

LIST OF Q & A FROM MINORITY SHAREHOLDERS WATCHDOG GROUP  
FOR CARLSBERG BREWERY MALAYSIA BERHAD'S 44<sup>th</sup> AGM  
on 24 April 2014

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**Strategic and Financial Matters:**

- 1) Revenue for the FYE 2013 was down 1.9% year-on-year and the margin for profit before taxation also declined from 15.5% to 15.2%.

What concrete measures have been taken to address the Group's deteriorating financial performance and when is the Group expected to resume its growth?

The Group's results for the financial year 2013 were significantly impacted by a deliberate one-off stock rationalisation exercise in Singapore.

Revenue of the Malaysian operations rose by RM10.4 million or 0.9 percent compared to same period last year while operating profit increased by RM15 million or 9 percent. This was attributed to the successful execution of consumer campaigns, a positive portfolio mix and lower operating costs from the roll-out of efficiency programs.

The Singapore operations impacted by the deliberate one-off stock rationalisation exercise, declined in Revenue by 9.5 percent against the same period last year while operating profit declined by 32 percent. The Singapore business is expected to be back on track going forward.

Barring unforeseen circumstances, the Group expects to resume growth this year although market conditions are challenging particularly with the rising cost of inputs and the recent increase in excise duties for beer by a significant 25% in Singapore.

- 2) Could the Board share with shareholders their views/thoughts on the developments pertaining to the beer beverage industry and their potential impact to the Group, for instance, the government's subsidy rationalisation and the GST to be implemented on 1 April 2015?

GST and subsidy rationalisation could reduce disposable income of consumers and this could have a negative impact on beer sales until consumers adjust to the new situation.

Meanwhile, the Group has been rolling out cost efficiency programs to lower operating costs throughout the supply chain and at the same time focus on value management by improving return on marketing investment.

- 3) Kindly explain the rationale for the deliberation of the stock rationalisation exercise by Carlsberg Singapore and how much was the impact of the rationalisation to the Group's performance?

The deliberate one-off stock rationalisation exercise by Carlsberg Singapore was to reduce stock cover days to ensure our products remain amongst the freshest in the market. The Singapore operations impacted by the deliberate one-off stock rationalisation initiative declined in Revenue by 9.5 percent against the same period last year while operating profit declined by 32 percent.

- 4) Why was the Group's receivables higher by 10.6% despite a drop in revenue in FYE 2013? Please explain.

The Group's receivables were higher despite the drop in revenue in FYE 2013. This was mainly due to higher sales in December 2013 derived from the successful execution of our year end consumer campaigns and pipelining for the 2014 Chinese New Year promotion.

- 5) We also noted that segment revenue and profit for Singapore had declined significantly in FYE 2013. Is Singapore a saturated market? What were the reasons and how could the Board address the issue?

The decline in Revenue and Profit for our Singapore operations in FYE 2013 was due to the deliberate one-off stock rationalisation exercise. The underlying business remained healthy. We still see opportunities for growing our business in Singapore. One example is the acquisition of Asahi's distributor, MayBev Pte Ltd concluded in April 2014.

Corporate Governance:

MSWG is promoting certain standards of corporate governance best practices in PLC. In this regard, we hope the Board could address the following:-

- 1) We would like to encourage the Board to publish the Minutes or the summary of Minutes of the general meetings on the Company's website to be in line with the spirit of transparency and good Corporate Governance practices based on the ASEAN CG Scorecard which is being used to assess the level of CG standards of PLCs in Malaysia by MSWG.

We take note of the suggestion. It is our intention to publish the summary of the Minutes of general meetings on the Company's website.

- 2) Addressing and formalising the approach to gender diversity and actions taken to meet the target of 30% women directors and also discloses it in the Annual Report.

We take note of the suggestion. It is our intention to appoint a lady director to our Board in the near future.