IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the Offering Circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Company or the Joint Global Coordinators (each as defined in the Offering Circular) as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE US OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view this Offering Circular or make an investment decision with respect to the securities, investors must be either (1) Qualified Institutional Buyers ("**QIBs**") (within the meaning of Rule 144A under the Securities Act) or (2) outside the United States transacting in an offshore transaction (in accordance with Regulation S under the Securities Act). By accepting the e-mail or accessing this Offering Circular, you shall be deemed to have represented to the Company and the Joint Global Coordinators that (1) you and any customers you represent are either (a) QIBs or (b) a person outside the US, (2) if you have received this by e-mail, the electronic mail address that you gave to the Company or the Joint Global Coordinators and to which this e-mail has been delivered is not located in the US and (3) you consent to delivery of such Offering Circular by electronic transmission.

You are reminded that this Offering Circular has been delivered to you or accessed by you on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this Offering Circular to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Global Coordinators or any affiliate of the Joint Global Coordinators is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Global Coordinators or such affiliate on behalf of the Company in such jurisdiction.

This Offering Circular has been sent to you or accessed by you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Company or the Joint Global Coordinators nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Joint Global Coordinators. Please ensure that your copy is complete.

You are responsible for protecting against viruses and other destructive items. Your use of this electronic transmission is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Notice to Australian investors:

This Offering Circular:

- does not constitute a disclosure document under part 6D.2 of the Corporations Act of the Commonwealth of Australia ("**Corporations Act**");
- has not been, and will not be, lodged with the Australian Securities and Investments Commission ("**ASIC**") as a disclosure document for the purposes of the Corporations Act; and
- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the following categories of investors ("**Exempt Investors**"):
  - (i) "sophisticated investors" that meet the criteria set out in section 708(8) of the Corporations Act; or
  - (ii) "professional investors" referred to in section 708(11) and as defined in section 9 of the Corporations Act; or
  - (iii) investors who receive the offer through an Australian financial services licensee, where all of the criteria set out in section 708(10) of the Corporations Act have been satisfied.

The provisions of the Corporations Act that define these categories of Exempt Investors are complex, and if you are in any doubt as to whether you fall within one of these categories, you should seek appropriate professional advice regarding these provisions.

The Offered Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the Offered Shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Offered Shares may be distributed in Australia except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations.

As any offer of Offered Shares under this document will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 apply to that resale. Accordingly, any person who acquires securities pursuant to this document should not, within 12 months of acquisition of the securities, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or unless a compliant disclosure document is prepared and lodged with ASIC.

This document is intended to provide general information only and has been prepared without taking into account any particular person's objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. Investors should review and consider the contents of this document and obtain financial advice specific to their situation before making any decision to invest in the Offered Shares.

Notice to Japanese Investors

The Offered Shares have not been and will not be offered under the Financial Instruments and Exchange Law of Japan (the "**Financial Instruments and Exchange Law**"). Accordingly, the Offered Shares for which each Joint Global Coordinator subscribes will be subscribed by it as principal and that, in connection with the offering made hereby, no Joint Global Coordinator will, directly or indirectly, offer or sell any Offered Shares in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exception from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other relevant laws and regulations of Japan.

Notice to Malaysian Investors

The offer of securities of the Company by way of a rights issue to the members of the Company in Malaysia is exempted from having to obtain the prior approval of the Malaysian Securities Commission ("**SC**") under section 213(1) and Schedule 5 of the Capital Markets and Services Act, 2007 ("**CMSA**"). The offeror shall not be liable in any manner whatsoever in the event this Offering Circular were distributed or made available to persons in Malaysia other than the members of the Company. Since no application for approval has been or will be made to the SC for the offering of the securities to persons other than the members of the Company, or for the registration of this Offering Circular, the securities shall not be offered for subscription or purchased or made available, whether directly or indirectly, in Malaysia to persons other than the members of the Company. It is the sole responsibility of recipients wishing to take any action upon this Offering Circular to satisfy themselves as to the full observance of the laws of Malaysia and to obtain all relevant government regulatory approvals.

Notice to Singaporean Investors

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, the Offered Shares may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Offering Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Offered Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act who has subscribed for or purchased Offered Shares, namely a person who is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Offered Shares under Section 275 of the Securities and Futures Act except:

(a) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act;

(b) where no consideration is given for the transfer; or

(c) by operation of law.

INTERNATIONAL OFFERING CIRCULAR Dated May 15, 2008

CARLSBERG A/S

(a public Danish company with limited liability)

1 for 1 Rights Issue
Offering of 76,278,403 new series B shares
of DKK 20 nominal value each at a subscription price of DKK 400 per share

This offering circular (the "Offering Circular") relates to an offering (the "Offering") of 76,278,403 new series B shares (the "Offered Shares") with a nominal value of DKK 20 each of Carlsberg A/S (the "Company" and, together with its directly and indirectly owned subsidiaries, joint ventures, associated undertakings and other investments, "Carlsberg" or the "Carlsberg Group"). Pursuant to Article 8 of the Company's Articles of Association, the Board of Directors resolved on May 15, 2008 to increase the Company's share capital. Each holder of the Company's existing series A shares (the "Series A Shares") and each holder of existing series B shares (the "Series B Shares", and the Series A Shares together with the Series B Shares, the "Existing Shares", and the Existing Shares together with the Offered Shares, the "Shares") on May 26, 2008 at 12:30 p.m. Central European Time ("CET") (the "Allocation Date") will be allocated one preemptive right (each a "Preemptive Right") for each Existing Share. For each Preemptive Right, the holder will be entitled to subscribe for one Offered Share at a price of DKK 400 per share (the "Subscription Price"), which is below the closing price on May 14, 2008 of DKK 666 per Series B Share.

The registered share capital of the Company immediately prior to the Offering was DKK 1,525,568,060, comprising 76,278,403 Existing Shares in total. The Shares are in denominations of DKK 20 per Share. The Company's share capital is divided into 33,699,252 Series A Shares and 42,579,151 Series B Shares.

The trading period for the Preemptive Rights (the "Rights Trading Period") will commence on May 22, 2008 and end on June 4, 2008 at 5:00 p.m. CET. The subscription period (the "Subscription Period") for the Offered Shares will commence on May 27, 2008 and end on June 10, 2008 at 5:00 p.m. CET. Preemptive Rights that are not exercised during the Subscription Period will lapse with no value, and the holder of such Preemptive Rights will not be entitled to compensation. Preemptive Rights that have been exercised cannot be revoked or modified. The Preemptive Rights have been approved for trading and official listing on the OMX Nordic Exchange Copenhagen A/S (the "OMX").

See "Risk Factors" for a description of certain factors that should be considered before subscribing for the Offered Shares in the Offering.

Subject to the satisfaction of certain conditions as set forth in the Underwriting Agreement (as defined below), any Offered Shares that have not been subscribed for by holders of Preemptive Rights will be subscribed for by the Joint Bookrunners (as defined below) on a pro rata basis. The Company's principal shareholder, the Carlsberg Foundation (the "Carlsberg Foundation" or the "Foundation"), is required pursuant to its charter to hold more than 25% of the Company's share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation is entitled to 39,156,986 Preemptive Rights to subscribe for 39,156,986 Offered Shares, and has agreed with the Joint Bookrunners to participate in the Offering on a cash-neutral basis (after transaction costs) by subscribing for the maximum number of Offered Shares that it can finance solely through the sale of Preemptive Rights. See "Part II—The Offering—Terms and Conditions of the Offering."

The Company's Series A Shares and Series B Shares are admitted for trading and official listing on the OMX under the symbol DK0010181676 for Series A Shares (CARL A) and DK0010181759 for Series B Shares (CARL B). On May 14, 2008, the closing price was DKK 663 for Series A Shares and DKK 666 for Series B Shares.

An application has been made for the Offered Shares to be admitted for trading and official listing on the OMX. The Offered Shares will be admitted for trading and official listing, and trading in them will commence, on May 22, 2008. Upon payment of the Subscription Price and exercise of Preemptive Rights at the close of any business day during the Subscription Period, Offered Shares will be issued and allocated through VP Securities Services (*Værdipapircentralen*). These Offered Shares can trade the following business day on the OMX under a temporary securities code. Dealings in the Offered Shares with a temporary securities code will commence on May 22, 2008. The Offered Shares may only be traded under the temporary securities code until such time as they are merged with the existing Series B Shares' securities code, which is expected to take place no later than June 18, 2008. Until this merger occurs, liquidity of the Offered Shares under the temporary securities code may be significantly different from the liquidity of the Series B Shares.

The Preemptive Rights and the Offered Shares will be available for delivery by allocation to accounts through the book-entry facilities of VP Securities Services. The Offered Shares have been accepted for clearance through Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear") and Clearstream Banking S.A. ("Clearstream").

The Offering consists of a public offering in the Kingdom of Denmark ("Denmark") and a private placement, described in "Part II—The Offering—Offering Restrictions" herein, in some other jurisdictions outside the United States of America (the "US" or "United States"), in each case in reliance on Regulation S under the US Securities Act of 1933, as amended (the "Securities Act") and in accordance with applicable securities laws, and private placements in the United States as described below. For a description of certain restrictions regarding the exercise of Preemptive Rights, see "Part II—The Offering—Transfer Restrictions."

This Offering Circular may not be distributed or otherwise made available in the United States, Canada, Australia or Japan, and the Offered Shares may not be, directly or indirectly, offered or sold, and the Preemptive Rights may not be, directly or indirectly, exercised or otherwise offered or sold in the United States, Canada, Australia or Japan unless such distribution, offering, sale, or exercise is permitted under applicable laws of the relevant jurisdiction, and the Company and the Joint Bookrunners have received satisfactory documentation to that effect. The Offered Shares may not be, directly or indirectly, offered or sold, and the Preemptive Rights may not be, directly or indirectly, exercised or otherwise offered or sold in any other jurisdiction outside Denmark unless such offering, sale or exercise is permitted under applicable laws of the relevant jurisdiction, and the Company and the Joint Bookrunners may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise the Preemptive Rights or subscribe for the Offered Shares.

The Preemptive Rights and the Offered Shares have not been, and will not be, registered under the Securities Act. Accordingly, subject to certain exceptions, the Preemptive Rights and the Offered Shares may not be offered or sold in the United States. Notwithstanding the foregoing, the Preemptive Rights may be offered and the Offered Shares may be offered and sold in the United States to persons reasonably believed to be "Qualified Institutional Buyers" within the meaning of Rule 144A under the Securities Act ("QIBs") in offerings exempt from registration under the Securities Act, provided that any such QIB who exercises Preemptive Rights executes and delivers an investor letter. See "Part II—The Offering—Transfer Restrictions."

Joint Global Coordinators and Joint Bookrunners

BNP PARIBAS DANSKE MARKETS LEHMAN BROTHERS NORDEA

GENERAL INFORMATION

Certain terms used in this Offering Circular are defined in "Part I—Company Information—Definitions."

No person has been authorized to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorized by the Company or the Joint Bookrunners. The delivery of this Offering Circular at any time does not imply that there has been no change in the Company's business or affairs since the date hereof or that the information contained herein is correct as of any time subsequent to the date hereof. In the event of any material changes to the information in this Offering Circular during the period from the date of announcement until the capital increase has been registered with the Danish Commerce and Companies Agency, such changes will be published as a supplement to this Offering Circular pursuant to applicable laws and regulations.

This Offering Circular has been prepared in a Danish-language version and in two English-language versions for use in connection with the Offering. The Offered Shares are offered subject to Danish law. The Danish-language version of the Offering Circular has been prepared in compliance with Danish laws and regulations, including Consolidation Act No. 214 of April 2, 2008 on Securities Trading (the "Danish Securities Trading Act"), Commission Regulation (EC) No. 809/2004 of April 29, 2004, Commission Regulation (EC) No. 211/2007 of February 27, 2007, Executive Order No. 1232 of October 22, 2007 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted for trading on a regulated market and by a public offering of securities in excess of €2,500,000 and the Rules for issuers on the OMX Nordic Exchange Copenhagen. The Danish-language version of the Offering Circular contains certain additional statements required by the Danish Financial Supervisory Authority and/or the OMX, including responsibility statements made by the Company's Board of Directors and Executive Board, the Company's independent auditor and the Joint Bookrunners, none of which are included or incorporated by reference in the English-language versions. Save for such additional statements and reports, in case of any discrepancies, the Danish-language version of this Offering Circular shall be the governing text. Of the two English-language versions, an international version (not for distribution in the United States) of this Offering Circular has been prepared that contains the independent auditor's report on the unaudited combined condensed pro forma financial information and previous annual reports, extracts from previous annual reports and interim reports incorporated by reference. In addition to their own examination of the Carlsberg Group and the terms of the Offering, including the merits and risks involved, investors should rely only on the information contained in this Offering Circular and supplements to this Offering Circular.

The distribution of this Offering Circular, the allocation of Preemptive Rights and the Offering may, in certain jurisdictions, be restricted by law, and this Offering Circular may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Offering Circular does not constitute an offer of, or an invitation to, purchase any Preemptive Rights or Offered Shares in any jurisdiction in which such offer or invitation would be unlawful. The Company and the Joint Bookrunners require persons into whose possession this Offering Circular comes to inform themselves of and observe all such restrictions. Neither the Company nor the Joint Bookrunners accepts any legal responsibility for any violation by any person, whether or not a prospective purchaser of Offered Shares, of any such restrictions. For a more detailed description of certain restrictions in connection with the Offering, see "Part II—The Offering—Offering Restrictions."

The Company and the Joint Bookrunners reserve the right in their own absolute discretion to reject any subscription for Offered Shares that the Company, the Joint Bookrunners or their agents believe may give rise to a breach or violation of any laws, rules or regulations.

In connection with the Offering, one or more of the Joint Bookrunners may until 30 days after the first day of trading of the Offered Shares effect transactions which stabilize or maintain the market prices of the Preemptive Rights, the Offered Shares and the Existing Shares at levels above those which might otherwise prevail in the open market. The Joint Bookrunners are, however, not obliged to take any stabilizing measures. Such measures, if commenced, may be discontinued at any time.

Notice to Prospective Investors in the United States

The Preemptive Rights and the Offered Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Preemptive Rights and the Offered Shares may not be offered or sold in the United States, except to persons reasonably believed to be QIBs in transactions exempt from registration under the Securities Act, provided that any such QIB that exercises Preemptive Rights executes and delivers an investor letter satisfactory to the Company and the Joint Bookrunners. Any Preemptive Rights offered or Offered Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth under "Part II—The Offering—Transfer Restrictions."

The Preemptive Rights and the Offered Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other US regulatory authority, nor have any of them passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

In the United States, this Offering Circular is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. The information contained in this Offering Circular has been provided by the Company and other sources identified herein. Distribution of this Offering Circular to any person other than the offeree specified by the Joint Bookrunners or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without prior written consent of the Company, is prohibited. Any reproduction or distribution of this Offering Circular in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Offered Shares.

In addition, until the expiration of the 40-day period beginning on the date of this Offering Circular, an offer to sell or a sale of the Preemptive Rights or the Offered Shares within the United States by a broker/dealer (whether or not it is participating in the Offering) may violate the registration requirements of the Securities Act unless such offer to sell or sale is made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws.

Notice to New Hampshire Residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to Prospective Investors in the United Kingdom

This Offering Circular is directed solely at persons who (i) are outside the United Kingdom, (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) are persons falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This Offering Circular must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Circular relates is available only to relevant persons and will be engaged in only with relevant persons.

The Preemptive Rights and the Offered Shares may not be offered or sold to any person in the United Kingdom, other than to (a) qualified investors as defined in Section 86(7) of the Financial Services and Markets Act 2000 ("FSMA"), being (i) persons falling within Article 2.1(e)(i), (ii) or (iii) of Directive 2003/71/EC (the "Prospectus Directive"), which includes legal entities which are regulated by the Financial Services Authority (the "FSA") or entities which are not so regulated whose corporate purpose is solely to invest in securities and companies which are not small or medium-sized enterprises for the purposes of Article 2.1(f) of the Prospectus Directive, (ii) investors registered on the register maintained by the FSA under Section 87R of the FSMA and (iii) an investor authorized by a European Economic Area ("EEA") state (other than the United Kingdom) to be considered as a qualified investor for the purposes of the Prospectus Directive or otherwise in circumstances which would not give rise to a breach of Section 85 of the FSMA; or (b) fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive).

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the EEA which has implemented the Prospective Directive, other than Denmark (each, a "Relevant Member State"), an offer of any Preemptive Rights or Offered Shares contemplated by this Offering Circular may not be made to the public in that Relevant Member State, except that an offer of any Preemptive Rights or Offered Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43 million and (iii) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons per country in the European Union ("EU") or EEA that are not qualified investors (as defined in the Prospectus Directive); or
- in any other circumstances that do not require the Company to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of any Preemptive Rights or Offered Shares to the public" in relation to any Preemptive Rights or Offered Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Preemptive Rights or Offered Shares so as to enable an investor to decide to purchase any Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospective Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Available Information

In accordance with Danish company law, the Company's and the Carlsberg Group's annual report and the auditor's opinion contained therein and the Company's Memorandum of Association and Articles of Association are available from the Danish Commerce and Companies Agency.

The Danish Public Companies Act requires the Company to make its annual report, including the auditor's report, available to its shareholders at its head office eight days before the annual general meeting. At the same time, the Company is required to send these documents to registered shareholders who have so requested.

The Company's head office is located at Ny Carlsberg Vej 100, DK-1760 Copenhagen V, Denmark. The Company's telephone number is +45 3327 3300 and its website is www.carlsberggroup.com. The contents of this website do not form a part of this Offering Circular.

At any time when the Company is not subject to Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Company will furnish, upon request, to any owner of Offered Shares, or any prospective purchaser designated by any such owner, information satisfying the requirements of subsection (d)(4)(i) of Rule 144A to permit compliance with Rule 144A in connection with resales of Offered Shares for so long as any of the Company's Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3). The Company will also furnish to each such owner all notices of general meetings and other reports and communications that are made generally available to shareholders of the Company.

Although certain references are made to the Company's website, other than as specifically incorporated herein, no information on such website is part of this Offering Circular.

Jurisdiction and Service of Process in the United States and Enforcement of Foreign Judgments in Denmark

The Company is a limited liability company. All of the members of the Company's Board of Directors and Executive Board and certain of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in US courts a judgment obtained in such courts.

The Company has been advised by Kromann Reumert, Danish counsel to the Company, that original actions or actions for the enforcement of judgments of US courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Denmark.

The United States and Denmark do not currently have a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a final judgment for the payment of money rendered by US courts based on civil liability would not be directly enforceable in Denmark. However, if the party in whose favor such final judgment is rendered brings a new suit in a competent court in Denmark, that party may submit to the Danish court the final judgment that has been rendered in the United States. A judgment by a federal or state court in the United States against the Company will neither be recognized nor enforced by a Danish court but such judgment may serve as evidence in a similar action in a Danish court.

Special Notice Regarding Forward-Looking Statements

Certain statements in this Offering Circular, including certain statements set forth under the headings "Summary," "Risk Factors," "Part I—Company Information—Information about Carlsberg's Assets and Liabilities, Financial Position, Profits and Losses and Dividend Policy—Dividend Policy," "Part I—Company Information—The Acquisition," "Part I—Company Information—Industry Overview," "Part I—Company Information—Business," "Part I—Company Information—Review of Operations and Financial Statements," and "Part II—The Offering—Key Information" are based on the beliefs of Management, as well as assumptions made by and information currently available to Management, and such statements may constitute forward-looking statements. These forward-looking statements (other than statements of historical fact) regarding the Company's future results of operations, financial position, cash flows, business strategy, plans and objectives of Management for future operations can generally be identified by terminology such as "targets," "believes," "expects," "estimates," "aims," "intends," "plans," "seeks," "will," "may," "anticipates," "would," "could," "continues" or similar expressions or the negatives thereof.

Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Carlsberg Group, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, but are not limited to among others:

- fluctuations in the Carlsberg Group's results of operations, cash flows or financial condition;
- future developments, trends and conditions in the beverage industry;
- competition from local, national and international companies;
- changes in laws and regulations, including tax rates;
- catastrophes and terrorist-related events;
- long and/or short-term interest rate volatility;
- equity market losses;
- adverse weather conditions;
- cost increases and shortages of raw materials and packaging;
- fluctuations in exchange rates used to translate other currencies into Danish kroner;

- integration of the Acquired Assets, including the realization of expected synergies; or
- other factors referenced in this Offering Circular.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the Carlsberg Group's actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected. The Company urges investors to read the sections of this Offering Circular entitled "Risk Factors," "Part I—Company Information—Review of Operations and Financial Statements" and "Part I—Company Information—Business" for a more complete discussion of the factors that could affect the Carlsberg Group's future performance and the industry in which the Carlsberg Group operates.

The Company does not intend, and does not assume any obligation to update any forward-looking statements contained herein, except as may be required by law. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Offering Circular.

Presentation of Financial Information

The table below summarizes the financial information included in this Offering Circular. Financial information in the Offering Circular consists of or is derived from the documents listed in the table below.

Financial information for previously reported financial years and interim periods by the Company or the Acquired Assets may deviate from subsequently released financial information including as a result of the subsequent retrospective implementation of changes in accounting policies and other adjustments with retrospective effect in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Financial Information About:	Financial Information (Included Elsewhere in the Offering Circular)	Accounting Principles/Basis of Preparation
Carlsberg	Consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007	IFRS as adopted by the EU
	Unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007	IAS 34 "Interim Financial Reporting" as adopted by the EU
BBH	Consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007	IFRS as adopted by the EU
	Unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007	IAS 34 "Interim Financial Reporting" as adopted by the EU
The French Business	Combined financial statements as at and for the years ended December 31, 2005, 2006 and 2007	IFRS as adopted by the EU
Unaudited Combined Condensed Pro Forma Financial Information for Carlsberg	Unaudited combined condensed pro forma financial information as at and for the year ended December 31, 2007	Commission Regulation No. 809/2004

In addition, certain information has been incorporated by reference into this Offering Circular, as set forth in "Part F—Financial Information—Incorporation by Reference."

Presentation of Financial Information for Carlsberg

This Offering Circular includes the Carlsberg Group's consolidated financial statements (including the notes thereto) as at and for the years ended December 31, 2005, 2006 and 2007, which were prepared by management in accordance with IFRS as adopted by the EU and audited by the Carlsberg Group's independent auditor, KPMG (the auditor's report is included elsewhere in this Offering Circular), and the Carlsberg Group's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007, prepared by management in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. References in this Offering Circular to Carlsberg's accounting policies refer to the accounting policies used in the Carlsberg Group's consolidated financial statements.

The Carlsberg Group's consolidated historical financial statements include BBH on a 50% proportionally consolidated basis.

Presentation of Financial Information for BBH (100%)

The financial information for BBH has been prepared on the basis of IFRS as adopted by the EU, in accordance with the Carlsberg Group's accounting policies.

This Offering Circular includes BBH's consolidated financial statements (including the notes thereto) as at and for the years ended December 31, 2005, 2006 and 2007, which were prepared by management in accordance with IFRS as adopted by the EU and audited by the Carlsberg Group's independent auditor, KPMG (the auditor's report is included elsewhere in this Offering Circular), and BBH's unaudited condensed consolidated interim financial statements as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007, prepared by management in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Presentation of Financial Information for the French Business

The financial information for the French Business has been prepared on the basis of IFRS as adopted by the EU, in accordance with S&N's accounting policies. Carlsberg's accounting policies differ in certain respects from S&N's accounting policies. See "Part F—Financial Information."

The reporting currency of the French Business is the euro. For the convenience of the reader, euro amounts appearing in the French Business' audited combined financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 have been translated into Danish kroner amounts using average annual exchange rates for the relevant year with respect to income statement and cash flow statement items, and the period-end exchange rate with respect to balance sheet items.

This Offering Circular includes the French Business' combined financial statements (including the notes thereto) as at and for the years ended December 31, 2005, 2006 and 2007, which were prepared by management in accordance with IFRS as adopted by the EU, in accordance with S&N's accounting policies and audited by the French Business' independent auditor, Ernst & Young LLP (Edinburgh). The auditor's report is included in this Offering Circular in "Part F—Financial Information."

Presentation of Unaudited Combined Condensed Pro Forma Financial Information as at and for the Year Ended December 31, 2007 for Carlsberg

The Carlsberg Group's unaudited combined condensed pro forma financial information as at and for the year ended December 31, 2007 has been prepared in accordance with Commission Regulation no. 809/2004 for Carlsberg and the main part of the Acquired Assets.

The unaudited combined condensed pro forma financial information in this Offering Circular has been prepared for the sole purpose of giving an inherently illustrative estimated and hypothetical presentation of the Carlsberg Group's assets, liabilities, financial position and results of operations as the Carlsberg Group could have been if the Carlsberg Group had obtained financial control and/or had acquired the remaining 50% of BBH and the French Business in 2007, and obtained the illustrative estimated financing in the form of an equity contribution and debt financing.

Accordingly, the unaudited combined condensed pro forma financial information does not reflect what the Carlsberg Group's actual assets, liabilities, financial position, results of operations and cash flows would have been if the Carlsberg Group had had control of BBH and the French Business in 2007, and obtained the illustrative estimated financing in the form of an equity contribution and debt financing or if the

Carlsberg Group had operated on that basis during such period nor can it be relied upon to reflect the Carlsberg Group's future assets and liabilities, results of operations, cash flows or financial position and should thus not be used as a basis of forecasts for the Carlsberg Group's results of operations and cash flows or as an indication of the accounting estimates related to the fair value of the Acquired Assets. It should be noted that the unaudited combined condensed pro forma financial information only reflects an illustrative preliminary purchase price allocation and shows an estimated effect of such illustrative preliminary allocation on the pro forma income statement. Management expects that a final purchase price allocation will be included in the Carlsberg Group's interim financial statements as at and for the nine months ended September 30, 2008. There may be significant adjustments to the preliminary purchase price allocation in the pro forma balance sheet which may have a significant effect on the illustrative preliminary effects on the pro forma income statement.

See "Part I—Company Information—The Acquisition," "Part F—Financial Information—Unaudited Combined Condensed Pro Forma Financial Information" and "Part II—The Offering—Key Information—Reasons for the Offering and Use of Proceeds" for more information about the acquisition, financing and the unaudited combined condensed pro forma financial information, including the description of limitations in relation to the applicability of the unaudited combined condensed pro forma financial information.

Rounding

Financial information set forth in a number of tables in this Offering Circular has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Offering Circular reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Presentation of Market Information

Market information (including market share, market position and industry data for the operating activities of the Carlsberg Group and its segments) or other statements presented in this Offering Circular regarding the position of the Carlsberg Group relative to its competitors largely reflect the best estimates of Management. These estimates are based upon information obtained from customers, trade or business organizations and associations, other contacts within the industries in which the Carlsberg Group operates and, in some cases, upon published statistical data or information from independent third parties. Except as otherwise stated, market share data, as well as Management's assessment of the Carlsberg Group's comparative competitive position, have been derived by comparing the Carlsberg Group's sales figures for the relevant period to Management's estimates of its competitors' sales figures for such period, as well as upon published statistical data and information from independent third parties, and in particular, the following reports published by Canadean Ltd. ("Canadean," a UK registered company providing research products and services to the beverage industry): the Canadean 2007 Global Beer Trends Report, Canadean Global Beer Handbook, the Canadean Global Beer Report 2003 and the Canadean Premium Beer Report 2007. Market share information sourced to the 2007 Canadean reports is based on 2006 figures as printed in the report, though Management believes that the position expressed generally remains the case for 2007. Consequently, prospective investors should not rely on the market share and other market information presented herein as precise measures of market share or of other actual conditions.

All references to the Eastern European market include the relevant data for Kazakhstan and Uzbekistan. Conversely, references to the Asian market do not include these countries.

In the brewing industry, market data relating to sales volumes are generally calculated in millions of hectoliters ("million hl" or "m hl") on a "Gross Beer Volume" basis, which means that 100% of the sales volumes of all subsidiaries, proportionately consolidated companies, associated undertakings and licensed production are taken into account. "*Pro Rata* Volume" means 100% of sales volumes of all subsidiaries where full management control is exercised and sales volume *pro rata* to ownership in all other entities are taken into account.

Foreign Currency Presentation

All references in this Offering Circular to (i) "Danish kroner" or "DKK" are to the currency of Denmark, (ii) "euro," "EUR" or "€" are to the common currency of the EU, (iii) "US dollar," "$," "USD" or "US$" are to the currency of the United States, and (iv) "British pound sterling," "pound sterling" or "£" are to the currency in the United Kingdom.

The Company publishes its consolidated financial statements in Danish kroner. For the convenience of the reader, this Offering Circular contains translations of certain Danish kroner amounts into euro at specified rates. These translations should not be construed as representations that the Danish kroner amounts actually represent such euro amounts, or could be converted into euro at the rates indicated or at any other rate. Unless otherwise indicated, the translations of Danish kroner amounts into euro have been made at the foreign exchange reference rate (the "Euro Buying Rate") certified by *Danmarks Nationalbank* (the "Danish Central Bank") on May 13, 2008 of DKK 7.4625=€1.00.

For historical information regarding rates of exchange between the Danish kroner and euro and between the Danish kroner and the US dollar, see "Exchange Rate Information." Amounts included in the Company's consolidated financial statements that were not originally denominated in Danish kroner have been translated into Danish kroner using the average exchange rate for the individual months of the relevant year or other financial period with respect to income statement and cash flow statement items and the period-end exchange rate with respect to balance sheet items.

Exchange Rate Information

The tables below set forth, for the periods and dates indicated, the average, high, low and period-end buying rates based on the Danish Central Bank's foreign exchange reference rate expressed in DKK per €1.00 and DKK per $1.00. The Danish Central Bank fixes exchange rates vis-à-vis selected currencies on the basis of market rates prevailing at 2:15 p.m. in Copenhagen.

The rates below may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this Offering Circular. Inclusion of these exchange rates is not meant to suggest that the Danish kroner amounts actually represent such euro or US dollar amounts or that such amounts could have been converted into euro or US dollars at any particular rate, if at all. The following tables have been set out solely for the purpose of convenience.

The average rates represent the average of the buying rates on the last business day of each month for the calendar periods (except for May 2008, for which the date used is May 13, 2008) and for the monthly amounts the daily average of the buying rates is used.

	High	Low	Average	Period End
	(DKK per €1.00)			
Year				
2003	7.4446	7.4243	7.4309	7.4446
2004	7.4855	7.3197	7.4427	7.4416
2005	7.4943	7.4215	7.4543	7.4609
2006	7.5492	7.4350	7.4596	7.4579
2007	7.4630	7.3782	7.4512	7.4588
Month				
January 2008	7.4590	7.4442	7.4508	7.4526
February 2008	7.4558	7.4515	7.4538	7.4515
March 2008	7.4597	7.4493	7.4560	7.4568
April 2008	7.4627	7.4567	7.4603	7.4620
May 2008 (through May 13)	7.4627	7.4614	7.4621	7.4625

	High	Low	Average	Period End
	(DKK per US$1.00)			
Year				
2003	6.8894	5.9576	6.5270	5.9576
2004	6.3263	5.4418	5.9903	5.4541
2005	6.4052	5.4433	5.9956	6.3136
2006	6.3308	5.5781	5.9447	5.6526
2007	5.7918	4.9786	5.4449	5.0660
Month				
January 2008	5.1863	4.9877	5.0655	5.0169
February 2008	5.1352	4.9130	5.0612	4.9130
March 2008	4.9021	4.7159	4.8086	4.7159
April 2008	4.8039	4.6815	4.7373	4.8018
May 2008 (through May 13)	4.8621	4.8060	4.8297	4.8229

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Consolidated Financial Statements of Carlsberg for the Financial Year 2005 Prepared in Accordance with IFRS as adopted by the EU

Consolidated Financial Statements of BBH for the Financial Years 2007, 2006 and 2005 Prepared in Accordance with IFRS as adopted by the EU

Combined Financial Statements of the French Business for the Financial Years 2007, 2006 and 2005 Prepared in Accordance with IFRS as adopted by the EU

SUMMARY

The following summary should be read as an introduction to this Offering Circular, in conjunction with, and is qualified in its entirety by, the more detailed information that appears elsewhere in this Offering Circular, including the Carlsberg Group's audited consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007, in each case prepared in accordance with IFRS as adopted by the EU, and the Carlsberg Group's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008, prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. See "Risk Factors" for a discussion of certain factors that should be considered by the investor in connection with an investment in the Offered Shares. Any decision to invest in the Offered Shares should be based on consideration of this Offering Circular as a whole. Certain terms used in this summary are defined elsewhere in this Offering Circular.

No civil liability will attach to the Carlsberg Group in respect of this Summary, including the Summary of the Offering included herein, or any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court, the plaintiff may, under the national legislation of the state where the claim is brought, be required to bear the costs of translating this Offering Circular before the legal proceedings are initiated.

Overview

The Carlsberg Group is the fifth largest global brewer in the world by Gross Beer Volume, with leading market positions in Western Europe, Eastern Europe and Asia. The Carlsberg Group's core business is the production, marketing, distribution and sale of beer. The Carlsberg Group's beer brand portfolio consists of a combination of leading international and regional brands *(Carlsberg, Tuborg*, *Baltika*, *Holsten* and *Kronenbourg)* and local brands (such as *Koff* and *Feldschlösschen*). The Carlsberg Group markets its products in more than 150 markets worldwide, and has brewing operations in 32 countries.

The Carlsberg Group's global operations are diversified among the large and mature markets of Western Europe and the growth and emerging markets of Eastern Europe and Asia. In Western Europe, Carlsberg has leading positions in the Nordic countries (Denmark, Finland, Norway and Sweden), France, Northern Germany, Switzerland and Portugal and a significant presence in the United Kingdom and Greece. In Eastern Europe, Carlsberg is the market leader in Russia, the three Baltic countries (Estonia, Latvia and Lithuania) and Kazakhstan, the second largest brewer in Uzbekistan and Belarus, and the third largest brewer in the Ukraine and Poland. In addition, Carlsberg has a significant market position in the Balkans. In Asia, Carlsberg has the leading position in six provinces in Western China, number two positions in Malaysia and Singapore, and a growing presence in Vietnam. Carlsberg also has a number of investments in other promising markets in Asia, including in India.

In order to maximize the effectiveness of the Carlsberg Group's beer product portfolio and to lower unit distribution costs, Carlsberg also produces, markets, sells and distributes soft drinks, mineral water, sports/energy drinks, cider and other alcoholic and non-alcoholic beverages in certain markets where the Carlsberg Group has access to a large, developed distribution system, in particular in the Nordic countries, Switzerland, the United Kingdom and Portugal. The Carlsberg Group has exclusive bottling agreements with The Coca-Cola Company in Denmark and Finland and PepsiCo Inc. in Norway and Sweden. In 2007, 82% of the Carlsberg Group's total *Pro Rata* Volume (82 million hl) was generated from beer and 18% of the Carlsberg Group's total *Pro Rata* Volume (18 million hl) was generated from soft drinks, mineral water and other non-beer beverages.

The Carlsberg Group has grown both organically and through acquisitions. The Carlsberg Group's *Pro Rata* Volume of beer increased from 72.6 million hl in 2006 to 82 million hl in 2007 and net revenue increased from DKK 41.1 billion in 2006 to DKK 44.8 billion in 2007, while operating profit increased from DKK 4.0 billion in 2006 to DKK 5.3 billion in 2007.

The Company's shares are admitted for trading and official listing on the OMX in two classes and are held by more than 20,000 registered shareholders. As at May 14, 2008, the Company's market capitalization was approximately DKK 50.7 billion.

Carlsberg's largest single shareholder is the Carlsberg Foundation, one of Denmark's largest charitable organizations, which is required by its charter to hold more than 25% of the Company's share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation has publicly expressed its full support for the Acquisition.

The Acquisition

On January 25, 2008, the Board of Directors of BidCo, a newly incorporated company jointly owned by the Consortium, announced that they had reached agreement with the Board of Directors of S&N on the terms of a recommended cash offer. The offer was implemented by way of a court-sanctioned scheme of arrangement, which became effective on April 28, 2008. Under the terms of the offer, S&N shareholders received £8.00 in cash for each share held. The Consortium agreed to split up the net assets in S&N, with Carlsberg acquiring the following Acquired Assets valued at approximately £6.0 billion (approximately DKK 57.0 billion):

- the remaining 50% of BBH that it did not already own;
- S&N's French Business, which includes Brasseries Kronenbourg, the leading brewer in France (source: Canadean), and the worldwide brand rights to *Kronenbourg*;
- the worldwide brand rights to *Grimbergen*;
- Mythos, the second largest brewer in Greece (source: Canadean);
- a 17.5% holding in the Chongqing Brewery Co. Ltd., one of the seven largest brewers in China (source: Canadean); and
- a greenfield joint venture in Vietnam.

Prior to the Acquisition, a substantial proportion of Carlsberg's earnings were generated by its existing 50% stake in BBH, which was jointly controlled by the Company and S&N and therefore not fully operationally integrated into the Carlsberg Group. Management believes that the Acquisition by the Carlsberg Group of the Acquired Assets is a transformational transaction for the Carlsberg Group that will significantly increase the Carlsberg Group's operational scale and long-term growth opportunities. The Acquisition represents a natural next step for the Carlsberg Group and follows its strategy of achieving full control over its key operational assets. See "Part I—Company Information—The Acquisition."

In order to fund the Acquisition, the Carlsberg Group entered into an agreement providing loan facilities of €3.5 billion and an equity bridge facility of €3.8 billion. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources" for a more detailed description of these loan facilities.

Reasons for the Offering and Use of Proceeds

The Company expects to receive net proceeds from the Offering of approximately DKK 30,072 million (after deduction of estimated expenses payable by the Company). The entire net proceeds of the Offering will be used to repay an equity bridge facility of DKK 28.7 billion and to repay partially Term Loan A entered into by the Carlsberg Group in order to fund the Acquisition. See "Part I—Company Information—The Acquisition" and "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources" for further information about the loan facilities in connection with the Acquisition and the equity bridge facility.

Competitive Strengths

Management believes that the key strengths that will help the Carlsberg Group achieve its strategies and that differentiate Carlsberg from its competitors include the following:

- The Carlsberg Group is the fifth largest brewer in the world by Gross Beer Volume, with a number of leading market positions in Western Europe, Eastern Europe and Asia. More than half of the Carlsberg Group's Gross Beer Volume is sold in markets where the Carlsberg Group has either a number one or number two position. As such, the Carlsberg Group is able to benefit from significant economies of scale in production, procurement, marketing, distribution and sales. The acquisition of the Acquired Assets has significantly increased the scale of the Carlsberg Group's business and has further positioned it as one of the global and regional leaders in the brewing sector.
- Following the Acquisition, Management believes that the Carlsberg Group is one of the world's fastest growing global brewers, driven by significant opportunities for efficiency improvements in Western Europe, continued high growth in Eastern Europe and Asia and a long-term strategy of focusing investment on those markets with the greatest growth potential.

- The Carlsberg Group owns a portfolio of leading brands. The *Carlsberg* brand is one of the most international beer brands in the world, with a presence in more than 100 countries through direct sales, licensing and exports. *Tuborg* is a premium beer that has built on its Danish heritage and is now available in over 60 countries worldwide. The *Baltika* brand is the leading brand in Russia and the second largest brand in Europe (source: Canadean). In recent years, the *Baltika* brand has expanded beyond its traditional Russian base and is now available in 47 countries. The *Holsten* brand is a premium brand in Northern Germany with widespread international recognition and is now available in more than 50 countries worldwide. The *Kronenbourg* brand is the leading brand in France and the eighth largest brand in Europe in 2006 (source: Canadean).
- In Western Europe, the Carlsberg Group has maintained its leading positions and executed acquisitions, while delivering on its commitment to increase margins. As the Carlsberg Group has implemented its efficiency programs, operating margins have increased from 9.2% in 2005 to 11.8% in 2007. The addition of Brasseries Kronenbourg strengthens the Carlsberg Group's regional footprint through the addition of another leading position in a major Western European market. Management believes that there is significant potential to extract cost and revenue synergies from Brasseries Kronenbourg through the introduction of the Carlsberg Group's existing Excellence Programs.
- Through BBH, the Carlsberg Group has established leading positions in one of the fastest-growing beer regions in the world. BBH is the market leader in Russia, the Baltic States and Kazakhstan and the number three brewery business in the Ukraine. In the markets where BBH holds the number one position with the exception of Estonia, its market share is approximately twice that of its nearest competitor. In recent years, BBH has expanded its operations to include Uzbekistan and Belarus. Over the last five years, BBH has consistently delivered high operating margins, strong revenue growth and a growing market share in the Russian market.
- Recent years have seen an increasing conversion of BBH's strong top-line performance into material cash flows from operations. Following the Acquisition, control of BBH has been united under one owner for the first time in its 16 year history. Management believes that there are material benefits, including significant cost synergies, arising from the unification of ownership and integration of BBH into the Carlsberg Group, while maintaining minority shareholders in its Russian subsidiary, Baltika Brewery.
- Elsewhere in Eastern Europe, the Carlsberg Group has built significantly upon its positions in Poland and South Eastern Europe to create platforms, controlled by the Company, that have the necessary scale and product portfolio to take advantage of the strong growth potential of these markets.
- In Asia, the Carlsberg Group has solid market positions in Western China, Malaysia, Singapore, Vietnam and Laos, as well as substantial ownership interests in breweries in other growth markets, such as Cambodia. The Carlsberg Group also has a number of investments and partnerships in other promising markets in the region, including India. The acquisition of the holding in Chongqing Brewery Co. Ltd. in Western China, the Vinataba joint venture in Vietnam and the joint venture with South Asia Breweries Ltd. in India have served to enhance Carlsberg's position in these key future growth markets.

Business Strategy

The Carlsberg Group's business strategy is to have a strong position in each of the major markets in which it sells its products and from which the Carlsberg Group looks to create shareholder value by generating long-term growth in sales, operating profit and cash flow.

In Western Europe, the Carlsberg Group's main focus is to raise margins through improving the mix of products sold and reducing costs, while significantly increasing the free cash flow generated from the Western European businesses and reducing the level of capital utilized by these businesses. Notwithstanding the industry's rising input cost environment, Management believes that the combined benefits of the Carlsberg Group's Excellence Programs, focus on more premium pricing and the rationalization of breweries will continue the significant increases in operating margin and return on capital the Carlsberg Group has experienced in recent years.

In Eastern Europe and Asia, the Carlsberg Group's main focus is to establish substantial positions in growth markets from which to generate long-term increases in volumes, sales, profitability and cash flow. Having invested in these emerging and growth markets and developed substantial positions in national markets, the Carlsberg Group will seek to translate the strong growth in value and earnings into the generation of substantial levels of free cash flow. For example, in Russia and in a number of other markets in the region, the Carlsberg Group plans to exploit the significant growth potential in these markets by striking the best possible balance between value growth and volume growth to maximize the potential for shareholder value creation. This will require, on the one hand, strengthening brand loyalty and sales of more premium and expensive brands and, on the other hand, supplying competitive and attractively priced beers which can capture customers and revenue from other beverage categories, in particular spirits.

Management expects that by maintaining or obtaining a strong position in the countries in which the Carlsberg Group operates, its size and market position will ensure that it can take advantage of economies of scale to drive sales growth and improve efficiency in all areas of local operations, including production, product innovation, marketing, sales and administration.

Risk Factors

There are risks associated with an investment in the Offered Shares, the Preemptive Rights and Existing Shares, including risks associated with the Carlsberg Group's industry, business and the Offering, which investors should take into account before the acquisition or exercise of the Preemptive Rights and/or the subscription for the Offered Shares. For a more complete analysis of each of the risks set out under each of the headings below, see "Risk Factors." Investors should carefully consider these risk factors together with all of the other information included in this Offering Circular before making a decision regarding the acquisition or exercise of Preemptive Rights and/or the subscription for the Offered Shares. These risks are divided into the following categories:

- **Risks Related to the Carlsberg Group's Industry**
  - There are a variety of factors relating to consumer preferences that may cause lower demand for the Carlsberg Group's products, which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.
  - Changes in existing regulations, increased regulation or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.
  - The Carlsberg Group is exposed to the risks of an economic downturn or recession and falls in per capita income, which could adversely affect the demand for its products.
  - Cost increases and shortages of raw materials and packaging could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.
  - A significant increase in the cost of energy could affect the Carlsberg Group's profitability.
  - The Carlsberg Group's business, results of operations, cash flows or financial condition could be affected by increased excise duties and tax costs.
  - Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Carlsberg Group's products, reducing the Carlsberg Group's consolidated net revenue and results of operations and cash flows.

- **Risks Related to the Carlsberg Group's Business**
  - The operational integration of the assets acquired from S&N involves costs and uncertainties and may not be successful.
  - The Company has conducted only a limited due diligence review of the Acquired Assets, and, therefore, the Carlsberg Group may become subject to unknown risks, valuation adjustments and liabilities, which may have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.
  - Any delay or change in the acquisition and separation plan agreed by the Consortium could result in delays and additional costs incurred by the Carlsberg Group in order to complete the transfer of the Acquired Assets.
  - The Carlsberg Group operates in several emerging and growth markets, which exposes it to political and economic risks in these markets.
  - Negative publicity may harm the Carlsberg Group's business.

— Competition may lead to a reduction in margins and may affect the Carlsberg Group's profitability.

— The Carlsberg Group is subject to competition regulations in certain jurisdictions in which it has a leading market share.

— The Carlsberg Group is exposed to the risk of increased interest rates.

— The Carlsberg Group's business, results of operations, cash flows or financial condition can be adversely affected by changes in exchange rates.

— As a result of the Acquisition, the Carlsberg Group will incur substantial indebtedness and may not have the financial flexibility to pursue major acquisition opportunities that may arise.

- **Risks Related to the Offering**

  — The Company's share price has been and may continue to be volatile.

  — If the Offering is discontinued or there is a substantial decline in the Company's share price, Preemptive Rights may become void or worthless.

  — If the Underwriting Agreement is terminated after the Preemptive Rights have been allocated, such termination may affect the obligation of holders of Preemptive Rights who have exercised their Preemptive Rights to purchase Offered Shares at the Subscription Price.

  — Purchasers of Preemptive Rights prior to the completion of the Offering may lose their investments if the Offering is not completed.

Summary of the Offering

See "Part II—The Offering" for a complete description of the Offering.

Issuer	Carlsberg A/S, CVR No. 61056416.
Offering	The Offering comprises 76,278,403 Offered Shares with a nominal value of DKK 20 each with Preemptive Rights to the Existing Shareholders at a ratio of 1:1.
Shares outstanding prior to the Offering	The total number of Existing Shares outstanding prior to the Offering is 76,278,403, divided into 33,699,252 Series A Shares and 42,579,151 Series B Shares.
Shares outstanding after the Offering	The total number of Shares outstanding after the Offering will be 152,556,806, divided into 33,699,252 Series A Shares and 118,857,554 Series B Shares.
Subscription Price	The Offered Shares are offered at DKK 400 per Offered Share with a nominal value of DKK 20 each, free of brokerage fees.
Subscription Ratio	The Offering is being made at a ratio of 1:1, which means that each Existing Share will be allocated one Preemptive Right, and each Preemptive Right will entitle the holder to subscribe for one Offered Share. Accordingly, shareholders will have the right, upon payment of the Subscription Price, to subscribe for one new Offered Shares for each Existing Share held.
Preemptive Rights	Shareholders will be allocated one Preemptive Right for each Series A Share and each Series B Share held on the Allocation Date.
Allocation of Preemptive Rights	The Preemptive Rights will be allocated at the Allocation Date through VP Securities Services.
Allocation Date	On May 26, 2008 at 12:30 p.m. CET, anyone who is registered with VP Securities Services as a shareholder of the Company will be allocated Preemptive Rights.

Record Date	Until the close of trading in Shares on the OMX on May 21, 2008, Series A Shares and Series B Shares will trade with Preemptive Rights. May 21, 2008 is the last day on which investors can acquire Existing Shares in the Company to be entitled to Preemptive Rights when the Preemptive Rights are allocated on the Allocation Date.
Ex-Preemptive Rights Date	As from May 22, 2008, the Series A Shares and Series B Shares will trade ex-rights.
Subscription Period	The Subscription Period for the Offered Shares commences at 9:00 a.m. CET on May 27, 2008 and closes at 5:00 p.m. CET on June 10, 2008. **Preemptive Rights that are not exercised through the Danish custodian institutions during the Subscription Period will lapse with no value and a holder of such Preemptive Rights will not be entitled to compensation. The Subscription Period will end at 5:00 p.m. CET on June 10, 2008.**
Method of Subscription	Holders of Preemptive Rights wishing to subscribe for Offered Shares must do so through their own Danish custodian (or their custodian's Danish sub-custodian) in accordance with the rules of such institution. The time until which notification of exercise may be given will depend upon the agreement with, and the rules and procedures of, the individual shareholders' custodian or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised its Preemptive Rights, the exercise may not be revoked or modified. Upon payment of the Subscription Price and exercise of Preemptive Rights at the close of any business day during the Subscription Period, Offered Shares will be issued and allocated through VP Securities Services.
Listing of and Dealings in Offered Shares	Dealings in the Offered Shares with a temporary securities code will commence on May 22, 2008. The Offered Shares may only be traded under the temporary securities code until such time as they are merged with the existing Series B Shares securities code, which is expected to take place no later than June 18, 2008. Until this merger occurs, liquidity in the Offered Shares under the temporary securities code may be significantly different from the liquidity of the Series B Shares.
Method of Payment	Payment for the Offered Shares shall be made in Danish kroner on subscription against registration of the corresponding Offered Shares in the investor's account with VP Securities Services. Holders of Preemptive Rights will need to abide by the account agreement with their Danish custodian and other financial intermediaries through which they hold shares. For non-Danish investors, financial intermediaries through whom an owner holds Preemptive Rights may require payment by an earlier date.
Dealings in Preemptive Rights	Preemptive Rights for the Offered Shares may be traded on the OMX during the period from 9:00 a.m. CET on May 22, 2008 to 5:00 p.m. CET on June 4, 2008. Holders of Preemptive Rights who do not wish to exercise their Preemptive Rights to subscribe for Offered Shares may transfer their Preemptive Rights, and the transferee may use them to subscribe for Offered Shares. Holders wishing to sell their Preemptive Rights should instruct their custodian accordingly.

	The Joint Bookrunners may, from time to time, acquire and sell Preemptive Rights, exercise such Preemptive Rights and sell Offered Shares.
Unexercised Preemptive Rights	Upon expiry of the Subscription Period, the Preemptive Rights will lapse with no value, and the holders will not be entitled to any compensation.
Joint Global Coordinators and Joint Bookrunners (underwriters)	BNP Paribas, Danske Markets (Division of Danske Bank A/S), Lehman Brothers International (Europe) and Nordea Bank Danmark A/S.
Underwriting	Subject to the satisfaction of certain conditions in the Underwriting Agreement, the Joint Bookrunners have agreed with the Company to subscribe for any Offered Shares in respect of which Preemptive Rights have not been exercised at or before 5:00 p.m. CET on June 10, 2008. The Joint Bookrunners will not subscribe for Offered Shares by exercising unexercised Preemptive Rights (which will have lapsed), but will subscribe for a number of Offered Shares calculated on the basis of the difference between the number of Offered Shares subscribed for through the exercise of Preemptive Rights and the total number of Offered Shares. Such Offered Shares will be subscribed for at the Subscription Price. The Offered Shares will thus be subscribed in all events. The Joint Bookrunners have each agreed to underwrite severally but not jointly the proportion of the Offered Shares set forth below:

Underwriters	Percent of Underwritten Shares
BNP Paribas	30%
Danske Markets (Division of Danske Bank A/S)	20%
Lehman Brothers International (Europe)	30%
Nordea Bank Danmark A/S	20%

The Carlsberg Foundation	The Carlsberg Foundation is required pursuant to its charter to hold more than 25% of the share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation is entitled to 39,156,986 Preemptive Rights to subscribe for 39,156,986 Offered Shares, and has agreed with the Joint Bookrunners to participate in the Offering on a cash-neutral basis (after transaction costs) by subscribing for the maximum number of Offered Shares that it can finance solely through the sale of Preemptive Rights. For further information see "Part II—The Offering—Terms and Conditions of the Offering—Intentions of Major Shareholders, Members of the Executive Management or the Board of Directors."
Proceeds	The gross proceeds of the Offering will total DKK 30,511 million. The net proceeds (gross proceeds after deduction of estimated expenses payable by the Company) of the Offering are expected to total approximately DKK 30,072 million.
Use of Proceeds	The entire net proceeds of the Offering will be used to repay an equity bridge facility and to repay partially Term Loan A entered into by the Carlsberg Group in order to fund the Acquisition. See "Part II—The Offering—Key Information—Reasons for the Offering and Use of Proceeds."

Securities Identification Codes .	Series A Shares DK0010181676 (CARL A) Series B Shares DK0010181759 (CARL B) Preemptive Rights DK0060135705 Offered Shares (temporary code) DK0060135622 (CARL B NYE)
Voting Rights	The Series A Shares carry 20 voting rights per Share and the Series B Shares (including the Offered Shares) carry two voting rights per Share. Voting rights can only be exercised following registration of a shareholder in the register of shareholders or following notification to the Company. See "Part I—Company Information—Additional Information—Share Capital."
Treasury Shares	At May 7, 2008, Treasury Shares held by the Carlsberg Group consist of 8,675 Series B Shares, which are being retained to cover existing share option programs. The Treasury Shares correspond to less than 0.1% of the Company's total registered share capital. The Company is not permitted under applicable law to exercise the Preemptive Rights in respect of Treasury Shares.
Ranking and Dividends	The Offered Shares will rank *pari passu* with the other Series B Shares. The Offered Shares will be eligible to receive dividends declared, if any, commencing with the year ending December 31, 2008. See "Part I—Company Information—Information about Carlsberg's Assets and Liabilities, Financial Position, Profits and Losses and Dividend Policy—Dividend Policy."
Issuing Agent	Danske Bank A/S Holmens Kanal 2-12 DK-1092 Copenhagen K
Lock-Up	The Carlsberg Foundation has agreed with the Joint Bookrunners that, for period of 365 days following the end of the Subscription Period, it will not sell, contract to sell or otherwise dispose of Series B Shares or securities convertible into Series B Shares, subject to certain exceptions. The Company has agreed in the Underwriting Agreement that, for a period of six months following the end of the Subscription Period, it will not, without the prior written consent of the Joint Bookrunners, offer, allot, issue, sell, or contract to sell or agree to sell or otherwise dispose of Shares, and it will not grant stock options (other than in the ordinary course) or issue securities that may be converted into Shares, except as required under applicable law or upon exercise of options. For further information regarding the lock-up, see "Part II—The Offering—Selling Security Holders and Lock-Up."
Governing Law	The Offering will be governed by the laws of Denmark.
Risk Factors	See the "Risk Factors" section of this Offering Circular to read about factors to consider before investing in Offered Shares or trading in the Preemptive Rights.
Transfer Restrictions	The Company is not taking any action to permit a public offering of the Preemptive Rights or the Offered Shares outside Denmark. Except under the limited circumstances described in this Offering Circular, holders who reside in any country other than Denmark may not be legally able to exercise any Preemptive Rights in the Offering. Holders may be permitted, however, to sell their rights, subject to applicable securities laws.

The Company reserves the right to treat as invalid any exercised or purported exercise of Preemptive Rights in the Offering that appears to the Company to have been executed, effected or dispatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if the Company believes that the same may violate applicable legal or regulatory requirements.

US Offer Restrictions . . . . See "Part II—The Offering—Transfer Restrictions" and "Part II—The Offering—Offering Restrictions."

Availability of the Offering Circular . . . . Requests for copies of this Offering Circular may be addressed to:

Danske Bank A/S Corporate Actions Holmens Kanal 2-12 DK-1092 Copenhagen K Denmark	Nordea Bank Danmark A/S 7324 Securities Operations Helgeshøj Allé 33, DK-2630 Taastrup Denmark
Telephone: +45 7023 0834 Fax: +45 4355 1223 E-mail: *prospekter@danskebank.dk*	Telephone: +45 3333 2796 Fax: +45 3333 3182 E-mail: *prospekt.ca@nordea.com*

The Offering Circular may also, with certain exceptions, be downloaded from the Company's website: www.carlsberggroup.com. The contents of this website do not form a part of this Offering Circular.

Withdrawal of the Offering . . . . The Underwriting Agreement solely entitles the Joint Bookrunners to terminate the Underwriting Agreement and thereby withdraw the Offering under certain extraordinary and unforeseeable circumstances from the publication of this Offering Circular until registration of the capital increase relating to the Offered Shares has taken place with the Danish Commerce and Companies Agency, which is expected to occur on June 12, 2008.

If the Offering is not completed, holders of Preemptive Rights who have exercised their Preemptive Rights will not receive the Offered Shares but will be entitled to repayment of the Subscription Price from the Company (less subscription-related costs), all Preemptive Rights will lapse, and no Offered Shares will be issued.

However, trades of Preemptive Rights executed during the trading period for the Preemptive Rights will not be affected. As a result, investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights and any fees and other costs related to the acquisition of Preemptive Rights.

Any withdrawal will be notified immediately to the OMX and announced as soon as possible in the same Danish daily newspapers in which the Offering was announced.

Expected Timetable of Principal Events

Record Date	May 21, 2008
	Until the close of trading in Shares on May 21, 2008, Existing Shares on the OMX will trade with Preemptive Rights. May 21, 2008 is the last day on which investors can acquire Existing Shares in the Company to be entitled to Preemptive Rights when the Preemptive Rights are allocated on the Allocation Date.
Ex-Preemptive Rights Date	May 22, 2008 (the first business day after the Record Date)
Listing of and trading in Offered Shares (under temporary securities code) commences	May 22, 2008
Trading of Preemptive Rights commences on the OMX	May 22, 2008
Allocation Date	May 26, 2008 at 12:30 p.m. CET
Subscription Period begins	May 27, 2008 (the first business day after the Allocation Date)
Trading in Preemptive Rights ends	June 4, 2008 at 5:00 p.m. CET
Subscription Period ends	June 10, 2008 at 5:00 p.m. CET
	Preemptive Rights that are not exercised through the Danish custodian institutions during the Subscription Period will lapse with no value and a holder of such Preemptive Rights will not be entitled to compensation.
Expected Completion of the Offering and announcement of the results of the Offering	June 12, 2008
Expected registration of the Offered Shares at the Danish Commerce and Companies Agency	June 12, 2008
Expected merging of securities codes on the OMX	June 18, 2008

RISK FACTORS

In addition to the other information contained in this Offering Circular, and prior to making an investment decision, prospective purchasers of the Offered Shares, Preemptive Rights or Existing Shares should consider carefully the following specific risk factors which Management considers to be of possible material importance. The risks described below are not the only ones facing the Carlsberg Group. Additional risks not presently known to the Carlsberg Group, or that the Carlsberg Group currently deems immaterial, may also impair the Carlsberg Group's business, results of operations, cash flows or financial condition. The Carlsberg Group's business, results of operations, cash flows or financial condition could be materially adversely affected by any of these risks. The trading price of the Offered Shares could decline due to any of these risks, and investors may lose part or all of their investment. The risk factors are not listed in any order of priority.

Risks Related to the Carlsberg Group's Industry

There are a variety of factors relating to consumer preferences that may cause lower demand for the Carlsberg Group's products, which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The beverage industry is highly competitive, and the beer segment in particular faces strong competition from alternative beverages. Maintaining the Carlsberg Group's competitive position depends on its continued ability to offer products that have a strong appeal to consumers. Consumer demand for beer and soft drinks depends on a variety of factors, including changes in demographic and social trends, health perceptions (for example, concerns that soft drinks could be contributing to obesity or health concerns relating to artificial sweeteners that are used as a substitute for sugar in some diet soft drinks), the introduction of alternative spending opportunities and downturns in economic conditions. These factors may reduce consumers' willingness to purchase beer products and soft drinks and may lead to the consumption of substitute products. Reduced consumption of beer and, to a lesser extent, soft drinks in any of the Carlsberg Group's key markets could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The alcoholic beverage industry has become the subject of considerable public and political attention in recent years due to increasing public concern over alcohol-related social problems, including drunk driving, underage drinking, and health consequences from the misuse of alcohol, including alcoholism and obesity. In addition, a number of anti-alcohol groups are advocating increased governmental action on a variety of fronts unfavorable to the beer industry, including the legislation of new labeling or packaging requirements and restrictions on advertising and promotion that could adversely affect the sale of the Carlsberg Group's products. If beer consumption in general were to come into disfavor among consumers, or if the alcoholic beverage industry were subjected to significant additional governmental regulations, this could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. See "—Risks Related to the Carlsberg Group's Business—Negative publicity may harm the Carlsberg Group's business."

Changes in existing regulations, increased regulation or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group's brewing, bottling, marketing, sales and distribution operations are subject to regulation in the countries in which it operates regarding such matters as licensing requirements, trade and pricing practices, labeling, advertising, promotion and marketing practices, relationships with distributors, environmental, tax, labor and other matters. Failure to comply with these laws and regulations could result in the loss, revocation or suspension of the Carlsberg Group's licenses, permits or approvals. In addition, changes in any of these or any other laws or regulations could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. There can be no assurance that the Carlsberg Group will not incur material costs or liabilities in connection with its compliance with current applicable regulatory requirements or that such regulations will not interfere with, restrict or affect the Carlsberg Group's business.

The level of regulation to which the Carlsberg Group is subject can be affected by changes in public perception of beer and soft drink consumption. In relation to beer, governmental bodies may respond to public pressure to curtail alcohol consumption by raising the legal drinking age, further limiting the number, type or operating hours of retail outlets or expanding retail licensing requirements. In relation to soft drinks, governmental bodies may respond to public pressure to address obesity by curtailing soft drink consumption at schools and other government-owned facilities. In addition, governmental bodies may further restrict the advertising style, media or messages used to market beer and soft drinks. Developments similar to this or any restrictions on the sale and consumption of beer or increases in the retail cost of beer or soft drinks due to additional governmental regulations, taxes or otherwise, could require the Carlsberg Group to increase prices, possibly resulting in a decrease in the Carlsberg Group's sales or the erosion of the Carlsberg Group's margins, each of which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Furthermore, the Carlsberg Group's operations require access to significant amounts of water. If there were a drought or general water shortage in any of the markets in which the Carlsberg Group operates, the local, state or other regulatory authorities may restrict water supplies to the Carlsberg Group and other industrial operations in order to maintain water supplies for drinking and other public necessities. Any sustained interruption in water supplies to the Carlsberg Group or any significant increase in water prices could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group is exposed to the risks of an economic downturn or recession and falls in per capita income, which could adversely affect the demand for its products.

The Carlsberg Group is exposed to the risks of an economic downturn or recession either globally or in one or more of its key markets. The effect could be to lower revenues and reduce income. For the beverage business, an economic downturn or recession could adversely affect demand for beer and soft drinks, and therefore, the prices that can be achieved for beer and soft drinks in the relevant market, which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Beer and soft drink consumption in emerging and growth markets, and in particular the consumption of premium beer in the countries in which the Carlsberg Group operates, is linked to general economic conditions, tending to rise in markets during periods of increasing *per capita* income and tending to fall during periods of declining *per capita* income. In addition to moving in line with changes in *per capita* income, beer consumption also increases or decreases in accordance with changes in disposable income, particularly in the emerging markets in which the Carlsberg Group operates. Any decrease in disposable income resulting from an increase in income taxes, the cost of living, or other factors would likely adversely affect demand for beer and soft drinks and, as a result, could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Cost increases and shortages of raw materials and packaging could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Management cannot predict future availability or prices of the raw materials and packaging products required for the Carlsberg Group's production. The markets in the relevant commodities have experienced and will continue to experience price fluctuations. The Carlsberg Group's business, results of operations, cash flows or financial condition may be affected by the availability and pricing of certain raw materials (such as malt and hops) and packaging materials (which include mainly aluminum cans, glass and PET bottles, labels, plastic crates and cardboard products). The prices of raw materials and packaging can fluctuate widely and are determined by the relative strengths of suppliers, global supply and demand and other factors, including changes in exchange rates, energy prices, global crop production, government regulations and legislation affecting agriculture, factors over which the Carlsberg Group has no control. A substantial increase in the prices of these materials (in particular if such incremental amounts cannot be passed on to the customer), a lack of availability of materials or a prolonged interruption in their supply, could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

In particular, the supply and price of raw materials used to produce the Carlsberg Group's products can be affected by a number of factors beyond the Carlsberg Group's control, including frosts, droughts and other adverse weather conditions, economic factors affecting growth decisions, various plant diseases and pests. To the extent that any of these factors affect the ingredients used to produce the Carlsberg Group's products, the Carlsberg Group's business, results of operations, cash flows or financial condition could be materially and adversely affected. Furthermore, the Carlsberg Group has a limited group of suppliers of aluminum cans and glass and PET bottles. The inability of the Carlsberg Group's aluminum can and glass and PET bottle suppliers to satisfy the Carlsberg Group's requirements could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

A significant increase in the cost of energy could affect the Carlsberg Group's profitability.

Energy prices, including the price of oil, natural gas, gasoline and diesel fuel, are cost drivers for the Carlsberg Group's business. Sustained high energy prices could negatively impact the Carlsberg Group's operating results and demand for the Carlsberg Group's products. Events such as natural disasters could impact the supply of fuel and the timely delivery of the Carlsberg Group's products to its customers. Recently, the Carlsberg Group has experienced significant increases in energy costs, and energy costs could continue to rise, which would result in higher transportation, freight and other operating costs. The Carlsberg Group's future operating expenses and margins will be dependent upon its ability to manage the impact of cost increases. There can be no assurance that the Carlsberg Group will be able to pass along increased energy costs to its customers through increased prices.

The Carlsberg Group's business, results of operations, cash flows or financial condition could be affected by increased excise duties and tax costs.

Various legislative authorities in those countries in which the Carlsberg Group operates from time to time consider proposals to impose additional excise and other taxes on the production and sale of alcoholic beverages, including beer and soft drinks. Changes in such duties applicable to the Carlsberg Group's products affect the prices at which they are sold, resulting in changes in demand for its products. Increases in the levels of excise and other tax (either on an absolute basis or relative to the levels applicable to other alcoholic beverages) could have a significant adverse impact on sales volumes. In addition, there can be no assurance that the operations of the Carlsberg Group's breweries and other facilities will not become subject to increased excise duties and taxation by local, national or foreign authorities. Changes in corporate income tax rates or regulations on repatriation of dividends and capital could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Carlsberg Group's products, reducing the Carlsberg Group's consolidated net revenue and results of operations and cash flows.

Seasonal consumption cycles and adverse weather conditions in the markets in which the Carlsberg Group operates may result in fluctuations in demand for the Carlsberg Group's products. Accordingly, demand for beer is normally more depressed in the Carlsberg Group's major markets during the first three months of each year. As a result, the Carlsberg Group's consolidated net revenue is normally lower during these months. Moreover, exceptionally cold summer temperatures or hot summer temperatures in certain key markets of the Carlsberg Group, particularly in Western and Eastern Europe, may have a temporary negative impact on the demand for the Carlsberg Group's products as consumers substitute beer with alternative beverages, contributing to lower sales of beer and, therefore, could have a material adverse effect on the Carlsberg Group's consolidated net revenue and results of operations and cash flows.

Global and regional catastrophic events and other disasters may adversely impact the Carlsberg Group's business and financial results, cash flows or financial conditions.

The Carlsberg Group's business and financial results could be impacted by various catastrophic events and other disasters including: terrorist acts; the outbreak or escalation of armed hostilities; widespread outbreaks of infectious disease (such as avian influenza); major natural disasters (such as earthquakes, hurricanes, flooding and fire); and other disasters (including, power loss, loss of water supply and telecommunications failures). If any of these catastrophic events were to occur in a geographic region in which the Carlsberg Group operates, it could have a material adverse effect on sales volume, supply and cost of raw materials, earnings, and more generally, the Carlsberg Group's business, results of operations, cash flows or financial condition.

In addition, certain of these catastrophic events could damage or destroy Carlsberg Group's assets, in particular the Carlsberg Group's breweries, which may result in losses that exceed the Carlsberg Group's insurance coverage and may cause a decrease in revenues and have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. These occurrences could also result in increased volatility in, or damage to, the financial markets and economies in which the Carlsberg Group operates.

The Carlsberg Group is exposed to the risk of litigation.

Companies in the beverage industry are, from time to time, exposed to class action or other litigation relating to alcohol advertising, alcohol abuse programs or health consequences from the excessive consumption of alcohol, particularly by those under the legal drinking age. In addition, companies in the soft drink industry are, from time to time, exposed to class action or other litigation relating to the health consequences from excess consumption of soft drinks, particularly in relation to obesity. If any of these types of litigation result in fines, damages or reputational damage, it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Risks Related to the Carlsberg Group's Business

The operational integration of the assets acquired from S&N involves costs and uncertainties and may not be successful.

The Carlsberg Group's recent acquisition of the Acquired Assets substantially increased the size of the Carlsberg Group's operations and will require the Carlsberg Group to integrate within the organization a number of businesses that the Carlsberg Group did not previously operate and others that it did not fully control. Although Management expects to achieve synergies and cost savings through integrating the Acquired Entities with the existing business, the Carlsberg Group may encounter difficulties with this process, which may be exacerbated when integrating companies in different countries, or fail to realize the expected synergies. Moreover, realizing the expected synergies may take longer than expected.

The integration process involves the inherent costs and uncertainties of integration into a new organization and the availability of, and strain upon, management resources to oversee the operations and manage the human resources of a significantly larger company. Although Management believes the integration will be able to proceed in an orderly fashion, there may be differences over corporate strategies and corporate cultures and general cultural differences that need to be overcome. Any material delays or unexpected costs incurred in connection with the integration and rationalization process could result in the failure to realize expected synergies and could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. See "Part I—Company Information—The Acquisition."

The Company has conducted only a limited due diligence review of the Acquired Assets, and, therefore, the Carlsberg Group may become subject to unknown risks, valuation adjustments and liabilities, which may have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Due to the Company's prior knowledge of BBH through its 50% holding that it acquired in 2001, the Company has not conducted a formal due diligence review of BBH. The Company has only conducted a limited due diligence review of the French Business and certain of the other Acquired Assets. The Company has relied on publicly available information relating to the French Business and certain of the other Acquired Assets. This information has not been subject to comment or verification by Brasseries Kronenbourg, S&N or the Carlsberg Group or their respective directors. As a result of the Acquisition, the Carlsberg Group may be subject to unknown risks, valuation adjustments and liabilities of the Acquired Assets, which may have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Any delay or change in the acquisition and separation plan agreed by the Consortium could result in delays and additional costs incurred by the Carlsberg Group in order to complete the transfer of the Acquired Assets.

The timely transfer of the Acquired Assets from BidCo into the Carlsberg Group depends upon the success of the acquisition and separation plan agreed by the Consortium that sets out certain procedures to be followed in order to complete the transfer. Circumstances might occur that delay or change the structure of the plan (in particular, in relation to the tax structure and corporate law transactions), which could result in delays and additional costs incurred by the Carlsberg Group in order to complete the transfer of the Acquired Assets.

As of the date of this Offering Circular, certain of the Acquired Assets, including Brasseries Kronenbourg, have not been transferred out of BidCo and into the Carlsberg Group because the Carlsberg Group is currently undergoing a works counsel consultation process with the French employees as required under French labor law. Until such time as the consultation process is completed, the Carlsberg Group will be unable to transfer the French Business, including Brasseries Kronenbourg, out of BidCo and into the

Carlsberg Group. In addition, there can be no assurances that certain of the other Acquired Assets will be transferred into the Carlsberg Group.

Change of control, rights of first refusal, and any other adverse rights provisions in Acquired Entity agreements may be triggered upon the completion of the Acquisition or upon the transfer of the Acquired Assets from BidCo to the Carlsberg Group, and may lead to adverse consequences for the Carlsberg Group, including the loss of significant contractual rights and benefits, the termination of joint venture and/or licensing agreements or the requirement to repay outstanding indebtedness.

Certain of the Acquired Entities may be a party to joint ventures, licenses and other agreements and instruments that contain change of control, rights of first refusal and any other adverse rights provisions that may be triggered upon the completion of the Acquisition or upon the transfer of the Acquired Assets from BidCo to the Carlsberg Group. Prior to the consummation of the Acquisition, the Acquired Entities did not provide the Carlsberg Group with copies of certain agreements to which one or more of them are a party, and these agreements are not generally publicly available. Agreements with change of control provisions typically provide for or permit the termination of the agreement upon the occurrence of a change of control of one of the parties or, in the case of debt instruments, require repayment of all outstanding indebtedness. Agreements with rights of first refusal typically provide the holder of the right with an option to acquire shares in a business upon transfer of such shares before the owner is allowed to enter the transaction with a third party. The operation of the change of control provisions, if any, could result in the loss of material contractual rights and benefits, the termination of joint venture agreements and licensing agreements or the requirement to repay outstanding indebtedness.

In addition, employment agreements with members of certain of the Acquired Entities' senior management and other employees may contain change of control provisions providing for compensation to be paid in the event of termination of the relevant employment agreements, either by the Acquired Entity or by the relevant employees, following the completion of the Acquisition or upon the transfer of the Acquired Assets from BidCo to the Carlsberg Group. Such employment agreements may also contain change of control provisions providing for compensation to be paid following the occurrence of such events even if the employment is not terminated.

The Carlsberg Group operates in several emerging and growth markets, which exposes it to political and economic risks in these markets.

The Carlsberg Group has significant operations in emerging and growth markets, some of which provide a material part of Carlsberg's consolidated net revenue, including Russia, and certain emerging Eastern European markets.

The Carlsberg Group's operations in these markets are subject to the usual risks of operating in emerging and growth markets, which include potential political and economic instability, application of exchange controls, nationalization or expropriation, terrorism, crime and lack of law enforcement, political insurrection, external interference, labor unrest, currency fluctuations, inflation, economic recession and changes in government policy. Such factors could affect the Carlsberg Group's business, results of operations, cash flows or financial condition by causing interruptions to its operations, increasing the costs of operating in those countries or limiting the ability of the Carlsberg Group to repatriate profits from those countries. Exposure to these risks will increase as a result of the Carlsberg Group's strategy to seek growth in emerging and growth markets.

Moreover, these economies may not grow in the manner envisaged at the time the Carlsberg Group entered the market, and may suffer from recession, high rates of inflation and real currency devaluation, which could all adversely affect the demand for the Carlsberg Group's products, the prices customers pay, or the costs of operating its business.

Negative publicity may harm the Carlsberg Group's business.

Media coverage and publicity generally can exert significant influence on consumer behavior and actions. If the social acceptability of beer or soft drinks were to decline significantly, sales of the Carlsberg Group's products could materially decrease. In recent years, there has been increased public and political attention directed at the alcoholic beverage industry. This attention is a result of public concern over: alcohol-related problems, including drunk driving, underage drinking and health consequences resulting from the misuse of alcohol (for example, alcoholism and obesity); and soft-drink related problems, including health consequences resulting from the excessive consumption of soft drinks (for example, obesity). Negative publicity regarding alcohol or soft drink consumption, publication of studies that indicate a significant health risk from consumption of alcohol or soft drinks, or changes in consumer perceptions in relation to beer or soft drinks generally could adversely affect the sale and consumption of the Carlsberg Group's products and could harm the Carlsberg Group's business, results of operations, cash flows or financial condition as consumers and customers change their purchasing patterns.

The *Carlsberg* brand and other key brand names are used by the Company, subsidiaries of the Carlsberg Group (including certain companies over which the Company does not have control) and joint ventures, and licensed to third-party brewers. To the extent that the Company, one of the Carlsberg Group's subsidiaries, joint ventures or licensees are subject to negative publicity, and the negative publicity causes consumers and customers to change their purchasing patterns, it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. As the Carlsberg Group continues to expand its operations into emerging and growth markets, there is a greater risk that the Carlsberg Group may be subject to negative publicity, in particular in relation to labor rights and local work conditions. Negative publicity that materially damages the reputation of one or more of the Carlsberg Group's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business.

Competition may lead to a reduction in margins and may affect the Carlsberg Group's profitability.

Although the Carlsberg Group has a leading position in the beer market in a number of its core markets, the Carlsberg Group is subject to competition from existing competitors and new entrants, as well as from substitute beverages. Globally, breweries compete mainly on the basis of brand image, ability to innovate, price, customer service, quality, operational efficiencies and distribution networks. Alternatively, in individual markets, competing brewers may introduce new brands, packaging, products, price promotions or other competitive advantages which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. For example, competition has led to a recently announced 10% reduction in prices in China.

There can be no assurance that significant increases in advertising and promotion costs, loss of sales volume, price discounting or a combination of these and other factors that may occur as a result of increased competition would not have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group is subject to competition regulations in certain jurisdictions in which it has a leading market share.

In many of the countries in which the Carlsberg Group operates, in particular the Nordic countries, France, Northern Germany, Switzerland, Portugal, Russia, the Baltic States, Kazakhstan, Vietnam and Western China, it has a leading position in the local beer market. The effects of this include the following: (i) future expansion through the acquisition of other businesses in the local market may be restricted or prevented and (ii) where the Carlsberg Group has a strong leadership position, controls may be imposed to restrict its activities and prevent any possible abuse of such position. For example, in the Nordic region and Switzerland, the Carlsberg Group may be unable to grant certain rebates to off-trade or on-trade customers which smaller competitors may be able to grant as an integral part of their contracts. There can be no assurance that, were new or further competition regulations to be introduced into these markets, they would not have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group is exposed to the risk of increased interest rates.

As a result of the Acquisition, the Carlsberg Group's debt has increased significantly from the position as set out in the Carlsberg Group's consolidated financial statements for the year ending December 31, 2007. Management calculates that approximately 72% of its expected gross debt will be at floating interest rates immediately after the Acquisition and Offering and repayment of the equity bridge facility with the proceeds from the Offering. Accordingly, the Carlsberg Group's exposure to changes in interest rates has increased substantially. An increase in interest rates could have a material adverse effect on the Carlsberg Group's financial condition. See also "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Quantitative and Qualitative Disclosure about Market Risk—Interest Rate Risk."

The Carlsberg Group's business, results of operations, cash flows or financial condition can be adversely affected by changes in exchange rates.

The Company publishes its consolidated financial statements in Danish kroner. A substantial portion of the Carlsberg Group's assets, liabilities, revenues and costs are denominated in currencies other than in Danish kroner, particularly in Russian rubles, Norwegian kroner, Swedish kroner, euros, Swiss francs and British pounds sterling. As a result, the Carlsberg Group is exposed in particular to fluctuations in the values of these currencies. These currency fluctuations can have a significant impact on the Carlsberg Group's business, results of operations, cash flows or financial condition. In particular, the appreciation of the Danish kroner relative to other currencies would decrease the Danish kroner value of the contribution to the Carlsberg Group's consolidated results (including net revenue) and financial condition from subsidiaries and joint ventures that maintain their financial accounts in other currencies, which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. See also "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Quantitative and Qualitative Disclosure about Market Risk—Interest Rate Risk."

The Carlsberg Group could incur significant costs as a result of compliance with and violations or liabilities under environmental laws.

The Carlsberg Group's operations are subject to various laws and regulations relating to the protection of the environment, including those governing the recycling of cans and bottles, the discharge of pollutants into the air and water, the management and disposal of hazardous substances and waste, and the cleanup of contamination. The Carlsberg Group could incur substantial costs, including cleanup costs, fines and civil or criminal sanctions, third-party property damage or personal injury claims, or the reduction or suspension of operations as a result of violations of, or liabilities under, environmental laws or non-compliance with the environmental permits required at its production facilities. Potentially significant expenditures could be required in order to comply with environmental laws that may be adopted or imposed in the future and there can be no assurance that the Carlsberg Group will not incur any environmental liability in the future (including any environmental liability resulting from converting former brewery sites into residential and commercial developments). Any of the foregoing could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group's operating results may be affected by economic and regulatory changes that have an adverse impact on the real estate market in general, and there can be no assurances that the Carlsberg Group will be profitable or that the Carlsberg Group will realize a return on its real estate property projects.

The Carlsberg Group's operating results are subject to risks generally incident to the ownership, development and sale of real estate, including: changes in general economic or local conditions; changes in supply of or demand for similar or competing properties in an area; changes in interest rates and availability of debt financing that may render the sale of a property difficult or unattractive; changes in tax, real estate, environmental and zoning laws (primarily in relation to converting former brewery sites into residential and commercial developments); and periods of high interest rates and limited money supply. These and other reasons may prevent the Carlsberg Group from being profitable or from realizing a return on the Carlsberg Group's real estate property projects.

Reliance on key third-parties could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group relies on key third-party suppliers, including third-party suppliers for a range of raw materials for beer and soft drinks, and for packaging material, including aluminium cans, glass and PET bottles and kegs. The Carlsberg Group seeks to limit its exposure to market fluctuations in these supplies through entering into medium- and long-term fixed-price arrangements. The Carlsberg Group has a limited number of suppliers of aluminum cans and glass and PET bottles. Consolidation of the aluminium can industry and glass and PET bottle industry in certain markets in which the Carlsberg Group operates has reduced local supply alternatives and increased the risk of aluminium can and glass and PET bottle supply disruptions. Although the Carlsberg Group has other suppliers of aluminum cans and glass and PET bottles, the termination of arrangements with certain key suppliers or the failure of a key supplier to meet its obligations under the agreement or otherwise deliver cans, glass or PET bottles consistent with current usage would require the Carlsberg Group to make purchases from alternative suppliers, in each case at potentially higher prices than those agreed with this supplier, and this could have a material impact on the Carlsberg Group's production, distribution and sale of beer and have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. See "—Risks Related to the Carlsberg Group's Industry—Cost increases and shortages of raw materials and packaging could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition."

The Carlsberg Group also relies on bottling agreements with third parties. For example, the Carlsberg Group's portfolio includes products licensed from third-party organizations such as The Coca-Cola Company and PepsiCo Inc. The loss of such licenses could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The *Carlsberg* brand and other key brand names are both licensed to third-party brewers and used by companies within the Carlsberg Group over which the Company does not have control, including Unicer-Bebidas S.A. ("Unicer") and certain companies in Asia. To the extent that the *Carlsberg* brand, other key brand names or the Company's joint ventures, investments in companies in which it does not own a controlling interest and its licensees are subject to negative publicity, it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group's substantial dependence on third-party retailers and wholesalers for the distribution of its products could lower the Carlsberg Group's net revenue and reduce its competitiveness.

The Carlsberg Group sells its products directly to retailers, including supermarkets, specialized beer or alcoholic beverage stores, pubs and restaurants, as well as to wholesalers for resale to retail outlets. Although in certain jurisdictions the Carlsberg Group owns some of these wholesalers, sales to third-party retailers and wholesalers represent a significant portion of the Carlsberg Group's consolidated revenues. In particular, as a result of Brasseries Kronenbourg's sale of Elidis, which was responsible for most of its distribution in France, the Carlsberg Group will now rely primarily on third-parties to effect the distribution in France. The Carlsberg Group's brands compete with other brands for shelf space in retail stores and for marketing focus by third-party wholesalers. Third-party retailers and wholesalers offer other products (including their own brands) that compete directly with the Carlsberg Group's products. In addition, through consolidation and organic growth, large retailers and large pub chains have gained significant market shares and negotiating power. If third-party wholesalers and retailers give higher priority to other brands, purchase less of the Carlsberg Group's products, or devote inadequate promotional support to the Carlsberg Group's products, it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. Changes to the relationship between the Carlsberg Group and third-party retailers and wholesalers, including as a result of the increasing consolidation of these entities, could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group is subject to credit risk in relation to certain customers and wholesalers.

Carlsberg provides credit to certain of the Carlsberg Groups customers and wholesalers. These credit arrangements may include all or a portion of the purchase price for the Carlsberg Group's products. The credit period is dependent on local practice and the creditworthiness of the customer or wholesaler. Any failure by these customers or wholesalers to discharge adequately their obligations on a timely basis or any event adversely affecting these third parties could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. Additionally, consolidation among the Carlsberg Group's customers and wholesalers also exposes the Carlsberg Group to increased concentration of third-party credit risk. Although the Carlsberg Group is not dependent on any single customer or wholesaler, the loss of, or a significant reduction in, business from one or more of the Carlsberg Group's major customers or wholesalers could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group's inability to recruit sufficient qualified personnel or loss of the Carlsberg Group's Management team or key personnel could negatively impact the Carlsberg Group.

Certain aspects of the Carlsberg Group's business depend upon highly-skilled employees. The Carlsberg Group devotes considerable resources to recruiting and developing such individuals and encouraging such individuals to remain employed by the Carlsberg Group. While Management believes that it has been successful in securing the loyalty of its other key employees, it is possible that, in the future, the Carlsberg Group may experience personnel changes and may have difficulty attracting and retaining sufficient numbers of skilled employees. In addition, the Carlsberg Group is managed by a relatively small number of senior management and key personnel, many of whom have extensive knowledge and experience with the Carlsberg Group's business, products and services and would be costly and possibly difficult to replace. The Carlsberg Group's inability to recruit sufficient qualified personnel or any loss or interruption of the services of the Carlsberg Group's management team or key personnel, could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

If any of the Carlsberg Group's products contain contaminants, the Carlsberg Group may be subject to product recalls or other liabilities which could cause the Company to incur significant additional costs on a consolidated basis and suffer damage to its reputation.

A risk of contamination exists at each stage of the production cycle, including the production and delivery of raw materials, the brewing and packaging of beer, the stocking and delivery of beer to distributors and retailers, and the storage and shelving of products at the points of final sale. Management believes that it takes reasonable precautions to ensure that the Carlsberg Group's beverage products are free of contaminants. Such precautions include quality control programs for primary materials, the production process and its final products. In the event that contamination occurs, it may lead to business interruption, product recalls or liabilities, any of which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition and on the Carlsberg Group's reputation and prospects.

The Carlsberg Group may not be able to protect its intellectual property rights, and any failure to protect the Carlsberg Group's intellectual property rights or any claims that the Carlsberg Group is infringing upon the rights of others may adversely affect the Carlsberg Group.

The Carlsberg Group's future success depends significantly on its ability to protect its current and future brands and products and to defend its intellectual property rights. The Carlsberg Group has been granted numerous trademark registrations covering its brands and products and has filed, and expects to continue to file, trademark and patent applications seeking to protect newly-developed brands and products. The Carlsberg Group cannot be sure that trademark and patent registrations will be issued with respect to any of its applications. There is also a risk that the Carlsberg Group could, by omission, fail to timely renew a trademark or patent or that the Carlsberg Group's competitors will challenge, invalidate or circumvent any existing or future trademarks and patents issued to, or licensed by, the Carlsberg Group.

An event, or a series of events, that materially damages the reputation of one or more of the Carlsberg Group's brands could have an adverse effect on the value of that brand and subsequent revenues from that brand or business. The Carlsberg Group cannot be certain that the steps it has taken to protect its portfolio of intellectual property rights (including trademark registration and domain names) will be sufficient or that third parties will not infringe upon or misappropriate proprietary rights. Moreover, some of the countries in which the Carlsberg Group operates offer less intellectual property protection than is available in Europe. If the Carlsberg Group is unable to protect its proprietary rights against infringement or misappropriation, it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition, and in particular, on the Carlsberg Group's ability to develop its business.

Information technology failures could disrupt the Carlsberg Group's operations and could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group increasingly relies on information technology systems to process, transmit, and store electronic information. For example, the Carlsberg Group's production and distribution facilities and inventory management all utilize information technology to maximize efficiencies and minimize costs. In addition, a significant portion of the communications between the Carlsberg Group's personnel, customers, and suppliers depends on information technology. Like all companies, the Carlsberg Group's information technology systems may be vulnerable to a variety of interruptions due to events beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, and other security issues. These or similar interruptions could disrupt the Carlsberg Group's operations and could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Group depends on information technology to enable it to operate efficiently and interface with customers, as well as maintain in-house management and control. The Carlsberg Group is dependent on three strategic partners for its information technology systems. If the Carlsberg Group does not allocate, and effectively manage, the resources necessary to build and sustain the proper technology infrastructure, the Carlsberg Group could be subject to transaction errors, processing inefficiencies, loss of customers, business disruptions, or the loss of or damage to intellectual property through security breach. As with all large systems, the Carlsberg Group's information systems could be penetrated by outside parties intent on extracting information, corrupting information or disrupting business processes. Such unauthorized access could disrupt the Carlsberg Group's operations and could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

As a result of the Acquisition, the Carlsberg Group will incur substantial indebtedness and may not have the financial flexibility to pursue major acquisition opportunities that may arise.

As a result of the Acquisition, the Carlsberg Group's financial leverage has increased significantly from the position as set out in the Carlsberg Group's consolidated financial statements for the year ending December 31, 2007. If the operations of the Carlsberg Group were to perform significantly worse than expected, the cost of servicing the financial debt of the Carlsberg Group and/or the ability of the Carlsberg Group to meet its contractual obligations under the terms of its financial debt may be negatively affected. The Carlsberg Group has substantial interest-bearing debt and may not be in a position to pursue acquisition opportunities that arise and which would have significant strategic value and/or other benefits to the Carlsberg Group. In addition, payment for the sale of the Elidis distribution activities is deferred until late 2008. This delay in payment, and risk of non-payment, could have an adverse effect on the Carlsberg Group's financial condition. See also "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Quantitative and Qualitative Disclosure about Market Risk—Interest Rate Risk" and "—The Carlsberg Group's business, results of operations, cash flows or financial condition can be adversely affected by changes in exchange rates."

Pricing pressure and grey market imports or parallel imports may negatively impact the Carlsberg Group's results of operations.

As a result of differential margins and rates of duty levied on beer and other beverages in individual countries, cross-border imports are a factor affecting both the volume of beer and other beverages purchased in certain countries and the price of beer and other beverages which the market can support in those countries. This effect is particularly noticeable among Nordic countries, between the United Kingdom and France, across certain Asian countries and into and out of Germany. Pricing pressure resulting from grey market imports or parallel imports may lead to a reduction in margins and may affect the Carlsberg Group's results of operations.

The Carlsberg Group derives a significant proportion of consolidated earnings and cash flow from two key markets: Western Europe and Russia.

Although the Carlsberg Group has a leading position in the beer market in a number of its core markets in Western Europe, the Carlsberg Group is subject to competition from existing competitors and new entrants, as well as from substitute beverages. If sales of the Carlsberg Group's products in Western Europe significantly decreased, whether as a result of new and increased competition in Western Europe or other factors (including, negative consumer trends towards consumption of beer and soft drinks, fluctuations in exchange rates and the introduction of new laws, regulations, taxes or duties) it could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. See "—Competition may lead to a reduction in margins and may affect the Carlsberg Group's profitability."

Baltika Brewery's operations are anticipated to be a significant contributor to the growth in sales, profits and cash flow anticipated for the Carlsberg Group on a consolidated basis. It is possible that for reasons outside the control of Carlsberg, Management's assumptions regarding Baltika Brewery's operations may prove to be incorrect and should market conditions in Russia deteriorate or should Baltika Brewery fail to maintain its current market share, this would have a negative impact on the Carlsberg Group's performance. Such reasons include the growth and stability of the economies in which Baltika Brewery operates, positive and negative consumer trends towards consumption of beer and soft drinks, the introduction of new or increased competition in the markets in which Baltika Brewery operates, fluctuations in exchange rates and the introduction of new laws, regulations, taxes or duties, all of which could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

Lack of full control of key operations subjects the Carlsberg Group to business decisions of third-party part-owners.

Reflecting the historical development of the Carlsberg Group, and in part, the Carlsberg Group's aim to either retain the involvement of local business groups and/or to mitigate the risk of entering new markets, the Carlsberg Group owns controlling interests in some main operations while others are owned in partnership with other third-party brewers or investors in which the Carlsberg Group has a 50% interest or less. For example, Unicer in Portugal (in which the Carlsberg Group has a 44% holding) and the Chongqing Brewery Co. Ltd. in China (in which the Carlsberg Group acquires a 17.5% holding as part of the Acquisition). The level of the Carlsberg Group's control over the operational and financial management of these entities varies, depending upon the level of its shareholding, the terms of any shareholder agreements which may exist and the nature and size of the other shareholder(s) in each business. The future decisions of, or veto by, these other third-party part-owners may significantly affect the operations and financial condition of these operations and thereby could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition. While the Carlsberg Group has generally benefited from a good relationship with its partners, business partners in companies in which the Carlsberg Group does not have full control may make decisions that are not in the Carlsberg Group's best interests or that may differ from the Carlsberg Group's strategic objectives. Disagreements with joint venture partners have previously resulted in the termination of agreements and led to litigation and arbitration. The shareholder approval requirements of a joint venture may also limit the Carlsberg Group's flexibility. In addition, under certain circumstances, the Carlsberg Group and its joint venture partners may elect to unwind operations or buy out the interests of one another, which could be costly and disruptive to the Carlsberg Group's business.

Labor disputes may cause work stoppages, strikes and disruptions.

The success of the Carlsberg Group depends upon maintaining good relations with its workforce. The Carlsberg Group has in the past implemented, and intends in the future to implement, restructuring measures, including plant closures and workforce reductions, in order to lower production costs, improve efficiency at its production facilities, exploit synergies and cope with the demands of a changing market. Restructurings could harm the Carlsberg Group's employee relations and result in labor disputes, including work stoppages, strikes and disruptions. There can be no assurance that any costs resulting from work stoppages, strikes or disruptions would not have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition.

The Carlsberg Foundation may use its controlling interest to take actions not supported by other shareholders.

At the completion of the Offering, the Company's majority shareholder, the Carlsberg Foundation, will hold more than 25% of the Company's share capital and at least 51% of the voting rights in Carlsberg, representing the minimum shareholding that the Carlsberg Foundation must have in the Company under its charter. Therefore, the Carlsberg Foundation will have the ability to control the election of the Company's Board of Directors and the outcome of corporate actions requiring shareholder approval by simple majority, including declaration of dividends. The Carlsberg Foundation will be able to block resolutions requiring a qualified majority, such as mergers, capital increases and other extraordinary transactions. This concentration of ownership may delay or prevent a change of control of the Company, even in the event that this change would be beneficial to other shareholders generally.

Should the Carlsberg Foundation in the future not have the financial resources or the willingness to invest in further equity in the Company, the Company may not be able to raise equity capital as desired.

Risks Related to the Offering

The Company's share price has been and may continue to be volatile.

The Company's share price has been volatile due to uncertainty with respect to the Acquisition and this Offering and due to high volatility in the securities markets generally, developments associated with the beverage sector, and the Carlsberg Group's financial results. See "Part I—Company information—Information about Carlsberg's Assets and Liabilities, Financial Position, Profits and Losses and Dividend Policy—Share Price History." Factors other than the Carlsberg Group's consolidated financial results that may affect the Company's share price include but are not limited to:

- market expectations of the performance of brewers generally;

- investor perception of, and the actual performance of, key subsidiary companies and joint ventures; and
- investor perception of the success and impact of the Offering and the strategy described in this Offering Circular.

It may be difficult or impossible for investors outside Denmark to serve process on or enforce judgments against the Company in connection with the Offering.

The Company is incorporated in Denmark. As a result it may be difficult or impossible for investors outside Denmark to serve process on or enforce judgments against the Company in connection with the Offering.

In addition, all of the Company's directors and officers are residents of countries other than the United States. All or a substantial portion of the assets of such non-resident persons and of the Company are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or the Company, or to enforce against them in US courts, judgments obtained in such courts based upon the civil liabilities provisions of the federal securities laws of the United States or otherwise.

If the Offering is discontinued or there is a substantial decline in the Company's share price, Preemptive Rights may become void or worthless.

The Underwriting Agreement solely entitles the Joint Bookrunners to terminate the Underwriting Agreement and thus cancel the Offering under certain extraordinary and unforeseeable circumstances until registration of the Offered Shares with the Danish Commerce and Companies Agency, which is expected to occur on or around June 12, 2008. If the Offering is withdrawn, the Preemptive Rights will be void and have no further value. Furthermore, a fall in the price of the Company's shares could have a material adverse impact on the value of the Preemptive Rights. Accordingly, shareholders who have acquired Preemptive Rights in the secondary market may suffer a loss.

If the Underwriting Agreement is terminated after the Preemptive Rights have been allocated, such termination may affect the obligation of holders of Preemptive Rights who have exercised their Preemptive Rights to purchase Offered Shares at the Subscription Price.

As is market practice for offerings of this type, the Underwriting Agreement is subject to the fulfillment of certain conditions. In certain extraordinary and unforeseeable circumstances (including force majeure), the Joint Bookrunners solely have the right to terminate the Underwriting Agreement, and in such case, the Carlsberg Group will withdraw the Offering. In the event that such circumstances occur before registration of the capital increase with the Danish Commerce and Companies Agency, and the Joint Bookrunners terminate the Underwriting Agreement, the Preemptive Rights will lapse and the Offered Shares will not be issued. In such event, holders of Preemptive Rights who have exercised their Preemptive Rights will not receive the Offered Shares but will be entitled to repayment of the Subscription Price from Carlsberg.

Purchasers of Preemptive Rights prior to the completion of the Offering may lose their investments if the Offering is not completed.

If the Offering is not completed, the Offered Shares will not be issued and investors who have purchased Preemptive Rights risk losing their investment if they are not successful in reclaiming the purchase price (and any fees) from the seller of such Preemptive Rights.

Failure to respond to the Offering by the close of business (5:00 p.m. CET) on June 10, 2008 will result in the lapse of the shareholder's Preemptive Rights. Furthermore, if such shareholder does not exercise any or all of the Preemptive Rights, such shareholder will suffer dilution of its percentage ownership of the Company's registered shares.

If a shareholder does not exercise any or all of the Preemptive Rights by the close of business (5:00 p.m. CET) on June 10, 2008, such shareholder's Preemptive Rights to subscribe for Offered Shares will lapse with no value and the holder will not be entitled to compensation. Accordingly, holders and financial intermediaries must ensure that all required exercise instructions and certificates are actually received by Danske Bank A/S as authorized issuing agent. If a holder or its financial intermediary fails to complete and sign the required certificates, or otherwise fails to follow the procedures applicable to exercising the Preemptive Rights, the Preemptive Rights will lapse with no value and will no longer exist.

Furthermore, to the extent that a shareholder does not exercise its Preemptive Rights, such shareholder's proportionate ownership and voting interest in the Company will be reduced accordingly, and the percentage that such shareholder's original registered shares represent in the Company's share capital after the capital increase will be reduced accordingly.

Shareholders outside Denmark are subject to exchange rate risk.

The Preemptive Rights and the Offered Shares are priced in Danish kroner. Accordingly, any investor outside Denmark is subject to adverse movements in their local currency against the Danish kroner.

The Company cannot assure that a trading market will develop for the Preemptive Rights or the Offered Shares and, if a market does develop, the Preemptive Rights may be subject to greater volatility than the Company's registered shares.

The Rights Trading Period will commence on May 22, 2008 and end on June 4, 2008 at 5:00 p.m. CET. The Company does not anticipate the Preemptive Rights being traded on any other exchange. The Company cannot assure investors, however, that an active trading market in those Preemptive Rights will develop on the OMX during that period. Additionally, because the trading price of the Preemptive Rights depends on the trading price of the Company's Existing Shares, the existing volatility of the Company's Existing Shares, as described in "—The Company's share price has been and may continue to be volatile," may magnify the volatility of the Preemptive Rights.

CARLSBERG

PART I—COMPANY INFORMATION

I. Company Information

1. Persons Responsible

Responsibility Statements are only included in the Danish-language Offering Circular.

2. Statutory Auditor

The Company's independent auditor is:

KPMG Statsautoriseret Revisionspartnerselskab
Borups Allé 177
P.O. Box 250
DK-2000 Frederiksberg
Denmark

as represented by:

Jesper Koefoed, State-authorized public accountant; and
Henrik Kronborg Iversen, State-authorized public accountant.

The annual reports for the financial years ended December 31, 2005, 2006 and 2007 were audited by KPMG C.Jespersen Statsautoriseret Revisonsinteressentskab.

In 2008, the operations of C.Jespersen Statsautoriseret Revisonsinteressentskab were transferred to KPMG Statsautoriseret Revisionspartnerselskab. At the Company's annual general meeting held on March 10, 2008, KPMG Statsautoriseret Revisionspartnerselskab was appointed the Company's independent auditor.

KPMG Statsautoriseret Revisionspartnerselskab has issued statements for the purposes of this Offering Circular.

The audit firms and signing auditors are all members of the Danish Association of State Authorized Public Accountants (FSR).

3. Summary Consolidated Financial Information

Carlsberg Summary Consolidated Financial Information

The following table sets forth summary historical financial information that has been derived from the Carlsberg Group's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007, which were prepared in accordance with IFRS as adopted by the EU and the Carlsberg Group's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008, which were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(DKK million, except Other Data)				
Income Statement Data					
Net revenue	**38,047**	**41,083**	**44,750**	**8,863**	**9,436**
Cost of sales	(18,879)	(20,151)	(22,423)	(4,597)	(5,019)
Gross profit	**19,168**	**20,932**	**22,327**	**4,266**	**4,417**
Operating expenses	(16,293)	(17,238)	(17,651)	(3,964)	(4,088)
Other operating income, net	411	267	485	88	47
Share of profit after tax, associates	232	85	101	12	12
Operating profit before special items	**3,518**	**4,046**	**5,262**	**402**	**388**
Special items, net	(386)	(160)	(427)	(31)	(37)
Operating profit	**3,132**	**3,886**	**4,835**	**371**	**351**
Financial expenses, net	(1,240)	(857)	(1,201)	(253)	(470)
Corporation tax	(521)	(858)	(1,038)	(32)	32
Consolidated profit	**1,371**	**2,171**	**2,596**	**86**	**(87)**
Minority interest	261	287	299	41	42
Share of profit attributable to the shareholders of Carlsberg A/S	**1,110**	**1,884**	**2,297**	**45**	**(129)**
Cash Flow Data					
Cash flow from (used in) operating activities	4,734	4,470	4,837	(409)	(688)
Cash flow from (used in) investing activities	(2,354)	65	(4,927)	(790)	(2,096)
Free cash flow	**2,380**	**4,535**	**(90)**	**(1,199)**	**(2,784)**
Acquisition and disposal of property, plant and equipment, net	(1,323)	(2,864)	(4,596)	(947)	(1,293)
Acquisition and disposal of entities, net	(738)	18	(179)	(52)	(725)
Other Data					
Operating margin (%)(1)	9.2	9.8	11.8	4.5	4.1
Return on average invested capital (%)(2)	7.8	9.2	11.7	9.9	11.5
Equity ratio (%)(3)	31.3	32.5	32.6	31.3	29.6
Debt/equity (financial gearing)(4)	1.06	1.01	0.99	1.14	1.22
Debt/operating profit before depreciation, amortization and impairment(5)	3.29	2.73	2.43	19.41	20.86
Interest cover(6)	2.84	4.72	4.38	1.59	0.83
Earnings per share (DKK)(7)	14.6	24.7	30.1	0.6	(1.7)
Cash flow from operating activities per share (DKK)(8)	62.1	58.4	63.2	(5.4)	(9.0)
Free cash flow per share (DKK)(9)	31.2	59.3	(1.2)	(15.7)	(36.5)
Dividend per share (DKK)*	5.0	6.0	6.0	—	—
Pay-out ratio (%)(10)	34	24	20	—	—

	As at December 31,			As at March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
			(DKK million)		
Balance Sheet Data					
Total assets	62,359	58,451	61,220	59,422	62,759
Invested capital(11)	42,733	43,160	45,394	44,580	46,059
Interest-bearing debt, net(12)	20,753	19,229	19,726	21,175	22,652
Equity attributable to the shareholders of Carlsberg A/S	17,968	17,597	18,621	17,135	17,272

(1) Operating margin is calculated as operating profit before special items as a percentage of revenue.

(2) Return on average invested capital is calculated as operating profit before special items as a percentage of average invested capital, including goodwill. Average invested capital is calculated as a running average of the preceding 12 months. For the calculation of invested capital, see footnote 11 below.

(3) Equity ratio is calculated as total equity at period end as a percentage of total assets at period end.

(4) Debt/equity or financial gearing is calculated as net interest bearing debt at period end divided by total equity at period end.

(5) Debt/operating profit before depreciation, amortization and impairment** is calculated as net interest-bearing debt divided by operating profit before special items adjusted for depreciation, amortization and impairment. Operating profit before special items adjusted for depreciation, amortization and impairment is presented as a subtotal in the income statement in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(6) Interest cover** is calculated as operating profit before special items divided by financial expenses, net.

(7) Earnings per share (EPS) is calculated by dividing the Carlsberg Group's consolidated profit, excluding minority interests, by the average number of shares outstanding, excluding treasury shares (76,228,000 in 2005, 76,265,000 in 2006, 76,253,881 in 2007, and 76,263,760 and 76,245,532 in the three months ended March 31, 2007 and 2008, respectively).

(8) Cash flow from operating activities per share (CFPS) is calculated as cash flow from operating activities divided by the average number of shares outstanding, fully diluted for shares options in the money in accordance with International Accounting Standards (IAS) 33, in each case excluding treasury shares as described in footnote 7 above.

(9) Free cash flow per share (FCFPS)** is calculated as free cash flow (presented as a subtotal in the income statement in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular) divided by the average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33, in each case excluding treasury shares as described in footnote 7 above.

(10) Pay-out ratio is calculated as dividend for the year as a percentage of consolidated profit, excluding minority interests.

(11) Invested capital is presented in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(12) Interest-bearing debt, net is presented in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

* Dividend per share in 2007 is proposed for that financial year and paid in 2008.

** These ratios are not defined in "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Summary Consolidated Financial Information for BBH (100%)

The following table sets forth summary historical financial information that has been derived from BBH's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007, which were prepared in accordance with IFRS as adopted by the EU and BBH's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008, which were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The accounting policies applied are consistent with those applied by the Carlsberg Group.

The reporting currency of BBH is the euro. Solely for the convenience of the reader, euro amounts appearing in BBH's audited financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 and for the unaudited interim financial statements as at and for the three months ended March 31, 2007 and 2008 have been translated into Danish kroner amounts using average exchange rates for individual months of the relevant years or other financial period with respect to income statement and cash flow statement items, and the period-end exchange rate with respect to balance sheet items.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(DKK million, except Other Data)				
Income Statements Data					
Net revenue	**13,136**	**15,906**	**20,870**	**3,664**	**4,233**
Cost of sales	(6,515)	(7,432)	(10,074)	(1,885)	(2,306)
Gross profit	**6,621**	**8,474**	**10,796**	**1,779**	**1,927**
Operating expenses	(3,979)	(4,865)	(6,107)	(1,115)	(1,354)
Other operating income (expense), net	(16)	(1)	(16)	—	15
Share of profit after tax, associates	4	—	3	1	2
Operating profit before special items	**2,630**	**3,608**	**4,676**	**665**	**590**
Special items, net	(88)	5	—	—	—
Operating profit	**2,542**	**3,613**	**4,676**	**665**	**590**
Financial expense, net	(437)	(125)	(352)	(80)	(84)
Corporation tax	(598)	(947)	(1,324)	(239)	(181)
Consolidated profit	**1,507**	**2,541**	**3,000**	**346**	**325**
Minority interest	396	475	508	66	63
Share of profit attributable to shareholders in BBH AB	**1,111**	**2,066**	**2,492**	**280**	**262**
Cash Flow Data					
Cash flow from operating activities	2,920	3,581	4,062	868	373
Cash flow used in investing activities	(1,400)	(2,211)	(4,094)	(1,091)	(1,048)
Free cash flow	**1,520**	**1,370**	**(32)**	**(223)**	**(675)**
Other Data					
Total dividends attributable to shareholders in BBH AB	744	856	1,128	—	1,359

	As at December 31,			As at March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(DKK million)				
Balance Sheet Data					
Total assets	16,580	18,949	22,032	19,991	22,803
Invested capital[(1)]	13,098	14,692	17,974	15,479	17,641
Interest-bearing debt, net[(2)]	5,021	5,493	6,688	6,027	8,645
Equity attributable to shareholders in BBH AB	6,094	6,869	7,767	7,182	6,295

(1) Invested capital is presented in BBH's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(2) Interest-bearing debt, net is presented in BBH's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

Summary Combined Financial Information for the French Business

The following table sets forth summary historical financial information for the French Business that has been derived from S&N's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 and which have been prepared in accordance with IFRS as adopted by the EU and were audited by Ernst & Young LLP (Edinburgh).

The reporting currency of the French Business is the euro. Solely for the convenience of the reader, euro amounts appearing in the audited combined financial statements of the French Business as at and for each of the years ended December 31, 2005, 2006 and 2007 have been translated into Danish kroner amounts using average exchange rates for the relevant year with respect to income statement and cash flow statement items, and the period-end exchange rate with respect to balance sheet items.

No financial statements have been prepared as at and for the three months ended March 31, 2007 and 2008 for the French Business, as these companies under the previous ownership of S&N did not prepare quarterly reports and the necessary accounting material is therefore not available.

	Year Ended December 31,		
	2005	2006	2007
		(DKK million)	
Combined Income Statement Data			
Continuing operations			
Revenue	5,593	5,584	5,516
Operating costs	(4,552)	(4,560)	(4,603)
Operating profit before exceptional items	**1,041**	**1,024**	**913**
Exceptional items	(50)	(543)	(221)
Operating profit after exceptional items	**991**	**481**	**692**
Finance expense, net	(131)	(112)	(75)
Net interest on pension liability	(6)	(6)	(6)
Profit before tax	**854**	**363**	**611**
Tax	(7)	(29)	(67)
Profit from continuing operations	**847**	**334**	**544**
Discontinued operations(1)			
Loss after tax from discontinued operations	(17)	(86)	(4,067)
Profit/(loss) attributable to ordinary shareholders	**830**	**248**	**(3,523)**
Combined Cash Flow Data			
Net cash flow from operating activities	1,067	595	412
Net cash flow from (used in) investing activities	(317)	(14)	(140)
Net cash flow from (used in) financing activities	(77)	14	(102)

	As at December 31,		
	2005	2006	2007
		(DKK million)	
Combined Balance Sheet Data			
Total assets	25,067	25,430	21,642
Net debt	(274)	307	579
Total equity	19,993	20,224	16,709

(1) Discontinued operations relate to the sale of Brasseries Kronenbourg's on-trade distribution business in France. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for the French Business—Recent Sale of On-Trade Distribution Business in France."

4. Risk Factors

For a description of the Carlsberg Group's risk factors, see "Risk Factors" above.

5. Information about Carlsberg

Name, Registered Office and Date of Incorporation

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

Telephone: +45 3327 3300
Fax: +45 3327 4707
E-mail: carlsberg@carlsberg.com
Website: www.carlsberggroup.com

The Company also carries out business under the secondary name Carlsberg Holding A/S (Carlsberg A/S). The registered office of the Company is situated in the municipality of Copenhagen. The Company was incorporated as a public limited liability company under Danish law before January 1, 1900.

Corporate Purpose

In accordance with Article 3 of its Articles of Association, the corporate purpose for which the Company was established is to operate a manufacturing business in Denmark or abroad, including brewery operations, trade, farming and transport, and to provide technical or mercantile assistance, to acquire and to own real estate or otherwise to be engaged in or hold interest in other activities which in the opinion of the Board of Directors are incidental or conducive to attaining the above objectives.

Registration

The Company is registered with the Danish Commerce and Companies Agency (*Erhvervs- og Selskabsstyrelsen*) under CVR No. 61056416.

Financial Year

The Company's financial year runs from January 1 to December 31.

Auditor

The Company's independent auditor is:

KPMG Statsautoriseret Revisionspartnerselskab
Borups Allé 177
P.O. Box 250
DK-2000 Frederiksberg
Denmark

Most Recent General Meetings

The most recent annual general meeting of the Company was held on March 10, 2008.

Main Bankers

The Company has a number of main bankers and no principal bankers.

History

See "Part I—Company Information—Business—History."

Investments

See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Capital Expenditures."

Current investments totaled DKK 3.3 billion as at March 31, 2008, of which DKK 2.6 billion related to the Carlsberg Group's brewery operations and DKK 0.7 billion related to the Carlsberg Group's property projects. Of the current investments in brewery operations, DKK 0.6 billion related to the brewery in Fredericia, Denmark and DKK 2.0 billion related to investments outside Denmark.

Current capital investments are funded internally through loans or subordinated debt from the Company or Carlsberg Breweries, with the exception of the current investments in Fredericia, Denmark, which have been partly funded through mortgage loans secured against land, buildings and plant and machinery.

Future investment commitments entered into as at December 31, 2007 for subsequent delivery and which are not recognized in the financial statements for the year ended December 31, 2007 amounted to DKK 972 million.

6. Industry Overview

Introduction

Historically, brewing was a local industry with only a few groups having a substantial international presence. The bigger brewing groups often obtained an international presence through direct exports, licensing agreements and joint venture arrangements. However, the last couple of decades have seen a transformation of the industry with a prolonged period of consolidation. The consolidation started within the more established beer markets of Western Europe and North America and took the form of larger businesses being formed within national markets. More recently, this has occurred in growth markets as well, allied to greenfield investments being made in larger high growth regional markets. Over the last decade, the global consolidation process accelerated with acquisitive brewing groups making significant acquisitions outside of their domestic markets and increasingly looking to purchase other regional brewing organizations. Recent examples of this include SABMiller's acquisition of Bavaria in 2005 and the acquisition of S&N by the Company and Heineken in April 2008.

As consolidation continued, the absolute and relative size of the largest brewing groups changed significantly. The table below lists the ten largest brewers in the world as at December 1999 and 2006 (the five largest in 2006 being referred to in this Offering Circular as the "Leading International Brewers") in terms of volume and compares these Gross Beer Volumes to global volume as at these dates:

Position	Brewer Group	Origin	Beer Volume (1999)
			(m hl)
1	Anheuser-Busch	USA	154
2	Interbrew	Belgium	72
3	Heineken	Netherlands	66
4	Miller	USA	56
5	SAB	South Africa	51
6	Carlsberg	Denmark	32
7	Asahi	Japan	31
8	Kirin	Japan	31
9	Coors	USA	27
10	Guinness	Ireland	25
Total Top 10 volume		—	**546**
Total Top 10 Volume as a % of global volume		—	*41.2%*

Position	Brewer Group	Origin	Beer Volume (2006)
			(m hl)
1	InBev	Belgium	211
2	SABMiller	South Africa	148
3	Anheuser-Busch	USA	146
4	Heineken	Netherlands	126
5	Carlsberg	Denmark	94
6	China Resources Enterprises	China	53
7	Modelo	Mexico	48
8	Tsingtao	China	46
9	Molson Coors	USA	46
10	FEMSA	Mexico	37
Total Top 10 volume		—	**955**
Total Top 10 Volume as a % of global volume		—	*57.2%*

Source: Canadean and Company estimates. Beer volumes in 1999 and 2006 are not directly comparable. For 2006, beer volumes have been calculated as the sum of the sales volume of all identified brands and the sales volume of unidentified brands in which the parent company has 50% or more of the equity of a local operator and/or management control. For 1999, at least 20% has been used as the parameter. If 1999 beer volumes were calculated in the same way as 2006 beer volumes, for example, it is estimated that Anheuser-Busch would have had a Gross Beer Volume of approximately 119 million hl.

As this process of international expansion has occurred, the Leading International Brewers have progressively diversified their operations outside of their home markets and have established leading positions in a number of other countries.

Selected Consumption and Production Trends

During the last decade, trends in consumption and production of beer in different parts of the world have varied significantly. In mature markets, including many of the countries in Western Europe and North America, volumes have remained broadly stable or declined modestly. Brewers have sought to raise returns from these markets by focusing their investment upon higher value, premium brands and by adding value to the customer's experience through innovation (such as the introduction of light and flavored beer) and the sale of international premium brands across certain markets as well as reducing costs and improving efficiency.

Some of the fastest growing markets are located in Asia, Eastern Europe and Latin America. Over the last decade several large emerging markets (China, in particular) have experienced significant volume growth. In addition, revenue from beer sales has increased in high volume growth markets (such as Russia), as consumers increasingly have the financial resources to purchase both more beer and more expensive, higher-quality brands.

According to Canadean, an estimated 1.75 billion hl of beer was consumed globally in 2007. This compared to 1.28 billion hl in 1997, representing a compound annual growth rate of 3.2%. The table below sets out the volume performance of the largest national markets:

Country	Total Consumption (1997)	Total Estimated Consumption (2007)	CAGR	Per Capita Consumption (1997)	Per Capita Estimated Consumption (2007)	CAGR
	(m hl)	(m hl)	%	(liters)	(liters)	%
Russia	28	106	14.4%	19	75	14.7%
China	189	381	7.3%	15	29	6.8%
Poland	19	34	6.0%	49	88	6.0%
Spain	26	38	3.7%	67	85	2.4%
Mexico	46	63	3.3%	49	59	1.9%
Brazil	80	102	2.4%	49	54	1.0%
US	227	240	0.6%	83	79	(0.5%)
Germany	109	95	(1.3%)	133	115	(1.4%)
UK	62	55	(1.2%)	106	91	(1.5%)
Japan	72	66	(0.8%)	57	52	(0.9%)

Source: Canadean.

Volume Drivers and Trends

Global beer volumes are primarily being driven by growing disposable income, improvements in the quality of beer, and a steadily growing beer-consuming population base. Historically, beer consumption correlates well with *per capita* gross domestic product growth, although the relationship is stronger in lower-income, emerging economies than in more-mature, developed markets. This reflects the effect of economic growth on consumers' (especially on lower-income group populations') disposable income levels.

Secondly, the expanding beer delivery network around the world, coupled with rising quality standards in emerging markets (often as a result of investments by Leading International Brewers), is serving to increase the availability of beer and making it more attractive to consumers.

A third key factor in rising *per capita* consumption is increased marketing expenditure by brewers. Greater marketing investment (in terms of absolute expenditure) and an advertising message emphasizing a higher-quality image for beer is positively reshaping consumers' perceptions of beer in a number of key markets and leading to growth in premium beer sales.

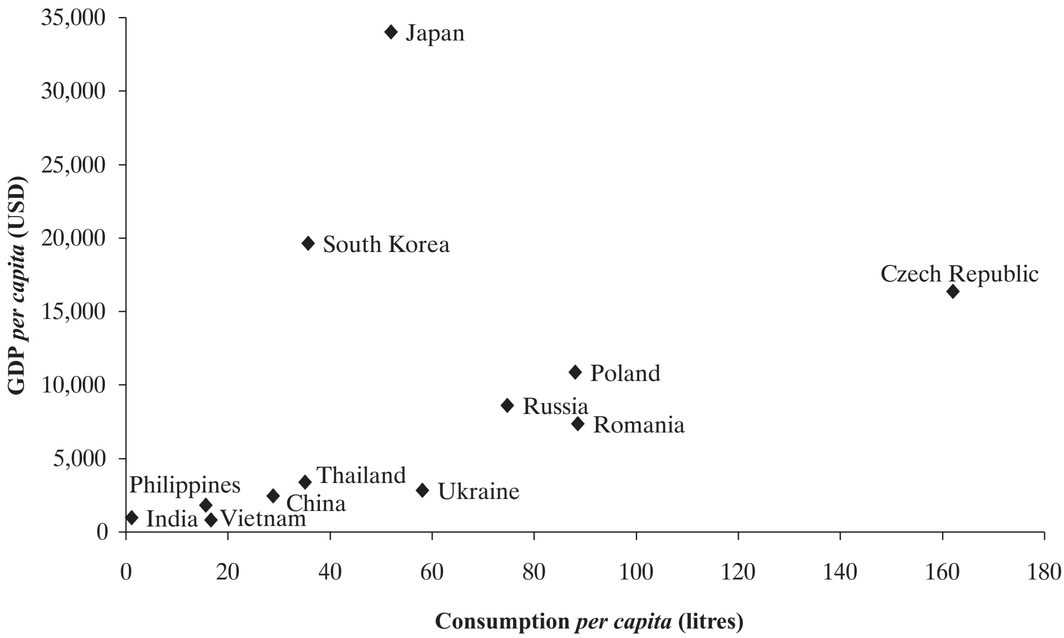
An ongoing trend evident in emerging markets is the substitution of beer in place of traditional, low quality, local spirits. This trend is driven by rising incomes, which has led to a change in consumption patterns, in particular a greater focus on quality and an increasing responsiveness towards brands and marketing. Demographic shifts towards urban centers and an increasing Westernization of tastes among younger generations have supported these trends. The substitution trend tends to reverse in many mature Western markets, where a revival of interest in spirits and dietary and health concerns are driving some substitution of high quality spirits and wine in place of beer.

Beer consumption can also be affected by other factors, including seasonality, weather, demographics, excise, value added and other taxes, perceived health effects, responsible-use programs, rules and regulations, and the consumption of substitute products such as soft drinks, cider, wine, flavored alcoholic beverages and spirits.

The importance of the above factors varies from market to market. In emerging markets, gross domestic product is the most significant factor affecting beer consumption, whereas in mature markets consumption rates vary based on product differentiation, and marketing and promotional activities.

The following table shows the positive correlation between the level of GDP and beer consumption in selected countries of Eastern Europe and Asia, namely that as GDP increases, consumption of beer does as well.

GDP and Beer Consumption (Selected Countries of Eastern Europe & Asia)



Sources: Beer consumption: Canadean. GDP *per capita*: World Bank.

Market Segmentation and Beer Consumption Patterns

The level and nature of segmentation of the beer market in any single country varies widely, depending upon, among other things, the historical brewing traditions within that country and the market's maturity. In most markets there are one or more popular core lager brands, as well as discount brands at the lower end of the market. In some markets, there are also heavily discounted private-label brands sold through bulk retailers. At the higher end of the market there are premium brands, specialty brands and imported brands. Because beer is often consumed in a social setting, brand image is very important. Marketing plays a major role in creating and reinforcing a brand's image and typically becomes increasingly more important in more highly differentiated markets. Domestic and regional brands can establish a strong base, while premium brands become popular as consumers look for a better image or new tastes. The same brand can be positioned in different segments of different markets. For example, a mainstream lager in one national market can command a higher price as a premium product in a different country. Differences in brand perception allow significant pricing differences without similar increases in brewing costs. Premium beers typically yield margins for brewers and retailers that are substantially higher than those of standard beer products.

The premium category represents an increasing proportion of the global beer market, and this trend of premiumization plays an increasingly important role in the strategy of many international brewers who seek to drive profits through the introduction of high margin premium and specialty brands. The trend of premiumization is witnessed in growth markets as consumers trade up from the local discount segment into mainstream and premium categories as well as in mature markets where consumers trade up to specialty and import brands.

Beer consumption is commonly described as being split between on-trade and off-trade consumption. "On-trade" consumption refers to beer purchased for consumption in a bar or restaurant or similar retail establishment. "Off-trade" consumption refers to beer purchased at a retail outlet for consumption at home or any other location. The relative importance of the on-trade or off-trade sectors in any single market varies significantly from country to country, reflecting historical traditions and relative pricing. It materially affects both the nature and level of marketing undertaken (for example, marketing to the outlet owner rather than to the consumer) and the packaging process used by brewers (for example, kegs *versus* cans). In some growth markets, the division between on-trade and off-trade consumption is difficult to categorize, as customers consume beer products at retail outlets.

In many markets, the off-trade business is more concentrated than the on-trade business, with the result that large retailers holding large market shares are able to put pressure on margins. However, in a few markets, such as the United Kingdom, the on-trade business has become increasingly concentrated in recent years. On-trade margins are typically higher for brewers, however they require a higher level of capital investment as brewers typically pay for the installation and maintenance of dispensing equipment (for example, draught taps) utilized in on-trade outlets.

Licensing

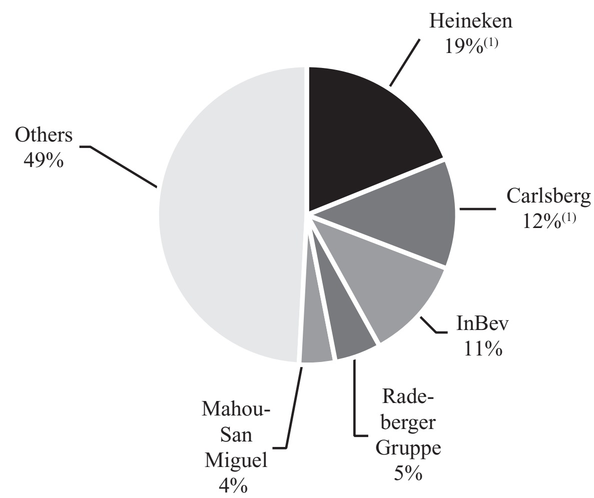
In certain instances, brewers license brands to and from one another. A successful licensing agreement will typically provide the licensor with access to new markets utilizing the existing infrastructure and market presence of an established brewer while providing the licensee with an additional brand to satisfy consumer demand. Licenses generally provide that the licensee may use the brand for a fixed period of time and will gain access to the technical information necessary to produce the beer in exchange for a royalty payment usually based on volume sold and often subject to a minimum fee. Licensees will often be required to devote a minimum amount of resources (for example, on marketing and promotion) towards selling the brand in the area covered by the license as well as maintain quality standards determined by the licensor. If a licensee does not spend such amounts, does not achieve agreed minimum sales volumes for the brand or does not maintain quality standards, the license can usually be terminated after a specified notice period.

Western European Market Overview

Western European beer consumption is estimated to total 296 million hl in 2007. The top five brewers in the region accounted for approximately 51% of the volume in 2006, pro forma for the Acquisition. The three largest brewers in Western Europe are Leading International Brewers, and in 2006, pro forma for the Acquisition, Carlsberg was the second largest brewer with an estimated market share of 12%. The Western European market is primarily comprised of mature markets and thus growth is expected to be relatively flat (−0.2% CAGR) through 2012. Volumes are supported by a well established retail structure, a strong tradition of beer consumption in much of the region and a consumer receptive to innovation. Long-term volumes may be affected by negative demographic trends, health concerns and government policies. Premium and super premium brands represent approximately 40% of the Western European market (source: Canadean), with product innovations an important component in the Western European market going forward. In addition, a number of the brewers in the region have been exploring opportunities to reduce their capital footprint and cut costs.

The table below identifies the leading brewers in the Western European market as well as estimated projected volume growth in the Carlsberg Group's markets in the relevant periods.

Leading Western European Brewers (2006 Volume)



Source: Canadean.

(1) Pro forma as if the Acquisition occurred January 1, 2006.

Projected Volume Growth in Carlsberg Markets

Country	2007E	2012E	CAGR
		(hl million)	
Germany	95	93	(0.5%)
UK	55	52	(1.3%)
France	20	19	(1.5%)
Italy	18	19	1.3%
Portugal	7	7	0.3%
Sweden	5	4	(2.0%)
Finland	5	5	0.7%
Danmark	4	4	(3.6%)
Greece	4	4	0.1%
Switzerland	4	4	(0.5%)
Norway	3	3	2.8%
Others	75	79	1.0%
Total	**296**	**293**	**(0.2%)**

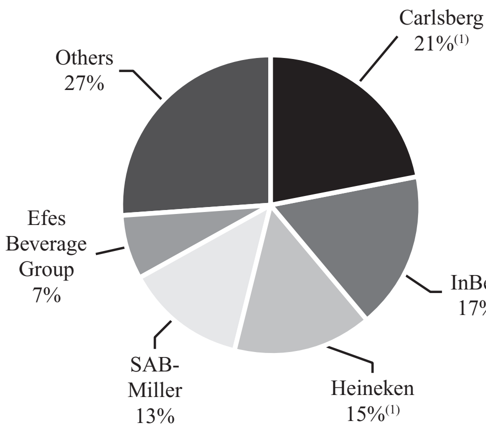
Source: Canadean.

Eastern European Market Overview

Eastern European beer consumption is estimated to total 262 million hl in 2007. The top five brewers in the region accounted for 74% of the volume in 2006, pro forma for the Acquisition. The region's four largest brewers are Leading International Brewers and pro forma for the Acquisition, Carlsberg was the largest brewer with an estimated market share of 22%. The Eastern European market consists of a number of growing markets contributing to average projected industry growth of 4.6% between 2007 and 2012. The Eastern European market is characterized by a long tradition of alcohol consumption, strong domestic brands, rapidly modernizing distribution systems, and more recently, economic stability that has led to the creation of an aspirational middle class looking to differentiate itself from prior generations that consumed low quality, high alcohol content spirits.

The table below identifies the leading brewers in the Eastern European market as well as estimated projected volume growth in the Carlsberg Group's markets for the relevant periods.

Leading Eastern European Brewers (2006 Volume)



Projected Volume Growth in Carlsberg Markets

Country	2007E	2012E	CAGR
		(hl million)	
Russia	106	139	5.6%
Poland	34	40	3.6%
Ukraine	27	38	7.5%
Turkey	8	9	0.8%
Kazakhstan	5	8	9.6%
Bulgaria	6	7	3.2%
Baltic countries(2)	6	7	4.3%
Serbia	7	6	(3.0%)
Uzbekistan	3	7	16.8%
Croatia	4	4	(0.1%)
Belarus	4	5	4.9%
Others	53	59	2.2%
Total	**262**	**328**	**4.6%**

Source: Canadean. Kazakhstan and Uzbekistan form part of the Eastern European market.

(1) Pro forma as if the Acquisition occurred January 1, 2006.

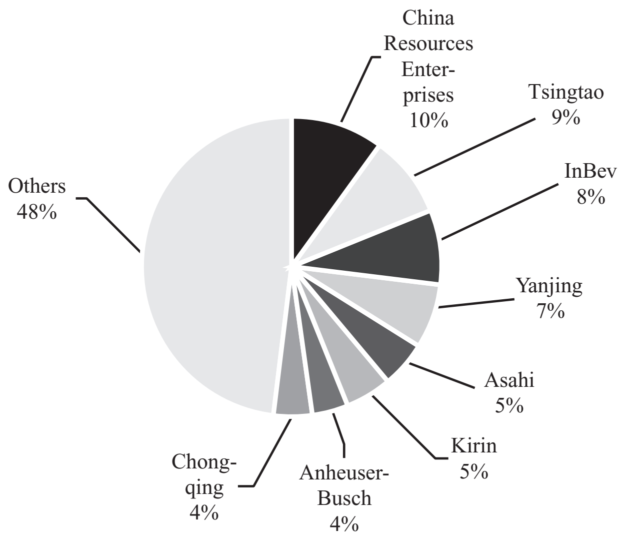
(2) Defined as Estonia, Latvia and Lithuania.

Asian Market Overview

Asian beer consumption is estimated to total 547 million hl in 2007. The region appears to be unconsolidated relative to Europe with InBev the only Leading International Brewer among the five largest regional brewers. Such a view though is obscured by the size of the Chinese market (which is estimated to account for almost 75% of the Asian market by 2012) and its fragmentation on a national basis. In many other Asian markets, and within particular Chinese provinces, the level of consolidation is often very high. In addition, the Leading International Brewers often have an indirect exposure to the region through joint venture arrangements. The two largest brewers shown in the table below both have significant minority investments by Leading International Brewers. The Asian market is characterized by a large population (China and India are the two most populous nations in the world), growing economies and rising *per capita* incomes and improving infrastructure.

The table below identifies the leading brewers in the Asian market as well as projected volume growth in the Carlsberg Group's markets in the relevant periods.

Leading Asian Brewers (2006 Volume)



Projected Volume Growth in Carlsberg Markets

Country	2007E	2012E	CAGR
		(hl million)	
China	381	563	8.1%
Vietnam	14	20	7.6%
India	12	21	11.2%
Cambodia	2	3	10.5%
Hong Kong	2	2	(0.3%)
Malaysia	1	1	(1.0%)
Laos	1	2	5.5%
Singapore	1	1	0.7%
Nepal	0	0	2.0%
Others	133	145	1.8%
Total	**547**	**758**	**6.7%**

Source: Canadean.

7. Business

Overview

The Carlsberg Group is the fifth largest global brewer in the world by Gross Beer Volume, with leading market positions in Western Europe, Eastern Europe and Asia. The Carlsberg Group's core business is the production, marketing, distribution and sale of beer. The Carlsberg Group's beer brand portfolio consists of a combination of leading international and regional brands *(Carlsberg, Tuborg*, *Baltika*, *Holsten* and *Kronenbourg)* and local brands (such as *Koff* and *Feldschlösschen*). The Carlsberg Group markets its products in more than 150 markets worldwide, and has brewing operations in 32 countries.

The Carlsberg Group's global operations are diversified among the large and mature markets of Western Europe and the growth and emerging markets of Eastern Europe and Asia. In Western Europe, Carlsberg has leading positions in the Nordic countries (Denmark, Finland, Norway and Sweden), France, Northern Germany, Switzerland and Portugal and a significant presence in the United Kingdom and Greece. In Eastern Europe, Carlsberg is the market leader in Russia, the three Baltic countries (Estonia, Latvia and Lithuania) and Kazakhstan, the second largest brewer in Uzbekistan and Belarus, and the third largest brewer in the Ukraine and Poland. In addition, Carlsberg has a significant market position in the Balkans. In Asia, Carlsberg has the leading position in six provinces of Western China, number two positions in Malaysia and Singapore, and a growing presence in Vietnam. Carlsberg also has a number of investments in other promising markets in Asia, including in India.

In order to maximize the effectiveness of the Carlsberg Group's beer product portfolio and to lower unit distribution costs, Carlsberg also produces, markets, sells and distributes soft drinks, mineral water, sports/energy drinks, cider and other alcoholic and non-alcoholic beverages in certain markets where the Carlsberg Group has access to a large, developed distribution system, in particular in the Nordic countries, Switzerland, the United Kingdom and Portugal. The Carlsberg Group has exclusive bottling agreements with The Coca-Cola Company in Denmark and Finland and PepsiCo Inc. in Norway and Sweden. In 2007, 82% of the Carlsberg Group's total *Pro Rata* Volume (82 million hl) was generated from beer and 18% of the Carlsberg Group's total *Pro Rata* Volume (18 million hl) was generated from soft drinks, mineral water and other non-beer beverages.

The Carlsberg Group has grown both organically and through acquisitions. The Carlsberg Group's *Pro Rata* Volume of beer increased from 72.6 million hl in 2006 to 82 million hl in 2007 and net revenue increased from DKK 41.1 billion in 2006 to DKK 44.8 billion in 2007, while operating profit increased from DKK 4.0 billion in 2006 to DKK 5.3 billion in 2007.

The Company's shares are admitted for trading and official listing on the OMX in two classes and are held by more than 20,000 registered shareholders. As at May 14, 2008, the Company's market capitalization was approximately DKK 50.7 billion.

Carlsberg's largest single shareholder is the Carlsberg Foundation, one of Denmark's largest charitable organizations, which is required by its charter to hold more than 25% of the Company's share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation has publicly expressed its full support for the Acquisition.

Competitive Strengths

Management believes that the key strengths that will help the Carlsberg Group achieve its strategies and that differentiate Carlsberg from its competitors include the following:

- The Carlsberg Group is the fifth largest brewer in the world by Gross Beer Volume, with a number of leading market positions in Western Europe, Eastern Europe and Asia. More than half of the Carlsberg Group's Gross Beer Volume is sold in markets where the Carlsberg Group has either a number one or number two position. As such, the Carlsberg Group is able to benefit from significant economies of scale in production, procurement, marketing, distribution and sales. The acquisition of the Acquired Assets has significantly increased the scale of the Carlsberg Group's business and has further positioned it as one of the global and regional leaders in the brewing sector.
- Following the Acquisition, Management believes that the Carlsberg Group is one of the world's fastest growing global brewers, driven by significant opportunities for efficiency improvements in Western Europe, continued high growth in Eastern Europe and Asia and a long-term strategy of focusing investment on those markets with the greatest growth potential.

- The Carlsberg Group owns a portfolio of leading brands. The Carlsberg brand is one of the most international beer brands in the world, with a presence in more than 100 countries through direct sales, licensing and exports. *Tuborg* is a premium beer that has built on its Danish heritage and is now available in over 60 countries worldwide. The *Baltika* brand is the leading brand in Russia and the second largest brand in Europe (source: Canadean). In recent years, the *Baltika* brand has expanded beyond its traditional Russian base and is now available in 47 countries. The *Holsten* brand is a premium brand in Northern Germany with widespread international recognition and is now available in more than 50 countries worldwide. The *Kronenbourg* brand is the leading brand in France and the eighth largest brand in Europe in 2006 (source: Canadean).
- In Western Europe, the Carlsberg Group has maintained its leading positions and executed acquisitions, while delivering on its commitment to increase margins. As the Carlsberg Group has implemented its efficiency programs, operating margins have increased from 9.2% in 2005 to 11.8% in 2007. The addition of Brasseries Kronenbourg strengthens the Carlsberg Group's regional footprint through the addition of another leading position in a major Western European market. Management believes that there is significant potential to extract cost and revenue synergies from Brasseries Kronenbourg through the introduction of the Carlsberg Group's existing Excellence Programs.
- Through BBH, the Carlsberg Group has established leading positions in one of the fastest-growing beer regions in the world. BBH is the market leader in Russia, the Baltic States and Kazakhstan and the number three brewery business in the Ukraine. In the markets where BBH holds the number one position with the exception of Estonia, its market share is approximately twice that of its nearest competitor. In recent years, BBH has expanded its operations to include Uzbekistan and Belarus. Over the last five years, BBH has consistently delivered high operating margins, strong revenue growth and a growing market share in the Russian market.
- Recent years have seen an increasing conversion of BBH's strong top-line performance into material cash flows. Following the Acquisition, control of BBH has been united under one owner for the first time in its 16 year history. Management believes that there are material benefits, including significant cost synergies, arising from the unification of ownership and integration of BBH into the Carlsberg Group, while maintaining minority shareholders in its Russian subsidiary, Baltika Brewery.
- Elsewhere in Eastern Europe, the Carlsberg Group has built significantly upon its positions in Poland and South Eastern Europe to create platforms, controlled by the Company, that have the necessary scale and product portfolio to take advantage of the strong growth potential of these markets.
- In Asia, the Carlsberg Group has solid market positions in Western China, Malaysia, Singapore, Vietnam and Laos, as well as substantial ownership interests in breweries in other growth markets, such as Cambodia. The Carlsberg Group also has a number of investments and partnerships in other promising markets in the region, including India. The acquisitions of the holding in Chongqing Brewery Co. Ltd. in Western China, the Vinataba joint venture in Vietnam and the joint venture with South Asia Breweries Ltd. in India have served to enhance Carlsberg's position in these key future growth markets.

Business Strategy

The Carlsberg Group's business strategy is to have a strong position in each of the major markets in which it sells its products and from which the Carlsberg Group looks to create shareholder value by generating long-term growth in sales, operating profit and cash flow.

In Western Europe, the Carlsberg Group's main focus is to raise margins through improving the mix of products sold and reducing costs, while significantly increasing the free cash flow generated from the Western European businesses and reducing the level of capital utilized by these businesses. Notwithstanding the industry's rising input cost environment, Management believes that the combined benefits of the Carlsberg Group's Excellence Programs, focus on more premium pricing and the rationalization of breweries will continue the significant increases in operating margin and return on capital the Carlsberg Group has experienced in recent years.

In Eastern Europe and Asia, the Carlsberg Group's main focus is to establish substantial positions in growth markets from which to generate long-term increases in volumes, sales, profitability and cash flow. Having invested in these emerging and growth markets and developed substantial positions in national markets, the Carlsberg Group will seek to translate the strong growth in value and earnings into the generation of substantial levels of free cash flow. For example, in Russia and in a number of other markets in the region, the Carlsberg Group plans to exploit the significant growth potential in these markets by striking the best possible balance between value growth and volume growth to maximize the potential for shareholder value creation. This will require, on the one hand, strengthening brand loyalty and sales of more premium and expensive brands, and, on the other hand, supplying competitive and attractively priced beers which can capture customers and revenue from other beverage categories, in particular spirits.

Management expects that by maintaining or obtaining a strong position in the countries in which the Carlsberg Group operates, its size and market position will ensure that it can take advantage of economies of scale to drive sales growth and improve efficiency in all areas of local operations, including production, product innovation, marketing, sales and administration.

History

The Carlsberg Group was founded in 1847 by J.C. Jacobsen. His brewery, just outside the city ramparts of Copenhagen, pioneered steam brewing, refrigeration techniques and, most significantly, the propagation of a single yeast strain. J.C. Jacobsen demanded quality above all else, and his innovations in the art of making beer laid the cornerstone of the modern beer-brewing industry. Today almost all of the main lager products in mature markets derive their yeast from the strain developed by Carlsberg (*Saccharomyces Carlsberggensis*).

In 1970, the Company merged with the second largest Danish brewery group, Tuborgs Bryggerier A/S, founded in 1873.

Since 2000, the Carlsberg Group has increasingly focused its resources on its core business, the production, marketing, distribution and sale of beer. The Carlsberg Group began investing in its existing brewing business and acquired a significant presence in countries where its activities historically had been relatively limited. Over the same period, the Carlsberg Group has actively sold off shareholdings from non-core positions and businesses in which controlling positions could not be achieved.

In May 2000, the Carlsberg Group announced the formation of the Carlsberg Breweries joint venture with Orkla. Carlsberg Breweries consisted of the beverage operations of the Carlsberg Group and Orkla, with Orkla contributing its leading positions in Norway and Sweden and its 50% shareholding in BBH. The Company owned 60% of Carlsberg Breweries and Orkla owned the remaining 40%.

In February 2004, the Company announced the acquisition of Orkla's holding in Carlsberg Breweries, which resulted in Carlsberg Breweries and its 50% shareholding in BBH becoming wholly-owned subsidiaries of the Carlsberg Group.

In 2004, the Carlsberg Group also acquired Holsten-Brauerei AG in Hamburg, making the Carlsberg Group the leading brewery in northern Germany. The integration of Holsten proceeded as planned in 2004, and a number of synergy gains have been realized, including increased sales of the *Carlsberg* brand via Holsten's well-developed sales organization and sales of the *Holsten* brand in various other countries through the Carlsberg Group's Export and Licence Department.

In 2005 and 2006, the Carlsberg Group sold its stake in the Korean brewer, Hite Brewery Co. Ltd., an entity in which the Carlsberg Group held a minority stake with no clear path to eventually achieving control.

In recent years, the Carlsberg Group has acquired a significant presence in countries where its activities historically had been relatively limited. For example, in 2007, the Carlsberg Group further expanded its operations in Asia by entering into several joint ventures and acquiring holdings in several Asian companies, including, but not limited to: entering into four joint ventures in India; acquiring a 70% holding in the Lao Soft Drink Co. Ltd. in Laos; acquiring a 16% holding in Habeco in 2008 (otherwise known as the Hanoi Beer Alcohol Beverage Corporation) in northern Vietnam and entering into a related strategic partnership agreement.

Over the same period, the Carlsberg Group has started to consolidate and optimize its production in Western Europe by closing down or merging breweries.

The Acquisition

On January 25, 2008, the Board of Directors of BidCo, a newly incorporated company jointly owned by the Consortium, announced that they had reached an agreement with the Board of Directors of S&N on the terms of a recommended cash offer. Under the terms of the offer, the S&N shareholders received £8.00 in cash for each share held. The Consortium agreed to split up the net assets in S&N, with Carlsberg acquiring the following Acquired Assets valued at approximately £6.0 billion (approximately DKK 57.0 billion):

- the remaining 50% of BBH that it did not already own;
- S&N's French Business, which include Brasseries Kronenbourg, the leading brewer in France (source: Canadean) and the worldwide brand rights to *Kronenbourg*;
- the worldwide brand rights to *Grimbergen*;
- Mythos, the second largest brewer in Greece (source: Canadean);
- a 17.5% holding in the Chongqing Brewery Co. Ltd., one of the seven largest brewers in China (source: Canadean); and
- a greenfield joint venture in Vietnam.

Prior to the Acquisition, a substantial proportion of Carlsberg's earnings were generated by its existing 50% stake in BBH, which was jointly controlled by the Company and S&N and therefore not fully operationally integrated into the Carlsberg Group. Management believes that the acquisition by the Carlsberg Group of the Acquired Assets is a transformational transaction for the Carlsberg Group that will significantly increase the Carlsberg Group's operational scale and long-term growth opportunities. The Acquisition represents a natural next step for the Carlsberg Group and follows its strategy of achieving full control over its key operational assets.

On January 25, 2008, when BidCo launched the recommended cash offer for S&N, Management estimated that on a debt free and cash free basis, the enterprise value of the assets that Carlsberg acquired amounted to approximately DKK 58.2 billion (based on the exchange rates at January 23, 2008) and that these assets could be expected to generate an estimated EBITDA excluding synergies and integration costs of DKK 4.8 billion in the first full year following completion. Management estimated that 50% of BBH and the French Activities could be expected to generate estimated EBITDA excluding synergies and integration costs of DKK 3.5 billion and DKK 1.2 billion, respectively, in the first full year following completion of the Acquisition. See "Part I—Company Information—The Acquisition" for a more detailed description of the Acquisition.

The above statements relating to estimated EBITDA and business growth opportunities which the Carlsberg Group expects to achieve following the Acquisition are based on assumptions. The estimated EBITDA and business growth opportunities may not be achieved by the Carlsberg Group, and there can be no assurance that the Carlsberg Group will be able to successfully implement the strategic and operational initiatives that are intended. The Carlsberg Group does not intend to, and disclaims any responsibility to, revise or update such expectations or any assumptions related thereto to reflect new developments or circumstances, except to the extent required by law.

Products

Beer Portfolio

Carlsberg currently manages a portfolio of beer brands, with the majority of these being local brands, in which sales are limited to a single market. In 2007, 82% of *Pro Rata* Volume (82 million hl) was generated from beer. The Carlsberg Group's beer brand portfolio consists of a combination of leading international and regional brands (*Carlsberg, Tuborg*, *Baltika*, *Holsten* and *Kronenbourg 1664* (the "Key Brands")) and local brands (such as *Koff* and *Feldschlösschen*).

The table below lists the Carlsberg Group's ten largest brands for 2007 in terms of Gross Beer Volume (pro forma for the Acquisition).

Brand	Brand Classification	Gross Volumes 2007 (Million hl)
Carlsberg	Global	12.4
Baltika	Regional*	16.1
Tuborg	Regional*	9.3
Kronenbourg	Regional*	7.9(1)
Holsten	Regional*	2.7
Skol	Regional*	1.4
Super Bock	Local	3.3
Feldschlösschen	Local	1.5
Koff	Local	1.0
Karhu	Local	1.0

* Regional is defined as beer produced and distributed in more than one country.

(1) Sales in Europe in 2006 (source: Canadean).

The Carlsberg Group's Five Key Brands

Carlsberg. The *Carlsberg* brand is the Carlsberg Group's global premium brand. The *Carlsberg* brand is one of the most international beer brands in the world with a presence in more than 100 countries through direct sales, licensing and exports. In 2007, the *Carlsberg* brand's world-wide Gross Beer Volume increased by 5%.

Tuborg. The *Tuborg* brand is the Carlsberg Group's regional premium brand. *Tuborg* is available in over 60 countries worldwide. Tuborg has in recent years been very successful in Eastern Europe. In 2007, Russia became the largest single market for the *Tuborg* brand. In 2007, the *Tuborg* brand's world-wide Gross Beer Volume increased by 18%.

Baltika. The *Baltika* brand is the Carlsberg Group's largest brand in terms of volume. In recent years, the *Baltika* brand has expanded beyond its traditional Russian base and is now available in 47 countries. The *Baltika* brand includes the premium beers, *Baltika No. 7* and *Baltika Cooler* and the mainstream beer, *Baltika No. 3.* In 2007, the *Baltika* brand's Gross Beer Volume increased by 19.5%.

Holsten. The *Holsten* brand is an important regional brand in the Carlsberg Group's beer portfolio. In 2007, *Holsten* was launched in a number of Eastern European countries as well as in the United Kingdom. In 2007, the *Holsten* brand's Gross Beer Volume increased by 7.0%.

Kronenbourg. The *Kronenbourg* brand is the leading brand in France and the eighth largest brand in Europe (source: Canadean). The *Kronenbourg* brand is sold throughout France, and the *Kronenbourg 1664* brand is sold internationally as well as in France.

Other Beverages Portfolio

The Carlsberg Group also produces, markets, sells and distributes soft drinks, mineral water, sports/energy drinks, cider and other alcoholic beverages. The soft drinks portfolio generally consists of bottling and licensed as well as own-brand production of leading international brands such as *Coca-Cola, Pepsi* and *Schweppes*, and strong national Carlsberg Group-owned brands (both carbonated and non-carbonated) such as *Tuborg Squash* in Denmark, and the water brand *Ramlösa* in Sweden. In 2007, approximately 18% of *Pro Rata* Volume (18 million hl) was generated from soft drinks, mineral water and other non-beer beverages.

Carlsberg is continually expanding and adjusting its product range to include beverages other than beer, including malt-based drinks, functional drinks, mineral water, and cider. For example, in 2007, the Carlsberg Group launched the malt-based drink *Cardinal Eve* in Switzerland and in the first quarter of 2008, the Carlsberg Group launched *Somersby*, a new cider in Norway and Denmark. These beverages are aimed at developing the Carlsberg Group beyond that of its traditional consumer.

Branding and Marketing

Branding

The Carlsberg Group is committed to responding to consumer demands for global, regional and local brands in order to enhance returns from its operational assets. The *Carlsberg* brand is the Carlsberg Group's premium brand. Management's strategy is to drive and build the *Carlsberg* brand globally, by continuing to invest in the brand. The *Carlsberg* brand is marketed centrally from Copenhagen as a global premium brand, supported by local initiatives on a country-by-country basis. Regional and local brands are developed locally but with central support in key markets in terms of extra funding and marketing initiatives.

In order to maintain a leading position in major markets, it is usually necessary to develop a portfolio of products and brands. The combination of strong local and/or regional brands, together with the Carlsberg Group's international Key Brands provide the cornerstone of the Carlsberg Group's brand strategy.

The Carlsberg Group's brand portfolio is constantly strengthened and developed further through enhancement of brand quality, marketing and product innovation. Regional brands, such as *Tuborg,* are developed in the relevant regions around the world, whereas strong local brands such as *Ringnes, Cardinal, Feldschlösschen, Okocim, Falcon* and *Koff* create the basis for strong local businesses catering to local consumer preferences.

As beer markets mature, innovations play an increasingly important role in driving value growth. Going forward, the Carlsberg Group's approach towards innovation will be more systematic and focused, and greater emphasis will be placed on large international launches. In 2007, Carlsberg successfully launched a number of new local products, for example, *Tuborg Lite* and *Ringnes Lite* (low-calorie beers with the same alcohol content as regular beer) in Norway and *Cardinal Eve,* a malt-based drink targeted at female consumers, in Switzerland. BBH also recently launched a number of successful new local products, for example *Baltika Cooler* in Russia and *DLIGHT* (a flavored light beer) in the Baltic States.

Marketing

The global marketing activities of the Carlsberg Group have significantly strengthened long-term brand value, yielding increased *Carlsberg* brand Gross Beer Volume of 5% in 2007. Although advertising is the primary brand marketing strategy in most key markets, the Carlsberg Group pursues an active policy of developing direct contact and communication with consumers through sponsoring sporting and live music events, and hosting beer festivals. The world of sports is an integral part of the *Carlsberg* brand and its connection to consumers. In terms of sponsorships, football is the Carlsberg Group's flagship sport globally. The Carlsberg Group is involved in the longest sponsorship ever in the English Premiership, sponsoring Liverpool Football Club since 1992 and will be the lead sponsor of the 2008 UEFA European Football Championship (EURO 2008). This is in line with the international brand strategy of strong investments in sponsorships with prestigious sporting events that reinforce the brand's premium character and promote both on-trade and off-trade volume.

Tuborg brand Gross Beer Volume increased by 18% in 2007. Through its *Tuborg* brand, the Carlsberg Group also sponsors live music events. Since 1991, the Carlsberg Group has sponsored the Roskilde Festival, the largest music festival in Northern Europe, through the *Tuborg* brand. In Russia, *Tuborg* sponsors GreenFest, which are large music festivals in various cities across Russia. In 2007, *Tuborg* hosted the first GreenFest in Serbia, the biggest one-day music festival ever held in the Balkans. In the United Kingdom, *Tuborg* became the Official Beer of Live Nation, the UK's biggest organizer of festivals and live music events. Through these sponsorships, Management believes that *Tuborg* has gradually established its position as the beer most frequently associated with live music.

Management is committed to protecting the Carlsberg Group's brands on a global basis. With the exception of certain jurisdictions in which it is not possible to register trademarks, trademark registrations for the *Carlsberg* brand have been made in almost every country in the world. Trademark registrations for local and regional brands have also been made in numerous countries, with various brands trademarked in 20 to 80 countries, depending on the importance, volume and geographical presence of each such brand.

In a number of markets where the Carlsberg Group's brands are licensed to third parties, various agreements have been entered into regarding requirements to and opportunities for licensees in relation to the marketing of the brands licensed.

The Brewing Process

Brewing beer is an old and well-established process whereby water, malt and hops are combined, heated and then fermented with yeast. The final product is then left to mature before being filtered. Once filtered, the beer is packaged into bottles, cans or stainless steel kegs, ready for distribution. The packaging format used is influenced by market demand and relevant legislation as well as by consumer preferences and the structure of the market. Despite the well-known nature of the brewing process, there is significant expertise involved in ensuring a finished product of the highest standard with very material quality differences being evident in several large emerging markets (for example, in China, the Carlsberg Group's beer is of a higher quality than the beer sold by some competitors). Everything from the choice of the raw materials to how the beer is stored and consumed will impact product quality, and international brewers will frequently transfer management and highly trained employees between their breweries to ensure the spread of best practice which is an important source of competitive advantage.

Raw Materials and Packaging

The principal raw materials that the Carlsberg Group uses in the brewing process are malt, hops, yeast and water. Barley, malt, and hops are generally available on the open market and barley and hops are usually grown in the regions where the Carlsberg Group brews beer. The Carlsberg Group usually uses its own proprietary yeast, which it grows in its facilities. In some regions, the Carlsberg Group imports hops to obtain appropriate quality and variety. The Carlsberg Group purchases these ingredients through the open market and through contracts with suppliers. The Carlsberg Group produces a part of its own malt requirements in Western and Eastern Europe.

Raw materials prices are determined by, among other factors: the level of supplier competition and consolidation; the level of crop production; weather conditions; overall beer market sales growth; demand from overseas markets; government regulations; and macro-economic conditions. In addition, prices of certain raw materials are impacted by the growing global demand for bio fuels.

The Carlsberg Group is reducing the number of suppliers in order to develop closer strategic relationships thereby ensuring tighter quality control, more competitive prices and better service. Some of the Carlsberg Group's raw material supply contracts are long-term fixed-price contracts to ensure stable supply, price stability and predictability. The Carlsberg Group relies to some extent on a few third-party suppliers. See "Risk Factors—Risks Related to the Carlsberg Group's Business—Reliance on key third-parties could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition."

The main part of packaging material expenditures is related to beverage cans and ends, and glass and PET bottles. However, the Carlsberg Group is also a large buyer of steel kegs, crown corks, plastic closures, wet glue labels and cardboard products. It has a number of long-term contracts for the supply of packaging materials with strategic suppliers. The choice of packaging materials varies by price and availability in different regions, as well as by consumer preferences and the individual brand position and image.

The Carlsberg Group coordinates the procurement of all major raw materials and packaging in Western and Eastern Europe (excluding BBH) with the exception of concentrates for third-party brands. In Western Europe, the Carlsberg Group mainly purchases its raw materials and packaging from large national and international suppliers. In Eastern Europe and Asia, the Carlsberg Group also purchases a part of its raw materials and packaging from small local or regional suppliers.

Production

Due to similar production methods employed to make different brands of beer, brewers have some flexibility to allocate production between their breweries so as to minimize overheads and distribution costs and reduce capital expenditure requirements. A brewer's ability to achieve such savings is largely driven by extra costs involved in changing production/packaging formats and the costs of distribution, together with other considerations such as products being associated with specific locations and different national tariff systems.

The Carlsberg Group builds, invests and develops its production facilities to meet the requirements and demands of local markets in terms of brand, volume and packaging type, while conforming to Carlsberg Group-wide policies concerning quality and safety assurance and environmental standards.

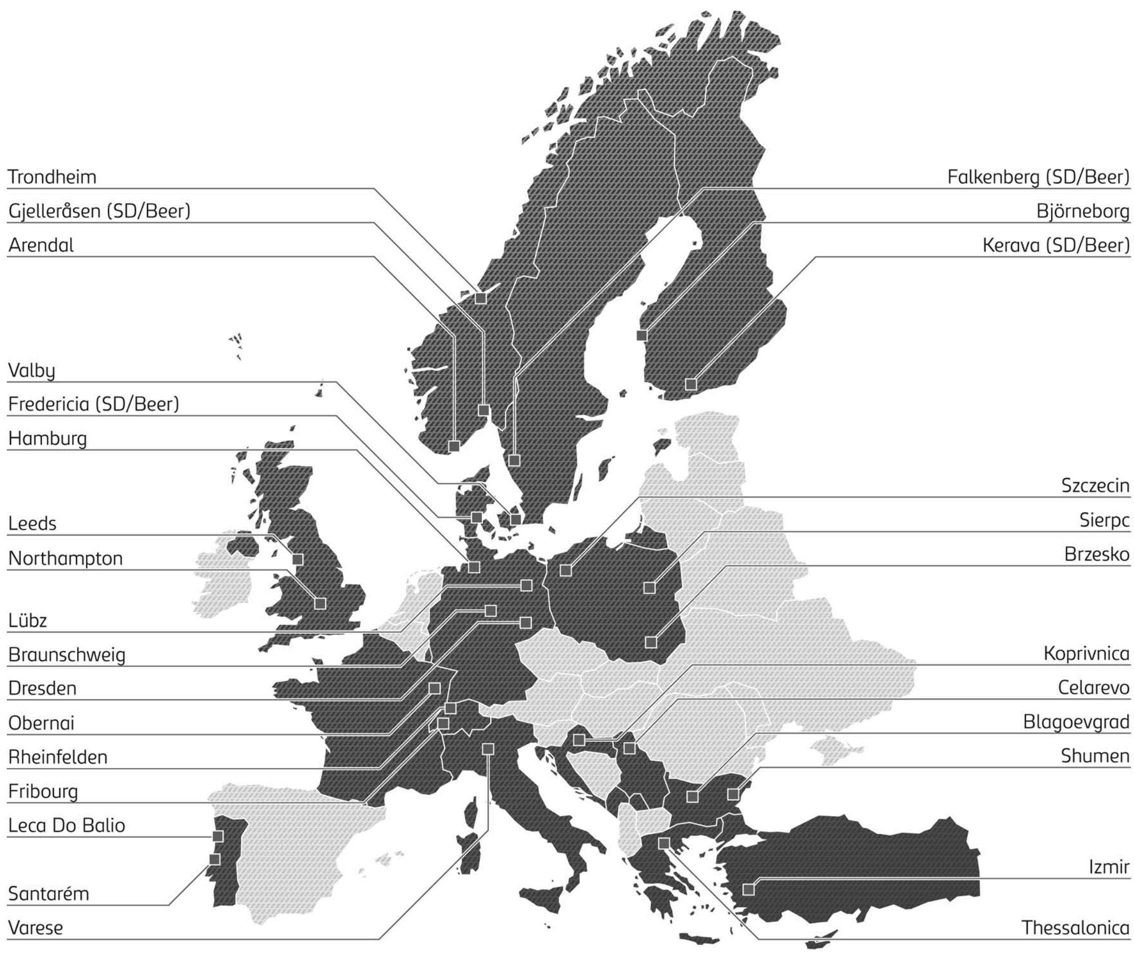
Carlsberg brews beer at a total of 84 breweries in 32 countries. Individual production facilities across the Carlsberg Group vary widely in terms of scale. The largest single site is the Baltika plant in St. Petersburg, Russia, with a capacity of approximately 9.2 million hl per year. Product quality assurance is a key focus for the Carlsberg Group. The quality of raw materials and production is ensured through various activities, including operational audits at the breweries and suppliers as well as quality-standard certification requirements.

The Carlsberg Group has an ongoing focus on optimizing its brewing, sales and distribution throughout the Carlsberg Group and on both a national and regional level as part of its ongoing commitment to free-up invested capital. Currently, the most significant project relates to the closure and redevelopment of the Valby brewery site in central Copenhagen and the associated transfer of production to the Fredericia brewery.

The table below lists the Carlsberg Group's five largest breweries and includes their location and production capacity.

Brewery	Location	Production Capacity (Million hl)
Baltika SPB	St. Petersburg, Russia	9.2
Kronenbourg	Obernai, France	7.3
Fredericia Brewery	Fredericia, Denmark	6.5
Yarpivo	Yaroslavl, Russia	5.4
Baltika Tula	Tula, Russia	5.2

The map below shows the location of the Company's breweries in Western Europe and Eastern Europe (excluding BBH).



The map below shows the location of the Carlsberg Group's breweries in Russia.

Sales and Distribution

The distribution of beer varies from country to country and from region to region. The nature of distribution reflects consumption patterns and market structure, geographic density of customers and the existence of third-party wholesalers. In some markets, brewers distribute directly to customers (for example, the Nordic region) while in other markets wholesalers, for legal reasons (for example, the United States and Canada) or because of historical market practice (for example, Italy and France), play an important role in distributing a significant proportion of beer to customers.

The Carlsberg Group utilizes three main distribution models, varying by market due to Carlsberg's positions in those markets, regulatory considerations and local market dynamics (consumption patterns, market structure, geographic density of customers and existence of third-party wholesalers). These distribution models are:

- Direct distribution to the retail level (both on-trade and off-trade outlets);
- Third-party distribution (wholesalers, importers, distributors, and "cash and carry" outlets); and
- A combination of direct and third-party distribution, primarily through wholesalers.

The Carlsberg Group segments its customers by channel between on-trade outlets (for example, bars, pubs, restaurants and hotels), off-trade outlets (for example, supermarkets, kiosks and retail shops) and third-party sales (for example, wholesale, cash and carry and other third parties). This segmentation (the "channel model") allows Carlsberg to allocate resources to different types of customers by supplying each channel with the sales support, brand and trade marketing and supply chain that it needs.

In all markets, the Carlsberg Group strives to serve customers in the most cost-efficient way possible while maintaining appropriate service levels. In the Nordic region, this service level requires direct delivery to stores and outlets. In contrast, the German market is primarily served through wholesalers. Because the largest segment of the UK market consists of on-trade outlets, the Carlsberg Group focuses on these outlets by distributing both directly to outlets and through wholesalers. In Switzerland and Italy, a major portion of the Carlsberg Group's distribution is direct, whereas in Portugal distribution is primarily carried out through owned and third-party wholesalers.

In Western Europe, product handling is conducted in accordance with quality standards, and warehouse operations are enhanced by automation to improve storage and handling capacity. Distribution to retailers and wholesalers is accomplished either by using trucks owned or leased by the Carlsberg Group, driven and unloaded by employees of the Carlsberg Group, or by using third-party providers of transportation services.

In emerging and growth markets, customers often prefer to order through wholesalers rather than receiving direct deliveries. In Eastern Europe, Carlsberg sells largely through wholesalers, but with direct deliveries to major retail chains. In Russia, Baltika is moving towards a more direct distribution business, but distributors remain important wholesalers in many of the country's regions. In Asia, distribution varies from country to country: in Malaysia, Singapore and China, the distribution network is primarily through wholesalers with direct deliveries to the major retail chains, but in Hong Kong the distribution is direct with a smaller part going through third-party wholesalers.

The sales system generally comprises selling efforts towards existing and new customers as well as order taking, distribution and payments. The Carlsberg Group principally uses telephone sales calls to serve the on-trade business, while the off-trade business is principally served by sales representative visits. Daily customer sales development in the larger outlets is generally handled by the field sales force and the agreements and negotiations with major key accounts, including category and promotional activities, are generally handled by the Carlsberg Group's key account managers.

No single customer accounts for more than 5% of the Carlsberg Group's total net revenue and the five largest customers contribute less than 15% of the Carlsberg Group's total net revenue. However, in a number of countries, key customers account for a significant part of the individual subsidiaries' net revenue and earnings.

Licensing and Export

Licenses issued by the Carlsberg Group grant authority to third-party licensees to manufacture, package, sell and market in a particular assigned territory (usually a country). The license covers only a particular brand and that brand is agreed to be produced under strict rules and technical requirements provided and monitored by Carlsberg Group headquarters. The Carlsberg Group also accesses new markets through international distribution agreements.

The Carlsberg Group has licensing agreements in more than 20 countries, predominantly for the *Carlsberg* brand, and exports to more than 100 countries. In total, the Export and License business is responsible for about 4.9 million hl per year, of which the majority of volume relates to the *Carlsberg* brand. The Export and License business is important to building the global presence and awareness of the brand. Furthermore, exclusive, long-term licensing agreements have been entered into with Heineken regarding the acquired brands *Kronenbourg* and *Grimbergen* in the United Kingdom and Belgium, respectively.

Excellence Programs

The Carlsberg Group operates a number of Excellence Programs that focus on margin enhancement by improving efficiencies and cost control, as well as optimizing top-line revenue growth. These Excellence Programs have been successfully introduced across Western Europe, and processes and procedures in production, procurement, administration, logistics as well as sales and marketing are being systematically streamlined. An important element of these Excellence Programs is their impact on corporate culture and their success in creating an environment where a constant focus on efficiency improvements is an integral part of day-to-day operations.

The experience gained during the introduction and execution of the Excellence Programs is now being used to apply them throughout the Carlsberg Group. In addition, as a natural extension of the Excellence Programs, the Carlsberg Group has now launched a standardization project, which will represent the next phase in the Carlsberg Group's ongoing drive to increase efficiency. This program aims to optimize internal processes to ensure efficient and aligned Group functions, while retaining flexibility to adapt to the demands of local markets. As with the Excellence Programs, the standardization project will be rolled out first in the mature Western European markets, and subsequently, in the Carlsberg Group's other markets. The details of the most important Excellence Programs are set out below.

Operational Excellence Programs

The Carlsberg Group's Production Excellence Program was established to create a best-in-class European production network by focusing investment on selected anchor plants, developing production excellence across production plants and strengthening the supply chain management capabilities across the Carlsberg Group. Examples of initiatives undertaken as part of this program include: identifying the optimal method of cleaning yeast tanks, which has reduced the amount of chemicals used, and the amount of time it takes to clean the tanks; and the annual overhaul of beer fillers, which has resulted in reducing the amount of time the fillers are not in operation and has reduced the frequency of replacing expensive spare parts.

The Carlsberg Group's Procurement Excellence Program was established to focus on cost categories that had not previously been addressed centrally, including transportation, consultancy and marketing. In addition, Group-wide purchasing initiatives were introduced in relation to items of capital expenditure and packaging materials used in several national businesses. Examples of initiatives undertaken as part of this program include: standardizing technical equipment throughout the Carlsberg Group, which has ensured that equipment throughout the Carlsberg Group has the same technical specification, including quality requirements; and standardizing commercial contracts, which has improved the Carlsberg Group's cash flows. The Carlsberg Group has also incorporated a centralized procurement structure for certain markets.

The Carlsberg Group's Administration Excellence Program was established to develop more cost-effective administrative operations, and to share best practice within administrations between countries (covering areas including information technology, finance, general administration and general management). An example of an initiative undertaken as part of this program includes the outsourcing of the Carlsberg Group's European information technology service to IBM. As part of the outsourcing arrangement, IBM was given the responsibility to design a system that would meet the Carlsberg Group's requirements for high-quality IT services, while also resulting in significant information technology cost savings.

The Carlsberg Group's Logistic Excellence Program was established to review the logistic function with a view to identifying and implementing initiatives to drive efficiencies and cost savings. Examples of initiatives undertaken as part of this program include: the reduction of depots and truck numbers in Switzerland; and the outsourcing of cross-docking operations to external partners in Sweden.

Commercial Excellence Program

The Commercial Excellence Program was established to maximize the value of the Carlsberg Group's brand and product portfolios for each of its customer groups and sales channels. The Commercial Excellence Program focuses on optimizing the use of resources within the commercial operations of Carlsberg (for example, marketing and sales). The Commercial Excellence Program aims to enhance product sales and the product assortment to individual customers, improve the efficiency of the Company's marketing and sales force and implement best practice among the sales and marketing functions across the Carlsberg Group. Whereas the Operational Excellence Programs focuses on increasing the operating margin through efficiency and productivity improvements, the Commercial Excellence Program is focused on delivering top-line revenue growth.

Standardization Project

A natural extension of the Excellence Programs, the standardization project is the next phase in the Carlsberg Group's ongoing work to increase the efficiency of all parts of its business. The aim of the project is to improve performance by introducing uniform processes and centralized and standardized systems to drive further efficiencies and margin improvements across the business. A key aim of the program will be to maintain the balance between the benefits of centralizing and streamlining key Group functions, while retaining the flexibility to adapt where necessary to local markets, customers and consumption patterns. In addition to creating immediate synergies by reducing the complexity of the Carlsberg Group, Management anticipates that the standardization project will result in greater transparency across the Carlsberg Group, which will in turn provide new opportunities to optimize working methods and processes. The first phase of the project was launched in 2007 and involved identifying and mapping the operational and administrative processes with a view to designing and optimizing uniform procedures and IT systems across the Carlsberg Group's subsidiaries.

Carlsberg's Global Operations

This section describes the Carlsberg Group's global operations, including BBH, by geographic region. Following this section is a discussion of assets acquired by the Carlsberg Group in France, Greece, China and Vietnam as a result of the Acquisition. See "—The Acquired Assets."

The Carlsberg Group's global operations are diversified among the large and mature markets of Western Europe and the growth and emerging markets of Eastern Europe and Asia. In Western Europe, Carlsberg has leading positions in the Nordic countries (Denmark, Finland, Norway and Sweden), France, Northern Germany, Switzerland and Portugal and a significant presence in the United Kingdom and Greece. In Eastern Europe, Carlsberg is the market leader in Russia, the three Baltic countries and Kazakhstan, the second largest brewer in Uzbekistan and Belarus, and the third largest brewer in the Ukraine and Poland. In addition, Carlsberg has a significant market position in the Balkans. In Asia, Carlsberg has a leading position in six provinces of Western China, number two positions in Malaysia and Singapore, and a growing presence in Vietnam. Carlsberg also has a number of investments in other promising markets in Asia, including in India. In addition, the Carlsberg Group has extensive export and licensing operations on all continents, except the Antarctic.

The following map shows countries and regions in which the Carlsberg Group had brewery operations as at May 1, 2008.

The Carlsberg Group's operations consist of brewery activities in three geographical regions: Western Europe, Eastern Europe and Asia. The beer markets in these regions vary widely, from the mature markets of Western Europe to the emerging and growth markets of Eastern Europe and Asia, in particular in relation to growth rates, consumption *per capita* and the types of beers consumed. Consequently, the regions' contributions to the Carlsberg Group's growth, earnings and development differ significantly. The following table shows the Carlsberg Group's *Pro Rata* Volume and revenue from each of the Carlsberg Group's regions as at December 31, 2007.

	Pro Rata Volume		Revenue[(1)]	
Market	**Million hl**	**%**	**DKK million**	**%**
Western Europe	28.5	35%	27,499	61%
BBH (50%)	29.1	35%	10,435	23%
Eastern Europe (excluding BBH)	14.8	18%	4,267	10%
Asia	9.6	12%	2,535	6%
Total	82.0	100%	44,736	100%

(1) Excluding an unallocated amount of DKK 14 million.

For information on the assets acquired as a result of the Acquisition, see "—The Acquired Assets."

Western Europe

Overview

The Carlsberg Group has a strong position in Western Europe with leading market positions in the Nordic countries (Denmark, Norway, Finland and Sweden), Northern Germany, Switzerland and Portugal and a significant position in the United Kingdom. In 2007, the Company generated 61% of net revenue from its Western Europe operations.

The following table shows the Carlsberg Group's estimated market share, market position, select local brands, number of breweries and *Pro Rata* Volume in relation to the major countries comprising the Carlsberg Group's Western European operations as at December 31, 2007.

Country	2007 Estimated Market Share (Beer)	Market Position	Significant Local Brands	Number of Breweries	Sales Volume 2007[(1)] Beer	Sales Volume 2007[(1)] Other[(3)]
					(Million hl)	
Denmark	64%	1st	*Carlsberg*, *Tuborg*	2	2.8	3.3
Norway	56%	1st	*Tuborg*, *Ringnes*, *Lysholmer*	3	1.4	2.5
Sweden	37%	1st	*Pripps*, *Falcon*	1	1.8	2.2
Finland	49%	1st	*Koff*, *Karhu*	2	2.1	1.9
United Kingdom	13%	4th	*Carlsberg*, *Tetley's*, *Holsten*	2	7.2	0.5
Germany:						
Northern Germany[(2)]	21%	1st	*Holsten*, *Tuborg*, *Lübzer*, *Duckstein*	4	0.6	0.6
Switzerland	41%	1st	*Feldschlösschen*, *Cardinal*	2	1.8	1.2
Italy	6%	4th	*Tuborg, Splügen*,	1	1.1	1.6
Portugal	52%	1st	*Super Bock*, *Carlsberg*	2	2.3	1.2

Sources: Canadean and Company estimates.

(1) *Pro Rata* Volume.

(2) "Northern Germany" is defined as Schleswig-Holstein, Hamburg and the northern part of Lower Saxony.

(3) "Other" comprises beverages other than beer, such as soft drinks, mineral water, sports and energy drinks, cider and other alcoholic beverages.

The Nordic Countries

Carlsberg Denmark is wholly owned by the Carlsberg Group and is the largest brewer in Denmark, with approximately 64% of the Danish beer market. The Carlsberg Group's largest brands in Denmark are *Tuborg* and *Carlsberg*, which combined have a market share of approximately 50% of the Danish beer market. Carlsberg Denmark also bottles, distributes and sells the Coca-Cola Company brands in Denmark capturing a significant share of the Danish soft drink market. Carlsberg Denmark distributes most of its products directly to on-trade and off-trade customers.

Ringnes in Norway is wholly owned by the Carlsberg Group and is the largest brewer in Norway, with approximately 56% of the Norwegian beer market. The Carlsberg Group's largest brands in Norway are *Tuborg*, *Ringnes* and *Lysholmer*. Ringnes also bottles, distributes and sells PepsiCo products in Norway. Ringnes distributes most of its products directly to on-trade and off-trade customers.

Carlsberg Sweden is wholly owned by the Carlsberg Group and is the largest brewer in Sweden, with approximately 37% of the Swedish beer market. The Carlsberg Group's largest brands in Sweden are *Pripps* and *Falcon*. Carlsberg Sweden also bottles, distributes and sells PepsiCo brands in Sweden and is the owner of *Ramlösa* mineral water, which is sold internationally. Carlsberg Sweden distributes around half of its products directly to on-trade and off-trade customers and around half to a retail supermarket chain.

Sinebrychoff in Finland is wholly owned by the Carlsberg Group and is the largest brewer in Finland, with approximately 49% of the Finnish beer market. The Carlsberg Group's largest brands in Finland are *Karhu* and *Koff.* The *Carlsberg* brand is the best-selling international beer product by volume in Finland. Sinebrychoff also bottles, distributes and sells the Coca-Cola Company brands in Finland, as well as a range of other non-beer brands including cider and the *Battery* energy drink. Sinebrychoff distributes most of its products directly to on-trade and off-trade customers.

United Kingdom

Carlsberg UK is wholly owned by the Carlsberg Group and is the fourth largest brewer in the United Kingdom, with approximately 13% of the UK beer market. The Carlsberg Group's largest brands in the United Kingdom are *Carlsberg* and *Tetley's*. Since 2002, a significant emphasis has been put on the *Carlsberg* brand resulting in a gain in market share. Carlsberg UK distributes its products both directly and through third-party wholesalers to customers. Carlsberg UK and Heineken together have an investment in a company that provides maintenance of dispensing equipment.

Northern Germany

Carlsberg Germany is wholly owned by the Carlsberg Group and is one of the leading breweries in Northern Germany, with approximately 21% of the Northern German beer market. The Carlsberg Group's largest brand in Northern Germany is *Holsten*. Carlsberg Germany primarily distributes its products through third-party wholesalers.

Switzerland

Feldschlösschen is wholly owned by the Carlsberg Group and is the largest brewer in Switzerland, with approximately 41% of the Swiss beer market. The Carlsberg Group's largest brands in Switzerland are *Feldschlösschen* and *Cardinal,* two of the leading brands in the Swiss beer market. Feldschlösschen distributes most of its products via direct distribution, and the remaining sales are split equally between central warehouse deliveries and third-party wholesalers.

Italy

Carlsberg Italia is wholly owned by the Carlsberg Group and one of the top four brewers in Italy, with approximately 6% of the Italian beer market. The Carlsberg Group's largest brands in Italy are *Splügen* and *Bock 1877*. Carlsberg Italia distributes its products through wholesalers, including its own captive wholesalers.

Portugal

Unicer is 44% owned by the Carlsberg Group. Unicer's share of the Portuguese beer market is approximately 52%. Unicer's leading brands are *Super Bock* and *Cristal*. *Carlsberg* is the leading brand of the international premium beer segment. In addition, Unicer has a substantial water, soft drink and other beverage business, which supports the core beer operation. Within Portugal, Unicer distributes more than half of its products through third-party wholesalers and the rest through its own distribution network. Further, Unicer has a large export business.

Eastern Europe

Overview

A significant part of the Carlsberg Group's brewing operations in Eastern Europe is carried out through BBH, which until recently was a 50/50 joint venture between Carlsberg and S&N and is now fully controlled by the Carlsberg Group. See "Part I—Company Information—Trend Information."

BBH has operations in the following markets: Russia (with a market share of approximately 38%); the Ukraine (with a market share of approximately 20%); the Baltic countries (with a market share of approximately 45%); Kazakhstan (with a market share of approximately 44%); Uzbekistan (with a market share of approximately 19%) and Belarus (with a market share of approximately 25%).

In addition, the Carlsberg Group fully owns Carlsberg Poland (with a market share of approximately 13%); directly holds majority ownership of breweries in the Balkans, for example in Serbia (with a market share of approximately 24%), Croatia (with a market share of approximately 15%), Bulgaria (with a market share of approximately 24%) and Turkey (with a market share of approximately 15%).

The following table shows the Carlsberg Group's estimated market share, market position, select local brands, number of breweries and *Pro Rata* Volume in relation to the major countries comprising the Carlsberg Group's Eastern European operations as at December 31, 2007.

Country	2007 Estimated Market Share (Beer)	Market Position	Significant Local Brands	Number of Breweries	Sales Volume 2007(1)	
					Beer	Other(3)
					(Million hl)	
BBH:						
Russia	38%	1st	*Baltika*, *Arsenalnoye*, *Nevskoye*, *Yarpivo*	11	43.7	0.6
Ukraine	20%	3rd	*Slavutich*, *Lvivske*	3	5.7	0.4
Baltic countries	45%	1st	*Svyturys*, *Utenos*, *Aldaris*, *Saku*	4	2.6	0.5
Kazakhstan	44%	1st	*Derbes*, *Irbis*	1	1.1	—
Uzbekistan	19%(2)	2nd	*Sarbast*	1	0.1	—
Belarus	25%	2nd	*Olivaria, Brovar*	1	0.4	—
Excluding BBH:						
Poland	13%	3rd	*Okocim*, *Harnas*	3	4.5	—
Balkans	15%-24%	2nd-3rd	*LAV*, *Shumensko*, *Pan*	4	3.5	—
Turkey	15%	2nd	*Skol, Vole*	1	1.3	—

Sources: Canadean and Company estimates.

(1) *Pro Rata* Volume.

(2) Market share based on the 2nd half of 2007.

(3) "Other" comprises beverages other than beer, such as soft drinks, mineral water, sports and energy drinks, cider and other alcoholic beverages.

BBH

BBH was founded in 1991 as a 50/50 joint venture between Oy Hartwall Ab (a Finnish brewing group) and Procordia Beverages AB (a Swedish brewing group) to develop their business in the emerging beer markets of Eastern Europe. In 1995, Orkla acquired Procordia Beverages AB, thus transferring 50% BBH ownership from Procordia Beverages AB to Orkla. In 2000, the brewing assets of Orkla and the Company were merged to form Carlsberg Breweries, thus transferring 50% BBH ownership from Orkla to Carlsberg Breweries (resulting in the Company holding a 60% shareholding and Orkla holding a 40% shareholding of Carlsberg Breweries' 50% BBH ownership). In 2002, S&N acquired Oy Hartwall Ab, thus transferring 50% BBH ownership from Hartwall to S&N. In 2004, the Company acquired Orkla's 40% shareholding in Carlsberg Breweries, thus transferring full 50% BBH ownership to Carlsberg.

In 2007, BBH generated 82% of its beer volume in Russia, with the remaining proportion attributable to the Ukraine (10%), the Baltic countries (6%) and Kazakhstan (2%). BBH owns 21 breweries, 11 of which are in Russia, four in the Baltic countries, three in the Ukraine, one in Uzbekistan, one in Kazakhstan and one in Belarus (30% owned). BBH has approximately 16,000 employees located in Russia, the Ukraine, the Baltic countries, Belarus, Kazakhstan and Uzbekistan.

BBH's beer portfolio includes well-known brands such as: *Baltika*, considered by Management to be the national pride of Russia and second-biggest beer brand in Europe; other leading Russian brands including *Yarpivo*, *Arsenalnoye* and *Nevskoye*; and the Ukrainian brands *Slavutich* and *Lvivske*. The *Baltika* brand, in particular, holds a strong position in all BBH markets. BBH beers are high quality products and have received numerous prizes at international and national quality contests and beer festivals. In addition to the most popular beers, the brand portfolios include a wide variety of specialty beers, such as non-alcoholic and flavoured beer. To complement the local and national brand portfolios, BBH brews and locally distributes international and regional beer brands under license, including *Carlsberg*, *Tuborg* and *Kronenbourg 1664*.

BBH distributes its products through a combination of direct distribution and the use of both owned and third-party wholesalers. The model for distribution of BBH's products varies, depending upon the different subsidiaries within BBH, different geographic regions in which BBH operates and differences in the market structures across the region.

Russia

BBH's largest and most important market is Russia, one of the largest beer markets in the world (ranked number three by 2007 Gross Beer Volume) and one of the fastest growing beer markets globally. In 2007, the market volume growth rate in Russia was approximately 15% compared to global volume growth of 5.0% and Western European volume growth of 0.3%. Growth in the market has been driven by a sustained increase in per-capita beer consumption as GDP has grown and consumer tastes have shifted from vodka to beer.

Baltika Brewery is Russia's largest brewing group and is listed in Russia. BBH owns a total of 86% of Baltika Brewery, comprised of 11 breweries with an approximately 38% share of the Russian beer market. In Russia, Baltika Brewery has a leading brand portfolio across all market segments. This position is led by the local *Baltika* brand (with 13% of the Russian beer market) and premium brands *Carlsberg, Tuborg* and *Kronenbourg 1664* and complemented by other leading local and regional brands spanning all price segments of the Russian beer market.

In the Russian market, Baltika Brewery has successfully used its core competencies to strengthen Baltika Brewery's market-leading position. Since 2000, BBH's market share has increased from 26% to approximately 38%, whereas the market share of the closest competitor, Sun InBev, has increased from 14% to 19% (source: Canadean (Russia 2003) and Sun InBev's 2007 annual report).

The table below is a summary of Baltika's current brand portfolio in the Russian market.

Ukraine, Baltic Countries, Kazakhstan, Uzbekistan and Belarus. BBH is the third largest brewing business in the Ukrainian beer market (with a market share of approximately 20%) and owns the largest breweries in the Baltic countries (with a market share of approximately 45%) and Kazakhstan (with a market share of approximately 44%), the second largest brewing group in Uzbekistan (with a market share of approximately 19%) and Belarus (with a market share of approximately 25%).

BBH's three breweries in the Ukraine produce the *Slavutich* and *Lvivske* local brands. BBH owns four breweries in the Baltic countries which produce *Saku* (the market leader in Estonia) and *Aldaris* (the oldest and most popular beer brand in Latvia), in addition to *Svyturys* and *Utenos* (in Lithuania). In Kazakhstan, BBH owns a 90% share in the Derbes brewery. The *Irbis* and *Derbes* brands hold strong positions in the Kazakhstan markets with *Irbis* positioned among the leading local premium brands and *Derbes* maintaining a solid position in the mainstream segment. In Uzbekistan, BBH started operating through a greenfield brewery in July 2007 and has already had success in building a mainstream platform with the local brand, *Sarbast*. In Belarus, the Olivaria Brewery is also making progress with the local *Olivaria* brand.

Poland

Carlsberg Polska is the third largest brewer in Poland, with approximately 13% of the Polish beer market. The Carlsberg Group's largest national brands in Poland are *Harnas* and *Okocim*. Further, the *Carlsberg* brand has a strong position as an international brand. Carlsberg Polska distributes most of its products through wholesalers.

Balkans

The Carlsberg Group owns four breweries in the Balkans that produce *Tuborg* and leading local brands, representing the region's largest brewer. In 2007, a new structure for the breweries in the three countries was created called South East Europe ("SEE") to promote further growth and efficiency gains in the Balkans. Under the SEE structure, each individual country continues to have commercial responsibility, but management, procurement and logistics are operated out of Belgrade, Serbia, resulting in greater standardization of operations and faster sharing of best practices.

Carlsberg Serbia is 80% owned by the Carlsberg Group and is the second largest brewer in Serbia, producing and selling the local *LAV* brand and *Tuborg* brand beers.

Carlsberg Croatia is 80% owned by the Carlsberg Group and is the third largest and fastest growing brewer in Croatia, producing and selling the local *PAN* brand and *Tuborg* brand beers.

Carlsberg Bulgaria is 80% owned by the Carlsberg Group and is the third largest and fastest growing brewer in Bulgaria. The largest local brands are *Shumensko* and *Pirinsko*.

Carlsberg also operates a sales company in Bosnia-Herzegovina which sells and distributes beer from the Serbian and Croatian breweries.

In the Balkans, the Carlsberg Group's products are distributed primarily through a combination of direct store delivery and distributors.

Turkey

The Carlsberg Group owns 96% of Türk Tuborg, the second largest brewer in Turkey, with a 15% share of the Turkish beer market. Türk Tuborg is listed on the Istanbul Stock Exchange and has brewed *Tuborg* beer under license since 1969. Türk Turborg distributes its products through its wholly-owned subsidiary Bimpas.

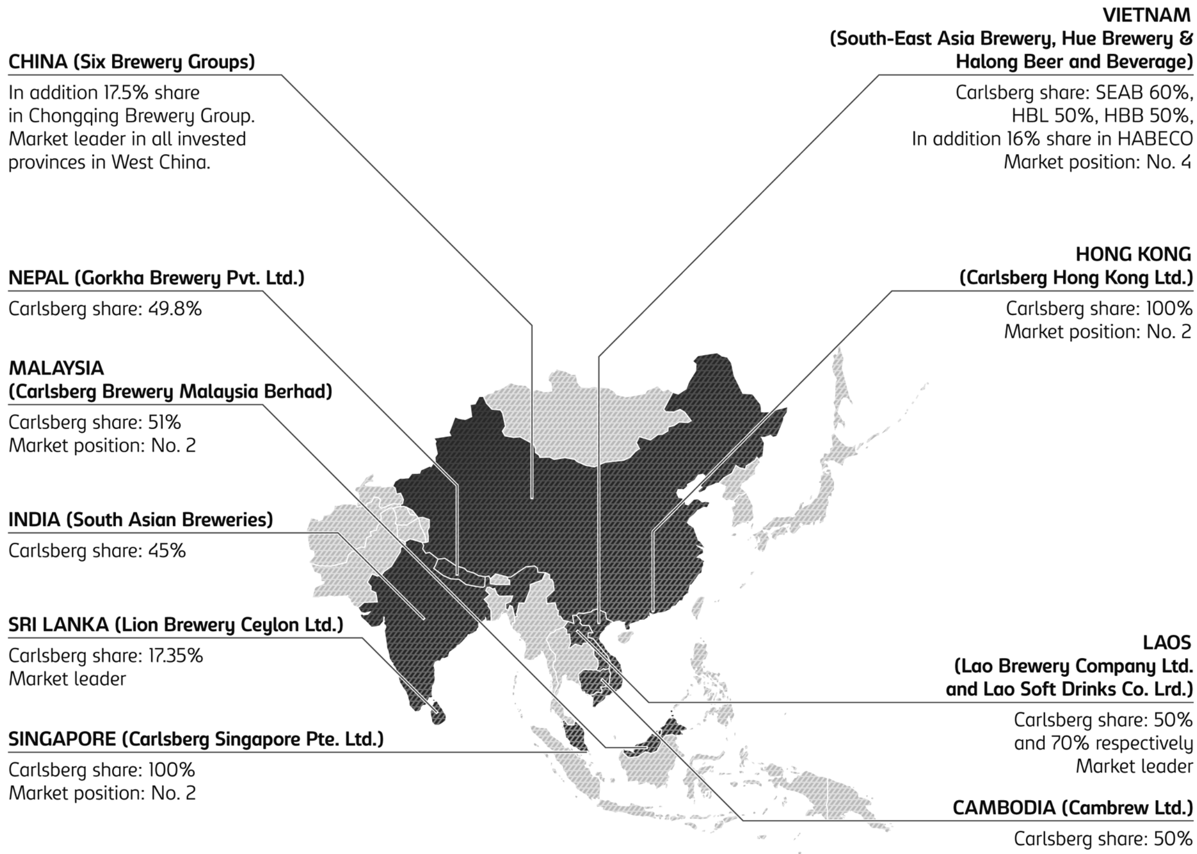
CBC Group, a partner of the Carlsberg Group in Romania and Israel, has indicated an interest in acquiring Carlsberg's stake in Türk Tuborg. On March 27, 2008, CBC Group and Carlsberg signed a memorandum of understanding and continue to negotiate in relation to such a transaction. There can be no assurance that the parties will agree definitive terms or that such a sale will be completed.

Asia

Overview

In Asia, the Carlsberg Group has had significant operations for decades in Malaysia, Hong Kong and Singapore as well as, in recent years, investments in the region's emerging markets of China, Indochina and India. The *Carlsberg* brand has been exported to the region for more than 100 years and is available in more than 15 countries in the region. In 2007, Carlsberg's total Gross Beer Volume increased 22%, as a result of both organic growth and acquisitions. The region's favorable growth prospects attract international brewers, which leads to increased local competition. In 2007, the Company generated 6% of net revenue in Asia.

The following map shows the Carlsberg Group's Asian operations as at May 1, 2008 and includes the Carlsberg Group's shareholding in each entity and market position in certain countries following the Acquisition.



The following table shows the Carlsberg Group's estimated market share, market position, select local brands, number of breweries and *Pro Rata* Volume in relation to the Carlsberg Group's key Asian markets as at December 31, 2007.

Country	2007 Estimated Market Share (Beer)	Market Position	Significant Local Brands	Number of Breweries	Sales Volume 2007[(1)] Beer	Sales Volume 2007[(1)] Other[(3)]
					(Million hl)	
China						
Western China[(2)] . . .	56%	1st	*Dali*, *Wusu*, *Huanghe*, *Lhasa*	18	5.9	—
Malaysia	44%	2nd	*Carlsberg*, *Danish Royal Stout*, *Skol*	1	1.1	—
Singapore	24%	2nd	*Danish Royal Stout*	—	0.2	—
Vietnam	12%	4th	*Halida*, *Huda*	7	2.0	—

Source: Singapore Customs Authorities, Canadean and Company estimates.

(1) *Pro Rata* Volume.

(2) Western China is defined as including: the six provinces or autonomous regions in which the Carlsberg Group has investments (Gansu, Qinghai, Yunnan, Ningxia, Tibet and Xinjiang).

(3) "Other" comprises beverages other than beer, such as soft drinks, mineral water, sports and energy drinks, cider and other alcoholic beverages.

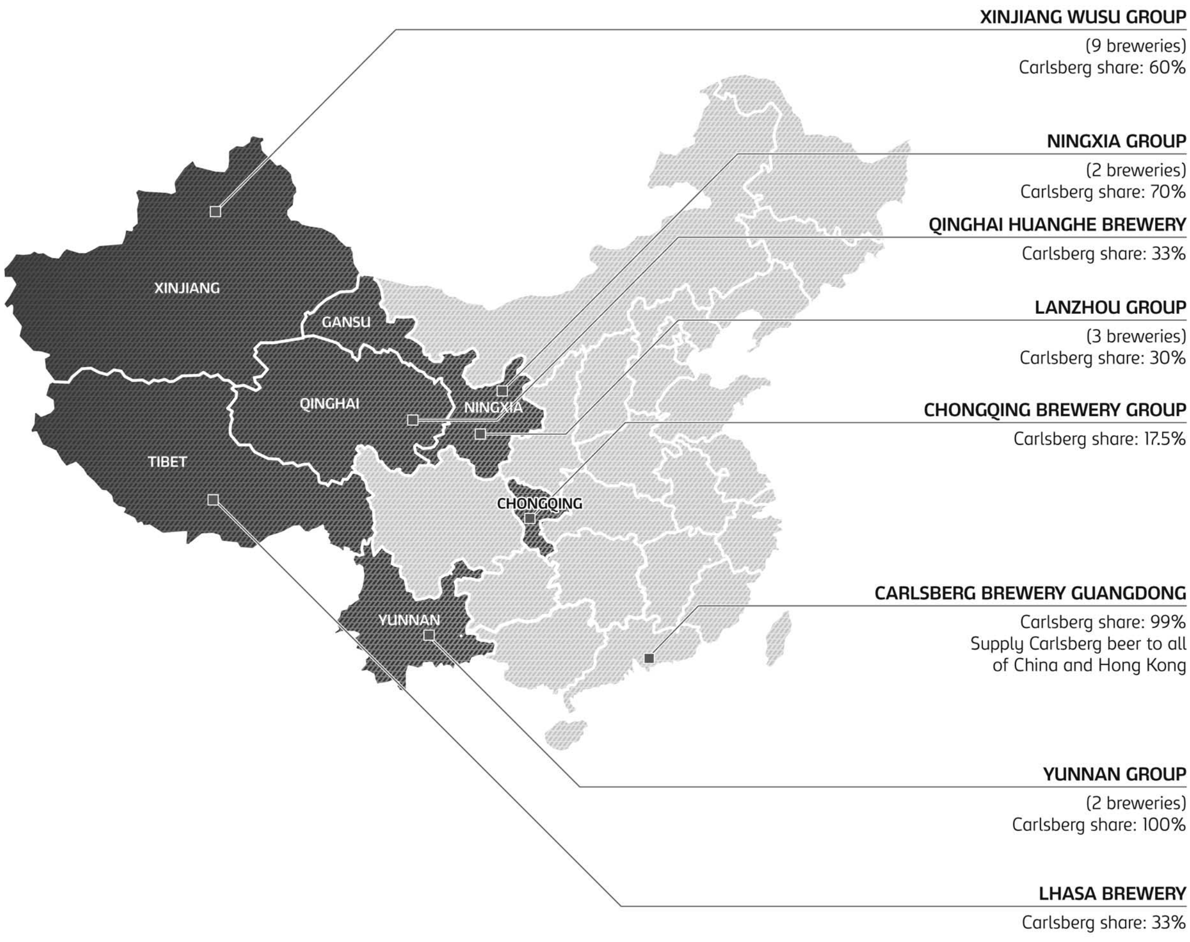
A number of the Carlsberg Group's internal structures and processes have been evaluated and tailored to allow them to be introduced in the Carlsberg Group's Asian operations. In particular, the Carlsberg Group's experience from its Operational Excellence Programs has been adapted to improve the structures and processes in the Asian business, on both a national and regional basis.

China

In the past five years, the Carlsberg Group has accelerated the pace of acquisitions in Chinese breweries, concentrating on Western China, securing leading market positions with the aim of driving volume growth and creating the foundation for long term value growth. Today, the Carlsberg Group has full ownership of or joint ventures in 19 breweries in seven Chinese provinces, establishing the Carlsberg Group as the leading brewer in six provinces in Western China with a market share of more than 56% of the overall beer market of these regions. To date, Carlsberg is the only international brewer to have built up a significant presence in Western China.

In Southern China, Carlsberg Brewery Guangdong in Huizhou is 99% owned by the Carlsberg Group and supplies Carlsberg brands to China, Hong Kong and the Macau markets and also produces its own local *Dragon 8* brand. The *Carlsberg Chill* brand was developed exclusively for the Chinese market. It is one of the most popular premium beers in large Chinese cities. In China, the Carlsberg Group's products are distributed primarily through wholesalers supported by a strong presence of the Carlsberg Group's own sales offices in around 30 cities. Following the Acquisition, the Carlsberg Group's position in China will be reinforced by the acquisition of a 17.5% holding in the Chongqing Brewery Co. Ltd. in the Chongqing province. See "—The Acquired Assets—China."

The following map shows the Carlsberg Group's operations in China as at May 1, 2008 and includes the Carlsberg Group's shareholding in each entity.



Malaysia

The Carlsberg Group has been active in the Malaysian beer market for more than 100 years and since 1972 has held an investment in Carlsberg Brewery Malaysia Berhad ("Carlsberg Malaysia"). The Carlsberg Group owns 51% of Carlsberg Malaysia, which is listed on the Kuala Lumpur Stock Exchange. Carlsberg Malaysia has a market share of approximately 44% of the Malaysian beer sector and its main brand is *Carlsberg*. In Malaysia, the Carlsberg Group's products are distributed primarily through third-party wholesalers with direct deliveries to the major retail chains.

Singapore

Carlsberg has been imported into Singapore since the beginning of the 20th century. Carlsberg Singapore, wholly-owned by the Carlsberg Group, is a sales and marketing company. Most of the beer sold by Carlsberg Singapore is today brewed on license in Thailand by San Miguel. Carlsberg Singapore is the second largest brewer with a market share of 24%.

Vietnam

South East Asia Brewery ("SEAB") is 60% owned by the Carlsberg Group, and Hue Brewery Ltd. ("HBL") is owned 50% by the Carlsberg Group. Combined, they position the Carlsberg Group as the fourth largest Vietnamese brewer with a market share of approximately 12%. SEAB and HBL have built a beer portfolio to cover all price segments. In 2006, the *Carlsberg* brand was repositioned as one of the most expensive locally-produced premium beers and is currently among the top three international premium beers. *Halida* competes in the mainstream segment as the second largest brand in northern Vietnam, while *Viet Ha Bia Hoi* is the value brand. *Huda* competes in the mainstream segment in the central part of Vietnam. The Carlsberg Group has two other joint ventures in Vietnam, the Vung Tau Brewery in southern Vietnam and the Halong Brewery in Halong City, and recently established a strategic partnership with Habeco by acquiring a 16% shareholding in Habeco. In Vietnam, the Carlsberg Group's products are distributed primarily through wholesalers. Following the Acquisition, the Carlsberg Group's position in Vietnam will be reinforced by its acquisition of a 50/50 joint venture with Vinataba near Ho Chi Minh City in southern Vietnam. See "—The Acquired Assets—Vietnam."

Other Countries

India. The Carlsberg Group has recently taken the first steps in establishing a platform in India. Management believes that the Indian beer market has considerable growth potential because annual consumption *per capita* is among the lowest in Asia and the gross domestic product is growing at more than 8% annually (source: Canadean). At the end of 2006, the Carlsberg Group entered into a joint venture in India with South Asia Breweries Ltd. initially by acquiring the Him Neel Brewery north of Delhi, and also by building a greenfield brewery in the state of Rajasthan. This greenfield brewery commenced production in the first quarter of 2008. Management expects to expand its operations in India with further investments in the coming years.

Nepal, Sri Lanka, Cambodia, Laos and Hong Kong. The Carlsberg Group has a substantial market share in Nepal, Sri Lanka, Cambodia, Laos and Hong Kong. In Nepal, the Carlsberg Group has a shareholding of 49.8% in Gorkha Brewery Pvt. Ltd.; in Sri Lanka, the Carlsberg Group has a shareholding of 17.4% in Lion Brewery Ceylon Ltd.; in Cambodia, the Carlsberg Group has a shareholding of 50% in Cambrew Ltd; in Laos, the Carlsberg Group has a shareholding of 50% in Lao Brewery Company Ltd.; and in Hong Kong, the Carlsberg Group has a wholly-owned subsidiary, Carlsberg Hong Kong Ltd. See "—Carlsberg's Global Operations—Asia—Overview."

Extraordinary Factors

The section above describes Carlsberg's business and key markets. Other than the factors described, Management is not aware of any extraordinary factors that have impacted such description.

The Acquired Assets

This section describes the assets acquired as a result of the Acquisition, excluding the description of BBH, as this company is discussed in full in a previous section. See "—Carlsberg's Global Operations—Eastern Europe—BBH."

France

Brasseries Kronenbourg

Brasseries Kronenbourg is the leading brewer in France, with an estimated 36% market share. The Brasseries Kronenbourg portfolio focuses on three iconic French brands: (i) *Kronenbourg*, the leading mainstream beer in France in 2006 with a Gross Beer Volume of 3.9 million hl and a mainstream market share of approximately 48%; (ii) *Kronenbourg 1664*, the second leading beer in the French premium segment in 2006 with a Gross Beer Volume of 1.6 million hl and a premium market share of approximately 30%; and (iii) *Kanterbrau*, the second leading beer in the French mainstream segment in 2006 with a Gross

Beer Volume of 0.9 million hl and a mainstream market share of approximately 10%. In 2007, Brasseries Kronenbourg's Gross Beer Volume totalled 7.2 million hl. Brasseries Kronenbourg's production is centralized in one brewery in Obernai. The *Kronenbourg* brand is sold throughout France, and the *Kronenbourg 1664* brand is sold internationally as well as in France (source: Canadean and Company estimates).

As part of the Consortium Agreement, Carlsberg and Heineken have agreed that Carlsberg will grant an exclusive long-term license to Heineken regarding the *Kronenbourg* brand in the United Kingdom. The license agreement contains provisions on quality control, confidentiality, termination rights subject to the occurrence of special events as well as a number of other provisions ordinary to this type of license agreement.

Etablissement Tafanel

Etablissement Tafanel is a French wholesale business with a customer base consisting of a wide range of coffee houses, bars, restaurants, hotels and discotheques mainly located in and around Paris. Tafanel delivers a wide range of products including beer, water, soft drinks, fruit juices and ciders from several manufacturers.

In 2005, 2006 and 2007 approximately 25% of Tafanel's purchases were from Brasseries Kronenbourg. The company's revenue amounted to DKK 787 million in 2007. At the end of 2007, Tafanel had 333 employees.

Grimbergen

Grimbergen is a certified Belgian abbey beer. There are five different *Grimbergen* beers, all of which are based on original recipes from the Abbey of Grimbergen, which was founded in 1128 and is located near Brussels. Today, it is the No.1 selling Abbey Beer in Spain and the second-biggest seller in both France and Belgium. Over the past five years, sales have increased by more than 50% in France. *Grimbergen* has an annual sales volume approaching 0.4 million hl.

As part of the Consortium Agreement, Carlsberg and Heineken have agreed that Carlsberg will grant an exclusive long-term license to Heineken regarding the *Grimbergen* brand in Belgium. The license agreement contains provisions on quality control, confidentiality, termination rights subject to the occurrence of special events as well as a number of other provisions ordinary to this type of license agreement.

Greece

Mythos Brewery is the second largest brewer in Greece with 9% market share. In 2006, *Mythos* beer volume totalled 0.4 million hl. Mythos comprises one brewery, producing *Mythos* brand beer, among the leading Greek national brands (source: Canadean).

China

The Carlsberg Group is acquiring a 17.5% holding in Chongqing Brewery Co. Ltd. The Chongqing Brewery Co. Ltd. is one of the seven largest brewers in China, with aggregate beer production of 18 million hl in 2006 (source: Canadean). The brewery has significant market shares, for example in the Chongqing region (a market with more than 28 million consumers) and a beer volume of 9 million hl. The Chongqing Brewery Co. Ltd.'s principal brands are regionally-focused and sold under the names *Chongqing Beer* and *Shancheng*. See "—Carlsberg's Global Operations—Asia—China." The Chongqing Brewery Co. Ltd is listed on the Shanghai Stock Exchange. The Carlsberg Group will be the second largest shareholder in Chongqing Brewery Co. Ltd. behind its parent, the Chongqing Brewery (Group) Co Ltd., which holds a 34.5% holding.

Vietnam

The Vietnam greenfield site represents a new 50/50 joint venture with Vinataba. The site is located near Ho Chi Minh City in southern Vietnam, which will compliment the Carlsberg Group's operations in northern Vietnam. See "—Carlsberg's Global Operations—Asia—Vietnam."

Competition

The competitive landscape varies from region to region. In Western Europe (in particular in the Nordic region) and certain parts of Asia (in particular in Western China and Vietnam), Carlsberg competes mainly with local players and local beer brands. In Eastern Europe (in particular in Russia and Poland), the United Kingdom and Asia, Carlsberg competes mainly with large leading international brewers and international brands. See "Part I—Company Information—Industry Overview."

Regulatory Environment

The Carlsberg Group's business is subject to a comprehensive regulatory framework applicable to the brewing industry including local, regional, EU and international standards, rules and regulations covering such areas as environmental protection, competition, and health and safety at work. Several of Carlsberg's markets feature restrictions on advertising and other communication to consumers or regulation of behaviour in places where products are used. There can also be restrictions on sales, for example based on consumers' age. Changes in these rules can, in isolation, entail a risk of a decrease in sales in these markets. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—Changes in existing regulations, increased regulation or failure to comply with existing licensing, trade and other regulations could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition."

The Carlsberg Group works both independently and together with other breweries to limit the negative consequences of inappropriate use of alcoholic products, and actively promotes responsible sales and consumption. While taking account of this, Carlsberg also works to avoid unnecessary sales restrictions.

In April 2008, Carlsberg UK Limited received a notice from the Office of Fair Trading ("OFT") in the United Kingdom requiring the production of certain specified documents. The notice states that the OFT has reasonable grounds for suspecting that Carlsberg UK Limited has engaged in behaviour that has facilitated the co-ordination of retail prices of one of its beer products (Carlsberg Special Brew 4x440ml) during a number of months in 2006 and 2007. Based on press reports, Management believes that Carlsberg UK Limited is one of a number of suppliers and retailers that have received such a notice as part of an OFT investigation of the alleged fixing of prices of certain types of goods, including food, alcohol and toiletries in the United Kingdom. Management takes compliance with competition laws very seriously and intends to co-operate fully with the OFT in connection with the request. Management believes that the outcome of this investigation will not have a material negative effect on the Carlsberg Group's business, results of operations, cash flow and financial condition.

Insurance

The Carlsberg Group is able to obtain insurance coverage for its operations at levels that Management considers to be prudent. Management believes that the Carlsberg Group's insurance coverage is adequate and is in accordance with the Carlsberg Group's insurance policy. The Carlsberg Group's captive insurance program, Carlsberg Insurance A/S, insures a small part of the Carlsberg Group's all-risk insurance program.

Carlsberg Properties

The principal asset within Carlsberg properties is the land and buildings associated with the former Tuborg Brewery site north of Copenhagen. Much of this former facility is in the process of being or will be redeveloped, as the Carlsberg Group has already done with previously-owned parts of the site. As appropriate planning and construction approvals are obtained, the Carlsberg Group's current intention is to develop and monetize these assets.

The brewery in Valby will close at the end of 2008, and the subsequent sale of real estate is expected to have a positive effect on Carlsberg's net interest-bearing debt and balance sheet in the medium term, despite the slow-down in the Danish property market. The Carlsberg site at Valby in Copenhagen covers a total of approximately 330,000 square meters. As part of the preparations, an architectural competition was held to explore development opportunities for the site. The winning entry proposes a total development of approximately 550,000 square meters. Carlsberg anticipates continuing to use 60,000 - 70,000 square meters of the site in Valby after production is relocated. Drafting and approval of the public plan for the site are expected to take place in 2008.

8. The Acquisition

On January 25, 2008, the Board of Directors of BidCo, a newly incorporated company jointly owned by the members of the Consortium, announced that they had reached agreement on the terms of a recommended cash offer to be made by BidCo for the entire issued and to be issued share capital of S&N. The offer was implemented by way of a court-sanctioned scheme of arrangement, which became effective on April 28, 2008. Under the terms of the offer, S&N shareholders received £8.00 in cash for each S&N share held by them. The Consortium agreed to split up the net assets in S&N, with Carlsberg acquiring the following Acquired Assets valued at approximately £6.0 billion (approximately DKK 57.0 billion):

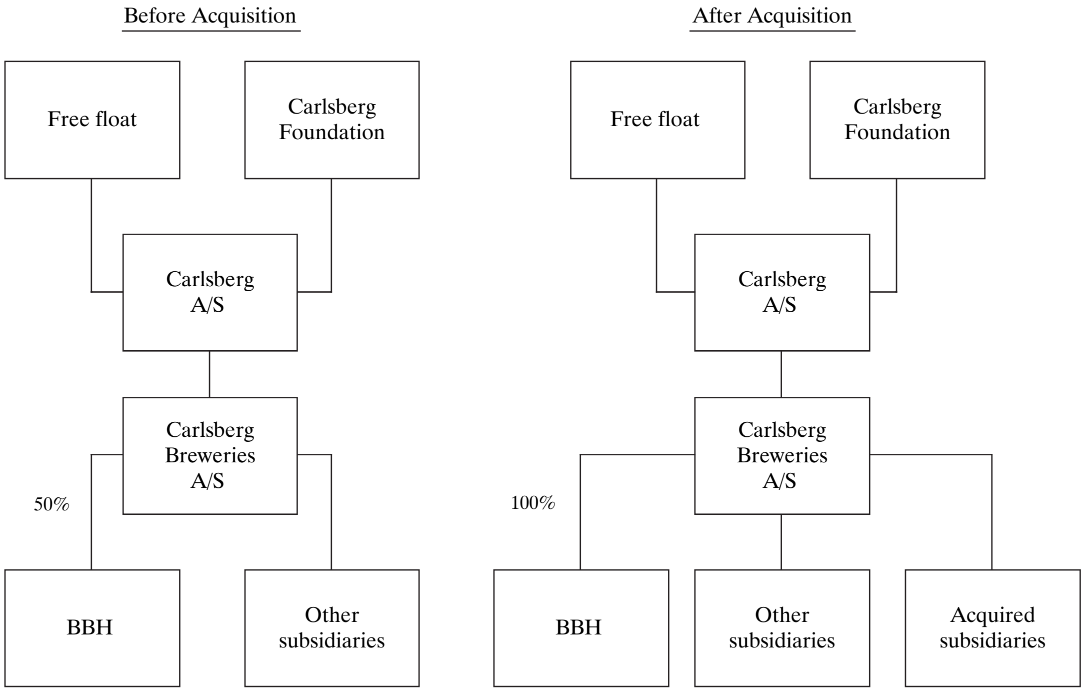
- the remaining 50% of BBH that the Carlsberg Group did not already own;
- S&N's French Business, which includes Brasseries Kronenbourg, the leading brewer in France (source: Canadean), and the worldwide brand rights to *Kronenbourg*;
- the worldwide brand rights to *Grimbergen*;
- Mythos, the second largest brewer in Greece (source: Canadean);
- a 17.5% holding in the Chongqing Brewery Co. Ltd., one of the seven largest brewers in China (source: Canadean); and
- a greenfield joint venture in Vietnam.

The Acquired Assets are in the process of being transferred out of BidCo and into the Carlsberg Group based on the principles laid down in the Consortium Agreement with Heineken. See "Risk Factors—Risks Related to the Group's Business—The Company has conducted only a limited due diligence review of the Acquired Assets, and, therefore, the Carlsberg Group may become subject to unknown risks, valuation adjustments and liabilities, which may have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition" and "Risk Factors—Risks Related to the Carlsberg Group's Business—Change of control, rights of first refusal, and any other adverse rights provisions in Acquired Entity agreements may be triggered upon the completion of the Acquisition or upon the transfer of the Acquired Assets from BidCo to the Carlsberg Group, and may lead to adverse consequences for the Carlsberg Group, including the loss of significant contractual rights and benefits, the termination of joint venture and/or licensing agreements or the requirement to repay outstanding indebtedness."

Prior to the Acquisition, a substantial proportion of Carlsberg's earnings were generated by its existing 50% stake in BBH, which was jointly controlled by the Company and S&N and therefore not fully operationally integrated into the Carlsberg Group. Management believes that the acquisition by Carlsberg of the Acquired Assets is a transformational transaction for Carlsberg that will significantly increase the Carlsberg Group's operational scale and long-term growth opportunities. The Acquisition represents a natural next step for Carlsberg and follows its strategy of achieving full control over its key operational assets.

The following chart illustrates the Group's general corporate structure prior to and following the Acquisition.

Carlsberg Group Corporate Structure



On January 25, 2008, when BidCo launched the recommended cash offer for S&N, Management estimated that on a debt free and cash free basis, the enterprise value of the assets to be acquired by the Carlsberg Group would amount to approximately DKK 58.2 billion (based on the exchange rates at January 23, 2008) and that these assets could be expected to generate an estimated EBITDA excluding synergies and integration costs of DKK 4.8 billion in the first full year following completion of the Acquisition. The Group's management also estimated that BBH and the French Activities could be expected to generate EBITDA excluding synergies and integration costs of approximately DKK 3.5 billion and DKK 1.2 billion, respectively, in the first full year following completion of the Acquisition.

The Group's commercial rationale for the Acquisition was to gain the following key benefits:

- full control over BBH, eliminating uncertainty regarding the long-term control of the asset and substantially increasing the Carlsberg Group's long-term growth profile;
- unification of BBH ownership, enabling the Carlsberg Group to maximize the potential of its key *Carlsberg* and *Tuborg* brands in the BBH markets;
- significantly increasing its exposure to growing beer markets;
- the addition of the French Business and Mythos complement the Carlsberg Group's existing portfolio of leading European market positions, providing increased scale and an opportunity to extend the Carlsberg Group's proven Excellence Programs;
- increased sales volumes will allow the Carlsberg Group to generate significant synergy benefits based on reductions in overheads, implementation of best brewing practices and purchasing savings; and
- the Acquisition reinforces the Carlsberg Group's long-standing and growing Asian presence through the Acquisition of S&N's positions in the attractive Chinese and Vietnamese markets.

Management believes that these benefits will result in the creation of the world's fastest growing global beer company, with significantly enhanced capacity and long-term growth. On January 25, 2008, when BidCo launched the recommended cash offer for S&N, Management estimated that the Acquisition could be expected to deliver run-rate annual pre-tax synergies of approximately DKK 1.3 billion by the third full year following completion of the Acquisition. Such synergies were anticipated to arise predominantly through:

- the integration of the BBH business into the Carlsberg Group's global operations and the associated supply chain and commercial synergies (estimated to be approximately DKK 1.0 billion); and
- the impact of the Carlsberg Group's Excellence Programs in the French and Greek businesses (estimated to be approximately DKK 0.3 billion).

Management expects the Acquisition to generate significant value over the medium-term. Return on invested capital from the Acquisition is expected to exceed Carlsberg's weighted average cost of capital in the third full year after the Acquisition.

The above statements relating to estimated EBITDA, revenue synergies, costs savings and business growth opportunities that Management expects to achieve following the Acquisition are based on assumptions. The estimated EBITDA, revenue synergies, cost savings and business growth opportunities may not be achieved, and there can be no assurance that the Carlsberg Group will be able to successfully implement the strategic and operational initiatives that are intended. The Carlsberg Group does not intend to, and disclaims any responsibility to, revise or update such expectations or any assumptions related thereto to reflect new developments or circumstances, except to the extent required by law.

In order to finance the Acquisition, the Carlsberg Group entered into an agreement providing loan facilities of €3.5 billion and an equity bridge facility of €3.8 billion. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources" for a more detailed description of these loan facilities.

See "Part I—Company Information—Material Contracts—Other Material Contracts—The Consortium Agreement" for further information on Carlsberg's arrangements with Heineken.

BBH

Through the Acquisition, Carlsberg acquired the remaining 50% of BBH, thereby making BBH a wholly owned subsidiary, while at the same time eliminating the uncertainty regarding the long-term control of the BBH assets and substantially increasing the Carlsberg Group's long-term growth profile. Management believes the unification of BBH ownership will enable the Carlsberg Group to maximize the potential of its key *Carlsberg* and *Tuborg* brands in the BBH markets.

BBH has operations in the following markets: Russia (with a market share of approximately 38%); the Ukraine (with a market share of approximately 20%); the Baltic countries (with a market share of approximately 45%); Kazakhstan (with a market share of approximately 44%); Uzbekistan (with a market share of approximately 19%) and Belarus (with a market share of approximately 25%).

In 2007, BBH generated 82% of its Gross Beer Volume in Russia, with the remaining proportion attributable to the Ukraine (10%), the Baltic countries (6%) and Kazakhstan (2%). BBH owns 21 breweries, 11 of which are in Russia, four in the Baltic countries, three in the Ukraine, one in Uzbekistan, one in Kazakhstan and one in Belarus (30%-owned). BBH has approximately 16,000 employees located in Russia, the Ukraine, the Baltic countries, Belarus, Kazakhstan and Uzbekistan.

BBH's beer portfolio includes well-known brands such as: *Baltika*, the second-biggest beer brand in Europe; other leading Russian brands including *Yarpivo*, *Arsenalnoye* and *Nevskoye*; and the Ukrainian brands *Slavutich* and *Lvivske*. The *Baltika* brand, in particular, holds a strong position in all BBH markets. BBH beers are high quality products and have received numerous prizes at international and national quality contests and beer festivals. In addition to the most popular beers, the brand portfolios include a wide variety of specialty beers, such as non-alcoholic and flavored beer. To complement the local and national brand portfolios, BBH brews and locally distributes international and regional beer brands under license, including *Carlsberg*, *Tuborg* and *Kronenbourg 1664*.

BBH distributes its products through a combination of direct distribution and the use of both owned and third-party wholesalers. The model for distribution of BBH's products varies, depending upon the different subsidiaries within BBH, different geographic regions in which BBH operates and differences in the market structures across the region.

Russia. BBH's largest and most important market is Russia, one of the largest beer markets in the world (ranked number 3 by 2007 Gross Beer Volume, according to Canadean) and one of the fastest growing beer markets. The Russian beer market has experienced high growth rates in recent years, although growth has declined as *per capita* consumption has neared western European levels.

In 2007, the market volume growth rate in Russia was approximately 15% compared to global volume growth of 5.0% and western European volume growth of 0.3%. Growth in the market has been driven by a sustained increase in per-capita beer consumption as GDP has grown and consumer tastes have shifted from vodka to beer.

BBH has a presence in Russia through an 86% shareholding in Baltika Brewery, a company listed in Russia. Baltika Brewery is Russia's largest brewing group and comprised of 11 breweries with an approximately 38% share of the Russian beer market. In Russia, Baltika Brewery has a leading brand portfolio across all market segments. This position is led by the local *Baltika* brand (with 13% of the Russian beer market) and the premium *Carlsberg*, *Tuborg* and *Kronenbourg 1664* brands and complemented by other leading local and regional brands spanning all price segments of the Russian beer market.

In the Russian market, Baltika Brewery has successfully used its core competencies to strengthen Baltika Brewery's market-leading position. Since 2000, BBH's market share has increased from 26% to approximately 38%, whereas the market share of the closest competitor, Sun InBev, has increased from 14% to 19% (source: Canadean (Russia 2003) and Sun InBev's 2007 annual report).

The table below is a summary of Baltika Brewery's current brand portfolio in the Russian market.

Licensed	TUBORG, Carlsberg, Kronenbourg 1664
Premium	БАЛТИКА 7, БАЛТИКА 0 5 6 8, Невское
Mainstream	БАЛТИКА 3, БАЛТИКА 2 4, БАЛТИКА КУЛЕР, ЯРПИВО, ДЕВЯТКА 9 КРЕПКОЕ
Lower Mainstream	ДВ, ВОЛГА, ДОН, УРАЛЬСКИЙ МАСТЕР, САМАРА, Купеческое, АРСЕНАЛЬНОЕ
Discount	Жигулёвское, БОЛЬШАЯ КРУЖКА

Baltika Brewery is increasingly focused on growth through the launch of innovative products and on making a shift in sales to premium products. For example, the successful launch of *Baltika Cooler* and the growing sales of *Tuborg*, which has now become a leading premium brand in the market.

Ukraine, Baltic Countries, Kazakhstan, Uzbekistan and ***Belarus.*** BBH owns the third largest brewing group in the Ukraine (with a market share of approximately 20%), the largest breweries in the Baltic countries (with a market share of approximately 45%) and Kazakhstan (with a market share of approximately 44%), the second largest brewing group in Uzbekistan (with a market share of approximately 25%) and Belarus (with a market share of approximately 25%).

BBH's three breweries in the Ukraine produce the *Slavutich* and *Lvivske* local brands. Management believes there is a strong potential for growth in Ukraine, as this country's *per capita* consumption is substantially lower than that of Russia and Western Europe, for example. The 20% growth rate in 2007 serves to emphasize the potential of the market. BBH Ukraine is currently the third largest player in the market.

BBH owns four breweries in the Baltic States which produce *Saku* (the market leader in Estonia) and Aldaris (the most popular beer brand in Latvia), in addition to *Svyturys* and *Utenos* (in Lithuania). BBH operates central headquarters for the region. BBH enjoys a strong market share of more than 40% in all three countries, generating high earnings margins through, among other things, strong growth in the premium segment. Per capita consumption is relatively high in the Baltic markets (source: Canadean). Consequently, Management believes that BBH Baltics has an edge over most of the competition, because products other than beer, such as mineral water and soft drinks, account for a substantial part of its sales and earnings.

BBH operates in the emerging markets through acquired breweries in Belarus and Kazakhstan, and the company has built a greenfield brewery in Uzbekistan. In Kazakhstan, BBH owns a 90% share in the Derbes brewery. The *Irbis* and *Derbes* brands hold strong positions in the Kazakhstan markets with *Irbis* positioned among the leading local premium brands and *Derbes* maintaining a solid position in the mainstream segment. In Uzbekistan, BBH started operating through a greenfield brewery in July 2007 and has already had success in building a mainstream platform with the local brand, *Sarbast*. In Belarus, the Olivaria Brewery is also making progress with the local *Olivaria* brand.

Management believes BBH benefits from being the largest international player on these markets, in many cases competing against small breweries characterized by inconsistent quality and undeveloped brands. Management expects that the market will consolidate to some extent, and BBH's main objective in the short term will be to build solid market shares while focusing on achieving reasonable earnings.

The French Business, including Brasseries Kronenbourg

Through the Acquisition, Carlsberg is acquiring S&N's French Business, including Brasseries Kronenbourg, the *Kronenbourg* brand and Etablissement Tafanel, a French wholesale business. Brasseries Kronenbourg is the leading brewer in France, with an estimated 36% market share. The Brasseries Kronenbourg portfolio focuses on three iconic French brands: (i) *Kronenbourg*, the leading mainstream beer in France in 2006 with a Gross Beer Volume of 3.9 million hl and an approximate 48% mainstream market share in 2006; (ii) *Kronenbourg 1664*, the second leading beer in the French premium segment in 2006 with a Gross Beer Volume of 1.6 million hl and approximately 30% premium market share; and (iii) Kanterbrau, the second leading beer in the French mainstream segment in 2006 with a Gross Beer Volume of 0.9 million hl and an approximate 10% mainstream market share. In 2007, Brasseries Kronenbourg's beer volume totalled 7.2 million hl. Brasseries Kronenbourg's production is centralized in one brewery in Obernai. The *Kronenbourg* brand is sold throughout France and the *Kronenbourg 1664* brand is sold internationally as well as in France (source: Canadean and Company estimates). Tafanel's customer base consists of a wide range of coffee houses, bars, restaurants, hotels and discotheques mainly located in and around Paris. Tafanel delivers a wide-range of products including beer, water, soft drinks, fruit juices and ciders from several manufacturers.

The French Business complements Carlsberg's existing portfolio of leading European market positions, providing increased scale and an opportunity to extend Carlsberg's Excellence Programs.

Headquartered in Strasbourg, Brasseries Kronenbourg operates the Kronenbourg brewery near Strasbourg. In April 2008, Brasseries Kronenbourg sold the majority of its investments in wholesalers in France, including the Elidis wholesale operations to C-10, a major independent wholesale business. The sale, which was completed in April 2008, provides for payment of a majority of the purchase price in instalments later in 2008. As security for the deferred consideration, C-10 has pledged in favour of Brasseries Kronenbourg the shares in the companies sold. Brasseries Kronenbourg has in connection with the sale entered into distribution arrangements with C-10 and the new combined C-10/Elidis wholesale operations.

Brasseries Kronenbourg also owns SOFID, a company providing loan finance to the on-trade sector.

Brasseries Kronenbourg's beer production in 2007 amounted to 7.2 million hl. Nearly 70% of Brasseries Kronenbourg's sales are made in the off-trade market (grocery stores and large and medium-sized supermarkets); the remaining 30% corresponds to on-trade consumption.

The beer market in France is ranked 4th in terms of total consumption in Europe. Per capita consumption in France amounts to 33.7 litres of beer per year, the lowest in Europe: 15% of the consumption of alcoholic beverages in France is attributable to beer compared to 60% for wine and 25% for spirits.

The Kronenbourg Brand

Kronenbourg is France's top-selling beer. More than one in five beers sold in France is a *Kronenbourg* and it was the number eight brand in Europe in 2006 (source: Canadean).

Kronenbourg 1664 is the leading French premium beer around the world, with a specifically strong presence in both its home country, France, and in the UK.

Annual sales in Europe in 2006 for the two brands were 8 million hl.

As part of the Consortium Agreement, Carlsberg and Heineken have agreed that Carlsberg will grant an exclusive long-term license to Heineken regarding the *Kronenbourg* brand in the United Kingdom. The license agreement contains provisions on quality control, confidentiality, termination rights subject to the occurrence of special events as well as a number of other provisions ordinary to this type of license agreement.

French Activities

The French business comprises activities in France as well as export revenue from France.

The French Activities comprises the French companies as well as revenue generated in non-French businesses by marketing and distribution of *Kronenbourg* in those markets. Part of such companies are being taken over by Heineken, but the business activity related to *Kronenbourg* will be spun off and transferred to the Carlsberg Group.

Greece

Through the Acquisition, Carlsberg is acquiring Mythos Breweries Ltd., which is the second largest brewer in Greece, with a 9% market share in 2006, according to Canadean. In 2006, *Mythos* Gross Beer Volume totalled 0.4 million hl. Mythos comprises one brewery, producing *Mythos* brand beer, among the leading Greek national brands, and *Kaiser*. The company also imports and distributes international brands, such as *Kronenbourg 1664*. The brewery is located in Thessaloniki and has a capacity of 1.1 million hl of beer per year. The company also maintains distribution centres in Athens, Thessaloniki and Crete, providing nationwide coverage. The Greek beer market is highly concentrated. Consumption is low compared to the EU average (2006: 39 litres *per capita* (source: Canadean)). Management believes that there is a long term upside potential in *per capita* consumption levels.

Grimbergen

Carlsberg is acquiring the worldwide brand rights to *Grimbergen* as part or the Acquisition. *Grimbergen* is a certified Belgian Abbey Beer. There are five different *Grimbergen* beers, all of which are based on original recipes from the Abbey of Grimbergen, which was founded in 1128 and is located near Brussels. Today, it is the No.1 selling Abbey Beer in Spain and the second-biggest seller in both France and Belgium. In the past five years sales have more than doubled in France. *Grimbergen* has an annual sales volume approaching 0.4 million hl.

As part of the Consortium Agreement, Carlsberg and Heineken have agreed that Carlsberg will grant an exclusive long-term license to Heineken regarding the *Grimbergen* brand in Belgium. The license agreement contains provisions on quality control, confidentiality, termination rights subject to the occurrence of special events as well as a number of other provisions ordinary to this type of license agreement.

Chongqing Brewery Co. Ltd

The Carlsberg Group is acquiring a 17.5% holding in the Chongqing Brewery Co. Ltd., a company listed on the Shanghai Stock Exchange. The acquisition reinforces Carlsberg's long-standing and growing presence in the attractive Chinese market.

Chongqing Brewery Co. Ltd is principally engaged in the manufacture and sale of beer. The company sells its products primarily in Southwestern China, Central China and Eastern China.

Chongqing Brewery Co. Ltd. has significant market shares in the Chongqing province (which has a population of 28 million) and one of the seven largest brewers in China. The company's brands are *Chongqing Beer* and *Shancheng*. The latter was first introduced in the 1970s and accounts for 75% of

Chongqing Brewery Co. Ltd.'s sales volume. The Western Chinese beer market is one of the fastest growing markets in the region with a growth rate of 12% in 2007 (source: Canadean).

Chongqing Brewery Co. Ltd. had a market capitalization of DKK 6.5 billion at the date of the Acquisition, April 28, 2008. Carlsberg is expected to be represented on the Board of Directors of Chongqing Brewery Co. Ltd. and to have significant influence over the company. Therefore, Carlsberg expects to account for the investment in Chongqing Brewery Co. Ltd. as an associated company and recognize its proportionate share of the profit after tax in the consolidated income statement eliminated for the proportionate share of unrealized intercompany gains and losses. The investment in Chongqing Brewery Co. Ltd. is expected to be measured according to the equity method and recognized in the balance sheet as the proportionate share of the equity value in accordance with Carlsberg's accounting policies, adding and deducting the proportionate share of unrealized intercompany gains and losses and adding the carrying amount of goodwill from the Acquisition.

Vinataba

In connection with the Acquisition, Carlsberg is entering into a 50/50 joint venture with Vinataba, the leading Vietnamese tobacco company. The joint venture was formed to build a new brewery located on a greenfield site west of Ho Chi Minh City. The brewery's capacity will be 1.0 million hl.

Management believes the joint venture has potential to further strengthen Carlsberg's position in Vietnam, which represents one of the most attractive beer markets of the region (2006 volume growth of 10% (Source: Canadean)) with its population of approximately 85 million and increasing *per capita* consumption driven by strong economic growth.

Carlsberg already holds an established position in central Vietnam (Hué) with the leading Huda beer brand and recently announced a partnership with Habeco in northern Vietnam.

Allocation of Acquisition Price

The Consortium has agreed to split S&N's net assets between them, with Carlsberg acquiring the above mentioned assets valued at a total of approximately £6.0 billion (DKK 57.0 billion). The total acquisition price will be allocated to each of the individual Acquired Assets pursuant to the Consortium Agreement with Heineken.

In addition, the allocation of the acquisition price on assets/entities can and will be adjusted over a period of up to six years depending on the outcome of certain agreed elements in the Consortium Agreement. The adjustments are not expected to significantly change the current allocation which, based on estimated acquisition price at January 25, 2008, is indicated as follows:

Company	Acquisition Price Allocated
	(DKK billion)
BBH	43.0
French Business, including Brasseries Kronenbourg	12.0
Other[(1)]	2.0
Total	57.0

(1) "Other" includes the Grimbergen, Mythos, Chongqing Brewery Co. Ltd. and Vinataba assets as described above.

Cost directly attributable to the Acquisition of the Acquired Assets will be added to the indicated acquisition price.

The Purchase Method

The identifiable assets, liabilities and contingent liabilities will be recognized in the Carlsberg Group's financial statements in accordance with the purchase method, which consists of:

- identifying the acquired party;
- determining the acquisition date;
- determining the purchase price;

- recognizing and measuring acquired identifiable assets and assumed liabilities;
- recognizing and measuring minority interests of the acquired business; and
- recognizing goodwill or negative goodwill.

Preliminary Considerations on the Purchase Price Allocation

The acquired assets, liabilities and contingent liabilities will be recognized in the consolidated financial statements in accordance with the purchase method. The date of acquisition is April 28, 2008.

Management expects that the Acquired Assets to display the largest differences between carrying amounts to date and the calculated fair value will be trademarks, other intangible assets, non-current assets and contingent assets. For a significant part of the Acquired Assets, no active market exists from which to determine the fair value, in particular in respect of identifiable intangible assets. Accordingly, Management makes estimates of the fair value of identifiable assets, liabilities and contingent liabilities.

The unallocated purchase price (positive amounts) will be recognized in the balance sheet as goodwill, and allocated to the Carlsberg Group's cash-generating units based on Management estimates. Management does not expect negative goodwill from the Acquisition.

Fair Value Determination of the Acquired Net Assets

For each of the Acquired Assets the allocated purchase price will be allocated further to the identifiable assets, liabilities and contingent liabilities of the Acquired Entities. The allocation will be based on the fair value of each identifiable asset, liability and contingent liabilities at the date of acquisition, including assets and liabilities not recognized by the acquired entity, including internally generated intangible assets (for example, trademarks and customer relations) and contingent liabilities where realization is probable. The allocated purchase price will form the opening balance of each of the assets/businesses for the Carlsberg Group's reporting.

The recognized assets, liabilities and contingent liabilities will be measured at their fair values at the date of acquisition. Conditions which are specific to Carlsberg will not be taken into consideration.

The following do not affect fair values at the date of the Acquisition and will instead be treated as post-Acquisition items:

- changes resulting from Carlsberg's intentions or actions with the Acquired Assets, such as expected synergies, including impact from Excellence Programs and other benefits from the Acquisition. Instead, the fair value of expected synergies is included in the goodwill calculation. As at the date of this Offering Circular, Management believes that goodwill will be of a significant value, due to the expected significant synergies in the Acquired Assets;
- impairments resulting from events subsequent to the Acquisition. For example, if Acquired Assets that had not been impaired prior to the Acquisition are disposed of after the Acquisition at a reduced price, any losses from their disposal must be treated as post-Acquisition with losses recognized in the income statement;
- restructuring of the Acquired Assets after the Acquisition or restructuring plans which are conditional at the date of the Acquisition; and
- provisions or accruals for future operating losses or for restructuring costs expected to be incurred as a result of the Acquisition, whether they relate to the Acquired Assets or to the Carlsberg Group.

The fair value at the Acquisition date will be regarded as the new cost of the recognized asset or liability and the acquired assets and liabilities are to be considered as purchased at the Acquisition date.

The fair value assessment of the acquired assets and liabilities requires extensive valuation procedures, including obtaining information on each individual asset and liability as well as relevant market information, information on production, markets and customers. A number of assessments and calculations will further be based on complex market information and interrelations between factors (for example, between customer relations and brands).

Due to these complexities the allocation of the purchase price to the individual assets and liabilities will require thorough adoption and analysis to ensure correct calculation and assessment of each individual fair value as well as the overall purchase price allocation among the acquired assets, liabilities and contingent liabilities. The extensive work is expected to take place over a period of 5 to 8 months. According to IFRS, changes to the purchase price allocation can be accounted for until 12 months after the Acquisition with effect on goodwill from the date of the Acquisition.

The unaudited combined condensed pro forma financial information included in "Part F—Financial Information" reflects a preliminary general purchase price allocation based on a preliminary illustrative indicative estimate of the fair value of the acquired assets, liabilities and contingent liabilities. An assessment of this allocation should be based on the comments and descriptions of the illustrative computation of fair values made and the related uncertainties. See the discussion thereof and the separate discussion on this matter in "the Management Statement" relating to the pro forma financial information in "Part F — Financial Information."

Goodwill

Management expects that goodwill from the Acquisition will be of a significant value as a result of the considerable synergies anticipated in the Acquired Assets, staff know-how, a strong return on capital employed in BBH and the positive growth prospects for BBH. On January 25, 2008 Carlsberg stated that the Acquisition was expected to generate run-rate synergies, primarily as a result of cost reductions from procurement and Excellence programs, of approximately DKK 1.3 billion from the third full year after the Acquisition. Moreover, goodwill will reflect synergies from increased sales through the presence in more markets in Europe and Asia, the opportunity to launch global and/or regional brands throughout the new group, synergies from research and development and from the workforce and its know-how.

The available preliminary computations of the fair value of the acquired assets, liabilities and contingent liabilities represent goodwill of DKK 25 to 45 billion. This amount remains subject to substantial uncertainty as it may be affected by changes to the fair values of all other recognized assets, liabilities and contingent liabilities relative to the currently available estimates. However, Management believes that the estimated goodwill amount can be maintained in light of the expected synergies that cannot be extracted as identifiable assets, and therefore the value forms a part of goodwill.

Trademarks and Brands

Trademarks and brands will be recognized as intangible assets separately from goodwill as they can be calculated separately.

Assessments of the acquired trademarks and brands and their expected useful lives are based on the trademarks' and brands' market position, expected long-term developments in the relevant markets and the trademarks' and brands' profitability.

Management expects the value of the well-established trademarks and brands, including *Baltika, Kronenbourg* and *Grimbergen*, to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period. Accordingly, the useful life of these trademarks and brands is indefinable.

Management believes that there is only a minimal risk of the current situation in the markets reducing the useful life of trademarks and brands, primarily due to the respective market share in each market and the current and planned marketing efforts which are helping to maintain and increase the value of these trademarks and brands.

For each trademark and brand or group of trademarks and brands the calculation of the value is based on the relief from royalty method.

The preliminary measurement is based on currently expected future cash flows for trademarks and brands on the basis of preliminary key assumptions about expected useful lives and royalty rates and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark or brand. In a preliminary estimate, the trademarks and brands are valued at a total of DKK 10 to 35 billion as at the date of this Offering Circular. This estimate is based on preliminary information on the distribution of revenue by each trademark and brand in each of the acquired businesses. In addition, the estimates are based on preliminary assessments of the expected life of each trademark and brand on the basis of their relative local, regional and global market strength. This assessment will also influence an estimate of the expected future royalty rate that may be obtained for each trademark and brand in a royalty agreement entered into with a third party on market terms. The overall preliminary indicative estimate is subject to significant uncertainty, because assessments of individual factors that influence the value of each trademark and brand are still subject to uncertainty, for example due to the revenue distribution of trademarks and brands with an indefinable useful life and brands with a definable useful life and because the expected useful life is unknown at the present time.

Customer Agreements and Portfolios

The value of customer agreements and customer portfolios is assessed based on the local market and trading conditions. The relationship between trademarks and customers is carefully considered so that the value of trademarks and customer agreements are not recognized on the basis of the same underlying cash flows.

For the breweries being acquired, the assessment is expected to demonstrate a certain correlation between trademark and sales, and therefore Management expects no separate value for customer agreements to be recognized for these, as a substantial part of the customer relations is expected to be closely associated with the calculated value of the acquired trademarks.

Accordingly, no value has been allocated to customer agreements in the preliminary, estimates of the fair values of the Acquired Assets. Should customer agreements or customer portfolios exist that are not closely linked to trademarks and brands, the measurement of such agreements or portfolios will be based on expected future cash flows for the customer agreements on the basis of Management's key assumptions about sales growth, operating margin, customer retention rate and theoretically calculated tax and contributions to other assets. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the customer agreements.

Property, Plant and Equipment

The Acquired Entities hold significant amounts of property, plant and equipment such as:

- Land and buildings (for example, production halls, warehouses and administration);
- Plant, machinery and equipment used in the brewing and packaging process (for example, beer tanks, sorting, canning and re-packing lines, warehousing and energy supply equipment);
- Sales equipment (for example, coolers and dispensing equipment); and
- Other assets, vehicles, equipment and returnable packaging.

In determining the fair value of land and buildings (particularly office buildings) and standard production and office equipment, the fair value will be based on the fair value of assets of similar type and condition that can be bought and sold in an open market. Management expects that this will be the case in relation to certain of the Acquired Entities. The fair value will be based on market assumptions at the acquisition date as expected synergies and intentions of the expected use of the assets cannot be included in the fair value of these assets.

Property, plant and equipment for which there is no reliable evidence of the fair value will be valued on the basis of an estimated value using the depreciated replacement cost method. The Company has initiated an assessment of all Acquired Assets for which an active market does not exist based on the replacement value of a similar asset with similar functionality and capacity. The computed replacement value for each asset is then reduced using ordinary depreciation rates in accordance with the Carlsberg Group's depreciation principles on the basis of the actual age of each asset. This method considers how much it would cost to replace the asset after adjustments for depreciation.

Computation of the fair value will be made for each of the acquired breweries and other material assets. This will involve substantial brewery/production facilities with a number of individual assets that must be assessed both individually and as part of the entire facility in question. Accordingly, this will involve comprehensive work and considerable management estimates. In an assessment of these assets, it may also be relevant to involve external parties that would assist Management in measuring the fair value of each asset.

The total carrying amount of the property, plant and equipment relative to total assets in Carlsberg, BBH (100%) and the French Business as at December 31, 2005, 2006 and 2007 is set out below:

	Carlsberg			BBH (100%)			The French Business		
	December 31,			December 31,			December 31,		
	2005	2006	2007	2005	2006	2007	2005	2006	2007
	(DKK million)								
Property, plant and equipment	20,355	20,367	22,109	8,834	9,449	11,062	1,495	1,236	1,132
Total assets	62,359	58,451	61,220	16,580	18,949	22,032	25,067	25,430	21,642
%	33%	35%	36%	53%	50%	50%	6%	5%	5%

Balance sheets for the Carlsberg Group, BBH and the French Business are presented in "Part F—Financial Information."

In recent years, BBH has built and modernized a number of breweries in order to meet local market requirements and demand with respect to trademark, volume, packaging type, etc. The acquired brewery in France has also been modernized. Against this backdrop, Management expects that the fair value of these breweries will be close to the carrying amount prior to the acquisition, as inflation-driven price increases will be limited, and because any potential increases in carrying amount relative to the depreciated replacement value will be limited. The difference is expected to be greater for old breweries and may lead to greater allocation of the purchase price to the fair value. On the basis of the above and the preliminary assessments of the individual breweries, Management has computed a preliminary estimated fair value of the acquired tangible assets of DKK 12 to 15 billion, which amount exceeds the carrying amount of the assets as at the date of the acquisition by DKK 4 to 7 billion. The computation is a preliminary estimate based on indications and aggregate information related to each individual asset. As a result, Management anticipates that there may be major adjustments made to the preliminary estimated computed fair value.

Lease contracts

Lease contracts will be assessed to determine whether the conditions in the contract are still in line with market terms. If they are not, the favorable part is recognized in the balance sheet and will be recognized in the income statement over the remaining leasing period to adjust the cost of the leasing contract to market value.

The majority of the leased assets are trucks and kegs which are usually leased over a limited number of years. Therefore, Management expects that market conditions will not deviate significantly from the conditions in the lease contracts and the allocations of purchase price on such contracts are expected to be limited. At present, no such value revisions have been allocated to the lease contracts, as Management is not aware of any material agreements that are not on market terms.

Inventories

The inventory categories are:

- raw materials (including packaging and auxiliary materials) and other stocks (including spare parts, pallets and trading inventory);
- work in progress; and
- finished goods (both produced in-house and purchased finished goods as well as point-of-sale and other materials).

Management expects the fair value of raw materials and other stock to equal the current replacement costs at which the inventory could have been replaced by the acquired entity reflecting its normal buying process and the sources of supply and prices available to it. Many raw materials, including malt, are delivered just-in-time and therefore not subject to major price changes.

The fair value of finished goods and work in progress equals the selling prices less cost of disposal, cost to complete (work in progress) and a reasonable profit allowance for the stage of completion (work in progress) and performed selling effort of the Carlsberg Group based on an estimate of profit for similar finished goods and merchandise. The fair value will also be based on or compared with comparable prices in the market for third-party products and production of the Company's products with another brewer (for example, due to shortfall of production capacity).

The carrying amounts of inventories at Carlsberg, BBH (100%) and the French Business as at December 31, 2007 and March 31, 2008 were as follows:

	Carlsberg		BBH (100%)		The French Business
	Dec. 31, 2007	Mar. 31, 2008	Dec. 31, 2007	Mar. 31, 2008	Dec. 31, 2007
			(DKK million)		
Raw materials	2,015	2,164	1,285	1,452	158
Work in progress	289	369	153	219	34
Finished goods	1,514	1,879	590	683	138
	3,818	**4,412**	**2,028**	**2,354**	**330**

The carrying amounts of inventories are generally higher at March 31, 2008, due to the upcoming main season.

Based on the carrying amount of stock at March 31, 2008 and the high turnover rate for most inventory, Management currently expects the fair value adjustment to be a non-significant amount. Management has computed the preliminary indicative fair value of inventories at up to DKK 100 million.

Other Assets and Liabilities

Assets and liabilities not specifically mentioned above are also measured at fair value. Based on the Carlsberg Group's knowledge of the business and Management's experience from previous acquisitions, adjustments of these items are not expected to be significant. These items include:

- financial assets, including trade receivables and trade loans to on-trade customers, which are measured at fair value or amortized cost in the balance sheet. If valuation of trade receivables and trade loans are updated and recognized on a current basis, the fair value is usually close to the carrying amount;
- financial instruments;
- procurement contracts concluded at prices deviating from current market prices;
- financial liabilities are measured at amortized cost or fair value which is usually close to or equals fair value;
- pension obligations are measured based on market assumptions at every year end. As the Acquisition is taking place only four months after the balance sheet date, the effect of changes in assumptions are expected to give rise to only minor adjustments;
- demolishing and restoration obligations;
- onerous contracts; and
- contingent liabilities will be recognized and measured at fair value at the acquisition date based on the best estimate of likely and potential outcomes of legal disputes, including the assessment of their respective probabilities.

Based on currently available information about the acquired businesses and their respective concluded agreements, Management has made a preliminary indicative allocation of parts of the purchase price to the items stated. Management expects that the allocation will change once additional knowledge of the relevant agreements and contractual matters become known. The preliminary indicative allocation is provided in the unaudited combined condensed pro forma financial information.

Deferred Tax (Including Deferred Tax Assets)

Based on the preliminary, indicative computed values of the acquired assets, liabilities and contingent liabilities, Management has adjusted the deferred tax assets and tax liabilities to reflect the tax effect of the fair value adjustment of each acquired unit's assets and liabilities. However, this does not apply to assets and liabilities, for which such adjustment is not allowed according to IFRS. The adjustment will be based on the tax position and relevant legislation for each individual company or joint tax group, as the case may be, in each jurisdiction. The ultimate impact on the deferred tax assets and deferred tax is subject to the final allocation of the purchase price of the individual assets, liabilities and contingent liabilities as well as the exact knowledge of the tax position of each company. Accordingly, the preliminary allocation will change in line with changes made to the fair value of other assets, liabilities and contingent liabilities.

In addition, deferred tax assets and liabilities in the entities before the Acquisition will be assessed to ensure that tax in the opening balance sheet reflects any changes in expectations for the future tax position of each entity (for example, on utilization of tax losses carried forward).

Acquisition of the Remaining 50% of BBH

The acquisition of the remaining 50% of BBH is accounted for as a step acquisition. Based on IFRS, the Carlsberg Group accounts for step acquisitions at the time control is obtained.

The part of the fair value adjustments of net assets related to the 50% of BBH previously owned by Carlsberg will be recognized directly in equity for Carlsberg as a revaluation, as IFRS requires the carrying amount of all assets and liabilities to be adjusted to fair value at the acquisition date and that the fair value adjustment relating to the 50% that was already pro-rata consolidated in Carlsberg's consolidated financial statements to be recognized directly in equity (increasing equity). Management expects the adjustment to be significant due to the significant difference between the recognized equity in BBH and the allocated purchase price for BBH.

Based on the preliminary indicative computation of BBH fair values, the impact on equity and reserves is estimated at DKK 5-15 billion. Accordingly, the preliminary allocation will change in line with changes made to the fair value of other assets, liabilities and contingent liabilities.

9. Organizational Structure

Carlsberg A/S is the parent company of the Carlsberg Group, and also carries out business under the secondary name Carlsberg Holding A/S (Carlsberg A/S). The Company was incorporated as a public limited company before January 1, 1900.

Carlsberg A/S's principal address and registered office is Ny Carlsberg Vej 100, 1760 Copenhagen V, Denmark.

The Company has production in Western Europe, Eastern Europe and Asia. In accordance with the Carlsberg Group's management structure, beverage activities are segmented according to the geographical regions where production takes place.

List of Significant Companies in the Carlsberg Group Following the Acquisition

The following table sets forth a list of significant companies in the Carlsberg Group following the Acquisition.

		Ownership share
CARLSBERG A/S		
VersaMatrix A/S, Copenhagen, Denmark	◉	100%
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen, Denmark	◉	100%
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark	◉	100%
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen, Denmark	◉	100%
Ejendomsinteressentskabet Tuborg Nord B, Copenhagen, Denmark	◉	70%
Ejendomsaktieselskabet af 4. Marts 1982, Copenhagen, Denmark	◉	100%
Investeringsselskabet af 17. Januar 1991, Copenhagen, Denmark	◉	100%
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark	♦	50%
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark	♦	50%
Carlsberg Breweries A/S, Copenhagen, Denmark	◉	100%
Carlsberg Danmark A/S, Copenhagen, Denmark	◉	100%
Investeringselskapet RH, Oslo, Norway	◉	100%
Ringnes a.s., Oslo, Norway	◉	100%
Oy Sinebrychoff Ab, Helsinki, Finland	◉	100%
Pripps Ringnes AB, Stockholm, Sweden	◉	100%
Carlsberg Sverige AB, Stockholm, Sweden	◉	100%
BBH—Baltic Beverages Holding AB, Stockholm, Sweden	♦(❖)	100%
Saku Brewery AS, Estonia(1)	♦	75%
A/S Aldaris, Lithuania	♦	85%
Baltic Beverages Invest AB, Stockholm, Sweden	♦	100%
Baltic Beverages Holding Oy, Helsinki, Finland	♦	100%
Svyturys-Utenos Alus AB, Lithuania	♦	75%
Slavutich Brewery, Ukraine	♦	92%
Lvivska Brewery, Ukraine	♦	100%
Baltic Beverages Eesti, Estonia	♦	100%
Baltika Brewery, St. Petersburg, Russia(1)	♦	86%
Derbes Company Ltd. Liability Partnership, Kazakhstan	♦	90%
UAB BBH Baltics, Lithuania	♦	100%
Sarbast, Tashkent, Uzbekistan	♦	75%
Olivaria, Belarus	♦	30%
SA Sorex Holding, France	❖	100%
Financière GLC, France	❖	100%
Kronenbourg Holding SAS, France	❖	100%
SA Brasseries Kronenbourg, France	❖	100%
Mythos Brewery SA, Greece	❖	100%
Carlsberg Italia S.p.A, Lainate, Italy	◉	100%
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	♦	44%
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	◉	100%
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	◉	100%
Göttsche Getränke GmbH, Germany	◉	100%
Holsten-Brauerei AG, Hamburg, Germany	◉	100%

		Ownership share
Tuborg Deutschland GmbH, Mönchengladbach, Germany	◉	100%
Carlsberg GB Limited, Northampton, Great Britain	◉	100%
Carlsberg UK Holdings PLC, Northampton, Great Britain	◉	100%
Carlsberg Polska S. A., Warsaw, Poland	◉	100%
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland	◉	100%
Dyland BV, Bussum, Netherlands	◉	100%
Carlsberg Croatia d.o.o., Koprivnica, Croatia	◉	80%
Bottling and Brewing Group Ltd., Blantyre, Malawi	◉	44%
Nuuk Imeq A/S, Nuuk, Greenland	■	32%
Israel Beer Breweries Ltd, Ashkelon, Israel	■	20%
International Breweries (Netherlands) B.V., Bussum, Netherlands	■	16%
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey(1)	◉	96%
Carlsberg Bulgaria AD, Mladost, Bulgaria	◉	80%
B to B Distribution EOOD, Mladost, Bulgaria	◉	100%
Carlsberg Serbia d.o.o., Serbia	◉	80%
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary	◉	100%
Carlsberg International A/S, Copenhagen, Denmark	◉	100%
South-East Asia Brewery Ltd., Hanoi, Vietnam	◉	60%
International Beverages Distributors Ltd., Hanoi, Vietnam	◉	60%
Hue Brewery Ltd., Hue, Vietnam	♦	50%
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China	■	33%
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	♦	60%
Lanzhou Huanghe Jianjiang Brewery Company Limited, China	■	30%
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China	■	33%
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China	■	30%
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China	■	30%
Ningxia Xixia Jianiang Brewery Ltd, China	◉	70%
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia(1)	■	51%
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia	◉	100%
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia	◉	100%
The Lion Brewery Ceylon, Biyagama, Sri Lanka(1)	■	25%
Carlsberg Distributors Taiwan Ltd, Taiwan	■	50%
Carlsberg Asia Pte Ltd., Singapore	◉	100%
Brewery Invest Pte. Ltd, Singapore	◉	100%
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China	◉	100%
Carlsberg Brewery Guangdong Ltd., Huizhou, China	◉	99%
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China	■	25%
Carlsberg Hong Kong Ltd., Hongkong, China	◉	100%
Kunming Huashi Brewery Company Ltd., Kunming, China	◉	100%
Lao Brewery Co. Ltd., Vientiane, Laos	♦	50%
Carlsberg Singapore Pte. Ltd., Singapore	◉	100%
Carlsberg Marketing (Singapore) Pte Ltd., Singapore	◉	100%
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal	■	50%
Dali Beer (Group) Limited Company, Dali, China	◉	100%
Caretech Ltd, Hongkong, China	♦	50%
Cambrew Pte Ltd, Singapore	♦	100%
Cambrew Ltd, Phnom Penh, Cambodia	♦	100%
Lao Soft Drinks Co. Ltd, Laos	◉	65%
Carlsberg IndoChina	◉	100%
South Asian Breweries Pvt Ltd, Singapore	♦	45%
South Asian Breweries Pvt Ltd, India	◉	100%
Parag Breweries Ltd, India	◉	52%
Halong Beer and Beverage, Vietnam	◉	30%
Danish Malting Group A/S, Vordingborg, Denmark	◉	50%
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland	◉	100%
Carlsberg Finans A/S, Copenhagen, Denmark	◉	100%
Carlsberg Invest A/S, Copenhagen, Denmark	◉	100%

		Ownership share
CTDD Beer Imports Ltd., Quebec, Canada	⚬	100%
Carlsberg USA Inc., New York, USA	⚬	100%
Carlsberg Canada Inc., Mississauga, Ontario, Canada	⚬	100%
Carlsberg IT A/S, Copenhagen, Denmark	⚬	100%
Carlsberg Breweries Insurance A/S, Copenhagen, Denmark	⚬	100%
Carlsberg Accounting Service Centre A/S, Copenhagen, Denmark	⚬	100%
Chongqing Brewery Co. Ltd., China(1)	❖	17.5%
Vinataba, Vietnam	❖	50%

⚬ Subsidiary.

♦ Proportionally consolidated entity.

■ Associate.

❖ Acquired Entity.

(1) Listed company.

10. Property, Plant and Equipment

Property, Plant and Equipment

The Carlsberg Group builds, invests and develops its production facilities to meet the requirements and demands of local markets in terms of brand, volume and packaging type, while conforming to Carlsberg Group-wide policies concerning quality and safety assurance and environmental standards.

The Carlsberg Group brews beer at a total of 84 breweries in 32 countries. Individual production facilities across the Carlsberg Group vary widely in terms of scale. The largest single site is the Baltika plant in St. Petersburg, Russia, with a capacity of approximately 9.2 million hl per year. Product quality assurance is a key focus for the Carlsberg Group. The quality of raw materials and production is ensured through various activities, including operational audits at the breweries and suppliers as well as quality-standard certification requirements.

The Carlsberg Group also owns bottling facilities, bottling lines and warehouse terminals as well as the headquarter office complex in Copenhagen. As regards other property, the Carlsberg Group decides on a case-by-case basis the optimal structure from a business and financial perspective.

See "Part I—Company Information—Business—Production."

Carlsberg Properties

The principal asset within Carlsberg properties is the land and buildings associated with the former Tuborg Brewery site north of Copenhagen. Much of this former facility is in the process of being or will be redeveloped, as the Carlsberg Group has already done with previously-owned parts of the site. As appropriate planning and construction approvals are obtained, the Carlsberg Group's current intention is to develop and monetize these assets.

The brewery in Valby will close at the end of 2008, and the subsequent sale of real estate is expected to have a positive effect on Carlsberg's net interest-bearing debt and balance sheet in the medium term, despite the slow-down in the Danish property market. The Carlsberg site at Valby in Copenhagen covers a total of approximately 330,000 square meters. As part of the preparations, an architectural competition was held to explore development opportunities for the site. The winning entry proposes a total development of approximately 550,000 square meters. Carlsberg anticipates continuing to use 60,000-70,000 square meters of the site in Valby after production is relocated. Drafting and approval of the public plan for the site are expected to take place in 2008.

Environmental Matters

The Carlsberg Group is committed to operating all of its breweries efficiently and in a financially and environmentally responsible manner. All of the main breweries in which the Carlsberg Group owns a controlling interest are bound by the environmental policy and corporate responsibility policy. Within the framework of this Group-wide policy, individual businesses develop their own operational environmental policies and report on the performance of the procedures to the Carlsberg Group's corporate center.

Currently, 37 of the Carlsberg Group's majority-owned production sites have achieved an ISO 14001 environmental certification from the International Organization for Standardization. When new breweries are acquired, the goal is for these to be certified within two to three years. The companies of the Carlsberg Group record all relevant environmental data and report them to the Carlsberg Group's headquarters, where developments are monitored. The environmental management systems are also audited regularly both internally and externally to ensure that the Environmental Policy and established improvement programs are implemented. Every second year, the Company publishes an Environmental Report with detailed information on the Carlsberg Group's overall environmental impact. The most recent Environmental Report was published in 2007.

11. Review of Operations and Financial Statements

The Carlsberg Group completed the Acquisition as at April 28, 2008 and, therefore, no historical financial information exists for the Carlsberg Group consolidated with the Acquired Assets. Accordingly, in addition to the historical consolidated financial information for the Carlsberg Group, selected historical consolidated financial information has been presented in this section for each of BBH and the French Business, the most significant of the Acquired Assets. Management has determined that an operating and financial review for each of the three entities, including a discussion of results of operations and liquidity and capital resources, cash flows and capital expenditures, would be meaningful to investors and such a review is also included.

Specifically, presented within this "Review of Operations and Financial Statements" is the following information:

- Selected consolidated historical financial information for Carlsberg, including 50% of BBH, as at and for each of the years ended December 31, 2005, 2006 and 2007 and as at and for the three months ended March 31, 2007 and 2008;
- Selected consolidated historical financial information for BBH (100%), as at and for each of the three years ended December 31, 2005, 2006 and 2007 and as at and for the three months ended March 31, 2007 and 2008;
- Selected combined historical financial information for the French Business as at and for each of the three years ended December 31, 2005, 2006 and 2007;
- Operating and Financial Review for Carlsberg, including 50% of BBH, as at and for each of the years ended December 31, 2005, 2006 and 2007 and as at and for each of the three months ended March 31, 2007 and 2008;
- Operating and Financial Review for BBH (100%) as at and for each of the years ended December 31, 2005, 2006 and 2007 and as at and for each of the three months ended March 31, 2007 and 2008; and
- Operating and Financial Review for the French Business, as at and for each of the years ended December 31, 2005, 2006 and 2007.

For further details relating to the historical financial information presented in this section, see "Part F—Financial Information."

Selected Consolidated Financial Information for Carlsberg

The following table sets forth selected historical financial information that has been derived from the Carlsberg Group's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007, which were prepared in accordance with IFRS as adopted by the EU and the Carlsberg Group's unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008, which were prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
	(DKK million, except Other Data)				
Income Statement Data					
Net revenue	**38,047**	**41,083**	**44,750**	**8,863**	**9,436**
Cost of sales	(18,879)	(20,151)	(22,423)	(4,597)	(5,019)
Gross profit	**19,168**	**20,932**	**22,327**	**4,266**	**4,417**
Operating expenses	(16,293)	(17,238)	(17,651)	(3,964)	(4,088)
Other operating income, net	411	267	485	88	47
Share of profit after tax, associates	232	85	101	12	12
Operating profit before special items	**3,518**	**4,046**	**5,262**	**402**	**388**
Special items, net	(386)	(160)	(427)	(31)	(37)
Operating profit	**3,132**	**3,886**	**4,835**	**371**	**351**
Financial expenses, net	(1,240)	(857)	(1,201)	(253)	(470)
Corporation tax	(521)	(858)	(1,038)	(32)	32
Consolidated profit	**1,371**	**2,171**	**2,596**	**86**	**(87)**
Minority interest	261	287	299	41	42
Share of profit attributable to shareholders in Carlsberg A/S	**1,110**	**1,884**	**2,297**	**45**	**(129)**
Cash Flow Data					
Cash flow from (used in) operating activities	4,734	4,470	4,837	(409)	(688)
Cash flow from (used in) investing activities	(2,354)	65	(4,927)	(790)	(2,096)
Free cash flow	**2,380**	**4,535**	**(90)**	**(1,199)**	**(2,784)**
Acquisition and disposal of property, plant and equipment, net	(1,323)	(2,864)	(4,596)	(947)	(1,293)
Acquisition and disposal of entities, net	(738)	18	(179)	(52)	(725)
Other Data					
Operating margin (%)(1)	9.2	9.8	11.8	4.5	4.1
Return on average invested capital (%)(2)	7.8	9.2	11.7	9.9	11.5
Equity ratio (%)(3)	31.3	32.5	32.6	31.3	29.6
Debt/equity (financial gearing)(4)	1.06	1.01	0.99	1.14	1.22
Debt/operating profit before depreciation, amortization and impairment(5)	3.29	2.73	2.43	19.41	20.86
Interest cover(6)	2.84	4.72	4.38	1.59	0.83
Earnings per share (DKK)(7)	14.6	24.7	30.1	0.6	(1.7)
Cash flow from operating activities per share (DKK)(8)	62.1	58.4	63.2	(5.4)	(9.0)
Free cash flow per share (DKK)(9)	31.2	59.3	(1.2)	(15.7)	(36.5)
Dividend per share (DKK)*	5.0	6.0	6.0	—	—
Pay-out ratio (%)(10)	34	24	20	—	—

	As at December 31,			As at March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
			(DKK million)		
Balance Sheet Data					
Total assets	62,359	58,451	61,220	59,422	62,759
Invested capital(11)	42,733	43,160	45,394	44,580	46,059
Interest-bearing debt, net(12)	20,753	19,229	19,726	21,175	22,652
Equity, attributable to the shareholders of Carlsberg A/S	17,968	17,597	18,621	17,135	17,272

(1) Operating margin is calculated as operating profit before special items as a percentage of revenue.

(2) Return on average invested capital is calculated as operating profit before special items as a percentage of average invested capital, including goodwill. Average invested capital is calculated as a running average of the preceding 12 months. For the calculation of invested capital, see footnote 11 below.

(3) Equity ratio is calculated as total equity at period end as a percentage of total assets at period end.

(4) Debt/equity or financial gearing is calculated as net interest bearing debt at period end divided by total equity at period end.

(5) Debt/operating profit before depreciation, amortization and impairment is calculated as net interest-bearing debt divided by operating profit before special items adjusted for depreciation, amortization and impairment. Operating profit before special items adjusted for depreciation, amortization and impairment is presented as a subtotal in the income statement in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(6) Interest cover** is calculated as operating profit before special items divided by financial expenses, net.

(7) Earnings per share (EPS) is calculated by dividing the Carlsberg Group's consolidated profit, excluding minority interests, by the average number of shares outstanding, excluding treasury shares (76,228,000 in 2005, 76,265,000 in 2006, 76,253,881 in 2007, and 76,263,760 and 76,245,532 in the three months ended March 31, 2007 and 2008, respectively).

(8) Cash flow from operating activities per share (CFPS) is calculated as cash flow from operating activities divided by the average number of shares outstanding, fully diluted for shares options in the money in accordance with International Accounting Standards (IAS) 33, in each case excluding treasury shares as described in footnote 7 above.

(9) Free cash flow per share (FCFPS)** is calculated as free cash flow (presented as a subtotal in the income statement in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular) divided by the average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33, in each case excluding treasury shares as described in footnote 7 above.

(10) Pay-out ratio is calculated as dividend for the year as a percentage of consolidated profit, excluding minority interests.

(11) Invested capital is presented in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(12) Interest-bearing debt, net is presented in the Carlsberg Group's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

* Dividend per share in 2007 is proposed for that financial year and paid in 2008.

** These ratios are not defined in "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Selected Consolidated Financial Information for BBH (100%)

The following table sets forth selected historical financial information for BBH that has been derived from the consolidated financial statements for BBH as at and for each of the years ended December 31, 2005, 2006 and 2007, which has been prepared in accordance with IFRS as adopted by the EU, and unaudited condensed consolidated interim financial statements for BBH as at and for the three months ended March 31, 2007 and 2008 presented in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. The accounting policies applied are consistent with those applied by the Carlsberg Group.

The reporting currency of BBH is the euro. Solely for the convenience of the reader, euro amounts appearing in the audited combined financial statements of BBH as at and for each of the years ended December 31, 2005, 2006 and 2007 and for the unaudited interim financial statements as at and for the three months ended March 31, 2007 and 2008 have been translated into Danish kroner amounts using average exchange rates for the relevant year or other financial period with respect to income statement and cash flow statement items, and the period-end exchange rate with respect to balance sheet items.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
			(DKK million)		
Income Statements Data					
Net revenue	**13,136**	**15,906**	**20,870**	**3,664**	**4,233**
Cost of sales	(6,515)	(7,432)	(10,074)	(1,885)	(2,306)
Gross profit	**6,621**	**8,474**	**10,796**	**1,779**	**1,927**
Operating expenses	(3,979)	(4,865)	(6,107)	(1,115)	(1,354)
Other operating income (expense), net	(16)	(1)	(16)	—	15
Share of profit after tax, associates	4	—	3	1	2
Operating profit before special items	**2,630**	**3,608**	**4,676**	**665**	**590**
Special items, net	(88)	5	—	—	—
Operating profit	**2,542**	**3,613**	**4,676**	**665**	**590**
Financial expense, net	(437)	(125)	(352)	(80)	(84)
Corporation tax	(598)	(947)	(1,324)	(239)	(181)
Consolidated profit	**1,507**	**2,541**	**3,000**	**346**	**325**
Minority interest	396	475	508	66	63
Share of profit attributable to the shareholders in BBH AB	**1,111**	**2,066**	**2,492**	**280**	**262**
Cash Flow Data					
Cash flow from operating activities	2,920	3,581	4,062	868	373
Cash flow from (used in) investing activities	(1,400)	(2,211)	(4,094)	(1,091)	(1,048)
Free cash flow	**1,520**	**1,370**	**(32)**	**(223)**	**(675)**
Other Data					
Total dividends to shareholders in BBH AB	744	856	1,128	—	1,359

	As at December 31,			As at March 31,	
	2005	2006	2007	2007	2008
				(Unaudited)	
			(DKK million)		
Balance Sheet Data					
Total assets	16,580	18,949	22,032	19,991	22,803
Invested capital(1)	13,098	14,692	17,974	15,479	17,641
Interest-bearing debt, net(2)	5,021	5,493	6,688	6,027	8,645
Equity, shareholders in BBH AB	6,094	6,869	7,767	7,182	6,295

(1) Invested capital is presented in BBH's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

(2) Interest-bearing debt, net is presented BBH's consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and unaudited condensed consolidated financial statements as at and for the three months ended March 31, 2007 and 2008 in Part F of this Offering Circular.

Selected Combined Financial Information for the French Business

The following table sets forth selected historical financial information for the French Business that has been derived from S&N's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 and which have been prepared in accordance with IFRS as adopted by the EU and were audited by Ernst & Young LLP (Edinburgh).

The reporting currency of the French Business is the euro. Solely for the convenience of the reader, euro amounts appearing in the audited combined financial statements of the French Business as at and for each of the years ended December 31, 2005, 2006 and 2007 have been translated into Danish kroner amounts using average exchange rates for the relevant year with respect to income statement and cash flow statement items, and the period-end exchange rate with respect to balance sheet items.

No financial statements have been prepared as at and for the three months ended March 31, 2007 and 2008 for the French Business, as these companies under the previous ownership of S&N did not prepare quarterly reports and the necessary accounting material is therefore not available.

	Year Ended December 31,		
	2005	2006	2007
		(DKK million)	
Combined Income Statement Data			
Continuing operations			
Revenue	5,593	5,584	5,516
Operating costs	(4,552)	(4,560)	(4,603)
Operating profit before exceptional items	**1,041**	**1,024**	**913**
Exceptional items	(50)	(543)	(221)
Operating profit after exceptional items	**991**	**481**	**692**
Finance expense, net	(131)	(112)	(75)
Net interest on pension liability	(6)	(6)	(6)
Profit before tax	**854**	**363**	**611**
Tax	(7)	(29)	(67)
Profit from continuing operations	**847**	**334**	**544**
Discontinued operations(1)			
Loss after tax from discontinued operations	(17)	(86)	(4,067)
Profit/(loss) attributable to ordinary shareholders	**830**	**248**	**(3,523)**
Combined Cash Flow Data			
Net cash flow from operating activities	1,067	595	412
Net cash flow from (used in) investing activities	(317)	(14)	(140)
Net cash flow from (used in) financing activities	(77)	14	(102)

	As at December 31,		
	2005	2006	2007
		(DKK million)	
Combined Balance Sheet Data			
Total assets	25,067	25,430	21,642
Net debt	(274)	307	579
Total equity	19,993	20,224	16,709

(1) Discontinued operations relate to the sale of Brasseries Kronenbourg's on-trade distribution business in France. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for the French Business—Recent Sale of On-Trade Distribution Business in France."

Operating and Financial Review for Carlsberg

Prospective investors should read the following operating and financial review in conjunction with the consolidated financial statements as at and for the years ended December 31, 2005, 2006 and 2007 and the unaudited condensed consolidated financial statements as at and for the three month periods ended March 31, 2007 and 2008 as well as other information included elsewhere in this Offering Circular, including note 1, "Significant accounting estimates and judgments" and note 40 "Accounting Policies" to the consolidated financial statements as at and for the years ended December 31, 2006 and 2007 for the Carlsberg Group.

This operating and financial review contains forward-looking statements that reflect current views of Management and involve risks and uncertainties. The actual results of operation and cash flows of the Carlsberg Group may differ materially from those discussed in forward-looking statements as a result of factors, including those described under "Risk Factors" and "General Information—Special Notice Regarding Forward-Looking Statements" elsewhere in this Offering Circular.

Overview of Business

The Carlsberg Group's core business is the production, marketing, distribution and sale of beer. The Carlsberg Group markets its products in more than 150 markets worldwide and has brewing operations in 32 countries. The Carlsberg Group's global operations are diversified among the large and mature markets of Western Europe and the growth and emerging markets of Eastern Europe and Asia.

The Carlsberg Group's beverage activities are divided according to the geographical regions where production takes place. The table below shows the Carlsberg Group's net revenue broken down by geographical reporting segment. For further detail related to the Carlsberg Group's regions, see "—Results of Operations—Regional Analysis."

	Year Ended December 31,						Three Months Ended March 31,			
	2005	% of total revenues	2006	% of total revenues	2007	% of total revenues	2007	% of total revenues	2008	% of total revenues
	(DKK million, except percentages)									
Western Europe	26,302	69.1%	27,307	66.5%	27,499	61.5%	5,645	63.7%	5,658	60.0%
BBH (50%)	6,568	17.3%	7,953	19.4%	10,435	23.3%	1,832	20.7%	2,117	22.4%
Eastern Europe (excl. BBH)	3,367	8.9%	3,509	8.5%	4,267	9.5%	732	8.3%	939	10.0%
Asia	1,626	4.3%	2,299	5.6%	2,535	5.7%	634	7.2%	727	7.7%
Not Allocated	184	0.4%	15	—	14	—	20	0.2%	(5)	(0.1%)
Total	38,047	100.0%	41,083	100.0%	44,750	100.0%	8,863	100.0%	9,436	100%

"Not allocated" represents amounts that cannot be allocated to the brewing operations of one of the Carlsberg Group's segments.

Principal Factors Affecting Results of Operations

Management believes that the factors discussed below have significantly affected or will in the future significantly affect the Carlsberg Group's business, results of operations, cash flows or financial condition.

Acquisitions and Carlsberg Group Composition

Over the past three years, the Carlsberg Group has engaged in acquisition and investment activities in connection with its strategy of generating long-term growth, in particular, by establishing strong positions in the growth and emerging markets of Eastern Europe and Asia. In the future, the Carlsberg Group will continue to evaluate opportunities to increase its presence in other attractive markets. Management expects that its past and future acquisition activities will have a significant effect on the Carlsberg Group's results of operations and the comparability of period to period results, the most substantial being the recent Acquisition. Management believes that the Acquisition is a transformational transaction and will significantly affect the Carlsberg Group's operational scale and financial condition.

In 2005, the Carlsberg Group acquired a German beverage wholesaler, the Göttsche Getränke Gruppe. The Carlsberg Group also acquired a minority interest in Lao Brewery Company Ltd., a brewery located in Laos, and a 50% share in Brewery Invest Pte. Ltd., a company which held a minority interest in Hite Brewery Co. Ltd. The combined cost of these acquisitions was DKK 0.8 billion.

In 2006, the Carlsberg Group purchased an additional interest in Wusu Beer Group, a brewery located in China, and a 50% interest in Caretech Ltd., a brewery located in Cambodia. In addition, the Carlsberg

Group made a minor acquisition in a German beverage wholesaler during 2006. The combined cost of these acquisitions was DKK 0.6 billion. Finally, the Carlsberg Group completed the sale of its stake in the Korean brewer, Hite Brewery Co. Ltd., for approximately DKK 3.3 billion. In the BBH group, the legal merger of four Russian subsidiaries led to the integration of their operations.

In 2007, the Carlsberg Group invested in Brewery Olivaria in Belarus, held through BBH, which currently owns a 30% interest and an option to purchase an additional 21% equity interest in the entity. Other shareholders of Brewery Olivaria have put options against BBH for 40% of the share capital. As a result of these options, the company was consolidated as a 70% stake. During that year, the Carlsberg Group also acquired a majority interest in Ningxia Brewery Ltd., a brewery in western China, and Lao Soft Drink Co. Ltd, a leading Laos soft drink producer. In 2007, the Carlsberg Group also made investments in Vietnam with the construction of a new brewery in Phu Bai and the establishment of a joint venture with Hanoi Beer & Beverage Corp. in the province of Vung Tai. In addition, the Carlsberg Group invested in India with the purchase of a brewery in Himachal Pradesh, north of New Delhi. The combined cost of these acquisitions was approximately DKK 0.3 billion.

In March 2008, the Carlsberg Group announced it had commenced discussions regarding the sale of its stake in Türk Tuborg Bira ve Malt Sanayi A.S., a brewery located in Turkey, in which the Carlsberg Group acquired a majority interest in 2001.

In connection with the privatization of the Vietnamese brewery, Hanoi Beer & Beverage Corp. (Habeco), Carlsberg has been given an opportunity to acquire a 16% stake at a price of DKK 545 million. Carlsberg is also a business partner of Habeco in southern Vietnam, where a greenfield brewery is being built.

Availability and Pricing of Raw Materials and Packaging

The Carlsberg Group purchases raw materials, including malt, hops and water, as well as aluminum cans, glass bottles, PET, labels, plastic crates, cardboard products and other packaging materials from suppliers in a number of countries in which it operates. The prices of raw materials and packaging can fluctuate widely and are determined by the relative strengths of suppliers, global supply and demand and other factors, including changes in exchange rates, energy prices, global crop production (which in turn can be influenced by weather conditions and economic factors affecting growth decisions), government regulations and legislation affecting agriculture. In order to minimize the effect of potential market price movements for certain of these raw materials and packaging, the Carlsberg Group enters into fixed-term contracts for part of the expected purchases, including of malt. Additionally, the Carlsberg Group enters into hedge transactions to hedge against price fluctuations of aluminum. See "Part I—Company Information—Material Contracts—Other Material Contracts—Aluminum Can Agreement." The Carlsberg Group will, nevertheless, be affected by movements in the market price of such materials if it fails to accurately forecast its needs for a given year, as it would be required to purchase additional raw materials and packaging in the open market, which may only be available at a higher price, and for the part that the Carlsberg Group elects not to hedge against. Furthermore, if there is a long-term increase in the price of raw materials or packaging, the Carlsberg Group's ability to maintain its profit margins at existing levels will be dependent on its ability to pass such costs on to its customers. It can be difficult in the industry in which the Carlsberg Group operates to pass along to customers these incremental costs, and the Carlsberg Group may be obliged to absorb such increases. Overall, the price trend for key raw materials (malt, aluminium and energy) is considered to have had a total negative effect of DKK 600-700 million in 2007. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—Cost increases and shortages of raw materials and packaging could have a material adverse effect on the Carlsberg Group's business, results of operations, cash flows or financial condition."

Likewise, energy prices, including the price of oil, natural gas, gasoline and diesel fuel, are cost drivers for the Carlsberg Group's business. Events such as natural disasters could impact the supply of fuel and the timely delivery of the Carlsberg Group's products to its customers. Recently, the Carlsberg Group has experienced significant increases in energy costs, and energy costs could continue to rise, which would result in higher transportation, freight and other operating costs. The Carlsberg Group's future operating expenses and margins will be dependent upon its ability to manage the impact of cost increases.

Market and Product Mix

The Carlsberg Group's sales and profitability are influenced by the regional market of its sales as well as brand and product mix. Sales of different brands and products within the Carlsberg Group's portfolio generate different margins, depending on the regional market in which they are sold and the nature or branding of the product. For example, sales in Asia are generally at a lower than average price than other markets. Similarly, sales of local beer brands generate lower margins than premium beer brands because some consumers are willing to pay higher prices for national and international brands such as *Carlsberg* and *Tuborg*, and margins may vary on the basis of different packaging mix for a particular beverage. The Carlsberg Group's results may fluctuate from period to period based upon the proportion of sales volume represented by higher-margin or lower-margin products.

In addition, the Carlsberg Group's results from period to period are affected by the phase of development of the Carlsberg Group's new beer and beverage products. In connection with any new product, the Carlsberg Group typically must expend significant costs in the marketing of the product. Even after the launch of a new product, it may fail to gain market acceptance or generate significant profits.

Seasonality and Weather Conditions

Sales of the Carlsberg Group's beer and other beverages have historically been higher in the summer months in the Northern Hemisphere of May to August. The Christmas period is also marked by higher sales in certain markets. Adverse weather conditions during peak summer months, including unusually cold or rainy periods, could adversely affect operating income and cash flow and could therefore have an adverse impact on the Carlsberg Group's operating results for the entire year. For example, the summer of 2007 was unusually cool and wet in parts of Western Europe, which resulted in lower volumes in many countries in that region. Conversely, prolonged periods of warm weather can cause increases in volumes (to the extent these temperatures do not exceed certain levels, at which time consumers will substitute beer with alternate beverages, primarily water) and have a positive impact on operating results for the year. For example, Management believes that unseasonably mild weather in Russia in the winter of 2006/07 had a positive effect on sales. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Carlsberg Group's products, reducing the Carlsberg Group's consolidated net revenue, results of operations and cash flows."

The Carlsberg Group's borrowings generally tend toward higher levels during the beginning of the year, in part to permit the Carlsberg Group to increase inventories in preparation for the peak summer months, and then diminish during the latter part of the year due to working capital improvements.

Currency Exchange Rates

The Company publishes its consolidated financial statements in Danish kroner. A substantial portion of the Carlsberg Group's assets, liabilities, revenues and costs are denominated in currencies other than in Danish kroner, particularly in Russian rubles, Norwegian kroner, Swedish kroner, euros, Swiss francs and British pounds sterling. Management believes that a greater proportion of its revenues and net assets will be denominated in currencies other than the Danish kroner as it continues to grow operations in Eastern Europe and Asia. As a result, the Carlsberg Group is and will increasingly be exposed to fluctuations in the values of these currencies. The Carlsberg Group does not actively hedge the exchange rate risk related to revenues and earnings; however, in certain cases, the Carlsberg Group hedges dividends received from subsidiaries in foreign currencies. As a result, currency fluctuations may have a significant impact on the Carlsberg Group's results of operations, cash flows or financial condition. In particular, the appreciation of the Danish kroner relative to other currencies would decrease the Danish kroner value of the contribution to the Carlsberg Group's consolidated results (including net revenue), cash flows and assets and liabilities from subsidiaries and joint ventures that maintain their financial accounts in other currencies, even if the Carlsberg Group's results of operations or the value of those assets and liabilities has not changed in their original currency. These translations may affect the comparability of the Carlsberg Group's results between financial periods or result in changes to the carrying value of the Carlsberg Group's assets and liabilities.

The Carlsberg Group generally seeks to manage foreign exchange risk in relation to the purchase of raw materials through the local purchase of raw materials in the currency of the jurisdiction where they are to be used. A significant exception to this is in relation to the purchase of aluminum for use in cans, the settlement or pricing currency for which is normally the US dollar. To hedge the risk of rising aluminum prices, the Carlsberg Group enters into financial instruments. The Carlsberg Group also seeks to hedge against increases in the US dollar price for aluminum compared with the local currency in the countries in which the cans are to be used. In accounting terms, fair value adjustments are made directly in equity and recognized in the income statement as the hedged item is recognized in accordance with principles for hedging future cash flows. Nevertheless, wide fluctuations in exchange rates over a given period may have a material effect on the Carlsberg Group's cost of sales and results of operations.

The Carlsberg Group's borrowings are denominated in a number of currencies, including Danish kroner, euro and pound sterling. Consequently, fluctuations in exchange rates between Danish kroner and other currencies will increase or decrease the Danish kroner equivalent of interest payments made under the Carlsberg Group's non-Danish kroner borrowings. In addition, in some Carlsberg Group entities, debt has been borrowed in a currency other than that entity's functional currency, without the foreign exchange risk being hedged. This will be the case if the level of interest rates of the functional currency of the entity in question is significantly higher than that of the currency in which the loan is borrowed, thereby justifying the foreign exchange risk. In this case, Management considers this to justify the foreign exchange risk. See note 35 to the Carlsberg Group's consolidated financial statements in Part F of this Offering Circular and "Part I—Company Information—Operating and Financial Review—Operating and Financial Review for Carlsberg—Quantitative and Qualitative Disclosure about Market Risk—Foreign Exchange Rate Risk" for further information in relation to the impact of exchange rates on the Carlsberg Group.

General Economic Conditions in Markets in which the Carlsberg Group Operates

The Carlsberg Group's results of operations are affected by the general economic conditions in the regions where the Carlsberg Group operates. Beer and soft drink consumption, and in particular the consumption of higher-margin beer products is closely linked to general economic conditions, tending to rise in markets during periods of increasing *per capita* income and tending to fall during periods of declining *per capita* income. The Carlsberg Group's volume growth in Russia in recent years has been affected by positive trends in the Russian economy, such as an increase in gross domestic product, a relatively stable ruble, a reduced rate of inflation and positive capital and current account balances. Similarly, the Carlsberg Group's expectation of future growth of its operations in Asia is predicated, in part, upon expectations for the region's general economic growth. Additionally, *per capita* consumption is inversely related to the sale price of the Carlsberg Group's products, especially with respect to popular brands. Beer consumption *per capita* increases or decreases in accordance with changes in disposable income, particularly in the growth and emerging markets in which the Carlsberg Group operates. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—The Carlsberg Group is exposed to the risks of an economic downturn or recession and falls in *per capita* income, which could adversely affect the demand for its products."

Excellence Programs and Restructuring Initiatives

Since 2003, the Carlsberg Group has undertaken a series of initiatives to improve efficiency, streamline operations and reduce complexity throughout its business, particularly in Western Europe, through its Excellence Programs. It reduces costs and standardizes activities in the areas of production, procurement, administration and logistics. In connection with these efforts, the Carlsberg Group has closed or relocated a number of production facilities, thereby permitting the Carlsberg Group to eliminate excess production capacity, reduce costs and generally optimize its production and distribution network. Such restructuring initiatives may involve significant termination, restructuring and other costs such as severance payments to redundant employees, impairment charges and additional transportation costs for the shipment of products over greater distances, and the corresponding cost reductions may not be realized immediately, but rather over a number of years. The success of the Excellence Programs in reducing costs and increasing margins, as well as the extent to which the Carlsberg Group continues to engage in such initiatives, will affect the Carlsberg Group's result of operations.

Competition and Market Share

The global brewing and beverage industry is intensely competitive, rapidly evolving and undergoing consolidation. Many companies are engaged in manufacturing and distributing beer and non-beer beverages, and the Carlsberg Group's competitors include local, regional and international brewers. The Carlsberg Group's results of operations and comparability of results from period to period will depend upon its ability to maintain or increase its market share in strategic markets and effectively compete against other industry participants.

In recent years, the Carlsberg Group has implemented an investment strategy, particularly in the growth markets of Eastern Europe and Asia, to generate faster growth and strengthen the Carlsberg Group's competitive position. These initiatives involve investments in production capacity, infrastructure and logistics, in addition to sales optimization and targeted marketing through the Carlsberg Group's Commercial Excellence programs. In certain countries, for example, the Carlsberg Group seeks to grow faster than the market as a whole. As a result, the Carlsberg Group has expanded significantly and achieved greater market share in a number of countries. Similarly, the Carlsberg Group increased its market share in 2007 for all of the Western European countries in which the Carlsberg Group operates, with the exception of Portugal and Italy. The Carlsberg Group also strengthened its position in Russia, increasing its market share from 36.4% in 2006 to approximately 38% in 2007.

In order to maintain its competitive advantage and improve its market position, the Carlsberg Group must continue to employ modern sales and marketing tools, respond quickly to new consumer trends and implement other innovative business strategies. Due to the significant growth prospects in Eastern Europe and Asia as a result of consumption trends and generally favorable economic conditions, competition may intensify in the future. The Carlsberg Group may be unable to compete successfully against its current or future competitors, which may result in price reductions, reduced margins, reduced market share or the inability to achieve market acceptance of the Carlsberg Group's current or future products.

Discussion of Principal Income Statement Items

Net Revenue

The Carlsberg Group's most significant source of revenue is derived from the sale of beer in three regional markets: Western Europe, Eastern Europe and Asia. The Carlsberg Group also derives revenue from the sale of soft drinks, mineral water, sports/energy drinks, cider and other alcoholic beverages. The Carlsberg Group sells its beer and other beverages through third-party distributors and by direct distribution.

Sales of the Carlsberg Group's beer and non-beer beverages are recorded in the income statement upon delivery of the product. The Carlsberg Group calculates its gross revenues based on the list price of products sold to customers as well as any excise duties incurred (which duties are normally absorbed by the customer) and less any discounts granted to customers (volume discounts, for example). To arrive at net revenue, the Carlsberg Group deducts such duties and reflects the resulting figure as net revenue in the consolidated financial statements.

The Carlsberg Group also generates revenues from royalty and license fees, which are accrued according to the terms of the license agreements.

Cost of Sales

Cost of sales represents direct and indirect costs incurred to achieve net revenue. Direct costs primarily consist of raw materials (such as malt, hops, yeast and water), one-way packaging materials, purchase of third-party products, labor and energy. Indirect costs primarily consist of production overhead and depreciation for the portion of fixed assets (including returnable packaging materials) that can be attributed to the production process.

Operating Expenses

The Carlsberg Group's operating expenses consist of the following:

Sales and Distribution Costs

Sales and distribution costs primarily consist of salaries to sales and distribution staff, brand marketing expenses and costs relating to property, plant and equipment (for example, operation of vehicles, depreciation of property attributed to sales and distribution activities) and amortization of intangible assets relating to sales and distribution activities, other than goodwill.

Administrative Expenses

Administrative expenses primarily consist of management costs, administrative staff costs, insurance, office premises, professional fees (auditors, lawyers, tax advisors and other consultants) and other expenses, including depreciation of property, plant and equipment and amortization of intangible assets relating to administration, other than goodwill.

Other Operating Income, Net

Other operating income, net primarily consists of income derived from activities other than the Company's primary activities, and gains and losses from the sale of assets (whether used in the Carlsberg Group's primary activities or not), net of all expenses related to the other operating income generated. For example, the Carlsberg Group generates income from the development and sale of real estate associated with former brewery sites in Denmark. This item also includes, the operation of the Carlsberg Research Center, which creates and exploits opportunities within the brewing, biotechnology and biomedical sectors, and the effective interest rate on on-trade loans to the Carlsberg Group's customers calculated on the basis of amortized cost.

Share of Profit After Tax, Associates

Share of profit after tax, associates is derived mainly from income relating to the Carlsberg Group's associated companies in Asia.

Special Items, Net

Special items, net, includes significant income and costs of a special nature in terms of the Carlsberg Group's revenue operating activities, such as the cost of extensive restructuring of processes and fundamental structural changes, as well as any gains or losses arising from disposals in this connection. This item also includes significant non-recurring items, including impairment or goodwill and gains on the disposal of activities.

Financial Expenses, Net

Financial expenses, net primarily consists of interest received or paid, expected returns or losses on defined benefit plan assets and liabilities, foreign exchange and fair value adjustments of financial instruments and net gains on disposals of financial assets.

Corporation Tax

Corporation tax consists of current tax charges and deferred tax for the relevant period, the effect on deferred tax from changes in tax rates and adjustments of actual tax from previous years. Current tax is calculated at the tax rate applicable for the year in each relevant jurisdiction. Deferred tax is calculated at the adopted or expected tax rate. The Company is taxed jointly with its wholly owned Danish subsidiaries. Variations in effective tax rate from year to year may be caused by changes in expectations for deferred taxation, non-deductible costs and impairments in Carlsberg Group operations and changes in primary tax rates in the jurisdictions in which the Carlsberg Group operates.

Results of Operations—The Carlsberg Group

The following table shows selected line items from the Carlsberg Group's consolidated income statements for the periods indicated as a percentage of net revenue.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
	(% of net revenue)				
Net revenue	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cost of sales	(49.6)	(49.0)	(50.1)	(51.9)	(53.2)
Gross profit	50.4	51.0	49.9	48.1	46.8
Operating expenses	(42.8)	(42.0)	(39.4)	(44.7)	(43.3)
Other operating income, net	1.1	0.6	1.1	1.0	0.5
Share of profit after tax, associates	0.6	0.2	0.2	0.1	0.1
Operating profit before special items	9.2	9.8	11.8	4.5	4.1
Special items, net	(1.0)	(0.4)	(1.0)	(0.3)	(0.4)
Operating profit	8.2	9.5	10.8	4.2	3.7
Financial expense, net	(3.3)	(2.1)	(2.7)	(2.9)	(5.0)
Corporation tax	(1.4)	(2.1)	(2.3)	(0.4)	(0.3)
Consolidated profit	3.6	5.3	5.8	1.0	(0.9)
Profit for the year, Company's share	2.9	4.6	5.1	0.5	1.4

The following table sets forth selected sales volumes for the periods indicated below:

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
			(million hl)		
Gross Beer Volume(1)	101.6	100.7	115.2	22.4	23.7
Pro Rata Volume(1)	68.9	72.6	82.0	16.0	16.8
Gross Non-beer Volume	19.1	20.2	20.8	4.4	4.6

(1) Both Gross Beer Volume and *Pro Rata* Volume include 50% of BBH.

Comparison of the Three Months Ended March 31, 2007 and 2008

Net Revenue

Net revenue increased by 6.5% from DKK 8.9 billion for the three months ended March 31, 2007 to DKK 9.4 billion for the three months ended March 31, 2008. This increase was primarily attributable to organic growth, partially offset by negative exchange rate movements. All regions contributed to the increase in net revenue, although net revenue from Eastern Europe, including BBH, accounted for more than 85% of the increase. In addition, during the period Carlsberg achieved higher sales prices of the Carlsberg Group's products, driving increases in average net revenue per hl.

Gross Beer Volume increased by 5.8% from 22.4 million hl for the three months ended March 31, 2007 to 23.7 million hl for the three months ended March 31, 2008, primarily driven by an organic increase in sales volume for BBH and China, which was partially offset by a slight decrease in sales volume in Western Europe. The growth in sales volume was achieved notwithstanding the absence of positive effects in Russia in the first quarter of 2007 which were a result of the mild winter of 2006/07.

Cost of Sales

Cost of sales increased by 9.2% from DKK 4.6 billion for the three months ended March 31, 2007 to DKK 5.0 billion for the three months ended March 31, 2008. Cost of sales as a percentage of net revenue increased from 51.9% for the three months ended March 31, 2007 to 53.2% for the three months ended March 31, 2008. This increase in cost of sales was primarily attributable to volume growth and an increase in the cost of raw materials, the price of which increased significantly over 2007 levels.

Gross Profit

Reflecting the above factors, gross profit increased by 3.5% from DKK 4.3 billion for the three months ended March 31, 2007 to DKK 4.4 billion for the three months ended March 31, 2008. Gross profit margin decreased from 48.1% for the three months ended March 31, 2007 to 46.8% for the three months ended March 31, 2008.

Operating Expenses

Operating expenses increased by 3.1% from DKK 4.0 billion for the three months ended March 31, 2007 to DKK 4.1 billion for the three months ended March 31, 2008. This development reflects the increased level of activity.

Other Operating Income, Net

Other operating income, net, decreased by 46.6% from DKK 88 million for the three months ended March 31, 2007 to DKK 47.0 million for the three months ended March 31, 2008. Other operating income, net for the three months ended March 31, 2007 included a profit of DKK 58 million in relation to the disposal of the Piast brewery in Poland.

Operating Profit Before Special Items

Reflecting the above factors, operating profit before special items decreased by 3.5% from DKK 402 million for the three months ended March 31, 2007 to DKK 388 million for the three months ended March 31, 2008. Operating margin decreased from 4.5% for the three months ended March 31, 2007 to 4.1% for the three months ended March 31, 2008. Excluding the DKK 58 million profit from the Piast brewery disposal in 2007, operating profit increased by 13% and operating margin increased from 3.9% for the three months ended March 31, 2007 to 4.1% for the three months ended March 31, 2008.

Special Items, Net

Special items, net increased from a net expense of DKK 31 million for the three months ended March 31, 2007 to a net expense of DKK 37 million for the three months ended March 31, 2008.

Financial Expense, Net

Financial expense, net increased from DKK 0.3 billion for the three months ended March 31, 2007 to DKK 0.5 billion for the three months ended March 31, 2008. This increase was primarily attributable to an increase in finance expenses relating to an increase in the level of interest rates as a result of increased interest-bearing debt, net. Also included is the premium on currency options entered into to hedge the pound sterling exposure in connection with the acquisition of part of S&N's activities.

Corporation Tax

Corporation tax developed from an expense of DKK 32 million for the three months ended March 31, 2007 to income of DKK 32 million for the three months ended March 31, 2008. The Carlsberg Group's effective tax rate for the three months ended March 31, 2007 and 2008 was 27.5% and 27.2%, respectively.

Profit (Loss) Attributable to the Shareholders of Carlsberg A/S

Reflecting the above factors, the loss attributable to the shareholders of Carlsberg A/S was DKK 129 million for the three months ended March 31, 2008, compared to the profit attributable to the shareholders of Carlsberg A/S of DKK 45 million for the three months ended March 31, 2007.

Comparison of the Years Ended December 31, 2006 and 2007

Net Revenue

Net revenue increased by 8.9% from DKK 41.1 billion for the year ended December 31, 2006 to DKK 44.8 billion for the year ended December 31, 2007. This increase was attributable to organic growth of DKK 4.1 billion and DKK 0.2 billion from acquisition activities, primarily in China and Belarus, partially offset by negative exchange rate movements of DKK 0.6 billion. All regions contributed to the increase in net revenue, although sales in Eastern Europe, including BBH, accounted for more than 90% of the increase in net revenue. Beer sales represented DKK 32.5 billion of turnover, or 72.6%, for the year ended December 31, 2007 compared to DKK 29.0 billion, or 70.7%, for the year ended December 31, 2006.

Gross Beer Volume increased by 14.6 million hl, or 14.4%, from 100.7 million hl for the year ended December 31, 2006 to 115.2 million hl for the year ended December 31, 2007, primarily driven by an organic increase in sales volume for BBH. Greater organic sales volumes and acquisitions in Asia also made a significant contribution to the increase. In Western Europe, the Carlsberg Group generally experienced flat Gross Beer Volume.

Cost of Sales

Cost of sales increased by 11.3% from DKK 20.2 billion for the year ended December 31, 2006 to DKK 22.4 billion for the year ended December 31, 2007. Cost of sales as a percentage of net revenue increased from 49.0% for the year ended December 31, 2006 to 50.1% for the year ended December 31, 2007. This increase in cost of sales was primarily attributable to volume growth and an increase in the cost of raw materials, such as malt, aluminum and energy.

Gross Profit

Reflecting the above factors, gross profit increased by 6.7% from DKK 20.9 billion for the year ended December 31, 2006 to DKK 22.3 billion for the year ended December 31, 2007. However, gross profit margin decreased from 51.0% for the year ended December 31, 2006 to 49.9% for the year ended December 31, 2007.

Operating Expenses

Operating expenses increased by 2.4% from DKK 17.2 billion for the year ended December 31, 2006 to 17.7 billion for the year ended December 31, 2007. The increase in operating expenses was primarily attributable to greater sales and distribution activity in Eastern Europe and Asia and greater marketing efforts in Asia and the regions where BBH operates, which were partially offset by rationalizations and efficiency gains in Western Europe as a result of the successful implementation of the Carlsberg Group's Excellence Programs. Operating expenses as a percentage of net revenue decreased from 42.0% for the year ended December 31, 2006 to 39.4% for the year ended December 31, 2007.

Other Operating Income, Net

Other operating income, net, increased from DKK 0.3 billion for the year ended December 31, 2006 to DKK 0.5 billion for the year ended December 31, 2007. This increase was primarily attributable to gains on the sale of real estate and other assets.

Share of Profit After Tax, Associates

Share of profit after tax, associates was unchanged at DKK 0.1 billion for each of the years ended December 31, 2006 and December 31, 2007 and primarily relates to associated companies in Asia.

Operating Profit Before Special Items

Reflecting the above factors, operating profit before special items increased by 30.1% from DKK 4.0 billion for the year ended December 31, 2006 to DKK 5.3 billion for the year ended December 31, 2007. Operating margin increased from 9.8% for the year ended December 31, 2006 to 11.8% for the year ended December 31, 2007.

Special Items, Net

Special items, net, declined from a net cost of DKK 0.2 billion for the year ended December 31, 2006 to a net cost of DKK 0.4 billion for the year ended December 31, 2007. Exclusive of gains from the sale of shares in Hite Brewery Co. Ltd., which was recognized at DKK 0.6 billion in the year ended December 31, 2006, special items declined. Special items related primarily to the write-down of non-current assets in Turkey, costs related to Excellence Programs and restructuring costs.

Financial Expense, Net

Financial expense, net, increased from DKK 0.9 billion for the year ended December 31, 2006 to DKK 1.2 billion for the year ended December 31, 2007. This increase was primarily attributable to higher interest rates in 2007, net losses on foreign exchange and fair value adjustments of financial instruments and lower levels of gains on disposal of financial assets.

Corporation Tax

Corporation tax increased from an expense of DKK 0.9 billion for the year ended December 31, 2006 to an expense of DKK 1.0 billion for the year ended December 31, 2007. This increase was primarily attributable to greater taxable income. The Carlsberg Group's effective tax rates for the years ended December 31, 2006 and 2007 were 28.3% and 28.7%, respectively.

Profit Attributable to the Shareholders of Carlsberg A/S

Reflecting the above factors, profit attributable to the shareholders of Carlsberg A/S increased by 21.9% from DKK 1.9 billion for the year ended December 31, 2006 to DKK 2.3 billion for the year ended December 31, 2007.

Comparison of the Years Ended December 31, 2005 and 2006

Net Revenue

Net revenue increased by DKK 3.0 billion, or 8.0%, from DKK 38.0 billion for the year ended December 31, 2005 to DKK 41.1 billion for the year ended December 31, 2006. Approximately 77.1% of this increase was attributable to organic growth of DKK 2.4 billion in all of the Carlsberg Group's business segments, particularly in BBH, and 17.1%, or DKK 0.5 billion of the increase was attributable to revenue from acquisition activities, primarily in Wusu Beer Group in China. In addition, 5.1%, or DKK 0.2 billion, of the increase in net revenue was attributable to the positive effect of exchange rate movements in the functional currencies of the Carlsberg Group's subsidiaries.

Gross Beer Volume decreased by 0.9 million hl, or 0.9%, from 101.6 million hl in 2005 to 100.7 million hl in 2006, primarily reflecting the Carlsberg Group's sales of its interest in the associated company, Hite Brewery Company Ltd. (which contributed 2.0 million hl in 2005), which was only partly offset by organic volume growth in BBH.

Cost of Sales

Cost of sales increased by 6.7% from DKK 18.9 billion for the year ended December 31, 2005 to DKK 20.2 billion for the year ended December 31, 2006. This increase was primarily attributable to general volume growth and rising costs in Western Europe as a result of the shift to more expensive types of packaging and increased cost of sales relating to newly acquired operations in Asia, which were partially offset by cost savings due to the Carlsberg Group's Excellence Programs and the merger of the legal entities owning four of BBH's breweries in Russia. Cost of sales as a percentage of net revenue decreased from 49.6% for the year ended December 31, 2005 to 49.0% for the year ended December 31, 2006.

Gross Profit

Reflecting the above factors, gross profit increased by 9.2% from DKK 19.2 billion for the year ended December 31, 2005 to DKK 20.9 billion for the year ended December 31, 2006. The gross margin increased from 50.4% in 2005 to 51.0% in 2006.

Operating Expenses

Operating expenses increased by 5.8% from DKK 16.3 billion for the year ended December 31, 2005 to DKK 17.2 billion for the year ended December 31, 2006. This increase was primarily attributable to greater sales and distribution activity, acquisitions and higher impairments for bad and doubtful debts for certain UK and Swedish customers. Marketing expenses also increased, as a result of market-focused efforts for BBH. Operating expenses as a percentage of net revenue decreased from 42.8% for the year ended December 31, 2005 to 42.0% for the year ended December 31, 2006.

Other Operating Income, Net

Other operating income, net, decreased from DKK 0.4 billion for the year ended December 31, 2005 to DKK 0.3 billion for the year ended December 31, 2006. This decrease was primarily attributable to smaller gains on the sale of real estate and other assets.

Share of Profit After Tax, Associates

Share of profit after tax, associates decreased from DKK 0.2 billion for the year ended December 31, 2005 to DKK 0.1 billion for the year ended December 31, 2006. This decrease was primarily attributable to the sale of shares in Hite Brewery Co. Ltd., which was concluded in June 2006 with the effect that profits from this entity were no longer included within this line item for the year ended December 31, 2006.

Operating Profit Before Special Items

Reflecting the above factors, operating profit before special items increased by 15.0% from DKK 3.5 billion for the year ended December 31, 2005 to DKK 4.0 billion for the year ended December 31, 2006. Operating margin increased from 9.2% for the year ended December 31, 2005 to 9.8% for the year ended December 31, 2006.

Special Items, Net

Special items, net, improved from a net cost of DKK 0.4 billion for the year ended December 31, 2005 to a net cost of DKK 0.2 billion for the year ended December 31, 2006 and related primarily to gains on the sale of shares in Hite Brewery Co. Ltd., redundancy costs in connections with the Excellence Programs and closure of the Valby brewery in Denmark, as well as impairment losses in Turkey and Italy.

Financial Expense, Net

Financial expense, net, improved from an expense of DKK 1.2 billion for the year ended December 31, 2005 to an expense of DKK 0.9 billion for the year ended December 31, 2006. This decrease was primarily attributable to lower currency translation losses and a reduction of other financial expenses, such as payments and fees relating to credit facilities, as well as an increase in gains on the disposal of financial assets relative to 2005.

Corporation Tax

Corporation tax increased from DKK 0.5 billion for the year ended December 31, 2005 to DKK 0.9 billion for the year ended December 31, 2006. This increase was primarily attributable to growth in taxable income. The Carlsberg Group's effective tax rates for the years ended December 31, 2005 and 2006 were 27.5% and 28.3%, respectively.

Profit Attributable to the Shareholders of Carlsberg A/S

Reflecting the above factors, profit attributable to the shareholders of Carlsberg A/S increased by 69.7% from DKK 1.1 billion for the year ended December 31, 2005 to DKK 1.9 billion for the year ended December 31, 2006.

Results of Operations—Regional Analysis

The Carlsberg Group's beverage activities are segmented according to the geographic regions where production takes place. The table below shows the Carlsberg Group's net revenue broken down by geographic reporting segment.

Year Ended December 31, 2005	Western Europe	BBH(1) (50%)	Eastern Europe (excl. BBH)	Asia	Not Allocated	Total Beverages	Other(2)	Carlsberg Total
Net revenue (DKK million)	26,302	6,568	3,367	1,626	184	38,047	—	38,047
% of Group revenue	69.1%	17.3%	8.9%	4.3%	0.4%	100.0%	—	100.0%
Operating profit (DKK million)	2,023	1,316	314	392	(623)	3,422	96	3,518
Operating profit margin	7.7%	20.0%	9.3%	24.1%	—	9.0%	—	9.2%
Gross Beer Volume (m hl)(2)	29.9	39.9	12.9	18.9	—	101.6	—	101.6
Pro Rata Volume (m hl)(2)	27.7	20.6	12.9	7.6	—	68.9	—	68.9

Year Ended December 31, 2006	Western Europe	BBH(1) (50%)	Eastern Europe (excl. BBH)	Asia	Not Allocated	Total Beverages	Other(1)	Carlsberg Total
Net revenue (DKK million)	27,307	7,953	3,509	2,299	15	41,083	—	41,083
% of Group revenue	66.5%	19.4%	8.5%	5.6%	—	100.0%	—	100.0%
Operating profit (DKK million)	2,425	1,804	135	332	(699)	3,997	49	4,046
Operating profit margin	8.9%	22.7%	3.8%	14.4%	—	9.7%	—	9.8%
Gross Beer Volume (m hl)(2)	30.4	44.2	13.4	12.7	—	100.7	—	100.7
Pro Rata Volume (m hl)(2)	28.2	23.4	13.4	7.7	—	72.6	—	72.6

Year Ended December 31, 2007	Western Europe	BBH(1) (50%)	Eastern Europe (excl. BBH)	Asia	Not Allocated	Total Beverages	Other(1)	Carlsberg Total
Net revenue (DKK million)	27,499	10,435	4,267	2,535	14	44,750	—	44,750
% of Group revenue	61.5%	23.3%	9.5%	5.7%	—	100.0%	—	100.0%
Operating profit (DKK million)	2,738	2,338	477	330	(882)	5,001	261	5,262
Operating profit margin	10.0%	22.4%	11.2%	13.0%	—	11.2%	—	11.8%
Gross Beer Volume (m hl)(2)	30.8	54.1	14.9	15.5	—	115.2	—	115.2
Pro Rata Volume (m hl)(2)	28.5	29.1	14.8	9.6	—	82.0	—	82.0

Three Months Ended March 31, 2007	Western Europe	BBH[1] (50%)	Eastern Europe (excl. BBH)	Asia	Not Allocated	Total Beverages	Other[1]	Carlsberg Total
Net revenue (DKK million) . .	5,645	1,832	732	634	20	8,863	—	8,863
% of Group revenue	63.7%	20.7%	8.3%	7.2%	0.2%	100%	—	100%
Operating profit (DKK million)	197	333	5	82	(214)	403	(1)	402
Operating profit margin	3.5%	18.2%	0.7%	13.0%	—	4.5%	—	4.5%
Gross Beer Volume (m hl)[2] .	6.1	10.1	2.7	3.4	—	22.4	—	22.4
Pro Rata Volume (m hl)[2] . . .	5.7	5.4	2.7	2.1	—	16.0	—	16.0

Three Months Ended March 31, 2008	Western Europe	BBH[1] (50%)	Eastern Europe (excl. BBH)	Asia	Not Allocated	Total Beverages	Other[1]	Carlsberg Total
Net revenue (DKK million) . .	5,658	2,117	939	727	(5)	9,436	—	9,436
% of Group revenue	60.0%	22.4%	10.0%	7.7%	(0.1%)	100%	—	100%
Operating profit (DKK million)	129	295	—	119	(162)	381	—	381
Operating profit margin	2.3%	13.9%	—	16.4%	—	4.0%	—	4.1%
Gross Beer Volume (m hl)[2] .	6.2	10.8	2.8	3.9	—	23.7	—	23.7
Pro Rata Volume (m hl)[2] . . .	5.6	5.9	2.8	2.5	—	16.8	—	16.8

(1) "Other" primarily relates to activities of the Carlsberg Group other than the brewery operations, including the development and sale of real estate and the operation of the Carlsberg Research Center.

(2) Both Gross Beer Volume and *Pro Rata* Volume include 50% of BBH.

Western Europe

In 2007, Carlsberg's Western European business accounted for 61% of the Carlsberg Group's net revenue. It is active in a number of countries, including the Nordic countries, Germany, Switzerland, Portugal, the United Kingdom and Italy. Set forth below are certain key financial and operational data for the Carlsberg Group's Western European operations for the periods presented.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
Net revenue (DKK million)	26,302	27,307	27,499	5,645	5,658
Operating profit (DKK million) . . .	2,023	2,425	2,738	197	129
Operating profit margin	7.7%	8.9%	10.0%	3.5%	2.3%
Gross Beer Volume (m hl)	29.9	30.4	30.8	6.2	6.1
Pro Rata Volume (m hl)	27.7	28.2	28.5	5.7	5.6

Comparison of the Three Months Ended March 31, 2007 and 2008

Net revenue in the Carlsberg Group's Western European business increased by 0.2% from DKK 5.6 billion for the three months ended March 31, 2007, to DKK 5.7 billion for the three months ended March 31, 2008 as a result of improved product mix and pricing. Gross Beer Volume sold decreased by 1.8% from 5.7 million hl for the three months ended March 31, 2007 to 5.6 million hl for the three months ended March 31, 2008. Decreased volumes sold principally in Denmark and Portugal were partially offset by increased volumes sold primarily in Sweden, Norway, Finland and Switzerland.

Operating profit before special items for the Carlsberg Group's Western European business decreased by 34.5% from DKK 197.0 million for the three months ended March 31, 2007 to DKK 129.0 million for the three months ended March 31, 2008. The business' operating margin decreased from 3.5% for the three months ended March 31, 2007 to 2.3% for the three months ended March 31, 2008. The business experienced significant price increases for raw materials, including malt.

Comparison of the Years Ended December 31, 2006 and 2007

Net revenue in the Carlsberg Group's Western European business increased by 0.7% from DKK 27.3 billion for the year ended December 31, 2006 to DKK 27.5 billion for the year ended December 31, 2007. Gross Beer Volume increased by 1.3% from 30.4 million hl for the year ended

December 31, 2006 to 30.8 million hl for the year ended December 31, 2007. The Carlsberg Group achieved this volume and net revenue increase despite a slight reduction in the mature markets of Western Europe in which Carlsberg operates. This reduction among other things reflected the poor weather through the 2007 summer months and the introduction of smoking bans in pubs and restaurants in some Western European countries in 2007. Furthermore, the summer of 2006 was particularly hot and dry in the United Kingdom and other countries in Western Europe, which had a positive impact on operating results for the year.

In 2007, Carlsberg gained market share in all the countries in Western Europe in which the Carlsberg Group operates, with the exception of Portugal and Italy. The gain in market share was primarily due to the implementation of various initiatives under the Commercial Excellence Program that focused on marketing and branding and the launch of a number of new products, including "light" versions of *Tuborg* and *Ringnes* in Norway, the malt-based drink, *Cardinal Eve* in Switzerland and new variants of the energy drink *Battery* in Finland. Overall price increases of approximately 3% in local currencies were realized in Western Europe, excluding the United Kingdom. In the United Kingdom, however, the average selling price declined, principally as a result of a continuing shift from on-trade to off-trade sales, where selling prices per hl are lower.

Operating profit before special items for the Carlsberg Group's Western European business increased by 12.9% from DKK 2.4 billion for the year ended December 31, 2006 to DKK 2.7 billion for the year ended December 31, 2007. The business' operating margin increased from 8.9% for the year ended December 31, 2006 to 10.0% for the year ended December 31, 2007. The Carlsberg Group's Western European business continued to realize efficiency gains and cost savings attributable to the Carlsberg Group's Excellence Programs during the year ended December 31, 2007, which resulted in reduced sales and distribution and administrative costs. These gains were partially offset by significant price increases for a number of key raw materials and greater energy costs during that year.

Comparison of the Years Ended December 31, 2005 and 2006

Net revenue in the Carlsberg Group's Western European business increased by 3.8% from DKK 26.3 billion for the year ended December 31, 2005 to DKK 27.3 billion for the year ended December 31, 2006, primarily reflecting increased sales in the Nordic countries and the United Kingdom due to good weather during the summer. In the Nordic countries, revenues increased primarily due to new product launches, price increases and a continued focus on efficiency. The selling price for beer in all the countries in Western Europe in which the Carlsberg Group operates increased slightly, with the exception of Italy. Sales volumes of soft drinks and mineral water also rose, primarily due to an increase in demand from the Nordic countries. Gross Beer Volume increased by 1.7% from 29.9 million hl for the year ended December 31, 2005 to 30.4 million hl for the year ended December 31, 2006. This increase was to some extent attributable to good weather during the summer months.

Operating profit before special items for the Carlsberg Group's Western European business increased by 20.0% from DKK 2.0 billion for the year ended December 31, 2005 to DKK 2.4 billion for the year ended December 31, 2006. The business' operating margin increased from 7.7% for the year ended December 31, 2005 to 8.9% for the year ended December 31, 2006. The increase principally reflected efficiency gains as a result of the Carlsberg Group's Excellence Programs.

BBH Group (50%)

Net revenue from the Carlsberg Group's 50% interest in BBH activities accounted for 23% of the Carlsberg Group's revenues for the year ended December 31, 2007. BBH is active in the growth markets of Russia and the Ukraine, the relatively mature markets of the Baltic States, and the emerging beer markets of Kazakhstan, Uzbekistan and Belarus. Set forth below are certain key financial and operational data for the Carlsberg Group's 50% interest in BBH for the periods indicated.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
Net revenue (DKK million)	6,568	7,953	10,435	1,832	2,117
Operating profit (DKK million)	1,316	1,804	2,338	333	295
Operating profit margin	20.0%	22.7%	22.4%	18.2%	13.9%
Gross Beer Volume (m hl)	39.9	44.2	54.1	10.1	10.8
Pro Rata Volume (m hl)	20.6	23.4	29.1	5.4	5.9

Comparison of the Three Months Ended March 31, 2007 and 2008

Net revenue from the Carlsberg Group's 50% interest in BBH increased by 15.6% from DKK 1.8 billion for the three months ended March 31, 2007 to DKK 2.1 billion for the three months ended March 31, 2008. Gross Beer Volume sold increased by 9.3% from 5.4 million hl for the three months ended March 31, 2007 to 5.9 million hl for the three months ended March 31, 2008. These increases were primarily attributable to volume growth in Russia, particularly among premium and international brands, notwithstanding the absence of positive effects in Russia resulting from the mild winter of 2006/07 for the three months ended March 31, 2007. To a lesser extent, the increase also reflects volume growth in most other markets as well as positive pricing and mix effects.

Operating profit before special items from the Carlsberg Group's 50% interest in BBH decreased by 11.4% from DKK 333.0 million for the three months ended March 31, 2007 to DKK 295.0 million for the three months ended March 31, 2008. The business' operating margin decreased from 18.2% for the three months ended March 31, 2007 to 13.9% for the three months ended March 31, 2008. In addition, the Company experienced increased cost of sales, which largely reflected an increase in the price of raw materials. In addition, BBH experienced increased royalty expenses due to increased sales of licensed *Carlsberg* brands as well as increased distribution costs.

Comparison of the Years Ended December 31, 2006 and 2007

Net revenue from the Carlsberg Group's 50% interest in BBH increased by 31.2% from DKK 8.0 billion for the year ended December 31, 2006 to DKK 10.4 billion for the year ended December 31, 2007. Gross Beer Volume increased by 22.4% from 44.2 million hl for the year ended December 31, 2006 to 54.1 million hl for the year ended December 31, 2007. The increase in net revenue resulted from an improved product mix of higher margin beverage products, which was partially offset by adverse exchange rate movements. Among other things, this trend reflected strong sales growth in Russia (reflecting growth both in the Russian beer market and BBH's share of that market), although the rate of growth was more moderate during the second half of the year. This growth, in turn, reflected the introduction of new products as well as average price increases. To a lesser extent, the increase reflected increased sales volumes in the Ukraine, Kazakhstan and the Baltic States.

Operating profit before special items from the Carlsberg Group's 50% interest in BBH increased by 29.6% from DKK 1.8 billion for the year ended December 31, 2006 to DKK 2.3 billion for the year ended December 31, 2007. The business' operating margin remained largely unchanged at 22.7% for the year ended December 31, 2006 and 22.4% for the year ended December 31, 2007, largely reflecting the significant increases in raw material and distribution costs experienced by BBH during the year ended December 31, 2007.

Comparison of the Years Ended December 31, 2005 and 2006

Net revenue from the Carlsberg Group's 50% interest in BBH increased by 21.1% from DKK 6.6 billion for the year ended December 31, 2005 to DKK 8.0 billion for the year ended December 31, 2006, primarily reflecting increased sales volumes and, to a lesser extent, higher average beer prices. Gross Beer Volume sold increased by 10.8% from 39.9 million hl for the year ended December 31, 2005 to 44.2 million hl for the year ended December 31, 2006. The Russian beer market showed significant volume growth, particularly in the third quarter of 2006 as a result of increased demand for beer during a period of non-recurring disruptions in the supply of wines and spirits to the off-trade market. The uncharacteristically mild weather in the fourth quarter also may have contributed to higher Russian sales.

Operating profit before special items from the Carlsberg Group's 50% interest in BBH increased by 37.1% from DKK 1.3 billion for the year ended December 31, 2005 to DKK 1.8 billion for the year ended December 31, 2006. The business' operating margin increased from 20.0% for the year ended December 31, 2005 to 22.7% for the year ended December 31, 2006. The increase reflected the above mentioned factors as well as synergies arising from the legal merger of four of BBH's brewing subsidiaries in Russia, which was effectuated for purposes of optimizing manufacturing operations.

Eastern Europe (excluding BBH)

Carlsberg's Eastern European (excluding BBH) business accounted for 10% of the Carlsberg Group's net revenue for the year ended December 31, 2007 and is active in Poland, Turkey and a number of countries in the Balkans. Set forth below are certain key financial and operational data for the Carlsberg Group's Eastern European (excluding BBH) operations for the periods presented.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
Net revenue (DKK million)	3,367	3,509	4,267	732	939
Operating profit (DKK million)	314	135	477	5	—
Operating profit margin	9.3%	3.8%	11.2%	0.7%	—
Gross Beer Volume (m hl)	12.9	13.4	14.9	2.7	2.8
Pro Rata Volume (m hl)	12.9	13.4	14.8	2.7	2.8

Comparison of the Three Months Ended March 31, 2007 and 2008

Net revenue in the Carlsberg Group's Eastern European (excluding BBH) business increased by 28.3% from DKK 732.0 million for the three months ended March 31, 2007 to DKK 939.0 million for the year ended March 31, 2008. Gross Beer Volume sold by the business increased by 3.7% from 2.7 million hl for the three months ended March 31, 2007 to 2.8 million hl for the three months ended March 31, 2008. The increase in net revenue principally reflected price increases.

Operating profit before special items for the Carlsberg Group's Eastern European (excluding BBH) business decreased from DKK 5.0 million for the three months ended March 31, 2007 to DKK 0.1 million for the three months ended March 31, 2008. Excluding the effect of the Piast brewery disposal in 2007, operating profit for the three months ended March 31, 2008 increased by DKK 53.0 million from the previous period.

Comparison of the Years Ended December 31, 2006 and 2007

Net revenue in the Carlsberg Group's Eastern European (excluding BBH) business increased by 21.6% from DKK 3.5 billion for the year ended December 31, 2006 to DKK 4.3 billion for the year ended December 31, 2007. Gross Beer Volume increased by 11.2% from 13.4 million hl for the year ended December 31, 2006 to 14.9 million hl for the year ended December 31, 2007. The increase reflected greater *per capita* consumption levels and sales of higher margin products as a result of favorable economic conditions as well as good weather conditions and improved market share in a number of countries, particularly in Poland. Furthermore, uncharacteristically mild weather in the fourth quarter of 2006 also may have contributed to higher sales in Russia.

Operating profit before special items for the Carlsberg Group's Eastern European (excluding BBH) business increased by 253.3% from DKK 0.1 billion for the year ended December 31, 2006 to DKK 0.5 billion for the year ended December 31, 2007. The business' operating margin increased from 3.8% for the year ended December 31, 2006 to 11.2% for the year ended December 31, 2007. The improvement principally reflected improved earnings in certain countries, particularly in Poland.

Comparison of the Years Ended December 31, 2005 and 2006

Net revenue in the Carlsberg Group's Eastern European (excluding BBH) business increased by 3.4% from DKK 3.4 billion for the year ended December 31, 2005 to DKK 3.5 billion for the year ended December 31, 2006. Gross Beer Volume sold by the Carlsberg Group increased by 3.9% from 12.9 million hl for the year ended December 31, 2005 to 13.4 million hl for the year ended December 31, 2006. This increase largely reflected higher beer sales in Bulgaria, Serbia and Croatia due to higher consumption levels, which was partially offset by lower beer sales in Poland.

Operating profit before special items for the Carlsberg Group's Eastern European (excluding BBH) business decreased by 55.3% from DKK 0.3 billion for the year ended December 31, 2005 to DKK 0.1 billion for the year ended December 31, 2006. The business' operating margin decreased from 9.3% for the year ended December 31, 2005 to 3.8% for the year ended December 31, 2006. The decrease largely reflected lower levels of net revenue and profitability in Poland, which was principally due to increased marketing expenditures which did not deliver the anticipated increase in sales as well as changes in the Carlsberg Group's business model in the region (including reduced inventories at wholesalers in order to obtain a more effective and direct correlation with sales in the off-trade).

Asia

Carlsberg's Asian business accounted for 6% of the Carlsberg Group's net revenue for the year ended December 31, 2007 and is active in a number of countries, including Malaysia, Hong Kong, Singapore, China, Vietnam, Cambodia, Laos and India. Set forth below are certain key financial and operational data for the Carlsberg Group's Asian operations for the periods presented.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
Net revenue (DKK million)	1,626	2,299	2,535	634	727
Operating profit (DKK million)	392	332	330	82	119
Operating profit margin	24.1%	14.4%	13.0%	13.0%	16.4%
Gross Beer Volume (m hl)	18.9	12.7	15.5	3.4	3.9
Pro Rata Volume (m hl)	7.6	7.7	9.6	2.1	2.5

Comparison of the Three Months Ended March 31, 2007 and 2008

Net revenue in the Carlsberg Group's Asian business increased by 14.7% from DKK 634 million for the three months ended March 31, 2007 to DKK 727 million for the three months ended March 31, 2008. *Pro Rata* Volume sold by the business increased by 16.6% from 2.1 million hl for the three months ended March 31, 2007 to 2.5 million hl for the three months ended March 31, 2008, of which 21.0% is attributable to organic growth and 2% is attributable to acquisition growth. The increase in net revenue reflected improved economic conditions in certain countries, such as China, although the rate of economic growth there slowed. Intense price competition, which is expected to continue, continues to negatively impact the average selling price per hl of beer.

Operating profit before special items for the Carlsberg Group's Asian business increased by 45.1% from DKK 82.0 million for the three months ended March 31, 2007 to DKK 119.0 million for the three months ended March 31, 2008, of which 54.0% is attributable to organic growth and 3.0% is attributable to acquisition growth. The business' operating margin increased from 13.0% for the three months ended March 31, 2007 to 16.4% for the three months ended March 31, 2008.

Comparison of the Years Ended December 31, 2006 and 2007

Net revenue in Carlsberg's Asian business increased by 10.3% from DKK 2.3 billion for the year ended December 31, 2006 to DKK 2.5 billion for the year ended December 31, 2007. *Pro Rata* Volume increased by 24.7% from 7.7 million hl for the year ended December 31, 2006 to 9.6 million hl for the year ended December 31, 2007, with organic growth and acquisitions both contributing to the increase. The increase in net revenue reflected improved economic conditions in certain countries, such as China, and in the Indochina region. Strong growth in the region's low price markets relative to the other markets resulted in an average selling price per hl of beer 3% lower than for the year ended December 31, 2006.

Operating profit before special items for the Carlsberg Group's Asian business was unchanged at DKK 0.3 billion for the years ended December 31, 2006 and 2007. The business' operating margin decreased from 14.4% for the year ended December 31, 2006 to 13.0% for the year ended December 31, 2007. During the first half of the year, the business had lower earnings in Malaysia as a result of changes in its wholesale and sales organization. Higher operating profits were achieved in Malaysia in the second half of the year as the newly implemented distribution model took effect.

Comparison of the Years Ended December 31, 2005 and 2006

Net revenue in the Carlsberg Group's Asian business increased by 40.3% from DKK 1.6 billion for the year ended December 31, 2005 to DKK 2.3 billion for the year ended December 31, 2006. *Pro Rata* Volume increased by 1.3% from 7.6 million hl for the year ended December 31, 2005 (including 2.0 million hl from the Hite Brewery, an associated company that was fully divested in June 2006) to 7.7 million hl for the year ended December 31, 2006. Volumes from continuing operations grew by 38%, reflecting acquisitions in Western China, Cambodia and Laos and, to a lesser extent, organic growth.

Operating profit before special items for the Carlsberg Group's Asian business decreased by 17.7% from DKK 0.4 billion for the year ended December 31, 2005 to DKK 0.3 billion for the year ended December 31, 2006. The business' operating margin decreased from 24.1% for the year ended December 31, 2005 to 14.4% for the year ended December 31, 2006 as a result of strong growth of local brand beers in China and Vietnam which have lower margins. Hite Brewery contributed operating profit of DKK 116 million for the year ended December 31, 2005; excluding this contribution, operating profit grew by DKK 57 million.

Liquidity and Capital Resources

The Carlsberg Group's main uses of funds are costs relating to marketing, wages and transportation, raw materials, energy, interest payments on borrowings and debt principal repayments, tax payments, and capital expenditures relating to acquisitions, the establishment of beer and beverage production and distribution facilities in strategic markets, and the development of real estate.

The Carlsberg Group's principal sources of liquidity are cash flow from operations, proceeds form the sale of property, bank borrowings and other bond and equity financing. As at March 31, 2008, the Carlsberg Group had cash and cash equivalents of DKK 2.2 billion and had unused credit lines of approximately DKK 3.1 billion, out of total available credit lines of DKK 14.4 billion. The Carlsberg Group's financing arrangements are described below under "—Description of the Carlsberg Group's Borrowings."

The Group Treasury team manages the Carlsberg Group's net interest-bearing debt and cash balances. To facilitate the daily liquidity management, cash pools covering most of Western Europe have been established. The Carlsberg Group holds cash in a variety of currencies, principally US dollars, euros, Danish kroner and Russian rubles. Cash and cash equivalents consist of cash, short term deposits and other liquid investments with a maturity of less than three months. For a discussion of the Carlsberg Group's treasury policies as related to its management of market risk, see "—Quantitative and Qualitative Disclosure about Market Risk."

Cash Flows

The table below summarizes the Carlsberg Group's sources and uses of funds for the for each of the years ended December 31, 2005, 2006 and 2007 and for each of the three months ended March 31, 2007 and 2008.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
			(DKK million)		
Cash flow from (used in) operating activities	4,734	4,470	4,837	(409)	(688)
Cash flow from (used in) investing activities	(2,354)	65	(4,927)	(790)	(2,096)
Cash flow from (used in) financing activities	(1,990)	(4,690)	(184)	1,303	2,765
Net cash flow	390	(155)	(274)	104	(19)

Cash Flow from (Used In) Operating Activities

The Carlsberg Group's cash flow used in operating activities was DKK 0.4 billion for the three months ended March 31, 2007 and DKK 0.7 billion for the three months ended March 31, 2008, principally reflecting an increase in net finance expenses paid in relation to one-off costs relating to hedging positions taken in connection with the Acquisition during the period and to a lesser extent, an adverse movement in working capital.

The Carlsberg Group generated cash flow from operating activities of DKK 4.7 billion, DKK 4.5 billion and DKK 4.8 billion in 2005, 2006 and 2007, respectively. The higher level of cash generated from operations in 2007 as compared to 2006, primarily reflected increased operating profits, which were partially offset by a weaker performance on change in working capital. This is in line with the growth of the Carlsberg Group's business (for example, greater cash outlays used to increase inventories and trade receivables). The decrease in cash flow from operating activities from 2005 to 2006 reflect that increasing operating profits were entirely offset by a weaker improvement in the change in working capital (DKK 0.4 billion in 2006 compared to DKK 1.0 billion in 2005). This was a result of the Carlsberg Group's working capital optimization program initiated in 2005, the year in which it had its largest effect. Furthermore, extraordinary tax payments relating primarily to tax settlements in Germany in 2006 led to decreases in the operating cash flow of DKK 0.3 billion, as compared to 2005.

Cash Flow from (Used In) Investing Activities

Cash flow used in investing activities was DKK 0.8 billion and DKK 2.1 billion in the three months ended March 31, 2007 and 2008, respectively. The increase in cash flow used in investing activities principally reflected an increase in capital expenditures across Western Europe, primarily in Denmark relating to the closing of the Valby brewery and associated transfer of production to the Fredericia brewery, as well as prepayments and hedging instruments relating to the Acquired Assets.

Cash used in investing activities was DKK 2.4 billion in 2005, cash from investing activities was DKK 0.1 billion in 2006 and cash used in investing activities was DKK 4.9 billion in 2007. The change from 2006 to 2007 of DKK 5.0 billion was primarily an increase in operating investments (net capital expenditure on property, plant and equipment) of DKK 1.8 billion and the absence of the DKK 3.3 billion in proceeds from the sale of the Hite Brewery that was received in 2006. The decrease in cash used from 2005 to 2006 of DKK 2.3 billion was similarly positively influenced by the payment of the DKK 3.3 billion generated by the disposal of the Carlsberg Group's shares in Hite Brewery Co. Ltd, and a net decrease in cash flow from real estate development activities of DKK 1.2 billion, the increase in net capital expenditure on intangible assets and property, plant and equipment of DKK 0.5 billion and the absence of the financial investment in Asia that was carried out in 2005. See "—Principal Factors Affecting Results of Operations—Acquisitions and Carlsberg Group Composition."

Net Cash from (Used In) Financing Activities

Net cash from financing activities was DKK 1.3 billion and DKK 2.8 billion in the three months ended March 31, 2007 and 2008, respectively. The change in cash flow from financing activities primarily reflected increased draw downs on existing credit facilities.

Cash used in financing activities was DKK 2.0 billion, DKK 4.7 billion and DKK 0.2 billion for 2005, 2006 and 2007, respectively. The principal components of the movements in 2007 were the receipt of DKK 5.6 billion in loan proceeds from mortgage-credit facilities, bank loans and the repayment of DKK 6.3 billion (primarily relating to bonds) as well as the payment of dividends and currency translation gains. In 2006, net cash for debt financing was DKK 3.6 billion, reflecting the receipt of DKK 4.9 billion in proceeds from the raising of debt, and the repayment of DKK 8.5 billion of outstanding debt. In addition, the movements in 2006 also reflect the Carlsberg Group's acquisition of certain minority interests, investments by BBH in the Olivaria Brewery in Belarus and a new brewery in Uzbekistan, as well as the payment of dividends to shareholders. The principal components of the movements in 2005 were the acquisition by BBH of certain minority interests and the Carlsberg Group's dividend payments.

Description of the Carlsberg Group's Borrowings

The table below summarizes the Carlsberg Group's net interest-bearing debt position as at March 31, 2008.

	Aggregate Debt	Current Liabilities	Non-Current Liabilities
		(DKK million)	
Interest-Bearing Debt			
Bonds	6,688	—	6,688
Bank Borrowings and Overdrafts	15,421	2,830	12,591
Mortgages	2,183	—	2,183
Other	2,184	1,560	624
Total Gross Debt	26,476	4,390	22,086
Interest-Bearing Assets			
Short-Term Bank Deposits	1,493	1,493	—
Liquid Assets (Other Securities and Cash and Cash Equivalents)	746	746	—
Other Interest-Bearing Assets	1,585	975	610
Total Interest-Bearing Assets	3,824	3,214	610
Net Interest-Bearing Debt	22,652	1,176	21,476

As at March 31, 2008, the Carlsberg Group had total borrowings outstanding of DKK 26.5 billion, of which DKK 22.1 billion consisted of non-current debt and DKK 4.4 billion consisted of current debt. DKK 9.0 billion was denominated in Danish kroner and DKK 17.5 billion was denominated in foreign currencies including euro, pound sterling, Swiss franc, US dollar and others. As at March 31, 2008, the weighted average interest rate of the Carlsberg Group's net borrowings (short- and long-term debt less cash and cash equivalents) was approximately 5.3% The Carlsberg Group manages refinancing risk by diversifying funding sources between committed credit facilities and through domestic and international bond issuances. The majority of funding is raised centrally through Carlsberg, which is currently rated Baa3 by Moody's Investors Service and BBB− by Fitch Ratings. A rating is not a recommendation to buy, sell or hold securities, or other endorsement of a company or its strategy, and may be subject to revision or withdrawal at any time.

Set out below is a summary of the Carlsberg Group's principal sources of borrowings as at March 31, 2008.

- Aggregate principal amount DKK 2.5 billion bonds issued by Carlsberg A/S in June 2004 and due in June 2009. The weighted average interest rate during the life of the bonds is 4.875%.
- Aggregate principal amount £250 million bonds issued by Carlsberg Finans A/S and guaranteed by Carlsberg Breweries and due in December 2011. The weighted average interest rate during the life of the bonds is 6.625%.
- Aggregate principal amount £200 million bonds issued by Carlsberg Finans A/S in February 1998 and guaranteed by Carlsberg Breweries in December 2004 and due in February 2013. The weighted average interest rate during the life of the bonds is 7%.
- A DKK 2.0 billion credit facility with Danske Bank due in February 2011 to Carlsberg A/S as borrower. The credit facility carries a floating rate of interest, which is determined on the basis of certain financial ratios.
- A €1.225 billion syndicated credit facility led by Danske Bank due in October 2012 to Carlsberg Breweries as borrower. The credit facility carries a floating rate of interest, which is determined on the basis of certain financial ratios.
- A €600 million syndicated credit facility led by Handelsbanken due in July 2009 to BBH as borrower, which may be extended for one year at the option of the Company. The loan carries a floating rate of interest determined on the basis of certain financial indicators.
- A €135 million cash pool facility with Nordea due in October 2012 to Carlsberg Breweries as borrower. The loan carries a floating rate of interest determined on the basis of certain financial indicators.
- A DKK 1.0 billion cash pool facility with Danske Bank to Carlsberg Breweries as borrower. The loan carries a floating rate of interest.

- A €100 million credit facility with Nordic Investment Bank due in December 2015 to BBH as borrower. The loan carries a floating rate of interest.
- A €200 million credit facility with ABN AMRO due in December 2008 to Baltika Brewery as borrower and with BBH as guarantor. The loan carries a floating rate of interest determined on the basis of certain financial indicators.

In addition to the above-listed facilities, the Carlsberg Group maintains certain loans at the subsidiary level in an aggregate outstanding amount of DKK 3.5 billion as at March 31, 2008.

Mortgages

- A DKK 1.25 billion mortgage with Nordea Kredit to Carlsberg Danmark A/S as borrower. The mortgage was issued in November 2007 and matures in 2017 and 2027, respectively. The mortgage carries a floating rate of interest.
- A DKK 198 million mortgage with Nykredit to Carlsberg Danmark A/S as borrower. The mortgage matures in January 2010. The rate of interest is 6.47%.
- A DKK 371 million mortgage with Realkredit Danmark to Carlsberg A/S as borrower. The mortgage was issued in December 2007 with expiry in December 2037. The rate of interest has been swapped to a fixed rate of 4.7%.
- A DKK 210 million mortgage with Realkredit Danmark to Carlsberg A/S as borrower. The mortgage was issued in June 2006 and matures in 2011. The rate of interest has been swapped to a floating rate.
- A DKK 153 million mortgage with Nykredit to Carlsberg A/S as borrower. The mortgage was issued in June 2006 and matures in 2011. The rate of interest has been swapped to a floating rate.

Set out below is a summary of the Carlsberg Group's sources of borrowings related to the Acquisition. These facilities are made to Carlsberg Breweries as borrower and with Carlsberg A/S as guarantor. See "Part F—Financial Information—Unaudited Pro Forma Financial Information" for additional information regarding the Acquisition and its financing as well as the expected impact of the use of proceeds from this Offering on the Carlsberg Group's principal borrowings.

New Bridge Facility

- €3.8 billion 364-day facility funded by BNP Paribas, Danske Bank A/S, Lehman Commercial Paper Inc. (UK Branch) and Nordea Bank AB (publ), of which €3.8 billion was drawn at the completion of the Acquisition. The facility is due and is expected to be repaid upon completion of the Offering. The loan carries a floating rate of interest.

New Term Loan Facility "A"

- €260 million 364-day Term Loan A funded by BNP Paribas, Danske Bank A/S, Lehman Commercial Paper Inc. (UK Branch) and Nordea Bank AB (publ), of which €260 million was drawn at the completion of the Acquisition. The facility is expected to be repaid in part upon completion of the Offering. The loan carries a floating rate of interest.

New Revolving Loan Facility

- €977 million 5-year revolving credit facility funded by a syndicate led by BNP Paribas, Danske Bank A/S, Lehman Commercial Paper Inc. (UK Branch) and Nordea Bank AB (publ), of which €630 million was drawn at the completion of the Acquisition. Loans may be drawn up to October 2012 and the facility is due in October 2012. The loan carries a floating rate of interest determined on the basis of certain financial indicators.

New Term Loan Facility "B"

- €1.3 billion 3-year Term Loan B funded by a syndicate led by BNP Paribas, Danske Bank A/S, Lehman Commercial Paper Inc. (UK Branch) and Nordea Bank AB (publ), of which €1.3 billion was drawn at the completion of the Acquisition. The facility is due in October 2010. The loan carries a floating rate of interest determined on the basis of certain financial indicators.

New Term Loan Facility "C"

- €977 million 5-year Term Loan C funded by a syndicate led by BNP Paribas, Danske Bank A/S, Lehman Commercial Paper Inc. (UK Branch) and Nordea Bank AB (publ), of which €977 million was drawn at the completion of the Acquisition. The facility is due in October 2012. The loan carries a floating rate of interest determined on the basis of certain financial indicators.

Capital Expenditures

In 2005, 2006 and 2007, the Carlsberg Group had aggregate operating capital expenditures (investments in beverage activities) of DKK 11.1 billion. The Carlsberg Group's capital expenditures of DKK 3.0 billion in 2005 and DKK 3.2 billion in 2006 consisted primarily of investments attributable to restructuring in relation to the closure of breweries in Western Europe, in particular the closure of industrial production facilities in Copenhagen, Denmark and Sinebrychoff, Finland.

The Carlsberg Group's capital expenditures of DKK 4.9 billion in 2007 consisted primarily of investments attributable to optimizing brewery production capacity, particularly in Denmark, Finland and Italy as a result of brewery closures, and the expansion and upgrade of existing breweries, including the decommissioning of the brewery in Ceccano and consolidating production in Italy at the Varese brewery, north of Milan. In addition, BBH made substantial investments in new production capacity in Russia, the Ukraine and Uzbekistan, as well as expanding and upgrading existing breweries. The Carlsberg Group continued to invest in Asia, including: purchasing a brewery in Himachai Pradesh, north of New Delhi, India; constructing a brewery in Phu Bai, Vietnam; entering into a joint venture with Hanoi Beer & Beverage Corp. in the Southern province of Vung Tau; and acquiring a majority interest in Lao Soft Drink Co. Ltd. in Laos.

In addition, the Carlsberg Group had other capital expenditures (outside the beverage activities) of DKK 0.2 billion in 2005, DKK 0.4 billion in 2005 and DKK 0.7 billion in 2007, principally in connection with the development of the former brewery site at Tuborg.

The Carlsberg Group expects that its capital expenditures in 2008 will increase slightly relative to amounts spent in 2007. The most significant capital expenditures in 2008 are expected to relate to real estate development activities (namely in respect of the Tuborg development), investments related to production and logistics resulting from closure of the Valby production facility, a new brewery and capacity expansion project in Russia and concentration and upgrade of the Varese production facility in Italy.

Off Balance Sheet Arrangements

The Carlsberg Group does not generally enter into off balance sheet arrangements in the normal course of its business. The Carlsberg Group currently has in place three trade receivables financing facilities pursuant to which the Carlsberg Group effectively transfers receivables from selected customers located in the United Kingdom, Sweden and Finland to banks at the invoice date/date of delivery. The purpose of these facilities is to optimize the Carlsberg Group's working capital. These arrangements are non-recourse and, accordingly, do not appear on the Carlsberg Group's balance sheet as they are accounted for as true sales of trade receivables under legal and accounting principles.

Contractual Obligations and Commercial Commitments

The following table sets forth the Carlsberg Group's contractual obligations and commercial commitments as at March 31, 2008:

	Payments due by period			
Contractual Obligations and Commercial Commitments	**Total**	**Less than 1 year**	**1-5 years**	**More than 5 years**
		(DKK million)		
Long-Term Debt Obligations	22,086	—	18,236	3,850
Capital Lease Obligations	67	23	44	—
Operating Lease Obligations	1,191	361	583	247
Purchase Obligations	972	972	—	—
Other Long-Term Liabilities	746	391	—	355
Total	25,062	1,747	18,863	4,452

Quantitative and Qualitative Disclosure about Market Risk

The Carlsberg Group is exposed to a variety of financial risks, which primarily relate to the effects of changing foreign currency exchange rates and interest rates. Group Treasury policies seek to manage and hedge financial risk according to the written practices provided by the Board of Directors. Group Treasury operates as a service center and carries out financial risk management for subsidiaries centrally. The risk perception for Group Treasury is to actively manage and hedge the financial risk according to the parameters set forth below.

For further information on the Carlsberg Group's market risks and the ways in which the Carlsberg Group attempts to manage them, see note 35 to the consolidated financial statements as at and for the years ended December 31, 2006 and 2007 of Carlsberg in Part F of this Offering Circular.

Foreign Exchange Rate Risk

The Carlsberg Group operates internationally and is exposed to various forms of foreign exchange rate risk.

Foreign exchange impact on operating profit

The large majority of the Carlsberg Group's net revenue and the operating profit are generated from non-Danish Group entities whose results must be translated into Danish kroner, the Company's reporting currency. Carlsberg does not hedge the exchange rate risk related to revenues or earnings in foreign currencies, but does, in certain cases, hedge dividends received in foreign currency. The Carlsberg Group is mainly exposed to risks relating to the euro, the Russian ruble, the British pound sterling, the Swiss franc, the Norwegian kroner and the Swedish kroner.

Net investment in foreign subsidiaries

The Carlsberg Group's investments in foreign subsidiaries expose the Carlsberg Group's capital and reserves to currency translation risk. In a number of instances the Carlsberg Group hedges the currency exposure from the translation of net investments through borrowings denominated in the relevant foreign currencies or by forward exchange contracts. Group Treasury manages the Carlsberg Group's debt and seeks to minimize the translation effect to the Carlsberg Group's equity by proportionately matching Group borrowing in the currencies in which the Carlsberg Group's investments are made.

Interest Rate Risk

Interest rate exposure is expressed as the duration on the net debt as well as the percentage of fixed interest compared to the net debt. The most significant interest rate exposure in the Carlsberg Group relates to interest-bearing debt, since the Carlsberg Group did not hold any significant long-term interest-bearing assets as at March 31, 2008.

The loan portfolio consists of listed bond loans, mortgage loans, bilateral loan agreements and syndicated credit facilities. As at March 31, 2008, net interest-bearing debt amounted to DKK 22.7 billion.

The management of the interest rate exposure involves the use of interest rate instruments such as interest rate swaps as well as fixed and floating rate debt. The Carlsberg Group's policy is to maintain a duration between 1 and 5 years measured on the Carlsberg Group's Net Interest Bearing Debt (Net debt less interest bearing assets). At March 31, 2008, 43% of the loan portfolio was at floating rates after the effect of interest rate instruments. The average duration on the debt portfolio was 1.5 years as at March 31, 2008.

The Carlsberg Group's weighted average effective interest rate at March 31, 2008 was 6.12% for its outstanding bonds. The total weighted average interest rate of all borrowings as at March 31, 2008 was 5.3%.

Based on a percentage of floating rate debt of 43%, an increase in short-term interest rates of one percentage point will increase annual net interest by approximately DKK 100 million, based on indebtedness at March 31, 2008. This movement would increase to approximately DKK 350 million after the Acquisition. Accordingly, the Carlsberg Group's exposure to changes in interest rates will increase substantially.

As at the date of this Offering Circular, the majority of the Carlsberg Group's debt is in euro, Danish kroner and British pounds sterling.

Credit Risk

Credit exposure is the risk that a counterparty will fail to discharge its contractual obligation and thereby cause a loss to the Carlsberg Group.

The Company monitors the financial counterparty risk for itself and its subsidiaries centrally. Group Treasury policies seek to ensure that financial transactions can be entered into only with financial institutions that have a credit rating of A or above unless otherwise approved by the Executive Board. 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 on to a risk-weighted nominal amount of the derivative.

Under certain circumstances, the Carlsberg Group advances loans to customer in the on-trade, which is common practice in a number of countries, including the UK, Germany and Switzerland. Long-term loans in the Carlsberg Group of DKK 960 million at March 31, 2008 (of which DKK 578 million is interest-bearing) primarily relate to such advances to customers in the three above-mentioned countries. Credit risk related to trade loans is monitored and controlled continuously and it is estimated that provisions made are sufficient to cover bad debts. Ordinary receivables are subject to similar monitoring and control.

Liquidity Risk

Liquidity risk is the risk that the Carlsberg Group fails to discharge its contractual obligations due to a liquidity shortfall. The Carlsberg Group pursues a policy of managing, funding and placing liquid funds centrally. Funding takes place based on the subsidiaries' investment plans and operational liquidity requirements, and any excess liquidity is equalized internally through intra-group accounts and cash pools. Group Treasury is charged with carrying out effective liquidity planning, which principally means the availability of adequate credit facilities and maintaining capital resources at sufficient levels. At March 31, 2008, the Carlsberg Group had unutilized committed credit facilities of DKK 3.1 billion. As at May 7, 2008, the Carlsberg Group had unutilized committed credit facilities of DKK 5.7 billion.

Raw Material Risk

The Carlsberg Group's primary raw material risks relate to the purchase of aluminum, malt and energy. The Carlsberg Group hedges this risk through financial contracts or fixed-price agreements with suppliers. In addition, the Carlsberg Group also hedges increases in the settlement currency for aluminum, the US dollar, compared to the local currency in the country where the cans are used.

Critical Accounting Policies and Estimates

In the preparation of the financial statements in accordance with IFRS, as adopted by the EU, Management makes a number of estimates and judgments and forms assumptions and assessments that affect, among other things, the recognition and measurement of assets and liabilities and the disclosure of contingent liabilities at the balance sheet date and the recognition and measurement of revenue and costs during the periods presented. See note 1 "Significant accounting estimates and judgments" and note 40 "Accounting Policies" to the consolidated financial information for 2007 in Part F of this Offering Circular.

Operating and Financial Review for BBH (100%)

Prospective investors should read the following operating and financial review in conjunction with BBH's consolidated financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 and the unaudited condensed consolidated financial statements as at and for each of the three month periods ended March 31, 2007 and 2008 and the notes thereto as well as other information included elsewhere in this Offering Circular, including note 1, "Significant accounting estimates and judgments" and note 35 "Accounting Policies" to the consolidated financial statements for BBH for each of the years ended December 31, 2005, 2006 and 2007.

This operating and financial review contains forward-looking statements that reflect current views of Management and involve risks and uncertainties. BBH's actual results of operation and cash flows may differ materially from those discussed in forward-looking statements as a result of factors, including those described under "Risk Factors" and "General Information—Special Notice Regarding Forward-Looking Statements" elsewhere in this Offering Circular.

Overview of Business

BBH is a leading brewer in Russia, the Ukraine, the Baltic countries and Kazakhstan. BBH produces, markets and distributes high-quality beer to the local markets of these countries, with a focus on building strong local brands. BBH's beer portfolio includes well-known brands such as *Baltika*, considered by Management to be the premier beer in Russia and the second leading beer brand in Europe as measured by Gross Beer Volume; other leading Russian brands, including *Yarpivo, Arsenalnoye* and *Nevskoye*; and the Ukrainian brands *Slavutich* and *Lvivske*. The *Baltika* brand, in particular, holds a strong position in all BBH markets. To complement the local and national brand portfolios, BBH brews and locally distributes international and regional beer brands under license, including *Carlsberg*, *Tuborg* and *Kronenbourg 1664*. BBH owns 21 breweries, eleven of which are in Russia, four in the Baltic countries, three in the Ukraine, one in Uzbekistan, one in Kazakhstan and one in Belarus (30% owned). BBH also produces and distributes soft drinks, mineral water, energy drinks and other non-beer beverages.

Principal Factors Affecting Results of Operations

Management believes that the factors discussed below have significantly affected or may in the future significantly affect BBH's business, results of operations, cash flows and financial condition.

General Economic Conditions in Eastern Europe, Particularly Russia

BBH's results of operations are affected by the general economic conditions in the regions in which it operates, in particular Russia. Management believes that beer and soft drink consumption, and in particular the consumption of higher-margin beer products, is closely linked to general economic conditions, tending to rise in markets during periods of increasing per capita income and tending to fall during periods of declining per capita income. Management also believes that beer consumption generally increases or decreases in accordance with changes in disposable income. In 2007, BBH derived approximately 86% of total operating profit and 79% of sales volumes from the Russian market, and BBH's growth trend has been driven in large part from this market. BBH's volume growth in Russia in recent years has been affected by positive trends in the Russian economy, such as an increase in gross domestic product, a relatively stable Russian ruble, a reduced rate of inflation and positive capital and current account balances. Similarly, BBH's expectation of future growth of its operations and new investments in the Ukraine, Kazakhstan, Uzbekistan and Belarus is predicated, in part, upon the region's general economic growth.

Investment Activities

BBH is currently pursuing an investment strategy that focuses upon volume growth through penetration of new markets and the introduction of new brands. BBH uses significant resources in connection with such investments; however returns may be realized over a number of years rather than immediately and may be lower than expected when realized. Over the past few years, BBH has made significant investments in capacity expansion projects in Russia to meet expected increases in consumption levels. In connection with efforts to increase beer volumes and the number of distribution channels in strategic locations in Russia and other markets, BBH also invests in the purchase, installation and maintenance of coolers for placement in vendor kiosks across the country. These coolers carry only BBH beverages and keep them cold for immediate consumption.

In 2005, BBH renovated and expanded production capacity of a brewery in Almaty, Kazakhstan. In 2006, BBH commenced efforts to establish new breweries in Tashkent, Uzbekistan and in Novosibirsk, Western Siberia, the former of which became fully operational in 2007 and the latter of which is expected to become fully operational during 2008. BBH also successfully launched *Baltika Cooler* in Russia in 2006. In 2007, BBH purchased a minority interest in the Olivaria Brewery in Belarus (with an option to acquire a majority interest), launched *DLIGHT*, a new premium light beer, in the Baltic states of Estonia, Latvia and Lithuania and relaunched the *Slavutich* brand in Ukraine, in addition to carrying out other innovations within both beer and non-beer beverages in the Baltic states and Ukraine. In the future, BBH intends to continue to make investments in production capacity, infrastructure and logistics, as well as in product development to respond to changing consumer trends, the effectiveness of which will significantly impact BBH's business, results of operations, cash flows and financial condition.

Availability and Pricing of Raw Materials and Packaging

As in the case of the Carlsberg Group, availability and pricing of raw materials and packaging, and the foreign exchange rates that impact these, may significantly affect the business, results of operations, cash flow and financial condition of BBH. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Principal Factors Affecting Results of Operations—Availability and Pricing of Raw Materials and Packaging" and "Currency Exchange Rates."

Market and Product Mix

BBH's results and profitability are influenced by the regional market of its sales as well as brand and product mix. Sales of different brands and products within the BBH portfolio carry different margins, depending on the market in which they are sold and the nature or branding of the product. Similarly, sales of local beer brands generally carry lower margins than premium beer brands because some consumers are willing to pay higher prices for national and international brands such as *Tuborg* and *Carlsberg*. Accordingly, BBH's business strategy includes a focus on strengthening its premium beer segment in order to optimize value growth and build strong beer brands through brand development, innovation and marketing. Over the past few years, the Carlsberg Group has incrementally increased its marketing spend, particularly with regard to premium and international beers such as *Baltika*, *Tuborg* and *Carlsberg*.

In addition, BBH's results from period to period are affected by the phase of development of BBH's new beer and beverage products. In connection with any new product, BBH typically must expend significant costs in the marketing and development of the product. Even after the launch of a new product, it may fail to gain market acceptance or generate significant profits. Margins may also vary on the basis of the type of packaging of a particular beverage. BBH's results may fluctuate from period to period based upon the proportion of sales volume represented by higher-margin or lower-margin products.

Seasonality and Weather Conditions

Sales of BBH beer and other beverages have historically been higher in the summer months of May to August. Adverse weather conditions during peak summer months, including unusually cold or rainy periods, may adversely affect operating income and cash flow and could therefore have an adverse impact on BBH's operating results for the entire year. Conversely, uncharacteristically mild winters or prolonged periods of warm weather can cause increases in volumes (to the extent temperatures do not exceed certain levels, at which time consumers will substitute beer with alternate beverages, primarily water) and have a positive impact on operating results for the year. For example, Management believes that unseasonably mild weather in Russia in the winter of 2006/07 had a positive effect on sales. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Carlsberg Group's products, reducing the Carlsberg Group's consolidated net revenue, results of operations and cash flows."

Currency Exchange Rates

BBH's reporting currency is the euro (though financial information in this Offering Circular for BBH has been translated and presented in DKK), however, a substantial portion of BBH's assets, liabilities, revenues and costs are denominated in non-euro currencies, primarily Russian rubles. In addition, BBH incurs certain costs in dollars and euros. As a result, BBH is exposed to fluctuations in the values of the Russian ruble and, to a lesser extent, other foreign currencies, such as the US dollar and Swedish kroner, in its consolidated financial statements. BBH does not actively hedge the exchange rate risk relating to its revenues and earnings. Nevertheless, currency fluctuations can have a significant impact on BBH's business, results of operations, cash flows and financial condition. In particular, the appreciation of the euro relative to the Russian ruble would decrease the euro value of results of operations (including net revenue), cash flows and assets and liabilities that maintain their financial accounts in ruble, even if BBH's results of operations or the value of those assets and liabilities has not changed in their original currency. These translations may affect the comparability of BBH's results between financial periods or result in changes to the carrying value of BBH's assets and liabilities.

BBH's borrowings are denominated in a number of currencies, including the euro, US dollar, Swedish kroner and Russian ruble. BBH generally assumes debt in euros and other foreign currencies rather than the functional currency of the relevant borrower, without the foreign exchange risk being hedged, because the high interest rate of borrowing in the local currency, particularly Russian rubles is often significantly higher than borrowing in euros or other foreign currencies and justifies the foreign exchange risk. In 2005, BBH's US dollar-denominated borrowings led to increased finance expenses in connection with appreciation of the US dollar. For further information regarding the effects of currency exchange rates when BBH's financial results are fully consolidated with those of the Carlsberg Group, see "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Principal Factors Affecting Results of Operations—Currency Exchange Rates."

Restructuring Initiatives and Excellence Programs

In 2005 and 2006, BBH carried out a series of mergers of the legal entities owning its breweries in Russia. These mergers enabled BBH to integrate operations, reduce transportation costs, eliminate excess capacity and generally optimize its production and distribution network in Russia. Management believes that these mergers created commercial synergies that have led to increased operating profit in subsequent periods. Further benefits of the mergers may not be realized immediately, but rather over a number of years and may be lower than anticipated when realized. BBH continues to have minority shareholders in the merged subsidiary, Baltika Brewery. While BBH has generally benefited from a good relationship with the minority interest holders of Baltika Brewery, such holders may have views differing from those of management regarding what is in the best interests of BBH and may limit or seek to limit BBH's flexibility to take certain business decisions, either through shareholder approval requirements or otherwise.

Following the Acquisition, the Carlsberg Group intends to undertake a series of initiatives to improve BBH's efficiency, streamline operations and reduce complexity in its business through the implementation of certain Excellence Programs. Currently, BBH is implementing Commercial Excellence Programs in the Baltic States and Russia that focus on achieving an improved product mix and greater efficiency of marketing resources. In addition, BBH and Carlsberg intend to pursue cost synergies in procurement and production, among others, upon completion of the Acquisition with the objective of attaining significant commercial synergies. The success of the Excellence Programs in reducing costs and increasing margins, the effectiveness of proposed commercial synergies and the extent to which BBH continues to engage in such restructuring initiatives will affect BBH's business, result of operations, cash flows and financial condition.

Competition and Market Share

The global brewing and beverage industry is intensely competitive, rapidly evolving and undergoing consolidation. Many companies are engaged in manufacturing and distributing beer and non-beer beverages, and BBH's competitors include local, regional and international brewers. BBH's results of operations will depend upon its ability to maintain or increase its market share and effectively compete against other industry participants.

In recent years, BBH has implemented an investment strategy to generate faster growth and strengthen BBH's competitive position. These initiatives involve investments in production capacity, infrastructure and logistics, in addition to sales optimization and targeted marketing. As a result, BBH continues to expand and strengthen its position in Russia, achieving increased market share over the past few years. BBH has also achieved greater market share in a number of other countries, including Kazakhstan, the Ukraine and the Baltic States.

In order to maintain its competitive advantage and improve its market position, BBH must continue to employ modern sales and marketing tools, respond quickly to new consumer trends and implement other innovative business strategies. In 2005 and 2006, the successful merger of the legal entities holding its

Russian breweries was completed, further consolidating BBH's market leadership position in Russia. Due to the significant growth prospects in Eastern Europe as a result of consumption trends and generally favorable economic conditions, competition may intensify in the future. Favorable market conditions have attracted a number of the world's largest breweries into Russia, in particular. BBH may be unable to compete successfully against its current or future competitors, which may result in price reductions, reduced margins, reduced market share or the inability to achieve market acceptance of BBH's current or future products.

Discussion of Principal Income Statement Items

The extracted BBH financial information presented herein has been presented in conformity with the Carlsberg Group's accounting principles. For additional information regarding the principal line items of BBH's income statement, see "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Discussion of Principal Income Statement Items."

Results of Operations

The following table shows selected line items from BBH's selected financial information, for the periods indicated, as a percentage of net revenue.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
		(% of net revenue)			
Net revenue	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cost of sales	(49.6)	(46.7)	(48.3)	(51.4)	(54.5)
Gross profit	50.4	53.3	51.8	48.6	45.5
Operating expenses	(30.3)	(30.6)	(29.3)	(30.4)	(32.0)
Other operating income (expenses), net	(0.1)	—	(0.1)	—	0.4
Share of profit after tax, associates	—	—	—	—	—
Operating profit before special items	20.0	22.7	22.4	18.1	13.9
Special items, net	(0.7)	0.0	—	—	—
Operating profit	19.4	22.7	22.4	18.1	13.9
Financial expense, net	(3.3)	(0.8)	(1.7)	(2.2)	(2.0)
Corporation tax	(4.6)	(6.0)	(6.3)	(6.5)	(4.3)
Consolidated profit	**11.5**	**16.0**	**14.4**	**9.4**	**7.6**

The following table sets forth selected sales volumes for the periods indicated below:

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
			(million hl)		
Gross Beer Volume	39.9	44.2	54.1	10.1	10.8
Gross Non-beer Volume	1.6	1.7	2.3	0.4	0.5

Comparison of the Three Months Ended March 31, 2007 and 2008

Net Revenue

Net revenue increased by 15.5% from DKK 3.7 billion for the three months ended March 31, 2007 to DKK 4.2 billion for the three months ended March 31, 2008. This increase was primarily attributable to volume growth in Russia, particularly among premium and international brands, notwithstanding the absence of positive effects in Russia resulting from the mild winter of 2006/07 for the three months ended March 31, 2007. To a lesser extent, the increase also reflects volume growth in most other markets and a positive effect of improved pricing and product mix.

Cost of Sales

Cost of sales increased by 22.3% from DKK 1.9 billion for the three months ended March 31, 2007 to DKK 2.3 billion for the three months ended March 31, 2008. This increase was primarily attributable to volume growth and an increase in the price of raw materials, particularly malt, the price of which increased significantly over 2007 levels.

Gross Profit

Reflecting the above factors, gross profit increased by 8.3% from DKK 1.8 billion for the three months ended March 31, 2007 to DKK 1.9 billion for the three months ended March 31, 2008. Gross margin decreased from 48.6% for the three months ended March 31, 2007 to 45.5% for the three months ended March 31, 2008. Increased cost of sales was not fully offset by increases in the average sales price of BBH's products during the period.

Operating Expenses

Operating expenses increased by 21.4% from DKK 1.1 billion for the three months ended March 31, 2007 to DKK 1.4 billion for the three months ended March 31, 2008. This increase was primarily attributable to increased distribution costs in connection with price increases for use of the Russian railways, as well as increased sales expenses due to increased depreciation, primarily in relation to coolers. Higher personnel expenses in connection with increased sales teams in Uzbekistan and the Ukraine also contributed to the increase in operating expenses. Increased volumes due to the mild winter in 2006/07 decreased operating expenses on a per unit basis during the three months ended March 31, 2007.

Other Operating Income (Expenses), Net

Other operating income, net, increased to DKK 15 million for the three months ended March 31, 2008. BBH did not have any other operating income or expenses, net for the three months ended March 31, 2007. This increase was primarily attributable to gains on the sale of tangible assets.

Operating Profit before Special Items

Reflecting the above factors, operating profit before special items decreased by 11.3% from DKK 0.7 billion for the three months ended March 31, 2007 to DKK 0.6 billion for the three months ended March 31, 2008. Operating margin decreased from 18.2% for the three months ended March 31, 2007 to 13.9% for the three months ended March 31, 2008.

Financial Expense, Net

Financial expense, net, increased by 5.0% from DKK 80 million for the three months ended March 31, 2007 to DKK 84 million for the three months ended March 31, 2008. This increase was primarily attributable to higher interest payments and smaller gains on foreign exchange.

Corporation Tax

Corporation tax decreased from DKK 239 million for the three months ended March 31, 2007 to DKK 181 million for the three months ended March 31, 2008. This decrease was primarily attributable to the development of earnings.

Consolidated Profit

Reflecting the above factors, BBH's consolidated profit decreased by 6.1% from DKK 346 million for the three months ended March 31, 2007 to DKK 325 million for the three months ended March 31, 2008.

Comparison of the Years Ended December 31, 2006 and 2007

Net Revenue

Net revenue increased by 31.2% from DKK 15.9 billion for the year ended December 31, 2006 to DKK 20.9 billion for the year ended December 31, 2007. Gross Beer Volume sold by BBH increased by 22.3% from 44.2 million hl for the year ended December 31, 2006 to 54.1 million hl for the year ended December 31, 2007. The increase in net revenue was primarily attributable to volume growth, as well as an improved product mix, which was partially offset by adverse exchange rate movements. Among other things, the trend reflected strong sales growth in Russia (as a result of growth in the Russian beer market and growth in BBH's share of this market) reflecting the positive effects of increased demand for beer as a result of disruptions to the supply of wines and spirits to the off-trade market and mild weather in the winter of 2006/07, although the rate of growth was more moderate during the second half of 2007. To a lesser extent, the increase reflected greater sales volumes in other markets.

Cost of Sales

Cost of sales increased by 35.5% from DKK 7.4 billion for the year ended December 31, 2006 to DKK 10.1 billion for the year ended December 31, 2007. This increase was primarily attributable to greater raw material costs in connection with general volume growth as well as price increases in raw materials, such as the price of malt, the price of which increased substantially during 2007 over 2006 levels.

Gross Profit

Reflecting the above factors, gross profit increased by 27.4% from DKK 8.5 billion for the year ended December 31, 2006 to DKK 10.8 billion for the year ended December 31, 2007. Gross profit margin decreased from 53.3% for the year ended December 31, 2006 to 51.7% for the year ended December 31, 2007. Higher input costs were partially offset by an increase in the average sale price of BBH products.

Operating Expenses

Operating expenses increased by 25.5% from DKK 4.9 billion for the year ended December 31, 2006 to DKK 6.1 billion for the year ended December 31, 2007. This increase was primarily attributable to increased marketing expenses, primarily in Russia, and increased logistics costs as a result of volume growth and greater distribution expenses in Russia. Sales expenses and administration costs also increased.

Other Operating Income (Expenses), Net

Other operating expenses, net, increased from DKK 1 million for the year ended December 31, 2006 to DKK 16 million for the year ended December 31, 2007. This increase was primarily attributable to greater net losses on disposal of other property, plant and equipment and intangible assets.

Operating Profit before Special Items

Reflecting the above factors, operating profit before special items increased by 29.6% from DKK 3.6 billion for the year ended December 31, 2006 to DKK 4.7 billion for the year ended December 31, 2007. Operating margin was largely unchanged at 22.7% for the year ended December 31, 2006 and 22.4% for the year ended December 31, 2007.

Financial Expense, Net

Financial expense, net increased from DKK 0.1 billion for the year ended December 31, 2006 to DKK 0.4 billion for the year ended December 31, 2007. This increase was primarily attributable to increased net interest-bearing debt and an increase in variable interest rates in 2007, as well as smaller foreign exchange gains.

Corporation Tax

Corporation tax increased from DKK 0.9 billion for the year ended December 31, 2006 to DKK 1.3 billion for the year ended December 31, 2007. This increase was primarily attributable to the development of earnings. BBH's effective tax rates for the years ended December 31, 2006 and 2007 were 25.1% and 30.6%, respectively.

Consolidated Profit

Reflecting the above factors, BBH's consolidated profit increased by 18.1% from DKK 2.5 billion for the year ended December 31, 2006 to DKK 3.0 billion for the year ended December 31, 2007.

Comparison of the Years Ended December 31, 2005 and 2006

Net Revenue

Net revenue increased by 21.1% from DKK 13.1 billion for the year ended December 31, 2005 to DKK 15.9 billion for the year ended December 31, 2006. This increase was primarily attributable to increased sales volumes and, to a lesser extent, higher average beer prices. Gross Beer Volume sold increased by 10.7% from 39.9 million hl for the year ended December 31, 2005 to 44.2 million hl for the year ended December 31, 2006. The Russian beer market demonstrated significant volume growth and improved market share, including particular growth in the third quarter of the year ended December 31, 2006 as a result of increased demand for beer during a period of non-recurring disruptions in the supply of wines and spirits to the off-trade market. Uncharacteristically mild weather in the fourth quarter of 2006 also may have contributed to higher sales in Russia.

Cost of Sales

Cost of sales increased by 14.1% from DKK 6.5 billion for the year ended December 31, 2005 to DKK 7.4 billion for the year ended December 31, 2006. This increase was primarily attributable to greater raw material costs in connection with general volume growth and increased fixed costs and depreciation. In addition, BBH experienced cost savings in 2006 due to the mergers of BBH's subsidiaries in Russia, which was effected to optimize manufacturing operations, among other factors.

Gross Profit

Reflecting the above factors, gross profit increased by 28.0% from DKK 6.6 billion for the year ended December 31, 2005 to DKK 8.5 billion for the year ended December 31, 2006. Gross profit margin increased from 50.4% for the year ended December 31, 2005 to 53.3% for the year ended December 31, 2006 as a result of improved product mix and synergies from the mergers in Russia.

Operating Expenses

Operating expenses increased by 22.3% from DKK 4.0 billion for the year ended December 31, 2005 to DKK 4.9 billion for the year ended December 31, 2006. This increase was primarily attributable to greater marketing expenses in all markets and increased distribution costs as a result of oil and gas price increases. In 2006, BBH increased investments in its marketing and sales force.

Other Operating Income (Expenses), Net

Other operating expenses, net, decreased from DKK 16 million for the year ended December 31, 2005 to DKK 1 million for the year ended December 31, 2006. This decrease was attributable to smaller net losses on disposal of other property, plant and equipment and intangible assets.

Operating Profit before Special Items

Reflecting the above factors, operating profit before special items increased by 37.2% from DKK 2.6 billion for the year ended December 31, 2005 to DKK 3.6 for the year ended December 31, 2006. Operating margin increased from 20.0% for the year ended December 31, 2005 to 22.7% for the year ended December 31, 2006.

Special Items, Net

Special items, net, increased from a loss of DKK 88 million for the year ended December 31, 2005 to a gain of DKK 5 million for the year ended December 31, 2006. The loss for the year ended December 31, 2005 related largely to redundancy costs in Sweden, consultancy costs and the cancellation of distributor contracts.

Financial Expense, Net

Financial expense, net decreased from DKK 0.4 billion for the year ended December 31, 2005 to DKK 0.1 billion for the year ended December 31, 2006. This decrease was primarily attributable to foreign exchange gains, as compared to significant currency exchange losses in 2005 in connection with US dollar denominated borrowings, and to a lesser extent, greater interest expenses.

Corporation Tax

Corporation tax increased from DKK 0.6 billion for the year ended December 31, 2005 to DKK 0.9 billion for the year ended December 31, 2006. This increase was primarily attributable to the development of earnings. BBH's effective tax rates for the years ended December 31, 2005 and 2006 were 28.4% and 25.1%, respectively.

Consolidated Profit

Reflecting the above factors, BBH's consolidated profit increased by 66.6% from DKK 1.5 billion for the year ended December 31, 2005 to DKK 2.5 billion for the year ended December 31, 2006.

Liquidity and Capital Resources

Overview

BBH's primary uses of funds are costs relating to marketing, wages and transportation, raw materials, energy, capital expenditures relating to the expansion and establishment of beer and beverage production and distribution facilities, interest payments on borrowings and debt principal repayments, dividend payments, tax payments and, occasionally, acquisition of companies and minority interests.

BBH's principal sources of liquidity are cash flow from operations and bank borrowings. BBH independently had short term bank deposits and other liquid assets of DKK 1.2 billion and had unused credit lines of approximately DKK 0.6 billion, out of total available credit lines of DKK 10.4 billion, in addition to liquidity available to it through the Carlsberg Group as a whole. In February, 2008 BBH shareholders approved a dividend payment of DKK 1.4 billion in relation to 2007 and payable in 2008, and its Russian subsidiary recently completed a share buyback program. BBH's financing arrangements are described below under "—Description of BBH's Borrowings." BBH's treasury policy has been formulated by its board of directors with the intent to provide cost effective financing and minimize the negative effects of fluctuations in exchange rates. BBH's financial transactions and risks are managed centrally by BBH AB locally by BBH's subsidiaries. Cash and cash equivalents consist of short term deposits and other highly liquid investments with a maturity of less than three months.

Cash Flows

The table below summarizes BBH's sources and uses of funds for each of the years ended December 31, 2005, 2006 and 2007 and for each of the three months ended March 31, 2007 and 2008.

	Year Ended December 31,			Three Months Ended March 31,	
	2005	2006	2007	2007	2008
			(DKK million)		
Cash flow from/(used in) operating activities	2,920	3,581	4,062	868	373
Cash flow from/(used in) investing activities	(1,400)	(2,211)	(4,094)	(1,091)	(1,048)
Cash flow from/(used in) financing activities	(653)	(745)	(1,342)	146	388
Net cash flow	867	625	(1,374)	(77)	(287)

Cash Flow From (Used In) Operating Activities

BBH generated cash flow from operating activities of DKK 0.9 billion and DKK 0.4 billion for the three months ended March 31, 2007 and 2008, respectively. The decreased levels of cash generated during the three months ended March 31, 2008 as compared to the three months ended March 31, 2007 primarily reflected negative movements in working capital of DKK 0.5 billion relating to increased inventories and higher trade receivables due to day sales outstanding. Increased inventories during the three months ended March 31, 2008 were a result of efforts to secure supplies by increasing amounts of input materials consistent with the growth of BBH's business.

BBH generated cash flow from operating activities of DKK 2.9 billion, DKK 3.6 billion and DKK 4.1 billion in 2005, 2006 and 2007, respectively. The higher levels of cash generated from operations in 2007 as compared to 2006 primarily reflected higher operating profit, partially offset by higher tax and interest as well as negative movements in working capital relating to increased and more costly inventory and increased trade receivables in line with growth of the business. The higher levels of cash generated from operations in 2006 as compared to 2005 primarily reflected higher operating profit and lower interest expenses, partially offset by higher tax payments and negative movements in working capital due to the prepayment of certain costs.

Cash Flow From (Used In) Investing Activities

Cash flow used in investing activities was DKK 1.1 billion and DKK 1.0 billion in the three months ended March 31, 2007 and 2008, respectively. The principal components of BBH's investing activities for each of the three months ended March 31, 2007 and 2008 were acquisition of property, plant and equipments and intangible assets.

Cash flow used in investing activities was DKK 1.4 billion, DKK 2.2 billion and DKK 4.1 billion in 2005, 2006 and 2007, respectively. The increase in cash flow used in investing activities from 2006 to 2007 consisted primarily of investments in acquisitions of property, plant and equipment relating to capacity expansion projects in most markets, including the Novosibirsk brewery project, the Samara brewery expansion project and a greenfield venture in Uzbekistan, as well as the purchase of trade equipment in Russia. The increase in cash flow used in investing activities from 2005 to 2006 consisted primarily of investment in acquisitions of property, plant and equipment relating to capacity expansion projects in Russia and, to a lesser extent, Kazakhstan, as well as purchases of sales equipment in Russia and the Ukraine.

Net Cash From (Used In) Financing Activities

Cash flow from financing activities was DKK 146 million and DKK 388 million for the three months ended March 31, 2007 and 2008, respectively. The principal movements of BBH's financing activities in the three months ended March 31, 2008 compared to the three months ended March 31, 2007 consisted of increased bank borrowings of DKK 1.9 billion (compared to DKK 0.3 billion in the first quarter of 2007) which was used to finance the negative developments in free cash flow explained above and a DKK 1.4 billion dividend payment in relation to 2007.

Cash flow used in financing activities was DKK 0.7 billion, DKK 0.7 billion and DKK 1.3 billion in 2005, 2006 and 2007, respectively. The principal components of movements in 2007 from 2006 levels relate to reduced funds from external financing and lower amounts used to acquire minority interests. In addition, in 2007, BBH subsidiary Baltika used cash in financing activities to implement a share buyback program. Cash flow used in financing activities remained largely unchanged in 2006 as compared to 2005, however, in 2006, BBH repaid DKK 4.1 billion of short term debt and borrowed DKK 5.7 billion of long term debt.

Description of BBH's Borrowings

The table below summarizes BBH's net interest-bearing debt position as at March 31, 2008.

	Aggregate Debt	Current Liabilities	Non-Current Liabilities
		(DKK million)	
Interest-Bearing Debt			
Bank Borrowings and Overdrafts	(9,963)	(3,716)	(6,247)
Other	(1,366)	(1,364)	(2)
Total Gross Debt	**(11,329)**	**(5,080)**	**(6,249)**
Interest-Bearing Assets			
Short-Term Bank Deposits	901	901	—
Liquid Assets (Other Securities and Cash and Cash Equivalents)	271	271	—
Other Interest-Bearing Assets(1)	1,512	746	766
Total Interest-Bearing Assets	**2,684**	**1,918**	**766**
Net Interest-Bearing Debt	**(8,645)**	**(3,162)**	**(5,483)**

(1) This amount includes short term borrowings granted by BBH for the benefit of each of S&N and Carlsberg of EUR 100.0 million each.

As at March 31, 2008, BBH had total borrowings outstanding of DKK 11.3 billion, of which DKK 6.2 billion consisted of non-current debt and DKK 5.1 billion consisted of current debt. DKK 7.5 billion of BBH's external borrowing was denominated in euro and DKK 2.2 billion of BBH's external borrowing was denominated in other currencies including the Russian ruble, US dollar and others. No debt was denominated in Danish kroner. As at March 31, 2008, the weighted average interest rate of BBH's net debt was approximately 5.1%.

Set forth below is a summary of BBH's principal sources of borrowings as at March 31, 2008:

- A €600 million syndicated credit facility led by Handelsbanken due in July 2009 to BBH AB as borrower. This facility can be extended by a year at the company's discretion. The loan carries a floating rate of interest determined on the basis of certain financial figures.
- A €100 million credit facility with Nordic Investment Bank due in December 2015 to BBH AB as borrower. The loan carries a floating rate of interest.
- A €200 million credit facility with ABN AMRO due in July 2008 to Baltika Brewery as borrower and with BBH AB as guarantor. The loan carries a floating rate of interest determined on the basis of certain financial figures. Management expects to refinance this credit facility before it becomes due.

In addition, BBH borrows through additional smaller facilities with total aggregate credit lines of approximately €501 million.

Capital Expenditures

BBH had aggregate capital expenditures in 2005, 2006 and 2007 of DKK 6.8 billion. BBH's capital expenditures of DKK 1.4 billion in 2005 consisted primarily of capacity expansion projects and purchase of advertising equipment and other sales equipment. BBH's capital expenditures of DKK 2.1 billion in 2006 consisted primarily of investment in capacity expansion projects in Russia, and to a lesser extent, Kazakhstan as well as purchases of sales equipment in Russia and the Ukraine. BBH's capital expenditures of DKK 3.3 billion in 2007 related primarily to capacity expansion projects in most markets to meet anticipated greater demand, the most significant of which included the Novosibirsk brewery project, Samara brewery expansion project and a greenfield venture in Uzbekistan, as well as the purchase of trade equipment in Russia.

Off Balance Sheet Arrangements

BBH had no significant off-balance sheet arrangements as at March 31, 2008.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments and form assumptions that affect, among other things, the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported revenue and costs during the periods presented.

As of the closing of the Acquisition, Carlsberg's principal accounting policies, which are presented in note 40 to the consolidated financial statements as at and for the year ended December 31, 2007 of Carlsberg in Part F of this Offering Circular, will be used to prepare BBH's interim and annual financial statements.

Operating and Financial Review for the French Business

Prospective investors should read the following operating and financial review in conjunction with the French Business combined financial statements as at and for each of the years ended December 31, 2005, 2006 and 2007 and the notes thereto as well as other information included elsewhere in this Offering Circular, including "Introduction to the Combined Financial Statements," note 1 "Accounting policies" and note 2 "Critical accounting estimates," which are included in "Part F—Financial Information." These combined financial statements have been prepared in accordance with the accounting policies of S&N and on the basis of reporting by S&N over the periods described.

This operating and financial review for the French Business contains forward-looking statements that reflect current views of Management and involve risks and uncertainties. The French Business' actual results of operation and cash flows may differ materially from those discussed in forward-looking statements as a result of factors, including those described under "Risk Factors" and "General Information—Special Notice Regarding Forward-Looking Statements" elsewhere in this Offering Circular.

Overview of Business

The French Business is comprised of S&N's former operations in France, which principally consisted of Brasseries Kronenbourg. Brasseries Kronenbourg is the leading brewer in France, with a 36% market share. Brasseries Kronenbourg's total beer volume was 7.2 million hl in 2007. The Brasseries Kronenbourg product portfolio focuses on three leading French beer brands, *Kronenbourg*, *Kronenbourg 1664* and *Kanterbrau*, as well as other beer brands under license, including *Grimbergen*.

Brasseries Kronenbourg's production is centralized in the brewery in Obernai. The *Kronenbourg* and *Kanterbrau* brands are sold throughout France and the *Kronenbourg 1664* brand is sold in France and internationally in more than 70 countries. In 2007, approximately 67% of Brasseries Kronenbourg's sales were to the off-trade market (such as grocery stores and large and medium-sized supermarkets), while the remaining 33% of sales were to the on-trade market.

Recent Sale of On-trade Distribution Business in France

In April, 2008, Brasseries Kronenbourg sold its wholly owned distribution business in France operated under the name "Elidis" to Centrale Européenne de Distribution ("C-10"), the largest independent French wholesaler, for approximately €77 million (DKK 574 million), subject to adjustment on the preparation of completion accounts. The terms of the transaction provide for deferred payment of a majority of the base purchase price during 2008 and certain other ancillary transactions. As security for the deferred consideration, C-10 has pledged to Brasseries Kronenbourg shares of the companies sold. In connection with the sale, Brasseries Kronenbourg entered into certain distribution arrangements with C-10 and the new combined C-10/Elidis wholesale operation. Management believes that the transaction secures its on-trade route-to-market, allowing the Carlsberg Group to focus on brand building.

In accordance with IFRS, Brasseries Kronenbourg's sale of its distribution businesses in France operated under the name "Elidis," has resulted in the business being classified as discontinued, the trading loss before exceptional items for 2007 of DKK 142 million being reported outside operating profit. The transaction has resulted in a loss on remeasurement to fair value of DKK 4.0 billion, the majority of which relates to goodwill, which has been recognized in the French Business' 2007 combined financial statements.

Principal Factors Affecting Results of Operations

Management believes that the factors discussed below have significantly affected or may in the future significantly affect the business, results of operations, cash flow and financial condition of the French Business.

Availability and Pricing of Raw Materials and Packaging

As in the case of the Carlsberg Group, availability and pricing of raw materials and packaging, and the foreign exchange rates that impact these, may significantly affect the business, results of operations, cash flow and financial condition of the French Business. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Principal Factors Affecting Results of Operations—Availability and Pricing of Raw Materials and Packaging" and "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial

Review of Carlsberg—Principal Factors Affecting Results of Operations—Availability and Pricing of Raw Materials" and "Currency Exchange Rates."

Product Mix

The French Business' sales and profitability are influenced by the market of its sales as well as its brand and product mix. Sales of different brands and products within the Brasseries Kronenbourg product portfolio generate different margins, depending on the market in which they are sold and the nature or branding of the product. Similarly, sales of local beer brands generally generate lower margins than premium beer brands. Accordingly, the French Business' strategy includes a focus on strengthening its premium beer offering in order to optimize value growth and product innovation. The French Business' results may fluctuate from period to period based upon the proportion of sales volume represented by higher-margin or lower-margin products. Margins may also vary on the basis of the type of packaging of a particular beverage.

In addition, the French Business' results from period to period are affected by the phase of development of Brasseries Kronenbourg's new beer and beverage products. In connection with any new product, Brasseries Kronenbourg typically must expend significant costs in the marketing and development of the product. Even after the launch of a new product, it may fail to gain market acceptance or generate significant profits.

Seasonality and Weather Conditions

Sales of Brasseries Kronenbourg beer brands have historically been higher in the summer months of May to August. Adverse weather conditions during peak summer months, including unusually cold or rainy periods, could adversely affect operating income and cash flow and could therefore have an adverse impact on the French Business' operating results for the entire year. For example, the French Business' operating results in 2007 were adversely impacted by severe weather conditions over the summer period. Conversely, uncharacteristically mild winters or prolonged periods of warm weather can cause increases in volumes (to the extent temperatures do not exceed certain levels, at which time consumers will substitute beer with alternate beverages, primarily water) and have a positive impact on operating results for the year. See "Risk Factors—Risks Related to the Carlsberg Group's Industry—Seasonal consumption cycles and adverse weather conditions may result in fluctuations in demand for the Carlsberg Group's products, reducing the Carlsberg Group's consolidated net revenues and results of operations."

Reorganization Initiatives

In France, as in other Western European countries, the market is expected to experience flat or declining beer consumption levels over the next few years and other challenging market conditions such as the expansion of discount retailers, decreased higher margin on-trade sales volumes and corresponding increases in lower margin off-trade sales volumes, and consolidation of the French Business' customer base. In light of such market conditions, the French Business' ability to achieve greater efficiencies, successfully implement restructuring initiatives, optimize production and otherwise increase their margins will be a significant factor affecting their business, results of operations, cash flows and financial condition.

In April 2008, Brasseries Kronenbourg sold its wholly owned on-trade distribution business in France, including the Elidis on-trade distribution business, to C-10 for approximately €77 million (DKK 574 million), subject to adjustment on the preparation of completion accounts. In 2006, Brasseries Kronenbourg completed the closure and sale of its Champigneulles Brewery to Frankfurter Brauhaus, whereby it was able to integrate operations, eliminate excess capacity and generally optimize production into a single efficient brewery facility at Obernai in France, which now brews all of the French Business' brands. The benefits of these and other such reorganization initiatives may not be realized immediately, but rather over a number of years and may be lower than anticipated when realized.

Following the Acquisition, the Carlsberg Group intends to undertake a series of initiatives to improve the French Business' efficiency through the exchange of best practice and the implementation of certain Excellence Programs. The success of the Excellence Programs in reducing costs and increasing margins, the effectiveness of proposed commercial synergies and the extent to which the French Business continues to engage in such restructuring initiatives will affect its business, results of operations, cash flows and financial condition.

Market Acceptance and Competition of Brasseries Kronenbourg's Brands

In order to maintain its competitive advantage and improve its market position, the French Business must continue to respond to new consumer trends and implement other innovative business strategies. The global brewing and beverage industry is intensely competitive, rapidly evolving and undergoing consolidation. Many companies are engaged in manufacturing and distributing beer and non-beer beverages, and the French Business' competitors include local, regional and international brewers. The French Business' results of operations and comparability of results from period to period will depend upon its ability to maintain or increase its market share in strategic markets and effectively compete against other industry participants.

Material Differences in Accounting Policies Relative to the Carlsberg Group

The primary differences between the accounting policies applied by S&N and those applied by the Carlsberg Group regarding recognition and measurement of assets and liabilities as well as income and expenses, and for presentation and disclosure along with the significant estimates contained therein from those of the Carlsberg Group are as follows:

- S&N classifies its income statement item by type, while the Carlsberg Group classifies its income statement item by function. In addition, there are certain classification differences in the balance sheet items. Both formats are within the IFRS framework;
- S&N presents "exceptional items" in a separate column in the income statement, while the Carlsberg Group presents "special items" in separate lines in the income statement and with additional specifications in the notes to the financial statements; and
- S&N applies estimated useful lives, which for a number of asset groups, including various types of brewing equipment, are longer than those of the Carlsberg Group. The main differences relate to:

	Expected Useful Lives	
Asset Group	S&N	The Carlsberg Group
Land and buildings	30-50 years	20-40 years
Brewery equipment	15-30 years	15 years
Bottling and canning lines	5-20 years	8-15 years

The financial effect of the above differences in accounting estimates of expected useful lives will have the following impact on the profit for the year before tax and property, plant and equipment of the French Business as at and for the years ended December 31, 2007, 2006 and 2005:

- 2007, the impact on profit before tax is a reduction of DKK 50 million, and the impact on property, plant and equipment is a reduction of DKK 358 million.
- 2006, the impact on profit before tax is a reduction of DKK 61 million, and the impact on property, plant and equipment is a reduction of DKK 374 million.
- 2005, the impact on profit before tax is a reduction of DKK 80 million, and the impact on property, plant and equipment is a reduction of DKK 447 million.

The effect of differences in accounting estimates was calculated on the basis of the carrying amounts of the asset groups in the S&N Group for 2007, 2006 and 2005. The effect is assessed based on the difference in average useful lives as estimated by the S&N Group and the Carlsberg Group, respectively, and the cumulative effect on the carrying amounts of property, plant and equipment is based on an estimate of the average age of the assets at the balance sheet date.

Furthermore, S&N's definition of "exceptional items" (referred to as "special items" in this Offering Circular) is not fully identical with "special items" in the Carlsberg Group's accounting policies, as described in note 40 to the consolidated financial statements as at and for the year ended December 31, 2007 as the S&N Group recognizes as exceptional items the impact of financial instruments which are held for hedging purposes but which do not qualify for hedge accounting under IAS 39. In the Carlsberg Group this impact is recognized under financial items. The French Business does not enter into financial instruments for hedging purposes so the difference does not affect the combined financial statements.

The review of selected combined financial information for the French Business is based on the financial statements prepared in accordance with the accounting policies of S&N.

Discussion of Principal Income Statement Items

Except as described above, Management believes that there are no material differences between the Carlsberg Group's and S&N's accounting policies. See "Part F—Financial Information."

Results of Operations

The following table shows selected line items from the French Business' selected financial information, for the periods indicated, as a percentage of revenue.

	Year Ended December 31,		
	2005	2006	2007
		(% of revenue)	
Continuing operations			
Revenue	100.0	100.0	100.0
Operating costs	(81.4)	(81.7)	(83.4)
Operating profit before exceptional items	18.6	18.3	16.6
Exceptional items	(0.9)	(9.7)	(4.0)
Operating profit after exceptional items	17.7	8.6	12.5
Finance expense, net	(2.3)	(2.0)	(1.4)
Net interest on pension liability	(0.1)	(0.1)	(0.1)
Profit before tax	15.3	6.5	11.1
Tax	(0.1)	(0.5)	(1.2)
Profit from continuing operations	15.1	6.0	9.9
Discontinued operations			
Loss after tax from discontinued operations	(0.3)	(1.5)	(73.7)
Profit attributable to shareholders	14.8	4.5	(63.9)

The following table sets forth the Gross Beer Volumes in million hl for the periods indicated below:

	Year Ended December 31,		
	2005	2006	2007
Gross Beer Volume	8.1	7.8	7.2

Comparison of the Years Ended December 31, 2006 and 2007

Revenue

Revenue decreased by 1.2% from DKK 5,584 million for the year ended December 31, 2006 to DKK 5,516 million for the year ended December 31, 2007. This decrease was primarily attributable to decreased sales volumes in Brasseries Kronenbourg. The negative volumes effect is partly offset by a positive price effect. Supplies of *Kronenbourg* beer were adversely impacted by a strike at the Obernai brewery whereas revenues were positively impacted by increased levels of promotional activities undertaken in response to increased competition.

Operating Costs

Operating costs increased by 0.9% from DKK 4,560 million for the year ended December 31, 2006 to DKK 4,603 million for the year ended December 31, 2007. Decreases in raw material costs associated with lower production and sales and lower employee costs were largely offset by increased other operating costs relating to selling expenses, advertising and promotional costs. Other gains/losses in 2007 included additional distribution costs related to the French Business' change of distribution method at the beginning of October 2006. The French Business increased its selling prices by a corresponding amount to offset the additional costs.

Operating Profit Before Exceptional Items

Reflecting the above factors, operating profit before exceptional items decreased by 10.8% from DKK 1,024 million for the year ended December 31, 2006 to DKK 913 million for the year ended December 31, 2007.

Exceptional Items

Exceptional items before tax (expense) decreased from DKK 543 million for the year ended December 31, 2006 to DKK 221 million for the year ended December 31, 2007. In 2006, exceptional items principally consisted of reorganization costs related to the closure and sale of the Champigneulles Brewery (including severance payments to redundant employees and impairment charges) and rationalization of the French Business. In 2007, exceptional items consisted of further reorganization costs related to the rationalization of the French Business' logistics operations.

Operating Profit After Exceptional Items

Reflecting the above factors, operating profit after exceptional items increased by 43.9% from DKK 481 million for the year ended December 31, 2006 to DKK 692 million for the year ended December 31, 2007.

Finance Expense, Net

Finance expense, net, decreased from DKK 118 million for the year ended December 31, 2006 to DKK 81 million for the year ended December 31, 2007. This decrease reflected a significant increase in finance income attributable to higher interest earned on current receivables and cash.

Profit From Continuing Operations

Reflecting the above factors, profit from continuing operations increased by 62.9% from DKK 334 million for the year ended December 31, 2006 to DKK 544 million for the year ended December 31, 2007.

Loss After Tax from Discontinued Operations

Loss after tax from discontinued operations increased from DKK 86 million for the year ended December 31, 2006 to DKK 4,067 million for the year ended December 31, 2007. This increase was primarily attributable to impairment, principally of assets, and other exceptional items in relation to the discontinued on-trade distribution businesses in France, including the Elidis on-trade distribution business.

Profit/(Loss) Attributable to Ordinary Shareholders

Reflecting the above factors, profit attributable to ordinary shareholders decreased from DKK 248 million for the year ended December 31, 2006 to a loss of DKK 3,523 million for the year ended December 31, 2007.

Comparison of the Years Ended December 31, 2005 and 2006

Revenue

Revenue decreased from DKK 5,593 million for the year ended December 31, 2005 to DKK 5,584 million for the year ended December 31, 2006. During 2006, the French Business' beer market volumes declined slightly, reflecting a decline in the on-trade market and stability in the much larger off-trade market. The decrease in revenue was primarily attributable to a decrease in sales volume in Brasseries Kronenbourg. There was a positive mix in off-trade mainly due to an increased sales volume of the higher-margin *Grimbergen* and *Kronenbourg 1664*.

Operating Costs

Operating costs increased from DKK 4,552 million for the year ended December 31, 2005 to DKK 4,560 million for the year ended December 31, 2006. Increases in employee costs were largely offset by a decrease in depreciation due to a change in depreciation periods for cans and bottles going from 10 to 15 years.

Operating Profit Before Exceptional Items

Reflecting the above factors, operating profit before exceptional items decreased by 1.6% from DKK 1,041 million for the year ended December 31, 2005 to DKK 1,024 million for the year ended December 31, 2006.

Exceptional Items

Exceptional items before tax (expense) increased from DKK 50 million for the year ended December 31, 2005 to DKK 543 million for the year ended December 31, 2006. This increase was primarily attributable to the factors stated under "—Exceptional Items" above.

Operating Profit After Exceptional Items

Reflecting the above factors, operating profit after exceptional items decreased by 51.5% from DKK 991 million for the year ended December 31, 2005 to DKK 481 million for the year ended December 31, 2006.

Finance Expense, Net

Finance expense, net, decreased from DKK 137 million for the year ended December 31, 2005 to DKK 118 million for the year ended December 31, 2006. This decrease reflected a significant increase in finance income attributable to higher interest earned on current receivables and cash.

Profit from Continuing Operations

Reflecting the above factors, profit from continuing operations decreased by 60.6% from DKK 847 million for the year ended December 31, 2005 to DKK 334 million for the year ended December 31, 2006.

Liquidity and Capital Resources

Overview

The French Business' primary uses of funds are its costs relating to marketing, raw materials, energy, wages and transportation, payments on borrowings and debt principal repayments, working capital requirements and capital expenditures.

The French Business' principal sources of liquidity are cash flow from operations, borrowings and overdrafts and equity financing. As at December 31, 2007, the French Business had cash and cash equivalents of DKK 1.913 million. The French Business' financing arrangements are described below under "—Description of the French Business' Borrowings."

Prior to the Acquisition, the S&N treasury department managed the French Business' net interest-bearing debt and cash. Cash and cash equivalents consist of cash, short term deposits and other liquid investments with a maturity of less than three months.

Cash Flows

The table below summarizes French Business' sources and uses of funds for each of the years ended December 31, 2005, 2006 and 2007.

	Year Ended December 31,		
	2005	**2006**	**2007**
		(DKK million)	
Cash flow from operating activities	1,067	595	412
Cash flow from/(used in) investing activities	(317)	(14)	(140)
Cash flow from/(used in) financing activities	(77)	14	(102)
Net cash flow	673	595	170

Cash Flow From Operating Activities

The French Business generated cash flow from operating activities of DKK 1,067 million, DKK 595 million and DKK 412 million in 2005, 2006 and 2007, respectively. The lower levels of cash generated from operations in 2007, as compared to 2006, primarily reflected significant cash expenditures in connection with the closure and sale of Champigneulles Brewery. The lower levels of cash generated from operations in 2007, as compared to 2006, primarily reflected a lower level of operating profit and an unfavorable change in working capital. The lower levels of cash generated from operations in 2006, as compared to 2005, primarily reflected a lower level of cash generated from ordinary operating activities and a higher level of reorganization costs.

Cash Flow From (Used In) Investing Activities

The French Business cash flow used in investing activities was DKK 317 million in 2005, DKK 14 million in 2006 and DKK 140 million in 2007. The principal components of cash flow used in investing activities in 2007 were net investments in property, plant and equipment, which were partially offset by the sale of investments and reduced trade loans. The principal components of cash flow used in investing activities in 2006 were the proceeds from the closure and sale of the Champigneulles Brewery, which were partially offset by net investments in property, plant and equipment as well as the purchase of intangibles. The principal components of cash flow used in investing activities in 2005 were net investments in property, plant and equipment as well as the purchase of intangibles. See "—Capital Expenditures" for additional information on the French Business' capital expenditures.

Cash Flow From (Used In) Financing Activities

The French Business cash flow used in financing activities was DKK 77 million in 2005 and cash flow from financing activities was DKK 14 million in 2006 and cash flow used in financing was DKK 102 million in 2007. The principal components of movements to the French Business' financing activity in 2006 were the repayment of borrowings. The principal components of movements to the French Business' financing activities in 2005 were the net proceeds from borrowings, which were offset by a reduction in capital and by the repayment of borrowings.

Description of the French Business' Borrowings

The table below summarizes the French Business' net interest-bearing asset position as at December 31, 2007.

	Aggregate Debt/Assets	Current Liabilities/ Assets	Non-Current Liabilities/ Assets
		(DKK million)	
Interest-Bearing Debt			
Bank Borrowings and Overdrafts	(96)	(73)	(23)
Parent Company Loans	(724)	(724)	—
Other	(579)	(100)	(479)
Total Gross Debt	(1,399)	(897)	(502)
Interest-Bearing Assets			
Short-Term Bank Deposits	—	—	—
Liquid Assets (Other Securities and Cash and Cash Equivalents)	1,978	1,978	—
Other Interest-Bearing Assets	105	104	1
Total Interest-Bearing Assets	2,083	2,082	1
Net Interest-Bearing Assets (Liabilities)	684	1,185	(501)

As at December 31, 2007, the French Business had total borrowings outstanding of DKK 1,399 million, of which DKK 502 million consisted of non-current debt and DKK 897 million consisted of current debt. All of the French Business' borrowings were denominated in euro. As at December 31, 2007, the weighted average interest rate of French Business' non-current borrowings was approximately 6.6% and the weighted average interest rate of French Business' current borrowings was approximately 4.8%.

Set forth below is a summary of the French Business' principal sources of borrowings as at December 31, 2007:

- Other loans with a weighted average interest rate of 6.6%, and
- parent company loans with a weighted average interest rate of 4.8%.

Capital Expenditures

The French Business had aggregate capital expenditures in 2005, 2006 and 2007 of DKK 1,066 million. The French Business' capital expenditures of DKK 338 million in 2005 consisted primarily of plant and equipment, software and land and buildings and included goodwill. The French Business' capital expenditures of DKK 446 million in 2006 consisted primarily of plant and equipment and software and included goodwill. The French Business' capital expenditures of DKK 282 million in 2007 consisted primarily of plant and equipment.

Off Balance Sheet Arrangements

The French Business had the following main off-balance sheet arrangements and liabilities as at December 31, 2007:

- Guarantees of DKK 719 million relating to loans issued by a third party to customers, for example pubs, and guarantees relating to lease contracts and other bank guarantees; and
- Liabilities relating to non-cancelable operating leases of DKK 456 million.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and judgments and form assumptions that affect, among other things, the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the financial statements and the reported revenue and costs during the periods presented.

After the closing of the Acquisition, the French Business' principal accounting policies will be consistent with Carlsberg's principal accounting policies, which are presented in note 40 to the consolidated financial statements of Carlsberg in Part F of this Offering Circular.

Other Matters

Management is not aware of any government, economic, fiscal, monetary or political initiatives that have materially affected or could materially affect, directly or indirectly, the results of operations, cash flows or financial position of Carlsberg, BBH or the French Business.

There are no restrictions on either Carlsberg's, BBH's or the French Business' use of capital resources that have materially affected or could materially affect, directly or indirectly, the results of operations, cash flows or financial position of Carlsberg.

12. Capital Resources

See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources."

13. Research and Development, Patents and Licenses

The Carlsberg Research Centre (the "Research Centre") is a department of the Carlsberg Group with approximately 120 employees conducting both basic and applied research. The Research Centre today comprises three units:

- The Carlsberg Laboratory, which was founded in 1876, is an independent unit focused on basic research projects;
- the Carlsberg Research Laboratory, a project-oriented organization mainly focusing on raw materials, malting, brewing and fermentation processes; and
- Carlsberg Group Quality, which coordinates quality and environmental matters for the Carlsberg Group.

These three units work synergistically to create novel opportunities within two main areas: (1) malting, brewing and fermentation, and (2) biotechnological production processes.

As part of the Acquisition, Carlsberg is taking over Kronenbourg's technical center at Strassbourg, France, which will be integrated with Carlsberg's overall research operations.

Kronenbourg's technical center consists of research departments, pilot brewing facilities including development and laboratory facilities. The technical center, which employs approximately 70 people, is focused on innovation and development, including process enhancements and the development of packaging as well as on-trade installations and draught beer installations.

In the mature markets, in particular, such as the Western European markets, innovations play an increasingly important role in driving value growth and adding value to the customer's experience. Going forward, the Carlsberg Group's approach towards innovation will be more systematic and focused, and greater emphasis will be placed on large international launches. In 2007, Carlsberg successfully launched a number of new local products, for example *Tuborg Lite* and *Ringnes Lite* (low-calorie beers with the same alcohol content as regular beer) in Norway and *Cardinal Eve, a* malt-based drink targeted at female consumers, in Switzerland. BBH also recently launched a number of successful new local products, for example, *Baltika Cooler* in Russia and *DLIGHT (*a flavoured light beer) in the Baltic States.

The Carlsberg Group's future success significantly depends on its ability to protect its existing and future brands and products and defend its intellectual property rights. The Carlsberg Group has obtained several trademark registrations covering its brands and products and has filed and expects to continue to file trademark and patent applications in order to protect newly developed brands and products.

The Carlsberg Group's and the French Business' costs of research and development as recognized in the income statement for the years ended December 31, 2005, 2006 and 2007 are set out in the table below.

Research and development costs	Year Ended December 31, 2005	2006	2007
		(DKK million)	
Carlsberg Group	116	105	108
The French Business	58	53	55

14. Trend Information

Excluding the Acquisition, since the end of the financial year 2007, the following material events have occurred:

See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Results of Operations—The Carlsberg Group—Comparison of the Three Months Ended March 31, 2007 and 2008" and "—Liquidity and Capital Resources" for Management's discussion of the most significant trends in production, sales and inventory and costs and selling prices since December 31, 2007.

As more fully discussed in "Part I—Company Information—The Acquisition," the Acquisition became effective on April 28, 2008.

In connection with the privatization of the Vietnamese brewery, Hanoi Beer & Beverage Corp. (Habeco), Carlsberg has been given an opportunity to acquire a 16% stake at a price of DKK 545 million. Carlsberg is also a business partner of Habeco in southern Vietnam, where a greenfield brewery is being built.

CBC Group, a partner of the Carlsberg Group in Romania and Israel, has indicated an interest in acquiring Carlsberg's stake in Türk Tuborg. On March 27, 2008, CBC Group and Carlsberg signed a memorandum of understanding and continue to negotiate in relation to such a transaction. There can be no assurance that the parties will agree definitive terms or that such a sale will be completed.

Together with The Coca-Cola Company, Carlsberg has signed a non-binding letter of intent concerning a potential extension of the business partnership in Denmark and Finland. As part of this, and in accordance with such letter of intent, The Coca-Cola Company may wish to acquire Carlsberg's mineral water brands in Denmark and also to acquire or produce certain non-alcoholic beverage brands on license in Finland. These transactions are expected to be finalized in the second quarter of 2008. Their value of these transactions is expected to be in the region of DKK 1.1 billion.

In accordance with Estonian law, the Carlsberg Group will be required to make an offer to buy the 25% of Saku Brewery AS not owned by Carlsberg before the end of May 2008 as a consequence of the completion of the Acquisition. Assuming all of the minority shareholders accept the offer, Management anticipates that the total consideration will be approximately €30 million.

In addition, Management regularly evaluates opportunities for growth through acquisitions and strategic partnerships, and is currently in various stages of negotiations in relation to potential transactions that it believes would be consistent with the Carlsberg Group's strategy of building substantial positions in growth markets.

15. Board of Directors, Executive Board and Other Key Employees

Board of Directors and Executive Board

The Company is managed by a Board of Directors and an Executive Board.

Board of Directors

The Board of Directors is ultimately responsible for the management of the Company and supervises the activities of the Executive Board.

The Board of Directors is elected by the general meeting, except for members who are elected pursuant to the legislation in force concerning the representation of employees on the Board of Directors. Under current legislation, Danish employees are entitled to elect a number of members to the Board of Directors equivalent to half (rounded up to the nearest whole number) of the members of the Board of Directors elected by the general meeting together with an alternate for each such elected employee. Of the current 12 members of the Board of Directors, eight members have been elected by the general meeting and four members have been elected by the employees.

According to the Articles of Association of the Company, the Board of Directors elected by the general meeting shall consist of no less than eight and no more than 12 members. The general meeting may further elect two members to act as alternates to the members elected by the general meeting.

Name	Position	Year of Appointment
Povl Krogsgaard-Larsen	Chairman	1993
Jens Jørgen Bigum	Deputy Chairman	2001
Hans Scott Andersen	Board member*	1998
Flemming Besenbacher	Board member	2005
Hanne Inge Marie Buch-Larsen	Board member*	2006
Henning Baunbæk Dyremose	Board member	1999
Niels Kærgaard	Board member	2003
Axel Albert Michelsen	Board member	1986
Erik Christian Dedenroth Olsen	Board member*	1998
Bent Ole Petersen	Board member*	2002
Jess Søderberg	Board member	2008
Per Christian Øhrgaard	Board member	1993
Tom Andreasen	Alternate*	2006
Ella Mejling	Alternate*	2002
Ulla Nymand	Alternate*	2002

* Elected by the employees.

Biographies (Not Including Directorships in Carlsberg Group Companies)

- *Povl Krogsgaard-Larsen*—Chairman, Professor D.Pharm. Born 1941, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman of the Carlsberg Foundation and Carlsbergfondets Pensionsafviklingskasse, deputy chairman of the boards of directors of Cheminova A/S and Auriga Industries A/S and a member of the board of directors of Bioneer A/S. Mr. Krogsgaard-Larsen is affiliated to the Faculty of Pharmaceutical Sciences at the University of Copenhagen. Within the past five years, he has been a member of the boards of directors of Medicon Valley Alliance F.M.B.A., Acadia Pharmaceuticals A/S, Symbion Fonden and Den Erhvervsdrivende Fond Innovationscenter Mors 2006. Within the past five years, he has also been an alternate of Carlsbergfondets Pensionskasse.
- *Jens Jørgen Bigum*—Deputy Chairman. Born 1938, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman of the boards of directors of Toms 5 A/S and the University of Aarhus, a member of the boards of directors of Per Aarsleff A/S and Gerda og Victor B. Strands Fond and managing director of Hedensminde Holding ApS. Mr. Bigum is a former CEO of Arla Foods Amba. Within the past five years, Mr. Bigum has also been chairman of the boards of directors of Arla Foods Leasing A/S, Arla Foods International A/S, Arla Foods Energy A/S, Arla Foods Trading A/S, Arla Foods plc., Ravnsbjerg Finans ApS, Danmark Protein A/S, Kingdom Food Products ApS,

Gredstedbro Ost A/S, Chr. Hansen Holding A/S, Denmark Dairy Development Cooperation, Danos A/S, Kinmaco ApS, Ejendomsanpartsselskabet St. Ravnsbjerg, Viby J, and L. Hammerich A/S and a member of the boards of directors of Arla Foods Finance A/S, AF A/S, De Danske Mejeriers Mælkeudvalg, JJ Capital Investment ApS, Danapak Amba and the Danish Dairy Board.

- *Hans Scott Andersen*—Brewery Worker, Carlsberg Danmark A/S. Born 1955, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Mr. Andersen has not been a director or officer or a member of the supervisory bodies of other companies.

- *Flemming Besenbacher*—Professor D.Sc. Born 1952, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is a member of the board of trustees of the Carlsberg Foundation and the Tuborg Foundation and an alternate of Carlsbergfondets Pensionsafviklingskasse. Mr. Besenbacher is head of iNANO, the Interdisciplinary Nanoscience Center at the University of Aarhus, and a member of the scientific advisory board of SCF Technology A/S. Mr. Besenbecher is also a member of the boards of directors of Invitroq ApS, Ejendomsaktieselskabet "Munken", A/S Høeghsmindes Parkbebyggelse, Ejendomsaktieselskabet C.F. Richsvej 99-101, Ejendomsaktieselskabet "Haraldsborg", Ejendoms-aktieselskabet Søborg Huse, Ejendomsaktieselskabet "Ved Boldparken" and Cellcues Holding ApS and a member of the executive board of Besenbacher Holding ApS. Within the past five years, Mr. Besenbacher has not been a director or officer or a member of the supervisory bodies of other companies.

- *Hanne Inge Marie Buch-Larsen*—Head of Section, Carlsberg A/S. Born 1952, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Ms. Buch-Larsen has not been a director or officer or a member of the supervisory bodies of other companies.

- *Henning Baunbæk Dyremose*—Managing Director. Born 1945, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman of the boards of directors of Brødrene A. & O. Johansen A/S, AO Invest A/S and Børnehjertefonden, a member of the board of directors of Fonden Baltic Development Forum and managing director of Henning Dyremose ApS and HD Invest, Virum ApS. He is also chairman of the Danish Trade Council. Mr. Dyremose is a former CEO of TDC A/S and a former member of the Danish Parliament serving as Labor Minister and Finance Minister. Within the past five years, Mr. Dyremose has been chairman of the boards of directors of TDC A/S, De Gule Sider A/S, TDC Totalløsninger A/S, TDC Mobile International A/S, YouSee A/S, TDC ADSB Invest ApS, TDC Internet A/S, TDC Switzerland AG and Talkline GmbH and deputy chairman of the boards of directors of TDC Services A/S, Belgacom S.A. and ADSB Telecommuniations B.V. Until May 1, 2008, Mr. Dyremose was also chairman of the Confederation of Danish Industries.

- *Niels Kærgaard*—Professor D.Econ. Born 1942, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is a member of the board of trustees of the Carlsberg Foundation and chairman of the boards of directors of Ejendomsaktieselskabet "Munken", A/S Høeghsmindes Parkbebyggelse, Ejendomsaktieselskabet C.F. Richsvej 99-101, Ejendomsaktieselskabet "Haraldsborg", Ejendoms-aktieselskabet Søborg Huse, Ejendomsaktieselskabet "Ved Boldparken", and an alternate of Carlsbergfondets Pensionsafviklingskasse. Mr. Kærgaard formerly headed the Chairmanship of the Danish Economic Council. He is a member of the boards of the University of Copenhagen and the Institute of Food and Resource Economics and Det Nationale Fødevareforum. Within the past five years, Mr. Kærgaard has not been a director or officer or a member of the supervisory bodies of other companies.

- *Axel Albert Michelsen*—Professor D.Phil. Born 1940, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is a member of the board of trustees of the Carlsberg Foundation. Mr. Michelson is affiliated to the Department of Biology at the University of Southern Denmark in Odense where he was head of a center under the Danish National Research Foundation. Within the past five years, Mr. Michelsen has been a member of the boards of directors of Driftsfonden Fjord og Bæltcentret i Kerteminde.

- *Erik Christian Dedenroth Olsen*—Head of Section, Carlsberg Danmark A/S. Born 1949, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Mr. Olsen has not been a director or officer or a member of the supervisory bodies of other companies.

- *Bent Ole Petersen*—Head of Section, Carlsberg Research Center. Born 1954, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Mr. Petersen has not been a director or officer or a member of the supervisory bodies of other companies.

- *Jess Søderberg*—Born 1944, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is a former Group CEO of the A.P. Møller-Mærsk Group (1993-2007) and prior to this, he was CFO of the same company since 1981. He is a member of the board of directors of The Chubb Corporation, managing director of J. Søderberg Shipping ApS and KF Investering ApS and a member of Danske Bank's Advisory Board. Within the past five years, Mr. Søderberg has been a member of the executive boards of Mærsk Olie og Gas A/S, Mærsk Olie, Algeriet A/S and Estemco A/S and a member of the boards of directors of A.P. Møller Mærsk A/S, Odense Staalskibsværft A/S, Mærsk Olie, Algeriet A/S, Bilka Lavprisvarehus A/S, Mærsk Broker A/S, Mærsk Broker K/S, Rederiet A.P. Møller A/S, Netto A/S, Føtex A/S, Maersk line, Limited Bermuda, APM Finance SA, Maersk Genève SA, Bolt Transport Corporation, Egyptian Drilling Company, Maersk Öl und Gas GmbH, Maersk Oil Norway AS and Maersk Oil UK Limited. Within the past five years, Mr. Søderberg has also been chairman of the boards of directors of Dansk Supermarked A/S, Dansk Supermarked Administration A/S, Odense Staalskibsværft A/S, F. Salling A/S, F. Salling Holding A/S, F. Salling Invest A/S, APM Terminals A/S, Mærsk Oil Qatar A/S, APM Pipelines A/S, Rederiet Odense-Lindø A/S, Global Services Copenhagen A/S, Mærsk Ship Design A/S, Mærsk Olie og Gas A/S and Mærsk A/S.
- *Per Christian Øhrgaard*—Professor, D.Phil. Born 1944, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is a member of the board of trustees of the Carlsberg Foundation and Carlsbergfondets Pensionsafviklingskasse. He is also a member of the boards of directors of A/S Ejendomsaktieselskabet "Munken", A/S Høeghsmindes Parkbebyggelse, Ejendomsaktieselskabet C.F. Richsvej 99-101, Ejendomsaktieselskabet "Haraldsborg", Ejendoms-aktieselskabet Søborg Huse, Ejendomsaktieselskabet "Ved Boldparken" and chairman of Leonhardt og Høier Literary Agency A/S. Mr. Øhrgaard is affiliated to the Copenhagen Business School, where he specializes in German. Within the past five years, Mr. Øhrgaard has been a member of the board of directors of JP/Politikens Hus A/S.

Executive Board

The Executive Board is appointed by the Board of Directors. The Executive Board is responsible for the day-to-day business of the Company.

The current members of the Executive Board are the following:

Name	Age	Position	Appointed to Executive Board
Jørgen Buhl Rasmussen	52	President and CEO	2006
Jørn Peter Jensen	44	Deputy CEO and CFO	2000

Biographies

- *Jørgen Buhl Rasmussen*—President & Chief Executive Officer. Born 1955, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is also chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group and member of the board of directors of Toms Gruppen A/S. He is also responsible for the integration of the French Business. Mr. Rasmussen holds a Bachelor of Economics and Business Administration and an MBA from the Copenhagen Business School. Within the past five years, Mr. Rasmussen has been a member of the board of directors of Gillette Group UK Limited.
- *Jørn Peter Jensen*—Deputy CEO and Chief Financial Officer. Born 1964, Danish citizen, Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group and member of the boards of directors of JL-Fondet, Vesterhavet A/S and Brightpoint Inc., the United States, Mr. Jensen holds a Bachelor of Science in Economics and Business Administration from the Copenhagen Business School and a Master of Science in Economics and Business Administration from the Copenhagen Business School. Within the past five years, Mr. Jensen has been chairman of the board of directors of Partnerselskabet Strandvejen 44, Hellerup, deputy chairman of the board of directors of Royal Scandinavia A/S, a member of the board of directors of Coca-Cola Nordic Beverages A/S and alternate of the board of directors of JL-Fondet.

Other Key Employees

- *Mikael Aro*—Senior Vice President, Denmark, Finland, Norway, Sweden and the Baltic countries. Born 1965, Finnish citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group and chairman of Suomen panimoliitto (the Finnish brewers' association) and deputy chairman of Suomen elintarviketeollisuus liitto (the Finish food industry). Within the past five years, Mr. Aro has also been a member of the boards of directors of Palpa Oy, Ekopullo ry and Oy Tuusulan Kuusimäki.

- *Alex Myers*—Senior Vice President, UK, Switzerland, Portugal, Germany, Italy, Poland, Bulgaria, Croatia, Serbia, Greece and Export & License. Following the integration of the French Business, Mr. Myers will also be responsible for France. Born 1963, Swedish and US citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group, including member of the board of directors of Unicer Bebidas. Within the past five years, Mr. Myers has not been a director or officer or a member of the supervisory bodies of other companies.

- *Jesper Bjørn Madsen*—Senior Vice President, Asia and Malawi. Born 1955, Danish citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group. Within the past five years, Mr. Madsen has not been a director or officer or a member of the supervisory bodies of any other companies.

- *Anton Artemiev*—Senior Vice President, Russia, Ukraine, Uzbekistan, Kazakhstan and Belarus. Born 1960, Russian citizen. 6 Verkhny per., d. 3, 194292 St. Petersburg, Russia. Mr. Artemiev is managing director of Baltika Brewery. Within the past five years, Mr. Artemiev has not been a director or officer or a member of the supervisory bodies of any other companies.

- *Kasper Madsen*—Senior Vice President, Supply Chain. Born 1961, Danish citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. He is chairman or deputy chairman or member of the boards of directors or the executive boards of companies of the Carlsberg Group. Within the past five years, Mr. Madsen has been chairman of the board of directors of DB Ltd. A/S.

- *Jan Hillesland*—Vice President, Group Sales and Marketing. Born 1962, Norwegian citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Mr. Hillesland has not been a director or officer or a member of the supervisory bodies of other companies.

- *Thomas Ekvall*—Vice President, Human Resources. Born 1959, Swedish citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Within the past five years, Mr. Ekvall has not been a director or officer or a member of the supervisory bodies of other companies.

- *Anne-Marie Skov*—Vice President, Group Communications. Born 1953, Danish citizen. Ny Carlsberg Vej 100, DK-1760 Copenhagen V. Ms. Skov is deputy chairman of the board of directors of Erik Møller Arkitekt A/S and a member of the boards of directors of Nørrebro Teater and WWF Verdensnaturfonden. Within the past five years, Ms. Skov has not been a director or officer or a member of the supervisory bodies of other companies.

Statement of Past Activities of the Members of the Board of Directors and the Executive Board

During the past five years, none of the persons on the Board of Directors and Executive Board nor any other key employees have (i) been convicted of fraudulent offences or (ii) been the object of public prosecution and/or public sanctions by authorities or regulatory bodies (including designated professional bodies) or been disqualified from acting as a member of an issuer's board of directors, executive board or supervisory body or being in charge of an issuer's management.

During the past five years, apart from Jens Jørgen Bigum, Jess Søderberg and Jørn Peter Jensen, none of the persons on the Board of Directors and Executive Board nor any other key employees have been officers or directors, or have been founders or senior executives of companies which have commenced insolvency proceedings or other forms of receivership, entered into a composition with creditors which is not binding on individual creditors, or entered into solvent liquidation.

Until October 2003 Jens Jørgen Bigum was chairman of the board of directors of Arla Foods Leasing A/S which entered into solvent liquidation on September 24, 2007. Until October 2003 he was also chairman of the board of directors of Gredstedbro Ost A/S which entered into solvent liquidation on May 12, 2004, a member of the executive board of MD Foods Amba until November 2003 which entered into solvent liquidation on September 18, 2003 and a member of the board of directors of Danos A/S which entered into solvent liquidation on May 12, 2004.

Until October 2004 Jess Søderberg was chairman of the board of directors of Maersk Ship Design A/S which entered into solvent liquidation on October 22, 2007.

Jørn Peter Jensen was member of the board of directors of Coca-Cola Nordic Beverages A/S which entered into solvent liquidation on June 7, 2005.

Conflicts of Interest

None of the persons on the Board of Directors and Executive Board nor any other key employees have conflicts of interest with respect to their duties as members of boards of directors, supervisory bodies or as managers. There are no family ties amongst these persons.

All members of the Board of Directors have been elected at the Company's annual general meeting in the period from 1986 to March 2008. The Company is not aware of any understanding among major shareholders or others with respect to election of members to the Board of Directors. At present, five members of the Board of Directors have been appointed by the Carlsberg Foundation.

None of the persons on the Board of Directors and Executive Board nor any other key employees have positions in other companies which could result in a conflict of interest vis-à-vis such companies, either because the Company has an equity interest in such company or because the Company and the company concerned have an ongoing business relationship. However, certain members of the Board of Directors are also members of the board of trustees of the Company's principal shareholder, the Carlsberg Foundation. The rules of procedure for the Board of Directors require that if a conflict of interest is likely to occur, the persons affected by such conflict of interest are not allowed to participate in the consideration of the issue.

16. Remuneration and Benefits

Compensation of the Board of Directors and Other Agreements

The aggregate compensation paid to the Board of Directors in 2007 was DKK 6 million. Members of the Board of Directors do not receive any compensation other than their director's fee and are not included in the Company's share option program except for members of the Board of Directors who are Company employees. Such members of the Board of Directors have also received their usual salaries.

The Company has not granted any loans or issued any kind of guarantee to or in favor of any member of the Board of Directors. There are no unusual agreements with any member of the Board of Directors.

Compensation of the Executive Board and Other Agreements

The aggregate compensation paid to the Executive Board in 2007 was DKK 32 million, including DKK 9 million in bonus payments, DKK 6 million in share-based compensation and remuneration to the former CEO.

In addition, the members of the Executive Board participate in the Company's share option program as described below.

The Company has not granted any loans or issued any kind of guarantee to or in favor of any member of the Executive Board.

Compensation of Other Key Employees and Other Agreements

The aggregate compensation paid to other key employees in 2007 was DKK 17 million, including DKK 1 million in share-based compensation.

In addition, other key employees participate in the Company's share option program as described below.

The Company has not granted any loans or issued any kind of guarantee to or in favor of any of the other key employees. There are no unusual agreements with any of the other key employees.

The aggregate pension obligation and similar obligations of the Carlsberg Group to employees was DKK 2,220 million as at December 31, 2007.

Share Option Program

With the aim of attracting, retaining and motivating the Carlsberg Group's key employees and aligning their interests with those of the shareholders, the Carlsberg Group has set up a share option program. Key employees comprise the members of the Executive Board, senior executives and members of management in key subsidiaries. No share option program has been established for the Board of Directors. Options vest on a continuous basis from the date of grant and for a period of three years.

Options are exercisable during a period from three years to eight years after the date of grant. In the event of termination of the employment, a pro rata share of the options may be exercised within a period of one to three months in the absence of a separate severance agreement. Finally, special terms apply in the event of retirement, illness or death and in the event of changes in the Company's capital structure.

Each option entitles the holder to purchase one Series B Share in the Company. The options may only be settled in Series B Shares.

In 2005, 133 people were granted 201,250 options; in 2006, 152 people were granted 220,250 options; in 2007, 145 people were granted 218,100 options; and in 2008, 125 persons have been granted 199,500 options. At the end of 2007, 44,915 of the options had been exercised.

The exercise price for options granted in 2005 is DKK 288.29; for options granted in 2006 it is DKK 380.18, DKK 584.86 for options granted in 2007 and DKK 567.16 for options granted in 2008. The total market value of the options granted in the period 2005 to 2008 is assessed at approximately DKK 91.6 million.

Including the 61,000 options granted in 2008, a total of 204,275 options have been granted to members of the Executive Board and key employees.

17. Board Practices

The following table presents an overview of the contract terms with the members of the Board of Directors:

Name	Position	Date of Appointment to Current Position	Expiration of Duties	Contractual Remuneration Upon Termination
Povl Krogsgaard-Larsen	Chairman	1993	2009	None
Jens Jørgen Bigum	Deputy Chairman	1997	2009	None
Hans Scott Andersen	Member	1998	2010	None
Flemming Besenbacher	Member	2005	2010	None
Hanne Inge Marie Buch-Larsen	Member	2006	2010	None
Henning Baunbæk Dyremose	Member	1999	2009	None
Niels Kærgaard	Member	2003	2009	None
Axel Albert Michelsen	Member	1986	2010	None
Erik Christian Dedenroth Olsen	Member	1998	2010	None
Bent Ole Petersen	Member	2002	2010	None
Jess Søderberg	Member	2008	2010	None
Per Christian Øhrgaard	Member	1993	2010	None

The following table presents an overview of the contract terms with the members of the Executive Board:

Name	Position	Member of Registered Executive Board Since	Expiration of Duties	Contractual Remuneration Upon Termination
Jørgen Buhl Rasmussen	CEO	2006	—	Up to 36 months
Jørn Peter Jensen	Deputy CEO and CFO	2000	—	Up to 36 months

Half the members of the Board of Directors elected by the shareholders at the general meeting stand for election each year. Employee representatives elected by and from amongst the employees of the Company are elected for four-year terms. Of the members elected by the general meeting, one half, being the members who have been longest in office, must retire every year. The period of office is calculated from the last election. As between members who were elected on the same day, those to retire shall be determined by lot. The members elected by the general meeting are eligible for re-election; however, any member of the Board of Directors must retire at the first annual general meeting after that member has attained the age of 70 years. The Board of Directors convenes ordinary meetings at least six times a year. Ten Board meetings were held during 2007.

The Board of Directors conducts its business according to its rules of procedure. The rules of procedure include rules on the allocation of powers and duties between the Board of Directors and the Executive Board, and on the maintenance of minute books, the register of shareholders and other protocols.

Other duties of the Board of Directors include, but are not limited to, the following:

- determining the Company's objective, strategy, main business activities and principal policies;
- resolutions on matters of an unusual nature or of major importance;
- budget approval;
- consideration and approval of annual report including auditor's report; and
- appointment and dismissal of members of the Executive Board.

Description of Management Reporting Systems and Internal Control Systems

The rules of procedure of the Board of Directors specify, among other things, the obligations of the Board of Directors to consider the Company's organization, including the treasury function, in-house controls, IT organization and budgeting as well as the Board of Director's obligation to follow-up on plans, budgets and the like and to consider the Company's capital resources, general insurance matters, cash flows and special risks.

No Board committees have been formed.

Corporate Governance

The Company endeavors to comply with the corporate governance recommendations of the Committee on Corporate Governance and has adopted the "comply or explain" principle accordingly.

The Company meets in all material respects the recommendations in the following main sections of the recommendations:

- role of shareholders and their interaction with the Company's management;
- stakeholders' role and importance to the Company;
- openness and transparency;
- tasks and responsibilities of the Board of Directors;
- risk management; and
- audit.

As stated in the published Annual Report 2007, the Company disclosed the following with respect to deviations from the recommendations:

It is recommended that at least half of the members of the board of directors elected by the general meeting be independent. Any person who has close links with a company's main shareholder is not regarded as independent.

Five of the eight members of the Board of Directors elected by the general meeting have close links with the Company's principal shareholder, the Carlsberg Foundation, as they make up the Foundation's board of trustees. Thus these members are not independent as defined in the recommendations. This has been the situation for many years. The Board of Directors is of the opinion that the combination of members with an academic background and members with a business background ensures appropriate breadth in the members' approach to their duties and helps to ensure high-quality deliberation and decisions.

It is recommended that information be provided on managerial positions and directorships at Danish and foreign companies and any other demanding organisational tasks performed by members of the board of directors.

In accordance with Section 107(1) of the Danish Financial Statements Act, the Company provides information in its published annual report on managerial positions in other Danish companies held by members of the Board of Directors. Information is also provided on other significant managerial positions and other organizational tasks performed in Denmark and abroad.

It is recommended that information be provided on shares and options held by the individual members of the board of directors in the company in question, and on any changes in these holdings during the financial year.

The members of the Board of Directors do not hold any options in the Company. The section on shareholder information in the consolidated financial statements contains information on the Board of Directors' holding of shares in the Company.

It is recommended that the annual report contain detailed information on remuneration policy and the remuneration of the individual members of the board of directors and the executive board.

The Company's published annual reports presents information on the Carlsberg Group's remuneration schemes, the components of remuneration, and the total remuneration of both the Board of Directors and the Executive Board, cf. Section 69 of the Danish Financial Statements Act. It is not currently considered useful or reasonable to publish information on the remuneration of individuals. Remuneration schemes (including severance arrangements) and remuneration are believed to be in line with comparable companies.

It is recommended that the exercise price for options granted be higher than the market price at the time they are granted.

In the current option scheme, the exercise price corresponds to the market price during the first five days following the publication of the financial statements for the year.

18. Employees

As of March 31, 2008, the Carlsberg Group employed 33,618 people. The average number of full-time employees in the Carlsberg Group was 30,007 in 2005, 31,680 in 2006, and 33,420 in 2007.

The following chart shows a breakdown of the average number of full-time employees for the relevant periods:

	For the Year Ended December 31,		
	2005	2006	2007
North and Western Europe Group	**14,392**	**13,521**	**12,754**
BBH Group	7,183	7,359	8,174
Eastern Europe excl BBH	4,853	4,691	4,659
Asia Group	**2,960**	**5,534**	**7,139**
Other Companies Group	256	227	323
Headquarters Functions	208	205	227
Carlsberg Breweries Group	**29,852**	**31,537**	**33,276**
Carlsberg A/S excl Carlsberg Breweries	155	143	144
Carlsberg Group	**30,007**	**31,680**	**33,420**

Continuous development of the Carlsberg Group's employees is ongoing and supplemented with a number of programs spanning not only management development but also talent development, internal academies for production, procurement and marketing, and personal development programs for both managers and other employees at various levels of the organization.

All programs are put together on the basis of the Carlsberg Group's need to increase the level of competence and strengthen the corporate culture, and with a view to aligning the individual employee's ambitions and capability for personal and professional development. The overall goal is for the organization to be able to meet constantly changing commercial challenges.

Management believes that the Carlsberg Group has good labor relations and it has not experienced any material labor disputes or stoppages in recent years. The Carlsberg Group has a number of programs in place to encourage employee participation and cooperation.

Shareholdings and Options of Members of the Board of Directors, Executive Board and Other Key Employees

The Executive Board and key employees participate in the Company's share option program, and some but not all of the members of the Board of Directors, the Executive Board and other key employees currently own Shares in the Company as shown below. For a description of the share option program and further information with respect to the grants made since January 1, 2005, see "Part I—Company Information—Remuneration and Benefits—Share Option Program."

Summary of Shares and options held by members of the Board of Directors, the Executive Board and other key employees as of the date of this Offering Circular:

Name	Number of Shares	Number of Options
Povl Krogsgaard-Larsen, Chairman	—	—
Jens Jørgen Bigum, Deputy Chairman	2,259 Series B Shares	—
Hans Scott Andersen, member of the Board	1 Series B Share	—
Flemming Besenbacher, member of the Board	—	—
Hanne Inge Marie Buch-Larsen, member of the Board	158 Series B Shares	—
Henning Baunbæk Dyremose, member of the Board	2,686 Series A Shares and 757 Series B Shares	—
Niels Kærgaard, member of the Board	—	—
Axel Albert Michelsen, member of the Board	—	—
Erik Christian Dedenroth Olsen, member of the Board	273 Series B Shares	—
Bent Ole Petersen, member of the Board	27 Series B Shares	—
Jess Søderberg, member of the Board	—	—
Per Christian Øhrgaard, member of the Board	312 Series B Shares	—
Jørgen Buhl Rasmussen, CEO	1,320 Series B Shares	30,000
Jørn Peter Jensen, Deputy CEO and CFO	400 Series A Shares and 69 Series B Shares	85,700
Mikael Aro, Senior Vice President	—	10,500
Alex Meyers, Senior Vice President	—	18,300
Jesper Bjørn Madsen, Senior Vice President	—	28,700
Anton Artemiev, Senior Vice President	—	—
Kasper Madsen, Senior Vice President	408 Series B Shares	13,575
Jan Hillesland, Vice President	—	7,000
Thomas Ekvall, Vice President	—	3,000
Anne-Marie Skov, Vice President	5 Series B Shares	7,500

The options have been granted in accordance with the share option program as described above, see "Part I—Company Information—Remuneration and Benefits—Share Option Program."

19. Major Shareholders

The Company has received notification of shareholdings of 5% or more of the share capital or voting rights from the following shareholders pursuant to Section 29 of the Danish Securities Trading Act and Section 28a of the Danish Public Companies Act.

Shareholder	Number of Series A Shares before the Offering	Number of Series B Shares before the Offering	Total number of Shares before the Offering	Ownership of share capital before the Offering	Voting rights before the Offering
The Carlsberg Foundation	30,197,462	8,959,524	39,156,986	51.3%	81.9%
Franklin Resources Inc.(1)	—	—	—	>5%	—

(1) Based on a filing made by Franklin Resources Inc. with the Company. Franklin Resources Inc. has not disclosed the division between the number of Series A Shares and Series B Shares that it owns.

It is outside the authority of the Company to make any company announcement of major shareholdings unless prior notice from a shareholder has been received. Thus, changes may have occurred in the share capital or voting rights of major shareholders stated above.

The Carlsberg Foundation

The Carlsberg Foundation, which is the single largest shareholder in the Company, is required by its charter to hold more than 25% of the Company's share capital and a minimum of 51% of the voting rights in the Company.

The objectives of the Carlsberg Foundation are to:

- contribute to and manage the Carlsberg Laboratory;
- promote and support the natural sciences as well as mathematics, philosophy, the humanities and the social sciences;
- maintain and develop the Museum of National History at Frederiksborg Castle; and
- continue the support of socially beneficial aims previously provided by the Tuborg Foundation, in particular to support Danish trade and industry.

The Carlsberg Foundation is composed of the following departments: Department A, Department B, Department C and Department D, each of which forms an independent department for furtherance of the objects set forth above, and of the New Carlsberg Foundation, which is an independent foundation under the Carlsberg Foundation.

The New Carlsberg Foundation, a separate legal entity, has its own board of directors appointed by the Carlsberg Foundation. The New Carlsberg Foundation acquires works of art for Danish museums and institutions and, in collaboration with the State of Denmark and the City of Copenhagen, it maintains the New Carlsberg Glyptothek.

Based upon the Carlsberg Foundation's publicly available financial statements, the carrying amount of its capital and reserves as at December 31, 2007, was DKK 3.7 billion.

The background and history of this unique foundation are as follows:

The Carlsberg Foundation was set up in 1876 by J.C. Jacobsen, the founder of "Old Carlsberg." That brewery was donated to the Carlsberg Foundation in 1888. J.C. Jacobsen's son, Carl Jacobsen, built his own brewery, "New Carlsberg," which he donated to the Carlsberg Foundation in 1902. In 1906, the two Carlsberg breweries were merged.

Tuborg was founded in 1873 by Philip Heymann as an export brewery. The brewery was part of Tuborg's Fabrikker, which also comprised a glassworks, an acid works and a harbor. In 1931, the Tuborg Foundation was established to support purposes benefiting society and, in particular, to support Danish trade and industry.

On December 13, 1991, it was announced that the boards of trustees of the Carlsberg Foundation and the Tuborg Foundation had concluded an agreement to amalgamate the two foundations as at October 1, 1991. The amalgamation of the two foundations was approved by the authorities on January 7, 1992. At the time of the amalgamation, the Carlsberg Foundation held 51% and the Tuborg Foundation 6% of the share capital of the Company. The amalgamation of the two foundations was a natural consequence of the co-ordination of the interests in the brewing operations which dates from 1970, when Carlsberg and Tuborg were merged.

The Carlsberg Foundation is managed by a board of trustees (called the "management") comprising five trustees appointed by the Royal Danish Academy of Sciences and Letters from among themselves. According to the publicly available annual report, the members of the management are Povl Krogsgaard-Larsen, Flemming Besenbacher, Niels Kærgaard, Axel Michelsen and Per Øhrgaard. The trustees are elected for periods of ten years. The members of the management of the Carlsberg Foundation have been elected as members of the Board of Directors, and the chairman of the Carlsberg Foundation is the chairman of the Board of Directors.

The Carlsberg Foundation is to exert its influence on the Company in such a way that the following objective stated by the founder of the Carlsberg Foundation is met to the widest possible extent:

"In working the Carlsberg breweries it should be a constant purpose, regardless of immediate profit, to develop the art of making beer to the greatest possible degree of perfection in order that these breweries as well as their products may ever stand out as a model and so, through their example, assist in keeping beer brewing in Denmark on a high and honorable level."

20. Related Party Transactions

The Carlsberg Group has not undertaken any significant transactions with major shareholders, the Board of Directors, the Executive Board or undertakings outside the Carlsberg Group, in which the relevant parties have interests, except as set forth below:

Carlsberg Foundation

The Company has obligations towards the Carlsberg Foundation to ensure that certain of the historical buildings, including buildings built by J.C. Jacobsen and Carl Jacobsen and located on the Company's premises in Valby, are preserved.

Carlsberg Research Center and Carlsberg Laboratory

In connection with the transfer of the Carlsberg Laboratory to the Company and the establishment of the Research Center, the Company undertook towards the Carlsberg Foundation to pay the costs associated with the activities of the Research Center. The Carlsberg Foundation pays a contribution to the activities of the Carlsberg Laboratory. The contribution from the Carlsberg Foundation represents approximately 9% of the Carlsberg Foundation's annual distribution. In 2007, the Carlsberg Laboratory received DKK 13.0 million from the Carlsberg Foundation in respect of this distribution.

21. Information about Carlsberg's Assets and Liabilities, Financial Position, Profits and Losses and Dividend Policy

Financial Information

See "Part F—Financial Information."

Dividend Policy

Pursuant to the Danish Public Companies Act, the annual general meeting of shareholders may authorize the distribution of dividends based on the latest adopted annual accounts of the company. The annual general meeting of shareholders is not entitled to pass resolutions concerning distribution of dividends in excess of the amount suggested or approved by the board of directors.

Although the Company generally intends to distribute dividends to its shareholders in the future, it cannot offer any assurance that it will do so. Payment of dividends is subject to general business conditions, the Company's current and expected financial condition and performance, earnings, capital expenditure requirements, available cash and other relevant factors including growth opportunities. The Company relies on funds remitted to it from its subsidiaries by way of dividends, debt repayment and loans for the cash to pay dividends. Dividends may be paid only if the Company has sufficient distributable profits from previous financial years or sufficient free reserves to allow the distribution of a dividend.

In each year, and to the extent any dividend is distributed, the Series B Shares carry a right to dividends of not less than 8% of the nominal value of those Shares before any payment can be made on the Series A Shares. When the Offered Shares have been registered with the Danish Commerce and Companies Agency, they will carry the same dividend entitlements and other rights as all other Series B Shares of the Company.

Pursuant to the Danish Public Companies Act, the general meeting may authorize the Board of Directors to adopt a resolution to distribute an interim dividend. Any such authorization shall be included in the Articles of Association. A resolution by the Board of Directors concerning distribution of an interim dividend shall be based on interim balance reviewed by the Company's independent accountants and showing that sufficient means are available for distribution and a statement from the Board of Directors that the interim dividend does not exceed what may be justified in consideration of the financial position of the Company and the Carlsberg Group. The Board of Directors of the Company has not been authorized to adopt a resolution to distribute an interim dividend.

The table below shows the dividends in respect of the financial years 2005 through 2007. Such dividends have been paid in the following year.

	Year Ended December 31,		
	2005	2006	2007
Dividend per Share	DKK 5.0	DKK 6.0	DKK 6.0

Dividends are paid annually. Dividends are usually due and payable no earlier than three trading days after the general meeting. Dividends are paid out automatically via VP Securities Services to the accounts specified by the shareholders. Any dividends paid will be in Danish kroner. There are no dividend restrictions or special procedures for non-resident holders of Offered Shares.

Under current Danish legislation, the Company withholds tax on dividends. See "Part II—The Offering—Taxation" for a summary of certain Danish and US federal tax consequences in respect of dividends or distributions to holders of Shares in the Company.

Share Price History

The Company's Shares are admitted for trading and official listing on the OMX in two classes, the Series A Shares and the Series B Shares. The Shares trade in denominations of DKK 20 per Share, the Series A Shares with 20 voting rights per share and the Series B Shares with two voting rights per share.

The Series B Shares are part of the OMX C20 index.

Market Price Information

The following table sets forth for the periods indicated, the high and low prices for the Series A Shares and the Series B Shares, as reported by the OMX.

	DKK per Series A Share		DKK per Series B Share	
Period	**High**	**Low**	**High**	**Low**
Calendar Year 2005				
First Quarter	276.00	248.00	299.00	267.50
Second Quarter	298.50	258.00	322.00	276.00
Third Quarter	349.50	284.00	374.00	308.00
Fourth Quarter	343.50	300.00	365.00	323.50
Calendar Year 2006				
First Quarter	397.50	310.00	419.00	331.00
Second Quarter	415.00	351.50	444.00	360.00
Third Quarter	462.00	375.00	494.50	402.00
Fourth Quarter	527.00	447.50	569.00	485.00
Calendar Year 2007				
First Quarter	588.00	510.00	640.00	550.00
Second Quarter	687.00	541.00	690.00	585.00
Third Quarter	725.00	632.00	752.00	656.00
Fourth Quarter	815.00	575.00	840.00	604.00
Calendar Year 2008				
First Quarter	646.00	500.00	651.00	517.00
April	654.00	600.00	659.00	608.00
May (through May 14)	680.00	621.00	695.00	619.00

Legal and Arbitration Proceedings

The Carlsberg Group regularly enters into agreements concerning both operations and strategy, such as acquisitions and divestments. Entering into agreements brings not only opportunities but also risks, which the Carlsberg Group aims to manage as best possible. The Carlsberg Group has developed policies and activities to ensure compliance with applicable competition laws and rules in all of the markets in which it operates. A general program for ensuring compliance has been developed at group level.

In the ordinary course of business, the Carlsberg Group has, at any particular time, a number of legal and other proceedings in which it is involved. In Management's opinion the outcome of none of these lawsuits will have a material negative effect on the Carlsberg Group's business, results of operations, cash flow and financial position.

Significant Changes

Since March 31, 2008, Carlsberg's financial and trading performance has been in line with Management's expectations.

No events have occurred since March 31, 2008 which would materially affect the business, results of operations, cash flow and financial position of the Carlsberg Group except as disclosed in this Offering Circular.

22. Additional Information

Share Capital

The registered share capital of the Company immediately prior to the Offering was DKK 1,525,568,060 comprising 76,278,403 Existing Shares in total. The Shares are in denominations of DKK 20 per share. The Company's share capital is divided into 33,699,252 Series A Shares and 42,579,151 Series B Shares. All shares are fully paid-in.

Immediately after the Offering, the Company's registered share capital will be 3,051,136,120 comprised of 33,699,252 Series A Shares and 118,857,554 Series B Shares (152,556,806 Shares in total).

At May 7, 2008, Treasury Shares held by the Carlsberg Group consisted of 8,675 Series B Shares (DKK 173,500 nominal value), which are being retained to cover the existing share option program. The Treasury Shares correspond to less than 0.1% of the Company's total registered share capital and their carrying amount is DKK 5.5 million as of May 7, 2008.

The most recent change in the Company's registered share capital was the capital decrease and the subsequent capital increase in April 2004.

Authorizations

Pursuant to Article 8 of the Company's Articles of Association, the Board of Directors is authorized, until December 31, 2009, to increase the share capital of the Company in one or several issues by a total of DKK 3,200,000,000. Any such increase will be effected by an increase of the Series B share capital. The authorization can only be exercised provided that the aim of the capital increase is to finance directly or indirectly the acquisition of (i) shares in Scottish & Newcastle plc, (ii) shares in a company acquiring shares in Scottish & Newcastle plc, or (iii) companies or shareholdings directly or indirectly owned by Scottish & Newcastle plc, and/or (iv) repayment of loans raised by Carlsberg Breweries and/or subsidiaries thereof against guarantee from the Company with a view to financing acquisitions as referred to in (i) to (iii). The authorization cannot be exercised to the extent that the actual exercise will mean that the Carlsberg Foundation violates the requirement of its charter that the base capital of the Carlsberg Foundation must always constitute more than 25% of the share capital in the Company with a right to a minimum of 51% of the votes in the Company. For further information, see "Annex A—Articles of Association."

The above authorization will be used for the Offering. Subsequent to the Offering, the authorization pursuant to Article 8 of the Company's Articles of Association will be reduced to DKK 1,674,431,940.

Pursuant to Article 9 of the Articles of Association, the Board of Directors is authorized, until March 18, 2009, to increase the share capital of the Company, in one or several issues by a further total of up to DKK 10 million Series B share capital with the purpose of giving the employees of the Company the right to subscribe for shares. For further information, see "Annex A—Articles of Association."

Pursuant to Article 13 of the Articles of Association, the Board of Directors is authorized, until March 18, 2009, to raise one or more loans of up to a maximum amount of DKK 639 million or the foreign exchange equivalent thereof against the issue of convertible bonds or other instruments of debt giving the bearer a right of converting his claim into Series B Shares. For further information, see "Annex A—Articles of Association."

Furthermore, pursuant to Article 13 of the Articles of Association, the Board of Directors is authorized, until March 18, 2009, to raise one or more loans of up to a maximum amount of DKK 200 million against the issue of bonds or other interest-bearing instruments of debt, the rate of which shall in whole or in part and, as determined by the Board of Directors, depend upon dividends paid on the Company's Shares. For further information, see "Annex A—Articles of Association."

Any shares issued and registered according to the above authorizations will have the same rights as the Existing Shares in all respects, including preemptive rights in respect of future capital increases.

Dividend Rights

Pursuant to the Danish Public Companies Act, the annual general meeting of the shareholders of the Company authorizes the distribution of dividends on the basis of the approved and audited accounts for the latest financial year. The Board of Directors has not been authorized to pay interim dividends, and the annual general meeting cannot authorize the payment of dividends exceeding the amount suggested or recommended by the Board of Directors.

The Offered Shares are eligible to receive dividends declared and paid after the issue and registration of the Offered Shares with the Danish Commerce and Companies Agency.

Payment of dividends, if any, will take place in accordance with the rules of VP Securities Services, and will be paid out to the shareholder through the shareholder's account with a custodian institution.

See "Part II—The Offering—Taxation" for a summary of certain Danish and US federal tax consequences in respect of dividends or distributions to holders of the Offered Shares.

Registration of the Shares

All Shares are registered in book entry form and must be held through a Danish bank or other institution authorized to be registered as the custodian of such shares in accounts maintained in the computer system of VP Securities Services. The Shares are issued in non-certificated bearer form, but may be registered in the name of the holder in the Company's register of shareholders through the holder's custodian institution.

Issuing Agent and Registrar

Danske Bank is the Company's issuing agent. VP Securities Services is the Company's registrar. See Article 11(3) of the Articles of Association.

General Meetings

The general meeting is the ultimate authority in all matters relating to the Company, subject to the limitations in Danish law and the Company's Articles of Association. Reference is made to Articles 14-26 of the Articles of Association.

The annual general meeting must be held within four months after the end of the Company's financial year. At present the financial year runs from January 1 to December 31. Consequently, the annual general meeting must be held before the end of April each year.

Extraordinary general meetings shall be held when the general meeting has passed a resolution in this respect, when the Board of Directors considers such meeting appropriate or when either the Company's auditor or shareholders representing at least one-tenth of the issued share capital so request in writing and for a specified purpose.

All general meetings shall be held in greater Copenhagen.

Any shareholder is entitled to submit a specific subject for consideration at a general meeting, provided that such request has been filed with the Board of Directors in time for the item to be included on the agenda of the general meeting (usually no later than 30 days before the general meeting).

Unless otherwise expressly provided by the Danish Public Companies Act or the Company's Articles of Association all resolutions shall be passed by the general meeting by a simple majority of the total number of votes cast by holders of Series A Shares and Series B Shares. In the case of an equality of votes a new vote shall be taken. In the case of a subsequent equality of votes the chairman of the Board of Directors shall have the casting vote.

In order to pass a resolution for the alteration of the Articles of Association or for the winding-up of the Company, which is not proposed or endorsed by the Board of Directors, at least one-third of the possible number of votes representing the total share capital shall be represented at the general meeting in question and the resolution shall be passed by three-fourths of both the total number of votes cast and of the voting share capital represented thereat. If the resolution is proposed or endorsed by the Board of Directors, only a qualified majority of two-thirds of both the total number of votes cast and of the voting share capital represented at the general meeting is required for the passing of the resolution in question.

If the prescribed portion of the voting share capital is not sufficiently represented at the general meeting, but a resolution is nonetheless passed in accordance with the provisions of the first sentence of the foregoing paragraph, such resolution may be finally passed at an extraordinary general meeting convened by the Board of Directors within fourteen days after the first general meeting irrespective of the number of votes represented at this second general meeting. If the resolution has not been endorsed by the Board of Directors, three-fourths of both the total number of votes cast and of the voting share capital represented at the second general meeting shall vote in favor of the resolution for such resolution to be validly passed at this second general meeting. If the resolution has been endorsed by the Board of Directors, the resolution may be passed with the majority specified in the last sentence of the foregoing paragraph.

Treasury Shares

Under Section 48 of the Danish Public Companies Act, the general meeting may authorize the Board of Directors to arrange for the Company to acquire Treasury Shares. However, the amount of such treasury shares may not exceed 10% of the Company's total share capital.

Accordingly, at the Company's annual general meeting on March 10, 2008, the Board of Directors was authorized to acquire Treasury Shares at a nominal value of up to 10% of the nominal share capital, at the price quoted on the OMX at the time of the acquisition with a deviation of up to 10% and for a period lasting until the next annual general meeting of the Company.

Memorandum of Association and Articles of Association

The Company's Articles of Association as of March 10, 2008 are included in "Annex A—Articles of Association."

Objects

Pursuant to Article 3 of the Articles of Association, the objects for which the Company is established are to carry on manufacturing business in Denmark or abroad, including brewery operations, trade, farming and transport, and to provide technical or mercantile assistance, to acquire and to own real estate or otherwise to be engaged in or hold interests in other activities, which in the opinion of the Board of Directors are incidental or conducive to the attainment of the above objects or any of them.

Provisions Concerning Members of the Board of Directors and the Executive Board

The Board of Directors jointly with the Executive Board shall be in charge of the management of the Company and shall be responsible for the proper organization of the activities of the Company.

The Board of Directors shall be elected by the general meeting except for members who are elected pursuant to the provisions in Danish law concerning representation of employees on the Board of Directors. The Board of Directors elected by the general meeting shall consist of not less than eight and not more than twelve members. The general meeting may elect two members to act as alternates to the members elected by the general meeting. Each year half of the members of the Board of Directors elected by the general meeting, and who have been in office for the longest period of time shall retire. The period of office shall be calculated from the last election. As between persons who were elected on the same day, those to retire shall be determined by lot. A member shall be eligible for re-election, however, any member of the Board of Directors shall retire at the first annual general meeting after he/she has attained the age of 70 years.

The Board of Directors shall elect a chairman and a deputy chairman. The Board of Directors shall lay down rules of procedure specifying the conduct of its affairs.

The Board of Directors shall appoint the Executive Board of the Company consisting of one to five members, including one or more chief executive officers, and shall appoint from among them the chairman of the Executive Board. The Executive Board shall be in charge of the day-to-day management of the Company.

Guidelines concerning share option programs for the Executive Board have been approved by the general meeting. See "Part I—Company Information—Remuneration and Benefits—Share Option Program."

The Company shall be bound (i) by the signature of the chairman of the Board of Directors jointly with a member of the Board of Directors or jointly with a member of the Executive Board, (ii) by the signature of the deputy chairman of the Board of Directors jointly with a member of the Board of Directors or jointly with a member of the Executive Board, (iii) by the signature of a chief executive officer jointly with a member of the Board of Directors or jointly with a member of the Executive Board, or (iv) by the signature of two members of the Executive Board acting jointly.

Reference is made to Articles 27-32 of the Articles of Association.

Rights and Restrictions in Relation to the Shares

Voting Rights: Shareholders who have acquired their Shares by transfer will not be entitled to exercise their voting right relating to the Shares in question at a general meeting, if notice of the general meeting has been given prior to the Shares having been registered in the Company's register of shareholders or prior to the shareholder having given notice of and produced documentary evidence of his acquisition of the Shares. See Article 20(2) of the Articles of Association.

The Series A Shares carry 20 votes per DKK 20 share and the Series B Shares carry two votes per DKK 20 share. See Article 5 of the Articles of Association.

Dividend Rights: A preferential right to an 8% non-cumulative dividend is attached to the Series B Shares. See Article 5 of the Articles of Association.

Other Rights: Save as set forth above, no class of shares has any special rights. See Article 5 of the Articles of Association. Following the issue and registration of the Offered Shares such shares will rank *pari passu* in all respects to the existing Series B Shares. The Offered Shares will have the same rights as the existing Series B Shares, including preemptive rights, in respect of future capital increases.

In case of a dissolution or winding-up of the Company, the shareholders are entitled to the Company's assets in proportion to their respective shareholdings after due payment of the Company's creditors.

Redemption: Except as provided by Section 20b, Section 20e and Section 79(2)(iii) of the Danish Public Companies Act, the Shares may not be redeemed in full or in part. See Article 6(2) of the Articles of Association.

Pursuant to Section 20b of the Danish Public Companies Act, shares in a company may be redeemed by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in a company. Such redemption may be effected by the majority shareholder together with the board of directors in a joint decision. A minority shareholder holding less than nine-tenths of the shares may similarly require a majority shareholder holding more than nine-tenths of the shares to redeem the minority shareholder's shares pursuant to Section 20d of the Danish Public Companies Act.

Further, according to Section 20e of the Danish Public Companies Act, shares in a company may be redeemed by an offeror who has made a public tender offer, see Section 31(1) of the Danish Securities Trading Act, if the offer has resulted in the offeror holding more than nine-tenths of the shares and the corresponding voting rights in the company. The redemption does not require the consent of the board of directors of the company. Likewise, a minority shareholder may demand to have his shares redeemed by such majority shareholder.

Finally, there may be circumstances under which a majority shareholder may be allowed to redeem the minority shareholders on the basis of a provision in the articles of association of a company to the effect that minority shareholders are required to have their shares redeemed at the request of the majority shareholder. Such provision must be adopted by at least nine-tenths of the votes cast and of the voting share capital represented at the general meeting. See Section 79(2)(iii) of the Danish Public Companies Act. No such provision currently exists in the Articles of Association.

Ownership: There are no restrictions on the number of Shares any person may hold.

Transferability and Negotiability of the Shares: No restrictions apply to the transferability of the Shares. See Article 6(3) of the Articles of Association. The Shares are negotiable instruments. See Article 6(4) of the Articles of Association.

Notices for General Meetings

Reference is made to Articles 14-20 of the Articles of Association.

General meetings must be convened by the Board of Directors with no less than eight days' notice and no more than four weeks' notice by public announcement in the IT information system of the Danish Commerce and Companies Agency, in *Berlingske Tidende* or in any other Copenhagen newspaper.

In addition, notice must be given by ordinary mail to all shareholders registered in the Company's register of shareholders. Notice of the general meeting shall be given to the employees of the Company in a manner determined by the Board of Directors.

Any shareholder is entitled to attend the general meeting provided that the shareholder has obtained an admission card at the Company's office no later than five calendar days before the general meeting or in any other way as described in the notice of the general meeting. A shareholder is entitled to attend the general meeting with an adviser or by proxy, provided that the proxy-holder presents a signed and dated proxy, which can be issued for a maximum period of one year.

Provisions Which May Lead to a Change of Control in the Company Being Delayed

A transferee shareholder cannot exercise his rights as a shareholder in respect of a registered Share unless his name is entered in the Company's register of shareholders or he has given notice of and produced documentary evidence of the transfer. However, this does not apply to the right to receive dividend or other payments nor to the right to new shares in connection with an increase of the share capital. See Article 11(2) of the Articles of Association.

Shareholders who have acquired their Shares by transfer will not be entitled to exercise their voting right relating to the Shares in question at a general meeting, if notice of the general meeting has been given prior to the Shares having been registered in the Company's register of shareholders or prior to the shareholder having given notice of and produced documentary evidence of his acquisition of the Shares. See Article 20(2) of the Articles of Association.

Shareholders' Disclosure Requirements

See "Part II—Information Concerning the Securities to be Offered—Danish Legislation Governing Mandatory Takeover Bids, Redemption of Shares and Disclosure Requirements."

23. Material Contracts

Shareholder Agreements and Joint Ventures

Unicer

The Carlsberg Group is a party to a shareholder agreement with a Portuguese consortium of three shareholders who hold 56% of the shares in Unicer. The Carlsberg Group holds the remaining 44%.

The shareholder agreement specifies which material decisions, including investments and acquisitions, are required to be agreed upon by the parties. The governing bodies should be agreed upon between the parties, however, should this fail, the Portuguese shareholders have the right to appoint a majority of the members of the board of directors, whereas the Carlsberg Group has the right to appoint one executive director and three non-executive directors.

The agreement contains provisions regulating a shareholder's sale of shares in Unicer to a third party. The shareholder agreement also contains geographical exclusivity, confidentiality and other provisions that are customary for an agreement of this nature. The shareholder agreement runs for an indefinite period of time, but can be terminated upon the occurrence of certain events.

Other Material Contracts

The Consortium Agreement

On January 24, 2008 the Company and Heineken entered into a Consortium Agreement which sets out the terms on which the Consortium would bid for S&N.

The Consortium Agreement provides how BidCo is to be operated, both before and after the closing of the Acquisition, and how it is to be funded by the Consortium. The Consortium Agreement further provides for the division of the S&N net assets and related separation costs between the parties and for the assumption of S&N's liabilities, including debt, pension obligations and taxes, based on the principle that liabilities are to stay with the various operational companies. The Consortium Agreement also provides a mechanism for dividing assets which straddle the component parts of S&N (for example S&N group-wide royalty agreements and procurement contracts) and provisions for the continuation of certain shared services during a short period of time. In the event that assets allocated to one party under the agreement are held by an entity acquired by the other party, appropriate transfer arrangements are provided. Certain of S&N's assets and liabilities, including the head office function and the UK pension obligations, as well as BidCo are being acquired and assumed by Heineken.

The Consortium Agreement also provides that a statement of net debt will be made up at the acquisition date covering the acquisition of the Acquired Assets and that the parties and each party can require that a firm of independent chartered accountants reviews the statement of net debt. To the extent that the statement of net debt made up at the acquisition date differs from the preliminary net debt statement prepared immediately prior to the signing of the Consortium Agreement, appropriate adjustments will be made at the request of the parties. The statement of net debt made up at the acquisition date contains a number of estimates and accordingly will be updated periodically to reflect the actual figures as they become known and further appropriate adjustments between the parties are made.

Both parties give limited reciprocal warranties and indemnities and standard conduct of third-party claim provisions are also incorporated in the Consortium Agreement. The Consortium Agreement also provides for the sharing of costs between the parties and handling of claims. It also contains non-solicitation, access to books and records, confidentiality and standstill provisions between the parties.

Kronenbourg and Grimbergen License Agreements in Relation to the Consortium Agreement

As part of the Consortium Agreement, the Company and Heineken have agreed that the Carlsberg Group will grant an exclusive long-term license to Heineken in relation to the Kronenbourg brand in the United Kingdom and in relation to the Grimbergen brand in Belgium. Both license agreements contain provisions on quality control, confidentiality, termination rights subject to the occurrence of special events as well as a number of other provisions customary for a licensing agreement of this nature.

Coca-Cola and PepsiCo Agreements

The Carlsberg Group has entered into agreements with Coca-Cola in Denmark and Finland and with PepsiCo in Norway and Sweden. Both of the Coca-Cola agreements were entered into in 2001 for a ten-year term. Both of the PepsiCo agreements have a 20-year term running from 1998 in Norway and from 2001 in Sweden.

Both the Coca-Cola and the PepsiCo agreements contain clauses regarding quality control, confidentiality, termination rights on certain events occurring (including on changes of control) and a number of other provisions customary for a licensing agreement of this nature.

Together with The Coca-Cola Company, Carlsberg has signed a non-binding letter of intent concerning a potential extension of the business partnership in Denmark and Finland. As part of this, and in accordance with such letter of intent, The Coca-Cola Company may wish to acquire Carlsberg's mineral water brands in Denmark and also to acquire or produce certain non-alcoholic beverage brands on license in Finland. These transactions are expected to be finalized in the second quarter of 2008. Their value is expected to be in the region of DKK 1.1 billion.

Aluminum Can Agreement

The Carlsberg Group has had a long-term aluminum can supply cooperation agreement between Carlsberg Breweries A/S and Rexam Beverage Can Europe Limited, as a principal supplier of aluminum cans for Western Europe since 2001. The current agreement for the delivery and supply of aluminum cans is due to expire on December 31, 2008 and a new agreement has been agreed with similar terms for the calendar year 2009. The agreement contains provisions customary for a contract of this nature, such as quality of products and services, undertakings and confidentiality.

24. Third Party Information, Statement by Experts and Declarations of Any Interest

There are no expert statements or declarations included in this Offering Circular.

This Offering Circular contains historical market data and industry forecasts, including information related to the sizes of the markets in which the Carlsberg Group operates.

This information has been obtained from a variety of sources, including professional data suppliers, such as Canadean, the World Bank, company websites and other publicly available information as well as our knowledge of the markets. The professional data suppliers state that the historical information they provide has been obtained from sources, and through methods, believed to be reliable, but that they do not guarantee the accuracy and completeness of this information. Similarly, industry forecasts and market research, while believed to be reliable, have not been independently verified by the Company.

Neither the Company nor any of the Joint Bookrunners represent that this historical information is accurate. Industry forecasts are, by their nature, subject to significant uncertainty. There can be no assurance that any of the forecasts will materialize.

The Company confirms that information sourced from third parties has been accurately reproduced and that to the best of the Company's knowledge and belief, and so far as can be ascertained from the information published by such third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

Market statistics are inherently subject to uncertainty and are not necessarily reflective of actual market conditions. Such statistics are based on market research which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market/market segment definitions.

25. Available Documentation

The Company's annual reports as at and for the years ended December 31, 2005, 2006 and 2007 and quarterly reports issued in 2007 and 2008, the Articles of Association and a report by the Board of Directors pursuant to Section 29(2) of the Danish Public Companies Act with the related auditor's report are available for inspection at Carlsberg's offices, Carlsberg A/S, Ny Carlsberg Vej 100, DK-1760 Copenhagen V, Denmark, and copies thereof will be supplied upon request. Annual reports as at and for the years ended December 31, 2006 and 2007 for the Company's significant subsidiaries representing in aggregate more than 80% of the Carlsberg Group's revenue for 2006 and 2007, respectively, will also be available for inspection. The list below shows the subsidiaries for which annual reports are available for inspection or the reason for such annual reports not being available for inspection, as the case may be.

	Published Annual Reports	
Company Name (list updated as of May 10, 2008)	**2007**	**2006**
publicly available		
Carlsberg A/S, Denmark	1	1
Carlsberg Breweries A/S, Denmark	1	1
Carlsberg Danmark A/S, Denmark	3	1
VersaMatrix A/S, Denmark	3	1
House of Beer A/S, Denmark	3	1
Saltum & Neptun Bryggerier A/S, Denmark	3	1
Ejendomsaktieselskabet Tuborg Nord B, Denmark	3	1
Ejendomsaktieselskabet Tuborg Nord C, Denmark	3	1
Ejendomsaktieselskabet Tuborg Nord D, Denmark	3	1
Ejendomsinteressentskabet Tuborg Nord B, Denmark	3	1
Ejendomsaktieselskabet af 4. Marts 1982, Denmark	3	1
Investeringsselskabet af 17. Januar 1991, Denmark	3	1
Boliginteressentskabet Tuborg Nord, Denmark	3	1
Ejendomsinteressentskabet Waterfront, Denmark	3	1
Carlsberg Finans A/S, Denmark	1	1
Carlsberg Invest A/S, Denmark	1	1
Carlsberg IT A/S, Denmark	3	1
Carlsberg Insurance A/S, Denmark	3	1
Investeringsaksjeselskapet RH AS, Norway	3	1
Ringnes AS, Norway	3	1
Ringnes Imsdal Eiendom AS, Norway	3	1
Ringnes Administrasjon Eiendom AS, Norway	3	1
Ringnes Arendal Eiendom AS, Norway	3	1
Ringnes Bodø Eiendom AS, Norway	3	1
Ringnes EC Dahls Eiendom AS, Norway	3	1
Ringnes Farris Eiendom AS, Norway	3	1
Ringnes Gjelleråsen Eiendom AS, Norway	3	1
Carlsberg Sverige AB, Sweden	3	1
OY Sinebrychoff AB, Finland	1	1
Falcon Sweden AB, Sweden	3	1
Pripps Ringnes AB, Sweden	3	1
Baltic Beverages Holding AB, Sweden	1	1
Saku Brewery A/S, Estonia	1	1
A/S Aldaris, Latvia	1	1
Slavutich Brewery, Ukraine	1	1
Lvivska Brewery, Ukraine	1	1
Baltika Brewery St. Petersburg, Russia	1	1
Svyturys-Utenos Alus AB, Lithuania	1	1
UAB BBH Baltics, Lithuania	1	1
Sarbast, Uzbekistan	1	1
Carlsberg Italia S.p.A., Italy	3	1
Unicer Bebidas de Portugal, SGPS S.A., Portugal	3	1
Feldschlösschen Getränke AG, Switzerland	1	1

Company Name (list updated as of May 10, 2008)	Published Annual Reports 2007	2006
Feldschlösschen Getränke Holding AG, Switzerland	1	1
SB Swiss Beverages AG, Switzerland	1	1
Hunziker AG Festwirtschaften, Switzerland	1	1
Carlsberg Deutschland GmbH, Germany	3	1
Göttsche Getränke GmbH & Co. KG, Germany	3	1
Holsten-Brauerei AG, Germany	3	1
Carlsberg UK Limited, England	3	1
Carlsberg Polska S.A., Poland	3	1
Carlsberg Polska sp zoo, Poland	3	1
Carlsberg Accounting Service Centre Sp. Z o.o., Poland	1	1
Carlsberg Croatia d.o.o., Croatia	3	1
Bottling and Brewing Group Ltd, Malawi	1	1
Türk Tuborg Bira ve Malt Sanayii A.S., Turkey	1	1
Carlsberg Bulgaria AD, Bulgaria	1	1
Carlsberg Serbia d.o.o., Serbia	1	1
Carlsberg BH d.o.o., Bosnia	1	1
South-East Asia Brewery Ltd., Vietnam	3	3
Carlsberg Brewery Malaysia Berhad, Malaysia	1	1
Carlsberg Asia Pte Ltd., Singapore	3	1
Brewery Invest Pte Ltd., Singapore	3	1
Carlsberg Singapore Pte Ltd, Singapore	3	1
Gorkha Brewery Pvt. Ltd., Nepal	1	1
South Asian Breweries Pvt Ltd., Singapore	3	1
South Asian Breweries Pvt Ltd., India	3	1
Danish Malting Group A/S, Denmark	3	1
Danish Malting Group Polska Sp. Z o.o., Poland	1	1
CTDD Beer imports Ltd., Canada	2	2
Carlsberg USA Inc., USA	2	2
Carlsberg Canada Inc., Canada	2	2

(1) The annual report is available for the company in question.

(2) There is no requirement for an annual report to be prepared for the company in question.

(3) The annual report for the company in question has not yet been prepared.

26. Disclosure of Equity Investments

Companies which may have a significant effect on the assessment of Carlsberg's assets and liabilities, financial position and profits and losses comprise:

	Ownership Interest
Carlsberg Danmark A/S, Copenhagen, Denmark	100%
Carlsberg Sverige AB, Stockholm, Sweden	100%
Pripps Ringnes AB, Stockholm, Sweden	100%
Oy Sinebrychoff Ab, Helsinki, Finland	100%
Carlsberg UK Holdings PLC, Northampton, United Kingdom	100%
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	100%
Carlsberg Italia S.p.A, Lainate, Italy	100%
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	100%
Baltika Brewery, St. Petersburg, Russia	86%
Carlsberg Polska S. A., Warsaw, Poland	100%
Brasseries Kronenbourg, Strasbourg, France	100%

See "Part I—Company Information—Organizational Structure" for further information.

27. Definitions

Definitions relating to the Offering are defined in "Summary—Summary of the Offering."

Acquired Assets	The remaining 50% of BBH, the French Business, worldwide brand rights to *Grimbergen*, Mythos, a 17.5% holding in the Chongqing Brewery Co. Ltd. and a greenfield joint venture in Vietnam.
Acquired Entities	The entities acquired by the Carlsberg Group in the Acquisition.
Acquisition	The acquisition by Carlsberg of the Acquired Assets.
Administration Excellence Program	Administration Excellence Program that was established to develop more cost-effective administrative operations, and to share best practice between countries.
Balkans	Serbia, Croatia, Bosnia-Herzegovina and Bulgaria.
Baltic countries	Estonia, Latvia and Lithuania.
BBH	Baltic Beverages Holding AB and, where the context requires, its consolidated subsidiaries and associated undertakings.
BidCo	Sunrise Acquisitions Limited, a newly incorporated company jointly owned by the Consortium. For the avoidance of doubt, BidCo also includes, where the context requires, the companies acquired from S&N.
Board of Directors	The Board of Directors of Carlsberg A/S.
British pound sterling or pound sterling or £	The official currency of the United Kingdom.
CAGR	Compound Annual Growth Rate.
Carlsberg Breweries	Carlsberg Breweries A/S.
Carlsberg Foundation or Foundation	The Carlsberg Foundation, the Company's principal shareholder.
Carlsberg or Carlsberg Group	The Company together with its directly and indirectly owned subsidiaries and joint ventures, associated undertakings and other investments. For the avoidance of doubt, where the context requires, Carlsberg or the Carlsberg Group also includes the Acquired Assets.
CET	Central European Time.
CHF or Swiss francs	The official currency of Switzerland.
Clearstream	Clearstream Banking S.A.
Code	United States Internal Revenue Code of 1986.
Commercial Excellence Program	Excellence Program focused on revenue growth with the aim to achieve improved product mix and greater efficiency of marketing resources.
Company	Carlsberg A/S, CVR no. 61056416.
Consortium	Carlsberg A/S and Heineken N.V.
Danish Central Bank	Danmarks Nationalbank.
Danish Commerce and Companies Agency	Erhvervs-og Selskabsstyrelsen.
Danish FSA	Danish Financial Supervisory Authority.
Danish Public Companies Act	Consolidation Act no. 649 of June 15, 2006 on Public Companies, as amended.

Danish Securities Trading Act	Consolidation Act no. 214 of April 2, 2008 on Securities Trading, etc.
DKK or Danish kroner	The official currency of Denmark.
Eastern Europe	Eastern Europe and Former CIS.
EBITDA	Earnings before special items, financial items, taxes, depreciation and amortization.
EEA	The EU member states, Norway, Iceland and Liechtenstein.
EU	The European Union.
EUR, euro or €	The single currency of the member states participating in the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community as amended.
Euroclear	Euroclear Bank S.A./N.V. as operator of the Euroclear System.
Excellence Programs	Various programs set up by Carlsberg that focus on margin enhancement by improving efficiencies and cost control, as well as optimizing top-line revenue growth.
Executive Board	The Executive Board of Carlsberg.
Existing Shareholders	Shareholders registered with VP Securities Services as shareholders of the Company as at May 26, 2008 at 12:30 p.m. CET.
Existing Shares	The Company's existing Series A and Series B Shares.
French Activities	French activities include the French Business and earnings generated from non-French business through the marketing and distribution of *Kronenbourg* on these markets. A large part of this business will be acquired by Heineken, but the activity concerning *Kronenbourg* will be spun off and transferred to the Carlsberg Group.
French Business	S&N's former operations in France, including Brasseries Kronenbourg and the global trademark rights to Kronenbourg as well as the revenue generated from French exports.
FSA	UK Financial Services Authority.
FSMA	Financial Services and Markets Act 2000.
Gross Beer Volume	Volumes taking account of 100% of sales volumes of all subsidiaries, proportionately consolidated companies, associated undertakings and licensed products.
IFRS	International Financial Reporting Standards as adopted by the European Union.
Issuer	Carlsberg A/S, CVR no. 61056416.
Joint Bookrunners	BNP Paribas, Danske Markets (Division of Danske Bank A/S), Lehman Brothers International (Europe) and Nordea Bank Danmark A/S.
Key Brands	*Carlsberg, Tuborg*, *Baltika*, *Holsten* and *Kronenbourg 1664.*
KPMG	The Company's current independent auditor KPMG Statsautoriseret Revisionspartnerskab.
KPMG C.Jespersen	KPMG C.Jespersen Statsautoriseret Revisionsinteressentskab.
Leading International Brewers	The five largest global brewers: InBev, SABMiller, Anheuser-Busch, Heineken and Carlsberg.

Logistics Excellence Program	Excellence Program focused on identifying and implementing initiatives to make improvements to and generate savings in the Company's logistics operations.
Management	The Company's Board of Directors and Executive Board.
Million hl or m hl	Millions of hectoliters.
Mythos	Mythos Brewery S.A.
Non-Danish Persons	Persons resident in, or who are citizens of, jurisdictions other than Denmark.
Nordic countries	Denmark, Norway, Sweden and Finland.
Northern Germany	Schleswig-Holstein, Hamburg, Mecklenburg-Western Pomerania, Lower Saxony and Bremen.
Norwegian kroner	The official currency of Norway.
Offering Circular	This document published by the Company.
OMX	OMX Nordic Exchange Copenhagen A/S.
Order	UK Financial Services and Markets Act 2000 Order 2005.
PET	Polyethylene terephthalate, used to make plastic packaging.
PFIC	Passive foreign investment company.
Pro Rata Volume	Volumes taking account of 100% of sales volumes of all subsidiaries where full management control is exercised by the Carlsberg Group and sales volume *pro rata* to ownership in all other entities.
Prospectus Directive	Directive 2003/71/EC.
QIBs	Qualified Institutional Buyers within the meaning of Rule 144A.
Relevant Member State	Member state of the EEA that has implemented the Prospectus Directive, other than Denmark.
Rule 144A	Rule 144A under the Securities Act.
Russian ruble or RUB	The official currency of Russia.
S&N	Scottish & Newcastle plc.
SAXESS	The trading system used on the OMX.
Section 305(a) Distribution	A distribution under Section 305(a) of the Code.
Securities Act	US Securities Act of 1933, as amended.
SEK or Swedish kroner	The official currency of Sweden.
Series A Shares	The Company's Series A Shares.
Series B Shares	The Company's Series B Shares.
Shares	The Existing Shares together with the Offered Shares.
Singapore dollar	The official currency of Singapore.
UK	United Kingdom.
Underwriting Agreement	Underwriting agreement dated May 15, 2008 entered into between the Company and the Joint Bookrunners.
Unicer	Unicer-Bebidas S.A.
US	United States of America.
US Holder	A beneficial owner of Series B Shares or Preemptive Rights for US federal income tax purposes.
USD, US dollar or $	The official currency of the United States.

PART II—THE OFFERING

II. The Offering

1. Persons Responsible

See “Part I—Company Information—Persons Responsible.”

2. Risk Factors Related to the Offering

For a description of the Carlsberg Group's risk factors, see "Risk Factors" above.

3. Key Information

Working Capital Statement

In the opinion of Management, taking account of the borrowing facilities available to the Carlsberg Group and the net proceeds of the Offering, the working capital available to the Carlsberg Group is sufficient for the Carlsberg Group's present requirements, that is, for at least the next 12 months following the date of this Offering Circular.

Capitalization and Indebtedness

The following table sets out the Carlsberg Group's consolidated capitalization as at May 7, 2008. The Carlsberg Group's capitalization is presented:

- on a historical consolidated basis;
- on an adjusted basis giving effect to the Acquisition;
- on an adjusted basis giving effect to the acquisition facilities entered into to finance the Acquisition; and
- on an adjusted basis giving effect to the Offering and the application of the net proceeds from the Offering as described in "Reasons for the Offering and Use of Proceeds" below.

This table should be read in conjunction with the sections under the headings "Part I—Company Information—Review of Operations and Financial Statements," "Part I—Company Information—Additional Information—Share Capital" and "Part I—Company Information—Additional Information—Memorandum of Association and Articles of Association" and the financial statements and pro forma financial information included elsewhere in this Offering Circular.

	Pre-Acquisition[(1)]	Pro Forma for the Acquisition, including Acquisition Facilities[(2)(3)]	Effect of Offering	Adjusted[(4)]
		(DKK million)		
Cash and Cash Equivalents	(2,239)	—	—	(2,239)
Existing Debt[(5)]	26,476	4,665	—	31,141
Term Loan A	—	1,942	(1,397)	545
Term Loan B	—	9,725	—	9,725
Term Loan C	—	7,292	—	7,292
Revolving Credit Facility	—	4,701	—	4,701
Bridge Facility	—	28,675	(28,675)	—
Total Debt	24,237	57,000	(30,072)	51,165
Share Capital	1,526	—	1,526	3,052
Reserves	15,746	—	28,546	44,292
Total Equity	17,272	—	30,072	47,344
Minority Interest	1,298	—	—	1,298
Total Capitalization	**42,807**	**57,000**	**—**	**99,807**

Total capitalization relating to the Acquisition amounts to DKK 57.0 billion including costs and debt taken over. In the table above, costs relating to the Offering have been deducted from the proceeds as will be done for accounting purposes.

(1) This column shows selected historical information derived from the unaudited consolidated interim balance sheet of Carlsberg as at March 31, 2008, included in this Offering Circular.

(2) This column shows the effect of the Acquisition as more fully described in the *pro forma* financial information presented elsewhere in this Offering Circular.

(3) This column shows the effect of the acquisition facilities entered into to finance the Acquisition as described in "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources—Description of the Carlsberg Group's Borrowings."

(4) This column shows the effect of the Offering and the related repayment of indebtedness as described elsewhere in this Offering Circular. The Company assumes net proceeds from the Offering of approximately DKK 30,072 million (after deduction of estimated expenses payable by the Company).

(5) Of the Carlsberg Group's total existing debt, only mortgages are secured. See "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources—Description of the Carlsberg Group's Borrowings" for a description of the Carlsberg Group's mortgages. The Carlsberg Group has no guaranteed debt.

Interest of Persons Involved in the Offering

As set forth in "Part I—Company Information—Employees," some of the members of the Board of Directors are also members of the board of trustees of the Company's principal shareholder, the Carlsberg Foundation. The Company is not aware of any potential conflict of interest in relation to the Offering that is material to the Company, other than the above.

Reasons for the Offering and Use of Proceeds

The Company expects to receive net proceeds from the Offering of approximately DKK 30,072 million (after deduction of estimated expenses payable by the Company). The entire net proceeds of the Offering will be used to repay an equity bridge facility of DKK 28.7 billion and to repay partially Term Loan A entered into by the Carlsberg Group in order to fund the Acquisition. See "Part I—Company Information—The Acquisition" and "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources" for further information about the Acquisition and the equity bridge facility.

4. Information Concerning the Securities to be Offered

Type of Securities, Allocation Date and Security Codes

The Offering comprises 76,278,403 Offered Shares (new Series B Shares) with a nominal value of DKK 20 each with Preemptive Rights to the Existing Shareholders.

Preemptive Rights

The Offering is being made at the ratio of 1:1 which means that each holder of the Company's Existing Shares will be entitled to and allocated one Preemptive Right for each Series A Share with a nominal value of DKK 20 each and each Series B Share with a nominal value of DKK 20 each held on the Allocation Date.

Each Preemptive Right will entitle the holder to subscribe for one Offered Share. Accordingly, shareholders will have the right, upon payment of the Subscription Price, to subscribe for one new Offered Share per Existing Share held.

On May 26, 2008, at 12:30 p.m. CET (the "Allocation Date"), anyone who is registered with VP Securities Services as a shareholder of the Company will be allocated Preemptive Rights. The Preemptive Rights will be distributed through VP Securities Services.

The Preemptive Rights will have the security identification code ISIN DK0060135705.

An application has been made for the Preemptive Rights to be admitted for trading and official listing on the OMX. The day on which the Preemptive Rights will be admitted for trading, and trading in them will commence, will be May 22, 2008.

The Offered Shares

The Offered Shares issued by the Company upon registration of the capital increase expected to take place on June 12, 2008 with the Danish Commerce and Companies Agency shall be of the same class as the existing Series B Shares and are offered at DKK 400 per share with a nominal value of DKK 20 each, free of brokerage fees.

The Offered Shares will have the temporary securities identification code ISIN DK0060135622.

An application has been made for the Offered Shares to be admitted for trading and official listing on the OMX. The day on which the Offered Shares will be admitted for trading and official listing, and trading in them will commence, will be May 22, 2008 under the temporary securities identification code.

Upon payment of the Subscription Price and exercise of Preemptive Rights at the close of any business day during the Subscription Period, Offered Shares will be issued and allocated through VP Securities Services. These Offered Shares can trade the following business day on the OMX under the temporary securities code. Dealings in the Offered Shares with a temporary securities code will commence May 22, 2008. The Offered Shares may only be traded under the temporary securities code until such time as they are merged with the existing Series B Shares' securities code, which is expected to take place no later than June 18, 2008. Until this merger occurs, liquidity in the Offered Shares under the temporary securities code may be significantly different from the liquidity of the Series B Shares.

Currency

The Offering is carried out and trading of the Preemptive Rights and the Offered Shares will be effected in Danish kroner. The Offered Shares are denominated in Danish kroner.

Applicable Law and Jurisdiction

This Offering Circular has been prepared in compliance with Danish legislation and regulations, including Executive Order No. 214 of April 2, 2008 on Securities Trading (the "Danish Securities Trading Act"), Commission Regulation (EC) No. 809/2004 of April 29, 2004, Commission Regulation (EC) No. 211/2007 of February 27, 2007, Executive Order No. 1232 of October 22, 2007 issued by the Danish Financial Supervisory Authority on prospectuses for securities admitted for trading on a regulated market and by a public offering of securities in excess of EUR 2,500,000 and the OMX Nordic Exchange Copenhagen Rules for Issuers. Any dispute which may arise as a result of the Offering must be brought before the Maritime and Commercial Court in Copenhagen.

Registration

All Preemptive Rights and Offered Shares will be delivered in book-entry form through allocation to accounts with VP Securities Services through a Danish bank or other institution authorized as the custodian of such Shares. VP Securities Services is located at Helgeshøj Allé 61, DK-2630 Taastrup, Denmark. The Preemptive Rights and the Offered Shares are issued in non-certificated bearer form. The Offered Shares will be issued to the bearer but may be registered in the name of the holder in the Company's shareholder register through the holder's custodian bank.

Rights Attached to the Preemptive Rights and the Offered Shares

Preemptive Rights

For each Preemptive Right, the holder will be entitled to subscribe for one Offered Share at a subscription price of DKK 400 each.

The Preemptive Rights may be traded on the OMX during the period from May 22, 2008 at 9:00 a.m. CET to June 4, 2008 at 5:00 p.m. CET and exercised in the Subscription Period for the Offered Shares from May 27, 2008 at 9:00 a.m. CET to June 10, 2008 at 5:00 p.m. CET. As from May 22, 2008, the Series A Shares and Series B Shares will trade ex-rights.

Holders of Preemptive Rights who do not wish to exercise their Preemptive Rights to subscribe for Offered Shares may transfer their Preemptive Rights, and the transferee may use them to subscribe for Offered Shares. Holders wishing to purchase or sell rights should instruct their custodian accordingly.

Preemptive Rights that are not exercised through the Danish custodian institutions during the Subscription Period will lapse with no value and a holder of such Preemptive Rights will not be entitled to compensation. The Subscription Period will end at 5:00 p.m. CET on June 10, 2008.

The Joint Bookrunners may, from time to time, acquire and sell Preemptive Rights, exercise such Preemptive Rights as well as buy and sell Offered Shares and Existing Shares.

If the Offering is not completed, the exercise of Preemptive Rights that has already taken place will automatically be cancelled, the subscription price for Offered Shares will be refunded (less subscription related costs) all Preemptive Rights will lapse, and no Offered Shares will be issued. However, trades of Preemptive Rights executed during the trading period for the Preemptive Rights will not be affected. As a result, investors who acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights and any costs. Any withdrawal will be notified to the OMX and announced as soon as possible in the same Danish daily newspaper in which the Offering was announced. See "Risk Factors—Risks Related to the Offering" for more information on withdrawal of the Offering.

The Offered Shares

When the Offered Shares have been fully paid in, they will rank *pari passu* with the other Series B Shares. Please refer to "Summary—Summary of the Offering."

The Offered Shares will be eligible to receive dividends declared, if any, commencing with the year ending December 31, 2008. See "Part I—Company Information—Information about Carlsberg's Assets and Liabilities, Financial Position, Profits and Losses and Dividend Policy—Dividend Policy." Dividends not claimed by shareholders are forfeited under the general rules of Danish law.

Any dividends will be paid in Danish kroner in accordance with the rules of VP Securities Services to the shareholders via the shareholders' accounts with account-holding institutions. No restrictions on dividends or special procedures apply to shareholders who are not residing in Denmark. See "Part II—The Offering—Taxation" for a brief description of certain Danish and US federal tax consequences with respect to distributions to holders of the Offered Shares.

Series B Shares, including the Offered Shares, have preferential, but not cumulative, rights to 8% dividend.

The Offered Shares entitle holders to two votes for each share. The Company's Series A Shares entitle holders to 20 votes for each share held.

In the event of an increase of the Company's share capital at market price or as consideration for the Company's acquisition of an existing operation or specific assets or in offers of employee shares, the majority of shareholder votes required for passing amendments to the Articles of Association may decide that shareholders shall not have preemptive rights. See Article 7 of the Company's Articles of Association.

In the event of a proportional increase of the Series A and B share capital, shareholders have preemptive rights to subscribe for shares in the respective share classes in proportion to their existing holding of shares in the relevant class. If the share capital is increased by subscription of Series B Shares only or by shares in a new class, all shareholders have preemptive rights to the new shares in proportion to their existing aggregate holding. See Article 7 of the Company's Articles of Association.

In case of the dissolution or winding-up of the Company, the Offered Shares are entitled to a proportionate part of the Company's assets after payment of the Company's creditors.

The Company's Articles of Association contain no special rules on exchange of shares into other financial instruments.

The Offered Shares may be traded on the OMX under the temporary securities identification code from May 22, 2008 at 9:00 a.m. CET until such time as they are merged with the existing Series B Shares' securities code, which is expected to take place no later than June 18, 2008.

Authorization and Resolution to Proceed with the Offer

Pursuant to Article 8 of the Articles of Association, the Company's Board of Directors is authorized to increase the Company's share capital by a total amount of DKK 3,200,000,000 nominal until December 31, 2009 in one or more issues for cash. The increase shall be effected by an increase of the Series B share capital. The detailed terms of the subscription for Shares, including the Subscription Price, shall be fixed by the Board of Directors.

The Shares to be issued pursuant to this provision shall be negotiable instruments and shall be issued to the bearer but may be registered in the name of the holder. No restrictions apply to the transferability of the Shares under Danish law and there are no special obligations for the redemption of the Shares.

Pursuant to the above-mentioned authority, the Company's Board of Directors passed a resolution on May 15, 2008 to increase the Company's share capital by 76,278,403 Offered Shares with a nominal value of DKK 20 each (DKK 1,525,568,060 nominal value) with Preemptive Rights at the ratio of 1:1 to the Existing Shareholders of the Company at DKK 400 per Share.

Expected Issue Date of the Preemptive Rights and the Offered Shares

On May 26, 2008 at 12:30 p.m. CET, anyone who is registered with VP Securities Services as a shareholder of the Company will be allocated Preemptive Rights. As from May 22, 2008, the Series A Shares and Series B Shares will trade ex-rights, provided that these Existing Shares are traded with customary settlement of three trading days.

The Preemptive Rights may be exercised in the Subscription Period for the Offered Shares from May 27, 2008 at 9:00 a.m. CET to June 10, 2008 at 5:00 p.m. CET. Accordingly, during this period the Offered Shares will be allocated through VP Securities Services.

Danish Legislation Governing Mandatory Takeover Bids, Redemption of Shares and Disclosure Requirements

Mandatory Bids

The Danish Securities Trading Act includes rules concerning public offers for the acquisition of shares.

If a shareholding is transferred, directly or indirectly, in a company with one or several share classes admitted to trading and on a regulated market place or admitted for trading at an authorized marketplace, the acquirer shall enable all shareholders of the company to dispose of their shares on identical terms if such transfer involves that the acquirer:

- will hold the majority of voting rights in the company;
- becomes entitled to appoint or dismiss a majority of the members of the company's board of directors;
- obtains the right to exercise a controlling influence over the company according to the articles of association or in agreement with the company;
- according to agreement with other shareholders, will control the majority of voting rights in the company; or
- will be able to exercise a controlling influence over the company and will hold more than one-third of the voting rights.

Exemptions from the mandatory bid requirement may be granted under certain circumstances by the Danish FSA.

Squeeze Out

According to Section 20b or Section 20e of the Danish Public Companies Act, shares in a company may be redeemed in full or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company. Such redemption may be effected by the majority shareholder together with the board of directors in a joint decision. A minority shareholder may in the same manner require the majority shareholder holding more than nine-tenths of the shares and the corresponding votes, see Section 20d of the Danish Public Companies Act to redeem the minority shareholder's shares.

Major Shareholdings

Pursuant to Section 29 of the Danish Securities Trading Act, a shareholder in a listed company is required to notify the listed company and the Danish FSA as soon as possible when the shareholder's stake represents 5% or more of the voting rights in the company or the nominal value accounts for 5% or more of the share capital, and when a change of a holding already notified entails that the limits of 5%, 10%, 15%, 20%, 25%, 50% or 90% and the limits of one-third and two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached.

The notification shall provide information about the full name, address or, in the case of undertakings, registered office, the number of shares and their nominal value and share classes as well as information about the basis on which the calculation of the holdings has been made and the date from which a limit is reached or no longer is reached. Failure to comply with the notification requirements is punishable by a fine.

When a company has received a notification, it must publish the content of such notification as soon as possible.

In addition, the normal notification obligations under the Danish Public Companies Act apply.

Disclosure Requirements

Under the Danish Securities Trading Act, as a listed company, the Company is required to inform the public, the Danish FSA and the OMX promptly of inside information, if such information directly relates to the Company's business. The Company is also obliged to disclose any significant changes to already publicly disclosed inside information. In addition, pursuant to the rules of the OMX, the Company must ensure that all market participants have simultaneous access to any material information about the Company, if such information is likely to affect the pricing of the Company's securities. The Company is also required to make sure that no unauthorized person gains access to such information prior to its publication.

Public Takeover Bids for the Company

To date, no public takeover bids have been made by any third party for the Shares of the Company.

Taxation

See "Part II—The Offering—Taxation."

Registration by Name

Registration of Shares in the name of the holder shall be made through each shareholder's custodian institution.

Registrar

The Company's registrar is VP Securities Services.

Issuing Agent

Danske Bank A/S
Holmens Kanal 2-12
DK-1092 Copenhagen K

5. Terms and Conditions of the Offering

See "Summary—Summary of the Offering" for a chart listing the terms and conditions of the Offering and "Summary—Expected Timetable of Principal Events" before Part I of this document.

Subscription Ratio, Subscription Price and Allocation of Preemptive Rights

On May 26, 2008, at 12:30 p.m. CET, anyone who is registered with VP Securities Services as a shareholder of the Company will be allocated Preemptive Rights.

The Offering is being made at the ratio of 1:1 which means that each holder of the Company's Existing Shares will be entitled to and allocated one Preemptive Right for each Series A Share with a nominal value of DKK 20 each and for each Series B Share with a nominal value of DKK 20 each held on the Allocation Date.

One Preemptive Right will entitle the holder to subscribe for one Offered Share at a price of DKK 400 each, which is below the closing price on May 14, 2008 of DKK 666 per Series B Share. Accordingly, shareholders will have the right, upon payment of the Subscription Price, to subscribe for one new Offered Share for every Existing Share held.

Until the close of trading on the OMX in Shares on May 21, 2008, Series A Shares and Series B Shares will trade with Preemptive Rights. May 21, 2008 is the last day on which investors can acquire Existing Shares in the Company to be entitled to Preemptive Rights when the Preemptive Rights are allocated on the Allocation Date.

The Preemptive Rights and the Offered Shares will be delivered by allocation to accounts through the book-entry facilities of VP Securities Services. The Offered Shares have been accepted for clearance through Euroclear and Clearstream.

The Preemptive Rights may be traded on the OMX during the period from May 22, 2008 at 9:00 a.m. CET to June 4, 2008 at 5:00 p.m. CET and exercised in the Subscription Period for the Offered Shares from May 27, 2008 at 9:00 a.m. CET to June 10, 2008 at 5:00 p.m. CET.

The Offered Shares may be traded on the OMX under the temporary securities identification code during the period from May 22, 2008 at 9:00 a.m. CET until such time as they are merged with the existing Series B Shares' securities code, which is expected to take place no later than June 18, 2008.

Subject to the satisfaction of certain conditions in the underwriting agreement dated May 15, 2008 (the "Underwriting Agreement"), the Joint Bookrunners have agreed with the Company to subscribe for any Offered Shares in respect of which Preemptive Rights have not been exercised at or before 5:00 p.m. CET on June 10, 2008. The Joint Bookrunners will not subscribe for Offered Shares by exercising unexercised Preemptive Rights (which will have lapsed), but will subscribe for such number of Offered Shares as makes up the difference between the number of Offered Shares subscribed through exercise of Preemptive Rights and the total number of Offered Shares. Such Shares will be subscribed for at the Subscription Price. The Offered Shares will thus be subscribed in all events. The Joint Bookrunners have each agreed to underwrite severally but not jointly the proportion of the Offered Shares set forth below:

Underwriters	Percent of Underwritten Shares
BNP Paribas	30%
Danske Markets (Division of Danske Bank A/S)	20%
Lehman Brothers International (Europe)	30%
Nordea Bank Danmark A/S	20%

The Carlsberg Foundation is required pursuant to its charter to hold more than 25% of the share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation is entitled to 39,156,986 Preemptive Rights to subscribe for 39,156,986 Offered Shares, and has agreed with the Joint Bookrunners to participate in the Offering on a cash-neutral basis (after transaction costs) by subscribing for the maximum number of Offered Shares that it can finance solely through the sale of Preemptive Rights. For further information see, "—Intentions of Major Shareholders, Members of the Executive Management or the Board of Directors."

The Joint Bookrunners may, from time to time, acquire and sell Preemptive Rights, exercise such Preemptive Rights as well as buy and sell Offered Shares and Existing Shares.

Size and Proceeds of the Offering

The Offering is an underwritten offering of 76,278,403 Offered Shares (new Series B Shares) with a nominal value of DKK 20 each to be issued by the Company.

The gross proceeds of the Offering are expected to total approximately DKK 30,511 million and the net proceeds (gross proceeds after deduction of estimated expenses payable by the Company) are expected to total approximately DKK 30,072 million.

Completion of the Offering

The Offering will only be completed if and when the Offered Shares subscribed are issued by the Company and registered with the Danish Commerce and Companies Agency which is expected to take place on June 12, 2008. An announcement concerning the results of the Offering is expected to be made on June 12, 2008.

Subscription Period

The Subscription Period for the Offered Shares commences on May 27, 2008 at 9:00 a.m. CET and closes on June 10, 2008 at 5:00 p.m. CET.

See "—Procedures for Exercise of Preemptive Rights and Subscription" below for a description of the subscription process.

Withdrawal of the Offering

The Joint Bookrunners may withdraw the Offering in the event that certain exceptional and unpredictable circumstances occur from the publication of this Offering Circular until registration of the capital increase relating to the Offered Shares has taken place with the Danish Commerce and Companies Agency, which is expected to occur on June 12, 2008. The Underwriting Agreement solely entitles the Joint Bookrunners to terminate the Underwriting Agreement under certain extraordinary and unforeseeable circumstances until registration of the Offered Shares has taken place, which is expected to occur on June 12, 2008.

If the Offering is not completed, holders of Preemptive Rights who have exercised their Preemptive Rights, will not receive the Offered Shares but will be entitled to repayment of the Subscription Price from the Company (less subscription related costs), all Preemptive Rights will lapse, and no Offered Shares will be issued.

However, trades of Preemptive Rights executed during the trading period for the Preemptive Rights will not be affected. As a result, investors who have acquired Preemptive Rights will incur a loss corresponding to the purchase price of the Preemptive Rights and any fees and other costs related to the acquisition of Preemptive Rights.

Any withdrawal will be notified to the OMX and announced as soon as possible in the same Danish daily newspapers in which the Offering was announced.

Reduction of Subscriptions

Not applicable.

Minimum and/or Maximum Subscription Amounts

The minimum number of Offered Shares for which a holder of Preemptive Rights may subscribe will be one Offered Share, requiring the exercise of one Preemptive Right and the payment of the Subscription Price. The number of Offered Shares for which a holder of Preemptive Rights may subscribe is not capped. However, the number is limited to the number of Offered Shares which may be subscribed through the exercise of the Preemptive Rights held or acquired.

Withdrawal of Subscription Orders

Undertakings to exercise Preemptive Rights cannot be revoked or modified.

Payment

Upon exercise of the Preemptive Rights, the holder must pay DKK 400 per Offered Share for which he or she subscribes.

Payment for the Offered Shares shall be made in Danish kroner on subscription against registration of the Offered Shares in the acquirer's account with VP Securities Services. Holders of Preemptive Rights will need to abide by the account agreement with their Danish custodian and other financial intermediaries through which they hold shares. For non-Danish investors, financial intermediaries through whom an owner may hold Preemptive Rights may require payment by an earlier date.

Announcement of Results of the Offering

The results of the Offering will be communicated in a company announcement which is expected to be released through the OMX not later than two business days after the end of the Subscription Period (expected to be on June 12, 2008).

Procedures for Exercise of Preemptive Rights and Subscription

Holders of Preemptive Rights wishing to subscribe for Offered Shares must do so through their own custodian, in accordance with the rules of such institution. For beneficial owners of Preemptive Rights, the time until which notification of exercise may be given will depend upon the agreement with, and the rules and procedures of, the relevant custodian or other financial intermediary and may be earlier than the end of the Subscription Period. Once a holder has exercised its Preemptive Rights, the exercise may not be revoked or modified.

Upon payment of the Subscription Price and exercise of Preemptive Rights at the close of any business day during the Subscription Period, Offered Shares will be issued or allocated through VP Securities Services. These Offered Shares can trade the following business day on the OMX under a temporary securities code. Dealings in Offered Shares with temporary codes will commence on May 22, 2008. It is expected that the temporary securities code will merge with the existing Series B Shares code no later than June 18, 2008, at which time the Offered Shares will be fungible with the existing Series B Shares.

Subject to certain exceptions, exercise instructions sent from a person located in or postmarked in a jurisdiction in which it would not be permissible to make an offer of the Offered Shares will be deemed to be invalid and no Offered Shares will be credited to individuals or legal entities with addresses in jurisdictions in which it would not be permissible to make an offer of the Offered Shares. The Company reserves the right to reject any exercise in the name of any person who provides an address in any jurisdiction in which it would not be permissible to make an offer of the Offered Shares for acceptance or delivery of Offered Shares, who is unable to represent or warrant that such person is not in a jurisdiction in which it would not be permissible to make an offer of the Offered Shares, who is not acting on a discretionary basis for persons in a jurisdiction in which it would not be permissible to make an offer of the Offered Shares, or who appears to the Company or its advisors to have executed its exercise instructions or certifications in, or dispatched them from, a jurisdiction in which it would not be permissible to make an offer of the Offered Shares. See "Part II—The Offering—Offering Restrictions."

Custodian banks and holders of Preemptive Rights who exercise their Preemptive Rights shall be deemed to have represented and certified that no Preemptive Rights are being exercised by or for the account or benefit of persons located in the United States (subject to certain exceptions for offers made to qualified institutional buyers in accordance with procedures established by the Company in accordance with applicable law) or such other jurisdictions in which it would not be permissible to make an offer of the Offered Shares.

Any holder who exercises its Preemptive Rights shall be deemed to have represented that it has complied with all applicable laws. Custodian banks exercising Preemptive Rights on behalf of beneficial holders shall be deemed to have represented that they have complied with the offering procedures set forth in this Offering Circular and in the instructions sent to them by the Company in connection with the Offering. Neither the Preemptive Rights nor the Offered Shares have been registered under the Securities Act.

Holders of Preemptive Rights who do not wish to exercise their Preemptive Rights to subscribe for Offered Shares may transfer their Preemptive Rights, and the acquirer may use them to subscribe for Offered Shares. Holders of Preemptive Rights who do not have a sufficient number of Preemptive Rights to subscribe for a whole number of Offered Shares may during the trading period of the Preemptive Rights purchase in the open market any additional Preemptive Rights necessary to subscribe for a whole number of Offered Shares. Holders wishing to purchase or sell Preemptive Rights should instruct their custodian accordingly.

Preemptive Rights that are not exercised through the Danish custodian institutions during the Subscription Period will lapse with no value and a holder of such Preemptive Rights will not be entitled to compensation. The Subscription Period will end at 5:00 p.m. CET on June 10, 2008.

Transfer Restrictions

See "Part II—The Offering—Transfer Restrictions."

Intentions of Major Shareholders, Members of the Executive Management or the Board of Directors

The Carlsberg Foundation

The Carlsberg Foundation is entitled to 39,156,986 Preemptive Rights to subscribe for 39,156,986 Offered Shares.

The Carlsberg Foundation has agreed with the Joint Bookrunners to participate in the Offering on a cash-neutral basis (after transaction costs) by subscribing for the maximum number of Offered Shares that it can finance solely through the sale of Preemptive Rights.

Any Preemptive Rights sold by the Carlsberg Foundation will be exercised for Offered Shares and these will be sold during the Rights Trading Period, at the discretion of the Joint Bookrunners on behalf of the Carlsberg Foundation, in open market transactions, private placements, block trades or otherwise.

Members of the Executive Management and the Board of Directors

The Company has not received any indications from its Executive Management or the members of its Board of Directors as to whether they expect to participate in the Offering.

Pre-Allotment Disclosure

There is no pre-allotment of Offered Shares.

Over-Allotment Disclosure

There is no over-allotment of Offered Shares.

Subscription Price

The Offered Shares are offered at DKK 400 per Share with a nominal value of DKK 20 each, free of brokerage fees.

Price Disparity

No persons have been granted the right to subscribe for Offered Shares at a price not equal to the Subscription Price, and consequently there is no price disparity.

Placing and Underwriting

Joint Global Coordinators and Joint Bookrunners

The Offering is managed by the Joint Global Coordinators and Joint Bookrunners:

- BNP Paribas, 16, boulevard des Italiens, 75009 Paris, France
- Danske Markets (Division of Danske Bank A/S), Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark, CVR No. 61 12 62 28
- Lehman Brothers International (Europe), 25 Bank Street, London E14 5LE, United Kingdom
- Nordea Bank Danmark A/S, Strandgade 3, DK-0900 Copenhagen C, Denmark, CVR No. 13 52 21 97

Subscription and Payment Agents

Shareholders' instructions to exercise their Preemptive Rights and subscribe for Offered Shares shall be given to each shareholder's custodian institution.

International payment intermediaries are:

Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium

Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg

Underwriting

The Offering is an underwritten offering of 76,278,403 Offered Shares to be issued by the Company. The Joint Bookrunners have agreed to underwrite the Offering as set forth below. BNP Paribas, Danske Markets (Division of Danske Bank A/S), Lehman Brothers (International) Europe and Nordea Bank Danmark A/S are acting as Joint Bookrunners and Joint Global Coordinators.

Subject to the satisfaction of certain conditions in the underwriting agreement dated May 15, 2008 (the "Underwriting Agreement"), the Joint Bookrunners have agreed with the Company to subscribe for any Offered Shares in respect of which Preemptive Rights have not been exercised at or before 5:00 p.m. CET on June 10, 2008. The Joint Bookrunners will not subscribe for Offered Shares by exercising unexercised Preemptive Rights (which will have lapsed), but will subscribe for such number of Offered Shares calculated on the basis of the difference between the number of Offered Shares subscribed through the exercise of Preemptive Rights and the total number of Offered Shares. Such Offered Shares will be subscribed for at the Subscription Price. The Offered Shares will thus be subscribed in all events. The Joint Bookrunners have each agreed to underwrite severally but not jointly the proportion of the Offered Shares set forth below:

Underwriters	Number of Offered Shares	Percent of Underwritten Shares
BNP Paribas	22,883,521	30%
Danske Markets (Division of Danske Bank A/S)	15,255,681	20%
Lehman Brothers International (Europe)	22,883,520	30%
Nordea Bank Danmark A/S	15,255,681	20%

The Preemptive Rights and the Offered Shares have not been and will not be registered under the Securities Act. Accordingly, subject to certain exceptions, the Preemptive Rights and the Offered Shares may not be offered or sold in the United States. Notwithstanding the foregoing, the Preemptive Rights may be offered and the Offered Shares may be offered and sold in the United States to persons reasonably believed to be QIBs within the meaning of Rule 144A under the Securities Act in transactions exempt from registration under the Securities Act, provided that any such QIB to whom Preemptive Rights are offered or to whom Offered Shares are offered or sold executes and delivers an investor letter. See "Part II—The Offering—Transfer Restrictions."

In connection with sales outside the United States, the Joint Bookrunners have agreed that they will not offer, sell or deliver the Preemptive Rights and Offered Shares, except in compliance with Regulation S under the Securities Act.

In addition, with respect to Offered Shares initially sold pursuant to Regulation S, until 40 days after the commencement of the offering of the Offered Shares, an offer or sale of such Offered Shares within the United States by a dealer (whether or not participating in the offering of the Offered Shares) may violate the registration requirements of the Securities Act.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Joint Bookrunners commissions. The Company has also agreed to pay costs incurred by the Joint Bookrunners in connection with the Offering. For information of the overall amount of underwriting and placing commissions, see "Part II—The Offering—Expenses."

For further information on the Carlsberg Foundation's participation in the Offering, see "Part II—The Offering—Terms and Conditions of the Offering—Intentions of Major Shareholders, Members of the Executive Management or the Board of Directors."

The Joint Bookrunners may sell the Offered Shares which are unsubscribed for in the market or otherwise in accordance with applicable laws. Any proceeds from such sales in excess of the Subscription Price will be for the account of the Joint Bookrunners.

The Underwriting Agreement solely entitles the Joint Bookrunners to terminate the Underwriting Agreement and thus cancel the Offering under certain extraordinary and unforeseeable circumstances until registration of the Offered Shares with the Danish Commerce and Companies Agency, which is expected to occur on June 12, 2008. If the right to terminate the Underwriting Agreement is exercised, the Offering will lapse and in such case holders of Preemptive Rights who have exercised their Preemptive Rights will not receive the Offered Shares, but they will be entitled to repayment of the Subscription Price from the Company (less usual transaction costs). This means investors who have acquired Preemptive Rights would suffer a loss corresponding to the purchase price for such Preemptive Rights as well as any costs related to such purchase.

The Company has made certain representations and given certain warranties to the Joint Bookrunners. In addition, the Company has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the Offering, including liabilities under the US federal securities laws.

The Company has agreed in the Underwriting Agreement that, for a period of six months following the end of the Subscription Period, it will not, without the prior written consent of the Joint Bookrunners, offer, allot, issue, sell, or contract to sell or agree to sell or otherwise dispose of Shares, and it will not grant stock options (other than in the ordinary course) or issue securities that may be converted into Shares, except as required under applicable law or upon exercise of options.

The Joint Bookrunners and their respective affiliates are engaged in banking, securities brokerage, trading and dealing, investment banking, investment management and other financial and advisory services, and may from time to time be a lender or provide other services to or involving, or trade or take a position, as principal or agent, in securities issued by the Company, its affiliates or other parties involved in or related to the Offering.

The Joint Bookrunners or their affiliates have provided banking facilities to the Company, see "Part I—Company Information—Review of Operations and Financial Statements—Operating and Financial Review for Carlsberg—Liquidity and Capital Resources—Description of the Carlsberg Group's Borrowings."

Lehman Brothers is acting as financial adviser to the Company in connection with the Acquisition. Lehman Brothers has received or will receive customary compensation in connection with such services.

At May 7, 2008, Treasury Shares held by the Carlsberg Group consisted of 8,675 Series B Shares, which are held to partly cover existing share option programs. The Company is not permitted under applicable law to exercise the Preemptive Rights in respect of Treasury Shares.

No action has been taken in any jurisdiction, including the United States, by the Company or the Joint Bookrunners that would permit a public offering of the Offered Shares or the possession, circulation or distribution of this Offering Circular or any other material relating to the Company or the Offered Shares in any jurisdiction where action for the purpose is required. Accordingly, the Offered Shares may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Offering Circular does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Circular comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Offered Shares, the distribution of this Offering Circular and resales of the Offered Shares.

6. Admission to Trading Arrangements

An application has been made to admit the Preemptive Rights and the Offered Shares for trading and official listing on the OMX.

The Preemptive Rights may be traded on the OMX during the period from May 22, 2008 at 9:00 a.m. CET to June 4, 2008 at 5:00 p.m. CET. Dealings in the Offered Shares with a temporary securities code will commence May 22, 2008 at 9:00 a.m. CET. The Offered Shares may only be traded under the temporary securities code until such time as they are merged with the existing Series B Shares' securities code, which is expected to take place no later than June 18, 2008. Until this merger occurs, liquidity in the Offered Shares under the temporary securities code may be significantly different from the liquidity of the existing Series B Shares. See "Part II—The Offering—Terms and Conditions of the Offering."

The existing Series A Shares and Series B Shares of the Company are admitted for trading and official listing on the OMX.

Market Making

The Company has entered into a general market making agreement with Danske Markets (Division of Danske Bank A/S).

Stabilization

In connection with the Offering, one or more of the Joint Bookrunners may until 30 days after the first day of trading of the Offered Shares effect transactions which stabilize or maintain the market prices of the Preemptive Rights, the Offered Shares and the Existing Shares at levels above those which might otherwise prevail in the open market. The Joint Bookrunners are, however, not obliged to take any stabilizing measures. Such stabilizing, if commenced, may be discontinued at any time.

Securities Identification Codes

Series A Shares	DK0010181676 (CARL A)
Series B Shares	DK0010181759 (CARL B)
Preemptive Rights	DK0060135705
Offered Shares (Temporary securities code)	DK0060135622 (CARL B NYE)

7. Selling Security Holders and Lock-Up

The Offering comprises 76,278,403 Offered Shares (new Series B Shares) with a nominal value of DKK 20 each with Preemptive Rights to the Existing Shareholders.

The Carlsberg Foundation

As set forth in "Part II—The Offering—Terms and Conditions of the Offering—Intentions of Major Shareholders, Members of the Executive Management or the Board of Directors," the Carlsberg Foundation (H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark) is required pursuant to its charter to hold more than 25% of the share capital and a minimum of 51% of the voting rights in the Company. The Carlsberg Foundation is entitled to 39,156,986 Preemptive Rights to subscribe for 39,156,986 Offered Shares, and has agreed with the Joint Bookrunners to participate in the Offering on a cash-neutral basis (after transaction costs) by subscribing for the maximum number of Offered Shares that it can finance solely through the sale of Preemptive Rights.

The Carlsberg Foundation has agreed with the Joint Bookrunners that, for a period of 365 days following the end of the Subscription Period, it will not sell, contract to sell or otherwise dispose of Series B Shares or securities convertible into Series B Shares, subject to certain exceptions.

Lock-Up with Respect to Authorized Capital

The Company has agreed in the Underwriting Agreement that, for a period of six months following the end of the Subscription Period, it will not, without the prior written consent of the Joint Bookrunners, offer, allot, issue, sell, or contract to sell or agree to sell or otherwise dispose of Shares, and it will not grant stock options (other than in the ordinary course) or issue securities that may be converted into Shares, except as required under applicable law or exercise of options.

8. Expenses

The gross proceeds of the Offering will total DKK 30,511 million (estimated net proceeds of DKK 30,072 million), assuming that the Offering is completed.

The estimated expenses payable by the Company in connection with the Offering are as stated below.

Expenses	DKK million
Fees payable to financial intermediaries	381
Printing	3
Advertising	2
Fees to auditors, legal advisers, etc	35
Other expenses	3
Subscription commission to custodian institutions*	15
Total	439

* 1/20% will be passed on by way of a subscription commission to all custodian institutions upon subscription of Offered Shares.

9. Dilution

After giving effect to the issue of the Offered Shares (76,278,403 Offered Shares) at the Subscription Price of DKK 400 per Share, and deducting commissions and estimated expenses, the Company's pro forma equity at March 31, 2008 would have been approximately DKK 47,344 million corresponding to a net asset value per Share of DKK 310 at the subscription of the Offered Shares. The net asset value per Share is determined by dividing the total equity of the Company by the total number of Shares.

On subscription of the Offered Shares, the Offering represents an immediate increase in the net asset value per Share of DKK 84 to the Existing Shareholders and an immediate dilution in adjusted net asset value per Share of DKK 90 for investors subscribing for the Offered Shares.

The following table illustrates the per Share dilution that investors in the Offered Shares will experience:

Subscription Price per Share	DKK 400
Net asset value per Share at March 31, 2008	DKK 226
Increase in net asset value per Share attributable to the Offering	DKK 84
Net asset value per Share after the Offering	DKK 310
Dilution per Share	DKK 90
Dilution per Share (%)	22%

Shareholders in the Company who do not exercise their Preemptive Rights to subscribe for Offered Shares will suffer dilution of their percentage ownership of 50%.

10. Taxation

This section contains a general discussion of the general tax treatment for certain persons of the allocation of Preemptive Rights, the exercise thereof and the sale of Offered Shares based on the laws, regulations, court rulings and practice in Denmark and the United States as at the date of this Offering Circular, all of which are subject to change, in some cases with retroactive effect.

The information presented under "Danish Taxation" is a discussion of the material Danish tax consequences of the acquisition, ownership and sale or other disposition of the Preemptive Rights and Offered Shares. The discussion applies to ordinary personal and corporate shareholders but not to shareholders subject to special rules such as institutional shareholders and persons or companies trading in shares as part of a professional business.

The information presented under "US Federal Income Taxation" is a discussion of certain US federal income tax consequences of the acquisition, ownership and disposition of Preemptive Rights and Offered Shares by a US Holder (as defined therein). Only US federal income tax consequences are discussed with respect to US taxation. Any tax consequences of local state regulations are not discussed. State tax is not covered by the US-Denmark income tax treaty.

Prospective investors should contact their own advisers to obtain information on the tax consequences of the allocation and exercise of Preemptive Rights and the sale of Offered Shares.

Danish Taxation

This information is limited to the Danish tax issues addressed below. The information is summarized based on the tax laws of Denmark in effect and applied as at the date of this Offering Circular and is subject to change as a result of changes in Danish legislation, including those that could have a retroactive effect, or new legislation. The information is for general informative purposes only and does not purport to render legal, tax or investment advice, or to be a complete or exhaustive description of all tax issues. It is specifically noted that the description does not address all possible tax consequences of an investment in the Offered Shares or Preemptive Rights or a sale of Existing Shares or Preemptive Rights. Prospective investors in the Offered Shares and investors wishing to dispose of Existing shares or Preemptive Rights are advised to consult their tax advisors regarding the applicable tax consequences of acquiring, holding and disposing of the Offered Shares based on their particular circumstances. Prospective investors who may be affected by the tax laws of other jurisdictions should also consult their tax advisors with respect to the tax consequences applicable to their particular circumstances, as such consequences may differ significantly from those described herein.

Taxation of shareholders resident in Denmark

Allocation and Sale of Preemptive Rights

The allocation of Preemptive Rights does not result in a tax liability for shareholders. For tax purposes, Preemptive Rights allocated to the shareholders against no consideration in connection with capital increases are considered to have been acquired at DKK 0.

Personal Shareholders

If a personal shareholder does not wish to subscribe for additional shares, the proceeds on the sale of Preemptive Rights will normally be taxed as share income.

Share income is taxed at a rate of 28% on the first DKK 46,700 (for cohabiting spouses a total of DKK 93,400), at the rate of 43% on share income between DKK 46,700 and DKK 102,600 (for cohabiting spouses a total of between DKK 93,400 and DKK 205,200) and at a rate of 45% on share income exceeding DKK 102,600 (for cohabiting spouses a total of DKK 205,200). All amounts are 2008 level, and all amounts are subject to annual adjustments.

Proceeds from the sale of Preemptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the sales price. The Preemptive Rights are deemed to have been acquired at a price of DKK 0.

Companies, etc.

Companies and similar organizations can sell Preemptive Rights allocated free of tax if the Preemptive Rights have been held for at least three years at the time of the sale. If the Preemptive Rights have been held for less than three years, gains are taxed as ordinary corporate income at a rate of 25%.

Preemptive Rights are considered to have been acquired at the same time as the original Shares if, at the Allocation Date, the Preemptive Rights entitle the holder to subscribe for Shares at a discount to the market price. That is, the agreed subscription price is lower than the market value of the Share at the date of allocation.

Proceeds from the sale of Preemptive Rights are calculated according to the share-for-share method as the difference between the purchase price and the sales price. The Preemptive Rights are deemed to have been acquired at a price of DKK 0.

Subscription of Shares

The exercise of Preemptive Rights for Offered Shares has no tax effect.

Sales of Listed Shares—Personal Shareholders

Gains on the sale of listed shares are taxed as share income at a rate of 28% on the first DKK 46,700 (for cohabiting spouses a total of DKK 93,400), at a rate of 43% on share income between DKK 46,700 and DKK 102,600 (for cohabiting spouses a total of between DKK 93,400 and DKK 205,200) and at a rate of 45% for share income exceeding DKK 102,600 (for cohabiting spouses a total of DKK 205,200). All amounts are 2008 level and all amounts are subject to annual adjustments.

Certain transitional regulations with respect to unrealized share income as at January 1, 2007 (based on accounts value as regards unlisted shares) generally imply that the rate of 45% shall only apply once the individual realizes share income exceeding such unrealized share income regardless of which shares the realized share income stems from. Thus, the regulations intend to ensure that any amount equivalent to share income exceeding DKK 100,000 (double for married couples) which is unrealized at the time of the enactment of the increased rate of 45% will never be subject to taxation at the rate of 45%.

Gains and losses on the sale of listed shares are made up as the difference between the purchase price and the sales price. On the sale of part of the holding, the purchase price is generally made up according to the average method as a proportion of the aggregate purchase price for all shares in the company.

Losses on the sale of listed shares can only be offset against other share income deriving from listed shares, i.e. received dividends and capital gains on the sale of listed shares. Unused losses can be offset against a cohabiting spouse's share income deriving from listed shares or can be carried forward indefinitely and offset against future share income deriving from listed shares.

Gains on assets held in a pension scheme established in a bank are subject to 15% pension investment return taxation, which is not part of the individual's tax return. Taxation takes place annually according to an inventory principle, in other words, unrealized gains are taxed. The bank administers the tax payment.

Sale of Listed Shares—Companies

Gains on the sale of shares held for less than three years are taxed as ordinary corporate income at a rate of 25%. Losses on the sale of such shares can be offset against taxable gains on other shares which have been held for less than three years. However, the loss must be reduced by the tax-free part of dividends on such shares. Any unused losses can be carried forward indefinitely and offset against future gains on shares held for less than three years.

Shares acquired by exercising Preemptive Rights allocated are considered to have been acquired at the same time as the original shares if the shares are subscribed at a discount to the market price. That is, the agreed subscription price is lower than the market value of the share at the date of allocation.

Shareholders resident outside of Denmark are generally not subject to tax in Denmark on the sale of shares except where the shares are held in connection with the operation of activities subject to limited tax liability in Denmark (a permanent establishment).

Gains and losses are made up as the difference between the purchase sum and the sales sum. On the sale of part of the holding, the purchase price is generally made up according to the average method as a proportion of the aggregate purchase price for all shares in the company.

Gains on the sale of shares after three years of ownership are tax free, and losses can neither be deducted nor offset.

Dividends

Dividends paid to individuals are taxed as share income, see above. It must be noted that all share income must be included when calculating whether the amounts mentioned above are exceeded.

A company that owns less than 15% of the nominal share capital of the distributing company is only taxed on 66 per cent of the dividends received. As the Danish corporate tax rate is 25% this corresponds to an effective tax rate of 16.5%.

A company which owns 15% or more of the nominal share capital of a company for a consecutive period of not less than one year, during which the dividends are declared is not taxed on dividends received.

The 15% owner requirement is reduced to 10% as from 2009.

Taxation of Shareholders Resident Outside Denmark

Allocation and Sale of Preemptive Rights

The allocation of Preemptive Rights does not result in a tax liability for shareholders resident outside Denmark. A non-resident of Denmark will normally not be subject to Danish tax on any gains realized on the sale of Preemptive Rights. Where a non-resident of Denmark holds Preemptive Rights in connection with a trade or business conducted from a permanent establishment in Denmark, gains may in certain circumstances be included in the taxable income of such activities.

Subscription of Shares

The exercise of Preemptive Rights for Offered Shares has no tax effect.

Sales of Shares

A non-resident of Denmark will normally not be subject to Danish tax on any gains realized on the sale of shares irrespective of the holding period. Where a non-resident of Denmark holds shares in connection with a trade or business conducted from a permanent establishment in Denmark, such gains may in certain circumstances be included in the taxable income of such activities.

Dividends

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 28%, irrespective of whether the non-resident shareholder is a private individual or a company. Non-residents of Denmark are not subject to additional Danish income tax in respect of dividends received on the shares.

Dividends on shares held in a pension scheme established in a bank are subject to 15% pension investment return taxation, which is not part of the individual's tax return. The bank administers the tax payment.

No tax is withheld on dividends paid to companies holding 15% or more of the Company's share capital for a consecutive period of at least one year, during which period dividends are declared, provided that the withholding tax on dividend is reduced or eliminated by virtue of the EU Parent Subsidiary Directive or a tax treaty with the jurisdiction in which the corporate parent is resident. The ownership requirement will be reduced to 10% for 2009 and onwards.

Dividends distributed by a Danish company to a non-resident individual or non-Danish company are generally subject to Danish withholding tax at a rate of 28%.

Denmark has executed tax treaties with approximately 80 countries, including the United States and all members of the EU. If Denmark has entered into a tax treaty with the country in which the shareholder is resident, the shareholder may, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the tax (typically 15%) to which Denmark is entitled under the relevant tax treaty.

In addition, there is a special tax regime that applies to dividends distributed to individuals resident in certain countries, such as the United States, the United Kingdom, Belgium, Canada, Greece, the Netherlands, Ireland, Luxembourg, Norway, Switzerland, Sweden and Germany. This special tax regime provides that tax on dividends may be withheld at the applicable tax rate specified in the relevant tax treaty. In order to qualify for the application of this special tax regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with and administered through VP Securities Services. In addition, such shareholders must provide documentation from the relevant foreign tax authority as to the shareholder's tax residence and eligibility under the relevant tax treaty. A special form prepared by the Danish tax authorities must be filed by the eligible holder of shares in order to take advantage of this special tax regime. The treaty between Denmark and the United States generally provides for a 15% rate.

Share Transfer Tax

No Danish share transfer tax is payable.

US Taxation

US Federal Income Taxation

The following is a summary of certain US federal income tax consequences to US Holders (as defined below) of the acquisition, ownership and disposition of the Preemptive Rights and the Offered Shares as at the date of this Offering Circular.

This summary is applicable to a US Holder only if such:

- US Holder is a resident of the US for purposes of the current US—Denmark Income Tax Treaty (the "Treaty");
- US Holder's Preemptive Rights, Offered Shares and Existing Shares are not, for purposes of the Treaty, effectively connected with a permanent establishment in Denmark; and
- US Holder otherwise qualifies for the full benefits of the Treaty.

Except where noted, this summary deals only with Preemptive Rights, Offered Shares and Existing Shares that are held as capital assets. This summary is for general information only and does not address all of the tax consequences that may be relevant to specific US Holders in light of their particular circumstances or to US Holders subject to special treatment under US federal income tax law, including if such US holder is:

- a dealer in securities;
- a bank;
- a regulated investment company;
- a real estate investment trust;
- a tax-exempt organization;
- an insurance company;
- a former citizen or resident of the US;
- a person holding the Preemptive Rights, Offered Shares or Existing Shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle;
- a person that marks its securities to market for US federal income tax purposes;
- a person liable for alternative minimum tax;
- a person who is an investor in a pass-through entity;
- a person who owns, directly or constructively, 10% or more of the voting stock of the Company; or
- a US person whose "functional currency" is not the US dollar.

For purposes of this summary, "US Holder" means a beneficial owner of the Preemptive Rights or Offered Shares that is for US federal income tax purposes:

- a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- a trust if it (i) is subject to the primary supervision over its administration by a court within the United States and one or more US persons have the authority to control all substantial decisions of the trust or (ii) has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

This summary is based upon the provisions of the US Internal Revenue Code of 1986, as amended (the "Code"), and US Treasury regulations, rulings and judicial decisions as at the date of this Offering Circular. Those authorities may be changed, perhaps retroactively, so as to result in US federal income tax consequences different from those discussed below.

If an entity treated as a partnership for US federal income tax purposes holds the Preemptive Rights or Offered Shares, the tax treatment of such partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. Any such entity should consult its own tax adviser.

EACH HOLDER IS URGED TO CONSULT HIS OR HER OWN TAX ADVISER AS TO THE SPECIFIC TAX CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE PREEMPTIVE RIGHTS AND THE OFFERED SHARES WITH RESPECT TO SUCH HOLDER'S OWN PARTICULAR TAX SITUATION, INCLUDING THE APPLICATION AND EFFECT OF THE CODE, AS WELL AS STATE, LOCAL AND NON-US INCOME AND OTHER TAX LAWS.

EACH TAXPAYER IS HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS OFFERING CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER US FEDERAL TAX LAW; (II) ANY SUCH DISCUSSION IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (III) THE TAXPAYER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

Tax Consequences of Issuance, Exercise and Disposition of Preemptive Rights

Issuance of Preemptive Rights

The Company intends to treat the allocation of the Preemptive Rights to US Holders in respect of their Existing Shares as a distribution under Section 305(a) of the Code (a "Section 305(a) Distribution"). A Section 305(a) Distribution generally is non-taxable to US Holders without regard to the Company's current and accumulated earnings and profits. The following discussion assumes that the Company's intended treatment is correct.

Basis of Preemptive Rights

The basis of the Preemptive Rights allocated to a US Holder generally will be determined by allocating such US Holder's basis in the Existing Shares and the Preemptive Rights, based on their relative fair market values on the date of distribution. However, the basis of such Preemptive Rights generally will be zero if:

- the fair market value of the Preemptive Rights is less than 15% of the fair market value of the Existing Shares at the time of allocation (unless an election is made to determine the basis of the Existing Shares and of the Preemptive Rights by allocating between the Existing Shares and the Preemptive Rights the basis of the Existing Shares); or
- such Preemptive Rights are not exercised and thus lapse while held by such US Holder.

The basis of the Preemptive Rights purchased by US Holders during the Rights Trading Period generally will be the amount paid for the Preemptive Rights.

Holding Period of Preemptive Rights

A US Holder who is allocated the Preemptive Rights generally will have a holding period in the Preemptive Rights equal to such US Holder's holding period in the Existing Shares. A US Holder who purchases the Preemptive Rights during the Rights Trading Period generally will commence its holding period in the Preemptive Rights on the day following the date of purchase of such Preemptive Rights.

Exercise of Preemptive Rights

A US Holder of the Preemptive Rights generally will not recognize gain or loss upon the exercise of the Preemptive Rights. The holding period in the Offered Shares associated with the exercise of the Preemptive Rights generally will commence on the date such Preemptive Rights are exercised. The US Holder's basis in the Offered Shares received upon exercise of the Preemptive Rights will equal (i) the US Holder's basis in such Preemptive Rights, plus (ii) the offer price paid for the Offered Shares.

Lapse of Preemptive Rights

A US Holder who is allocated a Preemptive Right and who allows such Preemptive Right to lapse generally will have no basis in such Preemptive Right and, thus, generally will not realize a loss on the lapse. A US Holder who purchases a Preemptive Right during the Rights Trading Period and who allows such Preemptive Right to lapse generally will have a capital loss equal to such US Holder's basis in the Preemptive Right that lapsed. The ability to deduct capital losses generally is subject to limitations.

Sale or Exchange of Preemptive Rights

Subject to the passive foreign investment company discussion below, a US Holder generally will recognize gain or loss on any sale or exchange of a Preemptive Right in an amount equal to the difference between the amount realized for the Preemptive Right and such US Holder's basis in the Preemptive Right. Such gain or loss generally will be capital gain or loss. Capital gains of non-corporate US Holders derived with respect to capital assets held for more than one year generally are eligible for reduced rates of taxation. The deductibility of capital losses generally is subject to limitations. Any gain or loss recognized by a US Holder generally will be treated as US source gain or loss for US foreign tax credit purposes.

A US Holder who receives Danish kroner from a sale or exchange of a Preemptive Right generally will realize an amount equal to the US dollar value of such Danish kroner on the settlement date of such sale or exchange if (i) such US Holder is a cash basis or electing accrual basis taxpayer and the Preemptive Rights are treated as being "traded on an established securities market" or (ii) such settlement date is also the date of such sale or exchange. If the Danish kroner so received are converted into US dollars on the settlement date, such US Holder generally should not recognize foreign currency gain or loss on such conversion. If the Danish kroner so received are not converted into US dollars on the settlement date, such US Holder generally will have a basis in the Danish kroner equal to their US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of the Danish kroner generally will be treated as ordinary income or loss to such US Holder and generally will be US source income or loss for US foreign tax credit purposes. Each US Holder should consult its own tax adviser regarding the US federal income tax consequences of receiving Danish kroner from a sale or exchange of a Preemptive Right in cases not described in the first sentence of this paragraph.

Tax Consequences of the Ownership and Disposition of Offered Shares

Distributions

Subject to the passive foreign investment company discussion below, distributions (other than certain distributions of the Company's shares or rights to acquire the Company's shares) on the Offered Shares (including amounts withheld to reflect Danish withholding taxes) generally will be taxable as dividends to the extent paid out of the Company's current or accumulated earnings and profits, as determined under US federal income tax principles. Such income generally will be includable in such US Holder's gross income as ordinary income on the day actually or constructively received. Such dividends will not be eligible for the dividends-received deduction.

With respect to non-corporate US Holders, certain dividends paid by a qualified foreign corporation and received by such US Holders before January 1, 2011 may be subject to reduced rates of taxation. A "qualified foreign corporation" includes a foreign corporation that is eligible for the benefits of an income tax treaty with the US, if such treaty contains an exchange of information provision and the US Treasury Department has determined that the treaty is satisfactory for purposes of the legislation. The Treaty meets these requirements. The Company believes that it is currently eligible for the benefits of the Treaty, but no assurance can be given that the Company will be so eligible at all times or that the US Internal Revenue Service will agree with the Company's conclusion. In addition, non-corporate US Holders who do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation. Moreover, the rate reduction will not apply to dividends if the recipient of a dividend is obliged to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Furthermore, non-corporate US Holders will not be eligible for the reduced rates of taxation on any dividends received from the Company if the Company were a passive foreign investment company in the taxable year in which such dividends are paid or in the preceding taxable year (see below for additional information regarding a passive foreign investment company). US Holders should consult their own tax advisers regarding the application of the foregoing rules to their particular circumstances.

The amount of any distribution paid in Danish kroner generally will equal the US dollar value of the Danish kroner received calculated by reference to the exchange rate in effect on the date the distribution is received by a US Holder, regardless of whether such Danish kroner are converted into US dollars. If Danish kroner so received are not converted into US dollars on the date of receipt, such US Holder generally will have a basis in such Danish kroner equal to their US dollar value on the date of receipt. Any gain or loss realized on a subsequent conversion or other disposition of such Danish kroner generally will be treated as US source ordinary income or loss.

The maximum rate of Danish withholding tax on dividends paid to a US Holder pursuant to the Treaty is 15%. A US Holder may be required to properly demonstrate to the Company and the Danish tax authorities its entitlement to the reduced rate of Danish withholding under the Treaty. Subject to certain conditions and limitations, Danish withholding taxes on dividends may be treated as foreign taxes eligible for credit against a US Holder's US federal income tax liability. For purposes of calculating the US foreign tax credit, dividends paid on the Offered Shares generally will be treated as income from sources outside the US and will generally constitute "passive category income" or, in the case of certain US Holders, "general category income." Special rules apply to certain individuals whose foreign source income during the taxable year consists entirely of "qualified passive income" and whose creditable foreign taxes paid or accrued during the taxable year do not exceed $300 ($600 in the case of a joint return). Further, in certain circumstances, if a US Holder:

- has held Offered Shares for less than a specified minimum period during which it is not protected from risk of loss; or
- is obliged to make payments related to the dividends,

such US Holder generally will not be allowed a foreign tax credit for Danish taxes imposed on dividends paid on the Offered Shares. The rules governing the US foreign tax credit are complex and special rules apply to foreign tax credits associated with or related to reduced rates of taxation on dividends paid to non-corporate US Holders. US Holders are urged to consult their tax advisers regarding the availability of the US foreign tax credit under their particular circumstances.

To the extent that the amount of any distribution exceeds the Company's current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the basis of the Offered Shares (thereby increasing the amount of gain, or decreasing the amount of loss, to be recognized by a US Holder on a subsequent disposition of the Offered Shares), and the balance generally will be taxed as capital gain recognized on a sale or exchange. Consequently, such distributions in excess of the Company's current and accumulated earnings and profits would not give rise to foreign source income for US foreign tax credit purposes and a US Holder generally would not be able to use the US foreign tax credit arising from any Danish withholding tax imposed on such distribution unless such credit can be applied (subject to applicable limitations) against US federal income tax due on other foreign source income in the appropriate category for US foreign tax credit purposes.

Sale or Exchange of Offered Shares

Subject to the passive foreign investment company discussion below, a US Holder generally will recognize gain or loss on any sale or exchange of an Offered Share in an amount equal to the difference between the amount realized for the Offered Share and the US Holder's basis in the Offered Share. Such gain or loss generally will be capital gain or loss. Capital gains of non-corporate US Holders derived with respect to capital assets held for more than one year generally are eligible for reduced rates of taxation. The deductibility of capital losses generally is subject to limitations. Any gain or loss recognized by a US Holder generally will be treated as US source gain or loss for US foreign tax credit purposes.

A US Holder who receives Danish kroner from a sale or exchange of an Offered Share generally will realize an amount equal to the US dollar value of the Danish kroner on the settlement date of such sale or exchange if (i) such US Holder is a cash basis or electing accrual basis taxpayer and the Offered Shares are treated as being "traded on an established securities market" or (ii) such settlement date is also the date of such sale or exchange. If the Danish kroner so received are converted into US dollars on the settlement date, such US Holder generally should not recognize foreign currency gain or loss on such conversion. If the Danish kroner so received are not converted into US dollars on the settlement date, such US Holder generally will have a basis in such Danish kroner equal to their US dollar value on the settlement date. Any gain or loss on a subsequent conversion or other disposition of such Danish kroner generally will be treated as ordinary income or loss to such US Holder and generally will be US source income or loss for US foreign tax credit purposes. Each US Holder should consult its own tax adviser regarding the US federal income tax consequences of receiving Danish kroner from a sale or exchange of an Offered Share in cases not described in the first sentence of this paragraph.

Passive Foreign Investment Company

The Company believes that it was not in 2007, and it does not expect to become in 2008, a passive foreign investment company ("PFIC") for US federal income tax purposes. However, because this determination is made annually at the end of each taxable year and is dependent upon a number of factors, some of which are beyond its control, including the value of its assets and the amount and type of its income, there can be no assurance that the Company will not become a PFIC in any taxable year or that the US Internal Revenue Service will agree with its conclusion regarding its PFIC status. If the Company is a PFIC in any taxable year, US Holders could suffer adverse consequences, including the possible characterization of gain from sale, exchange or other disposition of the Preemptive Rights or Offered Shares as ordinary income and an interest charge on a portion of the resulting tax liability.

Certain Reporting Requirements with Respect to Payments of the Subscription Price

Each US Holder should consult its own tax advisor as to the possible obligation to file IRS Form 926 with respect to its payment of the Subscription Price to the Company. Substantial penalties may be imposed upon a US Holder that fails to comply.

Reportable Transactions

A US Holder that participates in any "reportable transaction" (as defined in US Treasury regulations) must attach to its US federal income tax return a disclosure statement on IRS Form 8886. US Holders should consult their own tax advisers as to the possible obligation to file IRS Form 8886 with respect to the sale, exchange or other disposition of any Danish kroner received as a dividend on the Offered Shares or as proceeds from the sale of the Preemptive Rights or the Offered Shares.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends in respect of the Offered Shares or the proceeds received on the sale, exchange or other disposition of the Preemptive Rights and the Offered Shares paid within the United States (and in certain cases, outside of the United States) to US Holders other than certain exempt recipients (such as corporations). A backup withholding tax may apply to such amounts if the US Holder fails to provide an accurate taxpayer identification number or to report interest and dividends required to be shown on its federal income tax returns. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the US Holder's US federal income tax liability, provided the required information is timely furnished to the US Internal Revenue Service.

11. Offering Restrictions

General

The offer of Offered Shares to persons resident in, or who are citizens of, jurisdictions other than Denmark ("Non-Danish Persons") may be affected by the law of such other jurisdictions. No action has been or will be taken in any jurisdiction other than Denmark, where action for that purpose is required, which would permit a public offering of the Preemptive Rights or the Offered Shares or the possession, circulation or distribution of this Offering Circular or any material relating to the Preemptive Rights or the Offered Shares offered hereby. Accordingly, none of the Preemptive Rights or the Offered Shares may be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Receipt of this Offering Circular or any other material concerning the Offering or the crediting of Preemptive Rights to an account held with a direct or indirect participant in VP Securities Services does not, and will not, constitute an offer of Preemptive Rights or Offered Shares in the United States or in such other jurisdictions in which it would not be permissible to make an offer of the Preemptive Rights or Offered Shares.

This Offering Circular may not be distributed or otherwise made available in the United States, Canada, Australia or Japan, and the Offered Shares may not be, directly or indirectly, offered or sold, and the Preemptive Rights may not be directly or indirectly exercised or otherwise offered or sold in the United States, Canada, Australia or Japan unless such distribution, offering, sale, or exercise is permitted under applicable laws of the relevant jurisdiction, and the Company and the Joint Bookrunners have received satisfactory documentation to that effect. The Offered Shares may not be directly or indirectly offered or sold, and the Preemptive Rights may not be directly or indirectly exercised or otherwise offered or sold in any other jurisdiction outside Denmark unless such offering, sale or exercise is permitted under applicable laws of the relevant jurisdiction, and the Company and the Joint Bookrunners may require receipt of satisfactory documentation to that effect. Due to such restrictions under applicable laws, the Company expects that some or all investors residing in the United States, Canada, Australia, Japan and other jurisdictions outside Denmark may not be able to exercise the Preemptive Rights or subscribe for the Offered Shares.

Non-Danish Persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to exercise their Preemptive Rights.

United States

The Preemptive Rights and the Offered Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except in reliance on an available exemption from the registration requirements of the Securities Act and except to certain persons in offshore transactions in reliance on Regulation S. Further information with regard to the restrictions on offers and sales of the Preemptive Rights and the Shares and the distribution of this Offering Circular is set out under "Part II—The Offering—Transfer Restrictions."

The Offered Shares may be offered and sold in the United States only to a limited number of persons reasonably believed to be QIBs within the meaning of Rule 144A under the Securities Act in transactions exempt from registration under the Securities Act, provided that any such QIB executes and delivers an investor letter in a form satisfactory to the Company and the Joint Bookrunners. Such letter will provide that the investor is a QIB and that it agrees not to resell the Offered Shares other than in accordance with an exemption from registration from the Securities Act.

United Kingdom

This Offering Circular is being distributed only to and is directed at: (a) persons who are outside the UK; (b) authorized persons within the meaning of the Financial Services and Markets Act 2002, as amended, and any order made thereunder; (c) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001, as amended (the "Order"); (d) high net worth entities falling within Article 49(2)(a) to (d) of the Order; or (e) any other persons to whom it might otherwise be lawfully communicated (all such persons together being referred to as "Relevant Persons"). The Offered Shares are only available to Relevant Persons, and any invitation, offer or agreement to subscribe for, purchase or otherwise acquire such Offered Shares will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Circular or any of its contents. The crediting of Preemptive Rights to the accounts of shareholders or other persons in the UK does not constitute an offer of Offered Shares to such persons.

The Preemptive Rights may be offered and delivered and the Offered Shares may be offered and sold in the UK to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the UK within the meaning of the Public Offers of Securities Regulations 1995.

European Economic Area

In relation to each member state of the EEA which has implemented the Prospective Directive, other than Denmark (each, a "Relevant Member State"), an offer of any Preemptive Rights or Offered Shares contemplated by this Offering Circular may not be made to the public in that Relevant Member State, except that an offer of any Preemptive Rights or Offered Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- to fewer than 100 natural or legal persons per country in the EU/EEA which are not qualified investors (as defined in the Prospectus Directive); or
- in any other circumstances that do not require the Company to publish a prospectus pursuant to Article 3(2) of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of any Preemptive Rights or Offered Shares to the public" in relation to any Preemptive Rights or Offered Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Preemptive Rights or Offered Shares to be offered so as to enable an investor to decide to purchase any Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospective Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

12. Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of any of the Preemptive Rights or the Offered Shares offered hereby.

No actions have been taken to register or qualify the Preemptive Rights or the Offered Shares offered hereby or the Offering or otherwise permit a public offering of the Preemptive Rights or the Offered Shares in any jurisdiction other than Denmark. The Offering is being made in the United States to QIBs in transactions exempt from the registration requirements of the Securities Act, provided that any such QIB to whom Preemptive Rights are offered or to whom Offered Shares are offered or sold executes and delivers an investor letter in a form satisfactory to the Company and the Joint Bookrunner. Any Preemptive Rights offered or Offered Shares offered or sold in the United States will be subject to certain transfer restrictions as set forth in this section. The Offering is also being made outside the United States pursuant to Regulation S under the Securities Act. The Preemptive Rights and the Offered Shares offered hereby have not been and will not be registered under the Securities Act. The Preemptive Rights may not be, directly or indirectly, offered, sold or resold and the Offered Shares may not be directly or indirectly offered, sold or resold in or to persons in the United States except in accordance with an available exemption from registration under Rule 144A under the Securities Act ("Rule 144A") or another available exemption from registration under the Securities Act with respect to the offer and sale of the Preemptive Rights and the Offered Shares. See "Part II—The Offering—Offering Restrictions."

Purchasers in the United States

The Preemptive Rights may not be transferred, assigned or resold within the United States. The Preemptive Rights may only be transferred, assigned or resold outside the United States. Each purchaser of Offered Shares in the United States will be deemed to have represented, warranted and agreed as follows:

(1) it is a QIB, it is aware (and if it acquires Offered Shares for the account of one or more QIBs, each beneficial owner of the Offered Shares is aware) that the seller of the Offered Shares may rely on Rule 144A (if available) or another available exemption from the registration requirements of the Securities Act, and it is acquiring the Offered Shares for its own account or for the account of one or more QIBs, on whose behalf it is authorized to act;

(2) it understands that the Offered Shares have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred, except (a) outside the United States in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act; or (b) pursuant to Rule 144A (if available) or any other available exemption from the registration requirement of the Securities Act, in each case in accordance with applicable securities laws of any state of the United States;

(3) it is aware that the Offered Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and that no representation is made as to the availability of any exemption under Rule 144 with respect to resale of the Offered Shares;

(4) any offer, sale, pledge or other transfer except in compliance with the above restrictions will not be acknowledged by the Company in relation to the Offered Shares;

(5) the purchaser represents and agrees that if it offers, resells, pledges or otherwise transfers such Offered Shares in the future, it will notify such subsequent acquirer of the restrictions set forth herein; and

(6) the Company, the Joint Bookrunners, the Joint Global Coordinators and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements. If the purchaser acquires Offered Shares for the account of one or more QIBs, the purchaser represents that it has investment discretion with respect to each such account, and it has full power and authority to make the acknowledgements, representations and agreements herein on behalf of each owner of such account. **Prospective purchasers are hereby notified that sellers of Offered Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

Purchasers Outside the United States

Each purchaser of the Preemptive Rights and the Offered Shares offered hereby outside the US will be deemed to have (i) acknowledged that the Preemptive Rights and the Offered Shares have not been, and will not be, registered under the Securities Act and may not be offered, sold or resold in or to persons in the US except in accordance with an available exemption from registration and (ii) represented, warranted and agreed as follows:

(1) it (a) is not in the United States and (b) is not acting for the account or benefit of a person in the United States; unless (in the case of clause (b) only) it is acting with investment discretion for such person or, if such person is a corporation or partnership, the person agreeing to purchase Preemptive Rights or Offered Shares is an employee of such person authorized to make this bid;

(2) it is not engaged in the business of distributing securities or, if it is, it agrees that it will not offer or resell in, or to person in the US (a) any Preemptive Rights or Offered Shares it acquires in the Offering at any time or (b) any Preemptive Rights or Offered Shares it acquires other than in the Offering until 40 days after the commencement date, in either case other than in a transaction meeting the requirements of Rule 144A under the Securities Act; provided however, that the foregoing shall not prohibit any sale of Preemptive Rights or Offered Shares in regular way transactions on the OMX if neither the seller nor any person acting on its behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the US;

(3) it understands that the Company, the Joint Bookrunners, the Joint Global Coordinators and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements; and

(4) it understands that due to restrictions under the Securities Act, the Company cannot make any assurances that any rights offerings to existing shareholders will be open to shareholders resident in the United States.

13. Market Information

Set forth below is a summary of certain information concerning the Danish securities market and certain provisions of Danish law and Danish securities market regulations in effect on the date of this Offering Circular. Such summary is qualified in its entirety by reference to the applicable Danish law and securities market regulations.

The OMX

Trading on the OMX Nordic Exchange Copenhagen is conducted by authorized firms, which include major Danish banks and other securities brokers, as well as certain mortgage credit institutions and the Danish Central Bank. OMX Nordic Exchange Copenhagen merged with OMX AB in 2005 and was launched in 2006 as the OMX Nordic Exchange Copenhagen.

The Trading System

The trading system used on the OMX Nordic Exchange Copenhagen is SAXESS. It is an order-driven trading system. Bids and offers are automatically matched to generate trades when price, volume and order conditions are met. For very large trading lots, transactions may be made via telephone, and then have to be entered manually into the system. SAXESS continuously broadcasts every change in the market. The information is displayed in real time in the form of order books, market summaries, concluded trades, index information and different kinds of reports. Most of the trading occurs in the so-called trading lot market.

In order to maintain an efficient market for small orders, a specific odd lot market has been developed in SAXESS. With few exceptions, the odd lot market has the same functions as the trading lot market. The two markets are integrated in such a way that the remaining odd lot portion of a larger order is automatically moved to the odd lot market if order volumes fall below that of a trading lot. Automatic matching of odd lot market can only be done at the last paid price in the trading lot market. Trades can also be generated between trading lot orders and odd lot orders.

The SAXESS system for equities trading operates in Denmark between 9:00 a.m. and 5:00 p.m. (CET) on business days. Before the continuous trading begins, there is an opening pre-trade session during which the traders can enter limit orders. The specific lot orders are not shown, however the consolidated amount of each price level is shown. The trading day opens and closes with a call, which aims at finding the price level in each share where most of the shares may be traded. After the auction in the order book has closed, continuous trading begins. At the end of a trading day, there is a "closing call auction." The closing call is the exchange's official closing time. The closing call is carried out on each separate share in the same order as the opening auction. The price at the closing call auction is the official closing price. If no price is generated as part as the closing call auction, the latest trading price is used as the official closing price.

Registration Process

In connection with an initial public offering, a company's shares are registered in book-entry form with VP Securities Services, which acts as an electronic central record of ownership and as the clearing center for all transactions. The address of VP Securities Services is Helgeshøj Allé 61, DK-2630 Taastrup, Denmark. Danish financial institutions, such as banks, are authorized to keep accounts for each specific investor on VP, including for Euroclear and Clearstream. All Danish shares admitted for trading and official listing on the OMX are "non-certificated" and registered in book-entry form in accounts with VP Securities Services. The account is maintained through an "account-holding bank." The account-holding bank has the exclusive right to make transactions and registrations on these accounts. Registration of new shares issued is free of charge to the investor. Shares may be registered in the name of the holder through the account-holding bank.

Nominees

An account may be kept on behalf of one or more owners, meaning that a shareholder may appoint a nominee. A nominee shareholder is entitled to receive dividends and to exercise all subscription and other financial and administrative rights attaching to the shares held in its name. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between the parties, and the beneficial owner must disclose its identity if any of the aforementioned rights are to be exercised directly by the beneficial owner. The right to appoint a nominee does not eliminate a shareholder's obligation to notify a major shareholding.

Settlement

Settlement in connection with trading on the OMX normally takes place on the third business day after effecting a transaction. On behalf of VP Securities Services, the account-holding bank sends a statement to the name and address recorded in VP Securities Services, showing the amount of shares held by it, which provides the holder with evidence of their rights. Settlement can also take place through the clearing facilities of Clearstream and Euroclear.

14. Additional Information

Advisers

Legal advisers

Norton Rose LLP is international counsel to the Company and Kromann Reumert is Danish counsel to the Company.

Allen & Overy LLP is international counsel to the Joint Bookrunners and Gorrissen Federspiel Kierkegaard is Danish counsel to the Joint Bookrunners.

Joint Bookrunners

The Joint Bookrunners are BNP Paribas, Danske Markets (Division of Danske Bank A/S), Lehman Brothers International (Europe) and Nordea Bank Danmark A/S.

The Company's Independent Auditor

The Company's independent auditor is KPMG Statsautoriseret Revisionspartnerselskab.

Availability of the Offering Circular

Requests for copies of this Offering Circular may be addressed to:

Danske Bank A/S
Corporate Actions
Holmens Kanal 2-12
DK-1092 Copenhagen K
Denmark

Telephone: +45 7023 0834
Fax: +45 4355 1223
E-mail: *prospekter@danskebank.dk*

Nordea Bank Danmark A/S
7324 Securities Operations
Helgeshøj Allé 33
DK-2630 Taastrup
Denmark

Telephone: +45 3333 2796
Fax: +45 3333 3182
E-mail: *prospekt.ca@nordea.com*

The Offering Circular may also, with certain exceptions, be downloaded from the Company's website: www.carlsberggroup.com. The contents of this website do not form a part of this Offering Circular.

FINANCIAL INFORMATION

INFORMATION ON CARLSBERG'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

Information on Carlsberg's Assets and Liabilities, Financial Position and Results

Table of Contents to Financial Information

Introduction to financial information

The historical financial information for Carlsberg A/S, Baltic Beverages Holding AB and the French Business is presented below.

Audited Consolidated Financial Statements as at and for the Years Ended 2007, 2006 and 2005 of Carlsberg A/S

The published Annual Reports for 2007, 2006 and 2005 of Carlsberg A/S have been prepared in accordance with IFRS as adopted by the EU and additional Danish disclosure requirements for annual reports for listed companies. The historical financial information of Carlsberg A/S in this Offering Circular, which was extracted from such Annual Reports, has been prepared in accordance with IFRS as adopted by the EU.

The consolidated financial statements as at and for the years ended 2007 and 2006 are extracted from Carlsberg's A/S' Annual Report for 2007. The consolidated financial statements for 2006 are based on the information included in the Annual Report of Carlsberg A/S for 2007. There are no differences in recognition and measurements in the accounting policies of Carlsberg A/S as at and for the years ended 2007 and 2006, but additional information on comparative figures for 2006 is given in the Annual Report for Carlsberg A/S for 2007. Comparative figures for 2005 are omitted in the consolidated financial statements for 2006.

The consolidated financial statements for 2005 were extracted from Carlsberg A/S' Annual Report for 2005. Comparative figures thereto are omitted.

Audited Consolidated Financial Statements as at and for the Years Ended 2007, 2006 and 2005 of BBH

The consolidated financial statements as at and for the years ended 2007, 2006 and 2005 of BBH have been prepared in accordance with IFRS as adopted by the EU, additional Danish disclosure requirements for annual reports for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act, except that the consolidated financial statements do not include financial statements for the parent company as required by the Danish statutory order on the adoption of IFRS and that certain additional Danish disclosure requirements in respect of management review are not complied with.

The consolidated financial statements as at and for the years ended 2007, 2006 and 2005 are based on reporting to Carlsberg A/S from BBH based on an ownership of 100% for 2007, 2006 and 2005 in order for Carlsberg A/S to prepare the Annual Report for 2007, 2006 and 2005 and supplementary information requested from BBH.

The accounting policies for Carlsberg A/S were applied for the preparation of the consolidated financial statements as at and for the years ended 2007, 2006 and 2005 of BBH.

Management reports included in the Annual Reports for 2007, 2006 and 2005 are presented in note 38 of the consolidated financial statements as at and for the years ended 2007, 2006 and 2005 of the Swedish BBH.

Audited Consolidated Financial Statements as at and for the Years Ended 2007, 2006 and 2005 of the French Business

The combined financial statements as at and for the Years Ended 2007, 2006 and 2005 of the French Businesses have been prepared in accordance with IFRS as adopted by the EU, as it is implemented by S&N and in accordance with the chosen accounting policies applied by S&N.

The combined consolidated financial statements of 2007, 2006 and 2005 are based on reporting to S&N from the French Business for 2007, 2006 and 2005 in order for S&N to prepare the consolidated financial statements for 2007, 2006 and 2005, and was extracted from the consolidated financial statements of S&N for 2007, 2006 and 2005.

The management report in the Annual Report for 2006 and 2005 includes a section concerning the French Businesses. See "Information incorporated by reference". Furthermore, the Management report for Brasseries Kronenbourg and Etablissements Tafanel for 2006 and 2005, which is the most significant part of the French Business, is included in this Offering Circular for information purposes as it was published in the most recent official financial statements in France of Brasseries Kronenbourg for 2006 and 2005 and of Etablissement Tafanel S.A. for 2006 and 2005 respectively.

Unaudited Combined Condensed Pro Forma Financial Information as at and for the Year Ended 2007 of Carlsberg A/S

The unaudited combined condensed pro forma financial information for 2007 consists of the Carlsberg Group (including the proportionally consolidated 50% of BBH), the additional acquisition of 50% of BBH and the French Business. When preparing the unaudited combined condensed pro forma financial balance sheet it has been assumed that the acquisition was completed at 31 December 2007. In the pro forma profit/loss for 2007 it has been assumed that the acquisition was completed at 1 January 2007 in order to illustrate an effect on the result for 2007. The financial information is extracted from the consolidated financial statements for 2007 of each of the included entities. Reference is made to "Purpose of the unaudited combined condensed pro forma financial information" for 2007 and to the descriptions of pro forma adjustments and eliminations, which are presented in connection with the pro forma financial information.

The preliminary purchase price allocation is only illustratively reflected by way of example in the unaudited combined condensed pro forma financial information for the purpose of illustrating a possible estimated effect of such an allocation, because a final purchase price allocation is not expected to be prepared before the publication of the interim financial report for the period 1 January—30 September 2008. Therefore, significant changes to the preliminary purchase price allocation may arise. Management expects that the effect of such changes will be within the intervals stated in the section "Unaudited Combined Condensed Pro Forma Financial Information for 2007 for Carlsberg".

Unaudited Condensed Consolidated Interim Financial Statements of Carlsberg A/S as at and for the three months ended March 31, 2008 with Comparative Figures as at and for the three months ended March 31, 2007

The unaudited condensed consolidated interim financial statements of Carlsberg A/S as at and for the three months ended March 31, 2008 with comparative figures as at and for the three months ended March 31, 2007 have been prepared in accordance with IAS 34 as adopted by the EU.

Unaudited Condensed Consolidated Financial Statements of BBH as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007

The unaudited condensed consolidated interim financial statements for BBH as at and for the three months ended March 31, 2008, with comparative figures as at and for the three months ended March 31, 2007 have been prepared in accordance with IAS 34 as adopted by the EU.

Information incorporated by reference

The additional disclosure items set out in the table below are incorporated by reference into this Offering Circular, according to §18 in the Executive Order No. 1232 of October 22, 2007 on prospectuses for securities admitted for trading on a regulated market and by a public offering of securities in excess of €2,500,000. Direct or indirect references in these reports to other documents or websites are not incorporated by reference and do not form any part of this Offering Circular. The reports speak only as of the date of their respective publications and have been updated and in some cases made superfluous by the information in this Offering Circular. Potential purchasers of shares should assume that the information appearing in this Offering Circular as well as the information the Company incorporates by reference, is accurate as of the dates on the front cover of those documents only. The Carlsberg Group's business, financial condition, results of operations, and cash flows and prospects may have changed since those dates.

Potential purchasers of the Offered Shares are encouraged to read the information incorporated by reference in conjunction with the cautionary statements in "Special Notice Regarding Forward-Looking Statements" and in conjunction with the "Risk Factors."

Information Incorporated	Document	Page
Section on Business Development	Carlsberg's Unaudited Interim Report for the Three Months Ended March 31, 2008	4-9
Carlsberg's Management Review for 2007	Carlsberg's Annual Report 2007	1-69
Carlsberg's Management Statement for 2007	Carlsberg's Annual Report 2007	158
Carlsberg's Auditors' Report for 2007	Carlsberg's Annual Report 2007	159
Carlsberg's Management Review for 2006	Carlsberg's Annual Report 2006	1-56
Carlsberg's Management Statement for 2006	Carlsberg's Annual Report 2006	134
Carlsberg's Auditors' Report for 2006	Carlsberg's Annual Report 2006	135
Carlsberg's Management Review for 2005	Carlsberg's Annual Report 2005	1-40
Carlsberg's Management Statement for 2005	Carlsberg's Annual Report 2005	120
Carlsberg's Auditors' Report for 2005	Carlsberg's Annual Report 2005	121
Carlsberg's Management Review for 2005	Correction Slip to Carlsberg's 2005 Annual Report	8-9
Section about the French Business	Management Review in the S&N Annual Report for 2006	7(1)
Section about the French Business	Management Review in the S&N Annual Report for 2005	9(1)

(1) Information incorporated by reference is limited to the information in the middle of the column, the middle and bottom as well as the top of the right column.

These documents are available upon request to the Carlsberg Group's head office (Ny Carlsberg Vej 100, DK-1760 Copenhagen V) Carlsberg's Annual Reports for 2005, 2006 and 2007 are available from the Company's website www.carlsberggroup.com.

FINANCIAL INFORMATION

Audited Consolidated Financial Statements for the Financial Years 2007, 2006 and 2005

Consolidated Financial Statements of Carlsberg A/S for the Financial Years 2007 and 2006 Prepared in Accordance with IFRS as adopted by the EU.

Management Statement

The Board of Directors and the Executive Board have today discussed and approved the consolidated financial statements for the financial years 2007 and 2006 of Carlsberg A/S (together with its subsidiaries the "Carlsberg Group").

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, except for omitted incorporation of comparative figures for the financial year 2005 in the consolidated financial statements for 2006. The consolidated financial statements are extracted from the Annual Report for the financial year 2007 of Carlsberg A/S. The consolidated financial statements for 2007 and 2006 were reported on 19 February 2008 and 20 February 2007, respectively.

We consider the applied accounting policies appropriate, so that the consolidated financial statements gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 31 December 2007 and at 31 December 2006 and of the results of the Carlsberg Group's operations and cash flows for the financial years 2007 and 2006.

Copenhagen, 15 May 2008

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen	Jørn P. Jensen

Board of Directors of Carlsberg A/S

Povl Krogsgaard-Larsen, chairman	Jens Bigum, deputy chairman	Hans Andersen
Flemming Besenbacher	Jess Søderberg	Hanne Buch-Larsen
Henning Dyremose	Niels Kærgaard	Axel Michelsen
Erik Dedenroth Olsen	Bent Ole Petersen	Per Øhrgaard

Independent Auditors' Report on the Consolidated Financial Statements for the Financial Years 2007 and 2006

To the Shareholders of Carlsberg A/S

We have audited the consolidated financial statements of Carlsberg A/S (together with its subsidiaries the "Carlsberg Group") for the financial year 2007 and 2006 as presented on pages F-10—F-83, which comprise the management statement, consolidated income statement, consolidated statement of recognized income and expenses, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes ("the consolidated financial statements"). These consolidated financial statements have been derived from the annual report of Carlsberg A/S for the financial year 2007. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU. The audits for the financial years 2007 and 2006 were completed as at 19 February 2008 and 20 February 2007, respectively.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

We qualify our opinion, as comparative figures for 2005 as required under IFRS have been omitted from the consolidated financial statements for 2006.

Opinion

In our opinion, except for the omission of the information included in the preceding paragraph, the consolidated financial statements give a true and fair view of the Carlsberg Group's consolidated assets, consolidated liabilities and consolidated financial position as at 31 December 2007 and 31 December 2006 and of the Carlsberg Group's consolidated results of the operations and cash flows for the financial years 2007 and 2006 in accordance with IFRS as adopted by the EU.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

INCOME STATEMENT

Note		2007 DKK million	2006 DKK million
	Revenue	60,111	55,753
	Excise duties on beer and soft drinks etc.	(15,361)	(14,670)
	Net revenue	**44,750**	**41,083**
3	Cost of sales	(22,423)	(20,151)
	Gross profit	**22,327**	**20,932**
4	Sales and distribution expenses	(14,528)	(14,173)
5	Administrative expenses	(3,123)	(3,065)
6	Other operating income	933	660
6	Other operating expenses	(448)	(393)
18	Share of profit after tax, associates	101	85
	Operating profit before special items	**5,262**	**4,046**
7	Special items, income	—	602
7	Special items, costs	(427)	(762)
	Operating profit	**4,835**	**3,886**
8	Financial income	651	725
9	Financial expenses	(1,852)	(1,582)
	Profit before tax	**3,634**	**3,029**
10	Corporation tax	(1,038)	(858)
	Consolidated profit	**2,596**	**2,171**
	Attributable to:		
11	Minority interests	299	287
	Shareholders in Carlsberg A/S	2,297	1,884
12	**Earnings per share**		
	Earnings per share (DKK)	30.1	24.7
	Earnings per share, diluted (DKK)	30.0	24.6

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR

		2007					
	Note	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg A/S, total	Minority interests	Total
		DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the year		**—**	**—**	**2,297**	**2,297**	**299**	**2,596**
Foreign exchange adjustments:							
Foreign entities		(600)	—	—	(600)	(70)	(670)
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	148	84	—	232	—	232
Hedging instruments, transferred to financial items		(33)	—	—	(33)	—	(33)
Securities		—	42	—	42	4	46
Securities, transferred to income statement on disposal		—	(3)	—	(3)	(1)	(4)
Retirement benefit obligations	26	—	—	(532)	(532)	—	(532)
Other adjustments:							
Share-based payment	14	—	—	21	21	—	21
Other		—	—	1	1	1	2
Tax on changes in equity		(36)	(36)	173	101	—	101
Net amount recognised directly in equity		**(521)**	**87**	**(337)**	**(771)**	**(66)**	**(837)**
Total recognised income and expenses		**(521)**	**87**	**1,960**	**1,526**	**233**	**1,759**

		2006					
	Note	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg A/S, total	Minority interests	Total
		DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the year		**—**	**—**	**1,884**	**1,884**	**287**	**2,171**
Foreign exchange adjustments:							
Foreign entities		(347)	—	—	(347)	(72)	(419)
Value adjustments:							
Hedging instruments, value adjustment for the year	35, 36	108	170	—	278	—	278
Hedging instruments, transferred to financial items		(39)	—	—	(39)	—	(39)
Securities		—	(1,078)	—	(1,078)	—	(1,078)
Securities, transferred to income statement on disposal		—	(637)	—	(637)	—	(637)
Retirement benefit obligations	26	—	—	(105)	(105)	—	(105)
Other adjustments:							
Share-based payment	14	—	—	10	10	—	10
Other		—	—	7	7	(10)	(3)
Tax on changes in equity		(7)	4	63	60	—	60
Net amount recognised directly in equity		**(285)**	**(1,541)**	**(25)**	**(1,851)**	**(82)**	**(1,933)**
Total recognised income and expenses		**(285)**	**(1,541)**	**1,859**	**33**	**205**	**238**

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

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

BALANCE SHEET

Note	Assets	31 Dec. 2007 DKK million	31 Dec. 2006 DKK million
	Non-current assets		
15, 16	Intangible assets	21,205	21,279
16, 17	Property, plant and equipment	22,109	20,367
18	Investments in associates	622	579
19	Securities	123	170
20	Receivables	1,476	1,139
27	Deferred tax assets	733	822
26	Retirement benefit plan assets	11	14
	Total non-current assets	**46,279**	**44,370**
	Current assets		
21	Inventories	3,818	3,220
20	Trade receivables	6,341	6,108
	Tax receivables	62	84
20	Other receivables	1,453	1,145
20	Prepayments	950	917
19	Securities	34	8
22	Cash and cash equivalents	2,249	2,490
	Total current assets	**14,907**	**13,972**
23	Assets held for sale	34	109
	Total assets	**61,220**	**58,451**

Note	Equity and Liabilities	31 Dec. 2007 DKK million	31 Dec. 2006 DKK million
	Equity		
24	Share capital	1,526	1,526
	Reserves	17,095	16,071
	Equity, shareholders in Carlsberg A/S	18,621	17,597
	Minority interests	1,323	1,390
	Total equity	**19,944**	**18,987**
	Non-current liabilities		
25	Borrowings	19,385	16,241
26	Retirement benefit obligations and similar obligations	2,220	2,006
27	Deferred tax liabilities	2,191	2,425
28	Provisions	249	366
29	Other liabilities	20	54
	Total non-current liabilities	**24,065**	**21,092**
	Current liabilities		
25	Borrowings	3,869	6,556
	Trade payables	5,833	5,147
	Deposits on returnable packaging	1,207	1,159
28	Provisions	494	466
	Corporation tax	197	187
29	Other liabilities etc.	5,611	4,856
	Total current liabilities	**17,211**	**18,371**
23	Liabilities associated with assets held for sale	—	1
	Total liabilities	**41,276**	**39,464**
	Total equity and liabilities	**61,220**	**58,451**

STATEMENT OF CHANGES IN EQUITY

2007

	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007	1,526	351	(20)	15,740	16,071	17,597	1,390	18,987
Total recognised income and expenses for the year	—	(521)	87	1,960	1,526	1,526	233	1,759
Capital increase	—	—	—	—	—	—	43	43
Acquisition/disposal of treasury shares	—	—	—	(74)	(74)	(74)	—	(74)
Repurchase of shares	—	—	—	30	30	30	(198)	(168)
Dividends paid to shareholders	—	—	—	(458)	(458)	(458)	(227)	(685)
Acquisition of minority interests	—	—	—	—	—	—	—	—
Acquisition of entities	—	—	—	—	—	—	82	82
Total changes in equity	**—**	**(521)**	**87**	**1,458**	**1,024**	**1,024**	**(67)**	**957**
Equity at 31 December 2007	**1,526**	**(170)**	**67**	**17,198**	**17,095**	**18,621**	**1,323**	**19,944**

2006

	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2006	1,526	636	1,521	14,285	16,442	17,968	1,528	19,496
Total recognised income and expenses for the year	—	(285)	(1,541)	1,859	33	33	205	238
Capital increase	—	—	—	—	—	—	23	23
Acquisition/disposal of treasury shares	—	—	—	(16)	(16)	(16)	—	(16)
Dividends paid to shareholders	—	—	—	(381)	(381)	(381)	(148)	(529)
Acquisition of minority interests	—	—	—	—	—	—	(271)	(271)
Acquisition of entities	—	—	—	—	—	—	53	53
Other	—	—	—	(7)	(7)	(7)	—	(7)
Total changes in equity	**—**	**(285)**	**(1,541)**	**1,455**	**(371)**	**(371)**	**(138)**	**(509)**
Equity at 31 December 2006	**1,526**	**351**	**(20)**	**15,740**	**16,071**	**17,597**	**1,390**	**18,987**

The proposed dividend of DKK 6.00 per share, in total DKK 458 million (2006: DKK 6.00 per share, in total DKK 458 million), is included in retained earnings at 31 December 2007.

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

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

CASH FLOW STATEMENT

Note		2007 DKK million	2006 DKK million
	Operating profit before special items	5,262	4,046
	Adjustment for depreciation and amortisation	2,768	2,953
	Adjustment for impairment losses	104	36
	Operating profit before depreciation, amortisation and impairment losses	**8,134**	**7,035**
30	Adjustment for other non-cash items	(403)	(173)
30	Change in working capital	(230)	389
	Restructuring costs paid	(379)	(477)
	Interest etc. received	187	186
	Interest etc. paid	(1,507)	(1,512)
	Corporation tax paid	(965)	(978)
	Cash flow from operating activities	**4,837**	**4,470**
	Acquisition of property, plant and equipment and intangible assets	(4,929)	(3,188)
	Disposal of property, plant and equipment and intangible assets	351	305
30	Change in trade loans	(143)	(200)
	Total operational investments	**(4,721)**	**(3,083)**
31	Acquisition and disposal of entities, net	(179)	18
	Acquisition of financial assets	(43)	(82)
	Disposal of financial assets	37	1,494
30	Change in financial receivables(1)	(86)	1,834
	Dividends received	127	70
	Total financial investments	**(144)**	**3,334**
	Other investments in property, plant and equipment	(667)	(371)
	Disposal of other property, plant and equipment	605	185
	Total other activities(2)	**(62)**	**(186)**
	Cash flow from investing activities	**(4,927)**	**65**
	Free cash flow	**(90)**	**4,535**
30	Shareholders in Carlsberg A/S	(508)	(397)
30	Minority interests	(451)	(701)
30	External financing	775	(3,592)
	Cash flow from financing activities	**(184)**	**(4,690)**
	Net cash flow	**(274)**	**(155)**
	Cash and cash equivalents at 1 January	1,708	1,940
	Foreign exchange adjustment of cash and cash equivalents at 1 January	(83)	(77)
22	**Cash and cash equivalents at 31 December**	**1,351**	**1,708**

(1) Includes DKK 1,928 million received on the sale of shares in Hite Brewery Co. Ltd. in 2006.

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

NOTES

Note 1 Significant accounting estimates and judgements

The 2007 and 2006 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

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

Estimation uncertainty

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

The judgements, estimates and assumptions made are based on historical experience and other factors, including judgements by consultants and specialists which Management assesses to be applicable and reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Company is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively.

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

Business combinations

For acquisitions of new entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the purchase method. The most significant assets acquired generally comprise trademarks, customer agreements and non-current assets. For the determination of fair value, no active market exists for the majority of acquired assets, in particular in respect of acquired intangible assets. Accordingly, Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently within 12 months.

The unallocated purchase price (positive amounts) is recognised in the balance sheet as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units and the allocation of goodwill. Considering the uncertainties associated with the determination of the acquired cash-generating units, it is the assessment of Management that the allocation made is based on documented estimates. Negative goodwill is recognised in the income statement at the acquisition date.

The difference between the carrying amounts in the acquired entities and the fair value of identifiable assets and liabilities is specified in note 31.

Trademarks

In business combinations, the value of the trademarks acquired and their expected useful lives are assessed based on the trademarks' market position, expected long-term developments in the relevant markets and the trademarks' profitability.

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

Measurement is based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life and royalty rate and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark.

Management performs an annual assessment of whether the current market situation in the market has reduced the value or useful lives of trademarks. When there is an indication of a reduction in the value or useful life, the trademark is written down or amortisation is increased in line with the trademark's shorter useful life.

Customer agreements and portfolios

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

Measurement is based on expected future cash flows for the customer agreements on the basis of key assumptions about sales growth, operating margin, customer retention rate and theoretically calculated tax and contributions to other assets. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and future risks associated with the customer agreements.

Impairment test

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

The estimates of future net free cash flows (value in use) are based on budgets and business plans for the next three years and projections for subsequent years. Key parameters are sales growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans for the next three years are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. Projections beyond the next three years are based on general expectations and risks. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Pre-tax discount rates which reflect the risk-free interest rate with the addition of specific risks in each particular geographical segment are used to calculate recoverable amounts. The cash flows used already incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used.

For a description of impairment testing for intangible assets, see note 16.

Estimates of future earnings from *trademarks* with an indefinite useful life are made using the same model as is used to measure trademarks in business combinations, cf. above. Assessment of indications of impairment of trademarks with indefinite useful lives is made at group level, as royalty income is earned globally across segments.

Management performs an annual test for indications of impairment of trademarks with a finite useful life other than the decrease in value reflected by amortisation. Impairment tests are conducted in the same way as for trademarks with an indefinite useful life when there is an indication that the assets may be impaired. Management is of the opinion that there were no such indications at the end of 2007 and 2006, and therefore trademarks with a finite useful life have not been impairment tested.

Useful lives and residual values for intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and residual values are determined based on past experience and expectations of the future use of the assets. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 40 and the value of non-current assets is specified in notes 15 and 17.

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

Restructurings

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

Deferred tax assets

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

The value of recognised deferred tax assets is DKK 733 million (2006: DKK 822 million), of which DKK 141 million (2006: DKK 431 million) is expected to be realised within 12 months and DKK 592 million (2006: DKK 391 million) is expected to be realised more than 12 months after the balance sheet date. The value of unrecognised tax assets (primarily tax loss carryforwards) is DKK 837 million (2006: DKK 670 million) and is not expected to be realised in the foreseeable future.

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

Receivables

Receivables are measured at amortised cost less impairment.

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

As regards loans to the on-trade, the individual group companies ensure management and control of these loans as well as standard trade credit in accordance with group guidelines.

Write-downs made are expected to be sufficient to cover losses. The financial uncertainty associated with write-downs for bad debt losses is considered to be limited.

Retirement benefit obligations and similar obligations

When calculating the value of the Carlsberg Group's defined benefit retirement benefit plans, a number of significant actuarial assumptions are made, including discount rates, expected return on plan assets and expected growth in wages and salaries and retirement benefits. The range and weighted average for these assumptions are disclosed in note 26. Changes in actuarial assumptions (gains or losses) are recognised directly in equity, and amounted to an accumulated net loss of DKK 611 million at 31 December 2007 (2006: a loss of DKK 180 million).

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

Provisions and contingencies

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and decided cases. In connection with large restructurings Management assesses the timing of costs to be incurred, which influences the classification as current or non-current liabilities, respectively.

Accounting policies applied

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

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

Business combinations

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

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

Revenue recognition

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

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

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

Loans to the on-trade

Under certain circumstances the Carlsberg Group grants loans to customers in the on-trade in some markets. The agreements are typically complex and cover several aspects of the relationship between the parties. Management assesses the recognition and classification of revenue and expenses for each of these agreements, including the allocation of revenue from the loan between revenue, customer discounts and other operating income.

Special items

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

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

Inventories

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

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

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

Leases and service contracts

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

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

Note 2 Segment information

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

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

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

Allocated goodwill and trademarks by segment are specified in note 16.

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

	2007							
	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not allocated	Beverages, total	Other	Carlsberg Group, total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement:								
Net revenue	27,394	10,430	4,210	2,535	181	44,750	—	44,750
Intra-segment revenue	105	5	57	—	(167)	—	—	—
Total revenue	**27,499**	**10,435**	**4,267**	**2,535**	**14**	**44,750**	**—**	**44,750**
Allocated	61%	23%	10%	6%	0%	100%	0%	100%
Segment profit/loss	2,732	2,336	430	291	(882)	4,907	254	5,161
Share of profit/loss after tax in associates	6	2	47	39	—	94	7	101
Operating profit before special items	**2,738**	**2,338**	**477**	**330**	**(882)**	**5,001**	**261**	**5,262**
Special items, net						(427)	—	(427)
Financial items, net						(971)	(230)	(1,201)
Profit before tax						**3,603**	**31**	**3,634**
Corporation tax						(1,190)	152	(1,038)
Consolidated profit						**2,413**	**183**	**2,596**
Balance sheet:								
Segment assets, non-current	17,514	8,092	3,913	2,763	471	32,753	12,170	44,923
Segment assets, current	7,155	1,907	1,517	943	558	12,080	515	12,595
Investments in associates	112	28	152	299	—	591	31	622
Assets held for sale	28	—	6	—	—	34	—	34
Other assets						4,372	(1,326)	3,046
Total assets						**49,830**	**11,390**	**61,220**
Segment liabilities, non-current	2,380	11	22	20	1	2,434	55	2,489
Segment liabilities, current	8,424	1,406	1,329	904	698	12,761	385	13,146
Liabilities associated with assets held for sale	—	—	—	—	—	—	—	—
Interest-bearing debt, gross						19,873	3,381	23,254
Other liabilities						1,623	764	2,387
Equity						13,139	6,805	19,944
Total equity and liabilities						**49,830**	**11,390**	**61,220**
Other items:								
Acquisition of property, plant and equipment and intangible assets	2,004	1,657	669	517	82	4,929	667	5,596
Depreciation and amortisation	1,551	642	405	132	114	2,844	12	2,856
Impairment losses	8	—	101	—	4	113	—	113

	2006							
	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not allocated	Beverages, total	Other	Carlsberg Group, total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement:								
Net revenue	27,221	7,949	3,486	2,298	129	41,083	—	41,083
Intra-segment revenue	86	4	23	1	(114)	—	—	—
Total revenue	**27,307**	**7,953**	**3,509**	**2,299**	**15**	**41,083**	**—**	**41,083**
Allocated	66%	19%	9%	6%	0%	100%	0%	100%
Segment profit/loss	2,416	1,804	100	297	(699)	3,918	43	3,961
Share of profit/loss after tax in associates	9	—	35	35	—	79	6	85
Operating profit/loss before special items	**2,425**	**1,804**	**135**	**332**	**(699)**	**3,997**	**49**	**4,046**
Special items, net						(160)	—	(160)
Financial items, net						(728)	(129)	(857)
Profit before tax						**3,109**	**(80)**	**3,029**
Corporation tax						(920)	62	(858)
Consolidated profit						**2,189**	**(18)**	**2,171**
Balance sheet:								
Segment assets, non-current	17,519	6,872	3,633	2,386	516	30,926	12,043	42,969
Segment assets, current	7,131	1,476	1,338	762	473	11,180	218	11,398
Investments in associates	118	29	124	280	—	551	28	579
Assets held for sale	27	—	40	38	4	109	—	109
Other assets						3,066	330	3,396
Total assets						**45,832**	**12,619**	**58,451**
Segment liabilities, non-current	2,324	11	17	20	1	2,373	53	2,426
Segment liabilities, current	7,637	1,094	1,111	771	673	11,286	342	11,628
Liabilities associated with assets held for sale	1	—	—	—	—	1	—	1
Interest-bearing debt, gross						18,082	4,715	22,797
Other liabilities						1,764	848	2,612
Equity						12,326	6,661	18,987
Total equity and liabilities						**45,832**	**12,619**	**58,451**
Other items:								
Acquisition of property, plant and equipment and intangible assets	1,328	1,061	514	140	145	3,188	371	3,559
Depreciation and amortisation	1,667	619	396	120	138	2,940	13	2,953
Impairment losses	295	—	55	—	—	350	—	350

Note 3 Cost of sales

	2007	2006
	DKK million	DKK million
Cost of materials	11,822	9,709
Direct staff costs	1,239	1,105
Machinery costs	759	755
Depreciation, amortisation and impairment losses	1,647	1,731
Indirect production overheads	2,491	2,324
Purchased finished goods and other costs	4,465	4,527
Total	**22,423**	**20,151**
Of which staff costs, see note 13	2,019	1,986

Note 4 Sales and distribution expenses

	2007 DKK million	2006 DKK million
Marketing expenses	4,321	4,178
Sales expenses	4,099	4,124
Distribution expenses	6,108	5,871
Total	**14,528**	**14,173**
Of which staff costs, see note 13	4,028	4,016

Note 5 Fees to auditors appointed by the Annual General Meeting

	2007 DKK million	2006 DKK million
KPMG:		
Audit	22	20
Non-audit services	25	11

Non-audit services include fees for tax consultancy and due diligence etc in connection with acquisitions.

Note 6 Other operating income and expenses

	2007 DKK million	2006 DKK million
Other operating income:		
Gains on disposal of real estate under other activities	347	161
Gains on disposal of real estate within beverage activities	150	79
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	38	66
Interest and amortisation of on-trade loans	128	124
Rental income, real estate	88	106
Funding from the Carlsberg Foundation for the operation of the Carlsberg Laboratory	13	22
Other, incl. grants received and repaid property tax	169	102
Total	**933**	**660**
Other operating expenses:		
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	(84)	(46)
Losses and write-downs on on-trade loans	(34)	(30)
Real estate costs	(121)	(114)
Expenses relating to the Carlsberg Research Center	(91)	(88)
Other	(118)	(115)
Total	**(448)**	**(393)**
Of which staff costs, cf. note 13	(96)	(94)
Recognised gains on construction contracts comprise:		
Construction contract revenue for work performed during the year	219	130
Production costs	(177)	(100)
Total	**42**	**30**

Gains are recognised under "Gains on disposal of real estate under other activitites" and comprise a construction contract for owner-occupied property.

Note 7 Special items

	2007 DKK million	2006 DKK million
Special items, income:		
Gain on disposal of shares in Hite Brewery Co. Ltd.	—	602
Total	**—**	**602**
Special items, costs:		
Impairment loss, Türk Tuborg	(100)	(80)
Impairment of goodwill, Carlsberg Italia	—	(144)
Impairment losses and expenses relating to withdrawal from the market for discount soft drinks in Denmark (2007: reversal of provision)	7	(55)
Other impairment losses, non-current assets	—	(12)
Loss on disposal of Landskron Brauerei, Germany	—	(21)
Loss on outsourcing of Carlsberg UK's servicing of draught beer equipment, reversal of provision	—	18
Termination benefits and impairment of non-current assets in connection with new production structure in Denmark (2007: reversal of provision)	14	(74)
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	(3)	(59)
Termination benefits etc. in connection with Operational Excellence programmes	(190)	(188)
Termination benefits and expenses, establishment of Accounting Shared Service Center in Poland	(29)	(60)
Restructuring, Carlsberg Italia	(67)	(58)
Costs in connection with outsourcing of distribution, Carlsberg Sweden	(26)	—
Other restructuring costs etc., other entities	(33)	(29)
Total	**(427)**	**(762)**
Special items, net	**(427)**	**(160)**

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

	2007	2006
Cost of sales	(145)	(415)
Sales and distribution expenses	(135)	(170)
Administrative expenses	(44)	(60)
Other operating income	(126)	602
Other operating expenses	29	(21)
	(421)	(64)
Impairment of goodwill	(6)	(96)
Total special items	**(427)**	**(160)**

Note 8 Financial income

	2007 DKK million	2006 DKK million
Interest income	186	160
Dividends	19	34
Fair value adjustments of financial instruments, net	—	35
Foreign exchange gains, net	55	58
Realised gains on disposal of securities	43	88
Expected return on plan assets, defined benefit plans	321	333
Other financial income	27	17
Total	**651**	**725**

Note 9 Financial expenses

	2007 DKK million	2006 DKK million
Interest expenses	1,262	1,189
Fair value adjustments of financial instruments, net	65	—
Realised losses on disposal of securities	20	—
Impairment of financial assets	4	—
Interest cost on obligations, defined benefit plans	323	322
Loss on other financial instruments	73	—
Other financial expenses	105	71
Total	**1,852**	**1,582**

Interest expenses include DKK 4 million (2006: DKK 2 million) related to fair value adjustment of the interest element of fixed-rate borrowings swapped to floating rates.

Other financial expenses consist mainly of payments to establish credit facilities and fees for unutilised draws on these facilities.

Note 10 Corporation tax

	2007 DKK million	2006 DKK million
Tax for the year comprises:		
Current tax on profit for the year	951	833
Change in deferred tax liabilities during the year	54	113
Change in tax rate	(85)	(21)
Adjustments to tax for previous years	17	(127)
Total tax for the year	**937**	**798**
Of which recognised in equity:		
Deferred tax on items recognised directly in equity	117	70
Tax for the year on items recognised directly in equity	(16)	(10)
Tax on profit for the year	**1,038**	**858**
Reconciliation of the effective tax rate for the year:		
Tax rate in Denmark	25.0%	28.0%
Change in tax rate, Danish subsidiaries	(1.3%)	—
Change in tax rate, foreign subsidiaries	(0.8%)	(0.8%)
Differences in tax rates, foreign subsidiaries	(2.0%)	(2.2%)
Adjustments to tax for previous years	(0.2%)	(5.8%)
Non-capitalised tax losses, net	2.9%	11.8%
Non-taxable income	(1.1%)	(2.6%)
Non-deductible expenses	4.6%	5.1%
Tax, associates	(0.1%)	—
Special items	(0.5%)	(6.3%)
Other	2.2%	1.1%
Effective tax rate for the year	**28.7%**	**28.3%**
The change in deferred tax recognised in the income statement can be broken down as follows:		
Tax losses	41	138
Change in tax rate	(85)	(21)
Intangible assets and property, plant and equipment etc.	130	45
Deferred tax recognised in income statement	**86**	**162**

Note 11 Minority interests

	2007 DKK million	2006 DKK million
Minority interests' share of profit for the year relates to the following:		
BBH Group	254	238
Carlsberg Brewery Malaysia Berhad	60	68
Other	(15)	(19)
Total	**299**	**287**

Note 12 Earnings per share

	2007 DKK million	2006 DKK million
Consolidated profit	2,596	2,171
Minority interests	(299)	(287)
Shareholders in Carlsberg A/S	**2,297**	**1,884**
	1000 shares	**1000 shares**
Average number of shares	76,278	76,278
Average number of treasury shares	(24)	(13)
Average number of shares outstanding	76,254	76,265
Average dilutive effect of outstanding share options	223	215
Diluted average number of shares outstanding	**76,477**	**76,480**
	DKK	**DKK**
Earnings per share of DKK 20 (EPS)	30.1	24.7
Diluted earnings per share of DKK 20 (EPS-D)	30.0	24.6

Note 13 Staff costs and remuneration of the Board of Directors, the Executive Board and other executive employees

	2007 DKK million	2006 DKK million
Salaries and other remuneration	6,048	5,784
Termination benefits	176	116
Social security costs	840	817
Retirement benefit costs—defined contribution plans	191	227
Retirement benefit costs—defined benefit plans	158	189
Share-based payment(1)	21	10
Other employee benefits	97	158
Total	**7,531**	**7,301**
Staff costs are included in the following items in the income statement:		
Cost of sales	2,019	1,986
Sales and distribution expenses	4,028	4,016
Administrative expenses	1,174	1,101
Other operating expenses	73	94
Special items (restructuring)	214	104
Total	**7,531**	**7,301**

The Group had an average of 33,420 (2006: 31,680) full-time employees during the year.

Remuneration of key management personnel:

	2007		2006	
	Executive Board	Executive employees	Executive Board	Executive employees
	DKK million	DKK million	DKK million	DKK million
Salaries and other remuneration	26	30	22	21
Retirement benefit costs	—	3	—	2
Share-based payment[(1)]	6	2	1	1
Total	**32**	**35**	**23**	**24**

(1) Share-based payment comprises the cost of options granted to the Group's former CEO, which are expensed prematurely in connection with resignation. Share-based payment is specified in note 14.

Remuneration of the Group Executive Board and executive employees is based on a fixed salary and cash bonus payments of up to 50% of the fixed salary and non-monetary benefits such as company car, telephone etc. Furthermore, share option programmes are established for the Group Executive Board and executive employees.

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

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

Executive employees comprise Senior Vice Presidents and Vice Presidents engaged in Carlsberg's headquarters in Copenhagen, a total of 16 persons (2006: 14 persons), who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the Group's activities.

The Board of Directors of Carlsberg A/S received emoluments of DKK 6 million (2006: DKK 6 million) for duties performed in the Company and some subsidiaries. The emoluments are a fixed annual amount. The Board of Directors is not included in share option programmes, retirement benefit plans and other schemes, and no agreements have been entered into concerning termination benefits and no such payments were made.

Note 14 Share-based payment

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

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

Each share option entitles the holder to purchase one class B share in Carlsberg A/S. The options may only be settled in shares (equity-settled scheme). The Carlsberg Group has not purchased a significant number of treasury shares to meet this obligation. Treasury share holdings at 31 December 2007 totalled 32,762 shares (2006: 7,508 shares).

In 2007, a total of 218,100 (2006: 220,250) share options were granted to 145 (2006: 152) key employees. The grant date fair value of these options was a total of DKK 30 million (2006: DKK 20 million). The fair value is recognised in the income statement over the vesting period of three years. In 2007, DKK 10 million was recognised in respect of share options granted (2006: DKK 5 million). The total cost of share-based payment was DKK 21 million (2006: DKK 10 million) in respect of options granted in the period 2005-2007 (2006: 2005-2006). The cost of share-based payment is included in staff costs. At

31 December 2007, an amount of DKK 23 million has not been recognised in respect of current share option programmes.

		Number							Exercise price	Fair value		
Grant year	**Exercise year**	**1 Jan. 2007**	**Granted**	**Expired/ forfeited**	**Exercised**	**Transferred**	**31 Dec. 2007**	**For exercise 31 Dec.**	**Fixed**	**Per option**	**31 Dec. 2007**	**31 Dec. 2006**
Executive Board												
2001	2004-2009	14,700	—	—	—	(7,350)	7,350	7,350	386.54	236.05	2	3
2002	2005-2010	14,700	—	—	—	(7,350)	7,350	7,350	323.82	300.95	2	4
2003	2006-2011	21,000	—	—	—	(10,500)	10,500	10,500	214.47	406.42	4	7
2004	2007-2012	26,250	—	—	—	(15,750)	10,500	10,500	268.39	357.27	4	8
2005	2008-2013	25,000	—	—	—	(15,000)	10,000		288.29	341.41	3	7
2006	2009-2014	30,000	—	—	—	(20,000)	10,000		380.18	270.30	3	7
2007	2010-2015	—	40,000	—	—	(20,000)	20,000		584.86	153.95	3	—
Total		**131,650**	**40,000**	**—**	**—**	**(95,950)**	**75,700**	**35,700**			**21**	**36**
Key management personnel												
2001	2004-2009	36,725	—	—	(25,700)	(1,575)	9,450	9,450	386.54	236.05	2	7
2002	2005-2010	30,075	—	—	(17,475)	(1,575)	11,025	11,025	323.82	300.95	4	7
2003	2006-2011	29,600	—	—	(13,275)	(1,575)	14,750	14,750	214.47	406.42	6	11
2004	2007-2012	121,275	—	(350)	(85,413)	(1,575)	33,937	33,937	268.39	357.27	12	37
2005	2008-2013	139,000	—	(11,001)	(18,916)	(1,500)	107,583		288.29	341.41	37	41
2006	2009-2014	180,750	—	(25,417)	(12,166)	(1,500)	141,667		380.18	270.30	38	41
2007	2010-2015	—	178,100	(15,750)	(3,000)	(1,500)	157,850		584.86	153.95	24	—
Total		**537,425**	**178,100**	**(52,518)**	**(175,945)**	**(10,800)**	**476,262**	**69,162**			**123**	**144**
Retired employees												
2001	2004-2009	12,100	—	—	—	8,925	21,025	21,025	386.54	236.05	5	2
2002	2005-2010	7,875	—	—	—	8,925	16,800	16,800	323.82	300.95	5	2
2003	2006-2011	12,075	—	—	—	12,075	24,150	24,150	214.47	406.42	10	4
2004	2007-2012	13,125	—	—	—	17,325	30,450	30,450	268.39	357.27	11	4
2005	2008-2013	7,500	—	—	—	16,500	24,000		288.29	341.41	8	2
2006	2009-2014	3,000	—	—	—	21,500	24,500		380.18	270.30	7	1
2007	2010-2015	—	—	—	—	21,500	21,500		584.86	153.95	3	—
Total		**55,675**	**—**	**—**	**—**	**106,750**	**162,425**	**92,425**			**49**	**15**
Total		**724,750**	**218,100**	**(52,518)**	**(175,945)**	**—**	**714,387**	**197,287**			**193**	**195**

	2007					2006				
	Executive Board	**Other**	**Resigned**	**Total**	**Average exercise price**	**Executive Board**	**Other**	**Resigned**	**Total**	**Average exercise price**
Share options outstanding at 1 January	131,650	537,425	55,675	724,750	315.79	101,650	524,800	—	626,450	288.29
Granted	40,000	178,100	—	218,100	584.86	30,000	190,250	—	220,250	380.18
Expired/forfeited	—	(52,518)	—	(52,518)	421.57	—	(25,867)	—	(25,867)	308.09
Exercised	—	(175,945)	—	(175,945)	302.35	—	(96,083)	—	(96,083)	286.79
Transferred	(95,950)	(10,800)	106,750	—	366.13	—	(55,675)	55,675	—	294.29
Share options outstanding at 31 December	75,700	476,262	162,425	714,387	393.47	131,650	537,425	55,675	724,750	315.79
Exercisable at 31 December	35,700	69,162	92,425	197,287	287.42	50,400	96,400	32,050	178,850	307.78
Exercised options as % of share capital	0.00%	0.23%	0.00%	0.23%	—	0.00%	0.13%	0.00	0.13%	—

The average share price at the exercise date for share options was DKK 631 (2006: DKK 445).

At 31 December 2007 the exercise price for outstanding share options was in the range DKK 214.47 to DKK 584.86 (2006: DKK 214.47 to DKK 386.54). The average remaining contractual life was 5.4 years (2006: 5.5 years).

The fair value of granted share options is estimated using the Black-Scholes call option pricing model based on the exercise price.

The assumptions underlying the calculation of the grant date fair value for share options granted in 2007 and 2006 are as follows:

	2007	2006
Fair value per option	136.67	89.37
Share price	584.86	380.18
Exercise price	584.86	380.18
Volatility	19%	19%
Risk-free interest rate	3.9%	3.3%
Dividend yield	1.0%	1.3%
Expected life of share options	5.5 years	5.5 years

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

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

The **risk-free interest rate** is the interest rate on Danish government bonds of the relevant maturity, while the **dividend yield** is calculated as DKK 6 per share (2006: DKK 5 per share) divided by the share price.

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

Note 15 Intangible assets

	2007				
	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2007	16,939	3,902	1,469	149	22,459
Acquisition of entities	87	20	32	—	139
Additions	83	1	84	6	174
Disposals	(1)	—	(54)	2	(53)
Foreign exchange adjustments etc.	(152)	3	(10)	(2)	(161)
Transfers	—	—	9	(9)	—
Cost at 31 December 2007	16,956	3,926	1,530	146	22,558
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2007	4	104	1,072	—	1,180
Amortisation	—	17	191	2	210
Impairment losses	6	—	—	—	6
Disposals	—	—	(41)	—	(41)
Foreign exchange adjustments etc.	—	1	(3)	—	(2)
Amortisation and impairment losses at 31 December 2007	10	122	1,219	2	1,353
Carrying amount at 31 December 2007	**16,946**	**3,804**	**311**	**144**	**21,205**

	2007	2006
	DKK million	DKK million
Amortisation and impairment losses for the year are included in:		
Cost of sales	11	6
Sales and distribution expenses	47	61
Administrative expenses	152	189
Special items	6	112
Total	**216**	**368**

	2006				
	Goodwill	Trademarks	Other intangible assets	Prepayments	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2006	16,614	3,843	1,406	54	21,917
Acquisition of entities	456	69	21	—	546
Additions	374	—	112	101	587
Disposal of entities	—	—	(4)	—	(4)
Disposals	(385)	—	(56)	—	(441)
Foreign exchange adjustments etc.	(120)	(10)	(16)	—	(146)
Transfers	—	—	6	(6)	—
Cost at 31 December 2006	16,939	3,902	1,469	149	22,459
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2006	275	74	896	—	1,245
Amortisation	—	16	240	—	256
Impairment losses	96	16	—	—	112
Disposal of entities	—	—	(3)	—	(3)
Disposals	(385)	—	(48)	—	(433)
Foreign exchange adjustments etc.	18	(2)	(13)	—	3
Amortisation and impairment losses at 31 December 2006	4	104	1,072	—	1,180
Carrying amount at 31 December 2006	**16,935**	**3,798**	**397**	**149**	**21,279**

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

	2007	2006
	DKK million	DKK million
Acquisition of minority shareholdings:		
BBH Group	83	348
Carlsberg Deutschland	—	26
	83	374
Acquisition of entities, see note 31	87	456
Total	**170**	**830**

The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 3,654 million (2006: DKK 3,654 million) at 31 December 2007, equivalent to 96% (2006: 96%) of the capitalised trademarks—primarily the Carlsberg, Tuborg and Holsten trademarks. Management assesses that the value of these trademarks can be maintained for an indefinite period, as these are well-established trademarks in the markets concerned and these markets are expected to be profitable in the longer term. In the opinion of management, there is only a minimal risk of the current situation in the markets reducing the useful life of these trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts which are helping to maintain and increase the value of these trademarks.

The carrying amount of other intangible assets at 31 December 2007 includes capitalised software costs of DKK 125 million (2006: DKK 205 million) and beer delivery rights of DKK 77 million (2006: DKK 103 million).

Research and development costs of DKK 108 million (2006: DKK 105 million) have been recognised in the income statement.

Note 16 Impairment test

Goodwill and trademarks with an indefinite useful life

The Carlsberg Group performs impairment tests for the Group's cash-generating units. The cash-generating units are based on the management structure. Internal financial control is generally carried out at country level. Impairment test of goodwill is performed at country level and not segment level.

Trademarks are impairment-tested at Group level, as royalty income is earned globally across segments. For the Group's cash-generating units at segment level, the carrying amount of goodwill and trademarks with an indefinite useful life at 31 December was as follows:

	2007			
	Goodwill	Trademarks(1)	Total	%
	DKK million	DKK million	DKK million	DKK million
Western Europe	4,159	654	4,813	23%
BBH Group (50%)	1,999	—	1,999	10%
Eastern Europe excl. BBH	1,190	—	1,190	6%
Asia	1,391	—	1,391	7%
Carlsberg Breweries A/S(2)	8,207	3,000	11,207	54%
Total	**16,946**	**3,654**	**20,600**	**100%**

	2006			
	Goodwill	Trademarks(1)	Total	%
	DKK million	DKK million	DKK million	DKK million
Western Europe	4,195	652	4,847	24%
BBH Group (50%)	1,946	—	1,946	9%
Eastern Europe excl. BBH	1,143	2	1,145	6%
Asia	1,444	—	1,444	7%
Carlsberg Breweries A/S(2)	8,207	3,000	11,207	54%
Total	**16,935**	**3,654**	**20,589**	**100%**

(1) The trademark is allocated to the segment that owns the trademark. Royalty income generated by the trademark is earned globally and across segments.

(2) Relates to Carlsberg A/S's acquisition of the minority holding in Carlsberg Breweries A/S in 2004.

General assumptions

Other than goodwill and trademarks relating to acquisition of the 40% minority holding in Carlsberg Breweries A/S, at 31 December 2007 no goodwill was associated with cash-generating units comprising 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life.

The Carlsberg Group performed impairment tests of the carrying amount of goodwill and trademarks with an indefinite useful life at 31 December 2007. Impairment tests are performed in the 4th quarter each year based on the budgets and business plans approved by the Board of Directors and the Executive Board and other assumptions.

Trademarks

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

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

Goodwill

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

Budgets and business plans for the next three years are based on concrete future commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. Projections beyond the next three years are based on general expectations and risks. The terminal value beyond the next three years takes account of general growth expectations for the brewery industry in the relevant segments. Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments. The average growth rates for the terminal period are shown below.

Pre-tax discount rates are applied in calculating the recoverable amounts and reflect the risk-free interest rate with the addition of specific risks in the individual geographical segments. The effect of the estimated future risks is incorporated in the cash flows used, and these risks are not included in the discount rates used.

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

	Growth in the terminal period		Discount rates(1)	
	2007	2006	2007	2006
Significant assumptions:				
Goodwill				
Western Europe	0.5%	0.5%	4.2%-6.5%	4%-6%
BBH Group	2.5%	2.5%	8.3%	8.5%
Eastern Europe excl. BBH	1.5%	1.5%	7%-16%	6.5%-18%
Asia	2.5%	2.5%	4.5%-10.9%	4.5%-10.5%
Trademarks	0-3%	0-3%	4-7%	4-7%

(1) Pre-tax discount rates are used for goodwill, whereas post-tax discount rates are used for trademarks.

Western Europe is characterised by stable volumes but also by continuing stiff competition, requiring ongoing optimisation of cost structures and use of capital. A slight increase in revenue is expected in Western Europe in the next three years, while the ongoing Excellence programmes, including Logistic Excellence, and restructuring initiatives already implemented in key countries, are expected to contribute to productivity improvements and cost savings, and thus an improved operating margin. Some countries will continue to be characterised by a high level of investment as a result of changes to production structure.

The **BBH Group** is characterised both by growth in the market and increasing market shares, driven among other things by significant investments in increased capacity, marketing, innovation and the introduction of new products. Revenue in the BBH Group is expected to rise, with costs expected to rise in line with this, resulting in a stable operating margin. The level of investment is expected to be maintained at a high level to support growth.

Eastern Europe excl. BBH is among the Group's growth markets, with increases expected in both revenue and operating margin. The Group's Excellence programmes and product innovation are expected to contribute to improved earnings. The free cash flow in the coming years will continue to be influenced by a high level of investment.

Asia is also a growth area, with significant growth in China and Indochina in particular. Increases in revenue and operating margin on the emerging markets are expected, while stable earnings are expected on the mature markets. The ongoing marketing of the Carlsberg Chill brand is expected to make a positive contribution to sales and earnings.

Impairment losses:

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

	2007	2006
	DKK million	DKK million
Goodwill:		
Carlsberg Italia	—	94
Other	6	2
Trademarks:		
Other	—	16
Property, plant and equipment:		
Türk Tuborg	100	80
Carlsberg Italia	—	41
Carlsberg Danmark	—	71
Other	7	46
Total	**113**	**350**

Türk Tuborg continues to operate under difficult market conditions on a declining market, resulting in an unsatisfactory development in earnings and lower expectations of future earnings. The impairment test of Türk Tuborg still results in a negative net present value of future cash flows, which led to write-downs of non-current assets by DKK 100 million in 2007 (2006: DKK 80 million).

In 2006 impairment losses were recognised in respect of **Carlsberg Italia** due to difficult market conditions on a declining market, resulting in an unsatisfactory development in earnings and lower expectations of future earnings. The total goodwill relating to Carlsberg Italia was written off as a result.

Other impairment losses in respect of property, plant and equipment in 2006 and 2007 relate to restructuring projects.

The impairment losses are recognised under special items in the income statement and included in the segments Eastern Europe (Türk Tuborg) and Western Europe (Carlsberg Italia, Carlsberg Danmark and other).

Based on the impairment tests performed, there were no indications of further impairment of goodwill and trademarks with an indefinite useful life at 31 December 2007.

According to sensitivity analyses, growth in the terminal period can be reduced by up to 0.5 percentage points or the discount rate can be increased by up to 3.8 percentage points without resulting in any impairment losses in respect of Western Europe, the BBH Group and Eastern Europe. In Asia growth in the terminal period can be reduced by up to 2.5 percentage points or the discount rate can be increased by up to 6 percentage points without resulting in any impairment losses.

Note 17 Property, plant and equipment

	2007				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2007	12,838	22,075	8,266	1,582	44,761
Acquisition of entities	53	97	10	7	167
Additions	252	1,542	935	2,748	5,477
Disposals	(451)	(503)	(730)	(443)	(2,127)
Foreign exchange adjustments etc.	(190)	(284)	(5)	(38)	(517)
Transfers	224	617	231	(1,072)	—
Transfer to/from assets held for sale	13	—	—	—	13
Cost at 31 December 2007	12,739	23,544	8,707	2,784	47,774
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	4,575	13,998	5,821	—	24,394
Disposals	(216)	(442)	(709)	—	(1,367)
Foreign exchange adjustments etc.	(25)	(103)	13	—	(115)
Depreciation	333	1,389	924	—	2,646
Impairment losses	2	105	—	—	107
Depreciation and impairment losses at 31 December 2007	4,669	14,947	6,049	—	25,665
Carrying amount at 31 December 2007	**8,070**	**8,597**	**2,658**	**2,784**	**22,109**
Assets held under finance leases:					
Cost	10	126	36	—	172
Depreciation and impairment losses	(2)	(71)	(29)	—	(102)
Carrying amount at 31 December 2007	**8**	**55**	**7**	**—**	**70**
Carrying amount of assets pledged as security for loans	495	—	—	765	1,260

	2007	2006
	DKK million	DKK million
Depreciation and impairment losses are included in:		
Cost of sales	1,636	1,725
Sales and distribution expenses	860	856
Administrative expenses	154	152
Special items	103	202
Total	**2,753**	**2,935**

	2006				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2006	12,660	21,982	8,509	1,214	44,365
Acquisition of entities	43	93	14	1	151
Disposal of entities	(38)	(121)	(40)	—	(199)
Additions	260	1,002	799	1,185	3,246
Disposals	(231)	(945)	(1,004)	(6)	(2,186)
Foreign exchange adjustments etc.	(168)	(383)	(167)	(13)	(731)
Transfers	224	447	155	(826)	—
Transfer to/from assets held for sale	88	—	—	27	115
Cost at 31 December 2006	12,838	22,075	8,266	1,582	44,761
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2006	4,375	13,700	5,935	—	24,010
Disposal of entities	(22)	(70)	(34)	—	(126)
Disposals	(94)	(948)	(901)	—	(1,943)
Foreign exchange adjustments etc.	(105)	(252)	(119)	—	(476)
Depreciation	372	1,415	910	—	2,697
Impairment losses	55	153	30	—	238
Reversal of impairment losses	(22)	—	—	—	(22)
Transfer to/from assets held for sale	16	—	—	—	16
Depreciation and impairment losses at 31 December 2006	4,575	13,998	5,821	—	24,394
Carrying amount at 31 December 2006	**8,263**	**8,077**	**2,445**	**1,582**	**20,367**
Assets held under finance leases:					
Cost	10	132	66	—	208
Depreciation and impairment losses	(2)	(60)	(49)	—	(111)
Carrying amount at 31 December 2006	**8**	**72**	**17**	**—**	**97**
Carrying amount of assets pledged as security for loans	710	32	—	—	742

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

Leased assets with a carrying amount of DKK 70 million (2006: DKK 97 million) have been pledged as security for lease liabilities totalling DKK 65 million (2006: DKK 87 million).

Note 18 Associates

	2007 DKK million	2006 DKK million
Cost:		
Cost at 1 January	435	1,061
Acquisition of entities	—	11
Additions	31	5
Disposals	(20)	(66)
Foreign exchange adjustments etc.	(15)	(44)
Transfers incl. prepayments in connection with business combinations	—	(532)
Cost at 31 December	431	435
Value adjustments:		
Value adjustments at 1 January	144	44
Disposals	15	66
Dividends	(63)	(36)
Share of profit after tax	101	85
Foreign exchange adjustments etc.	(6)	(7)
Transfers	—	(8)
Value adjustments at 31 December	191	144
Carrying amount at 31 December	**622**	**579**

2007

	Net revenue	Profit for the year after tax	Assets	Liabilities	Carlsberg Group share: Ownership interest	Carlsberg Group share: Profit for the year after tax	Carlsberg Group share: Equity
	DKK million	DKK million	DKK million	DKK million		DKK million	DKK million
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	166	45	322	50	33%	15	99
Lanzhou Huanghe Jianjiang Brewery Company	313	33	345	108	30%	10	69
Other associates, Asia (4 entities)	298	34	294	100	30-49.8%	16	77
International Breweries BV	481	52	628	404	16%	11	42
Nuuk Imeq A/S	152	27	225	72	31.9%	9	22
Other	2,066	139	2,547	389	20-25%	40	313
						101	**622**

2006

	Net revenue	Profit for the year after tax	Assets	Liabilities	Carlsberg Group share: Ownership interest	Carlsberg Group share: Profit for the year after tax	Carlsberg Group share: Equity
	DKK million	DKK million	DKK million	DKK million		DKK million	DKK million
Key figures for associates:							
Tibet Lhasa Brewery Co. Ltd.	138	38	336	17	33%	13	117
Lanzhou Huanghe Jianjiang Brewery Company	299	22	336	144	30%	7	61
Other associates, Asia (4 entities)	226	26	268	121	30-49%	12	66
International Breweries BV	416	67	562	471	16%	8	36
Nuuk Imeq A/S	140	20	264	88	31.9%	10	28
Other	2,182	118	2,577	1,964	20-25%	35	271
						85	**579**

	2007 DKK million	2006 DKK million
Fair value of investments in listed associates:		
The Lion Brewery Ceylon, Biyagama, Sri Lanka	26	40
Total	**26**	**40**

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

Note 19 Securities

	2007 DKK million	2006 DKK million
Securities are classified in the balance sheet as follows:		
Non-current assets	123	170
Current assets	34	8
Total	**157**	**178**
Types of security:		
Listed shares	—	—
Unlisted shares	157	178
Total	**157**	**178**

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

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

Shares in unlisted entities were disposed of during the year at a gain of DKK 0 million (2006: DKK 61 million), which is included in financial income. The carrying amount at the disposal date was DKK 0 million (2006: DKK 0 million).

Note 20 Receivables

	2007 DKK million	2006 DKK million
Receivables are included in the balance sheet as follows:		
Trade receivables	6,341	6,108
Other receivables	1,453	1,145
Total current receivables	7,794	7,253
Non-current receivables	1,476	1,139
Total	**9,270**	**8,392**

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

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

Non-current receivables consist mainly of on-trade loans. Non-current receivables fall due more than one year from the balance sheet date, of which DKK 478 million (2006: DKK 122 million) falls due more than five years from the balance sheet date.

	2007 DKK million	2006 DKK million
Receivables by origin:		
Receivables from the sale of goods and services	5,756	5,437
On-trade loans	1,627	1,711
Loans to associates	28	221
Receivables from construction contracts (selling price)	349	130
Fair value of hedging instruments	119	36
Other receivables	1,391	857
Total	**9,270**	**8,392**

Receivables from the sale of goods and services fall due as follows:

	2007	2006
	DKK million	DKK million
Not fallen due or written down	4,518	4,302
Falling due in less than 30 days	781	721
Falling due between 30 and 90 days	316	294
Falling due in more than 90 days	141	120
Carrying amount at 31 December	**5,756**	**5,437**

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

	2007	2006
	DKK million	DKK million
Write-downs at 1 January	(860)	(887)
Write-downs for the year	(191)	(431)
Realised bad debt losses	163	393
Reversed write-downs	38	65
Write-downs at 31 December	**(850)**	**(860)**

No significant losses were incurred in respect of an individual trade receivable or on-trade loan in 2007 (2006: DKK 105 million in respect of receivables in the UK and Sweden).

In a number of cases the Group receives security for sales on credit and loans to the on-trade. Such security is taken into account when assessing the necessary write-downs for bad debt losses. Security may comprise financial guarantees or pledges. The maximum credit risk is reflected in the carrying amounts of the individual receivables.

Loans to associates relate mainly to property projects. In 2006 a loan was granted to Baltic Beverages Holding AB. On-trade loans are concentrated in the UK, Germany and Switzerland, and spread across a large number of debtors. These loans are largely secured against various forms of collateral. Apart from these, there is no concentration of credit risk.

On-trade loans are recognised at amortised cost. Based on discounted cash flows using the interest rates at the balance sheet date, these loans have a fair value of DKK 1,687 million (2006: DKK 1,806 million). For other receivables, the carrying amount essentially corresponds to fair value.

	2007	2006
	%	%
Average effective interest rates:		
Loans to associates	5.2	4.3
On-trade loans	8.6	7.8

Prepayments

A figure of DKK 104 million for costs related to the offer for Scottish & Newcastle plc are included in prepayments.

Note 21 Inventories

	2007	2006
	DKK million	DKK million
Raw materials and consumables	2,015	1,542
Work in progress	289	233
Finished goods	1,514	1,445
Total	**3,818**	**3,220**

Production costs of inventories sold amount to DKK 22,048 million (2006: DKK 19,757 million).

Packing materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 3 million (2006: DKK 4 million) and are included in cost of sales.

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

Note 22 Cash and cash equivalents

	2007	2006
	DKK million	DKK million
Cash at bank and in hand	2,249	2,487
Short-term marketable securities with a term of three months or less	—	3
Total	**2,249**	**2,490**

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

	2007	2006
	DKK million	DKK million
Cash and cash equivalents	2,249	2,490
Bank overdrafts	(898)	(782)
Cash and cash equivalents, net	**1,351**	**1,708**
Of which pledged as security	310	210

Short-term bank deposits amounted to DKK 1,408 million (2006: DKK 1,676 million). The average interest rate on these deposits was 5.3% (2006: 5.5%), and the average duration was 56 days (2006: 72 days).

The maximum credit risk on cash and cash equivalents is reflected in the carrying amount.

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

Note 23 Assets held for sale and associated liabilities

	2007	2006
	DKK million	DKK million
Assets held for sale comprise the following individual assets:		
Property, plant and equipment	34	72
Financial assets	—	37
Total	**34**	**109**
Liabilities associated with assets held for sale:		
Deferred tax liabilities	—	1
Total	**—**	**1**

Assets held for sale primarily comprise land and property which are disposed of as part of the Carlsberg Group's strategy to optimise production and logistics and reduce the amount of capital tied up. Identification of and negotiations with buyers have begun, and sales agreements have been entered into or are expected to be entered into in 2008.

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

Assets (properties) which no longer qualify for recognition as assets held for sale have been transferred to property, plant and equipment in 2007 as a result of ongoing sales negotiations not proceeding as expected. This involves an amount of DKK 13 million and has affected the income statement by a total of DKK 0.5 million in depreciation.

Assets (shares) which no longer qualify for recognition as assets held for sale have been transferred to financial assets in 2007 as a result of ongoing sales negotiations not proceeding as expected. This involves an amount of DKK 37 million.

Gains on the disposal of assets held for sale are recognised in the income statement under other operating income. The gains recognised as income in all material respects relate to disposal of depots and properties and total DKK 54 million (2006: DKK 117 million).

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

Note 24 Share capital

	Class A shares		Class B shares		Total share capital	
	Shares of DKK 20	Nominal value, DKK million	Shares of DKK 20	Nominal value, DKK million	Shares of DKK 20	Nominal value, DKK million
1 January 2006	33,699,252	674	42,579,151	852	76,278,403	1,526
No change in 2006						
31 December 2006	**33,699,252**	**674**	**42,579,151**	**852**	**76,278,403**	**1,526**
No change in 2007						
31 December 2007	**33,699,252**	**674**	**42,579,151**	**852**	**76,278,403**	**1,526**

Each class A share of DKK 20 carries 20 votes. Each class B share of DKK 20 carries 2 votes.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKK million	Percentage of share capital
1 January 2006	167	—	0.0%
Acquisition of treasury shares	105,000	2	0.1%
Disposal of treasury shares	(97,659)	(2)	(0.1%)
31 December 2006	**7,508**	**—**	**0.0%**
Acquisition of treasury shares	201,199	4	0.3%
Used to settle share options	(175,945)	(4)	(0.3%)
31 December 2007	**32,762**	**—**	**0,0%**

At 31 December 2007 the fair value of treasury shares amounted to DKK 20 million (2006: DKK 4 million).

The Annual General Meeting has authorised the Board of Directors to acquire treasury shares of a total nominal amount of 10% of the Company's share capital in the period up to the next Annual General Meeting.

In the financial year the Company acquired class B treasury shares of a nominal amount of DKK 4 million (2006: DKK 2 million) at an average price of DKK 637 (2006: DKK 415), corresponding to a purchase price of DKK 127 million (2006: DKK 44 million).

Class B treasury shares are primarily acquired in connection with share option schemes. The Group holds no class A shares.

In the financial year the Company disposed of class B treasury shares at a total price of DKK 53 million (2006: DKK 28 million). The disposal was made in connection with settlement of share options.

Note 25 Borrowings

	2007	2006
	DKK million	DKK million
Non-current borrowings:		
Issued bonds	7,034	7,452
Mortgages	2,180	939
Bank borrowings	9,588	7,266
Lease liabilities	37	60
Other non-current borrowings[1]	546	524
Total	**19,385**	**16,241**
Current borrowings:		
Issued bonds	—	3,873
Mortgages	—	25
Current portion of other non-current borrowings	196	331
Bank borrowings	2,643	1,414
Lease liabilities	28	27
Other non-current borrowings	1,002	886
Total	**3,869**	**6,556**
Total non-current and current borrowings	**23,254**	**22,797**
Fair value	23,422	23,035

(1) Other non-current borrowings include loans from associates of DKK 373 million (2006: DKK 0 million).

All borrowings are measured at amortised cost. However, fixed-rate borrowings swapped to floating rates are measured at fair value. The carrying amount of these borrowings is DKK 356 million (2006: DKK 363 million).

Time to maturity for non-current borrowings

	2007					
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Issued bonds	2,495	—	2,507	1	2,031	7,034
Mortgages	203	1	—	—	1,976	2,180
Bank borrowings	480	5,619	61	408	3,020	9,588
Lease liabilities	23	11	1	1	1	37
Other non-current borrowings	2	156	1	—	387	546
Total	**3,203**	**5,787**	**2,570**	**410**	**7,415**	**19,385**

	2006					
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Issued bonds	—	2,492	—	2,737	2,223	7,452
Mortgages	30	31	226	30	622	939
Bank borrowings	284	2,856	85	1,201	2,840	7,266
Lease liabilities	30	18	9	3	—	60
Other non-current borrowings	329	1	182	—	12	524
Total	**673**	**5,398**	**502**	**3,971**	**5,697**	**16,241**

Interest rate risk at 31 December 2007

	2007				
	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
GBP 250 million maturing 12 December 2011(1)	Fixed	6.63%	3-4 years	2,507	Fair value
GBP 200 million maturing 26 February 2013	Fixed	7.01%	> 5 years	2,032	Fair value
DKK 2,500 million maturing 4 June 2009	Fixed	4.88%	1-2 years	2,495	Fair value
Total issued bonds		**6.12%**		**7,034**	
Mortgages:					
Floating rate(2)	Floating	4.06%	0-1 year	1,603	Cash flow
Fixed rate(3)	Fixed	5.24%	2-10 years	577	Fair value
Total mortgages		**4.37%**		**2,180**	

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

(2) This concerns three mortgages with a time to maturity of more than five years. Two loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 4 million and a negative DKK 4 million respectively). The floating-rate loans will be repriced in January 2008 at a rate of 4.92%.

(3) A floating-rate mortgage of DKK 372 million has been raised and swapped to a fixed rate.

	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
	Original principal	Effect of swap	After swap	2008	2009	2010	2011	2012	2013-
CHF	1,734	494	2,228	387	1,347	—	—	—	—
DKK	5,115	(2,748)	2,367	2,042	2,701	—	—	—	372
EUR	8,521	706	9,227	4,290	19	3,732	94	1	385
GBP	4,711	(2,157)	2,554	170	1	1	2,507	—	2,032
NOK	203	816	1,019	203	—	—	—	—	—
PLN	668	1,838	2,506	658	2	2	2	2	2
RUB	111	—	111	111	—	—	—	—	—
SEK	116	79	195	116	—	—	—	—	—
TRY	316	—	316	316	—	—	—	—	—
USD	1,365	143	1,508	1,119	45	45	156	—	—
Other	394	829	1,223	365	5	—	24	—	—
Total	**23,254**	**—**	**23,254**	**9,777**	**4,120**	**3,780**	**2,783**	**3**	**2,791**

See also note 35 Financial risks.

Interest rate risk at 31 December 2006:

	2006				
	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
Issued bonds:					
GBP 250 million maturing 12 December 2011[(1)]	Fixed	6.63%	4-5 years	2,737	Fair value
GBP 200 million maturing 26 February 2013	Fixed	7.01%	> 5 years	2,223	Fair value
EUR 500 million maturing 5 July 2007	Fixed	5.63%	0-1 year	3,763	Fair value
DKK 2,500 million maturing 4 June 2009	Fixed	4.88%	2-3 years	2,492	Fair value
RUB 1bn maturing 20 November 2007	Fixed	8.75%	0-1 year	110	Fair value
Total issued bonds		**6.00%**		**11,325**	
Mortgages:					
Floating rate[(2)]	Floating	3.23%	0-1 year	363	Cash flow
Fixed rate	Fixed	5.21%	0-14 years	601	Fair value
Total mortgages		**4.44%**		**964**	

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

(2) This concerns two mortgages with a time to maturity of more than five years. The loans were originally at fixed rates but were swapped to floating rates. The loans are adjusted to fair value through the income statement. The total fair value adjustment of borrowings and swaps is DKK 0 (DKK 2 million and a negative DKK 2 million respectively). The floating-rate loans were repriced in January 2007 at a rate of 4.06%.

	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
	Original principal	Effect of swap	After swap	2007	2008	2009	2010	2011	2012-
CHF	1,816	398	2,214	421	3	1,392	—	—	—
DKK	5,050	(1,189)	3,861	1,619	30	2,523	226	30	622
EUR	8,160	2,943	11,103	4,159	208	13	3,766	—	14
GBP	5,270	(3,468)	1,802	310	—	—	—	2,737	2,223
NOK	548	166	714	548	—	—	—	—	—
PLN	737	603	1,340	721	2	2	2	2	8
RUB	144	—	144	144	—	—	—	—	—
SEK	117	(123)	(6)	117	—	—	—	—	—
TRY	103	—	103	103	—	—	—	—	—
USD	492	567	1,059	437	55	—	—	—	—
Other	360	103	463	360	—	—	—	—	—
Total	**22,797**	**—**	**22,797**	**8,939**	**298**	**3,930**	**3,994**	**2,769**	**2,867**

Note 26 Retirement benefit obligations and similar obligations

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

Approximately 55% of the Group's retirement benefit costs relate to defined contribution plans, which limits the Company's obligation to the contributions paid. The retirement benefit plans are funded by payments from the Group's companies and employees to funds that are independent of the Group.

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

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

In 2006 and 2007 a number of changes were agreed to the plan in the UK in order to reduce the net liability in the plan. In 2006 and 2007 Carlsberg made extraordinary payments of GBP 20 million to the plan. The employees contribute by means of increased payments or reduction of the retirement benefit in proportion to the final salary at retirement.

The plans in Germany, Sweden, Italy etc. are unfunded. For these plans the retirement benefit obligations amount to approximately 15% (2006: 16%) of the total gross liability.

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

Defined benefit plans are recognised in the balance sheet as follows:

	2007	2006
	DKK million	DKK million
Retirement benefit obligations and similar obligations	2,220	2,006
Plan assets	11	14
Net obligations	**2,209**	**1,992**
Specification of net obligations:		
Present value of funded plans	6,923	6,841
Fair value of plan assets	(6,234)	(6,334)
Net obligation for funded plans	**689**	**507**
Present value of unfunded plans	1,228	1,293
Assets not recognised due to asset ceiling	292	192
Net obligations recognised	**2,209**	**1,992**
Specification of total obligations:		
Present value of funded plans	6,923	6,841
Present value of unfunded plans	1,228	1,293
Total obligations	**8,151**	**8,134**
Changes in obligations:		
Total obligations at 1 January	8,134	8,065
Current service cost	162	200
Interest cost	323	322
Actuarial losses	345	113
Benefits paid	(426)	(473)
Curtailments and settlements	(4)	(11)
Additions due to acquisition of entities	—	4
Foreign exchange adjustments etc.	(383)	(86)
Total obligations at 31 December	**8,151**	**8,134**
Changes in plan assets:		
Fair value of assets at 1 January	6,334	6,105
Expected return	321	333
Actuarial gains	(86)	123
Contributions to plans	318	238
Benefits paid	(333)	(380)
Foreign exchange adjustments etc.	(320)	(85)
Fair value of assets at 31 December	**6,234**	**6,334**

The Group expects to contribute DKK 153 million (2006: DKK 172 million) to the plan assets in 2008.

Actual return on plan assets:

	2007	2006
	DKK million	DKK million
Expected return	321	333
Actuarial gains	(86)	123
Actual return	**235**	**456**

Breakdown of plan assets:

	2007		2006	
	DKK million	%	DKK million	%
Shares	2,314	37%	2,364	37%
Bonds and other securities	2,835	46%	2,965	47%
Real estate	837	13%	830	13%
Cash and cash equivalents	248	4%	175	3%
Total	**6,234**	**100%**	**6,334**	**100%**

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

Actuarial assumptions

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

Calculation of the expected return on plan assets is based on a low-risk investment in bonds in the relevant countries. The rate of return is increased if the plan assets comprise shares and properties, which are expected to provide a higher rate of return, but reduced by the increased risks associated with these investments.

Assumptions applied:

	2007		2006	
	Range	Weighted average	Range	Weighted average
Discount rate	2.0-5.7%	4.7%	2.0-5.7%	4.2%
Expected return on plan assets	4.3-6.8%	5.4%	4.3-7.0%	5.4%
Future salary increases	2.0-6.0%	3.1%	1.5-5.0%	2.8%
Future retirement benefit increases	0.5-3.5%	2.1%	0.5-3.5%	2.0%

	2007	2006
	DKK million	DKK million
Recognised in income statement:		
Current service cost	162	200
Expected return on plan assets	(321)	(333)
Interest cost on obligations	323	322
Curtailments and settlements	(4)	(11)
Total recognised in income statement	**160**	**178**
The cost is recognised in the income statement as follows:		
Cost of sales	31	43
Sales and distribution expenses	97	120
Administrative expenses	24	26
Special items (restructuring)	6	—
Total staff costs, cf. note 13	**158**	**189**
Financial income	(321)	(333)
Financial expenses	323	322
Total	**160**	**178**
Recognised in equity:		
Recognised at 1 January	(300)	(195)
Actuarial gains/losses	(431)	10
Effect of asset ceiling	(101)	(115)
Foreign exchange adjustment of foreign entities	14	—
Recognised in equity during the period	**(518)**	**(105)**
Recognised at 31 December	**(818)**	**(300)**
Of which accumulated actuarial gains/losses	(611)	(180)

Five-year overview (from 1 January 2004):

	2007	2006	2005	2004
	DKK million	DKK million	DKK million	DKK million
Obligations	8,151	8,134	8,065	7,433
Plan assets	(6,234)	(6,334)	(6,105)	(5,604)
Deficit	**1,917**	**1,800**	**1,960**	**1,829**
Experience adjustments to obligations	30	(57)	(97)	(26)
Experience adjustments to plan assets	86	123	242	(22)

Note 27 Deferred tax assets and deferred tax liabilities

	2007	2006
	DKK million	DKK million
Deferred tax at 1 January, net	1,603	1,357
Foreign exchange adjustments	(54)	(44)
Adjustments to previous years	(66)	191
Additions due to acquisition/disposal of entities, net	6	8
Recognised in equity	(117)	(70)
Recognised in income statement	171	183
Change in tax rate	(85)	(21)
	1,458	1,604
Of which transferred to assets held for sale	—	(1)
Deferred tax at 31 December, net	**1,458**	**1,603**
Specified as follows:		
Deferred tax liabilities	2,191	2,425
Deferred tax assets	733	822
Deferred tax at 31 December, net	**1,458**	**1,603**

Specification of deferred tax assets and deferred tax liabilities at 31 December:

	Deferred tax assets		Deferred tax liabilities	
	2007	2006	2007	2006
	DKK million	DKK million	DKK million	DKK million
Intangible assets	131	158	1,153	1,298
Property, plant and equipment	185	175	1,593	1,732
Current assets	66	94	52	60
Provisions and retirement benefit obligations	539	504	83	81
Fair value adjustments	12	53	41	74
Tax losses etc.	842	900	311	243
Total before set-off	**1,775**	**1,884**	**3,233**	**3,488**
Set-off	(1,042)	(1,062)	(1,042)	(1,062)
Total after set-off	**733**	**822**	**2,191**	**2,426**
Transferred to assets held for sale	—	—	—	(1)
Deferred tax assets and deferred tax liabilities at 31 December	**733**	**822**	**2,191**	**2,425**
Expected to be used as follows:				
Within 12 months of balance sheet date	141	431	123	187
More than 12 months after balance sheet date	592	391	2,068	2,238
Total	**733**	**822**	**2,191**	**2,425**

Deferred tax assets and tax liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to set off current tax liabilities, and the deferred tax assets and tax liabilities relate to the same legal tax entity.

Of the total deferred tax assets recognised, DKK 410 million (2006: DKK 605 million) relates to tax loss carryforwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

Tax assets of DKK 837 million (2006: DKK 670 million) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Tax losses that will not expire amount to DKK 210 million.

Deferred tax has not been calculated on temporary differences relating to investments in subsidiaries, joint ventures and associates as these investments are not expected to be disposed of within the foreseeable future and are therefore not expected to entail tax on disposal.

Deferred tax of DKK 79 million (2006: 78 million) has been recognised in respect of earnings in the BBH Group which are intended for distribution in the short term, as tax of 5% is payable on distributions. For other subsidiaries where distributable reserves are planned to be distributed, any distribution of earnings will not entail a significant tax liability based on current tax legislation.

Note 28 Provisions

Restructuring provisions totalling DKK 263 million (2006: DKK 327 million) relate primarily to restructurings in connection with the Operational Excellence programmes and restructuring at Carlsberg Danmark A/S, Carlsberg Sverige AB, Ringnes a.s., Carlsberg Deutschland GmbH and Carlsberg Italia S.p.A.

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

Other provisions totalling DKK 480 million (2006: DKK 505 million) relate primarily to provisions for losses in connection with Carlsberg UK's outsourcing of the servicing of draught beer equipment, a lawsuit at Türk Tuborg concerning beer excise duties withheld, warranty obligations, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

	2007		
	Restructuring	Other	Total
	DKK million	DKK million	DKK million
Provisions at 1 January	327	505	832
Additional provisions recognised	210	81	291
Used during the year	(229)	(68)	(297)
Reversal of unused provisions	(31)	(47)	(78)
Transfers	—	2	2
Foreign exchange adjustments etc.	(14)	7	(7)
Provisions at 31 December	**263**	**480**	**743**
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	41	208	249
Current provisions	222	272	494
Total	**263**	**480**	**743**

The non-current provisions are expected to be used within two to three years of the balance sheet date.

	2006		
	Restructuring	Other	Total
	DKK million	DKK million	DKK million
Provisions at 1 January	379	377	756
Additional provisions recognised	288	198	486
Used during the year	(333)	(36)	(369)
Reversal of unused provisions	(17)	(59)	(76)
Acquisition of entities	—	8	8
Transfers	(3)	35	32
Change in discount rate	—	8	8
Foreign exchange adjustments etc.	13	(26)	(13)
Provisions at 31 December	**327**	**505**	**832**
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	129	237	366
Current provisions	198	268	466
Total	**327**	**505**	**832**

The non-current provisions are expected to be used within two to three years of the balance sheet date

Note 29 Other liabilities etc.

	2007 DKK million	2006 DKK million
Other liabilities are recognised in the balance sheet as follows:		
Non-current liabilities	20	54
Current liabilities	5,611	4,856
Total	**5,631**	**4,910**
Other liabilities by origin:		
Excise duties and VAT payable	1,889	1,845
Staff costs payable	980	1,039
Interest payable	321	337
Fair value of hedging instruments	603	362
Liabilities related to the acquisition of entities	90	112
Amounts owed to associates	2	5
Deferred income	171	113
Other	1,575	1,097
Total	**5,631**	**4,910**

Note 30 Cash flows

	2007 DKK million	2006 DKK million
Adjustment for other non-cash items:		
Share of profit after tax, associates	(101)	(85)
Gains on disposal of property, plant and equipment and intangible assets, net	(464)	(260)
Amortisation of on-trade loans etc.	162	172
Total	**(403)**	**(173)**
Change in working capital:		
Inventories	(639)	(288)
Receivables	(749)	(142)
Trade payables and other liabilities	1,460	863
Retirement benefit obligations and other liabilities related to operating activities before special items	(296)	(39)
Adjustment for unrealised foreign exchange gains/losses	(6)	(5)
Total	**(230)**	**389**
Change in trade loans:		
Loans provided	(665)	(735)
Repayments	522	535
Total	**(143)**	**(200)**
Change in financial receivables:		
Loans and other receivables	(163)	(213)
Repayments	77	2,047
Total	**(86)**	**1,834**
Shareholders in Carlsberg A/S:		
Dividends to shareholders	(458)	(381)
Acquisition of treasury shares	(127)	(44)
Disposal of treasury shares	53	28
Repurchase of investments	24	—
Total	**(508)**	**(397)**
Minority interests:		
Acquisition of minority interests	(69)	(576)
Minority interests' share of capital increase in subsidiaries	43	23
Dividends to minority interests	(227)	(148)
Repurchase of investments from minority interests	(198)	—
Total	**(451)**	**(701)**
External financing:		
Proceeds from borrowings	5,590	4,859
Repayment of borrowings	(6,337)	(8,501)
Current borrowings, net	1,541	111
Repayment of finance lease liabilities	(19)	(61)
Total	**775**	**(3,592)**

Note 31 Acquisition and disposal of entities

Acquisition of entities

Name of acquired entities	Main activity	Acquisition date	Acquired ownership interest	Cost
	2007			
	DKK million	DKK million	DKK million	DKK million
Brewery Olivaria(1)	Brewery	1 Jan. 2007	70.0%	127
Ningxia Brewery Ltd.	Brewery	1 Jan. 2007	70.0%	102
Lao Soft Drink Co. Ltd.(2)	Beverages	1 Dec. 2007	65.0%	45
Total				**274**

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

(1) Carlsberg owns Brewery Olivaria through BBH AB, which is consolidated 50%. BBH AB owns 30% of the share capital in Brewery Olivaria and as at the acquisition date has an option to purchase an additional 21% of Brewery Olivaria's share capital. Other shareholders in Brewery Olivaria have put options on 40% of the share capital exercisable against BBH AB. The put options are exercisable from the purchase date. Accordingly, BBH AB is able to exercise control over Brewery Olivaria by way of 70% of the share capital. The purchase price of the put options is determined based on the expected price at exercise and is included in the cost of the acquisition. Any change to the expected price at exercise is adjusted in goodwill.

(2) The balance sheet for Lao Soft Drink Co. Ltd is based on a preliminary estimate of the fair value of acquired assets and liabilities, which may be adjusted in 2008.

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

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

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

Acquisition of entities after the balance sheet date

No entities have been acquired after the balance sheet date. In 2007 analyses and legal arrangements were carried out in preparation for the cash offer for Scottish & Newcastle plc, see description under Events after the balance sheet date.

Note 31 Acquisition and disposal of entities—continued

	2006			
Name of acquired entities:	**Main activity**	**Acquisition date**	**Acquired ownership interest**	**Cost**
	DKK million	**DKK million**	**DKK million**	**DKK million**
Wusu Beer Group	Brewery	1 Jan. 2006	60.1%	351
Caretech Ltd.	Brewery	1 Jan. 2006	50.0%	214
Other	Brewery and beverage wholesalers	—	—	21
Total				**586**

	Wusu Beer Group		Other		Total	
	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Intangible assets	21	82	3	8	24	90
Property, plant and equipment	143	115	34	36	177	151
Financial assets, non-current	11	11	5	5	16	16
Inventories	79	75	33	33	112	108
Receivables	33	14	50	49	83	63
Cash and cash equivalents	39	39	6	6	45	45
Provisions, excl. deferred tax liabilities	(4)	(4)	(6)	(8)	(10)	(12)
Deferred tax liabilities, net	—	—	3	1	3	1
Borrowings	(121)	(121)	(35)	(36)	(156)	(157)
Bank overdrafts	—	—	(8)	(8)	(8)	(8)
Trade payables and other liabilities etc.	(109)	(115)	(37)	(40)	(146)	(155)
Net assets	**92**	**96**	**48**	**46**	**140**	**142**
Minority interests	(12)	(12)	—	—	(12)	(12)
Equity, Carlsberg's share	**80**	**84**	**48**	**46**	**128**	**130**
Goodwill		267		189		456
Cash consideration paid		**351**		**235**		**586**
Transferred from other financial assets (prepayments)		(309)		(223)		(532)
		42		12		54
Cash and cash equivalents, acquired		39		6		45
Bank overdrafts, acquired		—		(8)		(8)
Cash outflow, net		**3**		**14**		**17**
Elements of cash consideration paid:						
Cash		345		235		580
Directly attributable acquisition costs		6		—		6
Total		**351**		**235**		**586**

Wusu Beer Group

Wusu Beer Group has a strong position in Xinjiang province, providing a solid foundation for expanding the Carlsberg Group's activities in China. The intention is to retain the local brands as a supplement to the Carlsberg Group's current brands. As geographical location and local trade are important, with a close correlation between brand and sales, no separate measurement of customer agreements etc. has been carried out.

Goodwill therefore represents the value of customer agreements, the workforce acquired and access to favourable distribution and sales channels, plus expected synergies.

As stated above, the most important fair value adjustments in connection with the acquisition are the recognition of trademarks and adjustments of property, plant and equipment and trade receivables to fair value. The measurement principles for trademarks are described in note 1.

Wusu Beer Group is included in the earnings of the Carlsberg Group from 1 January 2006. The share of revenue is DKK 274 million, and operating profit before special items DKK 61 million. The share of consolidated profit is DKK 56 million.

Other

The Carlsberg Group made minor acquisitions during the year, including in Cambodia (Caretech Ltd.) and Germany (beverage wholesaler).

The value of goodwill in Cambodia represents access to new markets and the importance of the geographical location in relation to the distance between production and customers. The value of goodwill in Germany represents access to distribution and sales channels and expected synergies, including expected reductions in logistics and transport expenses.

Other acquisitions' share of revenue is DKK 248 million, and operating profit before special items is DKK 2 million. The share of consolidated profit is DKK 6 million.

Acquisition of entities after the balance sheet date

No acquisitions were made after the balance sheet date. During 2006 agreements were entered into concerning the acquisition of minor entities in China and Belarus, but the acquisitions have not yet taken place. The acquisitions are expected to be made in the first quarter of 2007.

Disposal of entities

Disposals relate to Landskron Brauerei in 2006.

	2007 DKK million	2006 DKK million
Intangible assets	—	1
Property, plant and equipment	—	73
Financial assets, non-current	—	4
Inventories	—	6
Receivables	—	11
Deferred tax liabilities, net	—	(9)
Borrowings, net	—	(3)
Trade payables and other liabilities etc.	—	(27)
Net assets	**—**	**56**
Minority interests	—	—
Equity, Carlsberg's share	**—**	**56**
Gain/loss—recognised under special items	—	(21)
Cash consideration received	**—**	**35**
Cash and cash equivalents, disposed of	—	—
Cash inflow, net	**—**	**35**

Acquisition and disposal of entities, net

	2007 DKK million	2006 DKK million
Acquisitions, cash outflow	(179)	(17)
Disposals, cash inflow	—	35
Net	**(179)**	**18**

Note 32 Specification of invested capital

	2007 DKK million	2006 DKK million
Invested capital is calculated as follows:		
Total assets	61,220	58,451
Less:		
Deferred tax assets	(733)	(822)
Loans to associates	(28)	(221)
Interest income receivable, fair value of hedging instruments and financial receivables	(138)	(36)
Securities (current and non-current)	(157)	(178)
Cash and cash equivalents	(2,249)	(2,490)
Assets held for sale	(34)	(109)
Total assets included	**57,881**	**54,595**
Trade payables	(5,833)	(5,147)
Deposits on returnable packaging	(1,207)	(1,159)
Provisions, excluding restructuring	(480)	(505)
Corporation tax	(197)	(187)
Deferred income	(171)	(113)
Finance lease liabilities, included in borrowings	(65)	(87)
Other liabilities, excluding interest payable and fair value of hedging instruments	(4,534)	(4,237)
Total liabilities offset	**(12,487)**	**(11,435)**
Total invested capital	**45,394**	**43,160**

Note 33 Specification of net interest-bearing debt

	2007 DKK million	2006 DKK million
Net interest-bearing debt is calculated as follows:		
Non-current borrowings	19,385	16,241
Current borrowings	3,869	6,556
Gross interest-bearing debt	23,254	22,797
Cash and cash equivalents	(2,249)	(2,490)
Loans to associates	(28)	(221)
On-trade loans	(1,627)	(1,711)
Non-interest-bearing portion	821	927
Other receivables	(1,391)	(857)
Non-interest-bearing portion	946	784
Net interest-bearing debt	**19,726**	**19,229**
Changes in net interest-bearing debt:		
Net interest-bearing debt at 1 January	19,229	20,753
Cash flow from operating activities	(4,837)	(4,470)
Cash flow from investing activities	4,927	(65)
Dividends to shareholders and minority interests	685	529
Acquisition of minority interests	69	576
Acquisition/disposal of treasury shares	74	16
Acquisition of entities, net	54	146
Change in interest-bearing lending	(209)	1,832
Effect of currency translation	(325)	(272)
Other	59	184
Total change	**497**	**(1,524)**
Net interest-bearing debt at 31 December	**19,726**	**19,229**

Note 34 Investments in proportionally consolidated entities

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

	2007	2006
	DKK million	DKK million
Revenue	12,615	9,990
Total costs	(9,784)	(7,882)
Operating profit before special items	**2,831**	**2,108**
Consolidated profit	**1,819**	**1,444**
Non-current assets	10,569	8,877
Current assets	3,498	3,313
Non-current liabilities	(3,906)	(4,090)
Current liabilities	(4,438)	(2,783)
Net assets	**5,723**	**5,317**
Free cash flow	315	760
Net cash flow	(574)	330
Cash and cash equivalents, year end	483	1,085
Contingent liabilities	95	93
Capital commitments	439	646

An average of 12,686 (2006: 10,962) full-time employees were employed in proportionally consolidated entities in 2007.

The Group has not assumed any separate contingent liabilities or financial commitments relating to proportionally consolidated entities.

Note 35 Financial risks

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

Foreign exchange risk

As an international business the Carlsberg Group is exposed to foreign exchange risks from currency translation, as the predominant part of revenue originates from foreign entities and is translated into DKK. The Group is exposed mainly to the following currencies: RUB, EUR, NOK, SEK, CHF and GBP. There is also some exposure to a number of Asian currencies, which in total represent 10-15% of the Group's operating profit.

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

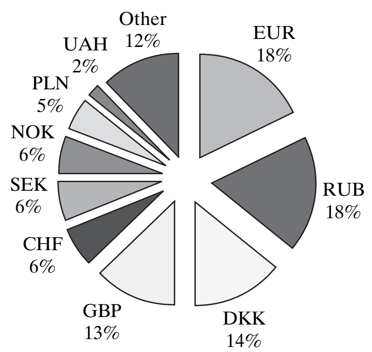
Impact of exchange rates on operating profit

Developments in the exchange rates between the DKK and the reporting currencies of subsidiaries have an increasing impact on the Carlsberg Group's operating profit measured in DKK. In a number of countries (particularly in Asia) where the Carlsberg Group has activities, the currency correlates with developments in the USD. In 2007 the average USD rate (5.45) was 8.5% lower than the 2006 level (5.96). Operating profit has been weakened as a result of a fall in the average RUB rate (a negative 3% compared with 2006) and CHF rate (a negative 4.5% compared with 2006). The other currencies in which a high proportion of operating profit is generated were relatively stable.

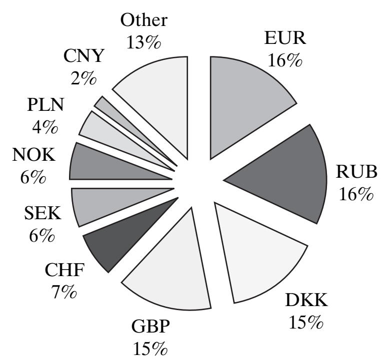
The Carlsberg Group has chosen not to hedge revenue or earnings in foreign currencies, but does in certain cases hedge dividends received in foreign currencies.

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

Distribution of net revenue 2007



Distribution of net revenue 2006



In some Group entities debt has been taken up in a currency other than the Group entity's functional currency without the foreign exchange risk being hedged. This applies primarily to Group entities in Eastern Europe, and is based on assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, will be high enough to justify a foreign exchange risk. For 2007 gains have been realised on debt taken up in EUR in Türk Tuborg. The Turkish lire was strengthened by 9% compared with the EUR and DKK between 1 January and 31 December 2007.

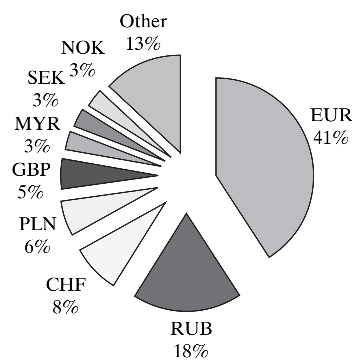
Impact of exchange rates on balance sheet and equity

The Carlsberg Group holds a number of investments in foreign subsidiaries where the translation of equity to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. This applies to net investments in NOK, CHF, SEK, EUR, RUB, PLN and MYR. In September 2007, Carlsberg stopped hedging its GBP risk. In May/June 2007, hedging of MYR was changed from a USD proxy hedge to a direct MYR hedge.

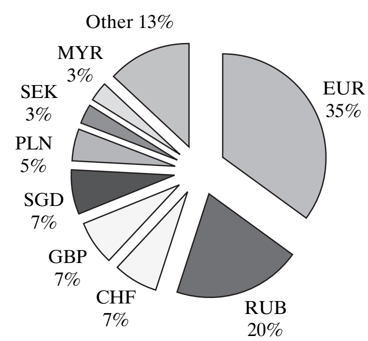
It is assessed that a 1 percentage point change in the exchange rate for the RUB would lead to a change in equity of DKK 45 million, while a corresponding change for the GBP would lead to a change of DKK 14 million.

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

Equity 2007



Equity 2006



The Carlsberg Group's net investment in foreign currencies has decreased by a total of DKK 1,740 million, primarily in RUB (DKK 853 million) and SGD (DKK 1,740 million). The decrease in SGD is due to a repatriation of equity to DKK. The table below shows the breakdown of the net investments and the impact on equity (incl. loans which are viewed as an addition to net investment). Adjustments for the year relating to hedging of net investments amount to DKK 135 million (2006: DKK 194 million), excl. adjustment relating to loans in addition to net investment of DKK 20 million (2006: DKK 125 million).

	2007								
	Carlsberg's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on Carlsberg's share
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	10,719	—	5	(6,696)	(1)	4,023	4	—	4
RUB	4,735	587	(209)	(800)	20	4,522	(189)	—	(189)
CHF	2,097	—	(65)	(1,729)	57	368	(8)	—	(8)
PLN	1,687	—	101	(1,452)	(88)	235	13	—	13
GBP	1,408	—	(161)	—	57	1,408	(104)	—	(104)
MYR	844	353	(54)	(688)	64	509	10	(15)	25
SEK	766	—	(55)	(709)	49	57	(6)	—	(6)
NOK	667	—	22	(655)	(23)	12	(1)	—	(1)
UAH	569	—	(44)	—	—	569	(44)	—	(44)
CSD	474	60	(4)	—	—	534	(4)	—	(4)
LAK	494	—	(23)	—	—	494	(23)	—	(23)
Other	1,666	323	(203)	—	—	1,989	(203)	(55)	(148)
Total	**26,126**	**1,323**	**(690)**	**(12,729)**	**135**	**14,720**	**(555)**	**(70)**	**(485)**

	2006								
	Carlsberg's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on Carlsberg's share
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
RUB	5,588	697	(149)	(838)	5	5,447	(144)	—	(144)
EUR	9,623	13	(2)	(6,694)	(8)	2,942	(9)	—	(9)
CHF	1,959	—	(75)	(1,392)	55	567	(20)	—	(20)
GBP	1,868	—	37	(1,443)	(37)	425	—	—	—
SGD	1,847	—	(86)	—	—	1,847	(86)	—	(86)
PLN	1,377	—	11	(335)	2	1,042	12	—	12
SEK	956	—	16	(590)	9	366	25	—	25
MYR	890	375	(60)	(679)	64	586	4	(20)	24
NOK	712	—	(21)	(661)	18	51	(3)	—	(3)
LAK	441	—	(13)	—	—	441	(13)	—	(13)
CSD	412	—	23	—	—	412	23	—	23
Other	2,193	305	(225)	—	86	2,498	(139)	(52)	(87)
Total	**27,866**	**1,390**	**(544)**	**(12,632)**	**194**	**16,624**	**(350)**	**(72)**	**(278)**

The most significant net risk relates to foreign exchange adjustment of equity in RUB. Hedging of the risk in RUB was unchanged in 2007 compared with 2006.

Foreign exchange adjustment of the net investment in 2007 in "Other" relates to various Asian currencies.

Borrowings taken up in foreign currencies impact on interest-bearing debt measured in DKK, even if the foreign exchange risk is hedged by a financial instrument and there is no net impact on profit or equity. Changes in the fair value of financial instruments are included under other receivables/other liabilities. Net interest-bearing debt fell by approximately DKK 325 million in 2007 as a result of exchange rate movements during the year, primarily the fall in the GBP.

Interest rate risk

The most significant interest rate risk in the Carlsberg Group relates to interest-bearing debt.

The Company's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2007 gross debt (non-current and current borrowings) amounted to

DKK 23,254 million (2006: DKK 22,797 million). After deducting cash and cash equivalents, net debt is DKK 21,005 million (2006: 20,307 million), an increase of DKK 698 million.

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

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

At year-end 62% of the net loan portfolio consisted of fixed-rate loans with rates fixed for more than one year (2006: 70%). A fall in interest rates will increase the fair value of the debt but only part of this increase will be reflected in the income statement and equity. This is because fixed-rate non-current borrowings are stated at amortised cost and are therefore not adjusted to fair value. It is assessed that an interest rate rise of 1 percentage point would lead to an increase in interest costs of DKK 66 million (2006: DKK 60 million). Carlsberg's exposure to an increase in short-term interest rates is primarily in EUR and DKK, and secondarily in PLN. The table below shows the breakdown of currencies and interest rate fixing for the net debt.

DKK million	Net debt before swaps	Next repricing 2008	2009	2010	2011	2012	2013-
CHF	1,664	317	1,347	—	—	—	—
DKK	4,870	1,797	2,701	—	—	—	372
EUR	8,117	3,886	19	3,732	94	1	385
GBP	4,549	8	1	1	2,507	—	2,032
NOK	193	193	—	—	—	—	—
PLN	666	656	2	2	2	2	2
RUB	(34)	(34)	—	—	—	—	—
SEK	29	29	—	—	—	—	—
USD	932	686	45	45	156	—	—
Other	19	(10)	5	—	24	—	—
Total	**21,005**	**7,528**	**4,120**	**3,780**	**2,783**	**3**	**2,791**

Credit risk

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

The Carlsberg Group grants loans to the on-trade in certain countries. The individual Group entities monitor and control these loans as well as ordinary trade credit in accordance with central guidelines. It is estimated that the provisions made, cf. note 20, are sufficient to cover expected losses.

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

Liquidity risk

Liquidity risk is the risk of the Carlsberg Group failing to meet its contractual obligations due to insufficient liquidity. Carlsberg's policy is for the raising of capital and investment of liquidity to be managed centrally. It is therefore Group Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources. At 31 December 2007 Carlsberg had unutilised long-term committed credit facilities of DKK 7,033 million (2006: DKK 9,485 million).

For day-to-day liquidity management cash pools are used, covering most of Western Europe, or intra-group loans between Group Treasury and subsidiaries. As a result of withholding tax, the majority-owned entities in Poland and Turkey have their own credit facilities and borrowings from local banks, as is also the case for joint ventures in Portugal (Unicer) and BBH.

Refer to the description of events after the balance sheet date in note 39.

Capital structure and management

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

Carlsberg A/S's share capital is divided into two classes (A-shares and B-shares). Management considers that this division, combined with the Carlsberg Foundation's position as majority shareholder, will remain advantageous for all of the Company's shareholders as this structure enables and supports the long-term development of the Carlsberg Group.

Management regularly assesses whether the Group's capital structure is in the interests of the Group and its shareholders. At 31 December 2007 the Carlsberg Group had net interest-bearing debt totalling DKK 19,726 million (2006: DKK 19,229 million), which is considered reasonable in the light of its current needs in terms of financial flexibility.

No changes have been made to the Group's guidelines and procedures for control of capital structure and management in 2007.

Raw material risk

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

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

To hedge the implicit risk of rising aluminium prices associated with the purchase of cans, the Carlsberg Group entered into a number of financial instruments in 2006 and 2007. Measures have also been taken to hedge increases in the settlement currency for aluminium (USD) compared with the local currency in the country where the cans are used. For accounting purposes, fair value adjustments are recognised directly in equity in the relevant entities and recognised in the income statement as the hedged item is recognised in accordance with the hedge accounting rules for cash flow hedges. Complete or partial hedging has been made for the period 2008-2012. The impact on equity in 2007 was negative by DKK 22 million (2006: DKK 0).

Note 36 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods.

Fair value hedge

Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. These are mainly instruments to hedge financial risks relating to borrowings and hedges of transaction risks. Transaction risks comprise both expected and potential risks.

Recognised in the income statement:

	2007 DKK million	2006 DKK million
Interest rate instruments	7	15
Exchange rate instruments	(72)	21
Other instruments	—	(1)
Total	**(65)**	**35**

Future Cash flow hedge

A positive fair value for financial instruments is recognised in equity in accordance with hedge accounting rules for cash flow hedges, primarily interest rate and currency swaps related to borrowings.

An interest rate swap from floating to fixed rate has been entered into on borrowings of CHF 300 million, maturing in July 2009, and EUR 500 million, running from July 2007 to 2010. The fair value was a negative DKK 14 million at 31 December 2007 (2006: a negative DKK 58 million). An agreement has also been entered into to swap interest rates on issued bonds of GBP 250 million, maturing in 2011, from GBP rate to a fixed DKK rate. The fair value was a negative DKK 385 million at 31 December 2007 (2006: a negative DKK 211 million).

Only the fair value adjustment relating to the interest element (DKK 64 million) is recognised in accordance with rules for cash flow hedges. The currency element is recognised in the income statement. Financial instruments have also been entered into to hedge aluminium. At 31 December 2007 the fair value of these instruments amounted to a negative DKK 22 million (2006: DKK 0).

Recognised in equity:

	2007	2006
	DKK million	DKK million
Interest rate instruments	109	155
Exchange rate instruments	2	15
Other instruments	(27)	—
Total	**84**	**170**

Hedging of net investments in foreign subsidiaries

A fair value for financial instruments (both derivatives and debt instruments) used to hedge the foreign exchange risk associated with investments in foreign currency is recognised in equity.

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

In addition, in three cases loans have been granted to subsidiaries which are classified as additions to net investments. Foreign exchange adjustments of these loans are recognised directly in equity.

	2007				2006			
	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement	Hedging of investment, amount in currency	Addition to net investment, amount in currency	Total adjustment to equity	Income statement
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
SEK	(1,583)	5,247	(66)	—	(715)	2,288	14	—
NOK	(700)	3,182	72	—	(730)	3,182	(113)	—
CHF	(385)	—	57	—	(385)	—	55	—
GBP	—	—	57	—	(130)	—	(37)	(2)
USD/MYR(1)	(450)	—	64	—	(120)	—	64	—
EUR	(898)	635	(1)	—	(898)	635	(7)	—
RUB	(3,858)	—	20	—	(3,858)	—	5	—
PLN	(700)	—	(88)	—	(172)	—	2	—
KRW(2)	—	—	—	—	—	—	86	—
Total			**115**	**—**			**69**	**(2)**

(1) The exchange rate risk associated with MYR was hedged in the first half-year by selling USD 120 million under forward contracts. The correlation between the MYR and USD is high, and accordingly the instrument is classified as a hedge of a net investment. In the second half-year the hedge was made directly in MYR and the hedged amount totalled MYR 450 million.

(2) The investment in KRW was hedged until 2006. At the time of the sale of the shares in Hite Brewery Co. Ltd., the accumulated gain related to this hedging relationship was offset against the sales proceeds. At 31 December 2007, the accumulated value of hedges of investments in foreign currency was a negative DKK 42 million (2006: a negative DKK 157 million).

Fair value of financial instruments:

		2007		2006	
		Positive	Negative	Positive	Negative
		DKK million	DKK million	DKK million	DKK million
Future Cash flow hedge	Currency	—	—	—	—
	Interest rate	6	(16)	36	(58)
	Other	—	(22)	—	—
Hedging of net investment	Currency	71	(53)	—	(17)
Fair value hedge	Currency	2	(496)	—	(284)
	Interest rate	40	(16)	—	(3)
Total		**119**	**(603)**	**36**	**(362)**

Note 37 Related party disclosures

Related parties exercising control

The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark, holds 51.3% of the shares in Carlsberg A/S, excluding treasury shares. Apart from payments of dividends and grants, cf. note 6, no transactions were carried out with the Carlsberg Foundation during the year.

The Carlsberg Foundation has committed itself to participate in raising the required capital for the acquisition of Scottish & Newcastle plc in accordance with the cash offer dated 25 January 2008.

Related parties exercising significant influence

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

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

Associates

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

	2007	2006
	DKK million	DKK million
Revenue	213	287
Cost of sales	261	349
Loans	7	4
Borrowings	7	5
Receivables from the sale of goods and services	28	51
Trade payables	15	40

No losses on loans to or receivables from associates were recognised or provided for in either 2007 or 2006.

Proportionally consolidated entities

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

	2007	2006
	DKK million	DKK million
Revenue	41	14
Costs	4	4
Interest income	5	11
Interest expenses	1	5
Loans	24	217
Receivables	70	8
Trade payables and other liabilities etc.	23	8
Borrowings	373	12

Note 38 Contingent liabilities and other commitments

The Carlsberg Group has issued guarantees for loans etc. of DKK 6,272 million (2006: DKK 12,286 million) raised by subsidiaries and associates, which are recognised in the consolidated balance sheet. In addition, the Group has issued guarantees for loans etc. raised by joint ventures (non-consolidated share of loan) of DKK 60 million and for loans etc. raised by third parties (non-consolidated entities) of DKK 245 million (2006: DKK 231 million).

The Carlsberg Group has entered into significant service contracts in respect of sales, logistics and IT. The total liabilities under these contracts amount to DKK 2,035 million (2006: DKK 2,299 million), and are recognised as the services are received.

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

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

The subsidiary Pripps Ringnes AB is party to an arbitration case brought against the subsidiary by the venture partner in Baltic Beverages Holding AB. It is the assessment of management and the company's legal advisors that the claim is unfounded.

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

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

Capital commitments

	2007 DKK million	2006 DKK million
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:		
Property, plant and equipment and construction contracts	972	935
Total	**972**	**935**

Operating lease liabilities

2007	Land and buildings DKK million	Plant and machinery DKK million	Fixtures and fittings, other plant and equipment DKK million	Non-current assets under construction DKK million	Total DKK million
Future lease payments:					
Within one year	108	78	298	—	484
Between one and five years	246	22	444	—	712
After more than five years	286	—	45	—	331
Total	**640**	**100**	**787**	**—**	**1,527**

2006	Land and buildings DKK million	Plant and machinery DKK million	Fixtures and fittings, other plant and equipment DKK million	Non-current assets under construction DKK million	Total DKK million
Future lease payments:					
Within one year	77	21	271	2	371
Between one and five years	208	49	660	—	917
After more than five years	208	—	199	—	407
Total	**493**	**70**	**1,130**	**2**	**1,695**

	2007 DKK million	2006 DKK million
Operating lease liabilities recognised in the income statement	505	502
Expected future income under non-cancellable subleases	138	168

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

Note 39 Events after the balance sheet date

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

On 25 January 2008 a consortium of which Carlsberg is a member made a cash offer for the acquisition of Scottish & Newcastle plc (S&N). The offer is GBP 8 per share, corresponding to approximately GBP 10.7 billion (approximately DKK 107 billion) on a debt-free basis. Carlsberg's share is approximately GBP 5.8 billion (approximately DKK 58.2 billion). The offer is recommended by the Board of S&N. The acquisition is among other things subject to the approval of the competition authorities in various jurisdictions and the approval of the shareholders in S&N.

The financing of the acquisition has been secured through loan agreements with banks and a capital increase.

If the offer is accepted, Carlsberg will acquire 50% of BBH AB, which will become wholly owned. S&N's activities in France and Greece will also be acquired, together with joint ventures in China and Vietnam.

The cash offer is described in detail in a seperate company announcement of 25 January 2008.

Note 40 Accounting policies

The 2007 and 2006 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

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

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

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

The accounting policies set out below have been used consistently in respect of the financial year 2007 and 2006.

New International Financial Reporting Standards and Interpretations

In 2007 the following IFRS Interpretations as adopted by the EU which are of relevance to the Carlsberg Group were adopted with effect for the 2007 and 2006 consolidated financial statements:

- IFRIC 10 "Interim Financial Reporting and Impairment"
- IFRIC 11 "IFRS 2—Group and Treasury Share Transactions"

IFRIC 11 has been adopted before the effective date in the 2007 and 2006 consolidated financial statements in accordance with the commencement provisions of the Interpretation.

The adoption of these Standards and Interpretations has not affected recognition and measurement, and accordingly the accounting policies are consistent with those of last year. The new Standards only result in changes to note disclosures.

IFRS 8 "Operating Segments" was also adopted by the EU in 2007. The Standard will be adopted by the Carlsberg Group effective for 2009.

In addition, the following Standards and Interpretations have been issued but not yet adopted by the EU:

- IAS 1 "Presentation of Financial Statements" on the presentation of financial statements
- IAS 23 "Borrowing Costs" requiring that borrowing costs are included in the cost of qualifying assets
- IFRS 12 "Service Concession Agreements" on concession agreements, which is not relevant for the Carlsberg Group
- IFRS 13 "Customer Loyalty Programmes" on customer loyalty programmes

- IFRS 14 "IAS 19—The Limit on a Defined Benefit Asset" on retirement benefit plans limited by the asset ceiling and introducing minimum funding requirements.

The Interpretations are effective from 1 January 2008, whereas the Standards are effective from 1 January 2009. The Standards and Interpretations are not expected to significantly affect recognition and measurement in the Carlsberg Group.

Consolidated financial statements

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

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

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

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

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

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

Business combinations

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

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

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

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

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

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

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

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

Gains or losses on the disposal or winding-up of subsidiaries, joint ventures and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal or winding-up, foreign exchange adjustments recognised directly in equity plus costs to sell or winding-up expenses.

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

Acquisition and disposal of minority interests

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

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

Foreign currency translation

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

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

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

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

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

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

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

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

Derivative financial instruments

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

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

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

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

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

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries, joint ventures or associates that are effective hedges of currency fluctuations in these entities are recognised in the consolidated financial statements directly in a separate translation reserve in equity.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured currently at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and measured at fair value.

Income statement

Revenue

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

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

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

Cost of sales

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

Sales and distribution expenses

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

Administrative expenses

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

Other operating income and expenses

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

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

The selling price on real estate projects is recognised net under other operating income. Revenue and expenses relating to real estate projects with a sufficiently high degree of individual adjustment are disclosed in the notes.

Government grants

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

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

Grants for the acquisition of assets and development projects are recognised in the balance sheet as deferred income (liabilities) and transferred to other operating income in the income statement as the assets for which grants were awarded are amortised.

Operating profit before special items

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

Special items

This item includes significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive restructuring of processes and fundamental structural changes, as well as any gains or losses arising from disposals in this connection. This item also includes significant non-recurring items, including impairment of goodwill and gains on the disposal of activities.

These items are shown separately in order to provide a fairer presentation of the Group's operating profit.

Profits/losses from investments in associates

The proportionate share of the results of associates after tax and minority interests is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

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

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

Balance sheet

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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

Other intangible assets

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

Costs for development and implementation of substantial IT systems are capitalised and amortised over their estimated useful life.

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

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

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

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

Trademarks with finite useful lives	Useful life, normally maximum 20 years
Software etc.	3-5 years
Delivery rights	Depending on contract, but normally not exceeding 5 years
Customer agreements/portfolios	Depending on retention rate

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

Property, plant and equipment

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

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

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

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

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

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

Land is not depreciated.

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

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

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

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

Investments in associates

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

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

Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable. On acquisition of investments in associates, the purchase method is used, see the description under Business combinations.

Inventories

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

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

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

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

Receivables

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

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

Construction contracts

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

The selling price is measured by reference to the percentage of completion at the balance sheet date and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is measured as the proportion of contract costs incurred for work performed relative to the total estimated contract costs.

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

Prepayments

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

Securities

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

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

Impairment of assets

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

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

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

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

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

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

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

Equity

Translation reserve

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

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

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

Proposed dividends

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

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

Treasury shares

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

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

Share-based payment

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

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

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

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

Employee benefits

Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee renders the related service.

Retirement benefit obligations and similar obligations

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

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

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

Any difference between the expected development in retirement benefit plan assets and liabilities and realised amounts constitutes actuarial gains or losses and is recognised directly in the balance sheet with a set-off directly against equity.

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

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

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

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

Realised gains and losses on the curtailment or settlement of retirement benefit plans are recognised in the income statement under other operating income, net.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

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

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

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax recognised in equity are, however, recognised in equity.

Other provisions

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

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

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

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

Financial liabilities

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

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

Other liabilities are measured at amortised cost.

Deposits on returnable packaging

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

Leases

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

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

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

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

Deferred income

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

Assets held for sale

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

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

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

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

Assets and liabilities are recognised separately in the balance sheet and main items are specified in the notes. Comparative figures are not restated.

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

Presentation of discontinued operations

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

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

Cash flow statement

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

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

Cash flow from operating activities

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

Cash flow from investing activities

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

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

Cash flow from financing activities

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

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

Cash and cash equivalents

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

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

Segment information

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

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

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

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

Financial ratios

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

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

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

Return on average invested capital, including goodwill (ROIC)

Operating profit before special items as a percentage of average invested capital[(1)].

Number of shares, year end

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

Number of shares, average

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

Equity ratio

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

Financial gearing

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

Debt/operating profit before depreciation, amortisation and impairment*

Net interest-bearing debt[(2)] divided by operating profit before special items less depreciation, amortisation and impairment.

Operating margin

Operating profit before special items as a percentage of revenue.

Cash flow per share (CFPS)

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

Free cash flow per share (FCFPS)*

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

Interest cover*

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

Earnings per share (EPS)

Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding.

Earnings per share, diluted (EPS-D)

Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33.(3)

Pay-out ratio

Dividend for the year as a percentage of consolidated profit, excluding minority interests

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

(1) The calculation of invested capital is specified in note 32.

(2) The calculation of net interest-bearing debt is specified in note 33.

(3) The dilutive effect is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share options and the number of shares that could be issued assuming that the options are exercised.

(4) The calculation of the free cash flow is specified in the cash flow statement.

Note 41 Company information

Carlsberg A/S
Ny Carlsbergvej 100
1760 Copenhagen V
Denmark

Org. No.:	61056416
Phone:	+45 3327 3300
Fax:	+45 3327 4808
E-mail:	*carlsberg@carlsberg.com*

www.carlsberggroup.com

Place of business: Copenhagen, Denmark

Carlsberg is one of the world's largest brewery groups.

The Group's broad portfolio of beer brands includes Carlsberg Pilsner, known as "Probably the best beer in the world", and strong international brands such as Tuborg, Baltika and Holsten. Carlsberg also has a wide range of leading brands in our local markets.

Carlsberg operates primarily in mature markets in Western Europe but are generating an ever-growing share of revenue in selected growth markets in Eastern Europe and Asia.

Carlsberg's business builds on a proud history. We were founded in 1847 and have always been renowned for consistently high quality. In recent years things have really taken off. Expansion and dynamic marketing externally, and streamlining and innovation internally, have brought growth in both revenue and earnings.

Carlsberg A/S, the Parent Company of the Group, is owned by 20,000 institutional and private investors all over the world and is listed on OMX Nordic Exchange Copenhagen A/S. The largest shareholder is the Carlsberg Foundation, established by Carlsberg's founder J.C. Jacobsen, which backs the Company as an active and longterm shareholder as well as supporting scientific research.

Group companies 2007

				Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Western Europe	BBH Group	Eastern Europe excl. BBH	Asia	Other activities
CARLSBERG A/S												
VersaMatrix A/S, Copenhagen, Denmark			○	100%	1,750	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsinteressentskabet Tuborg Nord B, Copenhagen, Denmark			○	70%	—	DKK	100.00					◆
Ejendomsaktieselskabet af 4. Marts 1982, Copenhagen, Denmark			○	100%	9,500	DKK	100.00					◆
Investeringsselskabet af 17. Januar 1991, Copenhagen, Denmark			○	100%	14,500	DKK	100.00					◆
Boliginteressentskabet Tuborg Nord, Copenhagen, Denmark		(3)	◆	50%	—	DKK	100.00					◆
Ejendomsinteressentskabet Waterfront, Copenhagen, Denmark		(3)	◆	50%	—	DKK	100.00					◆
Carlsberg Breweries A/S, Copenhagen, Denmark			○	100%	500,000	DKK	100.00					◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	◆				
Investeringselskapet RH, Oslo, Norway			○	100%	49,900	NOK	93.51	◆				
Ringnes a.s., Oslo, Norway	6 subsidiaries		○	100%	238,714	NOK	93.51	◆				
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96,707	EUR	745.66	◆				
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary		○	100%	287,457	SEK	78.92					◆
Carlsberg Sverige AB, Stockholm, Sweden	9 subsidiaries		○	100%	70,000	SEK	78.92	◆				
BBH—Baltic Beverages Holding AB, Stockholm, Sweden			◆	50%	12,000	EUR	745.66		◆			
Saku Brewery AS, Estonia		(1)	◆	75%	80,000	EEK	47.66		◆			
A/S Aldaris, Lithuania			◆	85%	7,500	LVL	1,069.80		◆			
Baltic Beverages Invest AB, Stockholm, Sweden			◆	100%	11	EUR	745.66		◆			
Baltic Beverages Holding Oy, Helsinki, Finland			◆	100%	4	EUR	745.66		◆			
Svyturys-Utenos Alus AB, Lithuania			◆	75%	118,000	LTL	215.96		◆			
Slavutich Brewery, Ukraine			◆	92%	853,692	UAH	100.51		◆			
Lvivska Brewery, Ukraine			◆	100%	72,741	UAH	100.51		◆			
Baltic Beverages Eesti, Estonia			◆	100%	400	EEK	47.66		◆			
Baltika Brewery, St. Petersburg, Russia		(1)	◆	86%	164,364	RUB	20.73		◆			
Derbes Company Ltd. Liability Partnership, Kazakhstan			◆	90%	4,820,426	KZT	4.18		◆			
UAB BBH Baltics, Lithuania			◆	100%	10	LTL	215.96		◆			
Sarbast, Tashkent, Uzbekistan			◆	75%	35,217,146	UZS	0.40		◆			
Olivaria, Belarus			◆	30%	61,444,801	BYR	0.24		◆			
Carlsberg Italia S.p.A, Lainate, Italy	14 subsidiaries		○	100%	82,400	EUR	745.66	◆				
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	12 subsidiaries		◆	44%	50,000	EUR	745.66	◆				
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95,000	CHF	449.08	◆				
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	6 subsidiaries		○	100%	26,897	EUR	745.66	◆				
Göttsche Getränke GmbH, Germany			○	100%	2,000	EUR	745.66	◆				
Holsten-Brauerei AG, Hamburg, Germany	10 subsidiaries		○	100%	41,250	EUR	745.66	◆				
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	745.66	◆				
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	1,014.80	◆				
Carlsberg UK Holdings PLC, Northampton, UK	2 subsidiaries		○	100%	90,004	GBP	1,014.80	◆				
Carlsberg Polska S.A., Warzaw, Poland	3 subsidiaries		○	100%	28,721	PLN	207.04			◆		
Carlsberg Accounting Centre Sp.z.o.o., Poznan, Poland			○	100%	50	PLN	207.04					◆
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18,198	EUR	745.66			◆		
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239,932	HRK	101.68			◆		
Bottling and Brewing Group Ltd., Blantyre, Malawi	3 subsidiaries	(2)	○	44%	1,267,128	MWK	3.66			◆		
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	45,679	DKK	100.00			◆		
Israel Beer Breweries Ltd, Ashkelon, Israel			■	20%	15,670	ILS	132.46			◆		
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2,523	USD	507.53			◆		
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey	1 subsidiary	(1)	○	96%	99,972	TRY	436.55			◆		
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37,325	BGN	381.26			◆		
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	381.26			◆		

				Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Western Europe	BBH Group	Eastern Europe excl. BBH	Asia	Other activities
Carlsberg Serbia d.o.o., Serbia	2 subsidiaries		◉	80%	2,169,547	RSD	9.30			◆		
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			◉	100%	25,200	HUF	2.94			◆		
Carlsberg International A/S, Copenhagen, Denmark			◉	100%	1,000	DKK	100.00					◆
South-East Asia Brewery Ltd., Hanoi, Vietnam			◉	60%	212,705,000	VND	0.03				◆	
International Beverages Distributors Ltd., Hanoi, Vietnam			◉	60%	10,778,000	VND	0.03				◆	
Hue Brewery Ltd., Hue, Vietnam			◆	50%	216,788,000	VND	0.03				◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380,000	CNY	69.49				◆	
Xinjiang Wusu Beer Co. Ltd., Urumqi, Xinjiang, China	3 subsidiaries		◆	60%	105,480	CNY	69.49				◆	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210,000	CNY	69.49				◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	85,000	CNY	69.49				◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15,000	CNY	69.49				◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16,620	CNY	69.49				◆	
Ningxia Xixia Jianiang Brewery Ltd, China			◉	70%	194,351	CNY	69.49				◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		(1)	■	51%	154,039	MYR	152.96				◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			◉	100%	10,000	MYR	152.96				◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			◉	100%	100	MYR	152.96				◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka		(1)	■	25%	850,000	LKR	4.70				◆	
Carlsberg Distributors Taiwan Ltd, Taiwan			■	50%	100,000	TWD	15.75				◆	
Carlsberg Asia Pte Ltd., Singapore			◉	100%	54,914	SGD	350.96				◆	
Brewery Invest Pte. Ltd, Singapore			◉	100%	3,200	SGD	350.96				◆	
Carlsberg Brewery Hong Kong Ltd., Hongkong, China	1 subsidiary		◉	100%	260,000	HKD	65.05				◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			◉	99%	442,330	CNY	69.49				◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303,659	CNY	69.49				◆	
Carlsberg Hong Kong Ltd., Hongkong, China			◉	100%	—	HKD	65.05				◆	
Kunming Huashi Brewery Company Ltd., Kunming, China			◉	100%	79,528	CNY	69.49				◆	
Lao Brewery Co. Ltd., Vientiane, Laos			◆	50%	14,400,000	LAK	0.05				◆	
Lao Soft Drinks Co. Ltd, Laos			◉	65%	2,448,000	LAK	0.05					◆
Carlsberg Singapore Pte. Ltd., Singapore			◉	100%	1,000	SGD	350.96				◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			◉	100%	1,000	SGD	350.96				◆	
Caretech Ltd, Hongkong, China			◆	50%	10,000	HKD	65.05				◆	
Cambrew Pte Ltd, Singapore			◆	100%	21,720	SGD	350.96				◆	
Cambrew Ltd, Phnom Penh, Cambodia	1 subsidiary		◆	100%	125,000	USD	507.53				◆	
Carlsberg IndoChina			◉	100%	500	USD	507.53				◆	
South Asian Breweries Pvt Ltd, Singapore			◆	45%	19,864	SGD	350.96				◆	
South Asian Breweries Pvt Ltd, India			◉	100%	577,203	INR	12.96				◆	
Parag Breweries Ltd, India			◉	52%	5,200	INR	12.96				◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466,325	NPR	8.05				◆	
Dali Beer (Group) Limited Company, Dali, China			◉	100%	97,799	CNY	69.49				◆	
Halong Beer and Beverage, Vietnam			◉	30%	9,000,000,000	VND	0.03				◆	
Danish Malting Group A/S, Vordingborg, Denmark			◉	100%	100,000	DKK	100.00					◆
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			◉	100%	20,000	PLN	207.04					◆
Carlsberg Finans A/S, Copenhagen, Denmark			◉	100%	25,000	DKK	100.00					◆
Carlsberg Invest A/S, Copenhagen, Denmark			◉	100%	52,847	DKK	100.00					◆
CTDD Beer Imports Ltd., Quebec, Canada			◉	100%	—	CAD	518.22			◆		
Carlsberg USA Inc., New York, USA			◉	100%	1,260	USD	507.53			◆		
Carlsberg Canada Inc., Mississauga, Ontario, Canada			◉	100%	750	CAD	518.22			◆		
Carlsberg IT A/S, Copenhagen, Denmark			◉	100%	50,000	DKK	100.00					◆

		Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Western Europe	BBH Group	Eastern Europe excl. BBH	Asia	Other activities
Carlsberg Breweries Insurance A/S, Copenhagen, Denmark	◘	100%	25,000	DKK	100.00					♦
Carlsberg Accounting Service Centre A/S, Copenhagen, Denmark	◘	100%	504	DKK	100.00					♦

◘ Subsidiary.

♦ Proportionally consolidated entity.

■ Associate.

(1) Listed company.

(2) Carlsberg is responsible for management.

(3) Company acquired in 2007.

Audited Consolidated Financial Statements for the Financial Years 2007, 2006 and 2005

Consolidated Financial Statements of Carlsberg A/S for the Financial Year 2005 Prepared in Accordance with IFRS as adopted by the EU

Management statement

The Board of Directors and the Executive Board have today discussed and approved the consolidated financial statements for the financial year 2005 of Carlsberg A/S (together with its subsidiaries the "Carlsberg Group").

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, except for omitted incorporation of comparative figures for the financial year 2004, and is extracted from the Annual Report for 2005 of the Carlsberg Group, which was reported on 21 February 2006.

We consider the applied accounting policies appropriate, so that the consolidated financial statements gives a true and fair view of the Carlsberg Group's assets, liabilities and financial position at 31 December 2005 and of the results of the Carlsberg Group's operations and cash flows for the financial year 2005.

Copenhagen, 15 May 2008

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen	Jørn P. Jensen

Board of Directors of Carlsberg A/S

Povl Krogsgaard-Larsen, chairman	Jens Bigum, deputy chairman	Hans Andersen
Flemming Besenbacher	Jess Søderberg	Hanne Buch-Larsen
Henning Dyremose	Niels Kærgaard	Axel Michelsen
Erik Dedenroth Olsen	Bent Ole Petersen	Per Øhrgaard

Independent Auditors' Report on the Consolidated Financial Statements for the financial year 2005

To the Shareholders of Carlsberg A/S

We have audited the consolidated financial statements of Carlsberg A/S (together with its subsidiaries the "Carlsberg Group") for the financial year 2005 as presented on pages F-87—F-136, which comprise the management statement, consolidated income statement, consolidated statement of recognized income and expenses, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes ("the consolidated financial statements"). These consolidated financial statements have been derived from the annual report of Carlsberg A/S for the financial year 2005. The consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union. The audit for the financial year 2005 was completed as at 21 February 2006.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

We qualify our opinion, as comparative figures for 2004 as required under IFRS have been omitted from the consolidated financial statements.

Opinion

In our opinion, except for the omission of the information included in the preceding paragraph, the consolidated financial statements give a true and fair view of the Carlsberg Group's consolidated assets, consolidated liabilities and consolidated financial position as at 31 December 2005 and of the Carlsberg Group's consolidated results of the operations and cash flows for the financial year 2005 in accordance with IFRS as adopted by the European Union.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

INCOME STATEMENT

Note		2005 DKK million
	Revenue	51,847
	Excise duties on beer and soft drinks etc.	(13,800)
1	**Net revenue**	**38,047**
2	Cost of sales	(18,879)
	Gross profit	**19,168**
3	Sales and distribution expenses	(13,332)
4	Administrative expenses	(2,961)
5	Other operating income, net	411
16	Share of profit after tax, associates	232
1	**Operating profit before special items**	**3,518**
6	Special items, net	(386)
7	Financial income	548
8	Financial expenses	(1,788)
	Profit before tax	**1,892**
9	Corporation tax	(521)
	Consolidated profit	**1,371**
	Attributable to:	
10	Minority interests	261
	Shareholders in Carlsberg A/S	1,110
11	**Earnings per share**	
	Earnings per share (DKK)	14.6
	Earnings per share, diluted (DKK)	14.6

BALANCE SHEET

Note	Assets	31 Dec. 2005 DKK million
	Non-current assets	
14	Intangible assets	20,672
15	Property, plant and equipment	20,355
16	Investments in associates	1,105
17	Securities	2,710
18	Receivables	1,235
25	Deferred tax assets	1,005
24	Retirement benefit net assets	21
	Total non-current assets	**47,103**
	Current assets	
19	Inventories	2,866
18	Trade receivables	5,979
	Tax receivables	132
18	Other receivables	3,015
	Prepayments	587
17	Securities	109
20	Cash and cash equivalents	2,240
	Total current assets	**14,928**
21	Assets held for sale	328
	Total assets	**62,359**

Note	Equity and liabilities	31 Dec. 2005 DKK million
	Equity	
22	Share capital	1,526
	Reserves	16,442
	Equity, shareholders in Carlsberg A/S	17,968
	Minority interests	1,528
	Total equity	**19,496**
	Non-current liabilities	
23	Borrowings	17,765
24	Retirement benefit obligations and similar obligations	2,061
25	Deferred tax	2,362
26	Provisions	195
27	Other liabilities	65
	Total non-current liabilities	**22,448**
	Current liabilities	
23	Borrowings	8,213
	Trade payables	4,513
	Deposits on returnable packaging	1,224
26	Provisions	561
	Corporation tax	720
27	Other liabilities	5,174
	Total current liabilities	**20,405**
21	Liabilities associated with assets held for sale	10
	Total liabilities	**42,863**
	Total equity and liabilities	**62,359**

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR AND CHANGES IN EQUITY

	2005							
	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments[1]	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Statement of recognised income and expenses								
Profit for the year	—	—	—	1,110	1,110	1,110	261	1,371
Currency translation adjustments, foreign entities	—	1,096	—	—	1,096	1,096	132	1,228
Currency translation, transferred to income statement	—	(128)	—	—	(128)	(128)	—	(128)
Value adjustments, hedging instruments	—	(289)	(14)	—	(303)	(303)	—	(303)
Hedging instruments, transferred to income statement	—	—	(6)	—	(6)	(6)	—	(6)
Value adjustments, securities	—	(143)	1,679	—	1,536	1,536	—	1,536
Adjustments, retirement benefit obligations	—	—	—	(173)	(173)	(173)	(1)	(174)
Share-based payment	—	—	—	4	4	4	—	4
Other	—	—	—	(7)	(7)	(7)	50	43
Tax on changes in equity	—	68	(30)	42	80	80	(11)	69
Net income recognised directly in equity	—	604	1,629	(134)	2,099	2,099	170	2,269
Total recognised income and expenses	**—**	**604**	**1,629**	**976**	**3,209**	**3,209**	**431**	**3,640**
Statement of changes in equity:								
Equity at 1 January 2005	1,526	32	(108)	13,634	13,558	15,084	1,708	16,792
Total recognised income and expenses for the year	—	604	1,629	976	3,209	3,209	431	3,640
Capital increase	—	—	—	—	—	—	8	8
Sale of treasury shares	—	—	—	55	55	55	—	55
Dividends paid to shareholders	—	—	—	(380)	(380)	(380)	(202)	(582)
Acquisition of minority interests	—	—	—	—	—	—	(305)	(305)
Divestment of subsidiaries	—	—	—	—	—	—	(112)	(112)
Total changes in equity	**—**	**604**	**1,629**	**651**	**2,884**	**2,884**	**(180)**	**2,704**
Equity at 31 December 2005	**1,526**	**636**	**1,521**	**14,285**	**16,442**	**17,968**	**1,528**	**19,496**

(1) Fair value adjustments comprise a reserve for securities and a reserve for hedging instruments.

The proposed dividend of DKK 381 million (DKK 5.00 per share) is included in retained earnings at 31 December 2005.

CASH FLOW STATEMENT

Note		2005
		DKK million
	Operating profit before special items	3,518
28	Adjustment for non-cash items	2,487
28	Change in working capital	1,002
	Restructuring costs paid	(537)
	Financial receipts	123
	Financial payments	(1,235)
	Corporation tax paid	(624)
	Cash flow from operating activities	**4,734**
29	Acquisition and divestment of entities, net	(738)
	Acquisition of property, plant and equipment, and intangible assets	(3,186)
	Disposal of property, plant and equipment, and intangible assets	1,685
	Acquisition of financial assets(1)	(710)
	Disposal of financial assets	2,002
	Change in trade loans and other financial receivables(2)	(1,652)
	Dividends received	245
	Cash flow from investing activities	**(2,354)**
	Free cash flow	**2,380**
28	Shareholders in Carlsberg A/S	(325)
28	Minority interests	(1,581)
28	External financing	(84)
	Cash flow from financing activities	**(1,990)**
	Net cash flow	**390**
	Cash and cash equivalents at 1 January	1,500
	Currency translation adjustments	50
	Cash and cash equivalents at 31 December	1,940

(1) Includes payment of DKK 253 million for value adjustment of shares in connection with the Asia settlement in 2005.

(2) The figure for 2005 includes DKK 1,928 million receivable on the sale of Hite shares.

Note 1 Segment reporting

The Group's main activity is the production and sale of beer and other beverages. This activity accounts for more than 90% of the Group's acitvities.

In accordance with the Group's management and reporting structure, beverage activities are segmented according to the geographical regions where production takes place. Net revenue between the segments is based on market prices.

A segment's operating profit before special items includes net revenue, operating costs and share of profit from associates to the extent that they are directly attributable to it. Income and expenses related to Group functions have not been distributed and, as is the case with eliminations and other activities, are not included in the operating profit before special items of the individual segments.

A segment's non-current assets comprise the intangible assets and property, plant and equipment used directly in the segment's operations. Current assets are distributed between the segments to the extent that they are directly attributable to them, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities which are directly attributable to the segment's operations, including trade payables and other liabilities.

	2005							
	Western Europe	**BBH Group (50%)**	**Eastern Europe excl. BBH**	**Asia**	**Not distributed**	**Beverages, total**	**Other**	**Carlsberg Group, total**
	DKK million	**DKK million**	**DKK million**	**DKK million**	**DKK million**	**DKK million**	**DKK million**	**DKK million**
Income statement:								
Net revenue	26,257	6,565	3,347	1,625	253	38,047	—	38,047
Internal revenue	45	3	20	1	(69)	—	—	—
Total net revenue	**26,302**	**6,568**	**3,367**	**1,626**	**184**	**38,047**	**—**	**38,047**
%	69%	17%	9%	4%	1%	100%	—	100%
Segment result	2,006	1,314	294	206	(623)	3,197	89	3,286
Share of profit after tax, associates	17	2	20	186	—	225	7	232
Operating profit before special items	**2,023**	**1,316**	**314**	**392**	**(623)**	**3,422**	**96**	**3,518**
Special items, net						(636)	250	(386)
Financials, net						(1,014)	(226)	(1,240)
Profit before tax						**1,772**	**120**	**1,892**
Corporation tax						(519)	(2)	(521)
Consolidated profit						**1,253**	**118**	**1,371**

	2005							
	Western Europe	BBH Group (50%)	Eastern Europe excl. BBH	Asia	Not distributed	Beverages, total	Other	Carlsberg Group, total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Balance sheet:								
Segment assets, non-current	18,410	6,313	3,699	4,199	721	33,342	11,651	44,993
Segment assets, current	6,915	1,132	1,346	639	2,498	12,530	26	12,556
Investments in associates	117	32	113	819	—	1,081	24	1,105
Assets held for sale	77	—	2	40	—	119	209	328
Other assets						3,134	243	3,377
Total assets						**50,206**	**12,153**	**62,359**
Segment liabilities, non-current	2,215	26	20	25	—	2,286	35	2,321
Segment liabilities, current	7,424	907	1,092	641	1,019	11,083	389	11,472
Liabilities associated with assets held for sale	10	—	—	—	—	10	—	10
Interest-bearing debt, gross						21,420	4,558	25,978
Other liabilities						2,098	984	3,082
Equity						13,309	6,187	19,496
Total equity and liabilities						**50,206**	**12,153**	**62,359**
Other items:								
Acquisition of property, plant and equipment and intangible assets	1,562	725	464	107	151	3,009	177	3,186
Depreciation and amortisation	1,694	498	348	107	126	2,773	23	2,796
Impairment losses	433	—	578	57	105	1,173	—	1,173

Note 2 Cost of sales

	2005
	DKK million
Cost of materials	9,624
Direct staff costs	1,338
Machinery costs	677
Depreciation	1,666
Production overheads	1,084
Purchased of finished goods and other costs	4,490
Total	**18,879**
Of which staff costs, cf. note 12	1,983

Note 3 Sales and distribution expenses

	2005
	DKK million
Marketing expenses	3,718
Sales expenses	3,971
Distribution expenses	5,643
Total	**13,332**
Of which staff costs, cf. note 12	4,111

Note 4 Fees to auditors appointed by the Annual General Meeting

	2005
	DKK million
KPMG:	
Audit	19
Other services	4

Other services include fees for tax consultancy and due diligence in connection with acquisitions, capital increases etc.

Note 5 Other operating income, net

	2005
	DKK million
Other operating income:	
Gains on disposal of properties in the Carlsberg Breweries Group	113
Gains on disposal of properties under other activities	176
Gains on disposal of other property, plant and equipment and intangible assets	5
Interest and amortisation of on-trade loans	147
Property rental income	153
Distributions from brewery organisations	6
Compensation for termination of licence agreement	31
Other	67
Total	**698**
Other operating expenses:	
Losses and write-downs on on-trade loans	(55)
Property expenses	(144)
Other	(88)
Total	**(287)**
Other operating income, net	411

Note 6 Special items, net

	2005
	DKK million
Special income:	
Gain on sale of shares in Hite Brewery Co. Ltd.	1,215
Gain on sale of shares in Danbrew Ltd. A/S	14
Gain on sale of rental activities, Tuborg Nord	250
Total	**1,479**
Special expenses:	
Impairment of goodwill etc., Türk Tuborg	(563)
Impairment of goodwill, Carlsberg Italia	(277)
Value adjustment for purchase price of shares in Beer Lao and Hite Brewery in connection with the settlement of the Carlsberg Asia case	(253)
Impairment of non-current assets in connection with new production structure in Denmark	(153)
Impairment of software in Carlsberg IT A/S	(105)
Other impairments	(67)
Loss on disposal of mineral water bottling plant, Passugger, Switzerland	(35)
Accounting loss from outsourcing of Carlsberg UK's servicing of draught beer equipment	(81)
Redundancy costs in connection with Operational Excellence programmes	(184)
Restructuring, Carlsberg Italia	(34)
Restructuring, BBH	(44)
Costs associated with the outsourcing of IT	(22)
Other restructuring costs etc., other entities	(47)
Total	**(1,865)**
Special items, net	(386)

Note 7 Financial income

	2005
	DKK million
Interests	117
Dividends	12
Fair value adjustments, net	35
Realised gains on sale of securities	45
Expected return on plan assets, defined benefit plans	328
Other financial income	11
Total	**548**

Note 8 Financial expenses

	2005
	DKK million
Interest	1,173
Currency translation losses, net	164
Write-down of financial assets	16
Interest cost on obligations, defined benefit plans	328
Other financial expenses	107
Total	**1,788**

Other financial expenses consist mainly of payments to establish credit facilities and fees for unutilised drawdowns on these facilities.

The net currency translation losses include losses of DKK 7 million on monetary net assets in hyperinflationary economies.

Note 9 Corporation tax

	2005 DKK million
Tax for the year comprises:	
Current tax on profit for the year	812
Change in deferred tax during the year	(268)
Adjustments to tax for previous years	(103)
Total tax for the year	**441**
Deferred tax on items recognised directly in equity	80
Tax on profit for the year	**521**
Reconciliation of the effective tax rate for the year:	
Tax rate in Denmark	28.0%
Change in Danish tax rate	(2.2%)
Differences in tax rates, foreign subsidiaries	(2.3%)
Adjustments to tax for previous years	0.3%
Capitalised losses in previous years, net	13.0%
Non-taxable income	(3.4%)
Non-deductible expenses	4.8%
Tax, associates	2.4%
Special items	(14.0%)
Other	0.9%
Effective tax rate for the year	**27.5%**
The change in deferred tax recognised in the income statement can be broken down as follows:	
Tax losses	(348)
Intangible assets and property, plant and equipment etc.	160
Deferred tax recognised in income statement	**(188)**

Note 10 Minority interests

	2005 DKK million
Minority interests' share of profit for the year relates to the following entities:	
BBH Group	198
Carlsberg Brewery Malaysia Berhad	72
Other	(9)
Total	**261**

Note 11 Earnings per share

	2005 DKK million
Consolidated profit	1,371
Minority interests	(261)
Carlsberg A/S' share of profit	**1,110**
Average number of shares	76,278
Average number of treasury shares	(50)
Average number of shares in circulation	76,228
Average dilution effect of outstanding share options	66
Diluted average number of shares outstanding	**76,294**
Earnings per share of DKK 20 (EPS)	14.6
Diluted earnings per share of DKK 20 (EPS-D)	14.6

Note 12 Staff costs and remuneration of the Board of Directors, the Executive Board and other senior executives

	2005
	DKK million
Wages, salaries and other remuneration	5,908
Termination benefits	129
Social security costs	835
Pension costs—defined contribution plans	245
Pension costs—defined benefit plans	221
Share-based payment	4
Other benefits	144
Total	**7,486**

	2005
	DKK million
Staff costs are included in the following items in the income statement:	
Cost of sales	1,983
Sales and distribution expenses	4,111
Administrative expenses	1,252
Other operating income, net	24
Special items, net (restructuring)	116
Total	**7,486**

The Group had an average of 30,492 full-time employees during the year, including 8,575 at proportionally consolidated associates.

	2005	
	Executive Board	Executive employees
	DKK million	DKK million
Remuneration of key management personnel:		
Salaries and other remuneration	19	23
Pension costs	—	2
Share-based payment	1	—
Total	**20**	**25**

Other senior executives are key personnel outside the Parent Company's Executive Board who, directly or indirectly, have influence over and responsibility for planning, implementing and controlling the business's activities. The group is limited to Senior Vice Presidents and Vice Presidents engaged in Carlsberg's headquarters in Copenhagen, a total of 14 people.

The Board of Directors of Carlsberg A/S received emoluments of DKK 6 million. The Board of Directors is not included in share option programmes, pension plans and other schemes, and no termination benefits were paid to its members.

Note 13 Share-based payment

The Carlsberg Group has set up a share option programme to attract, retain and motivate the Group's key employees and to align their interests with those of shareholders. No share option programme has been set up for Carlsberg A/S' Board of Directors.

In 2005 201,250 share options were granted to 133 key employees. The fair value of these options when granted was a total of DKK 15 million. Each option entitles the holder to purchase one B-share in Carlsberg A/S. The options may be settled only in shares (equity-settled share-based payment transaction). The Carlsberg Group has not purchased significant numbers of shares to meet this obligation.

The share options vest over a period of three years from the time of grant. The options may be exercised no earlier than three years and no later than eight years after they are granted. Where an employee leaves the company, a proportion of the options may be exercised within a deadline of between one and three months. Special terms and conditions apply in the case of retirement, illness, death and changes in Carlsberg A/S' capital situation.

The total cost of share-based payment was DKK 4 million, which has been recognised in the income statement and is included in staff costs.

Year granted	Fair value 31.12.05 (DKK million)	Exercise period First year	Last year	Number 01.01.05	Granted	Expired/ forfeited	Exercised	31.12.05	Exercise price Fixed
Executive Board									
2001	—	2004	2009	14,700	—	—	—	14,700	386.54
2002	1	2005	2010	14,700	—	—	—	14,700	323.82
2003	3	2006	2011	21,000	—	—	—	21,000	214.47
2004	2	2007	2012	26,250	—	—	—	26,250	268.39
2005	2	2008	2013	—	25,000	—	—	25,000	288.29
Total	**8**			**76,650**	**25,000**	**—**	**—**	**101,650**	
Others									
2001	—	2004	2009	64,575	—	—	—	64,575	386.54
2002	3	2005	2010	61,425	—	—	—	61,425	323.82
2003	9	2006	2011	75,600	—	150	3,000	72,450	214.47
2004	14	2007	2012	183,488	—	18,455	10,683	154,350	268.39
2005	15	2008	2013	—	176,250	4,250	—	172,000	288.29
Total	**41**			**385,088**	**176,250**	**22,855**	**13,683**	**524,800**	
Total	**49**			**461,738**	**201,250**	**22,855**	**13,683**	**626,450**	

	2005 Number	Average exercise price
Share options outstanding at 1 January	461,738	286.53
Granted	201,250	288.29
Expired/forfeited	(22,855)	271.74
Exercised	(13,683)	256.57
Share options outstanding at 31 December	**626,450**	**288.29**
Exercisable at 31 December	155,400	355.82

The average share price at the time the share options were exercised was DKK 314.

At 31 December 2005 the exercise price for outstanding share options was in the range DKK 214.47 to DKK 386.54, while the average remaining contractual life was was 5.7 years.

The fair value of share options is based on the Black & Scholes formula for the valuation of call options based on the exercise price.

The assumptions underlying the calculation of the fair value at the time of grant of share options granted in 2005 are as follows:

	2005
Fair value per option	74.27
Share price	291
Exercise price	288.29
Volatility	27%
Risk-free interest rate	3.1%
Dividend yield	1.7%
Expected life of share options	5.5 years

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

The share price and the exercise price is calculated as the average price of Carlsberg A/S' B shares on OMX Nordic Exchange Copenhagen A/S the first five trading days after the publication of Carlsberg A/S' first Preliminary Results following the granting of the options.

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

The risk-free interest rate is the interest rate on government bonds of the relevant maturity, while the dividend yield is calculated as DKK 5 per share divided by the share price.

Note 14 Intangible assets

	2005				
	Goodwill[1]	**Trademarks[2]**	**Other intangible assets[3]**	**Advance payments**	**Total**
	DKK million	**DKK million**	**DKK million**	**DKK million**	**DKK million**
Cost:					
Cost at 1 January 2005	15,052	3,842	1,378	124	20,396
Additions during the year	1,758	—	158	50	1,966
Disposals during the year	(465)	(6)	(299)	—	(770)
Currency translation adjustments etc.	275	7	39	—	321
Transfers	(6)	—	130	(120)	4
Cost at 31 December 2005	**16,614**	**3,843**	**1,406**	**54**	**21,917**
Amortisation and impairment losses:					
Amortisation and impairment losses at 1 January 2005	—	66	841	—	907
Currency translation adjustments etc.	—	1	(7)	—	(6)
Disposals during the year	—	(4)	(267)	—	(271)
Amortisation during the year	—	11	231	—	242
Impairment losses during the year	737	—	105	—	842
Disposals of goodwill fully impaired during the year	(465)	—	—	—	(465)
Transfers	3	—	(7)	—	(4)
Amortisation and impairment losses at 31 December 2005	**275**	**74**	**896**	**—**	**1,245**
Carrying amount at 31 December 2005	**16,339**	**3,769**	**510**	**54**	**20,672**

Amortisation during the year is included in the following items:

	2005
	DKK million
Cost of sales	5
Sales and distribution expenses	45
Administrative expenses	192
Total	**242**

(1) Goodwill in 2005 includes additions relating to the acquisition of minority shareholdings which may be reduced by up to DKK 187 million in the period through to the end of 2007.

(2) The carrying amount of trademarks which have an indefinite useful life and are therefore not amortised was DKK 3,670 million at 31 December 2005. The value of these trademarks is safeguarded and developed continuously through marketing.

(3) The carrying amount of other intangible assets at 31 December 2005 includes capitalised software costs of DKK 290 million and beer delivery rights of DKK 106 million.

Research and development costs of DKK 116 million have been charged to the income statement.

Goodwill and trademarks

The Carlsberg Group performs impairment tests for the Group's cash-generating units based on the management structure. As a starting point, internal financial control is carried out at national level.

At 31 December 2005 the carrying amount of goodwill and trademarks with an indefinite useful life for the Group's cash-generating units, summarised at segment level, was as follows:

	2005			
	Goodwill	Trademarks	Total	%
	DKK million	DKK million	DKK million	
Western Europe	4,206	670	4,876	24%
BBH Group (50%)	1,717	—	1,717	9%
Eastern Europe excl. BBH	1,118	—	1,118	6%
Asia	1,091	—	1,091	5%
Carlsberg Breweries A/S(1)	8,207	3,000	11,207	56%
Total	**16,339**	**3,670**	**20,009**	**100%**

(1) Relates to Carlsberg A/S' acquisition of Orkla ASA's 40% minority holding in Carlsberg Breweries A/S.

General assumptions

Other than goodwill and trademarks relating to acquisition of Orkla ASA's 40% minority holding in Carlsberg Breweries A/S, at 31 December 2005 there was no goodwill linked to cash-generating units equal to 10% or more of the total carrying amount of goodwill and trademarks with an indefinite useful life. Information for other cash-generating units is provided at segment level.

The Carlsberg Group performed impairment tests on the carrying amount of goodwill and trademarks with an indefinite useful life as at 31 December 2005. Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors and the Executive Board, and other assumptions.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units. The recoverable amount for Carlsberg Breweries A/S is further stated on the basis of the market value of Carlsberg A/S, corrected for the activities therein which are not part of Carlsberg Breweries A/S.

Expected future free cash flow is based on budgets and business plans for the period 2006-2008 and projections for subsequent years. Key parameters include trend in revenue, EBIT margin, future capital expenditure and growth expectations for the years after 2008.

Budgets and business plans for the period 2006-2008 are based on concrete future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2008 are based on general expectations. The value for the period after 2008 takes account of general growth expectations for the brewing industry. Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments, and average 0.5% for Western Europe, 1.5% for Eastern Europe incl. BBH and 2.5% for Asia.

The discount rates applied in calculating the recoverable amounts are before tax, and reflect the risk-free interest plus specific risks in the individual geographical segments. The discount rate for the individual segments is 3.5-5.5% for Western Europe, 8% for the BBH Group, 5.5-11% for Eastern Europe and 4-11% for Asia. The cash flows used take account of future risks linked to this, which is why these risks are not incorporated in the discount rates applied.

Western Europe is characterised by declining volumes and stiff competition, which requires ongoing optimisation of cost structures and use of capital. A marginal increase in net revenue is expected for Western Europe in the budget period, while the Excellence programmes under way and restructuring measures already undertaken in key countries are expected to contribute to an improved EBIT margin. Capital expenditure in Western Europe is expected to be below the level of depreciation and amortisation in the short and medium term, which will also have a positive effect on free cash flow.

The BBH Group is characterised both by growth in the market and increasing market shares, driven among other things by significant investments in marketing. Net revenue in the BBH Group is expected to increase, while the EBIT margin is expected to remain constant or improve slightly. A project to integrate activities in Russia in operational terms is under way, and is expected to further increase profitability in this area.

Eastern Europe excl. BBH is among the Group's growth markets, with increases expected in both net revenue and EBIT margin. The Group's Excellence programmes and product innovation are expected to contribute to improved earnings, while free cash flow in the coming years will be influenced by increased capital expenditure.

Asia, which is the Group's third growth area, is also expected to achieve increases in net revenue and EBIT margin. The introduction of Carlsberg Chill in 2005 is expected to make a major contribution to this trend.

Impairment losses

Based on the impairment tests performed, goodwill has been impaired by DKK 737 million, mainly relating to the Carlsberg Group's activities in Türk Tuborg and Carlsberg Italia.

The impairment in Türk Tuborg was caused by a deterioration in business conditions mainly relating to ongoing increases in excise duties, while the impairment in Carlsberg Italia was due to difficult market conditions in a declining market, and thus lower expectations for future earnings.

The impairment losses are recognised under special items in the income statement and are included in the segments Eastern Europe excl. BBH (Türk Tuborg) and Western Europe (Carlsberg Italia).

Based on the impairment tests performed, no grounds were found as at 31 December 2005 for further impairments of goodwill and trademarks with an indefinite useful life. The management further assesses that likely changes in the key parameters discussed will not cause the carrying amount of goodwill and trademarks with an indefinite useful life to exceed the recoverable amount.

Note 15 Property, plant and equipment

	2005				
	Land and buildings	Plant, machinery and equipment	Other assets, vehicles etc.[1]	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2005	13,187	20,283	8,272	823	42,565
Acquisition of subsidiaries	67	50	66	34	217
Divestment of subsidiaries	—	—	(8)	—	(8)
Additions during the year	167	777	756	1,278	2,978
Disposals during the year	(1,092)	(527)	(1,066)	(11)	(2,696)
Currency translation adjustments etc.	315	738	220	51	1,324
Transfers	221	592	235	(966)	82
Transfer to assets held for sale	(260)	—	—	—	(260)
Effect of hyperinflation adjustments	55	69	34	5	163
Cost at 31 December 2005	**12,660**	**21,982**	**8,509**	**1,214**	**44,365**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2005	4,146	12,290	5,684	10	22,130
Acquisition of subsidiaries	9	14	32	—	55
Divestment of subsidiaries	—	—	(8)	—	(8)
Disposals during the year	(225)	(485)	(906)	(10)	(1,626)
Currency translation adjustments etc.	86	356	152	—	594
Depreciation	345	1,291	918	—	2,554
Impairment losses	24	176	9	—	209
Transfer to assets held for sale	(27)	—	—	—	(27)
Transfers	10	19	53	—	82
Effect of hyperinflation adjustments	7	39	1	—	47
Depreciation and impairment losses at 31 December 2005	**4,375**	**13,700**	**5,935**	**—**	**24,010**
Carrying amount at 31 December 2005	**8,285**	**8,282**	**2,574**	**1,214**	**20,355**
Assets held under finance leases[2]:					
Cost	—	126	60	—	186
Depreciation and impairment losses	—	(49)	(55)	—	(104)
Carrying amount at 31 December 2005	**—**	**77**	**5**	**—**	**82**
Carrying amount of assets pledged as security for borrowings	798	25	—	—	823

	2005
	DKK million
Depreciation during the year is included in the following items:	
Cost of sales	1,661
Sales and distribution expenses	709
Administrative expenses	184
Total	2,554

(1) Includes draught beer equipment, coolers, returnable packaging and office equipment as well as cars, trucks etc.

(2) Leased assets with a carrying amount of DKK 82 million have been pledged as security for lease liabilities totalling DKK 134 million.

Note 16 Investments in associates

	2005
	DKK million
Cost:	
Cost at 1 January	1,407
Additions during the year	1,092
Disposals during the year	(855)
Currency translations adjustments etc.	223
Transfers to assets held for sale	(41)
Transfers to securities(1)	(755)
Transfers	(10)
Cost at 31 December	**1,061**
Revaluation:	
Revaluation at 1 January	343
Disposals during the year	(546)
Dividends	(79)
Share of profit after tax	232
Currency translations adjustments etc.	84
Transfers	10
Revaluation at 31 December	**44**
Carrying amount at 31 December	**1,105**

	2005						
					Carlsberg Group share		
	Net revenue	Net profit for the year	Assets	Liabilities	Ownership	Net profit for the year	Equity
	DKK million	DKK million	DKK million	DKK million	%	DKK million	DKK million
Key figures for investments in associates:							
Hite Brewery Co. Ltd., Seoul, Korea(1)	—	—	—	—		116	—
Lao Brewery Co. Ltd, Vientiane, Laos(2)	—	—	—	—	25%	20	—
Associates in China	816	99	1,089	370	30%-34.5%	37	538
Other	2,924	183	3,877	2,633		59	567
						232	**1,105**

(1) The sale of shares in Hite Brewery has reduced the holding to 13.1%, and so the remaining shares have been transferred to securities.

(2) Lao Brewery has been recognised as a proportionally consolidated associate with effect from 1 November 2005 following the purchase of an additional 25% holding.

	2005
	DKK million
Fair value of investments in listed associates:	
The Lion Brewery Ceylon, Biyagama, Sri Lanka	57
Total	**57**

The Carlsberg Group also has minor investments in associates where the Group is unable to exercise significant influence and so these investments are classified as securities.

Note 17 Securities

	2005
	DKK million
Securities are classified in the balance sheet as follows:	
Non-current assets	2,710
Current assets	109
Total	**2,819**
Types of security:	
Listed shares	2,632
Unlisted shares	187
Total	**2,819**

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

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

Shares in unlisted entities were sold during the year at a gain of DKK 40 million. The carrying amount at the time of sale was DKK 9 million.

Note 18 Receivables

	2005
	DKK million
Receivables are included in the balance sheet as follows:	
Trade receivables	5,979
Other receivables	3,015
Total current receivables	**8,994**
Non-current receivables	1,235
Total	**10,229**

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

Other receivables comprise VAT receivables, loans to associates, interest receivables and other financial receivables. The figure at 31 December 2005 includes receivable from the sale of shares in Hite Brewery Co. Ltd. of DKK 1,928 million.

Non-current receivables consist mainly of on-trade loans falling due more than one year from the balance sheet date, of which DKK 259 million falls due more than five years from the balance sheet date.

	2005
	DKK million
Receivables by origin:	
Receivables from the sale of goods and services	5,417
Loans to associates	209
On-trade loans	1,712
Fair value of hedging instruments	24
Other receivables	2,867
Total	**10,229**

Trade receivables and loans are shown net of provisions for bad and doubtful debts of DKK 564 million and DKK 282 million respectively. A charge of DKK 130 million has been recognised in profit for the year.

Loans to associates relate mainly to Baltic Beverages Holding AB. On-trade loans are concentrated in the UK, Germany and Switzerland, and spread across a large number of debtors. These loans are largely secured against various forms of security. Otherwise there is no concentration of credit risk.

On-trade loans are carried at amortised cost. Discounting cash flows using the interest rates ruling on the balance sheet date gives these loans a fair value of DKK 1,790 million. For other receivables, the carrying amount essentially corresponds to fair value.

	2005
The average rate of interest is as follows:	
Loans to associates	3.4%
On-trade loans	7.8%

Note 19 Inventories

	2005
	DKK million
Raw materials and consumables	1,235
Work in progress	217
Finished goods	1,414
Total	**2,866**

Note 20 Cash and cash equivalents

	2005
	DKK million
Cash at bank and in hand	2,235
Readily convertible securities with a term of three months or less	5
Total	**2,240**

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

Cash and cash equivalents	2,240
Bank overdrafts	(300)
Cash and cash equivalents, net	**1,940**
Of which pledged as security	313

Short-term bank deposits amounted to DKK 1,495 million. The average interest rate on these deposits was 5.1% and the average duration was 67 days.

Proportionally consolidated associates' share of cash and cash equivalents is set out in note 32.

Note 21 Assets held for sale and associated liabilities

	2005
	DKK million
Assets held for sale comprise the following:	
Individual assets:	
Property, plant and equipment	284
Financial assets	42
Deferred tax	2
Total	**328**
Liabilities associated with assets held for sale:	
Deferred tax	10
Total	**10**

Assets held for sale comprise mainly depots and properties. The depots are being sold as part of the rationalisation of the distribution network in Denmark and Switzerland, while the disposal of properties is part of the Carlsberg Group's strategy of focusing on beverage activities. Identification of and negotiations with buyers are under way, and so sales agreements are expected to be concluded in 2006.

The selling price is expected to exceed the carrying amount of assets held for sale, and so no impairments have been charged to the income statement.

Gains on the disposal of assets held for sale are recognised in the income statement under other operating income, net. The gains taken up as income essentially relate to disposal of properties in Denmark.

Note 22 Share capital

	A-shares		B-shares		Total	
	Shares of DKK 20	Nominal value, DKK million	Shares of DKK 20	Nominal value, DKK million	Shares of DKK 20	Nominal value, DKK million
1 January 2005	33,699,252	674	42,579,151	852	76,278,403	1,526
No changes in 2005						
31 December 2005	**33,699,252**	**674**	**42,579,151**	**852**	**76,278,403**	**1,526**

Each A-share of DKK 20 carries 20 votes.

Each B-share of DKK 20 carries 2 votes.

	Treasury shares		
	Shares of DKK 20	Nominal value, DKK million	Percentage of share capital
1 January 2005	200,000	4	0.3%
Purchase of treasury shares	8,600	—	0.0%
Sale of treasury shares	(208,433)	(4)	(0.3)%
31 December 2005	**167**	**—**	**0.0%**

The fair value of treasury shares at 31 December 2005 was DKK 0 million.

Note 23 Borrowings

	2005
	DKK million
Current borrowings:	
Current portion of non-current borrowings	612
Bank borrowings	3,037
Lease liabilities	40
Other current borrowings	4,524
Total	**8,213**
Non-current borrowings:	
Issued bonds	11,266
Mortgages	975
Bank borrowings	4,756
Finance lease liabilities	94
Other non-current borrowings	674
Total	**17,765**

The fair value of the above borrowings at the end of 2005 was DKK 26,613 million.

Time to maturity for non-current borrowings:

	2005				
	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
	DKK million	DKK million	DKK million	DKK million	DKK million
Issued bonds	3,943	—	2,489	—	4,834
Mortgages	34	43	235	35	628
Bank borrowings	467	43	31	4,210	5
Lease liabilities	86	8	—	—	—
Other non-current borrowings	19	328	—	327	—
Total	**4,549**	**422**	**2,755**	**4,572**	**5,467**

Interest rate risk on non-current borrowings at 31 December 2005:

	Type	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk	Risk after any hedging
Issued bonds:						
GBP 250 million maturing 12 December 2011	Fixed	6.63%	> 5 years	2,665	Fair value	Fixed EUR, 5.43%
GBP 200 million maturing 26 February 2013	Fixed	7.01%	> 5 years	2,170	Fair value	Fixed GBP, 7.01%
EUR 500 million maturing 5 July 2007	Fixed	5.63%	1-2 years	3,832	Fair value	Fixed EUR, 5.63%
DKK 2,500 million maturing 4 June 2009	Fixed	4.88%	3-4 years	2,489	Fair value	Fixed DKK, 4.88%
RUB 1 billion maturing November 2007	Fixed	8.75%	1-2 years	110	Fair value	Fixed RUB, 8.75%
Total	**Fixed**	**6.00%**		**11,266**		

	Interest rate risk	Average effective interest rate	Carrying amount	Time to maturity from balance sheet date				
				1-2 years	2-3 years	3-4 years	4-5 years	> 5 years
Mortgages:								
Floating rate	Cash flow	2.67%	308	—	—	—	—	308
Fixed rate	Fair value	5.21%	667	34	43	235	35	320
Total		**4.41%**	**975**	**34**	**43**	**235**	**35**	**628**

The interest on the floating-rate loans will be adjusted between January and March 2006.

	Currency profile of borrowings before and after derivatives		Next reprice					
	Original principal	After swap	2006	2007	2008	2009	2010	2011-
CHF	1,445	2,248	806	3	3	1,436	—	—
DKK	7,421	6,297	3,177	28	30	2,718	53	291
EUR	7,226	8,526	1,943	—	5	—	3,845	2,733
GBP	4,835	2,104	—	—	—	—	—	2,104
NOK	521	691	691	—	—	—	—	—
PLN	559	554	540	2	2	2	2	6
RUB	158	612	48	337	—	—	227	—
SEK	63	214	214	—	—	—	—	—
USD	3,314	2,541	2,451	46	—	31	13	—
Other	150	2,191	2,153	—	38	—	—	—
Total	**25,692**	**25,978**	**12,023**	**416**	**78**	**4,187**	**4,140**	**5,134**

Note 24 Retirement benefit obligations and similar obligations

The companies in the Carlsberg Group have various retirement and termination plans tailored to labour market conditions in each country.

Around 50% of the Group's pension costs relate to defined contribution plans, which do not entail any obligations beyond payment of contributions.

The remainder of the plans are defined benefit plans, most of which are funded through independent employee funds, including in Switzerland, Norway, the UK and Hong Kong.

In Germany, Sweden, Italy and some other countries, the obligations are unfunded. These plans account for 14% of the total gross obligations.

The defined benefit plans guarantee the employees covered a pension based on final salary.

	2005
	DKK million
Defined benefit plans are presented in the balance sheet as follows:	
Retirement benefit obligations and similar obligations	2,061
Retirement benefit net assets	21
Net obligations	**2,040**
Specification of net obligations:	
Present value of funded plans	6,940
Fair value of plan assets	(6,105)
	835
Present value of unfunded plans	1,125
Assets not recognised due to asset ceiling	80
Net obligations recognised	**2,040**
Specification of total obligations:	
Present value of funded plans	6,940
Present value of unfunded plans	1,125
Total obligations	**8,065**
Movements in obligations:	
Total obligations at 1 January	7,433
Current service cost	221
Interest cost	328
Actuarial losses	418
Benefits paid	(444)
Additions due to acquisition of subsidiaries	1
Currency translation adjustment, foreign entities	108
Total obligations at 31 December	**8,065**
Movements in plan assets:	
Fair value of assets at 1 January	5,604
Expected return	328
Actuarial gains/losses	264
Contributions to plans	203
Benefits paid	(358)
Assets distributed on settlements	(16)
Currency translation adjustment, foreign entities	80
Fair value of assets at 31 December	**6,105**

The Group expects to contribute DKK 162 million to the plans in 2006.

The actual return on plan assets was as follows:

	2005 DKK million
Expected return	328
Actuarial gains/losses	264
Actual return	592

Breakdown of plan assets:

	2005	
	DKK million	%
Shares	2,077	34
Bonds and other securities	3,044	50
Real property	779	13
Cash	205	3
Total	**6,105**	**100**

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

Assumptions applied:

	2005	
	Range	Weighted average
Discount rate	2.0-5.5%	4.1%
Expected return on plan assets	4.3-8.5%	5.9%
Future salary increases	1.5-4.0%	2.4%
Future retirement benefit increases	0.5-3.5%	1.8%

The base for setting the expected return on plan assets is a low-risk bond investment. The rate of return is increased to reflect the plan's holdings of shares and properties expected to give a higher return, but reduced to reflect the increased risk associated with these investments.

	2005
	DKK million
Recognised in income statement:	
Current service cost	221
Expected return on plan assets	(328)
Interest cost on obligations	328
Total	**221**
The cost is recognised in the income statement as follows:	
Cost of sales	48
Sales and distribution expenses	136
Administrative expenses	34
Other income	—
Special items (restructuring)	3
Total staff costs, cf. note 12	221
Financial income	(328)
Financial expenses	328
Total	**221**
Recognised in equity:	
Recognised at 1 January	(22)
Actuarial loss during the period	(154)
Effect of asset ceiling	(20)
Currency translation adjustment, foreign entities	1
Total recognised in equity during the period	**(173)**
Recognised at 31 December	(195)
Of which accumulated actuarial gains/losses	(190)

	2005	2004
	DKK million	DKK million
Five-year overview (from 1 January 2004):		
Obligations	8,065	7,433
Plan assets	6,105	5,604
Underfunding	**1,960**	**1,829**
Experience adjustments to obligations at 31 December	(97)	(26)
Experience adjustments to plan assets at 31 December	242	(22)

Note 25 Deferred tax assets and deferred tax liabilities

	2005
	DKK million
Deferred tax at 1 January, net	1,467
Currency translation adjustments	3
Adjustments to previous years	163
Additions due to acquisition of subsidiaries, net	1
Recognised in equity	(80)
Recognised in income statement	(188)
	1,366
Of which transferred to assets held for sale	(9)
Deferred tax at 31 December, net	**1,357**
Deferred tax is presented in the balance sheet as follows:	
Deferred tax liabilities	2,362
Deferred tax assets	1,005
Deferred tax at 31 December, net	**1,357**

Specification of deferred tax assets and deferred tax liabilities at 31 December:

	2005	
	Deferred tax assets	Deferred tax liabilities
	DKK million	DKK million
Intangible assets	30	1,222
Property, plant and equipment	131	1,702
Current assets	138	27
Provisions and retirement benefit obligations	424	39
Fair value adjustments	25	73
Tax losses etc.	1,057	108
Total before netting	1,805	3,171
Netting	(799)	(799)
Total after netting	1,006	2,372
Transferred to assets held for sale	(1)	(10)
Deferred tax at 31 December, net	**1,005**	**2,362**
Expected to be recovered as follows:		
Within 12 months of balance sheet date	176	189
More than 12 months after balance sheet date	829	2,173
Total	**1,005**	**2,362**

Of the total deferred tax assets recognised, DKK 617 million is tax loss carryforward, utilisation of which depends on future positive taxable income over and above the settlement of deferred tax liabilities, where the individual companies reported losses in 2005.

Tax assets of DKK 860 million were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Some of these tax losses expire in the period from 2006 to 2011.

Deferred tax has not been calculated on temporary differences relating to investments in subsidiaries, associates and joint ventures as these investments are not expected to be sold within the foreseeable future.

Deferred tax of DKK 56 million has been recognised in respect of earnings in the BBH Group which are intended for distribution, as tax of 5% is payable on distributions. For other subsidiaries where the same applies, any distribution of earnings will not entail a significant tax liability based on current tax legislation.

Note 26 Provisions

The provisions for restructuring totalling DKK 379 million relate primarily to restructuring in connection with the Operational Excellence programmes and restructuring at Carlsberg Deutschland (related to the takeover in 2004), Carlsberg Italia and BBH.

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

Other provisions totalling DKK 377 million relate primarily to provisions for losses in connection with Carlsberg UK's outsourcing of the servicing of draught beer equipment, a lawsuit at Türk Tuborg concerning beer excise duties withheld, warranty obligations, employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.

	2005		
	Restructuring	**Other**	**Total**
	DKK million	**DKK million**	**DKK million**
Movements in provisions:			
Provisions at 1 January	594	76	670
Additions during the year	265	279	544
Utilisation during the year	(402)	(18)	(420)
Reversal of unused provisions	(60)	(23)	(83)
Acquisitions of subsidiaries	—	7	7
Divestment of subsidiaries	—	(1)	(1)
Transfers	(11)	59	48
Currency translation adjustments etc.	(7)	(2)	(9)
Provisions at 31 December	379	377	756
Provisions are recognised in the balance sheet as follows:			
Non-current provisions	70	125	195
Current provisions	309	252	561
Total	**379**	**377**	**756**

The non-current provisions mature within two years of the balance sheet date.

Note 27 Other liabilities

	2005
	DKK million
Other liabilities are presented in the balance sheet as follows:	
Non-current liabilities	65
Current liabilities	5,174
Total	**5,239**
Other liabilities by origin:	
Duties and VAT	1,726
Staff costs	1,003
Interest payable	526
Fair value of hedging instruments	605
Liabilities related to the acquisition of subsidiaries	118
Amounts owed to associates	6
Deferred income	105
Other accrued expenses	1,150
Total	**5,239**

Note 28 Cash flows

	2005
	DKK million
Adjustment for other non-cash items:	
Depreciation and amortisation	2,796
Share of profit after tax, associates	(232)
Gains on disposal of property, plant and equipment, and intangible assets	(291)
Amortisation of on-trade loans etc.	214
Total	**2,487**
Change in working capital:	
Inventories	93
Receivables	350
Trade payables and other liabilities	288
Retirement benefit obligations and other liabilities related to operating activities	208
Adjustment for unrealised foreign exchange gains/losses	63
Total	**1,002**
Shareholders in Carlsberg A/S:	
Dividends to shareholders	(380)
Sale of treasury shares	55
Total	**(325)**
Minority interests:	
Acquisition of minority interests	(1,387)
Minority interests' share of capital increase in subsidiaries	8
Dividends to minority interests	(202)
Total	**(1,581)**
External financing:	
Proceeds from other non-current borrowings	4,258
Repayment of non-current borrowings	(4,581)
Current borrowings, net	260
Repayment of finance lease liabilities	(21)
Total	**(84)**

Note 29 Acquisition and divestment of entities

Acquisition of entities

Name of acquired entities	2005			
	Primary activity	Acquisition date	Holding acquired	Cost
	DKK million	DKK million	DKK million	DKK million
Göttsche Getränke Group	Drinks wholesaler	01.07.05	100.0%	207
Lao Brewery Co. Ltd.	Brewery	01.11.05	25.0%	326
Brewery Invest Pte. Ltd.	Holding company	01.08.05	50.0%	243

	Göttsche Getränke Group		Other		Total	
	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date	Carrying amount prior to acquisition	Fair value at acquisition date
Intangible assets	1	—	—	—	1	—
Property, plant and equipment	52	61	101	100	153	161
Financial assets, non-current	23	22	146	385	169	407
Inventories	15	15	14	15	29	30
Receivables	72	59	5	6	77	65
Cash and cash equivalents	1	1	17	17	18	18
Provisions, incl. deferred tax	(8)	(7)	(1)	(1)	(9)	(8)
Borrowings	(48)	(43)	(151)	(144)	(199)	(187)
Trade payables and other liabilities	(51)	(52)	(13)	(15)	(64)	(67)
Net assets	57	56	118	363	175	419
Minority interests	1	1	—	—	1	1
Equity, Carlsberg's share	58	57	118	363	176	420
Share of equity transferred from investments in associates		—		(61)		(61)
Goodwill		150		267		417
Cash consideration paid		207		569		776
Cash and cash equivalents, acquired		1		17		18
Cash outflow, net		**206**		**552**		**758**
Elements of cash consideration paid:						
Cash		205		550		755
Directly attributable acquisition costs		2		19		21
Total		**207**		**569**		**776**

Göttsche Getränke Group:

The Göttsche Getränke Group is included in the results of the Carlsberg Group with effect from 1 July 2005. The share of net revenue is DKK 296 million and operating profit before special items is DKK 9 million. The share of consolidated profit is DKK 9 million.

The acquisition of the Göttsche Getränke Group was made for strategic reasons. The acquisition of a major wholesaler in northern Germany gives Carlsberg Deutschland the opportunity to restructure its distribution network in this area. Goodwill represents the synergy effects expected as a result.

No liabilities classified as contingent liabilities prior to the purchase were identified in the balance sheet on acquisition

Other:

Other acquisitions' share of net revenue is DKK 32 million and operating profit before special items is DKK 7 million. The share of consolidated profit is DKK 0 million.

No liabilities classified as contingent liabilities prior to the purchase were identified in the balance sheet on acquisition. Goodwill represents expected synergy effects and the expected increase in growth in Laos.

Had all the acquisitions been made on 1 January 2005, the Carlsberg Group's net revenue for 2005 would have been DKK 38,155 million, operating profit before special items DKK 3,567 million and consolidated profit DKK 1,148 million.

Divestment of entities

Divestments comprise Danbrew Ltd. A/S in 2005.

	2005 DKK million
Intangible assets	—
Property, plant and equipment	1
Inventories	—
Receivables	18
Cash and cash equivalents	1
Provisions, incl. deferred tax liabilities	1
Borrowings	38
Trade payables and other liabilities	(52)
Net assets	7
Minority interests	—
Equity, Carlsberg's share	7
Gain/Loss	14
Cash consideration received	21
Cash and cash equivalents, divested	1
Cash inflow, net	**20**

Acquisition and divestment of entities, net

	2005 DKK million
Acquisition, cash outflow	(758)
Divestment, cash inflow	20
Net	**(738)**

Note 30 Specification of invested capital

	2005
	DKK million
Invested capital is calculated as follows:	
Total assets	62,359
Less:	
Deferred tax assets	(1,005)
Current loans to associates	(199)
Interest receivable and fair value of hedging instruments	(1,959)
Securities (current and non-current)	(2,819)
Cash and cash equivalents	(2,240)
Assets held for sale	(328)
Total assets included	**53,809**
Trade payables	(4,513)
Deposits on returnable packaging	(1,224)
Provisions, excluding restructuring	(377)
Corporation tax	(720)
Deferred income	(105)
Finance lease liabilities included in borrowings	(134)
Other liabilities, excluding interest payable and fair value of hedging instruments	(4,003)
Total liabilities offset	**(11,076)**
Total invested capital	**42,733**

Note 31 Specification of net interest-bearing debt

	2005
	DKK million
Net interest-bearing debt is calculated as follows:	
Non-current borrowings	17,765
Current borrowings	8,213
Gross interest-bearing debt	25,978
Cash and cash equivalents	(2,240)
Loans to associates	(209)
On-trade loans	(1,712)
Less non-interest-bearing portion	977
Other receivables	(2,868)
Less non-interest-bearing portion	827
Net interest-bearing debt	**20,753**
Changes in net interest-bearing debt:	
Net interest-bearing debt at 1 January	21,733
Cash flow from operating activities	(4,734)
Cash flow from investing activities	2,354
Dividends to shareholders and minority interests	582
Capital injections, shareholders and minority interests	(8)
Sale of treasury shares	(55)
Acquisition and divestment of subsidiaries, net	238
Acquisition of minority interests	1,387
Change in interest-bearing lending	(1,375)
Currency translation effects	734
Other	(103)
Total change	(980)
Net interest-bearing debt at 31 December	**20,753**

Note 32 Investments in proportionally consolidated entities

The amounts shown below represent the Group's share of the assets and liabilities, net revenue and profit of proportionally consolidated associates. These amounts are included in the consolidated balance sheet and in the income statement.

	2005
	DKK million
Non-current assets	7,534
Current assets	2,579
Non-current liabilities	(1,542)
Current liabilities	(4,139)
Net assets	**4,432**
Net revenue	7,992
Operating profit before special items	**1,524**
Consolidated profit	**919**
Free cash flow	911
Net cash flow	486
Cash and cash equivalents at end of period	802
Contingent liabilities	590

Note 33 Financial risks

Carlsberg's activities mean that the Group's profit and equity are exposed to a variety of financial risks, primarily relating to changes in exchange rates and interest rates. The Group's financial risks are managed centrally by Corporate Treasury on the basis of written principles approved by the Board of Directors, primarily through currency and interest rate instruments, such as currency and interest rate swaps and forward contracts.

Foreign exchange risk

As an international business Carlsberg is exposed to foreign exchange risks from currency translation, as the predominant part of revenue originates from foreign companies and is translated into DKK. The Group is exposed mainly to the following currencies: EUR, GBP, RUB and CHF. There is also some exposure to a number of Asian currencies.

Developments in the exchange rates between DKK and the reporting currencies of Group companies are having an increasing impact on the Carlsberg Group's operating profit measured in DKK. In a number of countries where Carlsberg has activities, the currency strongly correlates with developments in the USD. It is estimated that a 1 percentage point increase in the USD exchange rate will have a positive effect on operating profit of around DKK 20 million, all other things being equal. The average USD exchange rate was largely unchanged in 2005 relative to 2004, and so the USD had an extremely limited impact in 2005. However, operating profit was strengthened by favourable movements in the PLN, NOK and KRW.

Carlsberg is exposed to transaction risks to a lesser degree. It is therefore Group policy to hedge future contractual cash flows in foreign currency for a one-year period. However, transactions between countries are limited in Carlsberg and so the hedging of projected cash flows in foreign currency is also limited.

Carlsberg holds a number of investments in foreign subsidiaries, where the translation of equity is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure by taking up borrowings denominated in the relevant currencies or by entering into forward exchange contracts. This applies to net investments in NOK, CHF, GBP, SEK, EUR, KRW, RUB and MYR. The last of these is a proxy hedge, i.e. a loan has been taken out in USD, movements in which are closely correlated with the MYR. The hedging of net investments in foreign currency is presented in note 34, which also includes a specification of value adjustments to hedging instruments.

Interest rate risk

The most significant interest rate risk in the Carlsberg Group relates to interest-bearing debt, as the Group did not hold any significant non-current interest-bearing assets at 31 December 2005.

The Company's loan portfolio consists of listed bonds, bilateral loan agreements and syndicated credit facilities. At 31 December 2005 gross debt amounted to DKK 25,978 million and net interest-bearing debt DKK 20,753 million. Net interest-bearing debt decreased by DKK 980 million in 2005.

Interest rate risk is managed mainly using interest rate swaps and fixed-rate bond loans. Besides hedging interest rate exposure on existing loans, an interest rate swap has been taken out starting in 2007 and maturing in 2010 with a fixed rate of 4.79%.

At the end of the year 66% of the net loan portfolio consisted of fixed-rate loans (rate fixed for more than one year), and the average duration of net borrowings was three years. It is estimated that a 1 percentage point increase in interest rates will increase total annual interest expenses by DKK 66 million.

A breakdown of the Carlsberg Group's non-current debt, including the financial instruments used to manage exchange and interest rate risk, can be found in note 23.

Credit risk

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

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

Liquidity risk

Liquidity risk is the risk of the Carlsberg Group failing to honour its contractual obligations due to insufficient liquidity. Carlsberg's policy is for the sourcing of capital and investment of liquidity to be managed centrally. It is therefore Corporate Treasury's task to ensure effective liquidity management, which primarily involves obtaining sufficient committed credit facilities to ensure adequate financial resources. At 31 December 2005 Carlsberg had unutilised long-term committed credit facilities of DKK 8,700 million.

Note 34 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using methods consistent with normal practice in the field.

Carlsberg uses three forms of financial hedging:

Hedging of fair value

Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. These are mainly instruments to hedge financial risks relating to borrowings and hedges of transaction risks.

	2005 DKK million
Recognised in the income statement:	
Interest rate instruments	13
Exchange rate instruments	22
Total	**35**

Hedging of future cash flows

A negative fair value for financial instruments reported in line with the principles for the hedging of future cash flows is recognised in equity.

These principles are applied to interest rate and currency swaps. The fair value adjustments in equity are amortised and recognised in the income statement, and will be written down to zero on the maturity of the swaps. If the hedged future cash flows are no longer considered probable, the associated fair values will be reclassified to the income statement. The fair value adjustments recognised relate primarily to hedges of interest rate and currency exposure on borrowings.

Recognised in equity:

	2005
	DKK million
Interest rate instruments	(6)
Exchange rate instruments	(14)
Total	**(20)**

Hedging of net investments in foreign subsidiaries

A fair value for financial instruments (both derivatives and debt instruments) used to hedge the foreign exchange risk associated with investments in foreign currency is recognised in equity.

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

Recognition of fair value adjustments:

	2005		
	Net investment hedges	Equity	Income statement
		DKK million	DKK million
SEK	(715)	25	—
NOK	(520)	(35)	—
CHF	(500)	17	—
GBP	(188)	(75)	—
MYR[1]	(540)	(116)	—
EUR	(898)	(14)	—
RUB	(2,078)	(5)	—
KRW	(184,984)	(86)	—
Total		**(289)**	**—**

The accumulated value of hedges of net investments in foreign currency at 31 December 2005 was negative with DKK 226 million.

(1) The exchange rate risk associated with MYR has been hedged by taking out a USD-denominated loan of USD 120m. The correlation between the MYR and USD is high, and so the loan is classified as a net investment hedge.

Note 35 Related parties

Related parties with a controlling influence

The Carlsberg Foundation, H.C. Andersens Boulevard 35, DK-1553 Copenhagen V, Denmark, holds 51.3% of the shares in Carlsberg A/S, excluding treasury shares. Apart from payments of dividends and grants, there were no transactions with the Carlsberg Foundation during the year.

Related parties with a significant influence

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

Associates

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

	2005
	DKK million
Net revenue	200
Cost of sales	314
Borrowings, net	198
Receivables	57
Trade payables	3

No losses on loans to or receivables from associates were recognised, nor provisions made for such, in 2005.

Emoluments to the Board of Directors and Executive Board are presented in note 12.

Note 36 Contingent liabilities and other commitments

Carlsberg Breweries A/S has issued guarantees for loans of DKK 9,160 million raised by subsidiaries and associates.

Guarantees for loans etc. of DKK 958 million have been issued by other subsidiaries and joint ventures.

Commitments related to significant service contracts amount to DKK 1,064 million.

Carlsberg A/S is jointly registered for Danish value-added tax and excise duties with Carlsberg Breweries A/S, Carlsberg Danmark A/S and various other minor Danish subsidiaries, and is jointly and severally responsible for the payment thereof.

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

The Carlsberg Group 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 beyond what has been recognised in the balance sheet.

Until the end of 2006 Orkla will be entitled to a proportionate share of any gains arising from Carlsberg A/S' sale of all or part of Carlsberg Breweries A/S or its 50% stake in BBH. Carlsberg A/S currently has no intention of selling Carlsberg Breweries A/S or its 50% stake in BBH.

Capital commitments

	2005
	DKK million
Capital expenditure agreed on the balance sheet date but not recognised in the consolidated financial statements:	
Property, plant and equipment	296
Total	**296**

Operating lease liabilities

	2005
	DKK million
Aggregate future lease payments under non-cancellable operating leases:	
Within one year	376
Between one and five years	756
After more than five years	411
Total	**1,543**
Operating lease expenses recognised in the income statement	388
Expected future income under non-cancellable subleases (property rentals)	180

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

Post-balance-sheet events

There have been no post-balance-sheet events material to these consolidated financial statements which have not been recognised or mentioned.

Note 37 Accounting estimates and judgements

Estimation uncertainty

When calculating the carrying amount of some assets and liabilities, estimates must be made of how future events will impact on the value of these assets and liabilities on the balance sheet date. Estimates material to the financial statements are made, for example, when calculating depreciation and impairment losses, goodwill, loans to the on-trade, retirement benefits and similar obligations, provisions, and contingent liabilities and assets.

The estimates used are based on assumptions which management believes to be reasonable but are by their very nature uncertain and unpredictable. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. Furthermore the business is subject to risks and uncertainties which may cause the actual outcome to depart from these estimates.

Information is provided in the notes on assumptions about the future and other sources of estimation uncertainty on the balance sheet date where there is a significant risk of changes which could result in material adjustments to the carrying amounts of assets or liabilities within the next financial year.

For the Carlsberg Group, the measurement of intangible assets, including goodwill, could be affected significantly by material changes in the estimates and assumptions underlying the calculation of their value. A description of the impairment testing of intangible assets can be found in note 14.

Accounting policies applied

As part of the application of the Group's accounting policies, management makes judgements as well as estimates which may have a material impact on the amounts recognised in the financial statements.

Such judgements include when revenue and expenses relating to loans to the on-trade and sponsorship activities are to be recognised, and whether leases are to be treated as operating or finance leases.

Note 38 Accounting policies

The 2005 consolidated financial statements of the Carlsberg Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The 2005 consolidated financial statements are the first consolidated financial statements to be presented in accordance with IFRS. IFRS 1 "First-time adoption of IFRS" has been applied to implement the transition.

The accounting policies are based on accounting standards and interpretations taking effect at 31 December 2005

The consolidated financial statements have been drawn up in Danish kroner (DKK), which is the functional currency.

New International Financial Reporting Standards and Interpretations

IASB continuously releases revisions of existing IFRS Standards and new IFRS Standards, which subsequently must be approved by the EU before deployment can take place. The following approved IFRS Standards with relevance for the Carlsberg Group and with commencement after 31 December 2005 have not been applied in the preparation of the consolidated financial statements for 2005:

Adaptation of IAS 39 regarding financial instruments

The "Fair Value option" is effective for financial years beginning 1 January 2006 or later. The Carlsberg Group does not expect to adopt the requirements on recognising financial assets and liabilities (financial instruments), which are not held for trading, at fair value through the income statement. The adaptation of IAS 39 is therefore not expected to affect the recognition and measurement of the Carlsberg Groups financial assets and liabilities.

"Hedge accounting on expected intercompany transactions" is effective from financial years beginning 1 January 2006 or later. The adaptation of IAS 39 is not expected to affect the hedge accounting on financial instruments in the Carlsberg Group.

Adaptation of disclosure requirements on financial instruments

IFRS 7 on disclosures on financial instruments and IAS 1 on presentation of Financial Statements are effective for financial years beginning 1 January 2007 or later. The implementation of IFRS 7 and IAS 1 will not affect the recognition and measurement of financial instruments in the Carlsberg Group.

Lease contracts

IFRIC 4 "Determining whether an Arrangement contains a Lease" is effective for financial years beginning 1 January 2006 or later. The interpretation is not expected to affect the contracts or other arrangements made by the Carlsberg Group.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company Carlsberg A/S and subsidiaries where Carlsberg A/S exercises a controlling influence over their financial and operating policies. A controlling influence is obtained by owning or controlling more than 50% of the voting rights, directly or indirectly, or by controlling the subsidiary in some other way.

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

Associates which by agreement are managed jointly with one or more other parties (joint ventures) are consolidated proportionally with the proportionate share of the individual items.

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

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

Business combinations

Newly acquired or established entities are recognised in the consolidated financial statements from the date of acquisition. Divested or wound-up entities are recognised in the consolidated income statement until the date of divestment. Comparative figures are not adjusted for acquisitions, divestments or wound-up entities.

The purchase method is used for the acquisition of new entities over which the Carlsberg Group is able to exercise a controlling influence. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or derive from a contractual right, and the fair value can be reliably stated. Deferred tax on revaluations is recognised.

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

Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Carlsberg Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date. Any negative balance (negative goodwill) is recognised in the income statement at the acquisition date.

For business combinations made prior to 1 January 2004, the accounting classification has been maintained according to previous accounting policies, except that trademarks are now presented in a separate line in the balance sheet. Goodwill is recognised on the basis of the cost recognised in accordance with the previous accounting policies (the Danish Financial Statements Act and Danish accounting standards) less amortisation and impairment losses until 31 December 2003. Goodwill has not been amortised after 1 January 2004. The accounting treatment of business combinations prior to 1 January 2004 has not been changed in connection with the opening balance sheet at 1 January 2004. Goodwill recognised in the opening balance sheet was impairment tested at 1 January 2004.

If there is uncertainty about the measurement of acquired identifiable assets, liabilities and contingent liabilities at the acquisition date, initial recognition is based on provisional fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in equity at 1 January and the comparative figures are restated accordingly. Subsequently goodwill is adjusted only as a result of changes in estimates of contingent purchase considerations, unless material errors have occurred. However, subsequent realisation of the acquired entity's deferred tax assets not recognised at the acquisition date will entail the recognition of the tax benefit in the income statement and at the same time impairment of the carrying amount of goodwill to the amount which would have been recognised if the deferred tax asset had been recognised as an identifiable asset at the date of acquisition.

Gains or losses on the divestment or winding-up of subsidiaries and associates are stated as the difference between the selling price or disposal sum and the carrying amount of net assets including goodwill at the time of sale, currency translation adjustments recognised directly in equity plus costs to sell or winding-up expenses.

Foreign currency translation

For each of the reporting entities in the Group a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions denominated in currencies other than the functional currency are considered transactions in foreign currencies.

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

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date on which the receivable or payable arose or the exchange rate in the last consolidated financial statements is recognised in the income statement under financial income or financial expenses.

When foreign entities with a functional currency that differs from the presentation currency of Carlsberg A/S are recognised in the consolidated financial statements, the income statement is translated at the exchange rate ruling at the transaction date, and balance sheet items are translated at the exchange rate ruling at the balance sheet date. An average exchange rate for the individual months is used as the exchange rate ruling at the transaction date to the extent that this does not significantly deviate from the exchange rate ruling at the transaction date. Exchange rate differences which arise when translating the equity at 1 January of foreign entities at the exchange rate ruling at the balance sheet date, as well as when translating their income statements from the exchange rate ruling at the transaction date to the exchange rate ruling at the balance sheet date, are recognised directly in equity as a separate foreign currency translation reserve.

Exchange rate adjustments of intercompany balances with foreign entities which are considered part of the total net investment in the entity are recognised directly in equity in the consolidated financial statements if the intercompany balance is denominated in the functional currency of the Parent Company or the foreign entity. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which is designated as hedges of net investments in foreign entities with a different functional currency from Carlsberg A/S and which effectively hedge against corresponding foreign exchange gains and losses on the net investment in the entity are also recognised directly in equity as a separate foreign currency translation reserve.

When recognising associates with a functional currency which differs from Carlsberg A/S' presentation currency in the consolidated financial statements, the share of the profit for the year is translated according to an average exchange rate and the share of equity including goodwill is translated according to the exchange rate ruling at the balance sheet date. Exchange rate differences which arise when translating the share of foreign associates' equity at the beginning of the year to the exchange rate ruling at the balance sheet date, as well as when translating the share of the profit for the year from average exchange rates to the exchange rate ruling at the balance sheet date, are recognised directly in equity as a separate foreign currency translation reserve.

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

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables respectively. Positive and negative values are offset only when the company has a right and an intention to settle several financial instruments net. Fair values of derivative financial instruments are computed on the basis of market data and recognised pricing models.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability in relation to the hedged part. Hedging of future cash flows under a specific agreement, with the exception of foreign currency hedges, is treated as a fair value hedge of a recognised asset or liability.

Changes in the part of the fair value of derivative financial instruments which is designated as and qualifies for hedging of future cash flows and which effectively hedges changes in the value of the hedged item are recognised in equity. When the hedged transaction is realised, any gains or losses regarding such hedging transactions are transferred from equity and recognised in the same financial item as the hedged item. When hedging proceeds from future borrowings, however, any gains or losses regarding hedging transactions are transferred from equity over the maturity period of the borrowings.

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

Any change in the fair value of derivative financial instruments which are used to hedge net investments in foreign subsidiaries or associates, and which effectively hedge against exchange rate changes in these entities, is recognised directly in equity as a separate foreign currency translation reserve.

Certain contracts entail conditions which correspond to derivative financial instruments. Such embedded derivatives are recognised separately and are measured at fair value if they differ significantly from the contract in question. If the entire contract has been recognised and is currently measured at fair value, no separation is made.

Income statement

Net revenue

Net revenue from the sale of finished goods and goods for resale is recognised in the income statement when the risk has been transferred to the buyer and the income can be measured reliably and is expected to be received.

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

Net revenue is measured exclusive of VAT and duties, including excise duties on beer and soft drinks, and discounts.

Contract work for the account of third parties is recorded in net revenue as the work is carried out, and net revenue thus corresponds to the sales value of the work carried out during the year (percentage of completion method). Net revenue is recognised when it is possible to make a reliable calculation of total income and costs relating to the contract as well as the degree of completion on the balance sheet date, and when it is probable that the economic benefits, including payments, will be received by the Group.

Government grants

Government grants include grants and financing for development as well as grants for investments etc. Grants relating to research and development costs which are included directly in the income statement are recognised under other operating income. Grants relating to the acquisition of assets, including development assets, are recognised in the balance sheet under deferred income (liabilities) and transferred to other operating income in the income statement as the assets to which the grants relate are amortised or depreciated.

Cost of sales

Cost of sales comprises costs incurred to generate the net revenue for the year and development costs. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rental and lease costs, as well as production plant depreciation.

Sales and distribution expenses

Distribution expenses comprise costs relating to the distribution of goods sold and promotional campaigns carried out during the year etc. This item also includes costs relating to sales staff, sponsorships, advertising and in-store display costs, as well as depreciation and amortisation.

Administrative expenses

Administrative expenses include costs for management and administration incurred during the year, including administrative staff costs, office premises and other expenses, as well as depreciation and amortisation.

Other operating income and expenses

Other operating income and expenses comprise items of a nature secondary to the principal activities of the entities, including income and expenses relating to rental properties, and gains and losses from the disposal of intangible assets and property, plant and equipment. Gains and losses from the disposal of intangible assets and property, plant and equipment are computed as the selling price less disposal costs and the carrying amount at the disposal date. Amortisation and interest on on-trade loans are also included in this item.

Operating profit before special items

Operating profit before special items is an important point of comparison for companies in the brewery industry. This subtotal is referred to as EBIT in the consolidated financial statements.

Special items

This item includes material income and costs not directly attributable to the operating activities of the Group, including restructuring costs relating to fundamental changes in structure and processes, as well as any gain or loss arising from disposals in this connection. This item also includes other significant non-recurring items, including impairment of goodwill. These items are shown separately in order to give a fair presentation of the Group's operating profit.

Profit from investments in associates in the consolidated financial statements

The proportionate share of the profit after tax of associates is recognised in the consolidated income statement after elimination of the proportionate share of intercompany gains/losses.

Financial income and expenses

Financial income and expenses include interest, exchange gains and losses, and write-downs of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including defined benefit pension plans, as well as surcharges and allowances under the on-account tax scheme etc.

Realised and unrealised gains and losses on derivative financial instruments which cannot be classified as hedging arrangements are also included.

Tax on profit/loss for the year

Carlsberg A/S is covered by the Danish rules on compulsory joint taxation of the Carlsberg Group's Danish companies. Subsidiaries are included in the joint taxation scheme from the time they are consolidated in the consolidated financial statements until such time as they are no longer consolidated.

Carlsberg A/S is the administration company for the joint taxation scheme and therefore makes all payments of corporation tax to the tax authorities.

Current Danish corporation tax is allocated between the jointly taxed Danish companies by making joint taxation contributions in proportion to their taxable income. In this context, companies with tax losses receive joint taxation contributions from companies which have been able to use these losses to reduce their own taxable profits.

Tax for the year—comprising the year's current corporation tax, the year's joint taxation contributions and changes in deferred tax (including as a result of changes in tax rates)—is recognised in the income statement where it relates to the profit/loss for the year, and directly in equity where it relates to items recognised directly in equity.

To the extent that the Carlsberg Group qualifies for allowances when stating its taxable income in Denmark or abroad due to share-based payment schemes, the tax effect of these schemes is recognised in the tax on the profit for the year. If the total tax allowance exceeds their total cost for accounting purposes, however, the tax effect of the excess allowance will be recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

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

The carrying amount of goodwill is impairment-tested at least once a year together with the other non-current assets in the cash-generating unit to which the goodwill is allocated, and impaired to the recoverable amount in the income statement if the carrying amount is higher. The recoverable amount is generally computed as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which the goodwill is allocated. Impairment of goodwill is recognized under special items in the income statement.

The carrying amount of goodwill at 1 January 2004 (date of transition to IFRS) was impairment-tested.

When divesting entities acquired prior to 1 January 2002, where goodwill according to previous accounting policies was immediately impaired directly against equity and where no reversal has taken place in accordance with the exemption clause in IFRS 1, the amount of goodwill impaired is included at the carrying amount (DKK 0) when stating the gain or loss in connection with divestment of the entity.

Other intangible assets

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

Costs for development and implementation of substantial IT systems are capitalised and amortised over their estimated useful life.

Trademarks with an indefinite useful life are not amortised but impairment-tested at least once a year as with goodwill.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation is carried out systematically over the expected useful lives of the assets as follows:

Trademarks with definite useful life	Useful life, however maximum 20 years
Software etc.	3-5 years
Delivery rights	Depending on contract, but not exceeding 5 years

Property, plant and equipment

Land and buildings, including investment properties, plant, machinery and equipment, and other fixtures and fittings etc. are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of assets of own construction includes direct and indirect costs of materials, components, subcontractors and labour. Estimated costs for dismantling and disposing of the asset as well as re-establishment are included in the cost to the extent that they are recognised as a provision. The cost of an asset is divided between its component parts, which are depreciated individually if their useful lives differ.

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

The market value of investment properties is reported in the notes.

Subsequent costs, e.g. in connection with the replacement of components of a material asset, are recognised in the carrying amount of the asset if it is probable that the cost will result in future economic benefits for the Group. The carrying amount of the replaced components is derecognized from the balance sheet and recognised in the income statement. All other costs incurred for ordinary repairs and maintenance is recognised in the income statement as they are incurred.

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

Buildings	20-40 years
Plant and machinery	5-15 years
Other fixtures and fittings etc., including draught beer equipment	5-10 years
Returnable packaging	3-5 years

Land is not depreciated.

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

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

Depreciation and minor write-downs are recognised in the income statement under cost of sales, sales and distribution expenses and administrative expenses to the extent that depreciation is not part of the cost of assets of own construction.

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

Investments in associates in the consolidated financial statements

Investments in associates are measured according to the equity method.

Investments in associates are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intercompany gains and losses and adding the carrying amount of goodwill.

Investments in associates with a negative equity value are carried at DKK 0. To the extent that the Group has a legal or constructive obligation to cover the negative balance of the associate, it is recognised under provisions.

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

Inventories

Inventories are measured at weighted average cost and written down to net realisable value if this is lower.

The cost of goods for resale and of raw materials and consumables comprises purchase price and transportation costs.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies and labour as well as maintenance and depreciation of the machinery, plant and equipment used for production, and costs for plant administration and management.

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

Receivables

Receivables are measured at amortised cost less impairment losses.

As regards on-trade loans, amortisation is recognised as prepaid discounts to the customer, which are taken to the income statement in accordance with the terms of the agreement.

Amortisation and interest on these loans are recognised as revenue under other operating income.

Prepayments

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

Securities

Shares and bonds held as part of the Group's trading portfolio are recognised as current assets at cost on the transaction date and then adjusted to fair value, defined as the quoted market price for listed securities and the estimated fair value of unlisted securities based on market data and recognised pricing methods. Changes in fair value are recognised in the income statement under financials. Shares in unlisted companies are not adjusted to fair value if this cannot be done objectively.

Shares and bonds not held as part of the Group's trading portfolio (available for sale) are recognised as non-current assets at cost on the transaction date and then adjusted to fair value, defined as the quoted market price for listed securities and the estimated fair value of unlisted securities based on market data and recognised pricing methods. Unrealised value adjustments are recognised directly in equity, except for write-downs for impairment losses and reversals of impairment losses and for translation adjustments in respect of foreign currency bonds, which are recognised in the income statement under financials. When realised, the accumulated value adjustments recognised in equity are transferred to financials in the income statement.

Impairment of assets

Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test. The first test is carried out before the end of the acquisition year.

The carrying amount of non-current assets (except for goodwill, intangible assets with an indefinite useful life, deferred tax assets and financial assets) is reviewed for impairment losses annually. When there is an indication of impairment, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount of the asset or the cash-generating unit. Minor write-downs are recognised in the income statement under cost of sales, distribution expenses and administrative expenses. However, major impairment losses and impairment losses on goodwill are recognised in a separate line in the income statement under special items.

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

Equity

Treasury shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly in retained earnings in equity. Capital reduction through cancellation of treasury shares reduces the share capital by an amount equivalent to the nominal value of the shares cancelled.

Proceeds from the sale of treasury shares or share issues in Carlsberg A/S in connection with share options being exercised are recognised directly in equity.

Foreign currency translation reserves

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Carlsberg Group (DKK), balances considered to be part of the total net investment in foreign entities, and financial instruments to hedge net investments in foreign entities.

When the net investment is realised in full or in part, the foreign exchange adjustments are recognised in the income statement.

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

Employee benefits

Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee performs the associated work.

Share-based payment

The value of services received for share options granted is measured at the fair value of the options.

The share option programme is an equity-settled share based payment transaction. The share options are measured at fair value when granted and recognised in the income statement under staff costs over the vesting period. The offsetting entry is recognised directly in equity.

When share options are first recognised, an estimate is made of the number of options expected to vest. Subsequently adjustments are made for changes in the estimate of the number of options vested so that the total number recognized equals the actual number of options vested.

The market value of the options granted is estimated in accordance with the Black & Scholes valuation model for call options at the time of granting. The calculation is based on the terms and conditions of the share options granted.

Retirement benefit obligations and similar obligations

The Group has entered into pension agreements and similar agreements with a significant proportion of the Group's employees.

Obligations relating to defined contribution plans are included in the income statement in the period in which they are accrued, and outstanding contributions are included in the balance sheet under other current liabilities.

An annual actuarial valuation is carried out to determine the present value of the future benefits to be paid under defined benefit plans. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations.

Differences between the expected growth in pension assets and liabilities and the realised values are classified as actuarial gains or losses. Such gains and losses are recognised in the balance sheet with an offsetting entry in equity.

In the event of changes in the benefits payable for employees' past services to the company, a change is made to the actuarial present value, which is classified as past service cost. Past service cost is immediately charged to the income statement if the employees have already earned the right to the changed benefits. Otherwise past service cost is recognised in the income statement over the period in which the employees earn the right to the changed benefit.

If a pension plan constitutes a net asset, the asset is recognised only to the extent that it corresponds to future repayments under the plan or if it will lead to a reduction in future contributions under the plan.

Interest from pension assets and liabilities is recognised under financials.

Corporation tax and deferred tax

Current tax payable and receivable, including joint taxation contributions, is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not amortisable for tax purposes. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the management's planned use of the asset or settlement of the liability, respectively.

If there are specific dividend plans for subsidiaries, associates and joint ventures, deferred tax is recognised on profit generated in countries imposing withholding tax on distribution.

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

Deferred tax is adjusted to take account of the elimination of unrealised intercompany gains and losses. Deferred tax is measured on the basis of the tax rules and tax rates which will apply in the respective countries at the balance sheet date when the deferred tax is expected to be realised as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement except for changes in deferred tax recognised in equity, which are changed directly in equity.

Other provisions

Other provisions relate primarily to restructuring.

Other provisions are recognised when—as a consequence of an event occurring before or on the balance sheet date—the Group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation.

Provisions for restructuring are recognised when a detailed formal plan for the restructuring has been produced by the balance sheet date and has been announced to the parties involved. In connection with acquisitions, provisions for restructuring costs are included in the computation of goodwill only if an obligation exists for the acquired entity at the date of acquisition.

Provisions are made for onerous contracts when the anticipated benefits for the Group from a contract are outweighed by the unavoidable costs under the contract.

When the Group is under an obligation to dismantle an asset or re-establish the site where the asset has been used, a provision is made corresponding to the present value of the expected future costs.

Financial liabilities

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

Financial liabilities also include the capitalised residual obligation on finance leases.

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.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years.

Assets held for sale and discontinued operations

Assets held for sale comprise non-current assets and disposal groups held for sale. Disposal groups are groups of assets which are to be collectively disposed of in a single transaction and their directly associated liabilities, which will be transferred in connection with the transaction.

Assets are classified as "held for sale" if their carrying amount will be principally recovered through sales transactions within one year in accordance with a formal plan rather than through continued use.

Assets or disposal groups held for sale are measured at the lower of carrying amount and fair value less costs to sell. Assets and disposal groups are not depreciated or amortised after being classified as "held for sale".

An impairment loss is recognised in the income statement under the relevant items for any initial write-down following initial classification as "held for sale" and for any gains or losses on subsequent measurement at the lower of carrying amount and fair value less costs to sell. Gains and losses are disclosed in the notes.

Assets and their directly associated liabilities are presented in separate lines in the balance sheet, and the principal items are specified in the notes.

Discontinued operations are presented in a separate line in the income statement and as assets and liabilities held for sale in the balance sheet, and the principal items are specified in the notes.

Cash flow statement

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

The cash flow effect of the acquisition and divestment of entities is shown separately in cash flow from investing activities. Cash flows from acquired entities are recognized in the cash flow statement from the date of acquisition. Cash flows from divested entities are recognized up until the date of divestment.

Cash flow from operating activities

Cash flow from operating activities is calculated as operating profit adjusted for non-cash operating items, changes in working capital, interest received and paid, and corporation tax paid.

Cash flow from investing activities

Cash flow from investing activities comprises payments in connection with the acquisition and disposal of entities and activities and of intangible assets, property, plant and equipment, and other non-current assets, as well as the acquisition and disposal of securities not counted as cash and cash equivalents.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or composition of share capital and related costs, as well as borrowings, repayment of interest bearing debt, acquisition and sale of treasury shares, and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash, less bank overdrafts, and securities with a time to maturity of less than three months which are readily convertible into cash and which are subject to a negligible risk of changes in value.

Segment reporting

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

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

A segment's non-current assets comprise the non-current assets used directly in the segment's operations, including intangible assets, property, plant and equipment, and investments in associates. Current assets are distributed between the segments to the extent that they are directly attributable to them, including inventories, trade receivables, other receivables and prepayments.

Segment liabilities comprise liabilities which are directly attributable to the segment's operations, including provisions, trade payables and other liabilities.

Note 39 Company Information

Carlsberg A/S
Ny Carlsbergvej 100
DK- 1760 Copenhagen V
Denmark

CVR No.:	61056416
Phone	+45 3327 3300
Fax:	+45 3327 4808
E-mail:	*carlsberg@carlsberg.com*

www.carlsberggroup.com

Place of residence: Copenhagen, Denmark

Carlsberg is one of the world's largest brewery groups.

We have a beer for every occasion and for every palate and lifestyle. The Group's broad portfolio of beer brands includes Carlsberg Pilsner, known as Probably the best beer in the world, and strong regional brands such as Tuborg, Baltika and Holsten. We also have a wide range of leading brands in our local markets.

We operate primarily in mature markets in Western Europe but are generating an ever-growing share of revenue in selected growth markets in Russia, other parts of Eastern Europe and Asia.

Carlsberg's business builds on a proud history. We were founded in 1847 and have always been renowned for consistently high quality. In recent years things have really taken off. Expansion and dynamic marketing externally, and streamlining and innovation internally, have brought growth in both revenue and earnings.

Carlsberg A/S, the Parent Company of the Group, is owned by 20,000 institutional and private investors all over the world and is listed on the OMX Nordic Exchange Copenhagen A/S. 51% of Carlsberg's shares are held by the Carlsberg Foundation, established by Carlsberg's founder J.C. Jacobsen, which backs the Company as an active and long-term shareholder as well as supporting scientific research and art.

Group companies 2005

				Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Tel.:	BBH Group	Eastern Europa excl. BBH	Asia	Other activities
CARLSBERG A/S												
Combio A/S, Copenhagen				33%	1,092	DKK	100.00					◆
VersaMatrix A/S, København, Danmark			○	100%	1,750	Dkk	100.00					◆
Ejendomsaktieselskabet Tuborg Nord B, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord C, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsaktieselskabet Tuborg Nord D, Copenhagen, Denmark			○	100%	10,000	DKK	100.00					◆
Ejendomsaktieselskabet af 4. Marts 1982, Copenhagen, Denmark			○	100%	9,500	DKK	100.00					◆
Investeringsselskabet af 17. Januar 1991, Copenhagen, Denmark			○	100%	14,500	DKK	100.00					◆
Carlsberg Breweries A/S, Copenhagen, Denmark			○	100%	500,000	DKK	100.00					◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	◆				
Oy Sinebrychoff Ab, Helsinki, Finland			○	100%	96,707	EUR	746.05	◆				
Carlsberg Holding Sverige AB, Falkenberg, Sweden	2 subsidiaries		○	100%	150,000	SEK	79.46	◆				
Pripps Ringnes AB, Stockholm, Sweden	1 subsidiary		○	100%	287,457	SEK	79.46	◆				
Ringnes a.s., Oslo, Norway	4 subsidiaries		○	100%	238,714	NOK	93.43	◆				
BBH—Baltic Beverages Holding AB, Stockholm, Sweden			◆	50%	12,000	EUR	746.05		◆			
Saku Brewery AS, Estland		(1)	◆	75%	80,000	EEK	47.68		◆			
A/S Aldaris, Latvia			◆	85%	7,500	LVL	1,071.60		◆			
Baltic Beverages Invest AB, Stockholm, Sweden			◆	100%	12,000	EUR	746.05		◆			
Baltic Beverages Holding Oy, Helsinki, Finland			◆	100%	10	EUR	746.05		◆			
Svyturys-Utenos Alus AB, Lithuania			◆	75%	118,000	LTL	216.07		◆			
Yarpivo PLC. Company, Rusia			◆	87%	74,320	RUB	21.99		◆			
Pikra, Rusia			◆	70%	34,636	RUB	21.99		◆			
Slavutich Brewery, Ukraine			◆	92%	197,692	UAH	124.74		◆			
Lvivska Brewery, Ukraine			◆	100%	81,909	UAH	124.74		◆			
Baltic Beverages Eesti, Estonia			◆	100%	400	EEK	47.68		◆			
Baltika Brewery, St. Petersburg, Rusia		(1)	◆	81%	130,704	RUB	21.99		◆			
JSC Vena, St. Petersburg, Rusia			◆	93%	1,319,166	RUB	21.99		◆			
Derbes Company Ltd. Liability Partnership, Kazakhstan			◆	90%	2,143,176	KZT	4.71		◆			
UAB BBH Baltics, Lithuania			◆	100%	10	LTL	216.07		◆			
Carlsberg Italia S.p.A, Lainate, Italy	20 subsidiaries		○	100%	82,400	EUR	746.05	◆				
Unicer-Bebidas de Portugal, SGPS, S.A., Porto, Portugal	12 subsidiaries		◆	44%	50,000	EUR	746.05	◆				
Feldschlösschen Getränke Holding AG, Rheinfelden, Switzerland	3 subsidiaries		○	100%	95,000	CHF	479.74	◆				
Carlsberg Deutschland GmbH, Mönchengladbach, Germany	7 subsidiaries		○	100%	26,897	EUR	746.05	◆				
Göttsche Getränke GmbH, Germany			○	100%	2,000	EUR	746.05	◆				
Holsten-Brauerei AG, Hamburg, Germany	18 subsidiaries	(1)	○	98%	41,250	EUR	746.05	◆				
Tuborg Deutschland GmbH, Mönchengladbach, Germany			○	100%	51	EUR	746.05	◆				
Carlsberg GB Limited, Northampton, UK			○	100%	692	GBP	1,088.65	◆				
Carlsberg UK Holdings PLC, Northampton, UK	1 subsidiary		○	100%	90,004	GBP	1,088.65	◆				
Carlsberg Polska S. A. , Warszawa, Poland	5 subsidiaries		○	100%	28,721	PLN	193.28			◆		
Dyland BV, Bussum, Netherlands	1 subsidiary		○	100%	18,198	EUR	746.05			◆		
Carlsberg Croatia d.o.o., Koprivnica, Croatia			○	80%	239,932	HRK	101.21			◆		
Bottling and Brewing Group Ltd., Blantyre, Malawi	2 subsidiaries	(2)	○	44%	1,267,128	MWK	5.02			◆		
Nuuk Imeq A/S, Nuuk, Greenland			■	32%	45,679	DKK	100.00			◆		
Israel Beer Breweries Ltd, Ashkelon, Israel			■	20%	15,670	ILS	136.72			◆		
International Breweries (Netherlands) B.V., Bussum, Netherlands	2 subsidiaries		■	16%	2,523	USD	632.41			◆		
Türk Tuborg Bira ve Malt Sanayii A.S., Izmir, Turkey	1 subsidiary	(1)	○	96%	324,111	TRY	468.51			◆		
Carlsberg Bulgaria AD, Mladost, Bulgaria			○	80%	37,325	BGN	381.36			◆		
B to B Distribution EOOD, Mladost, Bulgaria			○	100%	10	BGN	381.36			◆		
Carlsberg Serbia d.o.o., Serbia			○	80%	757,688	CSD	8.69			◆		
Carlsberg Hungary Sales Limited Liability Company, Budaörs, Hungary			○	100%	25,200	HUF	2.95			◆		
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1,000	DKK	100.00					◆

				Ownership share	Nominal share capital (1,000)	Currency	Exchange rate	Tel.:	BBH Group	Eastern Europa excl. BBH	Asia	Other activities
Combio A/S, Copenhagen, Denmark			○	33%	1,092	DKK	100.00					
Investeringsselskabet af 17. Januar 1991, Copenhagen, Denmark			○	100%	14,500	DKK	100.00					◆
Carlsberg Danmark A/S, Copenhagen, Denmark	3 subsidiaries		○	100%	100,000	DKK	100.00	◆				
Carlsberg Holding Sverige AB, Falkenberg, Sweden	2 subsidiaries		○	100%	150,000	SEK	79.46	◆				
Ringnes a.s., Oslo, Norway	4 subsidiaries		○	100%	238,714	NOK	93.43	◆				
Carlsberg International A/S, Copenhagen, Denmark			○	100%	1,000	DKK	100.00					◆
South-East Asia Brewery Ltd., Hanoi, Vietnam			○	60%	212,705,000	VND	0.04				◆	
International Beverages Distributors Ltd., Hanoi, Vietnam			○	60%	10,778,000	VND	0.04				◆	
Hue Brewery Ltd., Hue, Vietnam			◆	50%	216,788,000	VND	0.04				◆	
Tibet Lhasa Brewery Company Limited, Lhasa, Tibet, China			■	33%	380,000	CNY	78.36				◆	
Wusu Beer, Urumqi, Xinjiang, China			■	50%	105,480	CNY	78.36				◆	
Lanzhou Huanghe Jianjiang Brewery Company Limited, China			■	30%	210,000	CNY	78.36				◆	
Qinghai Huanghe Jianjiang Brewery Company Ltd., Xining, Qinghai, China			■	33%	60,000	CNY	78.36				◆	
Jiuquan West Brewery Company Ltd., Jiuquan, Gansu, China			■	30%	15,000	CNY	78.36				◆	
Gansu Tianshui Benma Brewery Company Ltd., Tianshui, Gansu, China			■	30%	16,620	CNY	78.36				◆	
Xinjiang Lanjian Jianiang Investment Co. Ltd., China			■	49%	383,000	CNY	78.36				◆	
Carlsberg Brewery Malaysia Berhad, Selangor Darul Ehsan, Malaysia		(1)	○	51%	154,039	MYR	167.34				◆	
Carlsberg Marketing Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	10,000	MYR	167.34				◆	
Euro Distributors Sdn BHD, Selangor Darul Ehsan, Malaysia			○	100%	100	MYR	167.34				◆	
The Lion Brewery Ceylon, Biyagama, Sri Lanka		(1)	■	25%	850,000	LKR	6.17				◆	
Carlsberg Asia Pte Ltd., Singapore			○	100%	57,914	SGD	380.09				◆	
Brewery Invest Pte. Ltd, Singapore			○	100%	4,200	SGD	380.09				◆	
Carlsberg Brewery Hong Kong Ltd., Hong Kong, China			○	100%	260,000	HKD	81.56				◆	
Carlsberg Brewery Guangdong Ltd., Huizhou, China			○	99%	442,330	CNY	632.41				◆	
Tsingtao Beer Shanghai Songjiang Co. Ltd., Shanghai, China			■	25%	303,659	CNY	632.41				◆	
Carlsberg Hong Kong Ltd., Hong Kong, China			○	100%	—	HKD	81.56				◆	
Kunming Huashi Brewery Company Ltd., Kunming, China			○	100%	60,000	CNY	632.41				◆	
Lao Brewery Co. Ltd., Vientiane, Laos			◆	50%	14,400,000	LAK	0.06				◆	
Carlsberg Singapore Pte. Ltd., Singapore			○	100%	1,000	SGD	380.09				◆	
Carlsberg Marketing (Singapore) Pte Ltd., Singapore			○	100%	1,000	SGD	380.09				◆	
Gorkha Brewery Pvt. Ltd., Kathmandu, Nepal			■	50%	466,325	NPR	8.75				◆	
Dali Beer (Group) Limited Company, Dali, China	3 subsidiaries		○	100%	97,799	CNY	632.41				◆	
Danish Malting Group A/S, Vordingborg, Denmark			○	100%	100,000	DKK	100.00					◆
Danish Malting Group Polska Sp. z o.o., Sierpc, Poland			○	100%	20,000	PLN	193.28					◆
Carlsberg Finans A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Carlsberg Invest A/S, Copenhagen, Denmark			○	100%	52,847	DKK	100.00					◆
CTDD Beer Imports Ltd., Quebec, Canada			○	100%	—	CAD	543.57			◆		
Carlsberg USA Inc., New York, USA			○	100%	1,260	USD	632.41			◆		
Carlsberg Canada Inc., Mississauga, Ontario, Canada			○	100%	750	CAD	543.57			◆		
Carlsberg IT A/S, Copenhagen, Denmark			○	100%	50,000	DKK	100.00					◆
Carlsberg Breweries Insurance A/S, Copenhagen, Denmark			○	100%	25,000	DKK	100.00					◆
Carlsberg Accounting Service Centre A/S, Copenhagen, Denmark			○	100%	504	DKK	100.00					◆

○ Subsidiary.

◆ Proportionally consolidated entity.

■ Associate.

1) Listed company

2) Managed by Carlsberg

FINANCIAL INFORMATION

Audited Consolidated Financial Statements for the Financial Years 2007, 2006 and 2005

Consolidated financial statements of BBH for the Financial Years 2007, 2006 and 2005 prepared in accordance with IFRS as adopted by the EU.

Management statement

The Board of Directors and the Executive Board have today discussed and approved the consolidated financial statements for the financial years 2007, 2006 and 2005 of Baltic Beverages Holding AB (together with its subsidiaries "BBH").

The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, additional Danish disclosure requirements for annual reports for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act, except for omitting incorporation of comparative figures for the financial year 2004 in the consolidated financial statements for 2005 and omitting the financial statements for the parent company in the consolidated financial statements as required by the Danish statutory order on the adoption of IFRS as well as certain additional Danish disclosure requirements in respect of management review which are not complied with, see note 35 "accounting policies." The consolidated financial statements are in accordance with IFRS as adopted by the EU.

The consolidated financial statements are based on reporting by BBH on a 100% ownership share to Carlsberg A/S for 2007, 2006 and 2005 as well as supplementary information from BBH. The group reporting has been the basis for the 50% proportional consolidation of BBH in the Annual Report of the Carlsberg Group for the financial years 2007, 2006 and 2005 which was reported on 19 February 2008, 20 February 2007 and 21 February 2006 respectively. The consolidated financial statements of BBH for the financial years 2007, 2006 and 2005 are prepared on the basis of a translation of the group reporting to Carlsberg A/S so that the consolidated financial statements of BBH equals an ownership share of 100% as well as supplemental information from BBH.

We consider the applied accounting policies appropriate, so that the consolidated financial statements gives a true and fair view of BBH's assets, liabilities and financial position at 31 December 2007, 31 December 2006 and 31 December 2005 and of the results of BBH's operations and cash flows for the financial years 2007, 2006 and 2005.

Copenhagen, 15 May 2008

Executive Board

Charles Eriksson

Board of Directors

Jørgen Buhl Rasmussen, chairman	Alex Myers	Lars Larsen
Ulrik Andersen	Bjørn Søndenskov	

Independent Auditors' Report on the Consolidated Financial Statements for the financial years 2007, 2006 and 2005

To the Readers of this Offering Circular

We have audited the consolidated financial statements of Baltic Beverages Holding AB (together with its subsidiaries "BBH") for the financial years 2007, 2006 and 2005 as presented on pages F-140—F-210, which comprise the management statement, consolidated income statement, consolidated statement of recognized income and expenses, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes ("the consolidated financial statements"). The consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU, additional Danish disclosure requirements for annual reports for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. The audit for the financial years 2007, 2006 and 2005 was completed as at 19 February 2008, 20 February 2007 and 21 February 2006, respectively.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and using appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility and Basis of Opinion

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance, whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

We qualify our opinion because the consolidated financial statements for 2007, 2006 and 2005 do not include financial statements for the parent company as required by the Danish statutory order on the adoption of IFRS and certain additional Danish disclosure requirements in respect of the management review are not complied with, as mentioned in the accounting policies. The consolidated financial statements are in accordance with IFRS as adopted by the EU.

We qualify our opinion, as comparative figures for 2004 as required under IFRS have been omitted from the consolidated financial statements for 2005.

Opinion

In our opinion, except for the omission of the information included in the preceding paragraph, the consolidated financial statements give a true and fair view of BBH's consolidated assets, consolidated liabilities and consolidated financial position as at 31 December 2007, 31 December 2006 and 31 December 2005 respectively and of BBH's consolidated results of the operations and cash flows for the financial years 2007, 2006 and 2005, respectively in accordance with IFRS as adopted by the EU, additional

Danish disclosure requirements for annual reports for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

INCOME STATEMENT

Note		2007	2006	2005
		DKK million	DKK million	DKK million
	Net revenue	**20,870**	**15,906**	**13,136**
3	Cost of sales	(10,074)	(7,432)	(6,515)
	Gross profit	**10,796**	**8,474**	**6,621**
4	Sales and distribution expenses	(5,289)	(4,159)	(3,306)
5	Administrative expenses	(818)	(706)	(673)
6	Other operating income	11	4	13
6	Other operating expenses	(27)	(5)	(29)
16	Share of profit after tax, associates	3	—	4
	Operating profit before special items	**4,676**	**3,608**	**2,630**
7	Special items, income	—	5	—
7	Special items, costs	—	—	(88)
	Operating profit	**4,676**	**3,613**	**2,542**
8	Financial income	126	294	115
9	Financial expenses	(478)	(419)	(552)
	Profit before tax	**4,324**	**3,488**	**2,105**
10	Corporation tax	(1,324)	(947)	(598)
	Consolidated profit	**3,000**	**2,541**	**1,507**
	Attributable to:			
11	Minority interests	508	475	396
	Shareholders in BBH AB	2,492	2,066	1,111
12	**Earnings per share**			
	Earnings per share (DKK)	2,492	2,066	1,111
	Earnings per share, diluted (DKK)	2,492	2,066	1,111

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR

		2007				
	Note	Currency translation	Retained earnings	Shareholders in BBH AB, total	Minority interests	Total
		DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the year		**—**	**2,492**	**2,492**	**508**	**3,000**
Foreign exchange adjustments:						
Foreign entities		(570)	—	(570)	(73)	(643)
Value adjustments:						
Hedging instruments, value adjustment for the year	31, 32	41	—	41	—	41
Net amount recognised directly in equity		**(529)**	**—**	**(529)**	**(73)**	**(602)**
Total recognised income and expenses		**(529)**	**2,492**	**1,963**	**435**	**2,398**

		2006				
	Note	Currency translation	Retained earnings	Shareholders in BBH AB, total	Minority interests	Total
		DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the year		**—**	**2,066**	**2,066**	**475**	**2,541**
Foreign exchange adjustments:						
Foreign entities		(418)	—	(418)	(47)	(465)
Value adjustments:						
Hedging instruments, value adjustment for the year	31, 32	10	—	10	—	10
Other adjustments:						
Other		—	(10)	(10)	—	(10)
Net amount recognised directly in equity		**(408)**	**(10)**	**(418)**	**(47)**	**(465)**
Total recognised income and expenses		**(408)**	**2,056**	**1,648**	**428**	**2,076**

		2005				
	Note	Currency translation	Retained earnings	Shareholders in BBH AB, total	Minority interests	Total
		DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the year		**—**	**1,111**	**1,111**	**396**	**1,507**
Foreign exchange adjustments:						
Foreign entities		842	—	842	130	972
Value adjustments:						
Hedging instruments, value adjustment for the year	31, 32	(10)	—	(10)	—	(10)
Other adjustments:						
Other		—	57	57	—	57
Net amount recognised directly in equity		**832**	**57**	**889**	**130**	**1,019**
Total recognised income and expenses		**832**	**1,168**	**2,000**	**526**	**2,526**

BALANCE SHEET

Note		31 Dec. 2007 DKK million	31 Dec. 2006 DKK million	31 Dec. 2005 DKK million
	Assets			
	Non-current assets			
14	Intangible assets	4,347	4,267	3,763
15	Property, plant and equipment	11,062	9,449	8,834
16	Investments in associates	56	57	63
17	Securities	26	25	26
18	Receivables	1,494	3	4
24	Deferred tax assets	17	17	8
	Total non-current assets	**17,002**	**13,818**	**12,698**
	Current assets			
19	Inventories	2,028	1,419	1,154
18	Trade receivables	830	657	585
	Tax receivables	11	111	77
18	Other receivables	511	314	346
	Prepayments	444	562	179
20	Cash and cash equivalents	1,206	2,068	1,541
	Total current assets	**5,030**	**5,131**	**3,882**
	Total assets	**22,032**	**18,949**	**16,580**
	Equity and liabilities			
	Equity			
21	Share capital	89	89	89
	Reserves	7,678	6,780	6,005
	Equity, shareholders in BBH AB	7,767	6,869	6,094
	Minority interests	1,500	1,700	1,534
	Total equity	**9,267**	**8,569**	**7,628**
	Non-current liabilities			
22	Borrowings	6,317	6,074	1,101
23	Retirement benefit obligations and similar obligations	20	22	27
24	Deferred tax liabilities	500	528	441
25	Provisions	—	—	14
26	Other liabilities	1	—	8
	Total non-current liabilities	**6,838**	**6,624**	**1,591**
	Current liabilities			
22	Borrowings	3,072	1,512	5,501
	Trade payables	1,281	1,069	634
	Deposits on returnable packaging	65	74	71
25	Provisions	—	5	31
	Corporation tax	44	56	45
26	Other liabilities etc.	1,465	1,040	1,079
	Total current liabilities	**5,927**	**3,756**	**7,361**
	Total liabilities	**12,765**	**10,380**	**8,952**
	Total equity and liabilities	**22,032**	**18,949**	**16,580**

STATEMENT OF CHANGES IN EQUITY

	2007						
	Shareholders in BBH AB						
	Share capital	Currency translation	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007	89	209	6,571	6,780	6,869	1,700	8,569
Total recognised income and expenses for the year	—	(529)	2,492	1,963	1,963	435	2,398
Capital increase	—	—	—	—	—	28	28
Repurchase of shares	—	—	63	63	63	(398)	(335)
Dividends paid to shareholders	—	—	(1,128)	(1,128)	(1,128)	(290)	(1,418)
Acquisition of minority interests	—	—	—	—	—	(40)	(40)
Acquisition of entities	—	—	—	—	—	65	65
Total changes in equity	**—**	**(529)**	**1,427**	**898**	**898**	**(200)**	**698**
Equity at 31 December 2007	**89**	**(320)**	**7,998**	**7,678**	**7,767**	**1,500**	**9,267**

The proposed dividend of DKK 1,359 per share, in total DKK 1,359 million, is included in retained earnings at 31 December 2007.

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

	2006						
	Shareholders in BBH AB						
	Share capital	Currency translation	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2006	89	617	5,388	6,005	6,094	1,534	7,628
Total recognised income and expenses for the year	—	(408)	2,056	1,648	1,648	428	2,076
Dividends paid to shareholders	—	—	(856)	(856)	(856)	(201)	(1,057)
Acquisition of minority interests	—	—	—	—	—	(167)	(167)
Acquisition of entities	—	—	(17)	(17)	(17)	106	89
Total changes in equity	**—**	**(408)**	**1,183**	**775**	**775**	**166**	**941**
Equity at 31 December 2006	**89**	**209**	**6,571**	**6,780**	**6,869**	**1,700**	**8,569**

The proposed dividend of DKK 1,418 per share, in total DKK 1,418 million, is included in retained earnings at 31 December 2006.

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

	2005						
	Shareholders in BBH AB						
	Share capital	Currency translation	Retained earnings	Total reserves	Total share capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2005	89	(215)	4,964	4,749	4,838	1,577	6,415
Total recognised income and expenses for the year	—	832	1,168	2,000	2,000	526	2,526
Capital increase	—	—	—	—	—	13	13
Dividends paid to shareholders	—	—	(744)	(744)	(744)	(209)	(953)
Acquisition of minority interests	—	—	—	—	—	(373)	(373)
Total changes in equity	**—**	**832**	**424**	**1,256**	**1,256**	**(43)**	**1,213**
Equity at 31 December 2005	**89**	**617**	**5,388**	**6,005**	**6,094**	**1,534**	**7,628**

The proposed dividend of DKK 1,057 per share, in total DKK 1,057 million, is included in retained earnings at 31 December 2005.

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

CASH FLOW STATEMENT

Note		2007 DKK million	2006 DKK million	2005 DKK million
	Operating profit before special items	4,676	3,608	2,630
	Adjustment for depreciation and amortisation	1,284	1,239	997
	Operating profit before depreciation and amortisation	5,960	4,847	3,627
27	Adjustment for other non-cash items	15	(17)	(3)
27	Change in working capital	(296)	(131)	125
	Restructuring costs paid	(5)	(35)	(43)
	Interest etc. received	122	196	96
	Interest etc. paid	(469)	(393)	(273)
	Corporation tax paid	(1,265)	(886)	(609)
	Cash flow from operating activities	**4,062**	**3,581**	**2,920**
	Acquisition of property, plant and equipment and intangible assets	(3,313)	(2,121)	(1,449)
	Disposal of property, plant and equipment and intangible assets	29	8	40
	Change in trade loans	—	(1)	—
	Total operational investments	**(3,284)**	**(2,114)**	**(1,409)**
28	Acquisition and disposal of entities, net	(181)	2	—
	Acquisition of financial assets	(1)	—	2
27	Change in financial receivables	(633)	(104)	1
	Dividends received	5	5	6
	Total financial investments	**(810)**	**(97)**	**9**
	Cash flow from investing activities	**(4,094)**	**(2,211)**	**(1,400)**
	Free cash flow	**(32)**	**1,370**	**1,520**
27	Shareholders in BBH AB	(1,065)	(874)	(757)
27	Minority interests	(796)	(1,197)	(2,274)
27	External financing	519	1,326	2,378
	Cash flow from financing activities	**(1,342)**	**(745)**	**(653)**
	Net cash flow	**(1,374)**	**625**	**867**
	Cash and cash equivalents at 1 January	2,066	1,522	654
	Foreign exchange adjustment of cash and cash equivalents at 1 January	(64)	(81)	1
20	**Cash and cash equivalents at 31 December**	**628**	**2,066**	**1,522**

NOTES

Note 1 Significant accounting estimates and judgements

The 2007, 2006 and 2005 consolidated financial statements of the BBH Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, the consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the IASB.

In preparing the BBH Group's consolidated financial statements, management makes various accounting estimates and assumptions which form the basis of recognition and measurement of the Group's assets and liabilities. The most significant accounting estimates and judgements are presented below. The Group's accounting policies are described in detail in note 35 to the consolidated financial statements.

Estimation uncertainty

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

The judgements, estimates and assumptions made are based on historical experience and other factors, including judgements by consultants and specialists which management assesses to be applicable and reliable under the circumstances, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Company is also subject to risks and uncertainties which may lead to actual results differing from these estimates, both positively and negatively.

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

Business combinations

For acquisitions of new entities, the assets, liabilities and contingent liabilities of the acquiree are recognised using the purchase method. The most significant assets acquired generally comprise trademarks, customer agreements and non-current assets. For the determination of fair value, no active market exists for the majority of acquired assets, in particular in respect of acquired intangible assets. Accordingly, Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty and possibly adjusted subsequently within 12 months.

The unallocated purchase price (positive amounts) is recognised in the balance sheet as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units and the allocation of goodwill. Considering the uncertainties associated with the determination of the acquired cash-generating units, it is the assessment of Management that the allocation made is based on documented estimates. Negative goodwill is recognised in the income statement at the acquisition date.

The difference between the carrying amounts in the acquired entities and the fair value of identifiable assets and liabilities is specified in note 28.

Trademarks

In business combinations, the value of the trademarks acquired and their expected useful lives are assessed based on the trademarks' market position, expected long-term developments in the relevant markets and the trademarks' profitability.

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

Measurement is based on expected future cash flows for the trademarks on the basis of key assumptions about expected useful life and royalty rate and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the particular trademark.

Management performs an annual assessment of whether the current market situation in the market has reduced the value or useful lives of trademarks. When there is an indication of a reduction in the value or useful life, the trademark is written down or amortisation is increased in line with the trademark's shorter useful life.

Customer agreements and portfolios

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

Measurement is based on expected future cash flows for the customer agreements on the basis of key assumptions about sales growth, operating margin, customer retention rate and theoretically calculated tax and contributions to other assets. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and future risks associated with the customer agreements.

Impairment testing

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

The estimates of future net free cash flows (value in use) are based on budgets and business plans for the next three years and projections for subsequent years. Key parameters are sales growth, operating margin, future capital expenditure and growth expectations beyond the next three years. Budgets and business plans for the next three years are based on concrete commercial initiatives, and the risks associated with the key parameters are assessed and incorporated in expected future free cash flows. Projections beyond the next three years are based on general expectations and risks. Budgets and business plans do not incorporate the effect of future restructurings and non-contracted capacity increases.

Pre-tax discount rates which reflect the risk-free interest rate with the addition of specific risks in each particular geographical segment are used to calculate recoverable amounts. The cash flows used already incorporate the effect of relevant future risks, and accordingly these risks are not incorporated in the discount rates used.

Estimates of future earnings from *trademarks* with an indefinite useful life are made using the same model as is used to measure trademarks in business combinations, cf. above. Assessment of indications of impairment of trademarks with indefinite useful lives is made at group level, as royalty income is earned globally across segments.

Management performs an annual test for indications of impairment of trademarks with a finite useful life other than the decrease in value reflected by amortisation. Impairment tests are conducted in the same way as for trademarks with an indefinite useful life when there is an indication that the assets may be impaired. Management is of the opinion that there were no such indications at the end of 2007, and therefore trademarks with a finite useful life have not been impairment tested.

Useful lives and residual values for intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation and impairment. Amortisation and depreciation are recognised on a straight-line basis over the expected useful lives, taking into account any residual value. The expected useful lives and residual values are determined based on past experience and expectations of the future use of the assets. The expected future use and residual values may not be realised, which will require reassessment of useful lives and residual values and recognition of impairment losses or losses on disposal of non-current assets. The amortisation and depreciation periods used are described in the accounting policies in note 35 and the value of non-current assets is specified in notes 14 and 15.

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

Receivables

Receivables are measured at amortised cost less impairment.

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

Write-downs made are expected to be sufficient to cover losses. The financial uncertainty associated with write-downs for bad debt losses is considered to be limited.

Provisions and contingencies

Management assesses provisions, contingent assets and contingent liabilities and the likely outcome of pending or probable lawsuits etc. on an ongoing basis. The outcome depends on future events that are by nature uncertain. In assessing the likely outcome of lawsuits and tax disputes etc., Management bases its assessment on external legal assistance and decided cases.

Accounting policies applied

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

Such judgements include the classification of shareholdings, the recognition of revenue and excise duties.

Business combinations

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

Foreign currency translation

A significant part of the BBH Group's activities are in companies, which have another functional currency than Euro, in particular in Russia (rubles). The financial statements for the BBH Group may be significantly affected by fluctuations in the exchange rate between Euro and these other currencies. The effect hereof can affect both the translation of the items in the income statement and the cash flow statement, that are translated at average exchange rate, and the balance sheet, which is translated at year end exchange rate.

Revenue recognition

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

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

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

Inventories

The cost of finished goods and work in progress comprises the cost of raw materials, consumables, direct labour and indirect production overheads. Indirect production overheads comprise indirect supplies and wages and salaries as well as maintenance and depreciation of the machinery, plant and equipment used for production, and costs for plant administration and management.

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

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

Leases and service contracts

The BBH Group has entered into a number of leases and service contracts. When entering into these agreements, Management considers the substance of the service being rendered in order to classify the agreement as either a lease or a service contract. In making this judgement, particular importance is attached to whether fulfilment of the agreement depends on the use of specific assets. The Group's leases and contracts are disclosed in note 34.

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

Note 2 Segment information

The BBH Group's activities comprise the production and sale of beer and other beverages. In accordance with the Group's management and reporting structure built to measure profitability activities are segmented based on the operational segments. Intra-segment revenue is based on arm's length prices.

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

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

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

	2007			
	Brewery operations	**Holding operations**	**Eliminations**	**BBH group, total**
	DKK million	**DKK million**	**DKK million**	**DKK million**
Income statement:				
Net revenue	20,860	—	—	20,860
Inter-segment revenue	(56)	8	38	10
Total revenue	**20,804**	**8**	**38**	**20,870**
Segment profit/loss	4,721	(55)	7	4,673
Share of profit/loss after tax in associates	—	4,015	(4,012)	3
Operating profit before special items	**4,721**	**3,960**	**(4,005)**	**4,676**
Special items, net	—	—	—	—
Financial items, net	(16)	(336)	—	(352)
Profit before tax	**4,705**	**3,624**	**(4,005)**	**4,324**
Corporation tax	(1,324)	—	—	(1,324)
Consolidated profit	**3,381**	**3,624**	**(4,005)**	**3,000**
Balance sheet:				
Assets	12,713	15,364	(6,101)	21,976
Investments in associates	56	—	—	56
Total assets	**12,769**	**15,364**	**(6,101)**	**22,032**
Total liabilities	**6,833**	**6,464**	**(532)**	**12,765**
Other items:				
Acquisition of property, plant and equipment and intangible assets	3,311	2	—	3,313
Depreciation and amortisation	1,272	1	11	1,284

	Net revenue	Total assets	Acquisition of property, plant and equipment and intangible assets
Russia	16,754	14,044	1,951
Ukraine	1,704	1,916	571
Baltics	1,670	1,170	239
Kazakhstan	565	753	214
Other	177	4,149	338
Total	**20,870**	**22,032**	**3,313**

	2006			
	Brewery-operations	Holding-operations	Eliminations	BBH-group, total
	DKK million	DKK million	DKK million	DKK million
Income statement:				
Net revenue	15,898	—	—	15,898
Inter-segment revenue	101	9	(102)	8
Total revenue	**15,999**	**9**	**(102)**	**15,906**
Segment profit/loss	3,684	(76)	—	3,608
Share of profit/loss after tax in associates	—	6,353	(6,353)	—
Operating profit before special items	**3,684**	**6,277**	**(6,353)**	**3,608**
Special items, net	5	—	—	5
Financial items, net	60	(185)	—	(125)
Profit before tax	**3,749**	**6,092**	**(6,353)**	**3,488**
Corporation tax	(947)	—	—	(947)
Consolidated profit	**2,802**	**6,092**	**(6,353)**	**2,541**
Balance sheet:				
Assets	11,409	13,327	(5,844)	18,892
Investments in associates	57	—	—	57
Total assets	**11,466**	**13,327**	**(5,844)**	**18,949**
Total liabilities	**4,101**	**6,974**	**(695)**	**10,380**
Other items:				
Acquisition of property, plant and equipment and intangible assets	2,120	1	—	2,121
Depreciation and amortisation	1,238	1	—	1,239

	Net revenue	Total assets	Acquisition of property, plant and equipment and intangible assets
Russia	12,945	13,680	1,525
Ukraine	1,260	1,486	209
Batlics	1,340	1,076	72
Kazakhstan	361	615	263
Other	—	2,092	52
Total	**15,906**	**18,949**	**2,121**

	2005			
	Brewery-operations	Holding-operations	Eliminations	BBH-group, total
	DKK million	DKK million	DKK million	DKK million
Income statement:				
Net revenue	13,130	—	—	13,130
Inter-segment revenue	280	8	(282)	6
Total revenue	**13,410**	**8**	**(282)**	**13,136**
Segment profit/loss	2,783	(158)	1	2,626
Share of profit/loss after tax in associates	—	604	(600)	4
Operating profit before special items	**2,783**	**446**	**(599)**	**2,630**
Special items, net	(88)	—	—	(88)
Financial items, net	(68)	(369)	—	(437)
Profit before tax	**2,627**	**77**	**(599)**	**2,105**
Corporation tax	(598)	—	—	(598)
Consolidated profit	**2,029**	**77**	**(599)**	**1,507**
Balance sheet:				
Assets	13,063	6,876	(3,422)	16,517
Investments in associates	63	—	—	63
Total assets	**13,126**	**6,876**	**(3,422)**	**16,580**
Total liabilities	**3,187**	**6,622**	**(857)**	**8,952**
Other items:				
Acquisition of property, plant and equipment and intangible assets	1,449	—	—	1,449
Depreciation and amortisation	994	2	1	997

	Net revenue	Total assets	Acquisition of property, plant and equipment and intangible assets
Russia	10,709	11,215	1,120
Ukraine	1,070	1,284	151
Baltics	1,109	968	46
Kazakhstan	248	466	132
Other	—	2,647	—
Total	**13,136**	**16,580**	**1,449**

Note 3 Cost of sales

	2007	2006	2005
	DKK million	DKK million	DKK million
Cost of materials	7,908	5,552	4,900
Direct staff costs	523	418	367
Machinery costs	334	299	257
Depreciation, amortisation and impairment losses	730	735	645
Indirect production overheads	509	393	344
Purchased finished goods and other costs	70	35	2
Total	**10,074**	**7,432**	**6,515**
Of which staff costs, see note 13	523	418	367

Note 4 Sales and distribution expenses

	2007 DKK million	2006 DKK million	2005 DKK million
Marketing expenses	1,601	1,297	706
Sales expenses	1,053	925	945
Distribution expenses	2,635	1,937	1,655
Total	**5,289**	**4,159**	**3,306**
Of which staff costs, see note 13	904	809	677

Note 5 Fees to auditors appointed by the Annual General Meeting

	2007 DKK million	2006 DKK million	2005 DKK million
Audit	8	7	6
Non-audit services	3	3	3
	11	**10**	**9**

Note 6 Other operating income and expenses

	2007 DKK million	2006 DKK million	2005 DKK million
Other operating income:			
Gains on disposal of real estate under other activities	—	—	2
Gains on disposal of other property, plant and equipment and intangible assets within beverage activities	11	4	11
Total	**11**	**4**	**13**
Other operating expenses:			
Loss on disposal of other property, plant and equipment and intangible assets within beverage activities	(26)	(5)	(29)
Other	(1)	—	—
Total	**(27)**	**(5)**	**(29)**

Note 7 Special items

	2007 DKK million	2006 DKK million	2005 DKK million
Special items, income:			
Restructuring income from group internal mergers in Russia	—	5	—
Total	**—**	**5**	**—**
Special items, costs:			
Restructuring cost from group internal mergers in Russia	—	—	(88)
Total	**—**	**—**	**(88)**

Note 8 Financial income

	2007 DKK million	2006 DKK million	2005 DKK million
Interest income	124	160	106
Fair value adjustments of financial instruments, net	—	—	9
Foreign exchange gains, net	—	102	—
Other financial income	2	32	—
Total	**126**	**294**	**115**

Note 9 Financial expenses

	2007	2006	2005
	DKK million	DKK million	DKK million
Interest expenses	466	374	257
Fair value adjustments of financial instruments, net	—	13	—
Foreign exchange loss, net	10	—	264
Other financial expenses	2	32	31
Total	**478**	**419**	**552**

Other financial expenses consist mainly of payments to establish credit facilities and fees for unutilised draws on these facilities.

Note 10 Corporation tax

	2007	2006	2005
	DKK million	DKK million	DKK million
Tax for the year comprises:			
Current tax on profit for the year	1,359	1,045	558
Change in deferred tax liabilities during the year	(35)	83	40
Adjustments to tax for previous years	—	(181)	—
Tax on profit for the year	**1,324**	**947**	**598**
Reconciliation of the effective tax rate for the year:			
Tax rate in Sweden	28.0%	28.0%	28.0%
Change in tax rate, foreign subsidiaries	(4.9%)	(4.9%)	(6.6%)
Adjustments to tax for previous years	0.2%	0.2%	0.7%
Non-capitalised tax losses, net	1.8%	1.8%	5.7%
Non-taxable income	(0.5%)	(0.2%)	—
Non-deductible expenses	5.3%	3.9%	6.1%
Tax on dividends from subsidiaries	2.1%	3.2%	—
Tax effect from acquisition of fixed assets	(1.4%)	(3.8%)	(5.8%)
Other	—	(1.0%)	0.3%
Effective tax rate for the year	**30.6%**	**27.2%**	**28.4%**
The change in deferred tax recognised in the income statement can be broken down as follows:			
Intangible assets and property, plant and equipment etc.	(14)	(11)	(18)
Other	(21)	94	58
Deferred tax recognised in income statement	**(35)**	**83**	**40**

Note 11 Minority interests

	2007 DKK million	2006 DKK million	2005 DKK million
Minority interests' share of profit for the year primarily relates to the minority share in Baltika Brewery which constitutes 14%	508	475	396
Total	**508**	**475**	**396**

Note 12 Earnings per share

	2007 DKK million	2006 DKK million	2005 DKK million
Consolidated profit	3,000	2,541	1,507
Minority interests	(508)	(475)	(396)
Shareholders in BBH AB	**2,492**	**2,066**	**1,111**

1,000 shares			
Average number of shares	1,000	1,000	1,000
Average number of treasury shares	—	—	—
Average number of shares outstanding	1,000	1,000	1,000
Diluted average number of shares outstanding	**1,000**	**1,000**	**1,000**

	DKK	DKK	DKK
Earnings per share (EPS)	2,492	2,066	1,111
Diluted earnings per share (EPS-D)	2,492	2,066	1,111

Note 13 Staff costs and remuneration of the Board of Directors, the Executive Board and other executive employees

	2007 DKK million	2006 DKK million	2005 DKK million
Salaries and other remuneration	1,391	1,161	1,020
Social security costs	291	356	321
Retirement benefit costs—defined contribution plans	1	18	14
Total	**1,683**	**1,535**	**1,355**
Staff costs are included in the following items in the income statement:			
Cost of sales	523	418	367
Sales and distribution expenses	904	809	677
Administrative expenses	256	308	311
Total	**1,683**	**1,535**	**1,355**

The BBH Group had an average of 16,549 (2006: 14,134 and 2005: 14,082) full-time employees during the year.

Remuneration of key management personnel:

	2007	2006	2005
	Parent company executive board and board of directors	Parent company executive board and board of directors	Parent company executive board and board of directors
	DKK million	DKK million	DKK million
Salaries and other remuneration	1	—	—
Total	**1**	**—**	**—**

Severance scheme

Annual salary including bonus equals DKK 1.2 million The retirement age of the managing director is 60 years and he will retire in August 2008. Retirement benefits between 60-65 years of age will equal approximately 65% of his salary and is funded through insurance premiums. Retirement benefits after the age of 65 are in accordance with the ITP agreement and the Company has agreed to make a final payment regarding retirement benefits after the age of 65 at the time of retirement. The managing director has six months notice and is entitled to severance pay equivalent to eighteen months.

Note 14 Intangible assets

	2007			
	Goodwill	Trademarks	Other intangible assets	Total
	DKK million	DKK million	DKK million	DKK million
Cost:				
Cost at 1 January 2007	4,236	—	117	4,353
Acquisition of entities	101	34	—	135
Additions	98	—	29	127
Disposals	—	—	(3)	(3)
Foreign exchange adjustments etc.	(161)	—	(3)	(164)
Cost at 31 December 2007	**4,274**	**34**	**140**	**4,448**
Amortisation and impairment losses:				
Amortisation and impairment losses at 1 January 2007	—	—	86	86
Amortisation	—	—	21	21
Disposals	—	—	(3)	(3)
Foreign exchange adjustments etc.	—	—	(3)	(3)
Amortisation and impairment losses at 31 December 2007	**—**	**—**	**101**	**101**
Carrying amount at 31 December 2007	**4,274**	**34**	**39**	**4,347**

	2007
	DKK million
Amortisation and impairment losses for the year are included in:	
Administrative expenses	21
Total	**21**

The carrying amount of other intangible assets at 31 December 2007 includes, among others, capitalised software costs of DKK 31 million.

Goodwill and trademarks

All units of the BBH Group have been subject to impairment testing. Recoverable values are based on value in use calculated through cash-flow analysis. These are calculated using long-term plans prepared by management in each country and, for subsequent periods, through the assumption of continued growth at 9%. Projected cash-flows have been discounted using a rate of 12.8% before tax. These assumptions are well in line with historic outcome.

It is the assessement of management that no reasonable changes to any significant assumptions would impact the total recoverable value of the units in the brewery operations to such an extent that it would become lower than the total carrying amount of the units.

	2006		
	Goodwill	**Other intangible assets**	**Total**
	DKK million	**DKK million**	**DKK million**
Cost:			
Cost at 1 January 2006	3,730	93	3,823
Additions	628	27	655
Disposals	—	—	—
Foreign exchange adjustments etc.	(107)	(2)	(109)
Transfers	(15)	(1)	(16)
Cost at 31 December 2006	**4,236**	**117**	**4,353**
Amortisation and impairment losses:			
Amortisation and impairment losses at 1 January 2006	—	60	60
Amortisation	—	29	29
Disposals	—	—	—
Foreign exchange adjustments etc.	—	(3)	(3)
Amortisation and impairment losses at 31 December 2006	**—**	**86**	**86**
Carrying amount at 31 December 2006	**4,236**	**31**	**4,267**

	2006
	DKK million
Amortisation and impairment losses for the year are included in:	
Administrative expenses	29
Total	**29**

The carrying amount of other intangible assets at 31 December 2006 includes, among others, capitalised software costs of DKK 18 million.

Goodwill and trademarks

All units of the BBH Group have been subject to impairment testing. Recoverable values are based on value in use calculated through cash-flow analysis. These are calculated using long-term plans prepared by management in each country and, for subsequent periods, through the assumption of continued growth at 9%. Projected cash-flows have been discounted using a rate of 12.8% before tax. These assumptions are well in line with historic outcome.

It is the assessement of management that no reasonable changes to any significant assumptions would impact the total recoverable value of the units in the brewery operations to such an extent that it would become lower than the total carrying amount of the units.

	2005		
	Goodwill	Other intangible assets	Total
	DKK million	DKK million	DKK million
Cost:			
Cost at 1 January 2005	1,374	58	1,432
Additions	2,168	14	2,182
Disposals	—	—	—
Foreign exchange adjustments etc.	204	5	209
Transfers	(16)	16	—
Cost at 31 December 2005	**3,730**	**93**	**3,823**
Amortisation and impairment losses:			
Amortisation and impairment losses at 1 January 2005	1	42	43
Amortisation	—	17	17
Disposals	—	—	—
Foreign exchange adjustments etc.	(1)	1	—
Amortisation and impairment losses at 31 December 2005	**—**	**60**	**60**
Carrying amount at 31 December 2005	**3,730**	**33**	**3,763**

	2005
	DKK million
Amortisation and impairment losses for the year are included in:	
Administrative expenses	17
Total	**17**

The carrying amount of other intangible assets at 31 December 2005 includes, among others, capitalised software costs of DKK 17 million.

Goodwill

All units of the BBH Group have been subject to impairment testing.

It is the assessement of management that no reasonable changes to any significant assumptions would impact the total recoverable value of the units in the brewery operations to such an extent that it would become lower than the total carrying amount of the units.

Note 15 Property, plant and equipment

	2007				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2007	2,824	8,246	394	1,397	12,861
Acquisition of entities	38	103	3	13	157
Additions	225	2,191	59	668	3,143
Disposals	(1)	(154)	(6)	(1)	(162)
Foreign exchange adjustments etc.	(122)	(322)	(16)	(65)	(525)
Transfers	54	283	13	(350)	—
Other	—	26	2	10	38
Cost at 31 December 2007	**3,018**	**10,373**	**449**	**1,672**	**15,512**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2007	286	3,008	118	—	3,412
Disposals	(1)	(114)	(4)	—	(119)
Foreign exchange adjustments etc.	(15)	(102)	(5)	—	(122)
Depreciation	101	1,117	45	—	1,263
Transfers	(17)	13	4	—	—
Other	—	14	2	—	16
Depreciation and impairment losses at 31 December 2007	**354**	**3,936**	**160**	**—**	**4,450**
Carrying amount at 31 December 2007	**2,664**	**6,437**	**289**	**1,672**	**11,062**
Assets held under finance leases:					
Cost	—	239	—	—	239
Depreciation and impairment losses	—	(74)	—	—	(74)
Carrying amount at 31 December 2007	**—**	**165**	**—**	**—**	**165**

	2007
	DKK million
Depreciation and impairment losses are included in:	
Cost of sales	730
Sales and distribution expenses	432
Administrative expenses	101
Total	**1,263**

	2006				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2006	2,576	7,403	341	880	11,200
Acquisition of entities	—	3	—	—	3
Additions	312	1,133	69	548	2,062
Disposals	(2)	(79)	(7)	(6)	(94)
Foreign exchange adjustments etc.	(76)	(222)	(7)	(23)	(328)
Transfers	—	4	(2)	(2)	—
Other	14	4	—	—	18
Cost at 31 December 2006	**2,824**	**8,246**	**394**	**1,397**	**12,861**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2006	197	2,103	66	—	2,366
Disposals	—	(78)	(6)	—	(84)
Foreign exchange adjustments etc.	(5)	(74)	(1)	—	(80)
Depreciation	94	1,055	61	—	1,210
Transfers	—	2	(2)	—	—
Depreciation and impairment losses at 31 December 2006	**286**	**3,008**	**118**	**—**	**3,412**
Carrying amount at 31 December 2006	**2,538**	**5,238**	**276**	**1,397**	**9,449**
Assets held under finance leases:					
Cost	—	328	—	—	328
Depreciation and impairment losses	—	(89)	—	—	(89)
Carrying amount at 31 December 2006	**—**	**239**	**—**	**—**	**239**

	2006
	DKK million
Depreciation and impairment losses are included in:	
Cost of sales	735
Sales and distribution expenses	417
Administrative expenses	58
Total	**1,210**

	2005				
	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Construction in progress	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Cost:					
Cost at 1 January 2005	2,166	5,793	246	670	8,875
Additions	81	733	68	555	1,437
Disposals	(15)	(92)	(23)	—	(130)
Foreign exchange adjustments etc.	255	645	32	86	1,018
Transfers	89	324	18	(431)	—
Cost at 31 December 2005	**2,576**	**7,403**	**341**	**880**	**11,200**
Depreciation and impairment losses:					
Depreciation and impairment losses at 1 January 2005	116	1,190	33	—	1,339
Disposals	(4)	(57)	(9)	—	(70)
Foreign exchange adjustments etc.	6	108	3	—	117
Depreciation	79	862	39	—	980
Depreciation and impairment losses at 31 December 2005	**197**	**2,103**	**66**	**—**	**2,366**
Carrying amount at 31 December 2005	**2,379**	**5,300**	**275**	**880**	**8,834**
Assets held under finance leases:					
Cost	—	—	—	—	—
Depreciation and impairment losses	—	—	—	—	—
Carrying amount at 31 December 2005	**—**	**—**	**—**	**—**	**—**

	2005
	DKK million
Depreciation and impairment losses are included in:	
Cost of sales	645
Sales and distribution expenses	261
Administrative expenses	74
Total	**980**

Note 16 Investments in Associates

	2007 DKK million	2006 DKK million	2005 DKK million
Cost:			
Cost at 1 January	62	63	63
Foreign exchange adjustments etc.	(3)	(1)	—
Cost at 31 December	**59**	**62**	**63**
Value adjustments:			
Value adjustments at 1 January	(5)	—	4
Dividends	—	(5)	(5)
Share of profit after tax	3	—	4
Foreign exchange adjustments etc.	(1)	—	(3)
Value adjustments at 31 December	**(3)**	**(5)**	**—**
Carrying amount at 31 December	**56**	**57**	**63**

					2007 BBH Group share		
	Net revenue	Profit for the year after tax	Assets	Liabilities	Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Malterie Soufflet (Russia)	254	12	257	74	30%	3	56
Beer Packaging Association (Latvia)	—	—	—	—	50%	—	—
Trade House Kolos (Ukraine)	—	—	—	—	40%	—	—
						3	**56**

					2006 BBH Group share		
	Net revenue	Profit for the year after tax	Assets	Liabilities	Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Malterie Soufflet (Russia)	206	1	259	69	30%	—	57
Beer Packaging Association (Latvia)	—	—	—	—	50%	—	—
Trade House Kolos (Ukraine)	—	—	—	—	40%	—	—
						—	**57**

					2005 BBH Group share		
	Net revenue	Profit for the year after tax	Assets	Liabilities	Ownership interest	Profit for the year after tax	Equity
Key figures for associates:							
Malterie Soufflet (Russia)	241	13	285	76	30%	4	63
Beer Packaging Association (Latvia)	—	—	—	—	50%	—	—
Trade House Kolos (Ukraine)	—	—	—	—	40%	—	—
						4	**63**

Note 17 Securities

	2007 DKK million	2006 DKK million	2005 DKK million
Securities are classified in the balance sheet as follows:			
Non-current assets	26	25	26
Total	**26**	**25**	**26**
Types of security:			
Unlisted shares	26	25	26
Total	**26**	**25**	**26**

Note 18 Receivables

	2007 DKK million	2006 DKK million	2005 DKK million
Receivables are included in the balance sheet as follows:			
Trade receivables	830	657	585
Other receivables	511	314	346
Total current receivables	**1,341**	**971**	**931**
Non-current receivables	1,494	3	4
Total	**2,835**	**974**	**935**

Trade receivables comprise invoiced goods and services.

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

Non-current receivables consist mainly of loans to Carlsberg and Scottish & Newcastle. Non-current receivables fall due more than one year from the balance sheet date, of which DKK 1.5 billion falls due more than five years from the balance sheet date. The receivables have a fixed interest rate of 9.5%.

The fair value of financial receivables corresponds in all material respects to the carrying amount.

	2007 DKK million	2006 DKK million	2005 DKK million
Receivables by origin:			
Receivables from the sale of goods and services	830	657	585
Fair value of hedging instruments	29	5	8
Other receivables	1,976	312	342
Total	**2,835**	**974**	**935**

Receivables from the sale of goods and services fall due as follows:

	2007 DKK million	2006 DKK million	2005 DKK million
Not fallen due or written down	868	699	618
Falling due in less than 30 days	—	—	—
Falling due between 30 and 90 days	—	—	—
Falling due in more than 90 days	(38)	(42)	(33)
Carrying amount at 31 December	**830**	**657**	**585**

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

Write-downs are specified as follows:

	2007 DKK million	2006 DKK million	2005 DKK million
Write-downs at 1 January	(42)	(33)	(33)
Write-downs for the year	—	(7)	—
Realised bad debt losses	2	(2)	—
Reversed write-downs	2	—	—
Write-downs at 31 December	**(38)**	**(42)**	**(33)**

	2007 %	2006 %	2005 %
Average effective interest rates:			
Loans to associates	9.5	—	—

Note 19 Inventories

	2007 DKK million	2006 DKK million	2005 DKK million
Raw materials and consumables	1,285	803	409
Work in progress	153	94	85
Finished goods	590	522	660
Total	**2,028**	**1,419**	**1,154**

Production costs of inventories sold amount to DKK 10,003 million (2006: DKK 7,432 million and 2005: DKK 6,515 million).

Packing materials, packaging and spare parts are measured at the lower of net realisable value and cost. Write-downs of inventories to net realisable value amount to DKK 0 million (2006: DKK 0 and 2005: DKK 0) and are included in cost of sales.

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

Note 20 Cash and cash equivalents

	2007 DKK million	2006 DKK million	2005 DKK million
Cash at bank and in hand	1,206	2,068	1,541
Total	**1,206**	**2,068**	**1,541**
In the cash flow statement, bank overdrafts are offset against cash and cash equivalents as follows:			
Cash and cash equivalents	1,206	2,068	1,541
Bank overdrafts	(578)	(2)	(19)
Cash and cash equivalents, net	**628**	**2,066**	**1,522**

Short-term bank deposits amounted to DKK 940 million (2006: DKK 1,676 million and 2005: DKK 1,164 million). The average interest rate on these deposits was 7.7% (2006: 3.1% and 2005: 7.8%), and the average duration was 145 days (2006: 84 days and 2005: 82 days).

Note 21 Share capital

	Share capital 2007		Share capital 2006		Share capital 2005	
	Shares of DKK 89	Nominal value, DKK million	Shares of DKK 89	Nominal value, DKK million	Shares of DKK 89	Nominal value, DKK million
1 January	1,000,000	89	1,000,000	89	1,000,000	89
No change from 2005 to 2007	—	—	—	—	—	—
31 December	**1,000,000**	**89**	**1,000,000**	**89**	**1,000,000**	**89**

Each share of DKK 89 carries 1 vote. The shares are issued in euro.

Note 22 Borrowings

	2007	2006	2005
	DKK million	DKK million	DKK million
Non-current borrowings:			
Issued bonds	—	—	220
Bank borrowings	6,315	6,074	857
Lease liabilities	—	—	24
Other non-current borrowings	2	—	—
Total	**6,317**	**6,074**	**1,101**
Current borrowings:			
Bank borrowings	3,063	641	4,755
Lease liabilities	—	—	31
Other non-current borrowings	9	871	715
Total	**3,072**	**1,512**	**5,501**
Total non-current and current borrowings	**9,389**	**7,586**	**6,602**
Fair value	9,389	7,586	6,602

All borrowings are measured at amortised cost.

Time to maturity for non-current borrowings

	2007					
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank borrowings	42	202	—	186	5,885	6,315
Other non-current borrowings	1	1	—	—	—	2
Total	**43**	**203**	**—**	**186**	**5,885**	**6,317**

	2006					
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank borrowings	301	5,641	99	33	—	6,074
Total	**301**	**5,641**	**99**	**33**	**—**	**6,074**

Interest rate risk at 31 December 2006

Issued bonds:	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
RUB 1 billion maturing 20 November 2007	Fixed	8.75%	0-1 years	220	Fair value

	2005					
	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Mortgages	220	—	—	—	—	220
Bank borrowings	265	75	61	480	—	881
Total	**485**	**75**	**61**	**480**	**—**	**1,101**

Interest rate risk at 31 December 2005

Issued bonds:	Interest rate	Average effective interest rate	Fixed for	Carrying amount	Interest rate risk
RUB 1 billion maturing 20 November 2007	Fixed	8.75%	1-2 years	220	Fair value

	2007								
	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
	Original principal	Effect of swap	After swap	2008	2009	2010	2011	2012	2013-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	6,368	—	6,368	6,182	—	—	186	—	—
RUB	221	—	221	221	—	—	—	—	—
SEK	3	—	3	3	—	—	—	—	—
USD	2,559	—	2,559	2,066	90	89	314	—	—
Other	238	—	238	226	12	—	—	—	—
Total	**9,389**	**—**	**9,389**	**8,698**	**102**	**89**	**500**	**—**	**—**

	2006								
	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
	Original principal	Effect of swap	After swap	2007	2008	2009	2010	2011	2012-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	6,099	—	6,099	6,099	—	—	—	—	—
RUB	288	—	288	288	—	—	—	—	—
USD	840	—	840	730	110	—	—	—	—
Other	359	—	359	359	—	—	—	—	—
Total	**7,586**	**—**	**7,586**	**7,476**	**110**	**—**	**—**	**—**	**—**

	2005								
	Currency profile of borrowings before and after derivative financial instruments			Next repricing (of principal before currency swaps)					
	Original principal	Effect of swap	After swap	2006	2007	2008	2009	2010	2011-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	4,017	(446)	3,571	4,017	—	—	—	—	—
RUB	315	910	1,225	94	221	—	—	—	—
USD	2,122	(455)	1,667	1,486	95	—	61	480	—
Other	148	—	148	72	—	76	—	—	—
Total	**6,602**	**9**	**6,611**	**5,669**	**316**	**76**	**61**	**480**	**—**

Note 23 Retirement benefit obligations and similar obligations

The entities in the BBH Group have a few pension and retirement arrangements which are customised the labour market conditions in the respective countries.

Approximately 94% of the Group's retirement benefit costs relate to defined contribution plans, which limits the Company's obligation to the contributions paid.

	2007	2006	2005
	DKK million	DKK million	DKK million
Defined benefit plans are recognised in the balance sheet as follows:			
Retirement benefit obligations and similar obligations	20	22	27
Net obligations	20	22	27
Specification of net obligations:			
Present value of unfunded plans	20	22	27
Net obligations recognised	20	22	27
Specification of total obligations:			
Present value of unfunded plans	20	22	27
Total obligations	20	22	27
Changes in obligations:			
Total obligations at 1 January	22	27	25
Current service cost	(1)	(1)	—
Benefits paid	—	—	(2)
Transfer to/from other provisions	—	(4)	—
Additions due to acquisition of entities	—	(1)	—
Foreign exchange adjustments etc.	(1)	1	4
Total obligations at 31 December	20	22	27

	2007	2006	2005
	DKK million	DKK million	DKK million
Recognised in income statement:			
Current service cost	(1)	(1)	—
Total recognised in income statement	(1)	(1)	—
The cost is recognised in the income statement as follows:			
Administrative expenses	(1)	(1)	—
Total staff costs, cf. note 13	(1)	(1)	—
Total	(1)	(1)	—

	2007	2006	2005	2004
	DKK million	DKK million	DKK million	DKK million
Five-year overview (from 1 January 2004):				
Obligations	20	22	27	25
Plan assets	—	—	—	—
Deficit	20	22	27	25
Experience adjustments to obligations	—	—	—	—
Experience adjustments to plan assets	—	—	—	—

	2007	2006	2005
Assumptions applied (weighted average):			
Discount rate	6%	6%	6%
Future salary increases	3%	3%	3%
Future retirement benefit increases	2%	2%	2%
Turnover in employees	8%	8%	8%

Note 24 Deferred tax assets and deferred tax liabilities

	2007	2006	2005
	DKK million	DKK million	DKK million
Deferred tax at 1 January, net	511	433	362
Adjustments to previous years	—	—	31
Additions due to acquisition/disposal of entities, net	7	(5)	—
Recognised in income statement	(35)	83	40
Deferred tax at 31 December, net	**483**	**511**	**433**
Specified as follows:			
Deferred tax liabilities	500	528	441
Deferred tax assets	17	17	8
Deferred tax at 31 December, net	**483**	**511**	**433**

Specification of deferred tax assets and deferred tax liabilities at 31 December:

	Deferred tax assets			Deferred tax liabilities		
	2007	2006	2005	2007	2006	2005
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Intangible assets	4	3	—	10	1	7
Property, plant and equipment	24	22	8	469	468	278
Current assets	33	32	10	9	23	—
Provisions and retirement benefit obligations	62	69	60	160	157	86
Fair value adjustments	—	1	—	2	2	—
Tax losses etc.	44	18	—	—	3	—
Total before set-off	**167**	**145**	**78**	**650**	**654**	**371**
Set-off	(150)	(128)	(70)	(150)	(126)	70
Deferred tax assets and deferred tax liabilities at 31 December	**17**	**17**	**8**	**500**	**528**	**441**
Expected to be used as follows:						
Within 12 months of balance sheet date	—	—	—	—	28	—
More than 12 months after balance sheet date	17	17	8	500	500	441
Total	**17**	**17**	**8**	**500**	**528**	**441**

Deferred tax assets and tax liabilities are offset in the consolidated balance sheet if the BBH Group has a legally enforceable right to set off current tax liabilities, and the deferred tax assets and tax liabilities relate to the same legal tax entity.

Tax assets of DKK 1,304 million (2006: DKK 1,021 million og 2005: DKK 757 million) were not recognised. These relate primarily to tax losses which are not expected to be utilised in the foreseeable future. Tax losses that will not expire amount to DKK 1,304 million (2006: DKK 1,021 million and 2005: DKK 757 million).

Deferred tax has not been calculated on temporary differences relating to investments in associates as these investments are not expected to be disposed of within the foreseeable future and are therefore not expected to entail tax on disposal.

Deferred tax of DKK 158 million (2006: 156 million and 2005: DKK 112 million) has been recognised in respect of earnings in the BBH Group which are intended for distribution in the short term, as tax of 5% is payable on distributions.

Note 25 Provisions

	2007	
	Restructuring	Total
	DKK million	DKK million
Provisions at 1 January	5	5
Used during the year	(5)	(5)
Provisions at 31 December	**—**	**—**
Provisions are recognised in the balance sheet as follows:		
Non-current provisions	—	—
Current provisions	—	—
Total	**—**	**—**

	2006	
	Restructuring	Total
	DKK million	DKK million
Provisions at 1 January	45	45
Additional provisions recognised	11	11
Used during the year	(37)	(37)
Reversal of unused provisions	(16)	(16)
Foreign exchange adjustments etc.	2	2
Provisions at 31 December	**5**	**5**
Provisions are recognised in the balance sheet as follows:		
Current provisions	5	5
Total	**5**	**5**

Provisions for restructuring, in total DKK 88 million, primarily relates to restructuring in connection with group internal merger in Russia and reduction of activity for the parent company in Sweden.

	2005	
	Restructuring	Total
	DKK million	DKK million
Provisions at 1 January	—	—
Additional provisions recognised	88	88
Used during the year	(43)	(43)
Reversal of unused provisions	—	—
Foreign exchange adjustments etc.	—	—
Provisions at 31 December	**45**	**45**
Provisions are recognised in the balance sheet as follows:		
Non-current provisions	14	14
Current provisions	31	31
Total	**45**	**45**

Note 26 Other liabilities etc.

	2007	2006	2005
	DKK million	DKK million	DKK million
Other liabilities are recognised in the balance sheet as follows:			
Non-current liabilities	1	—	8
Current liabilities	1,465	1,040	1,079
Total	**1,466**	**1,040**	**1,087**
Other liabilities by origin:			
Excise duties and VAT payable	278	207	199
Staff costs payable	179	210	187
Marketing costs payable	—	—	373
Interest payable	7	47	1
Fair value of hedging instruments	73	92	7
Liabilities related to the acquisition of entities	180	192	—
Deferred income	41	63	64
Payables regarding buy back of shares	315	—	—
Other	393	229	256
Total	**1,466**	**1,040**	**1,087**

The fair value of financial liabilities corresponds in all material respects to the carrying amount.

Note 27 Cash flows

	2007 DKK million	2006 DKK million	2005 DKK million
Adjustment for other non-cash items:			
Share of profit after tax, associates	(3)	—	(4)
Gains on disposal of property, plant and equipment and intangible assets, net	16	1	18
Amortisation of loans etc.	2	(18)	(17)
Total	**15**	**(17)**	**(3)**
Change in working capital:			
Inventories	(677)	(303)	(128)
Receivables	(397)	(354)	(45)
Trade payables and other liabilities	779	529	181
Retirement benefit obligations and other liabilities related to operating activities before special items	(1)	(3)	—
Adjustment for unrealised foreign exchange gains/losses	—	—	117
Total	**(296)**	**(131)**	**125**
Change in financial receivables:			
Loans and other receivables	(638)	(104)	1
Repayments	5	—	—
Total	**(633)**	**(104)**	**1**
Shareholders in BBH AB:			
Increase in share capital	—	—	(13)
Dividends to shareholders	(1,128)	(874)	(744)
Repurchase of investments	63	—	—
Total	**(1,065)**	**(874)**	**(757)**
Minority interests:			
Acquisition of minority interests	(135)	(997)	(2,077)
Minority interests' share of capital increase in subsidiaries	28	1	12
Dividends to minority interests	(290)	(201)	(209)
Repurchase of investments from minority interests	(399)	—	—
Total	**(796)**	**(1,197)**	**(2,274)**
External financing:			
Proceeds from borrowings	652	5,668	148
Repayment of borrowings	(596)	(165)	(452)
Current borrowings, net	463	(4,123)	2,681
Repayment of finance lease liabilities	—	(54)	1
Total	**519**	**1,326**	**2,378**

Note 28 Acquisition and disposal of entities

Acquisition of entities

Name of acquired entities	2007 Main activity	Country	Acquisition date
Brewery Olivaria[1]	Brewery	Belarus	1 Jan. 2007

	Carrying amount prior to acquisition DKK million	Fair value at acquisition date DKK million
Intangible assets	—	34
Property, plant and equipment	119	157
Financial assets, non-current	7	7
Inventories	11	11
Receivables	15	15
Cash and cash equivalents	76	76
Deferred tax liabilities, net	1	(12)
Borrowings	(43)	(43)
Trade payables and other liabilities etc.	(22)	(23)
Net assets	**164**	**222**
Minority interests	—	(66)
Equity, BBH's share	**164**	**156**
Goodwill		101
Cash consideration paid		**257**
Cash and cash equivalents, acquired		76
Cash outflow, net		**181**
Elements of cash consideration paid:		
Cash		257
Directly attributable acquisition costs		—
Total		**257**

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

Strategically the acquisition of Brewery Olivaria is in line with other acquisitions made by BBH AB aimed at potential growth markets. Brewery Olivaria has a 10% market share in Belarus and Olivaria is one of the country's most recognised brands. Goodwill represents the acquired workforce and expected synergies. Brewery Olivaria is included in the earnings of BBH AB from 1 January 2007. The share of revenue is DKK 140 million, and the share of operating profit before special items DKK 2 million. The share of consolidated profit is a negative DKK 4 million.

Name of acquired entities	2006 Main activity	Country	Acquisition date
Sarbast Plus[(1)]	Brewery	Uzbekistan	21 June 2006

	Carrying amount prior to acquisition	Fair value at acquisition date
	DKK million	DKK million
Property, plant and equipment	3	3
Current assets	2	2
Non-current liabilities	(1)	(1)
Current liabilities	(1)	(1)
Net assets	**3**	**3**
Minority interests	(1)	(1)
Equity, BBH's share	**2**	**2**
Goodwill		—
Cash consideration paid		**2**
Cash and cash equivalents, acquired		—
Cash outflow, net		**2**
Elements of cash consideration paid:		
Cash		2
Directly attributable acquisition costs		—
Total		**2**

(1) BBH AB owns 75.1% of the share capital in Sarbast Plus as at the acquisition.

Strategically the acquisition of Sarbast Plus is in line with other acquisitions made by BBH AB aimed at potential growth markets.

There were no aquisitions of entities in 2005.

Note 29 Specification of invested capital

	2007	2006	2005
	DKK million	DKK million	DKK million
Invested capital is calculated as follows:			
Total assets	22,032	18,949	16,580
Less:			
Deferred tax assets	(17)	(17)	(8)
Interest income receivable, fair value of hedging instruments and financial receivables	(31)	(5)	(25)
Securities (current and non-current)	(26)	(25)	(26)
Cash and cash equivalents	(1,206)	(2,068)	(1,541)
Total assets included	**20,752**	**16,834**	**14,980**
Trade payables	(1,281)	(1,069)	(634)
Deposits on returnable packaging	(65)	(74)	(71)
Corporation tax	(44)	(56)	(45)
Deferred income	(41)	(63)	(64)
Finance lease liabilities, included in borrowings	—	—	(55)
Other liabilities, excluding interest payable and fair value of hedging instruments	(1,347)	(880)	(1,013)
Total liabilities offset	**(2,778)**	**(2,142)**	**(1,882)**
Total invested capital	**17,974**	**14,692**	**13,098**

Note 30 Specification of net interest-bearing debt

	2007 DKK million	2006 DKK million	2005 DKK million
Net interest-bearing debt is calculated as follows:			
Non-current borrowings	6,317	6,074	1,101
Current borrowings	3,072	1,512	5,501
Gross interest-bearing debt	**9,389**	**7,586**	**6,602**
Cash and cash equivalents	(1,206)	(2,068)	(1,541)
Other receivables	(1,976)	(331)	(342)
Non-interest-bearing portion	481	306	302
Net interest-bearing debt	**6,688**	**5,493**	**5,021**
Changes in net interest-bearing debt:			
Net interest-bearing debt at 1 January	5,493	5,021	3,024
Cash flow from operating activities	(4,062)	(3,581)	(2,920)
Cash flow from investing activities	4,094	2,211	1,400
Dividends to shareholders and minority interests	1,418	1,075	953
Acquisition of minority interests	135	997	2,077
Acquisition/disposal of treasury shares	(4)	—	—
Acquisition of entities, net	37	(3)	3
Change in interest-bearing lending	(740)	1	1
Effect of currency translation	(30)	(253)	480
Other	347	25	3
Total change	**1,195**	**472**	**1,997**
Net interest-bearing debt at 31 December	**6,688**	**5,493**	**5,021**

Note 31 Financial risks

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

Foreign exchange risk

As an international business the BBH Group is exposed to foreign exchange risks from currency translation, as the predominant part of revenue originates from foreign entities and is translated into DKK. The Group is exposed mainly to the following currencies: RUB, UAH and the Baltic currencies. There is also some exposure to KZT, BYR and UZS.

The BBH Group has a foreign exchange risk on balance sheet items, partly in terms of translation of debt/cash and cash equivalents taken up in a currency other than the functional currency for the relevant Group entity, and partly in terms of translation of net investments in entities with a functional currency other than DKK.

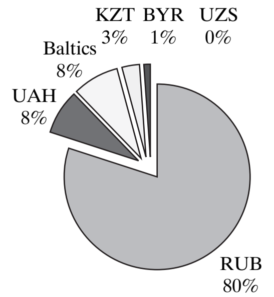
Impact of exchange rates on operating profit

Developments in the exchange rates between the DKK and the reporting currencies of subsidiaries have an increasing impact on the BBH Group's operating profit measured in DKK. This risk primarily relates to RUB, which constitutes approximately 80% of the Group's net revenue.

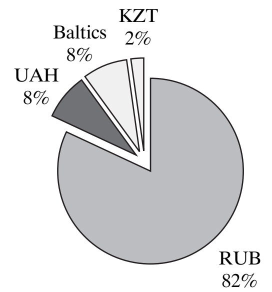
The BBH Group has chosen not to hedge revenue or earnings in foreign currencies.

The BBH Group is exposed to transaction risks to a certain degree, beacause the main part of the net revenue in the Groups entities is in local currency, whereas a part of the entities expenses are in foreign currency.

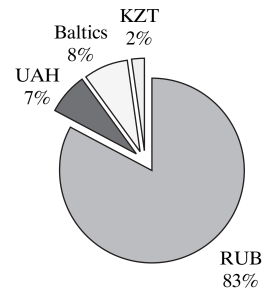
Distribution of revenue 2007



Distribution of revenue 2006



Distribution of revenue 2005



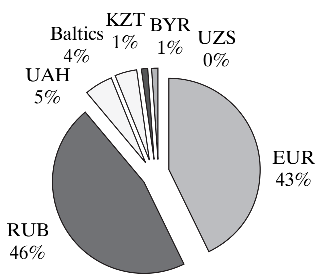
In some Group entities debt has been taken up in a currency other than the Group entity's functional currency without the foreign exchange risk being hedged. This is based on assessment of the alternative cost of financing the entity in the local currency. For the countries concerned, the interest rate level in the local currency, and thus the additional cost of financing in local currency, will be high enough to justify a foreign exchange risk.

Impact of exchange rates on balance sheet and equity

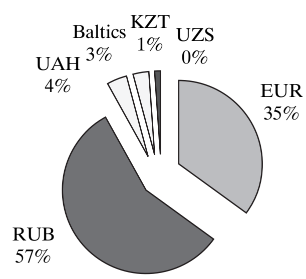
The BBH Group holds a number of investments in foreign subsidiaries where the translation of equity to DKK is exposed to foreign exchange risks. The Group hedges part of this foreign exchange exposure in RUB by entering into forward exchange contracts.

Distribution of equity:

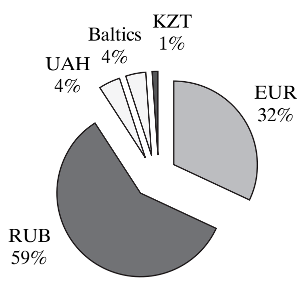
Equity 2007



Equity 2006



Equity 2005



The BBH Group's net investment in foreign currencies has decreased primarily in RUB (DKK 1.8 billion). The decrease in RUB is due to a repatriation of equity to EUR. The table below shows the breakdown of the net investments and the impact on equity. Adjustments for the year relating to hedging of net investments amount to DKK 41 million (2006: DKK 10 million and 2005: negative DKK 10 million).

	2007								
	BBH's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on BBH's share
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	8,899	—	—	—	—	8,899	—	—	—
RUB	9,896	1,182	(410)	(2,014)	41	9,064	(369)	(40)	(329)
UAH	1,138	99	(88)	—	—	1,237	(88)	(8)	(80)
Baltics	866	160	(94)	(90)	—	936	(94)	(17)	(77)
KZT	238	26	(18)	—	—	264	(18)	(2)	(16)
BYR	144	—	(16)	—	—	144	(16)	—	(16)
UZS	98	33	(17)	—	—	131	(17)	(6)	(11)
Total	**21,279**	**1,500**	**(643)**	**(2,104)**	**41**	**20,675**	**(602)**	**(73)**	**(529)**

2006	BBH's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on BBH's share
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
RUB	6,352	—	—	—	—	6,352	—	—	—
EUR	11,698	1,404	(252)	(1,599)	10	11,503	(242)	(13)	(229)
UAH	820	71	(48)	—	—	891	(48)	(4)	(44)
Baltics	766	142	(149)	—	—	908	(149)	(28)	(121)
KZT	238	26	(16)	—	—	264	(16)	(2)	(14)
UZS	172	57	—	—	—	229	—	—	—
Total	**20,046**	**1,700**	**(465)**	**(1,599)**	**10**	**20,147**	**(455)**	**(47)**	**(408)**

2005	BBH's share of net investment in foreign subsidiary	Minorities' share	Foreign exchange adjustment for the year recognised in equity	Hedging of net investment	Fair value adjustment of hedging instruments for the year recognised in equity	Net risk with respect to foreign currency	Net impact recognised in equity	Net impact on minorities' share	Net impact on BBH's share
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	5,655	—	—	—	—	5,655	—	—	—
RUB	10,415	1,320	849	(454)	(10)	11,281	839	119	720
UAH	730	63	106	—	—	793	106	9	97
Baltics	682	126	—	—	—	808	—	—	—
KZT	212	24	17	—	—	236	17	2	15
BYR	—	—	—	—	—	—	—	—	—
UZS	—	—	—	—	—	—	—	—	—
Total	**17,694**	**1,533**	**972**	**(454)**	**(10)**	**18,773**	**962**	**130**	**832**

Borrowings taken up in foreign currencies impact on interest-bearing debt measured in DKK, even if the foreign exchange risk is hedged by a financial instrument and there is no net impact on profit or equity. Changes in the fair value of financial instruments are included under other receivables/other liabilities. Net interest-bearing debt fell by approx. DKK 30 million in 2007 as a result of exchange rate movements during the year. In 2006 and 2005 it respectively rose and fell by DKK 253 million and DKK 240 million.

Interest rate risk

The most significant interest rate risk in the BBH Group relates to interest-bearing debt.

The Company's loan portfolio consists of bilateral loan agreements and syndicated credit facilities. At 31 December 2007 gross debt (non-current and current borrowings) amounted to DKK 9,389 million (2006: DKK 7,586 million and 2005: DKK 6,602 million). After deducting cash and cash equivalents, net debt is DKK 8,183 million (2006: DKK 5,518 million and 2005: DKK 5,061 million).

The vast majority of the net debt has a floating interest rate.

A breakdown of the BBH Group's gross debt, including the financial instruments used to manage foreign exchange and interest rate risks, is provided in note 22.

At year-end 92% of the net loan portfolio consisted of floating-rate loans with rates fixed for less than one year (2006: 92% and 2005: 82%). It is assessed that an interest rate rise of 1 percentage point would lead to an increase in interest costs of DKK 75 million (2006: DKK 51 million and 2005: DKK 41 million). BBH's exposure to an increase in short-term interest rates is primarily in EUR. The table below shows the breakdown of currencies and interest rate fixing for the net debt.

	2007						
	Net debt before swaps	Next repricing					
		2008	2009	2010	2011	2012	2013-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	6,290	6,104	—	—	186	—	—
RUB	(70)	(70)	—	—	—	—	—
SEK	3	3	—	—	—	—	—
USD	1,785	1,292	90	89	314	—	—
Other	175	163	12	—	—	—	—
Total	**8,183**	**7,492**	**102**	**89**	**500**	**—**	**—**

	2006						
	Net debt before swaps	Next repricing					
		2007	2008	2009	2010	2011	2012-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	6,017	6,017	—	—	—	—	—
RUB	(1,227)	(1,227)	—	—	—	—	—
USD	546	438	108	—	—	—	—
Other	182	182	—	—	—	—	—
Total	**5,518**	**5,410**	**108**	**—**	**—**	**—**	—

	2005						
	Net debt before swaps	Next repricing					
		2006	2007	2008	2009	2010	2011-
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
EUR	4,019	4,019	—	—	—	—	—
RUB	(886)	(1,105)	219	—	—	—	—
USD	1,822	1,186	95	—	61	480	—
Other	106	31	—	75	—	—	—
Total	**5,061**	**4,131**	**314**	**75**	**61**	**480**	**—**

Credit risk

Credit risk is the risk of a counterparty failing to meet its contractual obligations and so inflicting a loss on the BBH Group.

The individual Group entities monitor and control these loans as well as ordinary trade credit in accordance with central guidelines. It is estimated that the provisions made, cf. note 18, are sufficient to cover expected losses.

Liquidity risk

Liquidity risk is the risk of the BBH Group failing to meet its contractual obligations due to insufficient liquidity. BBH's need for financing is primarily secured by cash and cash equivalents which at year end 2007 amounted to DKK 1,206 million (2006: DKK 2,068 million and 2005: DKK 1,541 million).

Raw material risk

Raw material risks are associated in particular with purchasing of cans (aluminium), malt (barley) and energy.

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

Note 32 Financial instruments

The fair value of financial instruments is calculated on the basis of observable market data using generally accepted methods.

BBH uses two kinds of hedging:

Fair value hedge

Changes in the fair value of financial instruments used as fair value hedges are recognised in the income statement. These are mainly instruments to hedge financial risks relating to borrowings and hedges of transaction risks. Transaction risks comprise both expected and potential risks.

Recognised in income statement:

	2007	2006	2005
	DKK million	DKK million	DKK million
Interest rate instruments	—	—	—
Exchange rate instruments	—	(13)	10
Other instruments	—	—	—
Total	**—**	**(13)**	**10**

Hedging of net investments in foreign subsidiaries

A fair value for financial instruments used to hedge the foreign exchange risk associated with investments in ruble is recognised in equity.

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

	2007			2006			2005		
	Hedging of investment, amount in currency	Total adjustment to equity	Income statement	Hedging of investment, amount in currency	Total adjustment to equity	Income statement	Hedging of investment, amount in currency	Total adjustment to equity	Income statement
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
RUB	(9,715)	41	—	(7,715)	10	—	(2,073)	(10)	—
LVL	(8)	—	—	—	—	—	—	—	

Fair value of financial instruments

		2007		2006		2005	
		Positive	Negative	Positive	Negative	Positive	Negative
		DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Cash flow hedge	Currency	—	—	—	—	—	—
	Interest rate	—	—	—	—	—	—
	Other	—	—				
Hedging of net investment	Currency	29	—	5	—	—	(7)
Fair value hedge	Currency	—	(73)	—	(92)	8	—
	Interest rate	—	—	—	—	—	—
Total		**29**	**(73)**	**5**	**(92)**	**8**	**(7)**

Note 33 Related party disclosures

Related parties exercising control

The Carlsberg Group and Scottish & Newcastle plc each owns 50% of the shares in BBH AB.

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

Associates

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

	2007	2006	2005
	DKK million	DKK million	DKK million
Loans	1,492	—	—
Borrowings	—	648	1,571

Except from payout of dividends and loans totalling DKK 746 million to each there has been no transactions with the owners in 2007. The loans are granted with a fixed interest rate of 9.5%.

Borrowings from owners in 2006 and 2005 had maturities of 12 months and carried a floating interest rate. The interest rate varied between 3.5%-5.5% in 2006 and 4%-6% in 2005.

No losses on loans to or receivables from associates were recognised or provided for in 2007, 2006 or 2005.

Notes 34 Contingent liabilities and other commitments

The BBH Group has issued guarantees for loans etc. of DKK 3,010 million (2006: DKK 1,271 million and 2005: DKK 1,177 million) raised by subsidiaries, which are recognised in the consolidated balance sheet.

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

Capital commitments

	2007	2006	2005
	DKK million	DKK million	DKK million
Capital commitments which at the balance sheet date are agreed to be made at a later date and therefore not recognised in the consolidated financial statements:			
Intangible assets	1	—	—
Property, plant and equipment	615	844	310
Total	**616**	**844**	**310**

Operating lease liabilities

	2007		
	Fixtures and fittings, other plant and equipment	Plant and machinery	Total
	DKK million	DKK million	DKK million
Future lease payments:			
Within one year	3	67	70
Between one and five years	—	27	27
After more than five years	—	—	—
Total	**3**	**94**	**97**

	2006		
	Fixtures and fittings, other plant and equipment	Plant and machinery	Total
	DKK million	DKK million	DKK million
Future lease payments:			
Within one year	17	10	27
Between one and five years	7	16	23
After more than five years	—	—	—
Total	**24**	**26**	**50**

	2005		
	Fixtures and fittings, other plant and equipment	Plant and machinery	Total
	DKK million	DKK million	DKK million
Future lease payments:			
Within one year	2	—	2
Between one and five years	2	—	2
After more than five years	—	—	—
Total	**4**	**—**	**4**

	2007	2006	2005
	DKK million	DKK million	DKK million
Operating lease liabilities recognised in the income statement .	74	27	2

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

Note 35 Accounting policies

The 2007, 2006 and 2005 consolidated financial statements for BBH Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports, cf. the OMX Nordic Exchange Copenhagen A/S requirements for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The consolidated financial statements also meet IFRS issued by the IASB.

Baltic Beverages Holding AB, the parent of BBH Group, is a Swedish registered company resident in Sweden. BBH AB is not publicly listed, either in Sweden or Denmark. In the consolidated financial statements note 38 the directors' reports can be found for the BBH AB's local Swedish consolidated financial statements for 2007, 2006 and 2005. Furthermore the director's reports for the BBH Group are prepared in the consolidated financial statements on the basis of additional Danish disclosure requirements for annual reports cf. the OMX Nordic Exchange Copenhagen A/S requirements for listed companies and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The OMX Nordic Exchange Copenhagen A/S and IFRS set out requirements applicable to Danish companies. Baltic Beverages Holding AB has not maintained their business and financial records to comply with these requirements. Below is a summary of where Baltic Beverages Holding AB does not comply with the Danish disclosure requirements. Furthermore, parent company financial statements are not prepared for Baltic Beverages Holding AB:

- The company has not regularly published its results. As a result, there is no comparison with previous statements.
- Research and development activities are not reported separately.
- There is no 5 year overview or financial ratios.
- Information on management positions held by members of the supervisory and executive board in other Danish limited liability companies, except for management positions in the company's fully owned subsidiaries. This information is not included, since this information is not available for board members appointed by S&N.
- Information on significant agreements that will be effective, changed or terminated, if there is a change of control due to a successful offer for the company.
- Information on agreements between companies and their management or employees who receive compensation if they resign or are dismissed due to an offer.
- Corporate governance for the areas on which the company has gathered information in 2007 is described in a general manner.
- Corporate governance for 2005 and 2006 is not disclosed, since it has not been possible to gather this information as it has never been managed or described in accordance with the required and necessary requirements. They are omitted as an assessment and description thereof cannot be made retroactively on an objective well-based and documented basis.
- Requirements for the submission of financial statements through OMX's system for disclosure of financial statement information to the OMX are not described as they are not relevant since Baltic Beverages Holding AB is not listed on the OMX.

The consolidated financial statements are reported in Euro which is the functional currency for the parent company. Subsequently, the consolidated financial statements are converted to DKK for presentation purposes.

The consolidated financial statements are prepared using historical cost basis except for the following assets and liabilities which are measured at fair value: derivatives, financial instruments for trading purposes and financial instruments classified as available for sale.

Non-current assets and assets held for sale are measured at the lower of carrying amount before their reclassification and fair value less selling costs.

The accounting principles described above are applied consistently in the financial years 2007, 2006 and 2005.

New International Financial Reporting Standards and Interpretations

In 2007 the following IFRS Interpretations as adopted by the EU which are of relevance to the BBH Group were adopted with effect from 1 January 2007:

- IFRIC 10 "Interim Financial Reporting and Impairment", and
- IFRIC 11 "IFRS 2—Group and Treasury Share Transactions".

IFRIC 11 has been adopted before the effective date in accordance with the commence provisions of the Interpretation.

The adoption of these Standards and Interpretations has not affected recognition and measurement, and accordingly the accounting policies used in the preparation of the consolidated financial statements are consistent with those of last year. The new Standards and Interpretations only result in changes to note disclosures.

IFRS 8 "Operating Segments" was also adopted by the EU in 2007. The Standard will be adopted by the BBH Group effective for 2009.

In addition, the following Standards and Interpretations have been issued but not yet adopted by the EU:

- IAS 1 "Presentation of Financial Statements" on the presentation of financial statements
- IAS 23 "Borrowing Costs" requiring that borrowing costs are included in the cost of qualifying assets
- IFRS 12 "Service Concession Agreements" on concession agreements, which is not relevant for the Carlsberg Group
- IFRS 13 "Customer Loyalty Programmes" on customer loyalty programmes
- IFRS 14 "IAS 19—The Limit on a Defined Benefit Asset" on retirement benefit plans limited by the asset ceiling and introducing minimum funding requirements.

The Interpretations are effective from 1 January 2008, whereas the Standards are effective from 1 January 2009. The Standards and Interpretations are not expected to significantly affect recognition and measurement in the BBH Group.

Consolidated financial statements

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

Entities over which the Group exercises significant influence, but which it does not control, are considered associates. Significant influence is generally obtained by direct or indirect ownership or control of more than 20% of the voting rights but less than 50%. When assessing whether BBH AB exercises control or significant influence, potential voting rights exercisable at the balance sheet date are taken into account.

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

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

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

Business combinations

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

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

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

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

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

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

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

Gains or losses on the disposal or winding-up of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets including goodwill at the date of disposal or winding-up, foreign exchange adjustments recognised directly in equity plus costs to sell or winding-up expenses.

Acquisition and disposal of minority interests

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

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

Foreign currency translation

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

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

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

On recognition in the consolidated financial statements of entities with another functional currency than the presentation currency of BBH AB (DKK), the income statements and cash flow statements are translated at the exchange rates at the transaction date and the balance sheet items are translated at the exchange rates at the balance sheet date. An average exchange rate for the month is used as the exchange rate at the transaction date to the extent that this does not significantly deviate from the exchange rate at the transaction date. Foreign exchange differences arising on translation of the opening balance of equity of foreign entities at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are recognised directly in equity under a separate translation reserve.

Foreign exchange adjustment of balances with foreign entities which are considered part of the investment in the entity are recognised in the consolidated financial statements directly in equity if the balance is denominated in the functional currency of the Parent Company or the foreign entity. Correspondingly, foreign exchange gains and losses on the part of loans and derivative financial instruments which are designated as hedges of investments in foreign entities with a functional currency different from BBH AB and efficiently hedge against corresponding foreign exchange gains and losses on the investment in the entity are also recognised directly in a separate translation reserve in equity.

On recognition in the consolidated financial statements of associates with another functional currency than the presentation currency of BBH AB, the share of profit/loss for the year is translated at average exchange rates and the share of equity, including goodwill, is translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on the translation of the share of the opening balance of equity of foreign associates at the exchange rates at the balance sheet date, and on translation of the share of profit/loss for the year from average exchange rates to the exchange rates at the balance sheet date, are recognised directly in a separate translation reserve in equity.

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

Derivative financial instruments

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

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

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

Changes in the portion of the fair value of derivative financial instruments designated as and qualifying as a cash flow hedge that is an effective hedge of changes in the value of the hedged item are recognised in equity. If the hedged transaction results in gains or losses, amounts previously recognised in equity are transferred to the same item as the hedged item. Gains or losses from hedges of proceeds from future borrowings are, however, transferred from equity over the term of the loan.

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

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries, joint ventures or associates that are effective hedges of currency fluctuations in these entities are recognised in the consolidated financial statements directly in a separate translation reserve in equity.

Certain contracts contain characteristics of derivative financial instruments. Such embedded derivatives are recognised separately and measured currently at fair value if they differ significantly from the host contract, unless the entire host contract is recognised and measured at fair value.

Income statement

Revenue

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

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

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

Cost of sales

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

Sales and distribution expenses

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

Administrative expenses

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

Other operating income and expenses

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

Operating profit before special items

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

Special items

This item includes significant income and costs of a special nature in terms of the Group's revenue-generating operating activities, such as the cost of extensive restructuring of processes and fundamental structural changes, as well as any gains or losses arising from disposals in this connection. This item also includes significant non-recurring items, including impairment of goodwill and gains on the disposal of activities.

These items are shown separately in order to provide a fairer presentation of the Group's operating profit.

Profits/losses from investments in associates

The proportionate share of the results of associates after tax and minority interests is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities and impairment of securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, including defined benefit retirement benefit plans, surcharges and refunds under the on-account tax scheme etc. Furthermore, realised and unrealised gains and losses on derivative financial instruments which are not designated as hedging arrangements are included.

Tax on profit/loss for the year

Tax for the year comprises current tax, joint taxation contributions and changes in deferred tax for the year, including changes as a result of a change in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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

Other intangible assets

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

Costs for development and implementation of substantial IT systems are capitalised and amortised over their estimated useful life.

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

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

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

Trademarks with finite useful lives	Useful life, normally maximum 20 years
Software etc.	3-5 years

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

Property, plant and equipment

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

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

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

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

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

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

Land is not depreciated.

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

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

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

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

Investments in associates

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

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

Any amounts owed by associates are written down to the extent that the amount owed is deemed irrecoverable. On acquisition of investments in associates, the purchase method is used, see the description under Business combinations.

Inventories

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

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

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

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

Receivables

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

Prepayments

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

Securities

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

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

Impairment of assets

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

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

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

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

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

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

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

Equity

Translation reserve

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

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

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

Proposed dividends

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

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

Employee benefits

Wages and salaries, social security contributions, paid leave and sick leave, bonuses and other employee benefits are recognised in the financial year in which the employee renders the related service.

Retirement benefit obligations and similar obligations

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

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

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

Any difference between the expected development in retirement benefit plan assets and liabilities and realised amounts constitutes actuarial gains or losses and is recognised directly in the balance sheet with a set-off directly against equity.

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

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

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

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

Realised gains and losses on the curtailment or settlement of retirement benefit plans are recognised in the income statement under other operating income, net.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

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

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

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement. Changes to deferred tax recognised in equity are, however, recognised in equity.

Other provisions

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

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

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

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

Financial liabilities

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

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

Other liabilities are measured at amortised cost.

Deposits on returnable packaging

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

Leases

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

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

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

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

Deferred income

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

Assets held for sale

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

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

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

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

Assets and liabilities are recognised separately in the balance sheet and main items are specified in the notes. Comparative figures are not restated.

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

Presentation of discontinued operations

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

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

Cash flow statement

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

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

Cash flow from operating activities

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

Cash flow from investing activities

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

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

Cash flow from financing activities

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

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

Cash and cash equivalents

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

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

Segment information

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

A segment's operating profit/loss includes revenue, operating costs and share of profit/loss in associates to the extent that they can be allocated directly to the individual segment.

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

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

Financial ratios

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

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

The financial ratios stated in note 37 have been calculated as follows:

Return on average invested capital, including goodwill (ROIC)

Operating profit before special items as a percentage of average invested capital[(1)].

Number of shares, year end

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

Number of shares, average

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

Equity ratio

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

Financial gearing

Net interest-bearing debt(2) at year end divided by total equity at year end.

*Debt/operating profit before depreciation, amortisation and impairment**

Net interest-bearing debt(2) divided by operating profit before special items less depreciation, amortisation and impairment.

Operating margin

Operating profit before special items as a percentage of revenue.

Cash flow per share (CFPS)

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

*Free cash flow per share (FCFPS)**

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

*Interest cover**

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

Earnings per share (EPS)

Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding.

Earnings per share, diluted (EPS-D)

Consolidated profit for the year, excluding minority interests, divided by the average number of shares outstanding, fully diluted for share options in the money in accordance with IAS 33.(3)

Pay-out ratio

Dividend for the year as a percentage of consolidated profit, excluding minority interests.

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

(1) The calculation of invested capital is specified in note 29.

(2) The calculation of net interest-bearing debt is specified in note 30.

(3) The dilutive effect is calculated as the difference between the number of shares that could be acquired at fair value for the proceeds from the exercise of the share options and the number of shares that could be issued assuming that the options are exercised.

(4) The calculation of the free cash flow is specified in the cash flow statement.

Note 36 Company information

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Sweden

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Place of business: Kista, Sweden

Note 37 Financial ratios

		As of		
		2007	**2006**	**2005**
Financial ratios				
Operating margin	%	22.4	22.7	20.0
Return on average invested capital (ROIC)	%	29.1	26.5	23.2
Equity ratio	%	42.1	45.2	46.0
Debt/equity (financial gearing)	x	0.7	0.6	0.7
Debt/operating result before depreciation, amortisation and impairment*	x	1.1	1.1	1.4
Interest cover*	x	13.3	33.5	6.3
Stock market ratios				
Earnings per share (EPS)	DKK	2,492	2,066	1,111
Earnings per share, diluted (EPS-D)	DKK	2,492	2,066	1,111
Cash flow from operating activities per share (CFPS)	DKK	4,062	3,581	2,920
Free cash flow per share (FCFPS)*	DKK	(32)	1,370	1,520
Pay-out ratio	%	55	69	95
Number of shares (year end)	1,000	1,000	1,000	1,000
Number of shares (average, excl. treasury shares)	1,000	1,000	1,000	1,000

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios, "Recommandations and Financial Ratios 2005".

* Financial ratios are not defined in Danish Society of Financial Analysts' "Recommandations and Financial Ratios 2005".

Note 38 Directors' report—2007, 2006 and 2005

Directors' Report 2007

The Directors report stated here below is an accurate transcript from the official annual report for Baltic Beverages Holding AB for 2007 and is therefore not adjusted to Carlsberg Group accounting policies. Only recalculation of figures from EUR to DKK has been performed, but no other adjustments have been made to accounting information.

Operations in general

Pripps Ringnes AB and Oy Hartwall Ab have been partners in the brewering industry in the former Soviet Union since 1991. The operations are conducted through the company Baltic Beverages Holding AB (BBH).

Ownership

Today, BBH is a 50:50-owned joint venture between Carlsberg Breweries A/S and Scottish & Newcastle plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg Breweries A/S, Denmark, owns 50% of the BBH and through its 100% ownership of Oy Hartwall Ab, Scottish & Newcastle plc, UK, owns the remaining 50% of BBH.

Significant events during the year

At end of 2006 BBH subscribed for shares in Belarus, Olivaria Brewery. 1 of January 2007 BBH acquired 30% of the shares for DKK 77 million, the company has also options to acquire additional 40%. The options bring the subsidiary to be consolidated for 70%.

The Russian subsidiary Baltika bought back own shares for 23% of the share capital. BBH AB's part of the shares bought back effected DKK 2,530 million.

The parent company has, to each owner, Carlsberg A/S and Scottish & Newcastle plc, lent DKK 746 million. The loan has a duration until 2017 with an interest rate at 9.5%.

The Group's investments in production and distribution facilities amounted to DKK 3,317 million (2006: DKK 2,121 million)

Non-financial risks and factors of uncertainty

Operating risk

The volatility of market price for malt has increased during 2007. Due to poor crops worldwide during 2007 the prices has also been higher.

Political enviroment

The Russian economy is developing at a fast pace with an annual growth rate of 6-10% while simultaneously becoming increasingly integrated with Western economies and strengthening its relations with the EU. For the foresecable future, political stability will not be regarded as a disproportionate risk.

Financial instruments and risk management

The Group's financial transactions and risks are managed both centrally by the parent company and locally by its subsidiaries. The overall goal of the treasury function is to provide cost efficient financing and at the same time minimise possible negative effects on the Group's net income and equity through fluctuations in market rates. Close to 59% (89%) of the Group's equity is related to Russia. Historically the fluctuations of the Russian rouble (RUR) have been closely linked to those of the U.S. dollar (USD). The market for direct hedging of RUR assets versus EUR has previously been limited. In late 2006, however, RUR assets equal to DKK 1,537 million were hedged using two to four year currency forwards. Group interest rate risk is limited as the group is primarily funded using floating interest rate.

Information on non-financial issues

Environment

BBH is committed to follow international standards for environmental management, and takes continuous action to improve its environmental efforts. Members of BBH Group work actively to reduce any negative impact on the environment and to enhance sustainable use of natural resources. The BBH Group does not publish a separate environmental report.

Personnel policies

Personnel policies are adapted to the specific regions and markets in which BBH operates. BBH works actively to create and implement common guidelines for social responsibillity. This work is carried out in close cooperation with BBH's owners Carlsberg Breweries and Scottish & Newcastle.

Financial performance and position

BBH group's revenues for 2007 are DKK 20,870 million and the profit for the year is DKK 3,000 million, thereof minority interest for DKK 508 million. Cash and equivalents stands for DKK 721 million and balance sheet total amounts to EUR 22,352 million.

Parent company

BBH AB's operations were financed through external loans through dividends from subsidiaries.

BBH AB's revenues for 2007 are DKK 8,318 million (2006: DKK 8,527 million) and the profit for the year are DKK 3,626 million (2006: DKK 6,095 million). Cash and equivalents stands are DKK 4 million (2006: DKK 93 million) and balance sheet total amounts to DKK 15,368 million (2006: DKK 13,331 million).

Foreign branch offices

BBH AB has a branch office in st Petersburg, whose main task is to provide legal support to the parent company in Russia.

Outlook

Strong growth is expected to continue in all the other large markets as well. These trends combined with the increased production capacity, indicate continued growth and profitabillity.

Proposed disposition of earnings

The following amounts are at the disposal of the shareholders (DKK million):

Retained earning	5,170
Net profit	3,626
Total	**8,796**

The Board of Directors proposes that the amount at the disposal of the shareholders be allocated as follows:

Dividends to shareholders, DKK 1,361 per share	1,361
Profit brought forward	7,435
Total	**8,796**

Statement in relation to the proposed dividends to shareholders, as stipulated in the Swedish Companies Act, Chapter 18, §4:

The proposed dividends to shareholders would reduce the parent company equity/debt ratio from 58 to 49% and the group equity/debt ratio from 43 to 37%. The equity/debt ratio remains at a satisfactory level, as both the parent company and group are expected to continue to be profitable. Parent company and group liquid assets are expected to remain at satisfactory levels. Equity includes an unrealised gain of DKK 41 million from the market-to-market evaluation of financial instruments.

It is the opinion of the Board of Director's that the proposed dividends will not prevent the parent company, or its subsidiaries, from fulfilling its legal obligations, either in the short run or in the long run, or from completing required capital expenditures. The proposed dividends are thus in accordance with the rules regarding fiscal prudence, as stipulated in the Swedish Companies Act Chapter 17, § 3, 2-3.

The annual report and consolidated accounts were approved by the Board of Directors on 12 February 2008.

The proposed disposition of earnings, income statements and balance sheets, are subject to approval by the General Shareholders' Meeting on 18 February 2008.

Regarding the company's financial perfomance and position, refer to the following income statements and balance sheets with related comments.

Directors' Report 2006

The Directors report stated here below is an accurate transcript from the official annual report for Baltic Beverages Holding AB for 2006 and is therefore not adjusted to Carlsberg Group accounting policies. Only recalculation of figures from EUR to DKK has been performed, but no other adjustments have been made to accounting information.

Directors' report

Operations in general

Pripps Ringnes AB and Oy Hartwall Ab have been partners in the brewing industry in the former Soviet Union since 1991. The operations are conducted through the company Baltic Beverages Holding AB (BBH).

Ownership

Today, BBH is a 50:50-owned joint venture between Carlsberg Breweries and Scottish & Newcastle Plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg breweries A/S, Denmark, owns 50% of BBH and through its 100% ownership of Oy Hartwall Ab, Scottish & Newcastle plc, UK, owns the remaining 50% of BBH.

Significant events during the year

During the year the Russian subsidiaries OAO Yarpivo Brewery, OAO Pikra and OAO Vena Brewery were merged with OAO Baltika Brewery. The merger was registered on 27 December 2006.

In the first stage, subjected to Baltika shareholders approval, shareholders in OAO Pikra, OAO Vena and OAO Yarpivo had the option to either exchange their shares into Baltika ordinary shares or sell them for cash at an equivalent value to Baltika. In parallel, Baltika shareholders had the option of either realising their investment or retaining their shares. In the second stage the remaining outstanding shares were stocked out and, OAO Pikra, OAO Vena and OAO Yarpivo were merged into Baltika.

On 21 June BBH AB acquired 75.1% of the Uzbechi company Sarbast Plus for DKK 140 million. Brewery operations will be established and production is planned to begin in spring 2007. The initial annual capacity will be 1 million hektolitre.

At year end BBH AB subscribed for shares in a new share issue by the Belarus brewery Oliviaria Brewery, obtaining 30% of the total shares for a consideration of DKK 107 million. The brewery operation has an annual capacity of 0.4 million hektolitres and plans to increase capacity to 0.6 million hektolitres in 2007.

These acquisitions are in line with the strategy of entering emerging markets. The acquisitions have only a marginal effect on profits for 2006.

The Group's investments in production and distribution facilities amounted to DKK 2,121 million (DKK 1,149 million).

Non-financial risk and factors of uncertainty

Political environment

The Russian economy is developing af a fast pace with an annual growth rate of 6–10% while simultaneoulsy becoming increasingly integrated with Western economies. Russia is expected to become a member of WTO in 2007 and is continuoulsy developing and strengthening its relations with the EU. For the forseeable future, political stability will not be regarded as a disproportionate risk.

Financial intruments and risk management

The Group's financial transactions and risks are managed both centrally by the parent company and locally by its subsidiaries. The overall goal of the treasury function is to provide cost efficient financing and at the same time minimise possible negative effects on the Group's net income and equity through fluctuations in market rates. Close to 85% (84%) of the Group's equity is related to Russia. Historically the fluctuations of the Russian ruble (RUB) have been closely linked to those of the U.S. dollar (USD). The market for direct hedging of RUB assets versus EUR has previoulsy been limited. For that reason part of the RUB exposure was hedged against USD in 2005. In late 2006, however, RUB assets equal to DKK 1,119 million were hedged using three to five year currency forwards.

Group interest rate risk is limited as the Group is primarily funded using floating interest rate.

Information on non-financial issues

Environment

BBH is commited to following international standards for environmental management, and takes continuous action to improve its environmental efforts. Members of BBH Group work to reduce any negative impact on the environment and to enhance sustainable use of natural resources. The BBH Group does not publish a separate environmental report.

Personnel policies

Personnel policies are adapted to the specific regions and markets in which BBH operates. BBH works actively to create and implement common guidelines for social responsibility. This work is carried out in close cooperation with BBH's owner Carlsberg Breweries and Scottish & Newcastle.

Parent company

BBH's operations were financed through external loans, loans from its owners and through dividends from subsidiaries. In July 2006 BBH signed an agreement for a syndicated EUR 600 million credit facility maturing after three years and with BBH having the option to extend the facility for an additional two years.

Foreign branch offices

BBH AB has a branch office in St Petersburg, whose main task is to provide legal support to the parent company in Russia.

Outlook

The merger of the four Russian companies Baltika, Vena, Yarpivo and Pikra will strengthen Baltika's position as the leading brewer and as the largest company in fast moving consumer goods in Russia. Strength growth is expected to continue in all the other large markets as well. These trends combined with increased production capacity indicate continued growth and profitability.

Proposed disposition of earnings

The following amounts DKK million is at the disposal of the shareholders:

Retained earnings	156
Net profit	6,089
Total	6,245

The Board of Directors proposes that the amount at the disposal of the shareholders be allocated as follows:

Dividends to shareholders, DKK 1,119 per share	1,119
Profit brought forward	5,126
Total	6,245

Statement in relation to the proposed dividends to shareholders, as stipulated in the Swedish Companies Act, Chapter 18, § 4:

The proposed dividends to shareholders would reduce the parent company equity/debt ratio from 47 to 42 per centand the group eguity/debt ratio from 46 to 41 per cent. The equity/debt ratio remains at a satisfactory level, as both the parent company and the group are expected to continue to be profitable. Parent company and group liquid assets are expected to remain at satisfactory levels. Equity includes an unrealised gain of DKK 134 thousand from the market-to-market evaluation of financial instruments.

It is the opinion of the Board of Director's that the proposed dividends will not prevent the parent company, or its subsidiaries, from fulfiling its legal obligations, either in the short run or in the long run, or from completing required capital expenditures. The proposed dividends are thus in accordance with the rules regarding fiscal prudence, as stipulated in the Swedish Companies Act Chapter 17, § 3, 2-3.

The annual report and consolidated accounts were approved by the Board of Directors on 13 February 2007.

The proposed disposition of earnings, income statements and balance sheets are subject to approval by the General Shareholders' Meeting on 19 February 2007.

Regarding the company's financial performance and position, refer to the following income statements and balance sheets with related comments.

Directors' Report 2005

The Directors report stated here below is an accurate transcript from the official annual report for Baltic Beverages Holding AB for 2005 and is therefore not adjusted to Carlsberg Group accounting policies. Only recalculation of figures from EUR to DKK has been performed, but no other adjustments have been made to accounting information.

Operations in general

Group

Pripps Ringnes AB and Oy Hartwall Ab have been partners in the brewing industry in the territory of the former Soviet Union since 1991. The operations are conducted through the company Baltic Beverages Holding AB (BBH).

Ownership

Today, BBH is a 50:50-owned joint venture between Carlsberg Breweries A/S and Scottish and Newcastle plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg Breweries A/S, Denmark, owns 50% of BBH and through its 100% ownership of Oy Hartwall Ab, Scottish and Newcastle plc. UK, owns the remaining 50% of BBH.

Significant events during the year

The following significant events took place in 2005:

- The subsidiares Vena Brewery and Zolotoy Ural Brewery were merged.
- The subsidiares Yarpivo Brewery and Voronezh Brewery were merged.
- A process aiming at merging all Russian companies into one legal unit began.
- In September the newly renovated brewery in Almaty, Kazakhstan, was inaugurated.
- BBH reached the following full year market shares in its markets:
    - Russia 36.3% (+2.1%)
    - Ukraine 19.1% (−3.5%)
    - Baltic region 41.6% (−0.2%)
    - Kazakhstan 25.3% (+2.7%)

The Group's investments in production and distribution facilities amounted to DKK 1,450 million (2004: DKK 1,533 million).

Parent company

BBH's operations were financed through external loans, loans from owner companies and through dividends from subsidiaries.

Financial instruments and risk management

The Group's financial transactions and risks are managed both centrally by the parent company and locally by its susidiaries. The overall goal of the treasury function is to provide cost efficient financing and at the same time minimise possible negative effectives on the Group's net income and equity through fluctuations in market rates.

Close to 85% of the Group's equity is related to Russia. Historically the fluctuations of the Russian ruble (RUR) have been closely linked to those og the U.S. dollar (USD). This relationship was very strong in 2005 too. Because of limited possibities to hedge investments denominated in RUR directly in RUR, BBH has for the most part of 2005 chosen USD funding to limit its EUR/RUR exposure. The relationship between USD and RUR is expected to decrease in the coming years and is expected to be replaced by a stronger relationship between RUR and EUR. These expectations combined with increasing USD interest rates made BBH shift its funding to EUR in December 2005.

Foreign branch offices

BBH AB has a branch office in St Petersburg, whose main task is to provide legal support to the parent company in Russia. The branch office has also had staff within marketing and sales. However, this staff has been terminated during the year.

Change in accounting policies

Effective 1 January 2005, the Group adopted the IFRS accounting standards approved of by the EU Commission. The implementation of these new standards is a change in accounting policies and has affected income statements and balance sheets. For comparison purposes prior year numbers have been restated using the new standards.

Outlook

The merge of the four Russian companies will strengthen Baltika as the leading brewer and the largest fast moving consumer goods company in Russia.

Proposed disposition of earnings

The Board of Directors and the Managing Director propose that the amount at the disposal of the shareholders to be allocated as follows (DKK million):

To be carried forward to new account	146

Regarding the company's financial perfomance and position, refer to the following income statements and balance sheets with related comments.

Note 39 Additional Danish Note Requirements

Directors' Report 2007

Main activities

BBH operates breweries in Eastern Europe through local subsidiaries.

Development, activities and economic conditions

BBH group revenues for 2007 are DKK 20,870 million and the profit for the year is DKK 3,000 million, of which DKK 508 million represents minority interest. The balance sheet total amounted to DKK 22,032 million.

Significant events during the year

On 1 January 2007, BBH acquired 30% of the shares in Olivaria Brewery in Belarus for DKK 77 million and also has options to acquire an additional 40%. The options cause the subsidiary to be consolidated on a 70% basis.

The Russian subsidiary, Baltika Brewery, bought back own shares for 23% of the share capital.

The parent company, Baltic Beverages Holding AB has, to each owner, Carlsberg A/S and Scottish & Newcastle plc, lent DKK 746 million. The loan has a duration until 2017 with an interest rate of 9.5%.

BBH's investments in production and distribution facilities amounted to DKK 3,317 million (2006: DKK 2,121 million).

Events after the balance sheet date

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the balance sheet date of importance to the consolidated financial statements.

Special risks

Operating risk

The volatility of market price for malt increased during 2007. Due to poor crops worldwide during 2007, the prices of malt have also been higher.

Political environment

The Russian economy is developing at a fast pace with an annual growth rate of 6-10% while simultaneously becoming increasingly integrated with Western economies and strengthening its relations with the EU. For the foreseeable future, political stability will not be regarded as a disproportionate risk.

Financial risks

The activities of the BBH Group imply that profits, debt and equity are impacted by a number of financial risks, which primarily relate to changes in foreign exchange rates and interest rates. The financial risks of BBH are managed in cooperation with the treasury departments of its two owners according to the principles approved by the board of Baltic Beverages Holding AB. This risk is primarily managed through foreign exchange and interest rate hedging, and to a lesser extent through commodity hedging.

For more information refer to note 31 financial risk.

Environment

BBH is committed to following international standards for environmental management, and takes continuous action to improve its environmental efforts. Members of the BBH Group work actively to reduce any negative impact on the environment and to enhance sustainable use of natural resources. The BBH Group does not publish a separate environmental report.

Personnel policies

Personnel policies are adapted to the specific regions and markets in which BBH operates. BBH works actively to create and implement common guidelines for social responsibility. This work is carried out in close cooperation with BBH's owners.

Branch offices

Baltic Beverages Holding AB has a branch office in St. Petersburg, whose main task is to provide legal support to the parent company in Russia.

Outlook

Management expects that growth continue in all the large markets. These trends combined with the increased production capacity, indicate continued growth and profitability. The company is exposed to macroeconomic changes of each of its markets and international commodities prices.

Ownership

At the end of 2007, BBH is a 50:50-owned joint venture between Carlsberg Breweries A/S and Scottish & Newcastle plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg Breweries A/S, Denmark, owns 50% of the BBH and through its 100% ownership of Oy Hartwall Ab, Scottish & Newcastle plc, UK, owns the remaining 50% of BBH.

The financial statement for BBH are consolidated on a proportional basis in the consolidated financial statements of Carlsberg A/S. The financial statements are available at Carlsberg A/S, Ny Carlsbergvej 100, 1760 Copenhagen V, Denmark.

Share capital

The share capital is comprised of 1,000,000 shares of DKK 89, with one vote each. None of the shares are listed on a stock exchange or other regulated market. The shares are denominated in euro.

Each shareholder has a right of first refusal shares in relation to any sale of shares.

Related party disclosure

Except for payment of dividends and the provision of loans, there have been no transaction with the shareholders in 2007. As at 31 December 2007, the company has granted loans to each of the shareholders in the amount of DKK 746 million. The loans bear interest at a fixed rate of 9.5%.

Corporate governance

The management of BBH consists of a board comprised of representatives of the two shareholders, the operational management,"ExCom," which also comprises representatives of the two shareholders, the CEO from each of the larger companies in the group and a management seeking to ensure that the group's management and control systems are appropriate and function in a satisfactory manner.

A number of internal procedures have been developed and are maintained on an ongoing basis. The BBH corporate governance is described based on the recommendations of the OMX Nordic Exchange Copenhagen A/S on corporate governance.

The basis of the group's corporate governance is, among other things, IFRS, the company's articles of association and good practice for companies of the same size and international reach as BBH.

Shareholders and BBH

There is an ongoing dialogue between the company's two shareholders regarding financials and operations, including monthly reports to management and shareholders.

There is a shareholder agreement between the two owners, including articles governing trading of the company's shares.

General meetings

The general meeting is the ultimate authority of the company. The calling of the general meeting is made in accordance with the company's articles.

Stakeholders in the Company

BBH seeks to maintain good relations with its stakeholders due to the fact that such relations are viewed as having an important and positive effect on the development of the company.

Composition of the Board of Directors

The general meeting elects the board of directors, consisting of eight members all of whom are part of the management team of the shareholder companies. All members have a business background with knowledge of brewing activities.

Operation of the Board of Directors

The board of directors in the parent company, BBH AB, and the board of directors of the other companies in the group are responsible for ensuring that the managements comply with the targets, strategies and business procedures determined by the board. Management reporting in the respective companies is done at meetings as well as by way of written and oral reporting. This reporting comprises among other things the company's business environment, business development and profitability and financial status. BBH AB's board of directors meets at least six times per year. Normally, one yearly meeting is held at which the company's strategy is discussed. In the period between ordinary board meetings, the board of directors receives written reports regarding the company's development and financial status. The board can hold extraordinary meetings if conditions so require. Among other things, the board of directors makes decisions in relation to acquisitions, large investments and divestitures, capital structure, long term obligations, important policies, control and audit as well as significant business issues.

The board of directors determines procedures for management reporting to directors and communications between the board and the management. The procedures are evaluated on a yearly basis by the board of directors and adapted to the company's situation.

The chairman and deputy chairman together comprise the chairmanship, which among other things organizes board meetings. The chairmanship rotates between the two shareholders. The board of directors can form committees in relation to specific assignments but has so far not found it necessary to establish permanent committees. Two of the board members participate in ExCom, thus making up part of the company's management in order to ensure that the company's management is following the intentions of the shareholders.

Executive management

The Board of Directors employs the CEO. Members of the executive management are not members of the Board of Directors.

Compensation to executive management

To attract and maintain competent management, compensation of members of the executive management and other key employees in the BBH group is determined based on role, value-added and terms for management in comparable companies.

The remuneration includes incentive programs, typically bonus schemes, which are aimed at aligning interests of the company's management and its shareholders, as the schemes take into account both short-term and long-term targets.

Remuneration to the executive management comprises fixed salary, car and cash bonus. The Board of Directors in BBH AB does not participate in the company's incentive programs or receive any other form of remuneration other than reimbursement of travel and representation costs in connection with meetings.

Severance payments to management

Salary to the management, including bonuses, amounted to DKK 1.2 million for the year 2007. The retirement age for the CEO is 60 and the CEO will leave during 2008. Retirement payments between the age of 60 and 65 will constitute approximately 65% of the salary and is financed through insurance arrangements. Retirement payments after the 65th year are agreed in accordance with the ITP agreement, and the company has accepted to make a final retirement payment for the period after the age of 65 at the time of retirement. The CEO has a 6 months severance clause and has the right for severance payments equivalent to 18 months salary.

BBH has not established a share option scheme.

Risk management

The Board of Directors assess the total risk exposure and the individual risk factors, which are associated with the group's activities.

The Board of Directors monitors the development and ensures the management of the key risk factors, including business and financial risks as well as insurances.

Audit

To take care of the shareholders and the public's interests an independent auditor is elected at the annual general meeting based on the recommendation from the board. Prior to this, the board conduct a critical assessment of the auditor's competence, independence, etc. The auditors report in writing to the board at least once a year as well as immediately after the recognition of any events of which the board should be aware.

Internal control

The management including the two shareholders formulates general specifications to business routines and internal control of financial and economic issues in the subsidiaries. Each month the group companies report financial data and comment on the economic and operational development for the headquarters in BBH AB as well as the shareholders. On this basis, the group's financial statements are consolidated and reported to the management and the shareholders. As a part of this process controlling of financial information for the group companies are carried out. In addition the operational and economical developments as well as the risks hereto are discussed at meetings between ExCom and the management for the individual companies at least three times a year.

Internal audit

There has not yet been established an internal audit function for the BBH Group

Directors' report 2006

Main Activities

BBH operates breweries in Eastern Europe through local subsidiaries.

Development, activities and economic conditions

BBH group's revenues for 2006 are DKK 15,906 million and the profit for the year is DKK 2,541 million, of which DKK 475 million represents minority interest. Balance sheet total amounts to DKK 18,949 million.

Significant events

During the year, the Russian subsidiaries OAO Yarpivo Brewery, OAO Pikra and OAO Vena Brewery were merged with OAO Baltika Brewery. The merger was registered on 27 December 2006.

On 21 June 2006, BBH AB acquired 75.1% of the Uzbeki company Sarbast Plus for DKK 140 million. Brewery operations will be established and production is planned to begin in spring 2007. The initial annual capacity will be 1 million hectolitres.

At year end, BBH AB subscribed for shares in a new share issue by the Belarus brewery, Oliviaria Brewery, obtaining 30% of the total shares for a consideration of DKK 107 million. The brewery operation has an annual capacity of 0.4 million hectolitres and plans to increase capacity to 0.6 million hectolitres in 2007.

The Group's investments in production and distribution facilities amounted to DKK 2,121 million (2006: DKK 1,149 million).

Events after the balance sheet date

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the balance sheet date of importance to the consolidated financial statements.

Financial risks

The activities of the BBH Group imply that profits, debt and equity is impacted by a number of financial risks, which primarily relate to changes in foreign exchange rates and interest rates. The financial risks of BBH are managed in cooperation with the treasury departments of its two owners according to the principles approved by the board of Baltic Beverages Holding AB. This risk is primarily managed through foreign exchange and interest rate hedging, and to a lesser extent through commodity hedging.

For more information refer to note 31 financial risk.

Environment

BBH is committed to following international standards for environmental management, and takes continuous action to improve its environmental efforts. Members of BBH Group work to reduce any negative impact on the environment and to enhance sustainable use of natural resources. The BBH Group does not publish a separate environmental report.

Personnel policies

Personnel policies are adapted to the specific regions and markets in which BBH operates. BBH works actively to create and implement employee guidelines for social responsibility. This work is carried out in close cooperation with BBH's owners.

Branch offices

BBH AB has a branch office in St. Petersburg, whose main task is to provide legal support to the parent company in Russia.

Outlook

Management expects that growth continue in all the large markets. The company is exposed to macroeconomic changes in each of its markets and movements in international commodities prices.

Ownership

At year end 2006, BBH is a 50:50-owned joint venture between Carlsberg Breweries and Scottish & Newcastle Plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg breweries A/S, Denmark, owns 50% of BBH and through its 100% ownership of Oy Hartwall Ab, Scottish & Newcastle plc, UK, owns the remaining 50% of BBH.

The financial statements for BBH are consolidated on a proportional basis in the consolidated financial statements of Carlsberg A/S, The financial statements are available at Carlsberg A/S, Ny Carlsbergvej 100, 1760 Copenhagen V, Denmark.

Share capital

The share capital is comprised of 1,000,000 shares of DKK 89, with one vote each. None of the shares is listed on a stock exchange or other regulated market. The shares are denominated in euro.

Each shareholder has a right of first refusal in relation to any sale of shares.

Related party disclosure

Except for payment of dividends and the provision of loans, there has been no transaction with the shareholders in 2006. As at 31 December 2006, the company has received loans from each of the shareholders in the amount of DKK 648 million. The loans bear interest at variable rates ranging between 3.5–5.5%.

Directors' report 2005

Main Activities

BBH operates breweries in Eastern Europe through local subsidiaries.

Development, Activities and Economic Conditions

BBH group's revenues for 2005 are DKK 13,136 million and the profit for the year is DKK 1,507 million, of which DKK 396 million represents minority interest. Balance sheet total amounts to DKK 16,580 million.

Significant events

The following significant events took place in 2005

- The subsidiaries Vena Brewery and Zolotoy Ural Brewery were merged.
- The subsidiares Yarpivo Brewery and Voronezh Brewery were merged.
- A process aiming at merging all Russian companies into one legal unit began.
- In September the newly renovated brewery in Almaty, Kazakhstan, was inaugurated.

BBH's investments in production and distribution facilities amounted to DKK 1,449 million.

Events after the balance sheet date

Apart from the events recognized or disclosed in the consolidated financial statements, no events have occurred after the balance sheet date of importance to the consolidated financial statements.

Special risks

Financial Risks

The activities of the BBH Group imply that profits, debt and equity are impacted by a number of financial risks, which primarily relate to changes in foreign exchange rates and interest rates. The financial risks of BBH are managed in cooperation with the treasury departments of its two owners according to the principles approved by the board of Baltic Beverages Holding AB. This risk is primarily managed through foreign exchange and interest rate hedging, and to a lesser extent through commodity hedging.

For more information refer to note 31 financial risk.

Environment

BBH is committed to follow international standards for environmental management, and takes continuous action to improve its environmental efforts. Members of BBH Group work actively to reduce any negative impact on the environment and to enhance sustainable use of natural resources. The BBH Group does not publish a separate environmental report.

Personnel policies

Personnel policies are adapted to the specific regions and markets in which BBH operates. BBH works actively to create and implement employee guidelines for social responsibility. This work is carried out in close cooperation with BBH's owners.

Branch offices

BBH AB has a branch office in St. Petersburg, whose main task is to provide legal support to the parent company in Russia.

Outlook

Management expects that growth will continue in all the large markets. The company is exposed to macroeconomic changes of each in its markets and to movements in international commodities prices.

Ownership

At year end 2005, BBH is a 50:50-owned joint venture between Carlsberg Breweries A/S and Scottish & Newcastle plc. Through its 100% ownership in Pripps Ringnes AB, Carlsberg Breweries A/S, Denmark, owns 50% of BBH and through its 100% ownership of Oy Hartwall Ab, Scottish & Newcastle plc. UK, owns the remaining 50% of BBH.

The financial statements for BBH are consolidated on a proportional basis in the consolidated financial statements of Carlsberg A/S, The financial statements are available at Carlsberg A/S, Ny Carlsbergvej 100, 1760 Copenhagen V, Denmark.

Share Capital

The share capital is comprised of 1,000,000 shares of DKK 89, with one vote each. None of the shares are listed on a stock exchange or other regulated market. The shares are denominated in euro.

Each shareholder has a right of first refusal in relation to any sale of shares.

Related party disclosure

Except for payment of dividends and the provision of loans, there have been no transactions with the shareholders in 2005. As at 31 December 2005, the company has received loans from the shareholders in the amount of DKK 1,571 million. The loans bear interest at variable rates ranging between 4–6%.

Group companies

BBH—Baltic Beverages Holding AB, Stockholm, Sweden

		Ownership share	Nominal share capital (1,000)	Currency	Exchange rate
Saku Brewery AS, Estonia[1]	♦	75%	80,000	EEK	47.66
A/S Aldaris, Latvia	♦	85%	7,500	LVL	1,069.80
Baltic Beverages Invest AB, Stockholm, Sweden	♦	100%	11	EUR	745.66
Baltic Beverages Holding Oy, Helsinki, Finland	♦	100%	4	EUR	745.66
Svyturys-Utenos Alus AB, Lithuania	♦	75%	118,000	LTL	215.96
Slavutich Brewery, Ukraine	♦	92%	853,692	UAH	100.51
Lvivska Brewery, Ukraine	♦	100%	72,741	UAH	100.51
Baltic Beverages Eesti, Estonia	♦	100%	400	EEK	47.66
Baltika Brewery, St. Petersburg, Russia[1]	♦	86%	164,364	RUB	20.73
Derbes Company Ltd. Liability Partnership, Kazakhstan	♦	90%	4,820,426	KZT	4.18
UAB BBH Baltics, Lithuania	♦	100%	10	LTL	215.96
Sarbast, Tashkent, Uzbekistan[3]	♦	75%	35,217,146	UZS	0.40
Olivaria, Belarus[2]	♦	30%	61,444,801	BYR	0.24

(1) Listed company

(2) Company acquired in 2007.

(3) Company acquired in 2006

Until 2006 BBH AB owned 70% of Pirka, Russia, 87% of Yarpivo Brewery, Russia and 93% of Vena Brewery, Russia. In connection with group internal merger in 2006 of Pirka, Yarpivo Brewery and Vena Brewery with Baltika Brewery, as the continuing company, the ownership share in Baltika Brewery was changed from approximately 81% to approximately 86%.

FINANCIAL INFORMATION

Audited Combined Financial Statements for the Financial Years 2007, 2006 and 2005

Combined Financial Statements of the French Business for the Financial Years 2007, 2006 and 2005 prepared in accordance with IFRS as adopted by the EU.

Material Differences in Accounting Policies Relative to the Carlsberg Group

The combined financial statements have been issued by the Management of the entity that in the future will be the holding company of the French Business. The holding company which is registered as a S.A.S. entity (simplified public limited company) is not imposed requirements of a board of directors according to current French legislation, which is why the Management of the holding company comprises the Executive Board.

The main differences of the accounting policies applied by S&N for recognition and measurement of assets, liabilities as well as income and expenses, and for presentation and disclosure along with the significant estimates contained therein from those of the Carlsberg Group are set out below:

– S&N classifies its income statement by type, while the Carlsberg Group classifies its income statement by function. In addition, there are certain classification differences in the balance sheet items. Both formats are within the IFRS framework as adopted by the EU.

– S&N presents “exceptional items” in a separate column in the income statement, while the Carlsberg Group presents “special items” in separate lines in the income statement and with additional specifications in the notes to the financial statements.

– S&N’s accounting estimates of the expected useful lives of a number of asset groups, including brewery equipment, are longer than those of the Carlsberg Group. The main differences relate to:

	Expected useful life	
Asset group	**S&N**	**The Carlsberg Group**
Buildings	30-50 years	20-40 years
Brewery equipment	15-30 years	15 years
Bottling and canning lines	5-20 years	8-15 years

The financial effect of the above differences in accounting estimates of expected useful lives will have the following impact on the profit for the year before tax and property, plant and equipment of the French Business as at and for the years ended December 31, 2007, 2006 and 2005:

- 2007, the impact on profit before tax is a reduction of DKK 50 million, and the impact on property, plant and equipment is a reduction of DKK 358 million.
- 2006, the impact on profit before tax is a reduction of DKK 61 million, and the impact on property, plant and equipment is a reduction of DKK 374 million.
- 2005, the impact on profit before tax is a reduction of DKK 80 million, and the impact on property, plant and equipment is a reduction of DKK 447 million.

The effect of differences in accounting estimates was calculated on the basis of the carrying amounts of the asset groups in the S&N Group for 2007, 2006 and 2005. The effect is assessed based on the difference in average useful lives as estimated by the S&N Group and the Carlsberg Group, respectively, and the cumulative effect on the carrying amounts of property, plant and equipment is based on an estimate of the average age of the assets at the balance sheet date.

S&N’s definition of “exceptional items” is not fully identical with the definition of “special items” in the Carlsberg Group’s accounting policies, as described in note 40 to the consolidated financial statements as at and for the year ended December 31, 2007, as the S&N Group recognises as exceptional items the impact of financial instruments which are held for hedging purposes but which do not qualify for hedge accounting under IAS 39. In the Carlsberg Group this impact is recognised under financial items. The French Business does not enter into financial instruments for hedging purpose, which is why the difference in the definition does not affect the combined financial statements.

The below table is a summary of the most material presentation and disclosure differences in the notes to the consolidated financial statements of the S&N Group and the Carlsberg Group, based on the structure of the notes to the Carlsberg Group’s consolidated financial statements as at and for the year ended December 31, 2007. Please note that both groups’ choice of presentation and disclosure are within the framework of IFRS as adopted by the EU, and it is therefore assumed that when information is not included in S&N's disclosures, such information is either not applicable or immaterial.

No.	Note in the consolidated financial statements of the Carlsberg Group for 2007	Disclosure for the French Business	Description of the most material differences in note presentation and disclosures
1.	Segment information (note 2)	Not prepared.	The French Business is not listed, and consequently not subject to the segment information requirement under IFRS. In the consolidated financial statements of S&N, the French Business was included in the International segment.
2.	Cost of sales (note 3)	Not applicable.	The French Business classifies its income statement by type, and this note is therefore not applicable.
3.	Sales and distribution costs (note 4)	Not applicable.	The French Business classifies its income statement by type, and this note is therefore not applicable.
4.	Earnings per share (note 12)	Not prepared.	The French Business is not listed, and this note is therefore not required under IFRS.
5.	Remuneration and staff costs (note 13)	Included in part in note 5 and in part in note 25.	The French Business classifies its income statement by type, and remuneration and staff costs are therefore not disclosed by function.
6.	Receivables (note 20)	Included in part in note 15 and in part in note 26.	The distribution between receivables from the sale of goods and services and other receivables is not disclosed. The source of receivables is not disclosed.
7.	Inventories (note 21)	Included in part in note 14.	Recognised write-downs are not disclosed.
8.	Deferred tax assets and deferred tax liabilities (note 27)	Included in part in note 8.	The distribution of tax assets and liabilities on individual assets and liabilities in the balance sheet is not disclosed.
9.	Acquisition and disposal of entities (note 31)	Included in note 9.	For the French Business, only information on discontinued operations is disclosed.
10.	Specification of invested capital (note 32)	Not prepared.	Is included in the Carlsberg Group's consolidated financial statements as additional information for explanatory purposes and as a basis for the calculation of financial ratios.
11.	Specification of net interest-bearing debt (note 33)	Not prepared.	Is included in the Carlsberg Group's consolidated financial statements as additional information for explanatory purposes and as a basis for the calculation of financial ratios.
12.	Financial risks (note 35)	Included in part in note 26.	The French Business operates mainly in France and by means of exports from France. Accordingly, its financial risks are fewer than those of the Carlsberg Group, and their disclosure therefore less comprehensive.
13.	Financial instruments (note 36)	Not prepared.	There is no separate note disclosing information on financial instruments.

Management Statement

The Executive Board of Emeraude S.A.S.[1] has today discussed and approved the combined financial statements as at and for the years ended December 31, 2007, 2006 and 2005 of the French Business. The combined financial statements have been prepared in accordance with the basis of preparation set out under "Introduction to the combined consolidated financial statements".

The combined financial statements have been prepared in accordance with IFRS as adopted by the EU except of the matters set out under "Introduction to the combined financial statements". We consider the accounting policies used to be appropriate. Accordingly, the combined financial statements give a true and fair view of the French Business' assets, liabilities and financial position at December 31, 2007; December 31, 2006 and December 31, 2005 and of the results of the French Business' operations and cash flows for the years ended December 31, 2007, 2006 and 2005.

Boulogne Billancourt, Paris,
May 15, 2008

Executive Board

Frederic Renauld

(1) Emeraude S.A.S. is an established and registered limited company in France. According to French legislation the company has an executive board. The company has a share capital of EUR 37.000 and will in connection with the separation acquire the French Business. The company do not have other activities.

The auditor's report below is issued under UK law by Ernst & Young LLP, Edinburgh who are member of the Institute of Chartered Accountants of England and Wales. The contact person of Ernst & Young has been Graeme Dacomb.

INDEPENDENT AUDITOR'S REPORT TO THE READERS OF THE CIRCULAR

COMBINED FINANCIAL STATEMENTS OF THE FRENCH BUSINESSES OF SCOTTISH & NEWCASTLE PLC TO BE ACQUIRED BY CARLSBERG A/S FROM SUNRISE ACQUISITIONS ("THE FRENCH BUSINESS")

We have audited the combined financial statements of the French Business for the years ended 31 December 2007, 2006 and 2005 which comprise the Management Statement, the Combined Income Statements, the Combined Balance Sheets, the Combined Cash flow Statements, the Combined Statements of Recognised Income and Expenses and the related notes 1 to 28. The combined financial statements have been prepared in accordance with IFRS as adopted by the European Union and the basis of preparation set out under "Introduction to the combined financial statements" and the accounting policies set out in Note 1 to the combined financial statements for inclusion in the Carlsberg A/S Circular, to be issued on 15 May 2008, relating to the proposed Rights Issue ("the Circular").

Save for the responsibility which we have to the readers of this Circular, as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report.

Respective Responsibilities of Directors and Auditor

The Management of Emeraude S.A.S. is responsible for preparing the combined financial statements in accordance with the basis of preparation set out under "Introduction to the combined financial statements" and the accounting policies set out in Note 1 to the combined financial statements.

It is our responsibility to form an opinion as to whether the financial statements give a true and fair view in accordance with IFRS as adopted by the European Union except for the matters set out under "Introduction to the combined financial statements", for the purposes of the Circular, and to report our opinion to you.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the combined financial statements. It also includes an assessment of the significant estimates and judgments made by the Management in the preparation of the combined financial statements, and of whether the accounting policies are appropriate to the French Business' circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the combined financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the combined financial statements.

Opinion

In our opinion the combined financial statements which have been prepared for the purposes of the Circular give a true and fair view, in accordance with IFRS as adopted by the European Union except for the matters set out under "Introduction to the combined financial statements", of the French Business' financial position as at 31 December 2007, 2006 and 2005 and of its financial performance and cash flows for the years then ended.

Ernst & Young LLP
Edinburgh

Introduction to the Combined Financial Statements

The combined financial statements of the French entities of Scottish & Newcastle plc which are being acquired by Carlsberg A/S and which all were within the Group at the takeover, including Kronenbourg Holding S.A.S., Brasseries Kronenbourg S.A.S., Etablissements Tafanel S.A., the on trade wholesaling business under Elidis Boissons S.A.S. and Soreèdis S.A.S. (the "French Business"), have been extracted from the previously published consolidated financial statements of Scottish & Newcastle plc for the years ended 31 December 2007, 2006 and 2005. Post balance sheet events have only been incorporated for this purpose up to the date of signature of the Scottish & Newcastle plc consolidated financial statements from which these figures have been extracted.

The French Business has not previously constituted a legal group and hence consolidated historical financial statements do not exist. Accordingly, the financial statements, which has been prepared specifically for the purpose of the Offering Circular, are prepared on a basis that combines the results and assets and liabilities of the above mentioned companies as extracted from applicable individual financial returns prepared for consolidation purposes within the Scottish & Newcastle Group. Except for a few note disclosures that have been gathered for this specific purpose, any fair value adjustments to assets and liabilities and identified intangible assets, including goodwill, relating to the acquisition of the French Business by Scottish & Newcastle plc and recognised in the consolidated financial statements of Scottish & Newcastle plc are included in the combined financial statements for the French Business.

The combined financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union (EU) except of the following matters:

- The combined financial statements do not comply with IAS 27—Consolidated and Separate Financial Statements—because, as explained above, the French Business has not previously constituted a legal group and does not have a common parent company. Consequently, the French Business is not permitted by IAS 27 to present consolidated financial statements. The financial statements have therefore been prepared on a combined basis by applying the principles underlying the consolidation procedures of IAS 27.
- As the historical financial statements have been prepared on a combined basis the French Business is unable to measure earnings per share. Accordingly, the requirement of IAS 33—Earnings per Share—to disclose earnings per share has not been complied with.
- The combined financial statements do not constitute a set of general purpose financial statements under paragraph 3 of IAS 1 and, consequently, the French Business does not make an explicit and unreserved statement of compliance with IFRS as contemplated by paragraph 14 of IAS 1. A company is only permitted to apply the first-time adoption rules of IFRS 1—First-time adoption of International Financial Reporting Standards—in its first set of financial statements where such an unreserved statement of compliance has been made. Although such a statement has not been made here the combined financial statements have been prepared as if the date of transition to IFRS is 1 January 2005, the beginning of the first period presented, and the requirements of IFRS 1 have been applied as of that date.

The accounting policies used in preparing the combined financial statements for the years ended 31 December 2007, 2006 and 2005 are set out in note 1 below. These accounting policies have been consistently applied to all the periods presented unless otherwise stated.

Basis of combination

The combined financial statements set out the French Entities' financial position as of 31 December 2007, 2006 and 2005 and operations and cash flows for the three years then ended.

- Share capital presented in the combined financial statements consists of the share capital of Kronenbourg Holding S.A.S. All other components of equity are presented in the combined financial statements as other reserves. As this company is not the parent of a Group and the share capital has been reflected for presentation purposes only, no additional share capital disclosures have been made as required by IAS 1 para 76.
- Changes in share capital and equity relating to the acquisition by Kronenbourg Holding S.A.S. of subsidiaries which are not included within the French Business has been reflected gross in the cash flow statement within financing activities, as these do not relate to investing activities of the French Business, rather reflecting investing activities of the wider Scottish and Newcastle Group.

- IFRS 7—Financial Instruments: Disclosures—that are applicable for financial statements beginning on or after January 1, 2007 has been implemented by Scottish & Newcastle plc in their consolidated financial statements for 2007 with comparative information for 2006. Consequently, disclosures required by IFRS 7 which have not previously been disclosed are not presented for the financial year 2005.
- A plan for disposal of the French on trade wholesaling business was in progress as at 31 December 2007 and, consequently, the result of the on trade wholesaling business is presented in the income statement as discontinued operations in each year and related assets and liabilities are classified as a disposal group held for resale for 2007. Revenue from continuing operations contains sales from the continuing operations to the discontinued operations. In order that intra-group transactions are appropriately eliminated from these combined financial statements, revenue within discontinued operations has been adjusted so that it represents only revenue on goods purchased from third party and margin on sales of goods purchased from continuing operations. In order to make this presentation, revenue and cost of sales of the discontinued operations presented in note 9 have been reduced by DKK 671 million in 2007, DKK 731 million in 2006 and DKK 782 million in 2005.
- Intercompany balances and loans between the French Business and other entities within the Scottish & Newcastle Group are presented as current loans from external parties.
- The tax charge included in the combined financial statements reflects the aggregate of the tax charges actually incurred by those companies making up the French Business. These tax charges reflect benefits, reliefs or charges which arose as a result of membership of Scottish & Newcastle Group tax group. Also, tax liabilities which may arise from the separation of the French Business from the Scottish & Newcastle Group tax groups have not been reflected in the combined financial statements. The tax position shown by the combined financial statements are therefore not necessarily representative of the tax position of the French Business under separate ownership.

COMBINED INCOME STATEMENTS
12 months ended December 31,

	Notes	2007 Before exceptional items DKK million	2007 Exceptional items DKK million	2007 After exceptional items DKK million	2006 Before exceptional items DKK million	2006 Exceptional items DKK million	2006 After exceptional items DKK million	2005 Before exceptional items DKK million	2005 Exceptional items DKK million	2005 After exceptional items DKK million
Continuing operations										
Revenue		5,516	—	5,516	5,584	—	5,584	5,593	—	5,593
Operating costs	3/4	(4,603)	(221)	(4,824)	(4,560)	(543)	(5,103)	(4,552)	(50)	(4,602)
Operating profit		**913**	**(221)**	**692**	**1,024**	**(543)**	**481**	**1,041**	**(50)**	**991**
Finance income	7	184	—	184	138	—	138	108	—	108
Finance costs	6	(259)	—	(259)	(250)	—	(250)	(239)	—	(239)
Net interest on pension liability	10	(6)	—	(6)	(6)	—	(6)	(6)	—	(6)
Profit before tax		**832**	**(221)**	**611**	**906**	**(543)**	**363**	**904**	**(50)**	**854**
Tax	8	(113)	46	(67)	(158)	129	(29)	(24)	17	(7)
Profit from continuing operations		**719**	**(175)**	**544**	**748**	**(414)**	**334**	**880**	**(33)**	**847**
Discontinued operations										
Loss after tax from Discontinued operations	9	(98)	(3,969)	(4,067)	(11)	(75)	(86)	97	(114)	(17)
Profit/(loss) retained		**621**	**(4,144)**	**(3,523)**	**737**	**(489)**	**248**	**977**	**(147)**	**830**

COMBINED BALANCE SHEETS
at December 31,

Notes		2007 DKK million	2006 DKK million	2005 DKK million
	Non current assets:			
11	Property, plant and equipment	1,132	1,236	1,495
12	Intangible assets	15,090	18,501	18,473
13	Financial assets	291	476	540
	Total non current assets	**16,513**	**20,213**	**20,508**
	Current assets:			
14	Inventories	330	514	576
15	Trade and other receivables	444	1,390	1,433
	Prepayments	828	1,215	1,144
13	Other financial assets	104	115	147
	Income tax	3	5	3
16	Cash and cash equivalents	1,978	1,978	1,256
	Total current assets	**3,687**	**5,217**	**4,559**
9	**Assets of disposal group classified as held for sale**	**1,442**	**—**	**—**
	Total assets	**21,642**	**25,430**	**25,067**
	Current liabilities:			
20	Trade and other payables	1,849	2,798	2,908
26	Borrowings	897	1,182	973
19	Provisions	103	190	88
	Income tax	—	—	3
	Total current liabilities	**2,849**	**4,170**	**3,972**
	Non current liabilities:			
26	Borrowings	502	489	557
19	Provisions	320	11	26
10	Pension liabilities	86	144	140
23	Other liabilities	287	353	322
	Income tax	1	3	36
8	Deferred tax	103	36	21
	Total non current liabilities	**1,299**	**1,036**	**1,102**
9	**Liabilities of disposal group classified as held for sale**	**785**	**—**	**—**
	Total liabilities	**4,933**	**5,206**	**5,074**
	Net assets	**16,709**	**20,224**	**19,993**
	Equity:			
17	Share capital	9,886	9,886	6,535
18	Other reserves	6,823	10,338	13,458
	Total equity	**16,709**	**20,224**	**19,993**

COMBINED CASH FLOW STATEMENTS
12 months ended December 31,

Notes		2007 DKK million	2006 DKK million	2005 DKK million
	Operating activities:			
24	Cash flow from operations	495	718	1,281
	Interest received	184	138	108
	Interest paid	(259)	(250)	(246)
	Taxation	(8)	(11)	(76)
	Net cash flow from operating activities	**412**	**595**	**1,067**
	Investing activities:			
	Purchase of property, plant and equipment	(247)	(297)	(230)
	Purchase of intangibles	(35)	(149)	(108)
	Sale of property, plant and equipment	(28)	336	39
	Sale of investments and trade loans advanced, net	170	96	(18)
	Net cash flow from investing activities	**(140)**	**(14)**	**(317)**
	Financial activities:			
	Issue of ordinary share capital	—	3,357	—
	Capital reduction	—	—	(745)
	Investments not included in the French Business	—	(3,357)	—
	Proceeds from loan capital	—	80	729
	Repayment of loan capital	(102)	(66)	(61)
	Net cash flow from financing activities	**(102)**	**14**	**(77)**
	Net increase/(decrease) in cash and cash equivalents	170	595	673
	Cash and cash equivalents at 1 January	1,743	1,148	475
16	Cash and cash equivalents at 31 December	**1,913**	**1,743**	**1,148**

COMBINED STATEMENTS OF RECOGNISED INCOME AND EXPENSE
12 months ended December 31,

Notes		2007 DKK million	2006 DKK million	2005 DKK million
17 / 18	Exchange adjustments	(2)	(17)	(1)
10	Actuarial gains/(losses)	15	—	(1)
8	Tax on items taken directly to equity	(5)	—	(1)
	Net income/(expense) recognised directly in equity	**8**	**(17)**	**(3)**
	Profit/(loss) for the year	(3,523)	248	830
	Total recognised income for the year	**(3,515)**	**231**	**827**

1. Accounting Policies

A. Corporate information

The combined financial statements of the French Business for the years ended December 31, 2007, 2006 and 2005 were authorised for issue as stated in Management's Statement dated on May 15, 2008 (page F-213).

B. Statement of compliance

The combined financial statements have been prepared in accordance with the accounting policies for the Scottish & Newcastle Group and in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU which comprise standards and interpretations approved by the IASB except for the matters set out under "Introduction to the combined financial statements".

Below is represented the sections of the accounting policies of the S&N Group regarding matters that are relevant to the French Business.

C. Basis of preparation

The combined financial statements have been prepared under the historical cost convention except available-for-sale financial assets which are stated at fair value.

D. Basis of consolidation

The combined financial statements comprise the financial statements of Kronenbourg Holding S.A.S and related entities in France as defined under "Introduction to the combined financial statements" drawn up at December 31, for each year (the French Business).

Results of businesses acquired during the year are included from the date of acquisition.

Business combinations prior to January 1, 2004 have not been restated on an IFRS basis.

E. Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the identifiable net assets acquired. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised but is subject to annual impairment review and any impairment to carrying value is charged to the income statement in the period.

F. Intangible assets

Intangible assets acquired as part of a business combination and which are separately identifiable, are recorded at fair value on acquisition where this can be measured reliably. Intangible assets acquired separately are capitalised at cost. Where the useful life of the intangible is considered to be indefinite no annual amortisation is provided but, the intangible is subject to annual impairment review and any impairment to carrying value is charged to the income statement in the period.

Where the useful life of the intangible is not considered to be indefinite the asset is amortised on a straight line basis over its estimated useful life. Software is amortised over 2-5 years.

G. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

Properties are depreciated on a straight line basis over their estimated useful life as follows:

i. Freehold land is not depreciated

ii. Freehold buildings are depreciated to their estimated residual values over 30-50 years

iii. Buildings held on finance lease are depreciated to their estimated residual values over the shorter of 50 years or the unexpired term of the lease.

Vehicles, plant and equipment are written off over the their estimated useful lives as follows:

- brewing plant 15-30 years

- kegging, bottling and canning plant 5-20 years
- commercial vehicles and private cars 3-8 years
- containers and other equipment 3-15 years

H. Inventories

Inventories are stated at cost. If the net realisable value is lower than cost inventories are written down to this lower value. The cost of raw materials and consumables is average cost.

The cost of finished goods and work in progress comprises materials, excise duty where appropriate, labour and attributable production overheads.

I. Income tax

Income tax comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes except for those which should not be recognised under IAS 12.

Deferred tax is calculated at the enacted rates at which it is estimated that tax will be payable.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available to utilise the deferred tax asset.

J. Foreign currencies

Gains and losses arising from foreign currency transactions are included in the income statement. Exchange differences arising on translation from functional currency to presentation currency are recognised directly in equity.

K. Retirement benefits

i. Defined benefit pension schemes

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit credit method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of the liabilities to the French Business arising from employee services in the period is charged to operating profit.

The increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in finance costs. Actuarial gains and losses are recognised in the statement of recognised income and expense in the period in which they occur. Pension schemes deficits are recognised on the balance sheet.

ii. Defined contribution pension schemes

Amounts charged to the income statement represent the contribution payable to the schemes in the period.

L. Leases

Operating lease payments are charged to the income statement on a straight line basis over the term of the lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are included in the balance sheet as fixed assets at cost less depreciation. The capitalised residual lease liability is treated as a liability.The interest element is charged to the income statement over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

M. Revenue

Revenue is sales, excluding recovery of duty where appropriate, and other trading income of the French Business, after eliminating intra-group transactions and excluding VAT and property disposals. Revenue is after deducting rebates and discounts and is recognised when the significant risks and rewards of ownership are transferred to a third party.

N. Interest bearing loans and borrowings

Interest bearing loans and borrowings are recognised initially at fair value net of transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

O. Financial assets

Trade and other receivables are held at the lower of their original invoiced value and recoverable amount.

After initial recognition available-for-sale investments are measured at fair value. Gains and losses are recognised as a separate component of equity until the investment is sold at which time the gain or loss previously reported in equity is included in profits. In instances where investments are not listed on an active market and a reliable fair value cannot be derived by another means, the investments are recorded at cost and reviewed annually for impairment.

Loans, receivables and other long-term assets are subsequently measured at amortised cost using the effective interest method.

P. Finance costs

Finance costs are expensed to the income statement using the effective interest method and are not capitalised.

Q. Finance income

Finance income is recognised in the income statement using the effective interest method.

R. Assets held for sale

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

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

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

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

Assets and liabilities are recognised separately in the balance sheet and main items are specified in the notes. Comparative figures are not restated.

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

Presentation of discontinued operations

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

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

S. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

T. Comparatives

Where applicable, prior year figures have been adjusted to disclose them on the same basis as current year figures.

U. New standards and interpretations not applied

The following new standards and interpretations have effective dates after the date of the combined financial statements and have not yet been implemented by the French Business.

IFRS 2 share-based payment

The revised standard was issued in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The amendments clarify the definition of vesting conditions and the accounting treatment of cancellations by the counterparty to a share-based arrangement. The French Business expects that the revised standard will have no impact on the combined financial statements as no share-based payments exist.

IFRS 3 Business combinations

This revised standard was issued in January 2008 and becomes effective for financial years beginning on or after 1 July 2009. Key features of the standard include a requirement for acquisition related costs to be expensed and not included in the purchase price, for contingent consideration to be recognised at fair value on the acquisition date and changes to the treatment of non-controlling interests. Management does not anticipate early adoption of the revised standard and so will apply it prospectively to all business combinations on or after 1 January 2010.

IAS 1 Presentation of financial statements

The revised standard was issued in September 2007 and becomes effective for financial years beginning on or after 1 January 2009. Early application is permitted. Management is currently assessing the impact on the combined financial statements from adopting the revised IAS 1. Management anticipates that the revised standard will have no impact on the combined financial statements.

IAS 23 Borrowing costs

A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the French Business will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements

The revised standards were issued in February 2008 and become effective for financial years beginning on or after 1 January 2009. The amendments are relevant to entities that have issued financial instruments that are (i) puttable financial instruments, or (ii) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation. The French Business expects that the revised standards will have no impact on the combined financial statements as such instruments do not exist.

IAS 27 Consolidated and separate financial statements

The revised standard was issued in January 2008 and becomes effective for financial years beginning on or after 1 July 2009. The revised standard applies retrospectively with some exceptions. The French Business is currently assessing the impact on the combined financial statements from adopting IAS 27. Management anticipates that the revised standard will have no impact on the combined financial statements.

IFRIC 12 Service concession arrangements

IFRIC Interpretation 12 was issued in November 2006 and becomes effective for annual periods beginning on or after 1 January 2008. This interpretation applies to service concession operators and explains how to account for the obligations undertaken and rights received in service concession arrangements. No member of the French Business is an operator and hence this interpretation will have not impact on the combined financial statements.

IFRIC 13 Customer loyalty programmes

IFRIC Interpretation 13 was issued in June 2007 and becomes effective for financial years beginning on or after 1 July 2008. This interpretation requires customer loyalty award credits to be accounted for as a separate component of the sales transaction in which they are granted and therefore part of the fair value of the consideration received is allocated to the award credits are fulfilled. The French Business expects that this interpretation will have no impact on the combined financial statements as no such schemes currently exist.

IFRIC 14 IAS 19—The limit on a defined benefit asset, minimum funding requirements and their interaction

IFRIC Interpretation 14 was issued in July 2007 and becomes effective for financial years beginning on or after 1 January 2008. This interpretation provides guidance on how to assess the limit on the amount of surplus in a defined benefit scheme that can be recognised as an asset under IAS 19 Employee benefits. Management expects that this interpretation will have no impact on the financial position or performance of the French Business as all defined benefit schemes are currently in deficit.

2. Critical Accounting Estimates

The French Business makes estimates and assumptions regarding the future. The resulting accounting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Testing goodwill and intangible assets for impairment

The French Business tests annually whether goodwill and intangible assets with an indefinite life have any impairment. Details of the tests and the carrying value of the assets are shown in note 22. The recoverable amounts of cash generating units have been determined based on value-in-use calculations which require estimating future cash flows. If actual cash flows are lower than estimated there is a risk that future impairment write-downs would be necessary.

B. Income tax

The French Business is subject to income tax and significant judgement is required in determining the provision for income taxes. There are many transactions for which the tax liability/asset is uncertain. the French Business recognises assets/liabilities for anticipated tax issues based on estimates of the tax treatment. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions.

3. Operating costs (excluding discountinuing operations)

	2007 DKK million	2006 DKK million	2005 DKK million
Change in inventories of finished goods and work in progress	(45)	10	10
Raw materials and consumables	1,968	1,946	1,985
Staff costs (note 5)	952	1,047	1,003
Depreciation	114	140	184
Amortisation of intangibles	73	64	64
Operating lease liabilities	90	94	65
Other operating charges	1,451	1,259	1,241
	4,603	**4,560**	**4,552**

The auditors' remuneration was DKK 4 million in 2007, DKK 6 million in 2006 and DKK 8 million in 2005 for audit services and DKK 0 million in 2007, DKK 0 million in 2006 and DKK 1 million in 2005 for non-audit services.

4. Exceptional items

Continuing operations

	2007 DKK million	2006 DKK million	2005 DKK million
Reorganisation costs	133	376	57
Property write-downs and disposal gains and losses	88	167	(7)
	221	**543**	**50**
Tax on exceptional items	(46)	(129)	(17)
	175	**414**	**33**

Exceptional items are significant items of income and expense which are presented separately due to their nature or expected frequency. Reorganisation costs mainly relate to general restructuring and in 2006 the reorganisation costs and property disposal losses include costs in connection with the sale and closure of the Champigneulles Brewery.

5. Staff costs (excluding discontinuing operations)

	2007 DKK million	2006 DKK million	2005 DKK million
Wages and salaries	565	631	602
Social security costs	281	286	265
Pension costs (note 10)	5	1	3
Employee profit sharing scheme	101	129	133
	952	**1,047**	**1,003**
The average number of employees in the period was:	2,097	2,219	2,147

6. Finance costs

	2007 DKK million	2006 DKK million	2005 DKK million
Bank loans and overdrafts	12	10	13
Finance leases	—	—	—
Other loans	247	240	226
	259	**250**	**239**

Finance costs on finance leases are less than DKK 1 million.

7. Finance income

	2007	2006	2005
	DKK million	DKK million	DKK million
Deposits and other interest receivable	184	138	108
	184	**138**	**108**

8. Income tax

	2007	2006	2005
	DKK million	DKK million	DKK million
(i) Combined income statements			
Current tax:			
Current year	7	(28)	(19)
Prior year adjustments	—	—	5
Deferred tax:			
Current year	60	57	21
Tax charge reported in the Combined income statement from continuing operations	**67**	**29**	**7**
Deferred tax—discontinued operations	(44)	(41)	(15)
Tax charge reported in the Combined income statement	**23**	**(12)**	**(8)**
(ii) Combined statements of recognised income and expense			
Tax charge/(credit) actuarial gains/losses	5	—	1
Tax recognised directly in equity	**5**	**—**	**1**
(iii) Tax reconciliation			
Profit before tax from continuing operations	611	363	854
Loss before tax from discontinued operations (note 9)	(4,111)	(127)	(32)
Total (loss)/profit before tax	**(3,500)**	**236**	**822**
Notional tax change at French corporation tax rate of 34.43%	1,205	(81)	(283)
Permanent differences	(1,228)	93	291
Tax charge reported in the Combined income statement (cost)	**(23)**	**12**	**8**

Permanent differences for 2007 consist mainly of write down of non deductible goodwill. Furthermore, the French Business has in 2007, 2006 and 2005 received a tax contribution from other Scottish & Newcastle entities not included in the combined financial statements and therefore any impact from such contributions have been included as permanent differences in the tax reconciliation.

(iv) Deferred tax

Deferred tax liabilities

	Accelerated tax depreciation	Other	Total
	DKK million	DKK million	DKK million
At 1 January 2005	194	(190)	4
Charged/(credited) to the Combined income statement	41	(25)	16
Charged to equity	—	1	1
Exchange adjustments	—	—	—
At 31 December 2005	**235**	**(214)**	**21**
Charged/(credited) to the Combined income statement	(49)	65	16
Acquisition and transfer to other entities	—	—	—
Exchange adjustments	—	(1)	(1)
At 31 December 2006	**186**	**(150)**	**36**
Charged/(credited) to the Combined income statement	(30)	46	16
Charged to equity	—	5	5
Transfer to other entities	—	—	—
Transferred to discontinued operations	—	45	45
Exchange adjustments	—	1	1
At 31 December 2007	**156**	**(53)**	**103**

Deferred tax liabilities have not been provided on temporary differences on investment in subsidiaries. Management has assessed these to be immaterial.

9. Discontinued operations

On 20 November 2007 the French Business announced that they planned to sell its French on-trade wholesaling business. At 31 December 2007, negotiations on the sale of the business were in progress and the business has been classified as a disposal group held for sale. The sale of this business has been concluded in April 2008 with a selling price of GBP 85 million.

	2007	2006	2005
	DKK million	DKK million	DKK million
The results of discontinued operations comprise:			
Revenue	2,668	(2,904)	3,255
Operating costs	(2,810)	(2,956)	(3,173)
Operating (loss)/profit before exceptional items	**(142)**	**(52)**	**82**
Exceptional items	(3,969)	(75)	(114)
Loss before tax but after exceptional items from discontinued operations	**(4,111)**	**(127)**	**(32)**
Deferred tax on discontinued operations	44	41	15
Loss from discontinued operations	**(4,067)**	**(86)**	**(17)**

Tax relief was received in relation to all exceptional costs, except for the impairment of fixed assets and goodwill, at French standard corporation tax rate.

	2007	2006	2005
	DKK million	DKK million	DKK million
Operating costs include:			
Depreciation	22	20	23
Operating lease liabilities	83	82	91
Staff costs include:			
Wages and salaries	381	401	507
Social security costs	163	208	209
Pension costs (note 10)	2	3	2
	546	**612**	**718**
Exceptional items include:			
Impairment of goodwill	3,301	—	—
Provision for/losses on onerous contracts	432	—	—
Write-downs of unlisted investments	149	—	—
Other write-downs	38	—	—
Total loss on fair value adjustment	**3,920**	**—**	**—**

The major classes of assets and liabilities classified as held for sale comprises:

	2007
	DKK million
Assets	
Non current assets:	
Property, plant and equipment	75
Intangible assets	1
Financial assets	27
Deferred tax	44
Total non current assets	**147**
Current assets:	
Inventories	237
Trade and other receivables	1,058
Total current assets	**1,295**
Total assets held for sale	**1,442**
Liabilities	
Current liabilities:	
Trade and other payables	668
Provisions	—
Total current liabilities	**668**
Non current liabilities:	
Other liabilities	61
Pension liabilities	40
Provisions	16
Total non current liabilities	**117**
Total liabilities held for sale	**785**
Net assets held for sale	**657**

	2007	2006	2005
	DKK million	DKK million	DKK million
Cash flows relating to discontinued operations:			
Net cash flow from operating activities	(194)	(126)	(10)
Net cash flow from investing activities	(10)	37	(10)
Net cash flow from financing activities	—	—	—
	(204)	**(89)**	**(20)**

10. Pensions

The French Business funds retirement indemnity plans for all entities and grants jubilee awards to the employees of Kronenbourg. Jubilee awards are incentive schemes payable to employees based on their length of service with the French Business.

The principal assumptions used in valuing the plans were:

	2007	2006	2005
	%	%	%
Rate of increase in salaries	1.75	1.75	1.75
Rate of increase in pensions	—	—	—
Discount rate	5.00	4.25	4.25
Inflation rate	2.00	2.00	2.00

The demographic assumptions at each year end are consistent with local practice and have been based on standard tables adjusted for scheme experience.

The pension liability at 31 December was:

	2007	2006	2005
	DKK million	DKK million	DKK million
Present value of pension obligations			
Wholly or partly funded	—	—	—
Wholly unfunded	86	144	140
Fair value of plan assets	—	—	—
Pension deficit	**86**	**144**	**140**
Movement in deficit during the year:			
Pension obligations			
At 1 January	144	140	133
Exchange adjustments	(1)	—	—
Current service cost	7	4	5
Interest cost on benefit obligations	6	6	6
Benefits paid	(6)	(9)	(5)
Acquisitions	—	3	1
Actuarial (gain)/loss	(15)	—	1
Disposals	(9)	—	(1)
Transfer to discontinued operations	(40)	—	—
At 31 December	**86**	**144**	**140**
Total pension cost recognised in operating profit:			
Defined benefit schemes—continuing operations	5	1	3
Defined benefit schemes—discontinued operations	2	3	2
	7	**4**	**5**

The cumulative amount of actuarial gains/(losses) which have been recognised in the statement of recognised income and expense since the date of transition to IFRS is DKK 14 million (2006: DKK −1 million and 2005: DKK −1 million).

11. Property, plant and equipment

2007	Land and buildings	Plant and equipment	Total
	DKK million	DKK million	DKK million
Cost at 1 January	659	1,714	2,373
Additions	57	190	247
Disposals	(4)	(130)	(134)
Transfer to discontinued operations	(239)	(188)	(427)
At 31 December	**473**	**1,586**	**2,059**
Depreciation at 1 January	253	884	1,137
Provided during the year—normal	28	108	136
Exceptionals—write off	88	—	88
Disposals	(3)	(79)	(82)
Transfer to discontinued operations	(206)	(146)	(352)
At 31 December	**160**	**767**	**927**
Net book value at 31 December 2007	**313**	**819**	**1,132**

The net book value of property, plant and equipment includes an amount of DKK 7 million in respect of assets held under finance leases.

2006	Land and buildings	Plant and equipment	Total
	DKK million	DKK million	DKK million
Cost at 1 January	771	2,221	2,992
Additions	26	271	297
Disposals	(137)	(777)	(914)
Exchange adjustments	(1)	(1)	(2)
At 31 December	**659**	**1,714**	**2,373**
Depreciation at 1 January	275	1,222	1,497
Provided during the year—normal	20	140	160
Exceptionals—write off	—	58	58
Disposals	(42)	(536)	(578)
At 31 December	**253**	**884**	**1,137**
Net book value at 31 December 2006	**406**	**830**	**1,236**

The net book value of property, plant and equipment includes an amount of DKK 8 million in respect of assets held under finance leases.

2005	Land and buildings	Plant and equipment	Total
	DKK million	DKK million	DKK million
Cost at 1 January	702	2,200	2,902
Additions	85	145	230
Disposals	(16)	(124)	(140)
Exchange adjustments	—	—	—
At 31 December	**771**	**2,221**	**2,992**
Depreciation at 1 January	249	1,143	1,392
Provided during the year—normal	32	175	207
Disposals	(6)	(96)	(102)
At 31 December	**275**	**1,222**	**1,497**
Net book value at 31 December 2005	**496**	**999**	**1,495**

The net book value of property, plant and equipment includes an amount of DKK 6 million in respect of assets held under finance leases.

12. Intangible assets

The brand value of DKK 4,732 mio. relates to the Kronenbourg brand which was initially recognised at its fair value on Acquisition in 2002. The Kronenbourg brand has a long history in a well-established industry and has a significant share of the European beer market. These factors, together with the scale of the business, contribute to the brand durability. Consequently, the useful life of the brand is considered by the Management to be indefinite and no annual amortisation is provided. The carrying amount of the brand is subject to an annual impairment review.

2007	Goodwill	Brands	Software	Total
	DKK million	DKK million	DKK million	DKK million
Cost at 1 January	13,518	4,732	605	**18,855**
Additions	6	—	29	**35**
Disposals	—	—	(6)	**(6)**
Transfer to discontinued operations	(3,300)	—	(108)	**(3,408)**
Exchange adjustments	1	—	1	**2**
At 31 December	**10,225**	**4,732**	**521**	**15,478**
Amortisation at 1 January	—	—	354	**354**
Provided during the year—normal	—	—	73	**73**
Disposals	—	—	(4)	**(4)**
Transfer to discontinued operations	—	—	(35)	**(35)**
At 31 December	**—**	**—**	**388**	**388**
Net book value at 31 December 2007	**10,225**	**4,732**	**133**	**15,090**

2006	Goodwill	Brands	Software	Total
	DKK million	DKK million	DKK million	DKK million
Cost at 1 January	13,485	4,735	547	**18,767**
Additions	87	—	62	**149**
Disposals	(46)	—	(4)	**(50)**
Exchange adjustments	(8)	(3)	—	**(11)**
At 31 December	**13,518**	**4,732**	**605**	**18,855**
Amortisation at 1 January	—	—	294	**294**
Provided during the year—normal	—	—	64	**64**
Exceptionals—write off	—	—	—	**—**
Disposals	—	—	(4)	**(4)**
At 31 December	**—**	**—**	**354**	**354**
Net book value at 31 December 2006	**13,518**	**4,732**	**251**	**18,501**

2005	Goodwill	Brands	Software	Total
	DKK million	DKK million	DKK million	DKK million
Cost at 1 January	13,465	4,735	466	**18,666**
Additions	20	—	88	**108**
Disposals	—	—	(7)	**(7)**
At 31 December	**13,485**	**4,735**	**547**	**18,767**
Amortisation at 1 January	—	—	230	**230**
Provided during the year—normal	—	—	64	**64**
Disposals	—	—	—	**—**
At 31 December	**—**	**—**	**294**	**294**
Net book value at 31 December 2005	**13,485**	**4,735**	**253**	**18,473**

13. Financial Assets

	2007 DKK million	2006 DKK million	2005 DKK million
Available for sale assets	230	404	474
Trade loans:			
—Fixed rate	1	10	10
Trade and other receivables	60	62	56
Total non-current financial assets	**291**	**476**	**540**

Available for sale assets consist of a number of small investments in ordinary shares in unlisted companies in the brewing sectors. As there is no active market for these shares from which to derive a reliable fair value, these are recorded at cost and reviewed for impairment on an annual basis.

The fixed rate loans which are measured at amortised cost have a weighted average interest rate of 4% (2006: 4%, 2005: 4%) and a weighted average period of 8 years (2006: 8 years, 2005: 8 years). The market value of trade loans is in line with the carrying amount.

Other financial assets in current assets which are measured at amortised cost comprise trade loans of DKK 104 million (2006: DKK 115 million, 2005: DKK 147 million). Trade loans are loans provided to customers to support development of their businesses. The recoverable amount of these loans is assessed in line with monitoring of ongoing trade receivables.

14. Inventories

	2007 DKK million	2006 DKK million	2005 DKK million
Raw materials and consumables	158	153	412
Work in progress	34	21	31
Finished goods and goods for resale	138	340	133
	330	**514**	**576**

15. Trade and Other Receivables (current)

Trade debtors and other receivables	444	1,390	1,433
	444	**1,390**	**1,433**

Trade and other receivables are held at the lower of their original invoiced value and recoverable amount.

Provisions on trade debtors and other receivables are:

At 1 January	213	206
Charged to profit	(16)	9
Amounts written off	(2)	—
Transfer to discontinued operations	(154)	—
Acquisition of subsidiaries	1	3
Disposal of subsidiaries	—	(5)
At 31 December	**42**	**213**

16. Cash and Cash Equivalents

	2007	2006	2005
	DKK million	DKK million	DKK million
Cash	1,978	1,976	1,250
Short-term deposits	—	2	6
Cash and cash equivalents for balance sheet	**1,978**	**1,978**	**1,256**
Overdrafts	(65)	(235)	(108)
Cash and cash equivalents for cash flow statement	**1,913**	**1,743**	**1,148**

17. Share capital

	2007	2006	2005
	DKK million	DKK million	DKK million
At 1 January	9,886	6,535	7,281
Exchange adjustments	—	(6)	(1)
Capital reduction	—	—	(745)
Capital increase	—	3,357	—
At 31 December	**9,886**	**9,886**	**6,535**

As part of the ongoing capital structuring of the Scottish & Newcastle Group, the share capital of Kronenbourg Holding S.A.S. was reduced through a buy-back of shares during 2005.

18. Other Reserves

	2007	2006	2005
	DKK million	DKK million	DKK million
At 1 January	**10,338**	**13,458**	**12,630**
Exchange adjustments	(2)	(11)	—
Profit/(loss) for the year	(3,523)	248	830
Actuarial gain/(loss)	15	—	(1)
Tax on actuarial loss	(5)	—	(1)
Investments not included in the French Business	—	(3,357)	—
At 31 December	**6,823**	**10,338**	**13,458**

19. Provisions

	2007			2006			2005		
	Reorganisation	Onerous contracts	Total	Reorganisation	Onerous contracts	Total	Reorganisation	Onerous contracts	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
At 1 January	201	—	201	114	—	114	67	—	67
Charged to the income statement	182	320	502	374	—	374	168	—	168
Utilised during the year	(264)	—	(264)	(287)	—	(287)	(126)	—	(126)
Transferred to discontinued operations	(16)	—	(16)	—	—	—	—	—	—
Transfer	—	—	—	—	—	—	5	—	5
At 31 December	**103**	**320**	**423**	**201**	**—**	**201**	**114**	**—**	**114**
At 1 January									
Current	190	—	190	88	—	88	52	—	52
Non current	11	—	11	26	—	26	15	—	15
	201	**—**	**201**	**114**	**—**	**114**	**67**	**—**	**67**
At 31 December									
Current	103	—	103	190	—	190	88	—	88
Non current	—	320	320	11	—	11	26	—	26
	103	**320**	**423**	**201**	**—**	**201**	**114**	**—**	**114**

The reorganisation costs relate to reorganisation costs charged as exceptional items in the last three financial periods. The majority of reorganisation provision is expected to be utilised within one year and the majority of the onerous contracts within five years. Provisions for onerous contracts relate to contracts held by the French Business under which it may be required to buy shares in related businesses for a previously agreed price which is currently above their market value.

20. Trade and other payables (current)

	2007	2006	2005
	DKK million	DKK million	DKK million
Trade creditors	1,358	1,807	1,776
Other taxes and social security	99	164	195
Other creditors	364	747	838
Accruals	28	80	99
	1,849	**2,798**	**2,908**

Trade and other payables are measured at amortised cost.

21. Commitments and contingencies

The French Business has entered into a number of operating leases for properties and plant/vehicles. The terms of the leases vary, but typically on inception a property lease will be for a period of up to 20 years and plant/vehicle leases will be for less than five years. Most property leases have an upwards only rent review based on open market rents at the time of the review.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2007	2006	2005
	DKK million	DKK million	DKK million
Less than one year	126	122	118
Between one and five years	241	226	97
More than five years	89	101	39
	456	**449**	**254**

The French Business has entered into finance leases for plants. The present value and net minimum lease payments under finance leases are:

	2007		2006		2005	
	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments	Minimum lease payments	Present value of lease payments
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Less than one year	3	2	4	4	11	10
Between one and five years	4	4	4	3	—	—
More than five years	—	—	—	—	—	—
Total minimum lease payments	**7**	**6**	**8**	**7**	**11**	**10**
Less amounts representing finance charges	(1)	—	(1)	—	(1)	—
Present value of minimum lease payments	**6**	**6**	**7**	**7**	**10**	**10**

At 31 December there were the following other commitments and liabilities:

	2007	2006	2005
	DKK million	DKK million	DKK million
Capital commitments in respect of property, plant and equipment	20	31	19
Contingent liabilities in respect of guarantees etc. to third parties	719	719	731

Contingent liabilities relate to guarantees provided by the French Business on loans from third parties which have been advanced to their customers.

22. Impairment testing of brands and goodwill

The recoverable amounts of goodwill and brand values recorded in the French Business has been estimated and compared to the carrying amounts. In all cases the recoverable amounts were in excess of the carrying amounts. The key commercial assumptions relate to market growth, market share and net selling prices. The assumptions are based on historical trends adjusted for management estimates of future prospects. These estimates take account of inter alia, economic forecasts, marketing plans, political factors and estimates of competitor strategies. In all cases, the recoverable amount was based on value in use.

The French Business is determined as one cash generating unit.

The table below shows the key information used in the process.

	2007	2006	2005
	DKK million	DKK million	DKK million
Value of goodwill	10,225	13,518	13,485
Value of brand	4,733	4,732	4,735
Long-term growth rates	3.8%	3.5%	3.5%
Discount rates	7.6%	7.9%	8.0%

23. Other non current financial liabilities

	2007	2006	2005
	DKK million	DKK million	DKK million
Other creditors	287	353	322
	287	**353**	**322**

Other non current financial liabilities are measured at amortised cost. Other creditors consist mainly of staff bonuses payable between 2 and 5 years.

24. Cash flows from operations (including discontinued operations)

	2007 DKK mio.	2006 DKK mio.	2005 DKK mio.
Operating profit	(3,419)	354	959
Exceptional charges against operating profit	4,190	618	164
Depreciation and amortisation—normal	209	224	271
Defined benefit operating profit charge less contribution paid and minor acquisitions and disposals	(9)	(2)	1
(Increase)/decrease in inventories	(53)	62	(7)
Decrease in debtors	274	(35)	421
Decrease in creditors	(286)	(78)	(418)
Net cash inflow from ordinary operating activities	**906**	**1,143**	**1,391**
Reorganisation and onerous contract costs	(411)	(425)	(110)
Cash flows from operations	**495**	**718**	**1,281**

25. Related party transactions

	2007	2006	2005
Sales including royalty to other Scottish & Newcastle entities	179	220	261
Purchases from other Scottish & Newcastle entities	3	26	26

Sales to and purchase from other Scottish & Newcastle entities relate mainly to sales and purchase to and from parent companies of the French Business.

Key management compensation:

	2007	2006	2005
Salaries and other short-term employee benefits	2	2	2
At 31 December			
Trade receivables, payables and other loans with Scottish & Newcastle entities at 31 December.	(724)	(727)	(686)

26. Financial instruments

Disclosures of capital management and financial risk management policies presented below are those of the Scottish & Newcastle Group. Management of the French Business worked to support these policies and their objectives.

Capital management

The primary objective of the S&N Group's capital management is to ensure that it maintains healthy capital ratios in order to support the business and maximise shareholder value.

The S&N Group manages its capital structure to take account of changing economic circumstances. The S&N Group may make adjustments to the capital structure by issuing new shares, returning capital to shareholders or by amending the dividend payment.

The S&N Group monitors capital using the following key indicators:

1. Gearing ratio which is net debt divided by total equity. Net debt comprises loans, finance leases, overdrafts, cash and cash equivalents.
2. Net debt/EBITDA (earnings before interest, tax, depreciation and amortisation) cover which is net debt divided by operating profit from continuing operations before exceptionals, depreciation and amortisation.
3. Interest cover which is operating profit from continuing operations before exceptionals divided by net interest costs before exceptional items (but excluding net interest on pension liabilities).

The credit rating of the Scottish & Newcastle Group is currently BBB− from Standard and Poors. It is the S&N Group's intention to strengthen its credit ratios to achieve a higher credit rating.

Borrowings

Borrowings are measured at amortised cost using the effective interest method.

The following table sets out the maturity profile for borrowings:

2007	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank loans	8	6	5	7	5	—	31
Other loans	97	113	85	144	133	1	573
Finance leases	3	2	1	—	—	—	6
Intercompany balances and loans relating to Scottish & Newcastle Group	724	—	—	—	—	—	724
Overdrafts	65	—	—	—	—	—	65
Total	**897**	**121**	**91**	**151**	**138**	**1**	**1,399**

2006	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank loans	13	5	7	6	5	8	44
Other loans	203	104	114	87	147	3	658
Finance leases	4	2	1	—	—	—	7
Intercompany balances and loans relating to Scottish & Newcastle Group	727	—	—	—	—	—	727
Overdrafts	235	—	—	—	—	—	235
Total	**1,182**	**111**	**122**	**93**	**152**	**11**	**1,671**

2005	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank loans	18	12	8	5	3	8	54
Other loans	154	155	159	114	86	4	672
Finance leases	7	2	1	—	—	—	10
Intercompany balances and loans relating to Scottish & Newcastle Group	686	—	—	—	—	—	686
Overdrafts	108	—	—	—	—	—	108
Total	**973**	**169**	**168**	**119**	**89**	**12**	**1,530**

The following table sets out the maturity profile for contracted cash flows payable on financial liabilities:

2007	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank loans	10	8	6	8	5	1	38
Other loans	136	144	109	162	141	1	693
Finance leases	3	3	1	—	—	—	7
Intercompany balances and loans relating to Scottish & Newcastle Group	724	—	—	—	—	—	724
Overdrafts	65	—	—	—	—	—	65
Total debt	**938**	**155**	**116**	**170**	**146**	**2**	**1,527**

2006	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Bank loans	16	7	9	7	6	8	53
Other loans	247	134	138	102	156	2	779
Finance leases	4	3	1	—	—	—	8
Intercompany balances and loans relating to Scottish & Newcastle Group	727	—	—	—	—	—	727
Overdrafts	235	—	—	—	—	—	235
Total debt	**1,229**	**144**	**148**	**109**	**162**	**10**	**1,802**

Cash flows arising from all current liabilities are payable within 1 year and other long term creditors are payable between 2 and 5 years.

Loans

	2007		2006		2005	
	DKK million	Interest	DKK million	Interest	DKK million	Interest
Medium-term unsecured loans 2008-2012						
Other loans—Euros						
fixed	573	6.6%	658	6.6%	673	6.6%
floating	—		—		—	
Bank loans 2008-2016						
Euros						
fixed	—		—		—	
floating	31		44		54	

Floating rate loans have underlying reference rates determined by the three-month benchmark rate for the appropriate currency (e.g. Libor).

Certain of the French Business' borrowings have normal financial covenants. If these covenants were breached the borrowings would become payable immediately.

Borrowings of DKK 27 million (2006: DKK 34 million and 2005: DKK 22 million) are secured on property, plant and equipment.

Financial risk management

The French Business, significant financial instruments are bank loans and overdrafts, loans from S&N Group, finance leases and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the French Business operations. The French Business also has other financial assets and liabilities such as trade receivables and trade creditors which arise directly from its operations.

The French Business—when relevant—enter into derivative transactions such as interest rate swaps and forward exchange contracts to manage the interest rate and currency risks arising from the French Business operations and its sources of finance.

It is the S&N Group's policy that no trading in derivatives shall be undertaken.

The main risks arising from financial instruments of the French Entities are foreign currency risk, interest rate risk, credit risk and liquidity risk. The treasury policies of the S&N Group on these risks are reviewed annually by the S&N's Board and are managed by the S&N Group Treasury Department which provides a service to operating divisions.

The S&N Group Treasury Department reports formally on a monthly basis to a Treasury Committee under Chairmanship of the S&N Group Finance Director and quarterly to the Treasury Committee of the S&N Group which includes two non-Executive Directors. It is subject to regular compliance audits by the S&N Group Review and Audit Department and an annual review by the S&N Group's external auditors.

Foreign currency risk

The French Business reported profits, net assets and gearing are not significantly affected by movements in foreign exchange rates. It is the French Business policy to hedge exposure to cash transactions in foreign currencies for a range of forward periods.

In addition, currency assets are hedged by way of currency borrowing where practicable to protect total equity.

Interest rate risk

Interest rate exposure is managed within limits agreed by the Management which stipulate that borrowings, where the rate of interest is fixed for a period in excess of 12 months, mainly account for no less than 30% and no more than 70% of borrowings. To achieve this the French Business enters mainly into fixed rate loans, interest rate swaps and other derivatives.

Credit risk

Credit risk arises from balances due from customers and from financial assets held with banks and financial institutions.

Trading credit risk

The French Business is exposed to credit risk in respect of trade debtors and other receivables and trade loans, however, given the spread of risk on the French Business' customers, credit risk are believed to be limited. Where practical, security is taken on property owned by the trade loan counterparties.

At 31 December, trade debtors and other receivables and trade loans that are past due but not impaired are:

	2007	2006
	DKK million	DKK million
Up to 30 days past due	161	145
31-60 days past due	66	85
More than 60 days past due	159	233
Total	**386**	**463**

Treasury related credit risk

The French Business is exposed to credit risk in respect of cash, cash equivalents and deposits, if any, held with banks and financial institutions.

Deposits and other counterparty exposures are only acceptable with financial institutions with an A1 short-term rating or an A long-term rating for exposures beyond one year (or with wholly owned subsidiaries of such institutions approved as acceptable by the Treasury Committee).

The maximum risk of the S&N Group with any counterparty (or counterparty group) is £50 million with the exception of AAA Money Market Funds where the maximum risk can be £150 million.

Liquidity risk

Liquidity risk is the risk that the French Business will have insufficient debt facilities to meet future obligations. Policy objectives with regards to liquidity of the S&N Group are to ensure a suitable mix of bank and capital markets facilities to meet two years' planned debt requirements, and also for the average life of these facilities to have a minimum maturity of three years.

Sensitivity analysis

Financial instruments affected by market risks include borrowings, deposits and cash and cash equivalents.

IFRS 7 requires an analysis of the sensitivity of profit or loss and equity to key market variables. The key market risk is Euro interest rates. The sensitivity analysis relates to the year-end position and is not representative of the year just ended as the position varied during the course of the year.

The following table shows the illustrative impact on the income statement and equity that would result from changes in Euro interest rates on a pre-tax basis.

	Income statement	Directly in equity
	DKK million	DKK million
Euro interest rates +/−5%	2	—

The French Business has insignificant foreign currency exposures.

Effective interest rate and currency profile

All net debt is denominated in Euro.

The fixed rate interest profile was as follows:

	2007		2006		2005	
	Weighted average interest rate	Weighted average period years	Weighted average interest rate	Weighted average period years	Weighted average interest rate	Weighted average period years
	%		%		%	
Currency						
Euro	6.6	2.7	6.6	2.3	6.6	2.2

The floating rate financial liabilities comprise bank borrowings with interest rates set between one day and 12 months. The reference rate for floating rate liabilities is determined by the benchmark rate for the relevant country (e.g. Libor).

Cash and deposits are placed on short-term maturities up to a maximum of three months as relevant market rates for the maturity concerned.

Net debt

Set out below is a comparison of book values and fair values of borrowings, cash and deposits:

	2007		2006		2005	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Primary instruments:						
Loans	(604)	(604)	(702)	(702)	(726)	(726)
Finance leases	(6)	(6)	(7)	(7)	(10)	(10)
Overdrafts	(65)	(65)	(235)	(235)	(108)	(108)
Intercompany balances and loans relating to Scottish & Newcastle Group	(724)	(724)	(727)	(727)	(686)	(686)
Cash and cash equivalents	1,978	1,978	1,978	1,978	1,256	1,256
Net debt	**579**	**579**	**307**	**307**	**(274)**	**(274)**

The fair values have been calculated by discounting expected future cash flows at prevailing interest rates. For all other financial assets and liabilities not included above, the carrying amount is equal to fair value.

Movement in net debt

	2007	2006	2005
	DKK million	DKK million	DKK million
Net increase/(decrease) in cash and cash equivalents	170	595	673
Net cash flow from change in loan capital and finance leases	102	(14)	(668)
(Increase)/decrease in net debt	**272**	**581**	**5**
Net debt at 1 January	307	(274)	(279)
Net debt at 31 December	**579**	**307**	**(274)**

27. Events after the balance sheet date

In April 2008 the sale of the trade wholesaling business as described in detail in note 9 was concluded. No other events have occurred after the balance sheet date of importance to the combined financial statements.

28. Management's Review

The below is a reproduction of Management's review from the respective companies' statutory accounts for 2006 and 2005.

BRASSERIES KRONENBOURG
Simplified public limited company with share capital of EUR 180,750,000
Domicile: 68, route d'Oberhausbergen—F-67200 Strasbourg
Registered with the commerce and companies register in Strasbourg under No. 332 266 428

MANAGEMENT'S REVIEW
FOR THE YEAR ENDED 31 DECEMBER 2005

Didier Lefèvre, non-member executive of the company Brasseries Kronenbourg S.A.S., simplified public limited company with share capital of EUR 180,750,000, for the purposes of approving the financial statements for the year ended 31 December 2005 has prepared this review of the company's financial position and activities for the financial year then ended.

THE COMPANY'S ACTIVITIES

– The company's financial position and the development of its activities during the financial year

(thousand hectolitres)	31/12/2004 8 months	31/12/2005 12 months
ON-TRADE	1,643	2,356
OFF-TRADE	3,411	4,780
BRANDS—FRANCE, TOTAL	**5,054**	**7,136**
DISTRIBUTION/PREMIUM BRANDS	197	319
DOMESTIC MARKET, TOTAL	**5,251**	**7,455**
EXPORTS, TOTAL	**368**	**559**
DIRECT SALES, TOTAL	**5,619**	**8,014**

Over a comparable period from January to December, sales in France developed negatively, as reflected by a 1% decline in market share.

Nonetheless, sales of specialty products continued to rise due to the positive results of Grimbergen.

KRONENBOURG's product range continued to profit from the successful performance of Kro Pur Malt.

Investments between 1 January and 31 December 2005 amounted to EUR 19,816,000 and related to:

— land and buildings	EUR 4,382,000
— plant and machinery	EUR 11,475,000
— packaging	EUR 3,959,000

The number of employees amounted to 1,776, which is a reduction of 3.9% compared to 2004.

– Expected developments and future prospects

We expect to see a continued decline in the beer market in line with previous years' trends.

– Significant events after the balance sheet date

In February 2006, BRASSERIES KRONENBOURG announced a plan to spin off the Champigneulles Brewery, allowing production in France to be concentrated at the Obernai production facility.

– Research and development activities

In the past financial year, the company has through its TEPRAL research centre continued the research and development activities in production techniques and the products themselves.

SUBSIDIARIES AND INVESTMENTS

The list attached to the balance sheet provides information on the activities and results of the company's subsidiaries and the companies it controls.

These results do not give rise to any comments.

EMPLOYEES' SHARES OF THE COMPANY'S SHARE CAPITAL

Pursuant to sections L. 225-229 of the French act on commerce, we declare that the employees hold no shares in the company at 31 December 2005.

FINANCIAL RESULTS

– Operating and financial review

In the following, we give a detailed presentation of the financial statements submitted for your approval, prepared in accordance with the accounting principles and valuation methods prescribed by the applicable legislation.

The accounting policies applied in the preparation of the financial statements are consistent with those applied to previous financial statements.

The financial year under review and the previous financial year are not directly comparable (as the previous financial statements covered a period of just eight months), and no comparative information is therefore provided.

During the year ended 31 December 2005, revenue rose to EUR 935,510,631.

Wages and salaries amounted to EUR 77,963,033.

Social security costs amounted to EUR 29,631,185.

The average number of employees at the end of the year was 1,776.

The operating profit for the year was EUR 114,366,655.

After deduction of net financial expenses of EUR 10,392,336, the profit for the year before tax amounted to EUR 103,974,319.

After taking into account:

– exceptional items of EUR 4,132,615;

– the employees' share of the results of the company's expansion amounting to EUR 12,361,046;

– a tax charge of EUR 2,965,564;

the profit for the year was EUR 98,711,452.

– Proposed allocation of profit

We recommend the financial statements (balance sheet, income statement and related notes) as presented herein, representing a profit of EUR 98,711,452, be approved by the shareholders.

Financial statements submitted for approval:

Profit for the year	EUR	98,711,452
Brought forward	EUR	7,808,023
Amounting to a total profit for allocation of	EUR	106,519,475
To be distributed as dividend to the sole shareholder: or EUR 8.05 per share	EUR	97,002,500
Balance	EUR	9,516,975
Allocated to statutory reserves:	EUR	4,935,573
Transferred to retained earnings	EUR	4,581,402

The dividend per share is EUR 8.05.

The dividend will be distributed at the date of the annual general meeting.

Following this profit allocation, the company's equity will amount to EUR 324,774,513.

Pursuant to the provisions in section 243 b) of the French tax act, we can inform you that the dividend distribution for the previous three financial years, and the related tax credit, were as follows:

FINANCIAL YEAR	NET DIVIDEND	TAX CREDIT
30 April 2003	EUR 3.90	EUR 1.95
30 April 2004	EUR 7.10	EUR 3.55
31 December 2004	EUR 7.47	nil

– Non-deductible costs

Pursuant to the provisions in section 223, fourth paragraph, of the French tax act, we request that you approve the costs referred to in section 39(4) of said act, totalling EUR 91,910, subject to taxation at the tax rate in force.

– Financial highlights

Pursuant to section 148 of the French decree dated 23 March 1967, this review is supplemented by a statement showing the company's financial highlights for the previous five financial years.

AGREEMENTS UNDER SECTION L.227-10 OF THE FRENCH ACT ON COMMERCE

We declare that no agreements within the scope of section L 227-10 of the French act on commerce have been entered into during the past financial year.

We confirm that agreements entered into in previous financial years continued in the financial year under review.

COMPANY ADMINISTRATION AND CONTROL

We can inform you that the terms of office of no directors or auditors have expired.

In conclusion, we request that you approve the various proposals and that you grant our CEO discharge for the financial year based on the financial statements submitted for your approval.

Following the presentation of the financial statements by the company's auditors, you are requested to approve the proposals submitted to your vote.

CEO

CERTIFIED TO BE A TRUE COPY

[Signature]

BRASSERIES KRONENBOURG
Simplified public limited company with share capital of EUR 180,750,000
Domicile: 68, route d'Oberhausbergen—F-67200 Strasbourg
Registered with the commerce and companies register in Strasbourg under No. 332 266 428

MANAGEMENT'S REVIEW FOR THE YEAR ENDED 31 DECEMBER 2006

Yves Couette, non-member executive of the company Brasseries Kronenbourg S.A.S., simplified public limited company with share capital of EUR 180,750,000, for the purposes of approving the financial statements for the year ended 31 December 2006 has prepared this review of the company's financial position and activities for the financial year then ended.

THE COMPANY'S ACTIVITIES

– The company's financial position and the development of its activities during the financial year

(thousand hectolitres)	31/12/2005 12 months	31/12/2006 12 months
ON-TRADE MARKET	2,356	2,291
OFF-TRADE	4,780	4,640
BRANDS—FRANCE, TOTAL	**7,136**	**6,931**
DISTRIBUTION/PREMIUM BRANDS	319	308
DOMESTIC MARKET, TOTAL	**7,455**	**7,239**
EXPORTS, TOTAL	**559**	**499**
DIRECT SALES, TOTAL	**8,014**	**7,738**

Between January and December 2006, sales in France developed negatively compared with 2005, as reflected by a decline in market share.

Nonetheless, sales of specialty products continued to rise due to the positive results of Grimbergen.

Investments between 1 January and 31 December 2006 amounted to EUR 34,298,000 and related to:

— land and buildings	EUR 6,008,000
— plant and machinery	EUR 27,055,000
— packaging	EUR 1,235,000

The number of employees amountd to 1,746, which is a reduction of 1.7% compared to 2005.

During the year 2006, the company changed its terms of delivery for mainly large and medium-sized supermarkets from ex works to carriage paid.

As a result of the resignation of Didier Lefèvre, Yves Couette was in December 2006 appointed new preliminary non-member executive.

In November 2006, the subsidiary Brasserie Champigneulles was established. Its domicile address is 2, rue Gabriel Bour, F-54250 Champigneulles.

In December 2006 Brasseries Kronenbourg S.A.S approved the transfer of tangible assets such as commercial premises and land situated 2, rue Gabriel Bour, F-54250 Champigneulles as well as intangible assets with the exception of the customer base and rights to leases to the Brasserie Champigneulles.

All shares in the company Brasserie Champigneulles were subsequently transferred to TCB BETEILUNGSGESELLSCHAFT.

– *Expected developments and future prospects*

We expect to see a continued decline in the beer market in line with previous years' trends.

Significant events after the balance sheet date

The company has informed, negotiated and taken advice from employee representatives regarding the transfer of the marketing and sales functions to Paris.

– *Research and development activities*

In the past financial year, the company has through its TEPRAL research centre continued the research and development activities in production techniques and the products themselves.

SUBSIDIARIES AND INVESTMENTS

The list attached to the balance sheet provides information on the activities and results of the company's subsidiaries and the companies it controls.

These results do not give rise to any comments.

EMPLOYEES' SHARES OF THE COMPANY'S SHARE CAPITAL

Pursuant to sections L. 225-229 of the French act on commerce, we declare that the employees hold no shares in the company at 31 December 2006.

FINANCIAL RESULTS

– *Operating and financial review*

In the following, we give a detailed presentation of the financial statements submitted for your approval, prepared in accordance with the accounting principles and valuation methods prescribed by the applicable legislation.

The accounting policies applied in the preparation of the financial statements are consistent with those applied to previous financial statements, except for the accounting policy governing trademark registration costs. Under the new accounting policy, the company will in future charge the costs for registration of internally-created trademarks. The impact of this change in accounting policy has negatively affected the profit of Brasseries Kronenbourg S.A.S. at 31 December 2006 by a net amount of EUR 151,604.

During the year 2006, revenue amounted to EUR 944,503,674.

Wages and salaries amounted to EUR 79,986,599.

Social security costs amounted to EUR 31,329,762.

The average number of employees at the end of the year was 1,746.

The operating profit for the year was EUR 122,444,689.

After deduction of net financial expenses of EUR 8,729,591, the profit for the year before tax amounted to EUR 113,715,098.

After taking into account:

– exceptional items of EUR −34,812,510;

– the employees' share of the results of the company's expansion amounting to EUR 11,957,000;

– a tax charge of EUR 4,488,476;

the profit for the year was EUR 71,434,064.

– *Proposed allocation of profit*

We recommend the financial statements (balance sheet, income statement and related notes) as presented herein, representing a profit of EUR 71,434,064, be approved by the shareholders.

Financial statements submitted for approval:

Profit for the year	EUR	71,434,064
Brought forward	EUR	4,581,402
Amounting to a total profit for allocation of	EUR	76,015,466
To be distributed as dividend to the sole shareholder:		
or EUR 5.93 per share	EUR	71,456,500
Balance	EUR	4,558,966
Allocated to statutory reserves:	EUR	3,047,077
Allocated to adjustment of trademarks in accordance with IFRS	EUR	151,606
Transferred to retained earnings	EUR	1,360,284.74

The dividend per share is EUR 5.93.

The dividend will be distributed at the date of the annual general meeting.

Following this profit allocation, the company's equity will amount to EUR 326,449,270.

Pursuant to the provisions in section 243 b) of the French tax act, we can inform you that the dividend distribution for the previous three financial years, and the related tax credit, were as follows:

FINANCIAL YEAR	NET DIVIDEND	TAX CREDIT
30 April 2004	EUR 7.10	EUR 3.55
31 December 2004	EUR 7.47	nil
31 December 2005	EUR 8.05	nil

– *Non-deductible costs*

Pursuant to the provisions in section 223, fourth paragraph, of the French tax act, we request that you approve the costs referred to in section 39(4) of said act, totalling EUR 140,258, subject to taxation at the tax rate in force.

– *Financial highlights*

Pursuant to section 148 of the French decree dated 23 March 1967, this review is supplemented by a statement showing the company's financial highlights for the previous five financial years.

AGREEMENTS UNDER SECTION L.227-10 OF THE FRENCH ACT ON COMMERCE

We declare that no agreements within the scope of section L 227-10 of the French act on commerce have been entered into during the past financial year.

We confirm that agreements entered into in previous financial years continued in the financial year under review.

COMPANY ADMINISTRATION AND CONTROL

We can inform you that the terms of office of no directors or auditors have expired.

In conclusion, we request that you approve the various proposals and that you grant our CEO discharge for the financial year based on the financial statements submitted for your approval.

Following the presentation of the financial statements by the company's auditors, you are requested to approve the proposals submitted to your vote.

CEO

ETABLISSEMENTS TAFANEL
Public Limited Company with Board of Directors and Control Committee
with share capital of EUR 11,034,176
Domicile: 105, rue d'Aubervilliers
– F-75018 PARIS –
Registered with the commerce and companies register in Paris under No. 562 072 397

REPORT BY THE BOARD OF DIRECTORS AT THE ANNUAL GENERAL MEETING ON 30 JUNE 2006

In accordance with legislation and the Articles of Association, this Annual General Meeting has been called to inform you of the Company's financial position and activities during the year ended 31 December 2005 and on order to obtain your approval of the financial statements for the financial year and of the profit allocation.

We will present you with all details and supplementary information on the documents required under the applicable law, and which have been made available to you within the statutory deadlines.

Subsequently, the Company's auditors will present the financial statements.

THE COMPANY'S ACTIVITIES

– *Operating and financial review*

By way of introduction, we can inform you that the submitted financial statements have been prepared in the same form and according to the same recognition, measurement and presentation methods as in previous years.

The financial statements for the previous year are provided for comparative purposes.

Revenue for the year ended 31 December 2005 amounted to EUR 86,030,565, against EUR 57,188,562 the previous year, representing an increase of 50.43%.

Other operating income amounted to EUR 3,872,531, against EUR 2,396,445 the previous year.

Purchases and changes in inventories amounted to EUR 62,621,023 against EUR 42,166,928 the previous year, representing an increase of 48.50%.

Other purchases and external costs amounted to EUR 10,452,512 against EUR 6,820,589 the previous year, representing an increase of 53.24%.

Taxes amounted to EUR 1,011,401, against EUR 403,344 the previous year.

Wages and salaries amounted to EUR 4,503,886 against EUR 2,957,233 the previous year, representing an increase of 52.30%.

Social security costs amounted to EUR 2,130,909 against EUR 1,354,609 the previous year, representing an increase of 57.30%.

The average number of employees was 143 against 147 the previous year, representing a decrease of 2.72%.

Depreciations and write-downs amounted to EUR 5,880,959 against 2,449,754 the previous year.

Other expenses amounted to EUR 311,270 against EUR 371,778 the previous year, representing a decrease of 16.27%.

Operating costs during the financial year totalled EUR 86,911,960 against EUR 56,524,233, representing an increase of 53.7%.

Operating profit for the year amounted to EUR 2,991,136 against EUR 3,060,774 the previous year, representing a decrease of 2.27%.

After deduction of financial items of EUR 569,077, the profit for the year before tax amounted to EUR 3,560,213, against EUR 7,063,661 the previous year.

After taking into account:

– an extraordinary profit of EUR 102,349 against EUR 33,594 for the previous year;

– the employees' share of the results of the company's expansion amounting to EUR 186,035;

– a tax charge of EUR 99,981 against EUR 18,750 the previous year;

the profit for the year ended 31 December 2005 amounted to EUR 3,376,541 against EUR 7,078,504 the previous year, representing a decrease of 52.30%.

– Significant events after the balance sheet date

No events have occurred after the end of the financial year that have given rise to comments.

SUBSIDIARIES AND INVESTMENTS

– *Activities of subsidiaries and investments*

The list attached to the balance sheet provides information on the activities and results of the company's subsidiaries and the companies it controls.

EMPLOYEES' SHARES OF THE COMPANY'S SHARE CAPITAL

Pursuant to section L. 225-102 of the French act on commerce, we declare that the employees hold no shares in the company at 31 December 2005.

The proportion of the share capital consisting of shares owned by employees, as defined in section L. 225-102, was 0% at 31 December 2005.

FINANCIAL RESULTS

– *Proposed allocation of profit*

We recommend the financial statements (balance sheet, income statement and related notes) as presented herein, representing a profit of EUR 3,376,541, be approved by the shareholders.

We also recommend that you approve the allocation of the profit for the year, amounting to EUR 3,376,541, to the item "Other reserves".

Subsequently, "Other reserves" amounts to EUR 29,708,893.

According to this allocation, the Company's equity will amount to EUR 41,849,293.

In order to comply with the provisions in section 243 of the French tax act, we can inform you that no dividends have been distributed for the past three financial years.

– *Non-deductible costs*

Pursuant to the provisions in section 223, fourth paragraph, of the French tax act, we request that you approve the costs referred to in section 39-4 of said act, totalling EUR 96,347.

– *Financial highlights for the past five years*

Pursuant to section 148 of the French decree dated 23 March 1967, this review is supplemented by a statement showing the company's financial highlights for the previous five financial years.

– *Comments by the communication committee*

Pursuant to section L. 432-4 of the French labour act, the communication committee has not made any comments on the company's financial or social situation.

AGREEMENTS UNDER SECTION L. 227-86 OF THE FRENCH ACT ON COMMERCE

Pursuant to section L. 225-88 of the French act on commerce, we request that you approve the agreements subject to section L. 225-86 of the French act on commerce concluded in the financial year under review with due authorisation by the Control Committee.

The Company's auditors have been duly informed of these agreements, which are described in the auditor's special report.

MANAGEMENT INFORMATION

Management

Pursuant to section L. 225-102-1 of the French act on commerce, the following is a list of the Company's Management and their functions in all companies:

1) Christian Tafanel:
   - Chairman of the Board of the company ETABLISSEMENTS TAFANEL
   - CEO, member of the Board of Directors of the company SOCODIS SA
2) Guy Tafanel:
   - Chairman of the Control Committee of the company ETABLISSEMENTS TAFANEL
3) Laurence Tafanel:
   - Member of the Board of the company ETABLISSEMENTS TAFANEL
   - Member of the Board and CEO of the company SAE SOCODIS sa
   - Member of the Management of the company SOGESTIN
   - Member of the Management of the company TAFANEL INSTALLATIONS

TERMS OF OFFICE OF THE MEMBERS OF THE CONTROL COMMITTEE

– *Reappointment of auditors*

As the terms of office of the auditor, René Roch and supplementary auditor, Elisabeth Chabanon-Soubileau expire at this Annual General Meeting, we propose that they be reappointed for a further six-year term, i.e. until the Annual General Meeting on the financial statements for the year ending 31 December 2011.

Following the presentation of the financial statements by the company's auditors, you are requested to approve the proposals submitted to your vote by the Board of Directors.

Prepared in Paris

[Signature]

Board of Directors

ETABLISSEMENTS TAFANEL
Public Limited Company with Board of Directors and Control Committee
with share capital of EUR 11,034,176
Domicile: 105, rue d'Aubervilliers
– F-75018 PARIS –
Registered with the commerce and companies register in Paris under No. 562 072 397

REPORT BY THE BOARD OF DIRECTORS AT THE ANNUAL GENERAL MEETING ON 30 JUNE 2007

In accordance with legislation and the Articles of Association, this Annual General Meeting has been called to inform you of the Company's financial position and activities during the year ended 31 December 2006 and on order to obtain your approval of the financial statements for the financial year and of the profit allocation.

We will present you with all details and supplementary information on the documents required under the applicable law, and which have been made available to you within the statutory deadlines.

Subsequently, the Company's auditors will present the financial statements.

THE COMPANY'S ACTIVITIES

– *Operating and financial review*

In the following, we give a detailed presentation of the financial statements submitted for your approval, prepared in accordance with the recognition, measurement and presentation methods prescribed by the applicable legislation.

The recognition, measurement and presentation methods applied in the preparation of the financial statements are consistent with those applied to previous financial statements.

The financial statements for the previous year are provided for comparative purposes.

Revenue for the year ended 31 December 2006 amounted to EUR 90,290,835, against EUR 86,030,565 the previous year, representing an increase of 4.95%.

Other operating income amounted to EUR 3,060,632, against EUR 3,872,531 the previous year.

Purchases and changes in inventories amounted to EUR 65,806,374 against EUR 62,621,023 the previous year, representing an increase of 5.08%.

Other purchases and external costs amounted to EUR 11,457,624 against EUR 10,452,512 the previous year, representing an increase of 9.61%.

Taxes amounted to EUR 894,338 against EUR 1,011,401 the previous year, representing a decrease of 11.57%.

Wages and salaries amounted to EUR 4,471,354 against EUR 4,503,886 the previous year, representing a decrease of 0.72%.

Social security costs amounted to EUR 2,077,059 against EUR 2,130,909 the previous year, representing a decrease of 2.52%.

The average number of employees was 143.

Depreciations and write-downs amounted to EUR 6,267,863 against EUR 5,880,959 the previous year, representing an increase of 6.57%.

Other expenses amounted to EUR 498,276 against EUR 311,270 the previous year, representing an increase of 60.07%.

Operating costs for the financial year totalled EUR 91,472,894 against EUR 86,911,960, representing an increase of 5.24%.

Operating profit for the year amounted to EUR 2,772,338 against EUR 2,991,136 the previous year, representing a decrease of 7.31%.

After deduction of net financial items of EUR 193,904 (EUR 569,077 the previous year), the profit for the year before tax amounted to EUR 2,966,243, against EUR 3,560,213 the previous year.

After taking into account:

- an extraordinary loss of EUR 1,667,495 against a profit of EUR 102,349 for the previous year;
- the employees' share of the results of the company's expansion amounting to EUR 38,534 against EUR 186,035 the previous year;
- a tax charge of EUR 105,525 against EUR 99,981 the previous year;

the profit for the year ended 31 December 2006 amounted to EUR 1,154,688 against EUR 3,376,541 the previous year, representing a decrease of 65.80%.

– *Significant events after the balance sheet date*

No events have occurred after the end of the financial year that have given rise to comments.

SUBSIDIARIES AND INVESTMENTS

– *Activities of subsidiaries and investments*

The list attached to the balance sheet provides information on the activities and results of the company's subsidiaries and the companies it controls.

EMPLOYEES' SHARES OF THE COMPANY'S SHARE CAPITAL

Pursuant to section L. 225-102 of the French act on commerce, we declare that the employees hold no shares in the company at 31 December 2006.

The proportion of the share capital consisting of shares owned by employees, as defined in section L. 225-102, was 0% at 31 December 2006.

FINANCIAL RESULTS

– *Proposed allocation of profit*

We recommend the financial statements (balance sheet, income statement and related notes) as presented herein, representing a profit of EUR 1,154,688, be approved by the shareholders.

We also recommend that you approve the allocation of the profit for the year as follows:

—Profit for the year	EUR 1,154,688
—To which should be added an amount taken from the item "Other reserves"	EUR 22,845,312
—Amounting to a total profit for allocation of	EUR 24,000,000
—In the form of dividends to the shareholders of EUR 230.55 per share	EUR 24,000,000

The item "Other reserves" amounts to EUR 6,863,582.

This means that:

- of the amount distributed for the year ended 31 December 2006, EUR 1,383.30 is subject to a 40% reduction.
- of the amount distributed for the year ended 31 December 2006, EUR 23,998,616.70 is not subject to a 40% reduction.

In order to comply with the provisions in section 243 of the French tax act, we can inform you that no dividends have been distributed for the past three financial years.

– *Non-deductible costs*

Pursuant to the provisions in section 223, fourth paragraph, of the French tax act, we request that you approve the costs referred to in section 39-4 of said act, totalling EUR 95,410.

– *Financial highlights for the past five years*

Pursuant to section 148 of the French decree dated 23 March 1967, this review is supplemented by a statement showing the company's financial highlights for the previous five financial years.

– *Comments by the communication committee*

Pursuant to section L. 432-4 of the French labour act, the communication committee has not made any comments on the company's financial or social situation.

AGREEMENTS UNDER SECTION L. 227-86 OF THE FRENCH ACT ON COMMERCE

Pursuant to section L. 225-88 of the French act on commerce, we request that you approve the agreements subject to section L. 225-86 of the French act on commerce concluded in the financial year under review with due authorisation by the Control Committee.

The Company's auditors have been duly informed of these agreements, which are described in the auditor's special report.

MANAGEMENT INFORMATION

Management

Pursuant to section L. 225-102-1 of the French act on commerce, the following is a list of the Company's Management and their functions in all companies:

1) Christian Tafanel:
   - Chairman of the Board of the company ETABLISSEMENTS TAFANEL
   - CEO, member of the Board of Directors of the company SOCODIS SA
2) Guy Tafanel:
   - Chairman of the Control Committee of the company ETABLISSEMENTS TAFANEL
3) Laurence Tafanel:
   - Member of the Board of the company ETABLISSEMENTS TAFANEL
   - Member of the Board and CEO of the company SAE SOCODIS sa
   - Member of the Management of the company SOGESTIN
   - Member of the Management of the company TAFANEL INSTALLATIONS
4) Didier Lefèvre
   - Chairman of the Board and member of the Management of the company FINANCIERE GLC
   - Deputy Chairman of the Control Committee and member of the Control Committee of the company ETABLISSEMENTS TAFANEL
5) René Antoine
   - Member of the Management of the company FINANCIERE GLC
   - Member of the Control Committee of the company ETABLISSEMENTS TAFANEL

TERMS OF OFFICE OF THE MEMBERS OF THE CONTROL COMMITTEE

The term of office of no member of the Control Committee has expired.

* * *

Following the presentation of the financial statements by the company's auditors, you are requested to approve the proposals submitted to your vote by the Board of Directors.

Prepared in Paris

[Signature]

Board of Directors

Unaudited Condensed Consolidated Interim Financial Statements for the Period 1 January-31 March 2008 with Comparative Figures for the Period 1 January-31 March 2007

Unaudited Condensed Consolidated Interim Financial Statements of Carlsberg A/S for the Period 1 January-31 March 2008 with Comparative Figures for the Period 1 January-31 March 2007.

Management statement

The Board of Directors and the Executive Board have today discussed and approved the condensed consolidated financial statements for Carlsberg A/S for the period 1 January—31 March 2008 with comparative figures for the period 1 January—31 March 2007.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

We consider the accounting policies used to be appropriate. Accordingly, the condensed consolidated financial statements for the three months ended 31 March 2008 for the give a true and fair view of Carlsberg Group's assets, liabilities and financial position at 31 March 2008 and at 31 March 2007 and of the results of Carlsberg Group's operations and cash flows for the period 1 January—31 March 2008 and 1 January—31 March 2007.

Copenhagen, 15 May 2008

Executive Board of Carlsberg A/S

Jørgen Buhl Rasmussen	Jørn P. Jensen

Board of Directors of Carlsberg A/S

Povl Krogsgaard-Larsen, chairman	Jens Bigum, deputy chairman	Hans Andersen
Flemming Besenbacher	Jess Søderberg	Hanne Buch-Larsen
Henning Dyremose	Niels Kærgaard	Axel Michelsen
Erik Dedenroth Olsen	Bent Ole Petersen	Per Øhrgaard

Independent Auditors' Review Report on the Condensed Consolidated Interim Financial Statements as at 31 March 2008 and for the period 1 January—31 March 2008

To the Shareholders of Carlsberg A/S

We have reviewed the condensed consolidated interim financial statements of Carlsberg A/S as at 31 March 2008 and for the period 1 January—31 March 2008 as presented on pages F-259—F-273, which comprise the management statement, condensed consolidated income statement, consolidated statement of recognized income and expenses, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes ("Q1 interim financial statements"). The Q1 interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Management is responsible for the preparation and fair presentation of the Q1 interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express an opinion on the Q1 interim financial statements based on our review.

Basis of Review

We conducted our review in accordance with Danish Standard on Review Engagements (RS 2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements is limited primarily to inquiries of company personnel responsible for financial and accounting matters as well as analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that would be revealed in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Q1 interim financial statements.

Opinion

During our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 31 March 2008 and for the period 1 January—31 March 2008 have not in all material respects been prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union.

Emphasis of Matter

We have not audited or reviewed the comparative figures as at 31 March 2007 and for the period 1 January—31 March 2007 and, accordingly, we do not express an opinion on these comparative figures.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

INCOME STATEMENT (UNAUDITED)

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Net revenue	9,436	8,863	44,750
Cost of sales	(5,019)	(4,597)	(22,423)
Gross profit	**4,417**	**4,266**	**22,327**
Sales and distribution expenses	(3,304)	(3,166)	(14,528)
Administrative expenses	(784)	(798)	(3,123)
Other operating income, net	47	88	485
Share of profit after tax, associates	12	12	101
Operating profit before special items	**388**	**402**	**5,262**
Special items, net	(37)	(31)	(427)
Operating profit	**351**	**371**	**4,835**
Financial income	158	165	651
Financial expenses	(628)	(418)	(1,852)
Profit before tax	**(119)**	**118**	**3,634**
Corporation tax	32	(32)	(1,038)
Consolidated profit	**(87)**	**86**	**2,596**
Attributable to:			
Minority interests	42	41	299
Shareholders in Carlsberg A/S	(129)	45	2,297
Earnings per share			
Earnings per share	(1.7)	0.6	30.1
Earnings per share, diluted	(1.7)	0.6	30.0

STATEMENT OF RECOGNISED INCOME AND EXPENSES (UNAUDITED)

	Q1 2008					
	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg A/S total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**—**	**(129)**	**(129)**	**42**	**(87)**
Foreign exchange adjustments:						
Foreign entities	(304)	—	—	(304)	(57)	(361)
Value adjustments:						
Hedging instruments	(74)	(557)	—	(631)	—	(631)
Securities, transferred to income statement on disposal	—	(18)	—	(18)	(5)	(23)
Retirement benefit obligations	—	—	(10)	(10)	—	(10)
Other adjustments:						
Share based payment	—	—	5	5	—	5
Other	—	—	(2)	(2)	—	(2)
Tax on changes in equity	22	167	2	191	—	191
Net amount recognised directly in equity	**(356)**	**(408)**	**(5)**	**(769)**	**(62)**	**(831)**
Total recognised income and expenses	**(356)**	**(408)**	**(134)**	**(898)**	**(20)**	**(918)**

	Q1 2007					
	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg A/S total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**—**	**45**	**45**	**41**	**86**
Foreign exchange adjustments:						
Foreign entities	(45)	—	—	(45)	2	(43)
Value adjustments:						
Hedging instruments	48	—	—	48	—	48
Securities	—	(2)	—	(2)	—	(2)
Retirement benefit obligations	—	—	(8)	(8)	—	(8)
Other adjustments:						
Share based payment	—	—	3	3	—	3
Tax on changes in equity	(14)	1	2	(11)	—	(11)
Net amount recognised directly in equity	**(11)**	**(1)**	**(3)**	**(15)**	**2**	**(13)**
Total recognised income and expenses	**(11)**	**(1)**	**42**	**30**	**43**	**73**

	2007					
	Currency translation	Fair value adjustments	Retained earnings	Shareholders in Carlsberg A/S total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**—**	**2,297**	**2,297**	**299**	**2,596**
Foreign exchange adjustments:						
Foreign entities	(600)	—	—	(600)	(70)	(670)
Value adjustments:						
Hedging instruments, value adjustment for the year	148	84	—	232	—	232
Hedging instruments, transferred to financial items	(33)	—	—	(33)	—	(33)
Securities	—	42	—	42	3	45
Securities, transferred to income statement on disposal	—	(3)	—	(3)	—	(3)
Retirement benefit obligations	—	—	(532)	(532)	—	(532)
Other adjustments:						
Share based payment	—	—	21	21	—	21
Other	—	—	1	1	1	2
Tax on changes in equity	(36)	(36)	173	101	—	101
Net amount recognised directly in equity	**(521)**	**87**	**(337)**	**(771)**	**(66)**	**(837)**
Total recognised income and expenses	**(521)**	**87**	**1,960**	**1,526**	**233**	**1,759**

BALANCE SHEET (UNAUDITED)

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Assets			
Intangible assets	21,126	21,320	21,205
Property, plant and equipment	22,245	20,778	22,109
Financial assets	3,024	3,165	2,965
Total non-current assets	**46,395**	**45,263**	**46,279**
Inventories and trade receivables	10,500	9,407	10,159
Other receivables etc.	3,592	1,993	2,499
Cash and cash equivalents	2,239	2,687	2,249
Total current assets	**16,331**	**14,087**	**14,907**
Assets held for sale	33	72	34
Total assets	**62,759**	**59,422**	**61,220**
Equity and liabilities			
Equity, shareholders in Carlsberg A/S	17,272	17,135	18,621
Minority interests	1,298	1,472	1,323
Total equity	**18,570**	**18,607**	**19,944**
Borrowings	22,086	18,404	19,385
Deferred tax, retirement benefit obligations etc.	4,574	4,895	4,680
Total non-current liabilities	**26,660**	**23,299**	**24,065**
Borrowings	4,390	6,373	3,869
Trade payables	5,469	4,489	5,833
Other current liabilities	7,670	6,653	7,509
Total current liabilities	**17,529**	**17,515**	**17,211**
Liabilities associated with assets held for sale	—	1	—
Total equity and liabilities	**62,759**	**59,422**	**61,220**

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	31 Mar. 2008							
	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2008	1,526	(170)	67	17,198	17,095	18,621	1,323	19,944
Total recognised income and expenses for the period	—	(356)	(408)	(134)	(898)	(898)	(20)	(918)
Acquisition/disposal of treasury shares	—	—	—	7	7	7	—	7
Dividends paid to shareholders	—	—	—	(458)	(458)	(458)	5	(453)
Acquisition of minority interests and entities	—	—	—	—	—	—	(10)	(10)
Total changes in equity	—	(356)	(408)	(585)	(1,349)	(1,349)	(25)	(1,374)
Equity at 31 March 2008	**1,526**	**(526)**	**(341)**	**16,613**	**15,746**	**17,272**	**1,298**	**18,570**

	31 Mar. 2007							
	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007 . . .	1,526	351	(20)	15,740	16,071	17,597	1,390	18,987
Total recognised income and expenses for the period . . .	—	(11)	(1)	42	30	30	43	73
Acquisition/disposal of treasury shares	—	—	—	(32)	(32)	(32)	—	(32)
Dividends paid to shareholders	—	—	—	(458)	(458)	(458)	(19)	(477)
Acquisition of minority interests and entities, net .	—	—	—	—	—	—	58	58
Other	—	—	—	(2)	(2)	(2)	—	(2)
Total changes in equity	—	(11)	(1)	(450)	(462)	(462)	82	(380)
Equity at 31 March 2006 . . .	**1,526**	**340**	**(21)**	**15,290**	**15,609**	**17,135**	**1,472**	**18,607**

	31 Dec. 2007							
	Shareholders in Carlsberg A/S							
	Share capital	Currency translation	Fair value adjustments	Retained earnings	Total reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007 . . .	1,526	351	(20)	15,740	16,071	17,597	1,390	18,987
Total recognised income and expenses for the year	—	(521)	87	1,960	1,526	1,526	233	1,759
Capital increase	—	—	—	—	—	—	43	43
Acquisition/disposal of treasury shares	—	—	—	(74)	(74)	(74)	—	(74)
Repurchase of shares	—	—	—	30	30	30	(198)	(168)
Dividends paid to shareholders	—	—	—	(458)	(458)	(458)	(227)	(685)
Acquisition of entities	—	—	—	—	—	—	82	82
Total changes in equity	—	(521)	87	1,458	1,024	1,024	(67)	957
Equity at 31 December 2007 .	**1,526**	**(170)**	**67**	**17,198**	**17,095**	**18,621**	**1,323**	**19,944**

CASH FLOW STATEMENT (UNAUDITED)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Operating profit before special items	388	402	5,262
Adjustment for depreciation, amortisation and impairment losses	698	689	2,872
Operating profit before depreciation, amortisation and impairment losses	**1,086**	**1,091**	**8,134**
Adjustment for other non-cash items	(9)	(82)	(403)
Change in working capital	(1,072)	(787)	(230)
Restructuring costs paid	(71)	(110)	(379)
Interest etc. received	54	42	187
Interest etc. paid	(521)	(274)	(1,507)
Corporation tax paid	(155)	(289)	(965)
Cash flow from operating activities	**(688)**	**(409)**	**4,837)**
Acquisition of property, plant and equipment and intangible assets	(1,232)	(993)	(4,929)
Disposal of property, plant and equipment and intangible assets	28	160	351
Change in trade loans	(104)	(20)	(143)
Total operational investments	(1,308)	(853)	(4,721)
Acquisition and disposal of entities, net	(725)	(52)	(179)
Acquisition of financial assets	(8)	(11)	(43)
Disposal of financial assets	35	45	37
Change in financial receivables	23	196	(86)
Dividends received	2	15	127
Other investing activies	(37)	—	—
Total financial investments	(710)	193	(144)
Other investments in property, plant and equipment	(148)	(138)	(667)
Disposal of other property, plant and equipment	70	8	605
Total other activities[(1)]	(78)	(130)	(62)
Cash flow from investing activities	**(2,096)**	**(790)**	**(4,927)**
Free cash flow	**(2,784)**	**(1,199)**	**(90)**
Shareholders in Carlsberg A/S	(451)	(490)	(508)
Minority interests	(66)	(73)	(451)
External financing	3,282	1,866	775
Cash flow from financing activities	**2,765**	**1,303**	**(184)**
Net cash flow	(19)	104	(274)
Cash and cash equivalents at beginning of period	1,351	1,708	1,708
Currency translation adjustments	(32)	8	(83)
Cash and cash equivalents at period-end	**1,300**	**1,820**	**1,351**

(1) Other activities cover real estate and assets under construction, separate from beverage activities, including costs of construction contracts.

NOTES

Note 1—Key figures (unaudited)

		Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Sales volumes (million hl)				
Beer		23.7	22.4	115.2
Soft drinks		4.6	4.4	20.8
Income statement				
Net revenue		9,436	8,863	44,750
Operating profit before special items		388	402	5,262
Special items, net		(37)	(31)	(427)
Consolidated profit		(87)	86	2,596
Attributable to:				
Minority interests		42	41	299
Shareholders in Carlsberg A/S		(129)	45	2,297
Balance sheet				
Total assets		62,759	59,422	61,220
Invested capital		46,059	44,580	45,394
Interest-bearing debt, net		22,652	21,175	19,726
Equity, shareholders in Carlsberg A/S		17,272	17,135	18,621
Cash flow				
Cash flow from operating activities		(688)	(409)	4,837
Cash flow from investing activities		(2,096)	(790)	(4,927)
Free cash flow		(2,784)	(1,199)	(90)
Financial ratios				
Operating margin	%	4.1	4.5	11.8
Return on average invested capital (ROIC)	%	11.5	9.9	11.7
Equity ratio	%	29.6	31.3	32.6
Debt/equity ratio (financial gearing)	x	1.2	1.1	1.0
Stock market ratios				
Earnings per share (EPS)	DKK	(1.7)	0.6	30.1
Cash flow from operating activities per share (CFPS)	DKK	(9.0)	(5.4)	63.2
Free cash flow per share (FCFPS)	DKK	(36.5)	(15.7)	(1.2)
Share price (B-shares)	DKK	604	607	617
Number of shares (period-end)	1,000	76,278	76,278	76,246
Number of shares (average, excl. treasury shares)	1,000	76,246	76,264	76,254

Note 2—Business development (unaudited)

INCOME STATEMENT

Net revenue of DKK 9,436 million was generated in the first quarter, an increase of 6% on the same period of 2007 (DKK 8,863 million in the first quarter of 2007). Calculated in local currencies the increase was 9%. The revenue development was driven by positive developments throughout the Group, particularly in BBH and the rest of Eastern Europe, and Asia. Organic growth was DKK 540 million (+6%). Beer sales represented DKK 6,842 million of total sales (DKK 6,296 million in the first quarter of 2007), equivalent to 72.5% (71.0% in the same period in 2007).

Gross profit rose by 4% to DKK 4,417 million (DKK 4,266 million in the first quarter of 2007). The gross margin was 46.8%, which was 1.3 percentage points lower than in the same quarter of 2007. Price rises and a more profitable product mix on beer more than compensated for higher raw material prices.

Sales and distribution costs rose by DKK 138 million to DKK 3,304 million (DKK 3,166 million in the first quarter of 2007), while administrative expenses fell by DKK 14 million to DKK 784 million (DKK 798 million in the first quarter of 2007). This development reflects an increased level of activity on the growth markets on the one hand and a continuing focus on adjusting the cost base on the other. Sales and distribution costs tended to slight decrease in Western Europe.

Other operating income, net, was DKK 47 million against DKK 88 million in the same period of 2007. This development can primarily be attributed to gains on the sale of real estate in Poland (DKK 58 million) included in the first quarter of 2007.

Profit from associates was DKK 12 million, which is on a par with the same period of 2007.

Operating profit before special items was DKK 388 million against DKK 402 million in the first quarter of 2007. Beverage activities generated a profit of DKK 381 million against DKK 403 million in the first quarter of 2007. Adjusted for gains on the sale of real estate in Poland in the first quarter of 2007, operating profit before special items for beverage activities showed an improvement of DKK 36 million. This positive development can be attributed to higher profits in Eastern Europe and Asia, and a reduction in central expenses (not allocated). The profit contribution from other activities, including sale of real estate, was DKK 7 million against DKK −1 million in the first quarter of 2007.

Net special items were DKK −37 million against DKK −31 million in first quarter of 2007.

Net financial items were DKK −470 million against DKK −253 million in the first quarter of 2007. Net interest was DKK −300 million against DKK −257 million in the same period of 2007, and can be attributed to higher interest rates and a higher average level of net interest-bearing debt. Other net financial items were DKK −170 million (DKK 5 million in the first quarter of 2007). This change is due in particular to part of the premium on currency options acquired to hedge exposure to GBP in connection with the acquisition of part of S&N's activities being expensed (DKK −104 million).

Consolidated profit was DKK −87 million against DKK 86 million in the same period of 2007. Minority interests' share of this was DKK 42 million, which is on a par with the first quarter of 2007.

Carlsberg's share was DKK −129 million against DKK 45 million in the same period of 2007.

BALANCE SHEET

At 31 March 2008 Carlsberg had total assets of DKK 62,759 million, an increase of DKK 3,337 million compared with 31 March 2007.

Assets

Intangible assets totalled DKK 21,126 million against DKK 21,320 million at 31 March 2007.

Property, plant and equipment totalled DKK 22,245 million (DKK 20,778 million at 31 March 2007). This increase primarily reflects particularly high capital expenditure as a result of capacity expansions in the growth markets, and investments in Western Europe in connection with capacity efficiency projects in Denmark and Finland. The investments are in line with previously adopted plans.

Other non-current assets amounted to DKK 3,024 million (DKK 3,165 million at 31 March 2007).

Current assets rose by DKK 2,244 million to a total of DKK 16,331 million (DKK 14,087 million at 31 March 2007), i.a. as a result of dividends receivable and a higher level of activity.

Liabilities

Total equity was DKK 18,570 million, of which DKK 1,298 million can be attributed to minority interests and DKK 17,272 million to shareholders in Carlsberg A/S.

Besides the profit for the quarter (DKK −129 million), the change in equity before minority interests was mainly due to currency translation and value adjustments (DKK −963 million), and tax on changes in equity (DKK 191 million). Dividends to shareholders and minority interests reduced equity by DKK 453 million.

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

Total liabilities were DKK 44,189 million (DKK 40,815 million at 31 March 2007).

CASH FLOW AND INTEREST-BEARING DEBT

Cash flow from operating activities was DKK −688 million against DKK −409 million in the first quarter of 2007. Operating profit before depreciation and amortisation was DKK 1,086 million, on a par with the same period of 2007. Working capital fell by DKK −1,072 million (DKK −787 million in the first quarter of 2007), primarily due to the higher level of activity. Interest etc. paid was DKK −521 million against DKK −274 million in the same period of last year.

Cash flow from investing activities was DKK −2,096 million against DKK −790 million in the first quarter of 2007. The difference of DKK −1,306 million can essentially be attributed to an increase in operational investments of DKK 455 million plus prepayments and hedging instruments relating to the acquired activities of S&N. The increase in—and the furthermore extraordinarily high level of—operational investments can be attributed to capacity expansions and brewery constructions in BBH (Russia, Ukraine and Uzbekistan), as well as capacity efficiency projects in Denmark and Finland as a result of brewery closures.

Other activities (real estate and assets under construction) contributed DKK −78 million (DKK −130 million in the first quarter of 2007).

After this, free cash flow was DKK −2,784 million against DKK −1,199 million in the first quarter of 2007. This includes payments of DKK 854 million in connection with the acquisition of assets from S&N.

Net interest-bearing debt was DKK 22.7 billion at 31 March 2008 against DKK 21.2 billion at year-end 2007, an increase of approx. DKK 5 billion. This development essentially reflects the development in free cash flow, payment of dividends to shareholders in Carlsberg A/S, currency translation adjustment of debt (DKK −386 million), and a change in interest-bearing lending of DKK −321 million.

In March the consortium banks — BNP Paribas, Danske Bank, Lehman Brothers International (Europe) and Nordea Bank — announced that borrowing facilities of GBP 2,772 million taken up by Carlsberg in connection with the acquisition of activities of S&N had been successfully syndicated to a number of banks.

Note 3—Key figures by region (unaudited)

Western Europe

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Beer sales (million hl)	5.6	5.7	28.5
Net revenue	5,658	5,645	27,499
Operating profit before special items	129	197	2,738
Operating margin (%)	2.3	3.5	10.0

BBH (50%)

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Beer sales (million hl)	5.9	5.4	29.1
Net revenue	2,117	1,832	10,435
Operating profit before special items	295	333	2,338
Operating margin (%)	13.9	18.2	22.4

Eastern Europe excl. BBH

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Beer sales (million hl)	2.8	2.7	14.8
Net revenue	939	732	4,267
Operating profit before special items	—	5	477
Operating margin (%)	—	0.7	11.2

Asia

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Beer sales (million hl)	2.5	2.2	9.6
Net revenue	727	634	2,535
Operating profit before special items	119	82	330
Operating margin (%)	16.4	13.0	13.0

Note 4—Segment reporting by region—beverages (unaudited)

	Q1 2008	Q1 2007	2007
Beer sales (pro rata, million hl)			
Western Europe	5.6	5.7	28.5
BBH	5.9	5.4	29.1
Eastern Europe (excl. BBH)	2.8	2.7	14.8
Asia	2.5	2.2	9.6
Total	**16.8**	**16.0**	**82.0**
Net revenue (DKK million)			
Western Europe	5,658	5,645	27,499
BBH	2,117	1,832	10,435
Eastern Europe (excl. BBH)	939	732	4,267
Asia	727	634	2,535
Not allocated	(5)	20	14
Beverages, total	**9,436**	**8,863**	**44,750**
Net revenue (% of total)			
Western Europe	60.0	63.7	61.5
BBH	22.4	20.7	23.3
Eastern Europe (excl. BBH)	10.0	8.2	9.5
Asia	7.7	7.2	5.7
Not allocated	(0.1)	0.2	—
Beverages, total	**100.0**	**100.0**	**100.0**
Operating profit before special items (DKK million)			
Western Europe	129	197	2,738
BBH	295	333	2,338
Eastern Europe (excl. BBH)	—	5	477
Asia	119	82	330
Not allocated	(162)	(214)	(882)
Beverages, total	**381**	**403**	**5,001**
Operating profit margin (%)			
Western Europe	2.3	3.5	10.0
BBH	13.9	18.2	22.4
Eastern Europe (excl. BBH)	—	0.7	11.2
Asia	16.4	13.0	13.0
Not allocated	—	—	—
Beverages, total	**4.0**	**4.5**	**11.2**
Depreciation and amortisation (DKK million)			
Western Europe	366	380	1,551
BBH	176	146	642
Eastern Europe (excl. BBH)	107	93	405
Asia	32	31	132
Not allocated	14	36	138
Beverages, total	**695**	**686**	**2,844**

	Q1 2008	Q1 2007	2007
Invested capital, period-end (DKK million)			
Western Europe	16,925	17,429	16,152
BBH	8,820	7,740	8,987
Eastern Europe (excl. BBH)	4,240	3,985	4,248
Asia	2,954	2,773	3,033
Not allocated	494	652	632
Beverages, total	**33,433**	**32,579**	**33,061**
Return on average invested capital, ROIC (%) (running 12 months)			
Western Europe	15.8	14.5	16.0
BBH	27.6	28.1	29.1
Eastern Europe (excl. BBH)	11.0	5.3	11.3
Asia	12.5	10.6	11.5
Not allocated	—	—	—
Beverages, total	**15.0**	**13.3**	**15.2**

Note 5—Segment reporting by activity (unaudited)

	Q1 2008			Q1 2007		
	Beverages	Other activities	Total	Beverages	Other activities	Total
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Net revenue	9,436	—	9,436	8,863	—	8,863
Operating profit before special items	381	7	388	403	(1)	402
Special items, net	(37)	—	(37)	(31)	—	(31)
Financial items, net	(408)	(62)	(470)	(193)	(60)	(253)
Profit before tax	**(64)**	**(55)**	**(119)**	**179**	**(61)**	**118**
Corporation tax	15	17	32	(47)	15	(32)
Consolidated profit	**(49)**	**(38)**	**(87)**	**132**	**(46)**	**86**
Attributable to:						
Minority interests	41	1	42	40	1	41
Shareholders in Carlsberg A/S	(90)	(39)	(129)	92	(47)	45

	2007		
	Beverages	Other activities	Total
	DKK million	DKK million	DKK million
Net revenue	44,750	—	44,750
Operating profit before special items	5,001	261	5,262
Special items, net	(427)	—	(427)
Financial items, net	(971)	(230)	(1,201)
Profit before tax	**3,603**	**31**	**3,634**
Corporation tax	(1,190)	152	(1,038)
Consolidated profit	**2,413**	**183**	**2,596**
Attributable to:			
Minority interests	294	5	299
Shareholders in Carlsberg A/S	2,119	178	2,297

Note 6—Segment reporting by quarter (unaudited)

	Q1 2008 DKK million	Q1 2007 DKK million
Net revenue		
Western Europe	5,658	5,645
Baltic Beverages Holding (BBH)	2,117	1,832
Eastern Europe (excl. BBH)	939	732
Asia	727	634
Not allocated	(5)	20
Beverages, total	**9,436**	**8,863**
Other activities	—	—
Total	**9,436**	**8,863**
Operating profit before special items		
Western Europe	129	197
Baltic Beverages Holding (BBH)	295	333
Eastern Europe (excl. BBH)	—	5
Asia	119	82
Not allocated	(162)	(214)
Beverages, total	**381**	**403**
Other activities	7	(1)
Total	**388**	**402**
Special items, net	(37)	(31)
Financial items, net	(470)	(253)
Profit before tax	**(119)**	**118**
Corporation tax	32	(32)
Consolidated profit	**(87)**	**86**
Attributable to:		
Minority interests	42	41
Shareholders in Carlsberg A/S	(129)	45

Note 7—Special items (unaudited)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Special items, income	—	—	—
Special items, costs			
Reversal of impairment, Türk Tuborg	12	—	(100)
Impairment losses and expenses relating to withdrawal from the market for discount soft drinks in Denmark (2007: reversal of provision)	—	—	7
Termination benefits and impairment of non-current assets in connection with new production structure in Denmark (2007: reversal of provision)	(5)	—	14
Termination benefits and impairment of non-current assets in connection with new production structure at Sinebrychoff, Finland	—	(1)	(3)
Termination benefits etc. in connection with Operational Excellence programmes	—	—	(190)
Termination benefits and expenses, establishment of Accounting Shared Service Center in Poland	(5)	(3)	(29)
Restructuring, Carlsberg Italia	(10)	(7)	(67)
Costs in connection with outsourcing of distribution, Carlsberg Sweden	—	—	(26)
Restructuring, Ringnes	(9)	—	—
Other restructuring costs etc., other entities	(20)	(20)	(33)
Special items, total costs	**(37)**	**(31)**	**(427)**
Special items, net	**(37)**	**(31)**	**(427)**

Note 8—Net interest-bearing debt (unaudited)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Net interest-bearing debt is calculated as follows:			
Non-current borrowings	22,086	18,404	19,385
Current borrowings	4,390	6,373	3,869
Gross interest-bearing debt	**26,476**	**24,777**	**23,254**
Cash and cash equivalents	(2,239)	(2,687)	(2,249)
Loans to associates	(717)	(32)	(28)
Trade loans	(1,577)	(1,681)	(1,627)
Less non-interest-bearing portion	781	872	821
Other receivables	(1,027)	(900)	(1,391)
Less non-interest-bearing portion	955	826	946
Net interest-bearing debt	**22,652**	**21,175**	**19,726**
Changes in net interest-bearing debt:			
Net interest-bearing debt at beginning of period	19,726	19,229	19,229
Cash flow from operating activities	688	409	(4,837)
Cash flow from investing activities	2,096	790	4,927
Dividend to shareholders and minority interests	453	477	685
Acquisition of minority interests	70	53	69
Acquisition/disposal of treasury shares	(7)	32	74
Acquisition of entities, net	1	38	54
Change in interest-bearing lending	(321)	157	(209)
Effects of currency translation	(386)	(110)	(325)
Other	332	100	59
Total change	**2,926**	**1,946**	**497**
Net interest-bearing end of period	**22,652**	**21,175**	**19,726**

Note 9—Contingent liabilities (unaudited)

There have been no significant changes in contingent liabilities for the Carlsberg Group since the consolidated financial statements for 2007.

Note 10—Purchase of entities after the end of the quarter (unaudited)

On 28 April 2008 Carlsberg and Heineken N.V. (together "the Consortium") completed the acquisition of S&N at a cash price of GBP 8 per share in S&N.

The Consortium will divide S&N's assets such that Carlsberg acquires the following enterprises and assets at a value which on January 25, 2008 was calculated at approx. GBP 5.8 billion (DKK 58.2 billion):

1) the remaining 50% of BBH which the Carlsberg Group did not already own,
2) S&N's French enterprises, including Brasseries Kronenbourg, which is the leading brewery in France, and the global rights to the *Kronenbourg* brand,
3) the global rights to the *Grimbergen* brand,
4) Mythos, the second-largest brewery in Greece,
5) a holding of 17.5% in Chongging Brewery Co. Ltd., China, and
6) a new joint venture in Vietnam.

The total purchase price is currently expected to be approximately DKK 57 billion including transaction costs. The uncertainty around the final total purchase price is primarily linked to changes in currently assumed net interest bearing debt as per 28 April 2008 according to the Consortium definitions. The net debt as per 28 April 2008 is assumed to be higher than on 25 January 2008 due to normal seasonal fluctuations and the currently assumed net debt is therefore also higher than assumed on 25 January 2008. However, Carlsberg has bought GBP 5.5 billion at weighted average rate of exchange of 945.79, that is 6% less than on January 25, 2008.

After the end of the quarter, Carlsberg paid DKK 545 million for a 16% shareholding in connection with the privatisation of the Vietnamese brewery Hanoi Beer & Beverage Corp. (Habeco). Carlsberg is also partnered with Habeco in southern Vietnam, where a greenfield brewery is under construction.

The acquired entities and assets will be included in the consolidated financial statements with effect from the date of acquisition on the basis of the opening balance sheet, in which all the acquired assets, liabilities and contingent liabilities are stated at fair value. In accordance with IFRS, the statement can be adjusted up to 12 months after the date of acquisition. The first preliminary indication of the opening balance sheet is expected to be disclosed in the interim report for the first half of 2008.

As the acquisition of S&N was effected immediately before the quarterly financial statements were prepared, it has not been possible to obtain reliable information in accordance with IFRS 3.

Note 11—Accounting policies (unaudited)

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

The condensed consolidated financial statements have been prepared using the same accounting policies as the consolidated financial statements for 2007.

No new standards or interpretations have been adopted by the EU in 2008.

Supplementary Information

The supplementary information regarding Note 10 to the Company's condensed consolidated interim financial statements for the three months ended March 31, 2008 below is not an integrated part of those condensed consolidated financial statements.

Supplementary Information

The purchase price allocation included in the pro forma financial information section is subject to significant uncertainty. See "Part F—Financial Information—Unaudited Combined Condensed Pro Forma Financial Information for the Financial Year 2007."

Unaudited Condensed Consolidated Interim Financial Statements for the period 1 January-31 March 2008 with Comparative Figures for the Period 1 January-31 March 2007

Unaudited condensed consolidated interim financial statements of BBH for the period 1 January-31 March 2008 with comparative figures for the period 1 January-31 March 2007.

Management statement

The Board of Directors and the Executive Board have today discussed and approved the condensed consolidated financial statements of Baltic Beverages Holding AB for the period 1 January—31 March 2008 with comparative figures for the period 1 January—31 March 2007.

The condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

We consider the accounting policies used to be appropriate. Accordingly the condensed consolidated financial statements for the three months ended 31 March 2008 gives a true and fair view of BBH's assets, liabilities and financial position at 31 March 2008 and at 31 March 2007 and of the results of BBH's operations and cash flows for the period 1 January—31 March 2008 and 1 January—31 March 2007.

Copenhagen, 15 May 2008

Executive Board

Charles Eriksson

Board of Directors

Jørgen Buhl Rasmussen, chairman	Alex Myers	Lars Larsen
Ulrik Andersen	Bjørn Søndenskov	

Independent Auditors' Review Report on the Condensed Consolidated Interim Financial Statements as at 31 March 2008 and for the period 1 January—31 March 2008

To the Readers of this Offering Circular

We have reviewed the condensed consolidated interim financial statements of Baltic Beverages Holding AB as at 31 March 2008 and for the period 1 January—31 March 2008 as presented on pages F-277—F-285, which comprise the management statement, condensed consolidated income statement, consolidated statement of recognized income and expenses, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and related notes ("Q1 interim financial statements"). The Q1 interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Management is responsible for the preparation and fair presentation of the Q1 interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express an opinion on the Q1 interim financial statements based on our review.

Basis of Review

We conducted our review in accordance with Danish Standard on Review Engagements (RS 2410), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial statements is limited primarily to inquiries of company personnel responsible for financial and accounting matters as well as analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Danish Standards on Auditing and therefore provides less assurance that we will become aware of all significant matters that would be revealed in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Q1 interim financial statements.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements as at 31 March 2008 and for the period 1 January—31 March 2008 have not in all material respects been prepared in accordance with IAS 34 "Interim financial reporting" as adopted by the European Union.

Emphasis of Matter

We have not audited or reviewed the comparative figures as at 31 March 2007 and for the period 1 January—31 March 2007 and, accordingly, we do not express an opinion on these comparative figures.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

INCOME STATEMENT (UNAUDITED)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Net revenue	4,233	3,664	20,870
Cost of sales	(2,306)	(1,885)	(10,074)
Gross profit	**1,927**	**1,779**	**10,796**
Sales and distribution expenses	(1,138)	(897)	(5,289)
Administrative expenses	(216)	(218)	(818)
Other operating income, net	15	—	(16)
Share of profit after tax, associates	2	1	3
Operating profit before special items	**590**	**665**	**4,676**
Special items, net	—	—	—
Operating profit	**590**	**665**	**4,676**
Financial income	53	52	126
Financial expenses	(137)	(132)	(478)
Profit before tax	**506**	**585**	**4,324**
Corporation tax	(181)	(239)	(1,324)
Consolidated profit	**325**	**346**	**3,000**
Attributable to:			
Minority interests	63	66	508
Shareholders in BBH AB	262	280	2,492
Earnings per share			
Earnings per share	262	280	2,492
Earnings per share, diluted	262	280	2,492

STATEMENT OF RECOGNISED INCOME AND EXPENSES (UNAUDITED)

	Q1 2008				
	Currency translations	Retained earnings	Shareholders in BBH AB total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**262**	**262**	**63**	**325**
Foreign exchange adjustments:					
Foreign entities	(453)	—	(453)	(53)	(506)
Value adjustments:					
Hedging instruments	79	—	79	—	79
Other adjustments:					
Other	—	(2)	(2)	—	(2)
Net amount recognised directly in equity	**(374)**	**(2)**	**(376)**	**(53)**	**(429)**
Total recognised income and expenses	**(374)**	**260**	**(114)**	**10**	**(104)**

	Q1 2007				
	Currency translations	Retained earnings	Shareholders in BBH AB total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**280**	**280**	**66**	**346**
Foreign exchange adjustments:					
Foreign entities	29	—	29	3	32
Value adjustments:					
Hedging instruments	3	—	3	—	3
Net amount recognised directly in equity	**32**	**—**	**32**	**3**	**35**
Total recognised income and expenses	**32**	**280**	**312**	**69**	**381**

	2007				
	Currency translations	Retained earnings	Shareholders in BBH AB total	Minority interests	Total
	DKK million	DKK million	DKK million	DKK million	DKK million
Profit for the period	**—**	**2,492**	**2,492**	**508**	**3,000**
Foreign exchange adjustments:					
Foreign entities	(570)	—	(570)	(73)	(643)
Value adjustments:					
Hedging instruments	41	—	41	—	41
Net amount recognised directly in equity	**(529)**	**—**	**(529)**	**(73)**	**(602)**
Total recognised income and expenses	**(529)**	**2,492**	**1,963**	**435**	**2,398**

BALANCE SHEET (UNAUDITED)

	31 Mar. 2008 DKK million	31 Mar. 2007 DKK million	31 Dec. 2007 DKK million
Assets			
Intangible assets	4,297	4,355	4,347
Property, plant and equipment	11,337	10,258	11,062
Financial assets	843	116	1,593
Total non-current assets	**16,477**	**14,729**	**17,002**
Inventories and trade receivables	3,451	2,459	2,858
Other receivables etc.	1,703	803	966
Cash and cash equivalents	1,172	2,000	1,206
Total current assets	**6,326**	**5,262**	**5,030**
Total assets	**22,803**	**19,991**	**22,032**
Equity and liabilities			
Equity, shareholders in BBH AB	6,295	7,182	7,767
Minority interests	1,489	1,705	1,500
Total equity	**7,784**	**8,887**	**9,267**
Borrowings	6,249	7,190	6,317
Deferred tax, retirement benefit obligations etc.	505	497	521
Total non-current liabilities	**6,754**	**7,687**	**6,838**
Borrowings	5,080	863	3,072
Trade payables	1,598	1,336	1,281
Other current liabilities	1,587	1,218	1,574
Total current liabilities	**8,265**	**3,417**	**5,927**
Total equity and liabilities	**22,803**	**19,991**	**22,032**

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	31 Mar. 2008						
	Shareholders in BBH AB						
	Share capital	Currency translations	Retained earnings	Retained earnings/ reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2008	**89**	**(320)**	**7,998**	**7,678**	**7,767**	**1,500**	**9,267**
Total recognised income and expenses for the period	—	(374)	260	(114)	(114)	10	(104)
Acquisition/disposal of treasury shares	—	—	1	1	1	—	1
Dividends paid to shareholders	—	—	(1,359)	(1,359)	(1,359)	—	(1,359)
Acquisition of minority interests and entities	—	—	—	—	—	(21)	(21)
Total changes in equity	**—**	**(374)**	**(1,098)**	**(1,472)**	**(1,472)**	**(11)**	**(1,483)**
Equity at 31 March 2008	**89**	**(694)**	**6,900**	**6,206**	**6,295**	**1,489**	**7,784**

	31 Mar. 2007						
	Shareholders in BBH AB						
	Share capital	Currency translations	Retained earnings	Retained earnings/ reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007	**89**	**209**	**6,571**	**6,780**	**6,869**	**1,700**	**8,570**
Total recognised income and expenses for the period	—	32	280	312	312	69	381
Dividends paid to shareholders	—	—	—	—	—	(34)	(34)
Acquisition of minority interests and entities	—	—	—	—	—	(30)	(30)
Other	—	—	1	1	1	—	—
Total changes in equity	**—**	**32**	**281**	**313**	**313**	**5**	**318**
Equity at 31 March 2007	**89**	**241**	**6,852**	**7,093**	**7,182**	**1,705**	**8,887**

	31 Dec. 2007						
	Shareholders in BBH AB						
	Share capital	Currency translations	Retained earnings	Retained earnings/ reserves	Total capital and reserves	Minority interests	Total equity
	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million	DKK million
Equity at 1 January 2007	**89**	**209**	**6,571**	**6,780**	**6,869**	**1,700**	**8,569**
Total recognised income and expenses for the year	—	(529)	2,492	1,963	1,963	435	2,398
Capital increase	—	—	—	—	—	28	28
Repurchase of shares	—	—	63	63	63	(398)	(335)
Dividends paid to shareholders	—	—	(1,128)	(1,128)	(1,128)	(290)	(1,418)
Acquisition of minority interests and entities	—	—	—	—	—	(40)	(40)
Acquisition of entities	—	—	—	—	—	65	65
Total changes in equity	**—**	**(529)**	**1,427**	**898**	**898**	**(200)**	**698**
Equity at 31 December 2007	**89**	**(320)**	**7,998**	**7,678**	**7,767**	**1,500**	**9,267**

CASH FLOW STATEMENT (UNAUDITED)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Operating profit before special items	590	665	4,676
Adjustment for depreciation, amortisation and impairment losses	352	291	1,284
Operating profit before depreciation, amortisation and impairment losses	**942**	**956**	**5,960**
Adjustment for other non-cash items	(10)	(3)	15
Change in working capital	(262)	207	(296)
Restructuring costs paid	—	(5)	(5)
Interest etc. received	17	39	122
Interest etc. paid	(137)	(120)	(469)
Corporation tax paid	(177)	(206)	(1,265)
Cash flow from operating activities	**373**	**868**	**4,062**
Acquisition of property, plant and equipment and intangible assets	(1,088)	(1,091)	(3,313)
Disposal of property, plant and equipment and intangible assets	35	—	29
Total operational investments	**(1,053)**	**(1,091)**	**(3,284)**
Acquisition and disposal of entities, net	—	—	(181)
Acquisition of financial assets	—	—	(1)
Disposal of financial assets	22	—	—
Change in financial receivables	(17)	—	(633)
Dividends received	—	—	5
Total financial investments	**5**	**—**	**(810)**
Cash flow from investing activities	**(1,048)**	**(1,091)**	**(4,094)**
Free cash flow	**(675)**	**(223)**	**(32)**
Shareholders in BBH AB	(1,358)	—	(1,065)
Minority interests	(141)	(141)	(796)
External financing	1,887	287	519
Cash flow from financing activities	**388**	**146**	**(1,342)**
Net cash flow	**(287)**	**(77)**	**(1,374)**
Cash and cash equivalents at beginning of period	628	2,066	2,066
Currency translation adjustments	(29)	4	(64)
Cash and cash equivalents at period-end	**312**	**1,993**	**628**

NOTES

Note 1—Key figures (unaudited)

	Q1 2008 DKK million	Q1 2007 DKK million	2007 DKK million
Income statement			
Net revenue	4,233	3,664	20,870
Operating profit before special items	590	665	4,676
Special items, net	—	—	—
Consolidated profit	325	346	3,000
Attributable to:			
Minority interests	63	66	508
Shareholders in BBH AB	262	280	2,492
Balance sheet			
Total assets	22,803	19,991	22,032
Invested capital	17,641	15,479	17,974
Interest-bearing debt, net	8,645	6,027	6,688
Equity, shareholders in BBH AB	6,295	7,182	7,767
Cash flow			
Cash flow from operating activities	373	868	4,062
Cash flow from investing activities	(1,048)	(1,091)	(4,094)
Free cash flow	(675)	(223)	(32)

Note 2—Business development (unaudited)

Total sales of beer in BBH rose by 7% to 10.8 million hl (10.1 million hl in the first quarter of 2007), as a result of continued high growth driven by local power brands and not least the Tuborg brand (+38%).

Net revenue climbed 16% to DKK 4,233 million (DKK 3,664 million in the first quarter of 2007). In addition to the volume trend, this improvement can also be attributed to an improved price/mix contribution of approx. 14% and exchange rate movements of approx. −5%. Gross profit grew in line with the volume trend, and the overall change in price/mix more than offset the negative effect of rising raw material prices. Rising sales and logistics costs, increased operational gearing (relating partly to the new brewery in Novosibirsk), and continued investments in innovation and product development reduced operating profit to DKK 590 million (DKK 665 million in the first quarter of 2007). The operating margin was 13.9% (18.2% in the first quarter of 2007).

Note 3—Net interest-bearing debt (unaudited)

	Q1 2008	Q1 2007	2007
	DKK million	DKK million	DKK million
Net interest-bearing debt is calculated as follows:			
Non-current borrowings	6,249	7,190	6,317
Current borrowings	5,080	863	3,072
Gross interest-bearing debt	**11,329**	**8,053**	**9,389**
Cash and cash equivalents	(1,172)	(2,000)	(1,206)
Loans to associates	(1,492)	—	—
Other receivables	(499)	(349)	(1,976)
Less non-interest-bearing portion	479	323	481
Net interest-bearing debt	**8,645**	**6,027**	**6,688**
Changes in net interest-bearing debt:			
Net interest-bearing debt at beginning of period	6,688	5,493	5,493
Cash flow from operating activities	(373)	(868)	(4,062)
Cash flow from investing activities	1,048	1,091	4,094
Dividend to shareholders and minority interests	1,359	33	1,418
Acquisition of minority interests	141	107	135
Acquisition/disposal of treasury shares	(1)	—	(4)
Acquisition of entities, net	—	—	37
Change in interest-bearing lending	(17)	—	(740)
Effects of currency translation	(169)	(21)	(30)
Other	(31)	192	347
Total change	**1,957**	**534**	**1,195**
Net interest-bearing end of period	**8,645**	**6,027**	**6,688**

Note 4—Contingent liabilities (unaudited)

There have been no significant changes in contingent liabilities for the BBH Group since the consolidated financial statements for 2007.

Note 5—Accounting policies (unaudited)

The condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU.

The condensed consolidated financial statements have been prepared using the same accounting policies as the consolidated financial statements for 2007.

No new standards or interpretations have been adopted by the EU in 2008.

Unaudited Combined Condensed Pro Forma Financial information for 2007

Unaudited Combined Condensed Pro Forma Financial information for 2007 of Carlsberg A/S

1. Purpose of unaudited combined condensed pro forma financial information

The Carlsberg Group consolidates the Acquired Assets from the acquisition date, which is 28 April 2008. For a further description of the Acquired Assets, see "Part I—Company Information—The Acquisition".

The unaudited combined condensed pro forma financial information for 2007 is based solely on an inherently hypothetical situation, which does not reflect the Carlsberg Group's actual financial position and results of operations and is exclusively for illustrative purposes to reflect an estimated effect on the Carlsberg Group's assets, liabilities, financial position and results of operations had the Carlsberg Group obtained financial control and/or had the Group acquired BBH (50%) and the French Business in 2007.

In the preparation of the unaudited combined condensed pro forma financial information it is assumed for balance sheet purposes that the Acquisition took place on 31 December 2007. In the pro forma income statement for 2007 it is assumed that the Acquisition took place on 1 January 2007 to illustrate an effect on the results of operations for 2007. The income statement thus contains movements that would normally arise based on balance sheet items at the beginning of 2007, including interest on loans and depreciation of assets. This is done to illustrate a pro forma income statement for 2007 adjusted to reflect the Acquisition and the financing thereof, even though these are not recognized in the balance sheet until 31 December 2007. The pro forma balance sheet and pro forma income statement have been prepared independently.

The unaudited combined condensed pro forma financial information only includes an unaudited pro forma combination of the Carlsberg Group's financial information with the financial information of the most important Acquired Assets (BBH (50%) and the French Business).

In addition to BBH (50%) and the French Business, the Acquisition comprises additional acquired assets consisting of Mythos in Greece, the worldwide brand rights to Grimbergen, a 17.5% holding in the Chongqing Brewery Co. Ltd. in China and a greenfield joint venture in Vietnam. The profit impact of these additional acquired assets has not been reflected in the unaudited combined condensed pro forma income statement for 2007, and they are only included in the unaudited combined condensed pro forma balance sheet as at 31 December 2007 in the item unallocated purchase price under non-current assets.

From an overall assessment and considering the purpose of the unaudited combined condensed pro forma financial information, this approach has been found appropriate and acceptable as BBH (50%) and the French Business constitute a total of approximately 96% of the Acquired Assets based on the preliminary distribution of the cost of the individual businesses. Measured by revenue, profit for the year, property, plant and equipment, total assets and equity for the Carlsberg Group as a whole after the Acquisition, close to 100% is included in the pro forma financial information.

2. Limitations applicable to the use of unaudited combined condensed pro forma financial information

The activities of BBH and the French Business were not controlled, either financially, legally or operationally, by the Carlsberg Group in 2007.

Therefore, the unaudited combined condensed pro forma financial information does not express what the assets, liabilities, financial position and results of operations of the Carlsberg Group would have been if the Carlsberg Group had financial control of BBH and the French Business in 2007. Furthermore, the unaudited combined condensed pro forma financial information cannot be relied upon to reflect the Carlsberg Group's future assets and liabilities, results of operations, cash flow or financial position and should thus not be used as the basis of forecasts for the Carlsberg Group's results of operations or as an indication of the accounting treatment of the Acquired Assets.

The unaudited combined condensed pro forma financial information inherently addresses a hypothetical situation, which therefore does not reflect the Carlsberg Group's actual financial position and results of operations as the unaudited combined condensed pro forma financial information is based exclusively on the described assumptions, which significantly affect the unaudited combined condensed pro forma financial information.

The unaudited combined condensed pro forma income statement for 2007 and the unaudited combined condensed pro forma balance sheet as at 31 December 2007 include a preliminary purchase price allocation in order to illustrate an estimated effect on the assets, liabilities, financial position and results of operations of the Carlsberg Group. These pro forma estimates do not necessarily express the actual fair values and the resulting impacts such as depreciation that will affect the Carlsberg Group's future assets and liabilities, results of operations and financial position following the finalization of the purchase price allocation of the Acquired Assets with effect from the acquisition date on 28 April 2008.

3. Management statement

Statement from Carlsberg A/S' Board of Directors and Executive Board concerning the unaudited combined condensed pro forma financial information

We have prepared the accompanying unaudited combined condensed pro forma financial information in respect of Carlsberg for 2007, including the description of the accounting treatment of the Acquisition and the method for preparing the unaudited combined condensed pro forma financial information and the assumptions. The preparation has been carried out in accordance with the description of "Purpose of the unaudited combined condensed pro forma financial information" and "Limitations in the use of the unaudited combined condensed pro forma financial information". The unaudited combined condensed pro forma financial information comprises an unaudited combined condensed pro forma balance sheet as at 31 December 2007 as well as an unaudited combined condensed pro forma income statement for 2007.

The unaudited combined condensed pro forma financial information has been prepared on a basis which, after the application of the illustrative unaudited pro forma adjustments, is consistent in all material respects with the accounting policies of the Carlsberg Group, except for circumstances caused by the fact that this is pro forma financial information, since no conceptual framework or international accounting standard on the preparation of such unaudited combined condensed pro forma financial information exists.

The unaudited combined condensed pro forma financial information in respect of Carlsberg is prepared and included in the Offering Circular only in accordance with the requirement in the Commission Regulation (EC) No 809/2004 and is based on a number of hypothetical assumptions. We consider the applied key assumptions are properly described and presented below.

The unaudited combined condensed pro forma financial information is prepared solely with the purpose of illustrating an impact on assets, liabilities, financial position and the results as if the Acquisition was completed as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet.

Because of its nature, the unaudited combined condensed pro forma financial information addresses a hypothetical situation that does not reflect the Carlsberg Group's actual financial position and results of operations. Therefore, it does not reflect the Carlsberg's Group's assets, liabilities, financial position and results of operations for 2007 or as these would have been if the Acquisition had been completed as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet. Accordingly, significant limitations are applicable to the use of the unaudited combined condensed pro forma financial information. See "Unaudited combined condensed pro forma financial information"—"Limitations Applicable to the Use of unaudited combined condensed pro forma financial information".

The work on the purchase price allocation is a significant task, which is expected to continue for a period of 5–8 months as a fair value of each identifiable asset, liability and contingent liability must be established. The sourcing of information and documentation material for use in establishing fair values has been initiated, but currently remains to be completed. Changes to the purchase price allocation may under IFRS be adjusted for accounting purposes for up to 12 months after the Acquisition.

It should be noted that the unaudited combined condensed pro forma financial information only reflects an illustrative preliminary purchase price allocation and an estimated impact of the illustrative preliminary purchase price allocation on the items of the pro forma income statement. As appears from the unaudited combined condensed pro forma financial information, the illustrative preliminary purchase price allocation and the indicated derived impacts on the items of the pro forma income statement are subject to significant uncertainty.

We expect the final purchase price allocation to be incorporated in the Carlsberg Group's interim financial statements for the third quarter of 2008. The indicated purchase price allocations in the pro forma balance sheet may be subject to significant changes that may have a material impact on the indicated illustrative preliminary impacts on the items of the pro forma income statement. For items, for which ranges are indicated, the changes are expected to be within such ranges.

Copenhagen, 15 May 2008

Executive Board:

Jørgen Buhl Rasmussen *President and CEO*	Jørn Peter Jensen *Deputy CEO and CFO*

Board of Directors:

Povl Krogsgaard-Larsen *Chairman*	Jens Jørgen Bigum *Deputy Chairman*	Hans Scott Andersen
Flemming Besenbacher	Jess Søderberg	Hanne Inge Marie Buch-Larsen
Henning Baunbæk Dyremose	Niels Kærgaard	Axel Albert Michelsen
Erik Christian Dedenroth Olsen	Bent Ole Petersen	Per Christian Øhrgaard

4. Independent Auditors' Report on the Unaudited Combined Condensed Pro Forma Financial Information for 2007 Prepared by Management of Carlsberg A/S

To the Readers of this Offering Circular

We have examined the unaudited combined condensed pro forma financial information as at 31 December 2007 and for the financial year 2007 prepared by Management, including the Management statement, description of the method for preparing the unaudited combined condensed pro forma financial information and the assumptions used in the preparation of this information. The unaudited combined condensed pro forma financial information comprises the condensed pro forma balance sheet as at 31 December 2007 as well as a pro forma income statement for 2007.

The unaudited combined condensed pro forma financial information has been prepared by Management for illustrative purposes only to reflect an effect on the Carlsberg Group's assets, liabilities, financial position and results of operations of significant acquisitions as if they had been completed as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet. Because of its nature, the unaudited combined condensed pro forma financial information addresses a hypothetical situation. It does not, therefore, reflect the Carlsberg Group's actual assets, liabilities, financial position as at 31 December 2007 or results of operations and cash flow for 2007, had the significant acquisitions occurred in 2007.

The unaudited combined condensed pro forma financial information prepared in respect of the Carlsberg Group and the determination and application of both the basis for preparation and the underlying assumptions are the responsibility of Management. Our responsibility is to express an opinion as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper preparation of the unaudited combined condensed pro forma financial information prepared by Management based on our examination thereof and on the described basis, and also that such basis is in accordance with the accounting policies applied by Carlsberg A/S.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the preparation of the pro forma financial information, nor do we accept any responsibility for such reports and opinions in relation to pro forma financial information.

Basis of Opinion

We conducted our examination of the unaudited combined condensed pro forma financial information in respect of the Carlsberg Group in accordance with the Danish Standard on Auditing on "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (RS 3000). In accordance with this standard, we planned and conducted our examination so as to obtain the information and explanation we considered necessary in order to provide us with reasonable assurance that the unaudited combined condensed pro forma financial information has been properly prepared based on the described financial information and prepared in accordance with the assumptions stated and consistently in all material respects with the accounting policies of Carlsberg A/S, except for matters pertaining to the information prepared being indicative pro forma financial information, as there is no conceptual framework or International Financial Reporting Standards covering the preparation of such pro forma financial information.

Our examination comprised:

- reading the unaudited combined condensed pro forma financial information prepared by Management, including the description of the method for preparing the unaudited combined condensed pro forma financial information, and the limitations and uncertainties described by Management;
- discussing with Management the method used for collecting data and determining the assumptions used and pro forma adjustments made;
- verifying on a test basis that the unaudited combined condensed pro forma financial information has been prepared in accordance with the basis stated and that the pro forma adjustments are based on the assumptions determined and described by Management; and
- verifying the mathematical accuracy of the unaudited combined condensed pro forma financial information.

We have not performed an audit or a review of the unaudited combined condensed pro forma financial information prepared by Management and therefore do not express an opinion. Furthermore, the examination that we performed for the purpose of making this report involved no independent examination of the underlying financial information, including the basis for the preliminary purchase price allocation, determination of fair values, their adjustment to the Company's accounting policies nor of the pro forma assumptions and adjustments stated in the pro forma notes.

In our opinion, the examination conducted provides an adequate basis for our opinion.

Opinion

Based on our examination, it is our opinion that the unaudited combined condensed pro forma financial information for 2007 prepared by Management has been properly prepared based on the described financial information and in accordance with the assumptions described. Furthermore, it is our opinion that, after the application of pro forma adjustments in order to adjust to the accounting policies of Carlsberg A/S, this basis is in all material respects consistent with the accounting policies of Carlsberg A/S in effect for 2007.

This report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Emphasis of Matter

We draw special attention to the fact that the Management in its report on page F-290 states that the purchase price allocation efforts have not been finalized. At the present time, Management has still not completed the task of gathering information and documentation material for use in determining fair values, and Management therefore expects that material changes may be made to the indicated illustrative preliminary purchase price allocation and that such changes may have a material impact on the indicated illustrative preliminary impacts on the items of the pro forma income statement. For items indicated in ranges, Management expects that any changes will be within such ranges. Accordingly, the illustrative preliminary purchase price allocation and the indicated related impacts on the items of the pro forma income statement are subject to significant uncertainty.

The unaudited combined condensed pro forma financial information for 2007 has been prepared by Management for illustrative purposes to reflect an estimated effect on the Carlsberg Group's consolidated assets, liabilities, financial position and results of operations of significant acquisitions as if they had been completed as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet. Because of its nature, the unaudited combined condensed pro forma financial information addresses an illustrative estimated hypothetical situation and therefore does not reflect the Carlsberg Group's consolidated assets, liabilities and financial position as at 31 December 2007 or the Carlsberg Group's results of operations and cash flow for 2007.

We refer to the description by Management for a further discussion of the above and other significant limitations applicable to the application of the unaudited combined condensed pro forma financial information.

Copenhagen, 15 May 2008
KPMG
Statsautoriseret Revisionspartnerselskab

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

5. Accounting treatment of the Acquisition

The accounting treatment of the Acquisition is described in "Part I—Company Information—The Acquisition".

In accordance with IFRS, the Acquisition should be accounted for using the purchase method. The acquired companies' identifiable assets, liabilities and contingent liabilities should be measured at fair value at the date of acquisition. In accordance with the rules of IFRS 3 and the Carlsberg Group's accounting policies, the acquisition of the remaining 50% of BBH is accounted for as a step acquisition. Based on IFRS, the Carlsberg Group accounts for step acquisitions at the time control is obtained.

IFRS requires the carrying amount of all assets, liabilities and contingent liabilities to be adjusted to fair value at the acquisition date, including with respect to ownership acquired prior to the time control is obtained. The part of the fair value adjustment of net assets relating to the 50% of BBH owned by Carlsberg prior to the Acquisition less the original fair value at the time of their acquisitions is recognized in the Carlsberg Group's consolidated financial statements as a revaluation, in equity according to IFRS.

The "Scheme of Arrangement" became effective on 28 April 2008. This date is considered the acquisition date for accounting purposes, and the Carlsberg Group therefore consolidates the acquired businesses from this date. The Carlsberg Group has only had the opportunity to perform a limited due diligence of the Acquired Assets and limited opportunity to gather adequate documentation in order to prepare the purchase price allocation.

At the date of this Offering Circular the Carlsberg Group has thus only been able to estimate to a very limited extent the fair value of the individual acquired assets, liabilities and contingent liabilities.

A preliminary pro forma purchase price allocation has been prepared for illustrative purposes to reflect an estimated effect on the Carlsberg Group's assets, liabilities, financial position and results of operations had the Carlsberg Group obtained financial control and/or had the Carlsberg Group acquired BBH (50%) and the French Business as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet.

Therefore, fair value adjustment of assets, liabilities and contingent liabilities is only an illustrative preliminary indication as to the impact on the Carlsberg Group's assets, liabilities and financial position. Thus, the impact on the pro forma results for 2007 of these adjustments is also only an illustrative preliminary indication as to the impact.

The extent of the expected adjustments is therefore indicated in ranges.

6. Approach used in the preparation of the unaudited combined condensed pro forma financial information

The unaudited combined condensed pro forma financial information has been prepared as a combination of:

- Consolidated financial information for the Carlsberg Group based on the consolidated financial statements for 2007
- Consolidated financial information for 50% of BBH
- Combined financial information for the French Business
- Illustrative unaudited adjustments to the French Business
- Illustrative unaudited pro forma eliminations
- Illustrative unaudited pro forma adjustments

The basis for the above-mentioned elements is described below. The components are included as separate columns in the unaudited combined condensed pro forma income statement and in the unaudited combined condensed pro forma balance sheet.

Consolidated financial information for Carlsberg

The consolidated financial information for the Carlsberg Group has been derived from the audited consolidated financial statements for 2007 of the Carlsberg Group, which are described in this Offering Circular, and which include a proportional consolidation of 50% of BBH.

Consolidated financial information for 50% of BBH

The additional 50% of BBH acquired in the Acquisition has been derived as 50% of the financial information from the audited consolidated financial statements for 2007 of BBH prepared in accordance with the accounting policies used by the Carlsberg Group as described in this Offering Circular.

As Carlsberg's consolidated financial statements for 2007 already contain proportional consolidation of 50% of BBH, only the remaining 50% of the financial statement items relating to BBH are included in the unaudited combined condensed pro forma financial information.

Combined financial information for the French Business

The combined financial information for the French Business has been derived from the audited combined financial statements for 2007 of the French Business, prepared in accordance with the accounting policies used by the S&N Group, which are described in this Offering Circular.

Illustrative unaudited adjustments to the French Business

The combined financial statements of the French Business for 2007 have been prepared in accordance with the accounting policies used by S&N which in certain respects differ from the accounting policies used by the Carlsberg Group. Both choices of accounting policies are within the framework of IFRS.

Adjustments have been performed in the unaudited combined condensed pro forma income statement for 2007 and the unaudited combined condensed pro forma balance sheet as at 31 December 2007 in order to illustrate the effect on the income statement and the balance sheet had the French Business' historical accounting figures been prepared in accordance with the recognition and measurement provisions and presented in accordance with the Carlsberg Group's accounting policies.

The adjustments made comprise the estimated effect of the significant differences which have been identified at a comparison of the Carlsberg Group and S&N accounting policies. See "Part F—Financial information—The French Business—Description of Significant Differences between Group GAAP and S&N GAAP".

Regarding the above-mentioned illustrative unaudited pro forma adjustments we refer to note 11 to the unaudited combined condensed pro forma financial information.

Illustrative unaudited pro forma eliminations

Comprise elimination of transactions between the Carlsberg Group, BBH and the French Business in 2007 and an elimination of intra-group balances between these groups as at 31 December 2007 that would have been made in 2007 had the business combination been made as at 1 January 2007 for the income statement and as at 31 December 2007 for the balance sheet.

Investments have not been eliminated, as equity in the pro forma balance sheet is derived by combining the equity amounts after fair value adjustments.

Illustrative unaudited pro forma adjustments

The unallocated pro forma purchase price as at 31 December 2007 and the purchase price for other Acquired Assets which are included under non-current assets in the item unallocated purchase price has been computed as the difference between the Carlsberg Group's estimated cost of the acquired share of S&N in the Acquisition in 2008 less pro forma equity in BBH (50%) and the French Business as at 31 December 2007.

Currently, the total purchase price is expected to be approximately DKK 57.0 billion including transaction costs. The uncertainty relating to the final purchase price relates primarily to changes in the presently assumed net interest-bearing debt at April 28, 2008 pursuant to the Consortium's agreed allocation of net interest-bearing debt, etc. Management currently expects that adjustments to the purchase price will be within a range of +/– 2%, corresponding to +/– DKK 1 billion. The principles for calculating the final purchase price are adjusted in the Consortium Agreement, see "Part I—Company Information—Material Contracts—The Consortium Agreement." The Carlsberg Group's share of the purchase price depends, in addition to the matters set out in the Acquired Assets, on the determination of net interest-bearing debt in the part of S&N acquired by the consortium partner. The illustrative unaudited pro forma adjustments regarding the Carlsberg Group's estimated share of the total purchase price for S&N can be summarized as follows:

	DKK million
Illustrative unaudited pro forma presentation of the purchase price for the Acquisition	
Estimated Carlsberg purchase price for share acquired in S&N	57,000
Less net interest-bearing debt in BBH (50%) as at 31 December 2007	(4,091)
Plus net interest-bearing assets in the French Business as at 31 December 2007	579
Less the pro forma equity in BBH (50%) as at 31 December 2007, excluding goodwill and trademarks(1)	(2,459)
Less the pro forma equity in the French Business as at 31 December 2007(2), excluding goodwill and trademarks(1)	(1,619)
Unaudited unallocated pro forma purchase price as at December 31, 2007 and the purchase price for other Acquired Assets	**49,410**

(1) The equity of BBH and the French Business are adjusted for the carrying amount of goodwill and trademarks, which is recognized in the consolidated financial statements of the Carlsberg Group and the S&N Group, respectively, at their respective acquisition dates. Incremental values on trademarks are included in the purchase price allocation.

(2) Including adjustments regarding accounting policies applied.

The unaudited unallocated pro forma purchase price as at 31 December 2007 and the purchase price for other Acquired Assets which are included as unallocated purchase price under non-current assets have for illustrative purposes been allocated to acquired assets and liabilities, including contingent liabilities, of which some are non-current and others are current liabilities.

The illustrative unaudited preliminary pro forma purchase price allocation adjustments and the purchase price for other Acquired Assets which are included as unallocated purchase price under non-current assets calculated as per the acquisition date on 28 April 2008, can be summarized as stated below. These adjustments are also applied in the pro forma balance sheet as at 31 December 2007 and in the calculation of the related impact on the pro forma income statement items for 2007.

Illustrative unaudited preliminary purchase price allocation adjustments and the purchase price for other Acquired Assets	Used in pro forma financial information	Indicative range	Explanatory note
	DKK million		
Goodwill	36,610	25,000–45,000	15
Other intangible non-current assets, including brands and trademarks	20,000	10,000–35,000	16, 17
Tangible assets	5,000	4,000–7,000	18
Purchase price for other Acquired Assets which are included as unallocated purchase price under non-current assets.	2,000	1,000–3,000	23
Inventories	50	Up to 100	19
Trade receivables	0	Up to 100	22
Equity	(6,250)		
Minority interests	(750)		
Deferred tax	(7,000)		21
Pensions, liabilities and other amounts owed, including contingent liabilities, non-current	(250)	100–500	
Liabilities and other amounts owed, current	0	Up to 100	22
Illustrative unaudited preliminary pro forma purchase price allocation adjustments and the purchase price for other Acquired Assets	**49,410**		

Regarding the financing of the Acquisition, it is assumed in the illustrative unaudited combined condensed pro forma financial information that the Carlsberg Group had financed the Acquisition by a capital increase corresponding to the expected net proceeds from the Offering and the remaining part had been financed through external loans. In the pro forma balance sheet it is assumed that the capital increase was completed and external loans were raised as at 31 December 2007. The pro forma income statement includes interest expenses for the first 12 months, so that the pro forma income statement is affected by financing costs relating to the Acquisition. The calculation of the unaudited pro forma financing costs is set out in note 9 to the unaudited combined condensed pro forma income statement.

The illustrative unaudited pro forma financing of the Acquisition can be summarized as follows:

Illustrative unaudited pro forma presentation of financing of the Acquisition	DKK million
Net proceeds from the Offering	30,072
Proceeds from external debt financing, including debt taken over in acquired businesses	26,928
Estimated Carlsberg share of the total purchase price for S&N	**57,000**

Of the external debt financing, DKK 3,512 million relates to existing net debt in the acquired businesses and DKK 23,416 million to new external financing.

Unaudited combined condensed pro forma income statement for 2007

DKK million	Consolidated financial items for Carlsberg[(1)]	Consolidated financial items for BBH (Additional 50%)[(2)]	Combined financial items for the French Businesses[(3)]	Illustrative unaudited adjustments to the French Businesses[(4)]	Note	Illustrative unaudited pro forma eliminations[(5)]	Note	Illustrative unaudited pro forma adjustments[(6)]	Note	Unaudited combined condensed pro forma income statement for the Carlsberg Group
Net revenue	44,750	10,435	5,516	—		(42)	(7)	—		60,659
Cost of sales	(22,423)	(5,037)	(3,217)	(50)	(11)	42	(7)	(500)	(8)	(31,185)
Gross profit	**22,327**	**5,398**	**2,299**	**(50)**		**0**		**(500)**		**29,474**
Sales and distribution costs	(14,528)	(2,645)	(1,044)	—		—		—		(18,217)
Administration expenses	(3,123)	(409)	(342)	—		—		—		(3,874)
Other operating income, net	586	(6)	—	—		—		—		580
Operating profit before special items	5,262	2,338	913	(50)		0		(500)		7,963
Special items, net	(427)	—	(221)	—		—		—		(648)
Profit on operating activities	**4,835**	**2,338**	**692**	**(50)**		**0**		**(500)**		**7,315**
Financial income	651	63	184	—		—				898
Financial expenses	(1,852)	(239)	(265)	—		—		(1,405)	(9)	(3,761)
Profit before tax	3,634	2,162	611	(50)		0		(1,905)		4,452
Corporation tax	(1,038)	(662)	(67)	17	(11)	—		514	(10)	(1,236)
Profit for the year	**2,596**	**1,500**	**544**	**(33)**		**0**		**(1,391)**		**3,216**
Attributable to:										
Minority interests	299	254	—	—		—		(43)		510
Shareholders in Carlsberg A/S	2,297	1,246	544	(33)		—		(1,348)		2,706
	2,596	1,500	544	(33)		—		(1,391)		3,216

Unaudited combined condensed pro forma balance sheet as at 31 December 2007

DKK million	Consolidated financial items for Carlsberg[1]	Consolidated financial items for 50% of BBH[2]	Consolidated financial items for the French Business[3]	Illustrative unaudited adjustments to the French Businesses[4]	Note	Illustrative unaudited pro forma eliminations[5]	Note	Illustrative unaudited pro forma adjustments[6]	Note	Unaudited combined condensed pro forma balance sheet for the Carlsberg Group
ASSETS										
Non-current assets										
Goodwill	16,946	2,137	10,225	—		(14,499)	(12)	36,610	(15)	51,419
Other intangible assets	4,259	37	4,865	—		(4,732)	(12)	20,000	(16)(17)	24,429
Tangible assets	22,109	5,531	1,132	(358)	(11)	—		5,000	(18)	33,414
Other	2,965	796	291			—				4,052
Un-allocated purchase price	—	—	—	—		—		2,000	(23)	2,000
Total non-current assets	**46,279**	**8,501**	**16,513**	**(358)**		**(19,231)**	(14)	**63,610**		**115,314**
Current assets										
Inventories	3,818	1,014	330	—		—		50	(19)	5,212
Trade receivables	6,341	415	444	—		—			(22)	7,200
Other receivables and securities	2,499	483	935	—		(992)	(13)	—	(22)	2,925
Cash and cash equivalents	2,249	603	1,978	—						4,830
Total current assets	**14,907**	**2,515**	**3,687**	**—**		**(992)**		**50**		**20,167**
Assets held for sale	34	—	1,442	—		—		—		1,476
Total assets	**61,220**	**11,016**	**21,642**	**(358)**		**(20,223)**		**63,660**		**136,957**
EQUITY AND LIABILITIES										
Equity										
Share capital	1,526	44	9,886	—		(9,930)	(14)	1,526	(20)	3,052
Share premium								28,546	(20)	
Reserves	17,095	3,839	6,823	(358)		(9,301)	(14)	2,172	(24)	48,816
Equity, shareholders in Carlsberg A/S	18,621	3,883	16,709	(358)	(11)	(19,231)	(14)	32,244		51,868
Minority interests	1,323	750	—					750		2,823
Total equity	**19,944**	**4,633**	**16,709**	**(358)**		**(19,231)**		**32,994**		**54,691**
Non-current liabilities										
Borrowings	19,385	3,159	502	—		—		23,416	(20)	46,462
Retirement benefit obligations and other payables	2,489	10	694	—		—		—	(22)	3,193
Deferred tax	2,191	250	103	—		—		7,000	(21)	9,544
Total non-current liabilities	**24,065**	**3,419**	**1,299**	**—**		**0**		**30,416**		**59,199**
Current liabilities										
Borrowings	3,869	1,536	897	—		—		—		6,302
Trade payables	5,833	641	1,849	—		—		—		8,323
Liabilities and other payables	7,509	787	103	—		(992)	(13)	250	(22)	7,657
Total current liabilities	**17,211**	**2,964**	**2,849**	**—**		**(992)**		**250**		**22,282**
Liabilities associated with assets held for sale	—	—	785	—		—		—		785
Total liabilities	**41,276**	**6,383**	**4,933**	**—**		**(992)**		**30,666**		**82,266**
Total equity and liabilities	**61,220**	**11,016**	**21,642**	**(358)**		**(20,223)**		**63,660**		**136,957**

(1) Derived from the audited consolidated financial statements for the year ended 31 December 2007 of the Carlsberg Group, which is included in this Offering Circular, see pages F-10–F-83, and which includes a proportional consolidation of 50% of BBH.

(2) Derived from the audited consolidated financial statements for the year ended 31 December 2007 of BBH, which are prepared in accordance with the accounting policies applied in the Carlsberg Group. The financial statements are included in this Offering Circular, see pages F-140–F-210. As the Carlsberg Group consolidated financial statements for the year ended 31 December 2007 already contain a proportional consolidation of 50% of BBH, the remaining 50% of the individual financial items is included as an additional combination.

(3) Derived from the audited combined financial statements of the French Business prepared in accordance with the accounting policies applied in S&N, which are included elsewhere in this Offering Circular, see pages F-213–F-256. Other than this, the income statement is changed from being classified by type in S&N to being classified by function in Carlsberg as follows:

DKK million	S&N's accounting policies (classified by type) Operating costs, see the financial statements for the French Business, note 3	Carlsberg Group's accounting policies (classified by function)		
		Cost of sales	Sales and distribution expenses	Administrative expenses
Operating costs				
Changes in stock of finished goods and work in progress	(45)	(45)		
Raw materials and consumables	1,968	1,968		
Staff costs	952	255	509	188
Depreciation	114	68	36	10
Amortization, intangible non-current assets	73			73
Operating lease liabilities	90	90		
Other operating costs	1,451	881	499	71
Total operating costs	**4,603**	**3,217**	**1,044**	**342**

Staff costs, depreciation and other operating expenses are allocated according to the same proportionate allocation between the three groups of costs as for the Carlsberg Group for 2007. Other costs are attributed to the group of costs they would be attributed to under the accounting policies of the Carlsberg Group.

(4) This column includes illustrative unaudited pro forma adjustments to the accounting policies applied by S&N where significant differences have been identified compared to the recognition and measurement principles included in Carlsberg's accounting policies. The differences are described in relation to the financial statements of the French Business, see "Part F—Financial information—The French Business—Material Differences in Accounting Policies Compared to the Carlsberg Group".

The adjustments made include illustrative unaudited adjustment of the carrying amount of the non-current assets, because the French Business used longer depreciation periods than the Carlsberg Group.

(5) This column includes illustrative unaudited pro forma eliminations regarding transactions and intra-group balances between the businesses which would have been eliminated in 2007, had the business combination been performed as at 1 January 2007 in the income statement and 31 December 2007 in the balance sheet.

(6) This column comprises illustrative unaudited pro forma adjustments. Regarding the purchase price allocation and the financing of the Acquisition, it is assumed in the illustrative unaudited pro forma adjustments that at 1 January 2007 for the income statement and in the balance sheet at 31 December 2007 the Carlsberg Group had recognized and measured the Acquired assets at the fair value as estimated in the table entitled "Illustrative unaudited preliminary purchase price allocation adjustments and the purchase price for other Acquired Assets" above and that the Acquisition was financed by a capital increase corresponding to the expected net proceeds from the Offering and the remaining share had been financed through proceeds from external loans.

(7) Elimination of license income in Carlsberg for 2007 received from the French Assets for their license sale of trademarks owned by the Carlsberg Group, including *Carlsberg*, and elimination of a further 50% of transactions with BBH.

(8) Adjustment of pro forma income statement items are based on the illustrative preliminary fair values of the balance sheet items, their useful lives and the assumption that:

- Depreciation of property, plant and equipment is primarily attributable to cost of sales, as the main part of the purchase price allocation for non-current assets is related to production buildings and equipment.
- Amortization of trademarks is included in cost of sales in accordance with the Carlsberg Group's relevant practice.
- As a result of the high turnover rate on inventories, the fair value adjustment of inventories is fully recognized in cost of sales during 2007.

Computed illustrative unaudited pro forma depreciation of non-current assets with an expected average useful life of up to 15 years	350
Recognition of the computed illustrative unaudited adjustment of inventories as a result of the high turnover rate	50
Computed illustrative unaudited depreciation of estimated share of trademarks with a definable useful life	100
Net effect of the computed illustrative unaudited pro forma cost of sales for 2007, recognized in the income statement	500

(9) The financing expense has been computed for illustrative purposes based on 12 months' interest on the expected proceeds from the external financing of the Acquisition, DKK 23,416 million, as calculated in note 20 and reflected in the unaudited combined condensed pro forma balance sheet.

The computation of the illustrative unaudited pro forma financing expenses for 2007 can be specified as follows:

Computed illustrative unaudited pro forma financing expenses for 2007 (approx. 6% of DKK 23,416 million)	1,405

(10) The tax effect of the illustrative unaudited pro forma adjustments to the income statement calculated at the estimated average tax rate can be specified as follows:

Tax effect of computed illustrative unaudited pro forma cost of sales for the year ended 31 December 2007 (27% of DKK 500 million)	135
Tax effect of computed illustrative unaudited pro forma financing expenses for the year ended 31 December 2007 (27% of DKK 1,405 million)	379
Net effect of computed illustrative unaudited pro forma adjustments to the income statement for the year ended 31 December 2007	514

(11) Adjustment of the carrying amount of property, plant and equipment for the French Business due to differences in accounting estimates of useful lives. See "Part F—Financial information—The French Business—Material Differences in Accounting Policies Compared to the Carlsberg Group".

The tax effect of adjustments of depreciation of DKK 50 million is calculated using the French tax rate of 34%, corresponding to a tax effect of DKK 17 million.

(12) In the illustrative unaudited pro forma eliminations, goodwill regarding BBH and the French Business concerning previous acquisitions has been reversed as follows:

	DKK million
Goodwill regarding acquisitions in the BBH Group (100%)	4,274
Goodwill regarding acquisitions in and by the French Business	10,225
Reversal of goodwill	14,499

Other non-current intangible assets are reduced by the value of trademarks in the French Business concerning Kronenbourg, DKK 4,732 million. The combined fair value at the acquisition date of trademarks is included in the purchase price allocation.

(13) Elimination of additional 50% of intra-group balances, loans etc. in 2007 between the Carlsberg Group and BBH. In the consolidated financial statements for the Carlsberg Group (including 50% proportional consolidation of BBH) 50% have already been eliminated.

(14) Shareholders' equity is reduced by the elimination of the carrying amount of goodwill and trademarks from historical acquisitions as stated in note 12. The combined fair value of these assets is recognized in connection with the purchase price allocation. The reduction is eliminated in Reserves.

	DKK million
Goodwill regarding the BBH Group (100%)	4,274
Goodwill and trademarks in the French Business	14,957
Reversal of goodwill	19,231

In addition, the pro forma share capital of BBH (50%) and the French Business has been eliminated against share capital and reserves under equity in the amount of DKK 9,930 million. Overall, the reserves under equity have thus increased by the elimination of the share capital in the amount of DKK 9,930 million and reduced by DKK 19,231 million in reversal of goodwill, for a total reduction of DKK 9,301 million.

(15) Management expects that goodwill from the Acquisition will represent significant value as a result of the considerable synergies anticipated in the Acquired Businesses, staff know-how, an expected strong return on capital employed in BBH and the positive growth prospects for BBH. On 25 January 2008 Carlsberg stated that the Acquisition was expected to generate run-rate synergies, primarily as a result of cost reductions from procurement and Excellence programmes, of approximately DKK 1.3 billion from the third year after the Acquisition. Moreover, goodwill will reflect synergies from increased sales through the presence in more markets in Europe and Asia, the opportunity to launch global and/or regional brands throughout the new group, synergies from research and development and better utilization of the workforce and its know-how.

The available preliminary computations of the fair value of the acquired assets, liabilities and contingent liabilities include goodwill of DKK 25–45 billion. This amount remains subject to substantial uncertainty as it may be affected by changes to the currently available estimates of the fair values of all other recognized assets, liabilities and contingent liabilities. However, Management believes that the estimated goodwill amount is appropriate in light of the synergies that cannot be separated as identified assets and is therefore included in the value of goodwill.

It should be noted that the final determination of the value of goodwill depends on which part of the paid premium is allocated to identifiable assets, liabilities and contingent liabilities, as the un-allocated premium is attributed to the value of goodwill.

(16) Trademarks are on a preliminary basis estimated and recognized as intangible assets separately from goodwill as they can be separated from the business. Assessments of the acquired brands and their expected useful lives are based on the trademark's market position, expected long-term developments in the relevant markets and the trademarks' profitability.

Management expects the value of the well-established trademarks, including *Baltika*, *Kronenbourg* and *Grimbergen*, to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period. Accordingly, the useful life of these trademarks and brands is determined to be indefinite.

In the opinion of Management, there is only a minimal risk of the current market conditions reducing the useful life of trademarks, primarily due to the respective market share in each market and the current and planned marketing efforts which help to maintain and increase the value of these trademarks.

For each trademark or group of trademarks the valuation will be based on the "Relief from royalty" method, whereby the value is calculated on the basis of the following:

- Allocation of projected direct revenue for a period corresponding to the expected useful life for each trademark.
- Royalty rate based on the actual market position of the trademark. If there are already external license agreements concerning each individual trademark, the market terms of such agreements are considered when assessing the royalty rate which the trademark is expected to generate in a transaction with independent parties.
- The tax effect of depreciation of the value of the trademark when calculating the taxable income.
- Discounting to present value with a post-tax discount rate.

The preliminary measurement is based on current expected future cash flows for the trademarks on the basis of preliminary key assumptions about expected useful lives and royalty rates and a theoretically calculated tax effect. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated risks associated with the particular trademark. The factors applied are in the following spreads:

Royalty rate	International, premium, and specialty beers	3.5–5% depending on market
	Strong regional and national brands	3–5%
	Local brands and mainstream brands	2–3.5
Useful life	When the value of the well-established trademark is expected to be maintained for an indefinite period in the relevant markets, and these markets are expected to be profitable for a long period, the useful life of the trademark is determined to be indefinite. This applies typically to international and premium trademarks but may also apply to strong local trademarks	Indefinite life
	Trademarks with a definite life typically comprise local trademarks	Definite
Growth rates	Brands with definite useful lives, up to 20 years	Specific fixed growth rate which only in the first year exceeds inflationary expectations. Rates range from 2–8%. Subsequently, inflationary expectations are used, fixed at 2–4%
	Brands with indefinite useful lives	Specific fixed growth rate. After year 20, the growth rate applied will be on a level with the expected inflation rate, as growth for the trademarks is not expected to exceed the rate of inflation in the long term
Tax rate	Expected future tax rate in each country, based on current legislation	27–34%
Discount rate	Depends on the risk-free interest rate in each country	4–7%

If the specific identification and determination of the trademarks' position show that there is an overweight of international and premium brands and if detailed analyses shows expected strong growth rates for these trademarks for a considerable part of the 20-year period, the total value of trademarks will be at the high end of the indicated range. If, on the other hand it turns out that a larger proportion of revenue derives from local brands with a definite useful life and a lower expected royalty rate and growth rate, the total value of the trademarks will be at the lower end of the indicated range.

In a preliminary estimate, the brands are valued at a total of DKK 10–35 billion as at the date of this Offering Circular. This estimate is based on preliminary information on the distribution of revenue by each individual trademark in each of the acquired businesses. In addition, the estimates are based on preliminary assessments of the expected useful life of each trademark on the basis of their relative local, regional and global market strength. This assessment will also influence an estimate of the expected future royalty rate that may be obtained for each trademark in a royalty agreement entered into with a third party on market terms. When determining the value for use in the pro forma balance sheet of DKK 20 million, it is assumed that approximately half of the revenue derives from strong regional, national and international trademarks and from the premium segment, while half derives from local brands. In addition, growth and inflation rates are assumed to be in the middle of the ranges indicated in the table.

The overall preliminary estimate of the fair value of trademarks is subject to material uncertainty, because assessments of individual factors that influence the fair value of each trademark are still subject to uncertainty, for example due to the revenue distribution of trademarks with an indefinite useful life and trademarks with a definable useful life, and the expected useful life is unknown at the present time. The calculation of the total fair value of the trademarks to a large extent depends on how large a proportion of the trademarks are considered to have indefinite useful lives, the royalty rate applicable and the risk-free interest rate in the countries in question. If 65–75% of revenue derives from strong regional, national and international trademarks, and growth and inflation rates are at the high end of the indicated ranges for these rates, the total fair value of the trademarks will amount to just under 35 billion. If, on the other hand, revenue derived from strong regional and international trademarks only account for approximately 25–35% of revenue and growth and inflation rates are at the low end of the indicated ranges, the total fair value of the trademarks will amount to close to the indicated DKK 10 billion.

It should be noted that the final determination of the total fair value of brands depends on an additional analysis of the present revenue allocation on the individual brands and an analysis of the expected movements herein over a period of at least the next 20 years in order to determine the current fair value of each brand. This is compared to expectations for the period after the 20 years, including a determination of which brands are expected to have an indefinite useful life. In the same analysis, the expected specific royalty rate per brand is assessed in a comparison with the current royalty rates of comparable trademarks between independent parties. Thus, the specific analysis of the expected income derived from each trademark and the strength of the individual trademark decides whether the fair value of the trademark is at the high or low end of the range. The indicated range should be viewed against the background that even small changes in royalty rates for large brands have a substantial impact on the total fair value of the brand.

(17) The value of customer agreements and customer portfolios is assessed based on the local market and trading conditions. The relationship between trademarks and customers is carefully considered so that the value of trademarks and customer agreements is not recognized on the basis of the same underlying cash flows.

For the breweries being acquired, the assessment is expected to demonstrate some degree of correlation between trademark and sales, and no separate value for customer agreements is expected to be recognized for these, as a large part of the customer relations is expected to be closely associated with the calculated value of the acquired trademarks.

Accordingly, the value of customer agreements has not been allocated in the preliminary estimates of the fair values of the acquired assets. Should customer agreements or customer portfolios exist that are not closely linked to trademarks, the measurement of such agreements or portfolios will be based on expected future cash flows for the customer agreements on the basis of Management's key assumptions, including about sales growth, operating margin, customer retention rate and theoretically calculated tax and contributions to other assets. A post-tax discount rate is used which reflects the risk-free interest rate with the addition of specific and estimated future risks associated with the customer agreements.

(18) The acquired entities hold significant amounts of non-current assets, such as

- Land and buildings e.g. production halls, warehouses and administration
- Plant, machinery and equipment used in the brewing and packaging process e.g. beer tanks, sorting, bottling and canning lines, warehousing and energy supply equipment
- Sales equipment e.g. coolers and dispensing equipment
- Other assets, vehicles, furniture and returnable packaging

In determining the fair value of land and buildings (particularly office buildings) and standard production and office equipment, the fair value is based as far as possible on the fair value of assets of similar type and condition that may be bought and sold in the open market. Management expects that this will be the case for certain of the acquired entities. The fair value will be based on market assumptions as at the acquisition date, as the expected synergies and the intentions for the expected use of assets cannot be included in the fair value of such assets.

Property, plant and equipment for which there is no reliable evidence of the fair value are valued based on an estimated value, based on the depreciated replacement cost method. The Company has initiated an assessment of all Acquired Assets for which an active market does not exist. This assessment is based on the replacement value of a similar asset with similar functionality and capacity. The computed replacement value for each asset is then reduced using ordinary depreciation rates in accordance with the Carlsberg Group's depreciation principles on the basis of the actual age of each asset. This method considers how much it would cost to replace the asset after adjustments for depreciation. The preliminary calculations of illustrative fair values are based on an estimate of each individual brewery's value based on preliminary estimates and assessments of useful lives etc. in accordance with the principles in this calculation method.

Computation of the fair value will be based on each of the acquired breweries and other material assets. This will involve substantial breweries and production facilities with a number of individual assets that must be assessed both individually and as part of the entire facility in question. Accordingly, this will involve comprehensive work and considerable management estimates. In an assessment of these assets, it may also be relevant to involve external parties that would assist Management in measuring the fair value of each asset.

In recent years, BBH has built and modernized a number of breweries in order to meet local market requirements and demand with respect to trademark, volume, packaging type, etc. The acquired brewery in France has also been modernized. Against this backdrop, Management expects that the fair value of these breweries will be close to the carrying amount prior to the Acquisition, as inflation-driven price increases will be limited, and because any potential increases in carrying amount relative to the depreciated replacement value will be limited. The difference is expected to be greater for old breweries and may lead to greater allocation of the purchase price to their fair value.

On the basis of the above and the preliminary assessments of the individual breweries, Management has computed a preliminary estimated fair value of the acquired tangible assets of DKK 12–15 billion, which amount exceeds the carrying amount of the assets as at the date of acquisition by DKK 4–7 billion. The computation is a preliminary estimate based on existing specific knowledge about each individual brewery's technical condition, materials used, age and condition and other indications and aggregate information for each individual asset. The assessment is made for each brewery, and as part hereof unsettled matters have been identified for clarification in connection with the specific final determination of the fair values. As a result, Management anticipates that there may be major adjustments made to the preliminary estimated fair value.

The final fair value of the property, plant and to a great extent depends on the fair value of the acquired breweries. As indicated, a large number of specific technical assessments need to be made of the condition of each individual brewery, which will determine whether the fair value is at the high or low end of the indicated range. At the present time, a likely fair value adjustment has been made of the property, plant and equipment amounting to DKK 5 billion, which is reflected in the pro forma balance sheet. Considering the outcome of the outstanding technical assessments and their impact on the estimated fair values, the calculated fair value is expected to be within the indicated DKK 4–7 billion range. The indicated range takes into consideration, to the extent possible, known factors that must be examined in more detail at each brewery and their potential impact on the values and preliminary obtained information about the carrying amounts. The indicated range takes into consideration that the clarification of these matters may lead to an adjustment of the preliminary estimated fair value used in the pro forma balance sheet, using a higher positive fair value adjustment.

(19) The inventory categories are raw materials (including packaging and auxiliary materials) and other stocks (including spare parts, pallets and trading inventory); work in progress and finished goods (both produced in-house and purchased finished goods and POS materials).

Based on a preliminary assessment Management expects the fair value of raw materials and other stock to equal the current replacement costs at which the inventory could have been replaced by the acquired entity reflecting its normal buying process and the sources of supply and prices available to it. Many raw materials, including malt, are delivered just-in-time and therefore not subject to major price changes.

The fair value of finished goods and work in progress equals the selling prices less cost of disposal, cost to complete (work in progress) and a reasonable profit allowance for the stage of completion (work in progress) and performed selling effort based on estimates of profit for similar finished goods and merchandise. The assessment of the fair value will also be based on or compared with comparable prices in the market for third-party products and production of the Company's products with another brewer, e.g. due to shortfall of production capacity.

Management has computed a preliminary estimated fair value adjustment of inventories at up to DKK 100 million. The final fair value adjustment will be fixed on the basis of an analysis of the composition of the inventories at the acquisition date. A decisive issue in respect of the fair value will thus be the profit share attributable to the actual composition of the inventories.

The pro forma balance sheet includes a DKK 50 million adjustment of inventories to fair value. This amount is based on the same pro-rata composition of inventories between raw materials, work in progress and finished goods as for the entire Carlsberg Group as at 31 December 2007. With a view to securing supplies for the peak season, stocks of finished goods are built in spring months. Raw materials inventories are not accumulated in the same way, as most goods are delivered just in time. Consequently, the stocks of finished goods may be relatively higher as at the acquisition date than at 31 December 2007. If a more detailed analysis of the composition of inventories shows a relatively larger share of finished goods produced in-house, the fair value of the inventories will rise. If most of the increase is for inventories produced in-house, the fair value adjustment will be close to DKK 100 million.

(20) The illustrative, unaudited pro forma financing of the Acquisition included in the pro forma balance sheet at 31 December 2007 is made on the basis of the allocation otherwise set out in the Offering circular and may be summarized as follows:

Illustrative unaudited pro forma presentation of financing of the Acquisition	DKK million	
Capital increase (Offering)		1,526
Share premium after deduction of Offering costs		28,546
Net proceeds from the Offering		30,072
Net interest-bearing debt taken over on Acquisition	3,512	
Proceeds from external debt financing	23,416	26,928
Estimated purchase price payable by Carlsberg for the acquired share of S&N		**57,000**

(21) Based on the preliminary, estimated fair values of the acquired assets, liabilities and contingent liabilities, Management has adjusted the deferred tax assets and tax liabilities to reflect the expected tax effect of the fair value adjustment of each acquired unit's assets and liabilities. However, this does not apply to deferred tax of goodwill on the Acquisition in jurisdictions where tax is not deductible for goodwill and fair value adjustment of other assets and liabilities with a tax base of zero, as such adjustments are not allowed under IFRS. Adjustment is based on the tax position and the relevant legislation applicable to each individual company or joint tax group in each jurisdiction. The ultimate impact on the deferred tax assets and liabilities is subject to the final allocation of the purchase price of the individual assets, liabilities and contingent liabilities as well as knowledge of the tax position of each company. Accordingly, the preliminary allocation will change in line with changes made to the fair value of other assets, liabilities and contingent liabilities.

(22) Assets and liabilities not specifically mentioned above are also measured at fair value. Based on the Carlsberg Group's knowledge of the business and Management's experience from previous acquisitions, adjustments of these items are not expected to be significant. These items include:

- Financial assets, including trade receivables and trade loans to on-trade customers measured at amortized cost or a lower fair value in the balance sheet. If the valuation of trade receivables is updated or measured on a regular basis, the fair value is normally close to the carrying amount. Where no regular updates are made, Management believes that the incremental value of receivables cannot exceed DKK 100 million
- Financial instruments
- Procurement contracts concluded at prices deviating from current market prices
- Financial liabilities are measured at amortized cost or fair value
- Pension obligations are measured based on market assumptions at each year end. Since the Acquisition is performed only four months after the balance sheet date, the effect of changes in assumptions are expected to give rise to only minor adjustments
- Demolishing and restoration obligations
- Onerous contracts
- Contingent liabilities are recognized and measured at fair value as at the acquisition date based on the best estimate of the likely and potential outcomes of legal disputes, including an assessment of their respective probabilities.

Based on currently available information about the Acquired Assets and their respective concluded agreements, Management has made a preliminary estimated allocation of parts of the purchase price to the items stated, which has resulted in provisions for additional liabilities of DKK 250 million. The assessment hereof—including the indicated range of DKK 100–500 million—is based on preliminary information on pending litigation etc. in the individual countries. The final assessment and determination of the fair value must be made on the basis of specific assessments of each individual case and in consultation with the advisers to the companies. Management therefore expects that the allocation will change once additional knowledge of the relevant agreements and contractual matters become known. The preliminary estimated allocation is provided in the pro forma balance sheet.

(23) The amount will (at a later time) be correctly allocated to both non-current assets and current assets and liabilities. The final allocation is unknown at present and therefore it has been included under non-current assets for illustrative purposes as the main part is expected to be allocated to non-current assets because most of the value relates to the investment of 17.5% in Chongqing, which is recognized as an associate. The market value for each of the companies is determined on the basis of expected future cash flows of the company, which is discounted to present value assuming a WACC which is based on the risk free rate for the relevant country, which ranges from 5% to 9%. Additionally, in the case of Chongqing, which is a listed company, an assessment of the share price and its development over a period of three to six months is taken in account.

(24) The acquisition of the remaining 50% of BBH is accounted for as a step acquisition. Based on IFRS, the Carlsberg Group accounts for step acquisitions at the time control is obtained.

The part of the fair value adjustments of net assets related to the 50% of BBH already owned by Carlsberg is recognized in equity for the Carlsberg Group as a revaluation in accordance with IFRS. IFRS requires that all assets and liabilities be adjusted to fair value at the acquisition date and that the fair value adjustment relating to the 50% that was already proportionally consolidated in the Carlsberg Group's consolidated financial statements be recognized in equity as a revaluation.

Based on the preliminary estimated computation of BBH fair values, the impact of the revaluation on equity is estimated at DKK 5–15 billion based on the described adjustments for the other assets, liabilities and contingent liabilities. Accordingly, the preliminary allocation will change in line with changes made to the fair value of other assets, liabilities and contingent liabilities.

Adjustment of reserves can be specified as follows:	**DKK million**
Revaluation of equity with the share of fair-value adjustment concerning the 50% already held in BBH	6,250
Reversal of pro forma equity in BBH (50%), excl. goodwill and trademarks	(2,459)
Reversal of pro forma equity in the French Business, excl. goodwill and trademarks	(1,619)
	2,172

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Annex A

ARTICLES OF ASSOCIATION OF CARLSBERG A/S

(as last amended on March 10, 2008)

PART 1 **Name, registered office and objects of the company**

Article 1 (1) The name of the company is:

CARLSBERG A/S

(2) The company also carries on business under the following secondary name:

CARLSBERG HOLDING A/S

(Carlsberg A/S)

Article 2 The registered office of the company is situated in the municipality of Copenhagen.

Article 3 The objects for which the company is established are to carry on manufacturing business in Denmark or abroad, including brewery operations, trade, farming and transport, and to provide technical or mercantile assistance, to acquire and to own real estate or otherwise to be engaged in or hold interests in other activities, which in the opinion of the board of directors are incidental or conducive to the attainment of the above objects or any of them.

PART 2 **Share capital**

Article 4 (1) The share capital of the company is DKK 1,525,568,060.

(2) The share capital is divided into DKK 673,985,040 ordinary shares, named A-shares, and DKK 851,583,020 preference shares, named B-shares.

Article 5 (1) A-shares shall carry ten votes per DKK 10 share.

(2) B-shares shall carry one vote per DKK 10 share. A preferential right to 8 per cent, non-cumulative dividend shall be attached to B-shares.

(3) Save as aforesaid no class of shares shall confer any special rights.

Article 6 (1) The share capital has been fully paid up.

(2) No shareholder shall be under an obligation to allow his shares to be redeemed in whole or in part.

(3) There shall be no restrictions on the transferability of the shares.

(4) The shares shall be negotiable instruments.

Article 7 (1) Any increase of the share capital by subscription of new shares shall be effected through a proportional increase of the A-share capital and the B-share capital, through an increase of the B-share capital only, or through the subscription of shares in a new class.

(2) In the event of a proportional increase of the A- and B-share capital the shareholders shall have a preferential right of subscription to the shares in the two classes, respectively, in proportion to their existing shareholdings in the class in question. If the share capital is increased by subscription of B-shares only, or by subscription of shares in a new class, all shareholders shall have a preferential right of subscription to the new shares in proportion to their existing aggregate number of shares.

(3) In the event of an increase of the share capital at market value or in consideration of the company's acquisition of an existing company or certain capital assets or through an offer of employee shares the general meeting may determine by the majority of votes required for the passing of alterations to the articles of association that shareholders shall have no preferential right of subscription to the shares.

Article 8 (1) The Board of Directors is until 31 December 2009 authorised to increase the share capital of the company in one or more stages by a total amount of DKK 3,200,000,000. The increase shall be effected by an increase of the B-share capital. The authorisation can only be exercised provided that the aim of the capital increase is to finance directly or indirectly the acquisition of (i) shares in Scottish & Newcastle plc, (ii) shares in a company acquiring shares in Scottish & Newcastle plc, or (iii) companies or shareholdings which directly or indirectly are owned by Scottish & Newcastle plc, and/or (iv) repayment of loans raised by Carlsberg Breweries and/or subsidiaries hereof against guarantee from Carlsberg A/S with a view to financing acquisitions as referred to in (i)-(iii).

(2) The capital increase shall take place by cash payment and shall specify that the current shareholders have a pre-emption right to subscribe for new shares subject to the provisions of article 7 (2).

(3) The authorisation cannot be exercised to the extent that the actual exercise will mean that the Carlsberg Foundation violates the requirement of the statutes of the Foundation that the base capital of the Foundation must always constitute more than 25% of the share capital in the company with a right to at least 51% of the votes in the company.

(4) The shares shall be issued to bearer, but may be registered in the name of the shareholder. The new shares shall carry dividend entitlement and other rights as from such date as the board of directors shall determine, however, not later than from the financial year following the passing of the resolution to increase the share capital. There shall be no restrictions on the transferability of the new shares. The shares shall be negotiable instruments, and no shareholder shall be under an obligation to allow his shares to be redeemed. In every other respect the shares shall rank equally with the other shares in that class and shall be entitled to the same rights, including preferential right of subscription in the event of an increase of capital.

(5) The board of directors shall be authorised to make any alterations to the articles of association necessitated by the aforesaid capital increase.

Article 9

(1) With the object of giving the employees of the company the right to subscribe for shares in the company the board of directors shall until March 18th, 2009 be authorised to increase the share capital of the company one or several times by a further total of up to DKK 10,000,000 B-shares which shall be offered to the employees of the company without any simultaneous increase of the A-share capital and without the existing shareholders of A-shares and B-shares having any preferential right of subscription to the new shares.

(2) The detailed rules applicable to the subscription of shares and the terms and conditions relating hereto shall be laid down by the board of directors of the company subject to the provisions of Danish legislation.

(3) The provisions of article 8 (4) shall apply to the new B-shares.

(4) The board of directors shall be authorised to make any alterations to the articles of association necessitated by the aforesaid capital increase.

Article 10

(1) The shares of the company shall be in denominations of DKK 10 or multiples thereof.

(2) Shares shall be issued through the Danish Securities Centre.

(3) Dividend shall be paid by transfer to the shareholders' accounts, as specified by the shareholders, in accordance with the rules governing the Danish Securities Centre in force at any time.

Article 11

(1) The shares of the company shall be issued to bearer but may be registered in the name of the shareholder in the company's register of shareholders.

(2) A transferee cannot exercise his rights as a shareholder in respect of a registered share unless his name is entered in the company's register of shareholders or he has given notice of and produced documentary evidence of the transfer. However, this does not apply to the right to receive dividend or other payments nor to the right to new shares in connection with an increase of the share capital.

(3) VP Investor Services A/S (VP Services A/S), Helgeshøj Alle 61, DK-2630 Taastrup, Denmark, is the company's registrar.

Article 12 Shares which have not been notified for registration with the Danish Securities Centre, as well as dividend coupons attached thereto, can be cancelled without any judgment under the rules of law relating to cancellation where the notice calling upon the holder of a lost share to act within a period of notice of not less than six months has been inserted in "Statstidende" (the Danish National Gazette) in the first issue of any quarter.

PART 3 Issue of dividend-paying bonds

Article 13 (1) Until March 18th, 2009 the board of directors shall be authorised to raise one or more loans of up to a maximum amount of DKK 639,000,000, or the foreign exchange equivalent hereof, against the issue of bonds or other instruments of debt giving the bearer the right of converting his claim into B-shares. The decision of the board of directors to this effect shall be recorded in the articles of association of the company.

(2) The detailed rules of subscription and the loan terms shall be laid down by the board of directors of the company. If the conversion price and the subscription price jointly are at least equivalent to the market price of the B-shares when the loan was raised, or in the event of the loan being granted in consideration of the company's acquisition of an existing company or certain capital assets, the board of directors may determine that the loan shall be raised without offering any preferential right of subscription to the shareholders. Apart from this, the company's shareholders shall have a preferential right of subscription to convertible loans in proportion to their aggregate shareholdings.

(3) In the event of conversion the board of directors shall be authorised to carry the necessary increases of the share capital of the company relating thereto into effect. The new shares shall be issued to bearer, but may be registered in the name of the shareholder. The shares shall carry dividend entitlement and other rights as from such date as the board of directors shall determine, however, not later than from the financial year following the conversion. There shall be no restrictions on the transferability of the new shares. The shares shall be negotiable instruments, and no shareholder shall be under an obligation to allow his shares to be redeemed. In every other respect, the shares shall be entitled to the same rights including preferential right of subscription in the event of an increase of capital as the other B-shares of the company.

(4) Until March 18^{th} 2009, the board shall furthermore be authorised to raise one or more loans of up to a maximum amount of DKK 200,000,000, against the issue of bonds or other interest-bearing instruments of debt the rate of which shall, in whole or in part, and as determined by the board of directors, depend upon the dividend paid on the company's shares.

PART 4 General Meeting, Board of Directors and Executive Board

A. General Meeting

Article 14 Within the limits laid down by legislation and by these articles of association the general meeting of shareholders shall be the supreme authority with respect to the affairs of the company.

Article 15 (1) The company's general meetings shall be held in the Greater Copenhagen area, and a notice of the meeting of not less than eight days and not more than four weeks prior to the meeting shall be given by the board of directors by advertisement in the IT information system of The Danish Commerce and Companies Agency and in "*Berlingske Tidende*" or in any other Copenhagen newspaper.

(2) Notice in writing shall furthermore be sent to all registered shareholders at the address stated by them in the company's register of shareholders. Notice of the general meeting shall be given to the employees of the company in a manner determined by the board of directors if they have notified the board of directors in writing that they have passed the resolution required by the Danish Companies Act in respect of election of employees to the board of directors.

(3) If due to circumstances beyond the control of the board of directors it should become impossible to call the general meeting in the manner prescribed in sub-article 1 hereof the

board of directors shall determine in which other suitable manner notice of the general meeting shall be given.

(4) The notice shall contain the agenda for the general meeting. In the event of resolutions requiring a statutory majority, including proposed alterations to the articles of association, the notice shall specify such proposed resolutions and the most important aspects thereof.

Article 16 An annual general meeting shall be held not later than four months after the end of the financial year.

Article 17 Extraordinary general meetings shall be held by resolution of the general meeting or by the board of directors or upon requisition in writing to the board of directors by one of the auditors appointed, and if requisition to that effect is submitted by shareholders holding in the aggregate one-tenth of the share capital. Such requisition shall be submitted in writing to the board of directors and shall state the business to be transacted. If convened upon a requisition of shareholders, a general meeting shall be called not later than fourteen days after the requisition has been submitted to the board of directors.

Article 18 If after its commencement a general meeting has to be adjourned, the meeting shall not stand adjourned for more than fourteen days. At least three days' notice of the adjourned meeting stating the business of the agenda left unfinished at the meeting shall be announced in the IT information system of The Danish Commerce and Companies Agency and in "Berlingske Tidende" or any other Copenhagen newspaper.

Article 19 No later than eight days prior to the general meeting, the agenda and the complete resolutions to be proposed at the general meeting—and in the case of the annual general meeting the annual report—shall be available for inspection by the shareholders at the company's office and shall be forwarded to all registered shareholders if so requested.

Article 20 (1) Any shareholder shall be entitled to attend the general meeting provided that he has obtained an admission card at the company's office within normal office hours on due proof of identity not later than five days before the general meeting or in any other way as described in the notice of the general meeting.

(2) Shareholders who have acquired their shares by transfer shall not be entitled to exercise their voting right relating to the shares in question at a general meeting notice of which has been given prior to the shares having been registered in the company's register of shareholders or prior to the shareholder having given notice of and produced documentary evidence of his acquisition.

Article 21 (1) Any shareholder shall be entitled to submit a specific subject for consideration at the general meeting provided he has submitted a request in writing to the board of directors sufficiently early for the subject to be included on the agenda, which usually in the case of the annual general meeting is not later than 30 days before the general meeting.

(2) Any alteration which a shareholder might wish to propose to the proposed resolutions available for inspection by shareholders not later than eight days before the general meeting shall be submitted in writing and be received by the board of directors not later than four days before the general meeting. Proposed alterations which have been submitted in pursuance of this provision shall be available for inspection by the shareholders at the company's office not later than one day after they have been received by the board of directors.

(3) The consideration of and voting on a proposed alteration which has not been received by the board of directors in due time may however be allowed if the board of directors consents thereto.

Article 22 Any shareholder shall be entitled to attend by proxy and shall be entitled to attend the general meeting accompanied by his adviser. The instrument appointing a proxy which shall be produced at the general meeting must be in writing and be dated and can be issued for a period of one year only.

Article 23 Any general meeting of shareholders shall be presided over by a chairman appointed by the board of directors who shall decide all matters regarding procedure and voting, including whether polls shall be taken.

Article 24 (1) The audited annual report shall be laid before the company in annual general meeting.

(2) The business to be transacted at the annual general meeting shall be as follows:

a) Report on the activities of the company in the past year.

b) Consideration of the annual report as well as a resolution to adopt the annual report and to discharge the board of directors and the executive board from their obligations in respect of the report.

c) Resolution for distribution of the profit for the year, including declaration of dividend, or resolution for covering of the loss, if any.

d) Any resolutions proposed by the board of directors or by the shareholders.

e) Election of members to the board of directors and deputy members, if any.

f) Appointment of one or more state-authorised public accountants to audit the accounts for the current year and deputy accountants, if any.

Article 25 (1) Unless otherwise expressly provided by legislation or by these articles of association all resolutions shall be passed by the general meeting by a simple majority of the total number of votes cast by holders of A-shares and B-shares.

(2) In the case of an equality of votes a new vote shall be taken. In the case of an equality of votes again the chairman of the board of directors shall have the casting vote.

(3) In order to pass a resolution for the alteration of the articles of association or for the winding-up of the company, which is not proposed or endorsed by the board of directors, it is however required that at least one-third of the possible number of votes representing the total share capital shall be represented at the general meeting in question and that the resolution shall be passed by three-fourths of both the total number of votes cast and of the voting share capital represented thereat. If the resolution is proposed or endorsed by the board of directors, only a qualified majority of two-thirds of both the total number of votes cast and of the voting share capital represented at the general meeting shall be required for its passing.

(4) If the prescribed portion of the voting share capital is not sufficiently represented at the general meeting, but a resolution is nonetheless passed in accordance with the provisions of the first sentence of sub-article 3, such resolution may be finally passed at an extraordinary general meeting convened by the board of directors within fourteen days after the first general meeting irrespective of the number of votes represented at this general meeting. For the resolution to be validly passed at this second general meeting it is required if the resolution has not been endorsed by the board of directors that three-fourths of both the total number of votes cast and of the voting share capital represented thereat shall vote in favour of the resolution. If the resolution has been endorsed by the board of directors, the resolution may be passed with the majority specified in the last sentence of article 25 (3).

(5) Proxies to attend the first general meeting shall unless expressly revoked be deemed valid for the purposes of the following meeting.

Article 26 (1) The proceedings of the general meeting including especially resolutions passed thereat shall be recorded in a minute book which shall be signed by the chairman of the meeting.

(2) The minutes of proceedings at the general meeting or a certified copy thereof shall be available for inspection by the shareholders at the company's office not later than fourteen days from the date of the general meeting.

B. Board of Directors

Article 27

(1) The board of directors shall be elected by the general meeting except for members who are elected pursuant to the legislation in force concerning representation of employees on the board of directors.

(2) The board of directors elected by the general meeting shall consist of not less than eight and not more than twelve members. The general meeting may elect two members to act as deputies to the members elected by the general meeting.

(3) Of the board members elected by the general meeting, half of the members who have been longest in office shall retire each year. The period of office shall be calculated from the last election. As between persons who were elected on the same day, those to retire shall be determined by lot. A member shall be eligible for re-election subject to the provisions of sub-article 4 below.

(4) Any member of the board of directors shall retire at the first annual general meeting after he has attained the age of 70 years.

Article 28

(1) The board of directors shall meet immediately after the annual general meeting and shall elect from among their number a chairman and a deputy chairman. The board of directors shall form a quorum when more than half of its members and not less than six members are present. For the board of directors to make a valid decision it is required that not less than six members shall vote in favour of the proposal. In case of an equality of votes the chairman or in his absence the deputy chairman shall have the casting vote. Subject to these provisions the business transacted by the board of directors shall be decided by a simple majority of votes.

(2) The board of directors shall lay down rules of procedure specifying the conduct of its affairs.

Article 29

(1) The board of directors jointly with the executive board shall be in charge of the management of the affairs of the company and shall be responsible for the proper organisation of the activities of the company.

(2) The board of directors shall supervise the activities of the executive board and shall ensure that the company's books of accounts and administration of property are controlled in a manner satisfactory in relation to the circumstances of the company.

C Executive Board

Article 30

(1) The board of directors shall appoint the executive board of the company consisting of one to five members, including one or more chief executive officers, and shall appoint from among them the chairman of the executive board.

(2) The board of directors may grant individual or joint power of attorney.

(3) The board of directors may establish rules of procedure governing the activities of the executive board.

(4) Guidelines concerning incentive programmes for the Executive Board, cf. section 69b (2) of the Danish Companies Act have been approved. The guidelines are available at the company's home page.

Article 31

(1) The day-to-day management of the company shall be entrusted to the executive board who shall ensure that the keeping of books of account and the administration of property are performed in a satisfactory manner. In performing their duties the executive board shall comply with the directions and instructions given by the board of directors.

(2) The day-to-day management shall not comprise matters which in view of the company's circumstances are of an unusual nature or extent. Such matters shall be submitted to the board of directors unless obtaining a decision by the board of directors at first will result in considerable disadvantage to the company.

In such cases the board of directors shall be informed of the decision without delay.

PART 5 **Authority to sign for the company**

Article 32 The company shall be signed for by the chairman of the board of directors jointly with a member of the board of directors or jointly with a member of the executive board, or by the deputy chairman of the board of directors jointly with a member of the board of directors or jointly with a member of the executive board, or by the president and chief executive officer jointly with a member of the board of directors or jointly with a member of the executive board, or jointly by two members of the executive board.

PART 6 **Audit**

Article 33 (1) The annual report of the company shall be audited by one or more state-authorised public accountants who shall be appointed for one year at a time.

(2) The general meeting may appoint one or two accountants to act as deputies to the auditors appointed under sub-article 1.

PART 7 **Annual Report, etc.**

Article 34 (1) The financial year of the company shall be from January 1st to December 30th.

(2) The annual report shall be signed by the executive board and the board of directors and shall be furnished with the auditors' report.

Article 35 (1) Upon the recommendation of the board of directors the general meeting shall pass a resolution for the appropriation of the profit for the year.

(2) After covering any loss from previous years and after transfer to the reserves of the company, the profit for the year shall be appropriated in the following manner:

1) The holders of B-shares shall be paid a preferential, non-cumulative dividend of 8 per cent, thereafter a dividend of 8 per cent shall be paid to holders of A-shares provided that such dividend can be paid out of the remaining profit.

2) Any remaining profit shall be applied for such purposes as the board of directors sees fit, including:

Payment of additional equal dividends to shareholders, allocation to "the Tuborg Foundation, founded by the United Breweries Limited", allocation to "the Carlsberg Bequest to the Memory of Brewer J.C. Jacobsen, established by the Carlsberg Foundation", and transfer of the balance to next year.

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