not been included as the accounting year only covered six months, and the Company's current level of activities was not established until the contribution of Orkla ASA's beverage activities on 1 January 2001.

New accounting policies

The accounting policies were changed with effect from 1 January 2002 in order to comply with the new Danish Financial Statements Act of 7 June 2001.

The following changes have been made:

- Investments in subsidiaries and associated undertakings are treated in accordance with the purchase accounting method, and consolidated goodwill of net DKK 5,560m has been recognised in the balance sheet as at 31 December 2001. Goodwill has been capitalised and will be amortised over estimated useful life, however not exceeding 20 years.

When Carlsberg Breweries included Orkla's brewery activities on 1 January 2001, Orkla received shares in Carlsberg Breweries as consideration. The price of the shares was made at carrying values as only a relative ownership structure between Carlsberg and Orkla was negotiated and agreed upon. As a consequence, Carlsberg has not capitalised goodwill in connection with this transaction.

Investments in proportionally consolidated undertakings are recognised at the proportionate share of the jointly-owned undertakings' book values stated in accordance with the Group's accounting policies.

- Restructuring provisions, etc. are recognised when the final decision has been adopted and announced to the parties involved, which is a specification in terms of time compared to previous practice. Restructuring provisions, which have been approved at the time of acquisition, in acquired undertakings are included in the computation of goodwill.
- Securities such as bonds and shares, including portfolio investments, are recognised at fair value on the balance sheet date and value adjustments are recorded under financials. Securities were previously recognised at cost or at a lower value on the balance sheet date.
- Indirect production overheads are recognised as part of the cost of inventories, etc.
- Returnable packaging is recognised at cost under property, plant and equipment and depreciated over expected useful life. Returnables were previously charged to the income statement at acquisition.
- Proposed dividend for the year is no longer recognised as a liability at the balance sheet date but are shown as a separate item under capital and reserves.
- Inclusion of certain other intangible assets and property, plant and equipment, including finance lease assets and derivative financial instruments in the balance sheet as well as inclusion of borrowings and lending at amortised cost.

In addition to the changes to the accounting policies, certain changes have been made to the layout as well as the contents and designation of items (reclassifications).

The effects of the changes in accounting policies for the years 2001 and 2002 are specified below:

| DKK million | <u>2002</u> | | <u>2001</u> | |
|--|-------------|---------------|-------------|-------------|
| Operating profit (EBITA) under former policies | | 3,638 | | 3,077 |
| Effect of changes on operating profit | | <u>-53</u> | | <u>-106</u> |
| Operating profit (EBITA) under new policies | | 3,585 | | 2,971 |
| Amortisation of goodwill (new policies) | | -386 | | -314 |
| Special items, net under former policies | -24 | | 17 | |
| Effect of changes, net | <u>-</u> | <u>-24</u> | <u>15</u> | <u>32</u> |
| Financials, net under former policies | -1,080 | | -285 | |
| Effect of changes, net | <u>-4</u> | <u>-1,084</u> | <u>-3</u> | <u>-288</u> |
| Profit before tax under new policies | | 2,091 | | 2,401 |
| Corporation tax under former policies | 712 | | 659 | |
| | <u>-15</u> | <u>697</u> | <u>-37</u> | <u>622</u> |
| Consolidated profit under new policies | | 1,394 | | 1,779 |
| Minority interests | | <u>342</u> | | <u>410</u> |
| Carlsberg Breweries A/S' share of profit | | 1,052 | | 1,369 |

| | <u>2002</u> | <u>2001</u> |
|--|---------------|---------------|
| Consolidated capital and reserves under former policies | 6,735 | 7,877 |
| Changes in | | |
| - goodwill | 5,417 | 5,560 |
| - other non-current assets | 1,122 | 723 |
| - current assets | 40 | 308 |
| - non-current liabilities | - | -6 |
| - current liabilities | 263 | 534 |
| - provisions | <u>-</u> | <u>-157</u> |
| Consolidated capital and reserves under new policies | 13,577 | 14,839 |

Activities

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

Significant events for the Carlsberg Breweries Group

In Carlsberg Sverige, 2002 was characterised by significant restructuring initiatives, which are expected to be completed in the Spring of 2003.

The integration of the sales and administrative activities of Coca-Cola in Denmark were completed in the Spring of 2002. Furthermore, it has been decided to merge Coca-Cola Tapperierne Danmark A/S and Carlsberg Danmark A/S with effect from 1 January 2003.

In January 2002, Carlsberg Breweries A/S acquired the remaining 25% of the shares in Carlsberg Italia S.p.A.

In February 2002, permission was obtained from the authorities to establish Carlsberg Asia, and Carlsberg Asia's total activities have been proportionally consolidated with 50% with effect from 1 January 2002 in accordance with the joint venture agreement. The transfer of activities/undertakings to Carlsberg Asia continued in 2002 and is expected to be completed during the first half of 2003.

In January 2002, Carlsberg Asia acquired another 8.4% of the shares in Hite Brewery Co., and the total shareholding thus amounts to 25%. As from 2002, Hite Brewery Co. is thus recognised as a consolidated associated undertaking.

On 29 January 2002, Carlsberg Brewery Hong Kong acquired 25% of Lao Brewery. The company is included as an associated undertaking in 2002 through Carlsberg Asia.

Throughout the year, efforts were made to improve the structure in the Polish beer market through the subsidiary Carlsberg Okocim S.A. The companies Bosman Browar Szczecin S.A. (Bosman) and Kasztelan Browar Sierpc S.A. (Kasztelan) were taken over by Carlsberg Okocim. At the same time Bitburger, Germany, injected additional capital equivalent to 24% of the shares in Carlsberg Okocim, which reduced Carlsberg Breweries A/S' stake in the company from 82.5% to 61.6%. In December 2002, Carlsberg Breweries A/S acquired 9.9% of Bitburger's shares and thus increased the shareholding to 71.5%. A minority share of about 38% has been included in the annual report. The increase in the shareholding will thus first materialise in the results for 2003.

On 28 January 2002, Baltic Beverages Holding AB (BBH) entered into an agreement to acquire 70% of the shares in the Voronezh brewery. The brewery is consolidated with effect from 1 May 2002. Since then the stakeholding has been increased to 83%. On 19 December 2002, the company was sold to the subsidiary Yarpivo, which is owned 60% by BBH.

On 14 February 2002, the Rent A Cooler companies in Sweden, Norway, Estonia, Latvia and Lithuania were sold to Eden Springs. In December, Eden Springs also acquired the Danish Rent A Cooler company.

In May 2002, the company increased its shareholding in Panonska, Croatia to 80% by acquiring Prodravka Food Industries' 40% stake. The company is consolidated as a subsidiary with effect from 1 June 2002. It was previously consolidated as an associated undertaking.

On 28 June 2002, Carlsberg Breweries A/S entered into an agreement to acquire 59.4% of the share capital in the Bulgarian brewery Shumensko Pivo. On 2 August 2002, 67% of another Bulgarian brewery, Pirinsko Pivo, was acquired. Following a subsequent public offer to the other shareholders in January 2003, the shareholding in Pirinsko Pivo was increased to 94.5%. The Bulgarian companies have no effect on operating profit in the financial statements for 2002 but are included in the balance sheet as at 31 December 2002.

With effect from 30 June 2002, Carlsberg Breweries A/S sold its 32% shareholding in Svyturys Utenos Alus, Lithuania, to BBH. BBH thus became the owner of 76% of Svyturys Utenos Alus. Carlsberg Breweries A/S' ownership interests in the company are now handled through the 50% owned BBH. The net gain from the transaction amounted to DKK 35m.

Financial Review for 2002

The financial year 2002 can be characterised as satisfactory with growth in both revenue and operating profit. Net revenue increased by 3% to DKK 35,543m. Operating profit (EBITA) rose by 20.7% to DKK 3,585m in line with expectations. Apart from the increase in revenue, the development is, to a very large extent, caused by improvement of the EBITA margin as a result of cost reductions, however at the same time brand marketing saw an increase of more than DKK 0.4bn.

The progress in earnings is particularly attributable to the Nordic countries and BBH whereas results in southern Europe did not meet expectations, among other things due to unfavourable weather conditions. In addition, developments in Turkey were very unsatisfactory with a substantial operating loss. The management has been changed, and a new chief executive officer has been appointed. Various analyses have been carried out and a new business plan has been prepared, with a view to improving profitability.

Net losses on foreign currency translation of more than DKK 200m mainly relate to the developments in the EUR/USD exchange rates, which had a negative impact on BBH and Türk Tuborg, in particular.

Free cash flow exceeds DKK 1bn, which is an improvement on 2001. The improvement is primarily caused by a reduction in working capital. However, net interest-bearing debt remains largely unchanged, which is mainly due to dividend paid to shareholders and minority interests in Group companies, totalling DKK 604m.

Movements in capital and reserves were negatively affected with DKK 848m arising from currency translation of foreign entities and with DKK 758m from dilution relating to the establishment of Carlsberg Asia.

Financial risks

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

The Group's treasury function (Corporate Treasury) operates as a service centre and handles financial risk management for subsidiaries centrally.

Foreign exchange risk

The 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. The Group is mainly exposed to risks relating to EUR, GBP, CHF and RUB. Carlsberg Breweries 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 (after swaps) or by forward exchange contracts.

Interest rate risk

The most significant interest rate exposure in the Carlsberg Breweries Group relates to interest-bearing debt, since the Group did not hold any significant long-term interest-bearing assets as at 31 December 2002. At the year-end, 70% of the loan portfolio was at floating rate. The average duration on the debt portfolio was 1.5 years at 31 December 2002.

A specification of the non-current liabilities in the Carlsberg Breweries Group can be found in note 22.

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 for subsidiaries and the Parent Company is monitored centrally. The treasury policies ensure that financial transactions can only be entered with financial institutions with high credit rating.

Carlsberg Breweries 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. At 31 December, Carlsberg Breweries had unutilised committed credit facilities of DKK 6.3bn.

Environment

Carlsberg Breweries will continue its efforts to reduce its impact on the environment and to optimise the consumption of natural resources. In 2002, it was decided that Carlsberg Breweries' environmental activities shall undergo systematic improvement through internationally recognised and measurable standards for environmental management, including ISO 14001, which must be implemented in 38 production sites by the end of 2004.

The subsidiaries must prepare and set up goals and plans for local environmental activities on an ongoing basis.

In general, Carlsberg Breweries will promote environmental investments and prioritise co-operation with partners and suppliers, who can demonstrate that their activities are environmentally responsible.

No major accidents at work or environmental accidents occurred in 2002 or earlier. As part of the increased activities within certification, Carlsberg Breweries will continue its efforts to implement preventive measures within the environment and health and safety.

Apart from the usual, planned environmental investments and the traditional process and maintenance investments, Carlsberg Breweries does not anticipate any environmental costs that will significantly impact the results of the year ahead.

Recent developments

No events have occurred since 31 December 2002 that materially affect the results and financial position of the Group.

Outlook for 2003

A positive trend is expected for 2003 with a growth in earnings (EBITA) of about 510%. Carlsberg Breweries' share of profit after tax is expected to increase by about 15%. However, expectations involve uncertainties relating to exchange rate developments, particularly as regards the USD/EUR relation.

Forward-looking statement

The above sections in this Annual Report reflect the management's expectations to future events and financial results as well as to fluctuations in the most significant markets and to developments in the international money, currency, stock, and interest markets. Statements about future prospects naturally always involve uncertainties and actual results may thus differ materially from those projected.

Carlsberg Breweries A/S – the Parent Company

The Parent Company's main activities are investments in national and international breweries as well as licence and export business.

With effect from 1 January 2002, the Company merged with the 100% owned subsidiaries Nepko A/S, Investeringselskabet af 29. oktober 1962 A/S, Tuborg International A/S and United Breweries International Limited A/S. The merger has no effect on the activities of the Company.

Accounting policies

The annual report of the Carlsberg Breweries Group for 2002 has been prepared in accordance with the Danish Financial Statements Act of 7 June 2001. The Carlsberg Breweries Group complies with the provisions laid down for reporting class C. The effects of the changes in accounting policies are specified in the management report.

Consolidation policies

The consolidated financial statements of the Carlsberg Breweries Group (the "Group") comprise the Parent Company, Carlsberg Breweries A/S and its 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 on consolidation) 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 on consolidation) 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 an 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 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 asset value 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 recorded 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.

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 other than cash 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 asset value 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. Write-downs of intangible assets (apart from goodwill) and property, plant and equipment are charged to the income statement under the same item as the relevant amortisation/depreciation.

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 (parent company 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 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 asset value 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 financial value 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.

Trade loans to customers in connection with sale of beer and soft drinks and 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 or net realisable value, if lower. Write-down is made of obsolete inventory.

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.

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.

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

Income statement

| PARENT COMPANY | | | GROUP | |
|---------------------------|--------------|------|---------------|---------------------------|
| 2001 | 2002 | Note | 2002 | 2001 |
| DKK million (Restated) | DKK million | | DKK million | DKK million (Restated) |
| 804 | 685 | | 48.603 | 46.844 |
| - | - | | 13.059 | 12.425 |
| 804 | 685 | 1 | 35.544 | 34.419 |
| | | | | |
| 230 | 170 | 2 | 17.803 | 16.819 |
| 574 | 515 | | 17.741 | 17.600 |
| | | | | |
| 436 | 359 | 2 | 11.941 | 11.906 |
| 199 | 302 | 2 | 2.684 | 2.821 |
| -10 | 88 | 3 | 282 | 74 |
| 1.844 | 1.066 | 4 | - | - |
| 821 | 1.032 | 4 | - | - |
| 6 | 13 | 4 | 187 | 24 |
| 2.600 | 2.053 | 1 | 3.585 | 2.971 |
| | | | | |
| - | - | 9 | 386 | 314 |
| -31 | 79 | 5 | -24 | 32 |
| 2.569 | 2.132 | | 3.175 | 2.689 |
| | | | | |
| 864 | 393 | 6 | 370 | 1.013 |
| 1.500 | 899 | 7 | 1.454 | 1.301 |
| 1.933 | 1.626 | | 2.091 | 2.401 |
| | | | | |
| 564 | 574 | 8 | 697 | 622 |
| 1.369 | 1.052 | | 1.394 | 1.779 |
| | | | | |
| - | - | 18 | 342 | 410 |
| 1.369 | 1.052 | | 1.052 | 1.369 |
| | | | | |
| | | | | |
| 434 | 263 | | | |
| 935 | 789 | | | |
| 1.369 | 1.052 | | | |

Distribution of the profit:

Proposed appropriation:
Dividend to shareholders
Appropriated to reserves

Cash Flow Statement

| | | GROUP | |
|------|---|---------------|---------------------------|
| Note | | 2002 | 2001 |
| | | DKK million | DKK million (Restated) |
| 24 | Cash flow relating to operations | 6.128 | 3.912 |
| | Interest received | 250 | 921 |
| | Interest paid | 898 | 1.723 |
| | Corporation tax paid | 656 | 811 |
| | CASH FLOW FROM OPERATING ACTIVITIES | 4.824 | 2.299 |
| 25 | Acquisition/divestment of undertakings | 1.131 | 1.996 |
| | Capital expenditure, net | 2.878 | 3.064 |
| | Loans provided to customers, etc., net | 21 | - |
| | Other financial investments, net | -418 | -180 |
| | Investments in intangible assets, net | 200 | - |
| | Dividend received | 35 | - |
| | CASH FLOW FROM INVESTING ACTIVITIES | 3.777 | 4.880 |
| | FREE CASH FLOW | 1.047 | -2.581 |
| | Increase of share capital in affiliates by minorities | 217 | 162 |
| | Dividend paid to shareholders | 434 | - |
| | Dividend paid to minorities | 170 | 213 |
| | Borrowings, net | -1.312 | 3.997 |
| | Other financing activities, net | -430 | -566 |
| | CASH FLOW FROM FINANCING ACTIVITIES | -2.129 | 3.380 |
| | NET CASH FLOW | -1.082 | 799 |
| | Securities and cash and cash equivalents, beginning of year | 2.580 | 1.071 |
| | Acquired/sold cash at bank and in hand | -419 | 670 |
| | Currency translation adjustments | -47 | 40 |
| 16 | Securities and cash and cash equivalents, year-end | 1.033 | 2.580 |

NOTES

(DKK million)

1 Segment information

| | 2002 | | | | |
|---------------------------------|-------------------|-------------------|-------|--------------------|--------|
| | Western Europe | Eastern Europe | Asia | Not distributed | Group |
| Net revenue ¹⁾ | 26.997 | 7.475 | 1.019 | 53 | 35.544 |
| % | 76 | 21 | 3 | - | 100 |
| Operating profit (EBITA) | 2.269 | 1.274 | 467 | -425 | 3.585 |
| Non-current assets | 19.804 | 7.168 | 1.690 | 397 | 29.059 |
| Liabilities ²⁾ | 15.299 | 4.586 | 732 | 8.297 | 28.914 |

| | 2001 | | | | |
|---------------------------------|-------------------|-------------------|-------|--------------------|--------|
| | Western Europe | Eastern Europe | Asia | Not distributed | Group |
| Net revenue ¹⁾ | 26.064 | 5.842 | 1.847 | 666 | 34.419 |
| % | 76 | 17 | 5 | 2 | 100 |
| Operating profit (EBITA) | 1.785 | 1.204 | 403 | -421 | 2.971 |
| Non-current assets | 20.589 | 6.342 | 2.052 | 758 | 29.741 |
| Liabilities ²⁾ | 17.030 | 3.230 | 1.001 | 8.677 | 29.938 |

¹⁾ Licence fees are included in net revenue.

²⁾ Not allocated liabilities of DKK 8,297m (2001: DKK 8,677m) relate to Group funding in connection with acquisition of undertakings.

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 key managers and auditors' fees are as follows:

| Staff costs: | 2002 | | 2001 | |
|---|------------|--------------|------------|--------------|
| | Parent | Group | Parent | Group |
| Wages, salaries and remuneration | 131 | 5.750 | 149 | 5.573 |
| Social security costs | 7 | 891 | - | 625 |
| Pension costs - defined contribution plans..... | 11 | 88 | 10 | 100 |
| Pension costs - defined benefit plans..... | - | 220 | - | 251 |
| Other benefits..... | - | 9 | - | 81 |
| | <u>149</u> | <u>6.958</u> | <u>159</u> | <u>6.630</u> |

Wages, salaries and remuneration for the Parent Company and the Group include remuneration paid to the Executive Board of the Parent Company of DKK 15m (2001: DKK 19m) and to the Board of Directors of DKK 0m (2001: DKK 0m), inclusive the value of the share options in Carlsberg A/S.

Total staff costs are included in the following items:

| | 2002 | | 2001 | |
|--------------------------------------|--------|-------|--------|-------|
| | Parent | Group | Parent | Group |
| Cost of sales..... | - | 1.943 | - | 1.852 |
| Sales and distribution expenses..... | 41 | 3.968 | 44 | 3.781 |
| Administrative expenses | 108 | 1.047 | 115 | 997 |

In the financial year, the average number of employees in the Parent Company was 193 (2001: 261) and 28,316 in the Group (2001: 27,218), of whom 8,225 (2001: 5,526) were employed in proportionally consolidated undertakings.

Share options

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

| Granted in | No. of options | Exercise price | Exercise period |
|--------------|----------------|----------------|-----------------|
| 2001 | 88.500 | 405,75 | 2004-2008 |
| 2002 | 87.000 | 339,91 | 2005-2009 |
| <u>Total</u> | <u>175.500</u> | | |

| Auditors' fee | 2002 | | 2001 | |
|-------------------------------------|--------|-------|--------|-------|
| | Parent | Group | Parent | Group |
| PricewaterhouseCoopers: Audit | 1 | 12 | 1 | 12 |
| Other services | 8 | 13 | - | 13 |
| Deloitte & Touche: Audit | 1 | 3 | - | 3 |
| Other services | 3 | 8 | - | 14 |

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

NOTES

(DKK million)

3 Other operating income, net

2002:

Other operating income, net includes the profit guarantee for the Thailand operations, gains from sale of property, plant and equipment and income from rental properties.

2001:

Other operating income, net includes income from rental properties and gains from sale of property, plant and equipment.

Other operating income, net comprises:

| | 2002 | | 2001 | |
|--------------------------|-----------|------------|------------|-----------|
| | Parent | Group | Parent | Group |
| Other operating income | 88 | 439 | - | 188 |
| Other operating expenses | - | 157 | 10 | 114 |
| | <u>88</u> | <u>282</u> | <u>-10</u> | <u>74</u> |

4 Profit from investments

| | 2002 | | 2001 | |
|--|------------|------------|--------------|-----------|
| | Parent | Group | Parent | Group |
| Profit from investments in subsidiaries: | | | | |
| Profit before tax | 1.066 | | 1.844 | |
| Corporation tax | 462 | | 507 | |
| Profit after tax | <u>604</u> | | <u>1.337</u> | |
| Profit from investments in proportionally consolidated associates: | | | | |
| Profit before tax | 1.032 | | 821 | |
| Corporation tax | 320 | | 196 | |
| Profit after tax | <u>712</u> | | <u>625</u> | |
| Profit from investments in other associated undertakings: | | | | |
| Profit before tax | 13 | 187 | 6 | 24 |
| Corporation tax | 3 | 59 | 3 | 1 |
| Profit after tax | <u>10</u> | <u>128</u> | <u>3</u> | <u>23</u> |

5 Special items

| | 2002 | | 2001 | |
|---|-----------|------------|------------|-----------|
| | Parent | Group | Parent | Group |
| Gains on sale and fair value adjustment of shares | 79 | 48 | | 222 |
| Gains on sale of brands..... | | 75 | | |
| Reversal of prior year write-off of investment in Vena..... | | | 200 | 200 |
| Restructuring charges | | -147 | -31 | -190 |
| Impairment charge etc. related to Hannen Brauerei GmbH . | | | -200 | -200 |
| Special items, net | <u>79</u> | <u>-24</u> | <u>-31</u> | <u>32</u> |

NOTES

(DKK million)

6 Financial income

| | 2002 | | 2001 | |
|------------------------------------|------------|------------|------------|--------------|
| | Parent | Group | Parent | Group |
| Interest income | 277 | 244 | 864 | 438 |
| Dividend income | 10 | 11 | - | 1 |
| Gains on sale of Thai shares | - | - | - | 518 |
| Other financial income | 106 | 115 | - | 56 |
| | <u>393</u> | <u>370</u> | <u>864</u> | <u>1.013</u> |

The Parent Company's interest income from subsidiaries amounted to DKK 215m (2001: DKK 248m). The Group's interest income from shareholders amounted to DKK 3m (2001: DKK 6m).

7 Financial expenses

| | 2002 | | 2001 | |
|----------------------------------|------------|--------------|--------------|--------------|
| | Parent | Group | Parent | Group |
| Interest expenses | 792 | 1.127 | 1.386 | 1.196 |
| Fair value adjustments, net..... | 27 | 27 | 17 | 15 |
| Exchange rate losses, net..... | 40 | 209 | 22 | 36 |
| Other financial expenses..... | 40 | 91 | 75 | 54 |
| | <u>899</u> | <u>1.454</u> | <u>1.500</u> | <u>1.301</u> |

Interest paid by the Parent Company to subsidiaries amounted to DKK 676m (2001: DKK 678m). Interest expenses paid by the Group to shareholders totalled DKK 92m (2001: DKK 193m).

Exchange rate losses include adjustments of a negative DKK 44m (2001: gain of DKK 41m) relating to monetary net assets in hyperinflation economies.

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

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Interest rate swaps: fair value | 29 | 23 | 17 | 15 |
| Forward exchange contracts: fair value hedging | -25 | -24 | - | - |
| Fair value adjustments, other assets..... | 23 | 28 | - | - |
| | <u>27</u> | <u>27</u> | <u>17</u> | <u>15</u> |

8 Corporation tax

Tax on profit for the year comprises:

| | 2002 | | 2001 | |
|---|------------|------------|------------|------------|
| | Parent | Group | Parent | Group |
| Current tax | 21 | 815 | 15 | 662 |
| Movement in deferred tax during the year..... | -232 | -157 | -190 | -40 |
| Share of tax in subsidiaries, cf. note 4..... | 462 | - | 507 | - |
| Share of tax in associates, cf. note 4 | 323 | - | 199 | - |
| Adjustment of tax for previous years..... | - | 39 | 33 | - |
| | <u>574</u> | <u>697</u> | <u>564</u> | <u>622</u> |

Reconciliation of the effective tax rate for the year:

| | 2002 | | 2001 | |
|---|--------------|--|--------------|--|
| | Group | | Group | |
| Tax rate in Denmark..... | 30,0% | | 30,0% | |
| Difference in tax rate, foreign subsidiaries..... | -1,8% | | -7,5% | |
| Amortisation of goodwill..... | 5,5% | | 3,9% | |
| Non-taxable income and non-tax deductible expenses..... | -1,9% | | -2,3% | |
| Adjustment of tax for previous years..... | 1,9% | | 0,0% | |
| Non-capitalised tax losses..... | 2,0% | | 1,6% | |
| Other | -2,4% | | 0,2% | |
| Effective tax rate for the year..... | <u>33,3%</u> | | <u>25,9%</u> | |

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

NOTES

(DKK million)

9 Intangible assets

| Group: | <u>Goodwill</u> | <u>Other intangible assets</u> | <u>Advance payments</u> |
|---|-----------------|--|-----------------------------|
| Cost | | | |
| Cost at 1 January 2002 | 6.763 | 786 | 29 |
| Additions relating to the acquisition of undertakings..... | 606 | 7 | - |
| Additions during the year | 340 | 118 | 6 |
| Disposals during the year | 769 | 128 | - |
| Currency translation adjustments, etc..... | -190 | 7 | - |
| Transfers | 2 | 56 | -28 |
| Cost at 31 December 2002 | <u>6.752</u> | <u>846</u> | <u>7</u> |
| Amortisation and impairment losses | | | |
| Amortisation and impairment losses at 1 January 2002..... | 1.203 | 421 | - |
| Additions relating to the acquisition of undertakings..... | -106 | 4 | - |
| Additions during the year | 7 | 6 | - |
| Disposals during the year | -141 | -104 | - |
| Currency translation adjustments, etc..... | -14 | -9 | - |
| Amortisation for the year..... | 386 | 120 | - |
| Transfers..... | - | 1 | - |
| Amortisation and impairment losses at 31 December 2002 | <u>1.335</u> | <u>439</u> | <u>-</u> |
| Book value at 31 December 2002..... | <u>5.417</u> | <u>407</u> | <u>7</u> |
| | | | |
| Amortisation of intangible assets other than goodwill is included in the following items: | | <u>2002</u> | <u>2001</u> |
| Cost of sales..... | | 21 | 48 |
| Sales and distribution expenses | | 19 | 3 |
| Administrative expenses..... | | 80 | 36 |
| | | <u>120</u> | <u>87</u> |

The book value of other intangible assets at 31 December 2002 includes capitalised software of DKK 311m and supply rights of DKK 64m.

Research and development costs of DKK 33m (2001: DKK 23m) has been expensed.

As explained in the financial review, goodwill in connection with the inclusion of Orkla's beverage activities has not been recognised.

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 2002 | 9.626 | 19.125 | 8.908 | 1.281 |
| Additions relating to the acquisition of undertakings | 529 | 412 | 76 | 53 |
| Additions during the year | 434 | 766 | 735 | 1.615 |
| Disposal to shareholders..... | 66 | - | - | - |
| Disposals during the year..... | 431 | 623 | 1.084 | 97 |
| Currency translation adjustments, etc. | -223 | -813 | -166 | -166 |
| Transfers..... | 1.029 | -394 | 942 | -1.434 |
| Cost at 31 December 2002 | <u>10.898</u> | <u>18.473</u> | <u>9.411</u> | <u>1.252</u> |
| Depreciation and impairment losses | | | | |
| Depreciation and impairment losses at 1 January 2002 | 3.012 | 11.216 | 5.142 | 10 |
| Additions relating to the acquisition of undertakings | 133 | 50 | 8 | - |
| Disposal to shareholders..... | -42 | - | - | - |
| Disposals during the year..... | -104 | -484 | -809 | - |
| Currency translation adjustments, etc. | -34 | -274 | -30 | -1 |
| Depreciation during the year | 281 | 1.149 | 1.042 | - |
| Transfers..... | 196 | -686 | 662 | - |
| Depreciation and impairment losses at 31 December 2002 ... | <u>3.442</u> | <u>10.971</u> | <u>6.015</u> | <u>9</u> |
| Book value at 31 December 2002 | <u>7.456</u> | <u>7.502</u> | <u>3.396</u> | <u>1.243</u> |

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

Depreciation during the year is included in the following items:

| | <u>2002</u> | <u>2001</u> |
|--------------------------------------|--------------|--------------|
| Cost of sales..... | 1.502 | 1.470 |
| Sales and distribution expenses..... | 789 | 770 |
| Administrative expenses | 181 | 169 |
| | <u>2.472</u> | <u>2.409</u> |

The cost of finance leases amounted to DKK 206m. Accumulated depreciation on finance leases amounted to DKK 60m, of which DKK 8m was recognised in 2002. The net book value of finance leases amounted to DKK 146m.

The book value of land and buildings in Denmark amounted to DKK 1,028m (2001: DKK 1,068m). The value of property in Denmark as assessed for tax purposes amounted to DKK 1,674m (2001: DKK 2,011m).

| Parent: | Land and buildings | Other assets, vehicles, etc. |
|--|-----------------------|---------------------------------|
| Cost | | |
| Cost at 1 January 2002..... | 156 | 17 |
| Additions during the year..... | - | 9 |
| Disposal to shareholders..... | -15 | -1 |
| Cost at 31 December 2002..... | <u>141</u> | <u>25</u> |
| Depreciation and impairment losses | | |
| Depreciation and impairment losses at 1 January 2002 | 47 | 14 |
| Additions during the year..... | - | 4 |
| Disposal to shareholders..... | -12 | - |
| Depreciation during the year..... | 7 | 4 |
| Depreciation and impairment losses at 31 December 2002.... | <u>42</u> | <u>22</u> |
| Book value at 31 December 2002..... | <u>99</u> | <u>3</u> |

The value of property in Denmark amounted to DKK 222m (2001: DKK 242m) at 1 January 2002.

NOTES

(DKK million)

11 Investments

| Group: | Associates | | Other investments | Other non-current receivables |
|---|-------------|-------------|-------------------|-------------------------------|
| | Investments | Receivables | | |
| Cost | | | | |
| Cost at 1 January 2002..... | 386 | - | 1.705 | 1.892 |
| Additions relating to the acquisition of undertakings..... | 235 | - | -273 | 9 |
| Additions during the year..... | 50 | - | 6 | 867 |
| Disposals during the year..... | -47 | - | -465 | -591 |
| Currency translation adjustments, etc..... | -78 | - | 2 | -75 |
| Transfers..... | 267 | 29 | -722 | -29 |
| Transfers to/from current assets..... | - | - | 6 | -35 |
| Cost at 31 December 2002 | <u>813</u> | <u>29</u> | <u>259</u> | <u>2.038</u> |
| Revaluation and impairment losses | | | | |
| Revaluation and impairment losses at 1 January 2002 | -1 | - | -22 | -24 |
| Disposals during the year..... | 3 | - | - | - |
| Dividend..... | 34 | - | - | - |
| Share of profit before tax..... | 187 | - | - | - |
| Share of tax..... | -59 | - | - | - |
| Impairment losses during the year..... | - | - | 13 | -1 |
| Currency translation adjustments, etc..... | 15 | - | 22 | - |
| Transfers..... | 2 | - | 26 | - |
| Revaluation and impairment losses at 31 December 2002 | <u>113</u> | <u>-</u> | <u>13</u> | <u>-23</u> |
| Book value at 31 December 2002..... | <u>926</u> | <u>29</u> | <u>272</u> | <u>2.015</u> |

Investments in associated undertakings at 31 December 2002 includes goodwill of DKK 66m, net of accumulated amortisation of DKK 6m (2001: DKK 56m, net of accumulated amortisation of DKK 2m).

| Parent: | Subsidiaries | Associates | Other investments | Other non-current receivables |
|--|---------------|--------------|-------------------|-------------------------------|
| | Investments | Investments | | |
| Cost | | | | |
| Cost at 1 January 2002 | 16.742 | 2.035 | 956 | - |
| Additions relating to the acquisition of undertakings..... | -1.267 | 1.206 | -329 | - |
| Additions during the year..... | - | - | - | 70 |
| Disposals during the year..... | - | - | -308 | - |
| Transfers..... | 73 | -73 | -73 | - |
| Cost at 31 December 2002 | <u>15.548</u> | <u>3.168</u> | <u>246</u> | <u>70</u> |
| Revaluation | | | | |
| Revaluation at 1 January 2002 | -2.890 | 147 | -153 | - |
| Changes in accounting policies..... | 5.882 | 422 | - | - |
| Disposals during the year..... | 49 | 55 | -73 | - |
| Dividend..... | -2.995 | -61 | - | - |
| Share of profit after tax | 791 | 743 | - | - |
| Amortisation of goodwill..... | -187 | -21 | - | - |
| Other adjustment..... | 263 | 20 | - | - |
| Currency translation adjustments, etc..... | -467 | -633 | - | - |
| Transfers | -252 | 179 | 73 | - |
| Revaluation at 31 December 2002 | <u>194</u> | <u>851</u> | <u>-153</u> | <u>-</u> |
| Book value at 31 December 2002 | <u>15.742</u> | <u>4.019</u> | <u>93</u> | <u>70</u> |

The book value includes goodwill of DKK 3,520m (2001: DKK 3,690m) from the acquisition of subsidiaries.

Investments in associated undertakings at 31 December 2002 includes goodwill of DKK 329m, net of accumulated amortisation of DKK 54m (2001: DKK 329m, net of accumulated amortisation of DKK 37m).

NOTES

(DKK million)

12 Other investments and other non-current receivables

Other investments in the Group include shares of DKK 210m, bonds of DKK 52m and other financial assets of DKK 10m.

Non-current receivables in the Group of DKK 2,015m mainly relate to on-trade loans.

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

| | 2002 | | 2001 | |
|--|--------|-------|--------|-------|
| | Parent | Group | Parent | Group |
| Bonds..... | - | 6,5% | - | 6,5% |
| Non-current receivables..... | 6,3% | 4,0% | - | 4,0% |
| Repayments falling due after five years from the balance sheet date: | | | | |
| Non-current receivables..... | - | 360 | - | 390 |

13 Inventories

| | 2002 | | 2001 | |
|------------------------------------|-----------|--------------|----------|--------------|
| | Parent | Group | Parent | Group |
| Raw materials and consumables..... | 25 | 1.165 | - | 1.034 |
| Work in progress..... | - | 232 | - | 225 |
| Finished goods..... | - | 1.384 | - | 1.643 |
| | <u>25</u> | <u>2.781</u> | <u>-</u> | <u>2.902</u> |

14 Trade receivables

| | 2002 | | 2001 | |
|---|-----------|--------------|------------|--------------|
| | Parent | Group | Parent | Group |
| Trade receivables | 65 | 6.793 | 232 | 7.156 |
| Contract work in progress, net..... | - | 2 | - | 18 |
| Provision for bad and doubtful debts..... | - | -521 | - | -566 |
| | <u>65</u> | <u>6.274</u> | <u>232</u> | <u>6.608</u> |

Provision for bad and doubtful debts in the Group of DKK 41m (2001: DKK 24m) have been applied. The Parent Company did not apply provisions for bad and doubtful debts in 2002 and 2001.

| | 2002 | 2001 |
|---|----------|-----------|
| Receivables from construction contracts in the Group are netted as follows: | | |
| Work in progress | 1.139 | 1.058 |
| Advances received on construction contracts..... | 1.137 | 1.040 |
| | <u>2</u> | <u>18</u> |

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 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 | 2002 | | 2001 | |
|----|-------------------------------|------------|--------------|--------------|--------------|
| | | Parent | Group | Parent | Group |
| | Cash at bank and in hand..... | 944 | 1.979 | 1.127 | 2.783 |
| | Liquid securities..... | - | - | - | 117 |
| | | <u>944</u> | <u>1.979</u> | <u>1.127</u> | <u>2.900</u> |

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

| | 2002 | 2001 |
|---|--------------|--------------|
| Cash and cash equivalents and liquid securities | <u>1.979</u> | <u>2.900</u> |
| Bank overdrafts..... | <u>946</u> | <u>320</u> |
| Securities and cash and cash equivalents, net | <u>1.033</u> | <u>2.580</u> |

Short-term bank deposits amounted to DKK 1,421m (2001: Dkk 925m). The average interest rate on these deposits amounted to 5.6% and the average duration was 156 days.

17 Share capital

The share capital amounted to DKK 500m divided into shares in denominations of DKK 1,000 and multiples thereof. None of the shares confer any special rights. 60% of the share capital is owned by Carlsberg A/S, Valby, Denmark and 40% is owned by Orkla AB, Eslöv, Sweden.

Carlsberg Breweries A/S is included in the Group accounts of Carlsberg A/S.

Changes in the share capital since the foundation of the Company:

| | |
|---|------------|
| Share capital at the foundation on 1 July 2000 | 1 |
| Increase of capital, non-cash contribution in 2000 | 299 |
| Increase of capital, cash/non-cash contribution in 2001 | <u>200</u> |
| | <u>500</u> |

18 Minority interests

| | 2002 | 2001 |
|--|--------------|--------------|
| Minority interests at 1 January 2002..... | 1.971 | 1.277 |
| Acquisition of undertakings..... | 58 | 507 |
| Dilution, Carlsberg Asia | -149 | - |
| Acquisition of minorities..... | <u>-145</u> | <u>-</u> |
| Additions relating to the acquisition of undertakings..... | -236 | 507 |
| Capital injections..... | 101 | 10 |
| Minority interests | 342 | 410 |
| Dividend to minority interests..... | -150 | -213 |
| Currency translation adjustments, etc. | -329 | -20 |
| Minority interests at 31 December 2002..... | <u>1.699</u> | <u>1.971</u> |

19 Retirement benefit obligations

| | 2002 |
|---|-------------|
| Net retirement benefit obligations at 1 January 2002..... | 683 |
| Currency translation adjustments, etc. | -2 |
| Transfer from other provisions, etc. | 48 |
| Expensed during the year | 234 |
| Payments during the year | <u>-315</u> |
| Net retirement benefit obligations at 31 December 2002..... | <u>648</u> |

Not recognised actuarial loss at 31 December 2002 amounted to DKK 1,064m and is primarily attributable to Carlsberg-Tetley PLC, UK and Feldschlösschen Getränke Holding AG, Switzerland. Inclusion of the actuarial loss from 2003 is expected to amount to DKK 30m a year.

NOTES

(DKK million)

20 Deferred tax assets and liabilities

Provision for deferred tax at 31 December 2002 relate to the following items:

| Group: | Assets | | Liabilities | |
|--|--------|-------|-------------|-------|
| | 2002 | 2001 | 2002 | 2001 |
| Intangible assets..... | 106 | 11 | 157 | 139 |
| Land and buildings | 13 | 143 | 622 | 627 |
| Plant, machinery and equipment, etc..... | 215 | 249 | 929 | 1.186 |
| Inventories..... | 36 | 45 | 91 | 70 |
| Receivables..... | 17 | 18 | 3 | 3 |
| Provisions | 69 | 66 | 41 | 5 |
| Tax losses, etc..... | 752 | 827 | 280 | 317 |
| Tax assets and liabilities..... | 1.208 | 1.359 | 2.123 | 2.347 |
| Netting..... | 819 | 1.068 | 819 | 1.068 |
| Net tax assets and liabilities..... | 389 | 291 | 1.304 | 1.279 |
| Parent: | | | | |
| Intangible assets..... | 52 | 7 | - | - |
| Land and buildings | - | - | 15 | 17 |
| Plant, machinery and equipment, etc..... | 4 | - | - | - |
| Receivables..... | 1 | 2 | - | - |
| Provisions | 13 | 2 | - | - |
| Tax losses, etc..... | 165 | 8 | - | - |
| Tax assets and liabilities..... | 235 | 19 | 15 | 17 |
| Netting..... | 15 | 17 | 15 | 17 |
| Net tax assets and liabilities..... | 220 | 2 | - | - |

Movements in deferred tax assets/liabilities:

| | Deferred tax assets | | Deferred tax liabilities | |
|--|---------------------|-------|--------------------------|-------|
| | Parent | Group | Parent | Group |
| Deferred tax assets/liabilities at 1 January 2002 | 2 | 291 | - | 1.279 |
| Additions relating to the acquisition of undertakings..... | - | -18 | - | -3 |
| Taken to the income statement..... | 232 | 221 | - | 64 |
| Taken to capital and reserves..... | -11 | -40 | - | -1 |
| Adjustments for previous years | -3 | 2 | - | 41 |
| Currency translation adjustments..... | - | -1 | - | -10 |
| Transfers..... | - | -66 | - | -66 |
| Deferred tax assets/liabilities at 31 December 2002 | 220 | 389 | - | 1.304 |

NOTES

(DKK million)

21 Other provisions

| Group: | <u>Restructuring</u> | <u>Other</u> |
|---|----------------------|--------------|
| Other provisions at 1 January 2002 | 147 | 243 |
| Additions relating to the acquisition of undertakings | 4 | 24 |
| Additions during the year | 87 | - |
| Disposals relating to the divestment of undertakings | - | -2 |
| Disposals during the year | -217 | -121 |
| Currency translation adjustments, etc. | 1 | 1 |
| Reclassification from current liabilities | 69 | - |
| Transfer to post retirement obligations | - | -48 |
| Transfers | -1 | 1 |
| Other provisions at 31 December 2002 | <u>90</u> | <u>98</u> |

22 Borrowings

| | <u>2002</u> | | <u>2001</u> | |
|---|---------------|---------------|---------------|---------------|
| | <u>Parent</u> | <u>Group</u> | <u>Parent</u> | <u>Group</u> |
| Current liabilities: | | | | |
| Bond loans | - | 578 | - | 104 |
| Bank borrowings and overdrafts | 391 | 4.372 | - | 1.905 |
| Other | 259 | 889 | - | 160 |
| Total current liabilities | <u>650</u> | <u>5.839</u> | <u>-</u> | <u>2.169</u> |
| Non-current liabilities: | | | | |
| Bond loans | - | 8.788 | - | 6.935 |
| Mortgages | 158 | 423 | 182 | 197 |
| Bank borrowings | - | 1.349 | - | 4.763 |
| Other | - | 136 | - | 150 |
| Total non-current borrowings | 158 | 10.696 | 182 | 12.045 |
| Payables to affiliated undertakings | 9.506 | - | 9.244 | - |
| Other liabilities | - | 28 | - | 3 |
| Total non-current liabilities | <u>9.664</u> | <u>10.724</u> | <u>9.426</u> | <u>12.048</u> |

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

| | | | | |
|-----------------------------|--------------|---------------|--------------|---------------|
| Between 2 and 5 years | 4.408 | 5.120 | 3.983 | 6.335 |
| After 5 years | 5.256 | 5.604 | 5.443 | 5.713 |
| | <u>9.664</u> | <u>10.724</u> | <u>9.426</u> | <u>12.048</u> |

The weighted average effective interest rate at 31 December 2002 in the Group and the periods in which the borrowings reprice are as follows:

| | <u>Weighted average interest rate</u> | <u>Book values allocated in repricing periods</u> | | |
|--|---|---|----------------------|--------------------------|
| | | <u>1 year</u> | <u>2-5 years</u> | <u>After 5 years</u> |
| Bond loans | 6,3% | 578 | 3.694 | 5.094 |
| Bank borrowings and other borrowings | 6,4% | 5.733 | 1.143 | 321 |
| Effect of interest rate swaps | -0,7% | 6.906 | -3.459 | -3.447 |
| Total | 5,6% | <u>13.217</u> | <u>1.378</u> | <u>1.968</u> |

Of the bond loans DKK 9,299m is at fixed rates, of which the main part has been swapped into floating rates. DKK 2,159m of bank borrowings also at variable rates.

23 Other current liabilities

| | <u>2002</u> | <u>2001</u> |
|-------------------------|--------------|--------------|
| Group: | | |
| Duties and VAT | 1.614 | 1.530 |
| Social costs, etc. | 923 | 667 |
| Interest payable | 298 | 38 |
| Other | 2.036 | 2.556 |
| | <u>4.871</u> | <u>4.791</u> |

NOTES

(DKK million)

| 24 Cash flow from operating activities | <u>2002</u> | <u>2001</u> |
|--|--------------|---------------|
| Profit before financials | 3.175 | 2.689 |
| Adjustment of non-cash transactions: | | |
| Depreciation and amortisation..... | 2.978 | 2.810 |
| Profit before tax from investments..... | -187 | -24 |
| Gains from sale of activities/subsidiaries..... | -124 | -235 |
| Gains on disposal of non-current assets..... | -131 | -57 |
| Other non-cash adjustments to EBIT | 16 | - |
| Cash flow from operations before changes in working capital..... | <u>5.727</u> | <u>5.183</u> |
| Changes in working capital: | | |
| Inventories..... | 171 | -165 |
| Trade receivables and other receivables..... | 105 | -198 |
| Trade payables and other payables..... | 474 | -660 |
| Post retirement obligations and other obligations..... | -240 | -170 |
| Adjustment of unrealised gains/losses on working capital..... | -109 | -78 |
| | <u>401</u> | <u>-1.271</u> |
| Cash flow from operating activities | <u>6.128</u> | <u>3.912</u> |

25 Acquisition and divestment of companies

Acquisitions and divestment had the following effect on the Group's assets and liabilities:

| | <u>2002</u> | | <u>2001</u> | |
|---|--------------------|--------------|--------------------|--------------|
| | <u>Acquisition</u> | <u>Sale</u> | <u>Acquisition</u> | <u>Sale</u> |
| Intangible assets | 10 | 44 | - | - |
| Property, plant and equipment..... | 1.070 | 162 | 1.750 | 80 |
| Investments, excl. deferred tax assets..... | 5 | - | - | - |
| Inventories..... | 60 | 14 | - | - |
| Trade receivables and other receivables..... | 310 | 31 | 926 | 29 |
| Securities and cash and cash equivalents..... | 18 | 11 | - | - |
| Provisions, excl. deferred tax assets | 36 | 1 | 296 | - |
| Net deferred tax assets/liabilities..... | 51 | 8 | - | - |
| Borrowings..... | 177 | 5 | 1.983 | 16 |
| Trade payables and other payables..... | 478 | 154 | - | - |
| Minority interests | 59 | - | 33 | 13 |
| Net identifiable assets and liabilities..... | <u>672</u> | <u>94</u> | <u>364</u> | <u>80</u> |
| Share of capital and reserves transferred from investments in associated undertakings..... | -63 | - | - | - |
| Goodwill, etc. on acquisitions/divestments..... | 606 | -17 | 1.760 | 48 |
| Cash consideration received/paid..... | 1.215 | 77 | 2.124 | 128 |
| Cash and cash equivalents acquired/disposed of..... | 18 | 11 | - | - |
| Cash outflow/inflow..... | <u>1.197</u> | <u>66</u> | <u>2.124</u> | <u>128</u> |
| Acquisition and divestment of undertakings, net | | <u>1.131</u> | | <u>1.996</u> |

The establishment of the Carlsberg Asia joint venture as at 1 January 2002 is not included in the figures, just as the influx of Orkla's beverage activities 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 companies. These amounts are included in the consolidated balance sheet and income statement.

| | <u>2002</u> | <u>2001</u> |
|--|--------------|--------------|
| Non-current assets..... | 6.078 | 5.676 |
| Current assets..... | 2.641 | 2.916 |
| Non-current liabilities..... | 710 | 798 |
| Current liabilities..... | <u>3.074</u> | <u>2.354</u> |
| Net assets..... | <u>4.935</u> | <u>5.440</u> |
| | | |
| Net revenue..... | 6.723 | 6.424 |
| Operating profit (EBITA) | 1.879 | 1.582 |
| Profit before financials (EBIT) | 1.818 | 1.554 |
| | | |
| Net cash flow..... | -234 | 208 |
| Securities and cash and cash equivalents at the end of the period..... | 368 | 1.105 |

NOTES

(DKK million)

27 Financial instruments

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

| | 2002 | | 2001 | |
|--|--------|-------|--------|-------|
| | Parent | Group | Parent | Group |
| Contracts with positive fair value: | | | | |
| Interest rate swaps | - | 23 | 3 | 3 |
| Forward exchange contracts | 89 | 89 | - | - |
| Other | - | - | - | - |
| Contracts with negative fair value: | | | | |
| Interest rate swaps | - | 135 | - | - |
| Forward exchange contracts | 69 | 66 | - | - |
| Other | - | - | - | - |
| Interest rate swaps: | | | | |
| The notional principal amount on outstanding | | | | |
| Interest rate swaps | | 7.764 | | 3.820 |
| The fixed interest rate varies from (lowest) | | | | |
| | | 4,3% | | 6,6% |
| The fixed interest rate varies from (highest) | | | | |
| | | 7,0% | | 7,0% |
| The floating interest rate varies from (lowest) | | | | |
| | | 1,4% | | 2,2% |
| The floating interest rate varies from (highest) | | | | |
| | | 5,1% | | 6,0% |

As at 31 December 2002 the Group has no financial instruments for hedging of future transactions.

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

| Amounts in DKK million | Next interest rate adjustment | | | | | | |
|---|-------------------------------|---------------|--------------|-----------|-----------|----------|---------------|
| | 31-12-2002 | 2003 | 2004 | 2005 | 2006 | 2007 | After 5 years |
| DKK | 1.078 | 820 | 11 | 12 | 9 | 1 | 225 |
| USD | 1.472 | 1.053 | 389 | 21 | 9 | - | - |
| EUR | 7.737 | 6.867 | 798 | 12 | 11 | - | 49 |
| GBP | 2.374 | 679 | - | - | - | - | 1.695 |
| CHF | 1.143 | 1.143 | - | - | - | - | - |
| NOK | 681 | 678 | - | 3 | - | - | - |
| SEK | 905 | 905 | - | - | - | - | - |
| SGD | - | - | - | - | - | - | - |
| RUB | 56 | 56 | - | - | - | - | - |
| TRL | 288 | 288 | - | - | - | - | - |
| PLN | 679 | 639 | - | - | 40 | - | - |
| Other | 125 | 64 | 61 | - | - | - | - |
| Total interest-bearing debt | 16.538 | 13.192 | 1.259 | 48 | 69 | 1 | 1.969 |
| Short-term bank deposits | -1.421 | -1.421 | | | | | |
| Liquid assets (other securities and cash equivalents) | -557 | -557 | | | | | |
| Other interest-bearing debt | -1.490 | -1.490 | | | | | |
| Net interest-bearing debt | 13.070 | 9.724 | 1.259 | 48 | 69 | 1 | 1.969 |

NOTES

(DKK million)

28 Related parties

In 2002, the Company has sold property on market terms to shareholders.

During the financial year, the Group has repaid DKK 3,580m on borrowings from the shareholders. Loans from the shareholders have been granted on market terms.

Apart from this, the Group has not undertaken any significant transactions with major shareholders, the Board of Directors, the Executive Board or undertakings outside the Carlsberg Breweries Group, in which the relevant parties have interests.

Related parties with controlling interest:

Carlsberg A/S, Valby Langgade 1, DK-2500 Valby, Denmark owns 60% of the shares in Carlsberg Breweries A/S.

29 Contingent liabilities and other commitments, etc.

Contingent liabilities

The following assets have been pledged as security for borrowings in the Group:

| | 2002 | | 2001 | |
|---|-----------|--------------|-----------|--------------|
| | Parent | Group | Parent | Group |
| Land and buildings, book value..... | 93 | 1.091 | 99 | 1.244 |
| Plant, machinery and equipment, book value..... | - | 953 | - | 1.045 |
| | <u>93</u> | <u>2.044</u> | <u>99</u> | <u>2.289</u> |

Carlsberg Breweries A/S has issued guarantees for loans amounting to DKK 9,902m (31.12.2001: DKK 3,390m), raised by subsidiaries and loans amounting to DKK 53m raised by third parties.

Carlsberg Breweries has issued guarantees for bank loans totalling DKK 188.4m, raised by customers/suppliers. The objective of such guarantees is to improve business terms with the companies in question.

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

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

Capital commitments

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

| | 2002 | | 2001 | |
|------------------------------------|----------|------------|----------|------------|
| | Parent | Group | Parent | Group |
| Intangible assets..... | - | 104 | - | 99 |
| Property, plant and equipment..... | - | 331 | - | 248 |
| | <u>-</u> | <u>435</u> | <u>-</u> | <u>347</u> |

Operating lease commitments

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

| | 2002 | | 2001 | |
|---|----------|------------|----------|------------|
| | Parent | Group | Parent | Group |
| Not later than 1 year | - | 54 | - | 11 |
| Later than 1 year and not later than 5 years..... | - | 134 | - | 88 |
| Later than 5 years | - | 82 | - | 76 |
| | <u>-</u> | <u>270</u> | <u>-</u> | <u>175</u> |

Group Companies

| | | | Investments | Nominal share capital ('000) | Currency | Exchange rate |
|---|-----------------|------|-------------|------------------------------|----------|---------------|
| CARLSBERG BREWERIES A/S | | | | | | |
| Share capital DKK 500,000,000 | | | | | | |
| Northern Europe | | | | | | |
| Carlsberg Danmark A/S, Copenhagen | 5 subsidiaries | ● | 100% | 100.000 | DKK | 100,00 |
| Pripps Ringnes AB, Stockholm, Sweden | 2 subsidiaries | ● | 100% | 287.457 | SEK | 80,75 |
| Oy Sinebrychoff, Helsinki, Finland | | ● | 100% | 96.707 | EUR | 742,43 |
| Carlsberg Sverige Holding AB, Stockholm, Sweden | 2 subsidiaries | ● | 100% | 150.000 | SEK | 80,75 |
| Ringnes AS, Oslo, Norway - owned by Pripps Ringnes AB | 1 subsidiary | ● | 100% | 248.590 | NOK | 101,81 |
| United Kingdom | | | | | | |
| Carlsberg - Tetley PLC, Northampton, U.K. | 1 subsidiary | ● | 100% | 90.004 | GBP | 1.139,92 |
| Western and Southern Europe | | | | | | |
| Carlsberg Italy S.p.A, Varese, Italy | 37 subsidiaries | ● | 100% | 8.400 | EUR | 742,43 |
| Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal | 33 subsidiaries | ◆ | 44% | 22.005 | EUR | 742,43 |
| Hannen Brauerei GmbH, Mönchengladbach, Germany | 5 subsidiaries | ● | 100% | 17.897 | EUR | 742,43 |
| Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland | 3 subsidiaries | ● | 100% | 95.000 | CHF | 510,68 |
| International Breweries (Netherlands) B.V., Bussum, Netherlands | | ■ | 16% | 62 | USD | 708,22 |
| Eastern Europe, Africa and Americas | | | | | | |
| BBH - Baltic Beverages Holding AB, Stockholm, Sweden owned by Pripps Ringnes AB | 17 subsidiaries | ◆ | 50% | 12.000 | EUR | 742,43 |
| Carlsberg Okocim S.A., Warzaw, Poland | 4 subsidiaries | ● 1) | 71% | 28.721 | PLN | 184,23 |
| Panonska Pivovara d.o.o., Koprivnica, Croatia | | ● | 80% | 159.932 | HRK | 99,27 |
| Israel Beer Breweries Ltd, Ashkelon, Israel | | ■ | 20% | 44 | ILS | 148,56 |
| Nuuk Imaq A/S, Nuuk, Greenland | | ■ | 24% | 38.000 | DKK | 100,00 |
| Piast S.A., Wroslaw, Poland | 5 subsidiaries | ● | 98% | 101.193 | PLN | 184,23 |
| Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey | 1 subsidiary | ● 1) | 82% | 106.342 | USD | 708,22 |
| OAO Vena, St. Petersburg, Russia | | ● | 50% | 34.063 | EUR | 742,43 |
| Carlsberg Malawi Brewery Limited, Blantyre, Malawi | 1 subsidiary | ● | 49% | 20.000 | MWK | 8,28 |
| Carlsberg Agency Inc., New York, USA | 1 subsidiary | ● | 100% | 10 | USD | 708,22 |
| Shumensko Pivo AD, Shumen, Bulgaria | | ● | 59% | 700 | BGN | 380,00 |
| Pririsko Pivo AD, Blagoevgrad, Bulgaria | | ● | 67% | 1.032 | BGN | 380,00 |
| Asia | | | | | | |
| Carlsberg Asia Pte Ltd., Singapore | 5 subsidiaries | ◆ | 50% | 85.000 | SGD | 407,79 |
| Other companies | | | | | | |
| Carlsberg International A/S, Copenhagen | | ● | 100% | 1.000 | DKK | 100,00 |
| Danbrew Ltd. A/S, Copenhagen | 2 subsidiaries | ● | 100% | 2.000 | DKK | 100,00 |
| Danish Malting Group A/S, Vordingborg | | ● | 100% | 100.000 | DKK | 100,00 |
| Carlsberg Finans A/S, Copenhagen | | ● | 100% | 25.000 | DKK | 100,00 |
| Carlsberg (UK) Limited, Northampton, UK | | ● | 100% | 100 | GBP | 1.139,92 |
| J.C. Bentzen A/S, Copenhagen | | ● | 100% | 30.000 | DKK | 100,00 |

● Subsidiaries

◆ Proportionally consolidated undertakings

■ Other associated undertakings

1) Listed company managed by Carlsberg Breweries.