LIST OF Q & A FROM MINORITY SHAREHOLDERS WATCHDOG GROUP
FOR CARLSBERG BREWERY MALAYSIA BERHAD'S 46th AGM on 21 April 2016

Strategic & Financial Matters

1. Please explain why there were additional total tax claims of RM56.3 million from Royal Malaysian Custom for excise duties, sales tax claims and penalty?

   On 23 September 2014, the Board of Directors of the Company had announced to Bursa Malaysia that the Company had on 19 September 2014 received two bills of demand both dated 17 September 2014 from the Selangor State Director of Royal Malaysian Customs ("State Customs") for the following:

   (i) Excise duty amounting to RM35,698,219.81 for period of 1 July 2011 to 14 January 2014;
   (ii) Sales tax amounting to RM13,763,381.02 and penalty amounting to RM6,881,690.56 for period of 1 July 2011 to 14 January 2014.

   As the matter with the Customs is still on going, it is inappropriate to have an open discussion on this less we prejudice our case. As such, the Company is unable to disclose any further details at this stage.

2. Please enlighten shareholders on the negative implications on the Group's performance amid a significant hike in beer duties, ranging from 10% to 99% effective 1 March 2016?

   We are doing all we can to minimise the negative impact of the significant hike in duties on our financial results. We have adjusted our selling prices selectively bearing in mind that we have to keep our beer affordable to our customers. We have also worked around our value chain to try and offset the tax increase as much as possible. Additional initiatives will be undertaken depending on market responses.

3. We noted that on page 128 of the annual report 2015, the Group will suffer a drop of pre-tax profit by RM6.9 million assuming a strengthening of Ringgit Malaysia by 10%. In this regards, please enlighten shareholders to what extent is the Group carrying out hedging transactions? What percentage of the exports was in forward sales vis-à-vis spot sales?

   The Group leverages on its export sales proceeds to pay for its purchases in foreign currency (Natural hedge). As such, the Group does not carry out any forward hedging transactions in foreign currency.

4. Please explain why Luen Heng F&B Sdn Bhd's (LHFB) business is no more aligned to the Group's core business when in FYE 2011 it was deemed to be? What was the original cost of investment in LHFB?

   The Group's partnership with LHFB over the last 7 years has been a strategic commercial tie up. The disposal was in line with our parent company Carlsberg Group's strategy to 'Focus on beer as core' and to maximize the return on capital investment. The wine and spirits business is very capital intensive due to in particular the high value of the products as well as the need for keeping inventories. Also, commercial synergy between beer and wine/liquor is limited.

   The original costs of investment in LHFB was RM2.1 million on 1 December 2008.