

*Fulfilling Our Social, Economic
and Environmental Commitments*



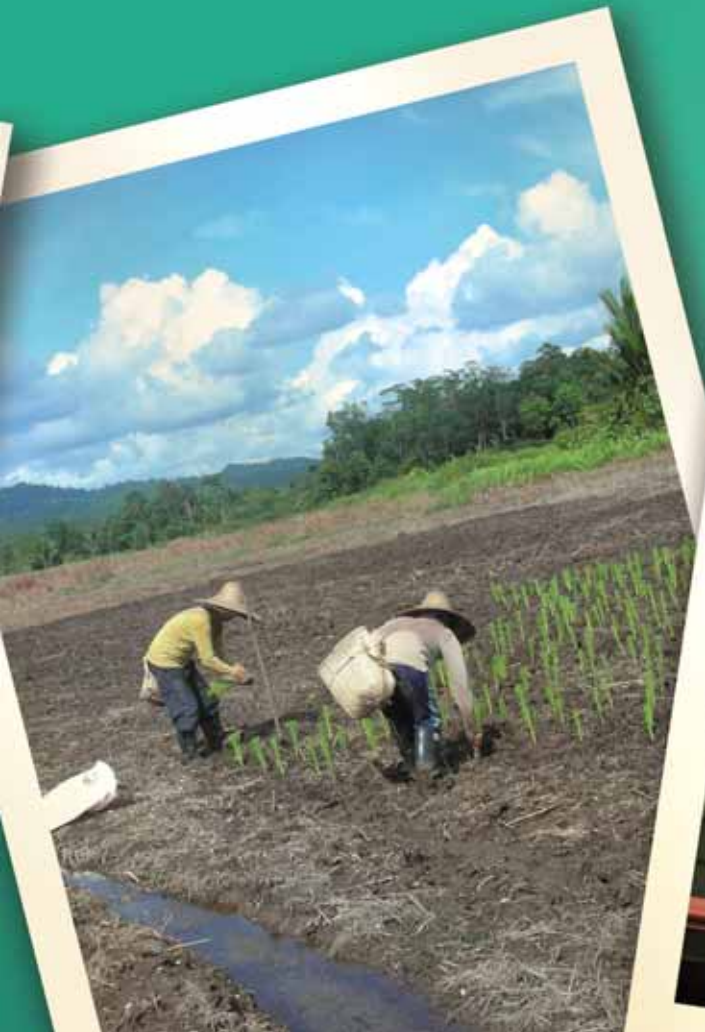
Inside

Fast Facts	2	From the Managing Director	4	Nestlé, a Humanitarian Beginning	6
The “Nest” – the Pride of Nestlé	6	Our Commitment to Malaysia	7		
What Corporate Responsibility Means to Us	9	Our Respect and Care for the Community	12		
Our Commitment to the Environment	14	Our People and the Workplace	18		
Our Consumers and the Marketplace	24	“Dear Nestlé” Programme Rewards Consumers	26		
Ensuring Freshness at All Times	27	Stakeholder Engagement	28	CR Case Study-1	30
CR Case Study-2	32	CR Case Study-3	34	Targets & Achievements	36
External Assurance – Awards	48	Corporate Governance	50	Performance & Compliance	51
From the Corporate Responsibility Committee	55	Nestlé Contact Details	56		

12 *Our Respect and Care for the Community*



14 *Our Commitment to the Environment*



18 *Our People and the Workplace*



24 *Our Consumers and the Marketplace*



Fast Facts

The Nestlé Group

- Founded in 1866 by Henri Nestlé
- World's largest food manufacturer, headquartered in Switzerland
- Present in over 100 countries
- Employs 276,000 people worldwide
- 480 factories in 86 countries
- 75 factories and 100 manufacturing lines are Halal-certified
- Over 6,000 brands and 10,000 products
- World's largest private nutrition research capability based in Switzerland
- 17 R&D Centres worldwide
- RM6 billion investment annually on R&D

Nestlé Malaysia

- Established in Malaysia in 1912
- Leading Halal food manufacturer
- Employs 4,000 people
- Over 300 Halal products
- RM3.4 billion in turnover in 2007
- Head Office based in Petaling Jaya, Selangor
- 7 factories and 6 sales offices
- 1 National Distribution Centre

Categories of Products in Malaysia

- Coffee and Beverages • Culinary Aids / Prepared Foods
- Milks • Junior Foods • Infant Nutrition • Adult Cereals
- Chilled Dairy • Ice Cream • Chocolate and Confectionery
- HealthCare Nutrition • Performance Nutrition
- Liquid Drinks • Nestlé Professional

“Meeting the needs” should very much also be seen as a case for providing goods and services for people everywhere, for providing value for money, and also to ensure that the inhabitants of poorer countries have some choice.

Peter Brabeck-Letmathe

Chairman and Chief Executive Officer, Nestlé S.A.



*Business Executive Manager, Chilled Dairy,
Ms Yit Woon Lai explains the value-added benefits
of chilled products to Mr Brabeck-Letmathe during his visit
to the Nestlé, Nourishing Malaysia Showcase.*

From the Managing Director

Our commitment to Malaysia remains steadfast, and we will continue to improve the quality of lives of Malaysians through our brands and products as well as our Shared Value Creation activities.

As the largest food and beverage company in Malaysia, we have a social and moral obligation towards helping build the nation. Over the 95 years we have been present in this country, we have done our part to share value with the local communities, in our effort to bring further progress to the nation. We have grown with the nation, and will continue doing so.

Our stakeholders are interested in our initiatives for Shared Value Creation and we are pleased to share our progress. This publication describes our most significant accomplishments in social accountability, community work, environmental sustainability and much more. I hope that you will find our second stand-alone Corporate Responsibility (CR) report informative and beneficial.

Since the launch of our first CR report last year, we have received a lot of feedback and response, which have been taken into account for this report. Be assured that our commitment to Malaysia remains steadfast, and we will continue to improve the quality of lives of Malaysians through our brands and products as well as our Shared Value Creation activities.

Our views of CR differ from most as we believe in Shared Value Creation, which is not only sustainable but also more dynamic and impactful. We also believe that our willingness to share such information further demonstrates our commitment to transparency and accountability which are essential to any company that adheres to the highest standards of corporate citizenship.

CR is part of Nestlé's DNA and clearly embedded in our long-term business strategy. Our company ethos states that in order for us to create value for our shareholders over the long term, we must also bring value to society. We have made clear progress and will continue to set new targets and exceed them in our efforts to contribute further to the growth of Malaysia. We will continue to do our part to uphold the principles that our customers, shareholders, associates and other stakeholders expect of Nestlé.

Building on the base established by our earlier report, this document highlights key initiatives and charts our progress in the community, workplace, marketplace and environment. We hope that you will have a better understanding of how Nestlé helps to Nourish Malaysians through the various Nutrition, Health and Wellness initiatives which contribute to our long-term business growth, as well as build sustainable communities, in line with the United Nations Millennium Development Goals.

We are in this for the long haul. We strive for excellence in every part of our business. Our aim is to offer greater value to our shareholders and consumers, create access to nutritious, good quality and safe foods and contribute to the long term social and economic development of the nation through our CR initiatives.

We encourage feedback as we believe it can help us do better. You will find our contact details at the back of this publication. Thank you for your interest.

Sullivan O'Carroll



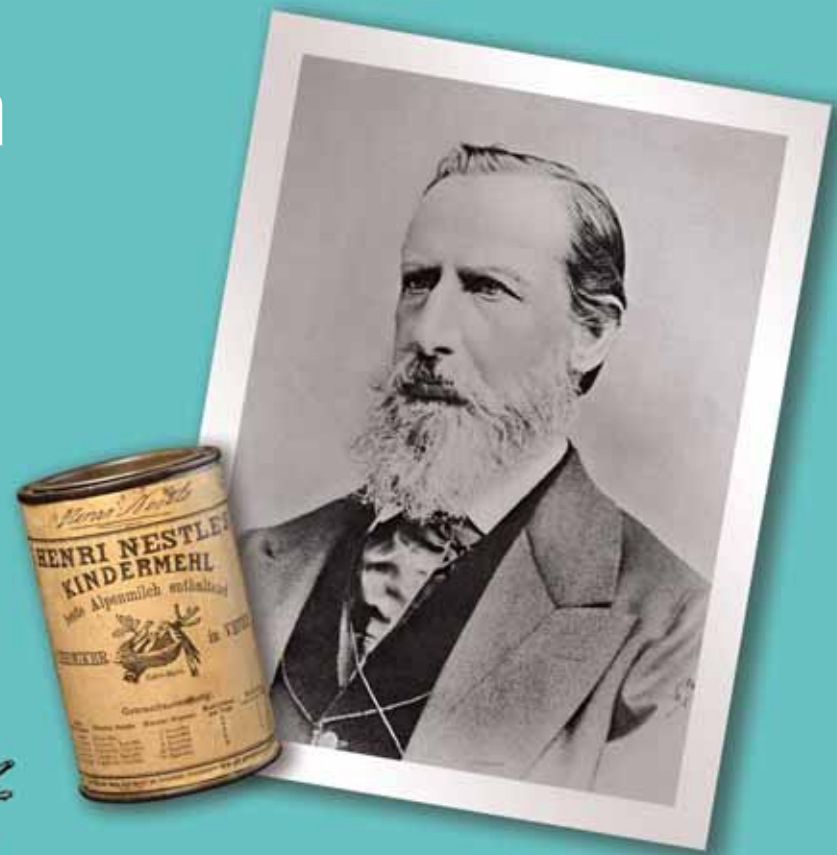
Mr Sullivan O'Carroll takes some "time off" to join Yvonne and her friend during play time at the Nestlé Learning Corner based at the Spastic Children's Association of Selangor and Federal Territory.

Nestlé, a Humanitarian Beginning

Often you will hear the phrase “CSR is part of Nestlé’s DNA”.

This is based on the fact that our founder – Swiss chemist, Henri Nestlé – developed a cereal-based product in 1866 to save the life of an infant who could not be breastfed. This is the legacy of Nestlé – to improve lives – a humanitarian deed which continues to inspire us more than 140 years on.

From its humble origins in Europe, the product – Farine Lactée Nestlé – soon became sought after in other markets; thus starting the global footprint of Nestlé.



Nestlé



The “Nest” - the Pride of Nestlé

Every Nestlé product carries the coat-of-arms developed by Henri Nestlé as a trademark in 1867. Translated from German, Nestlé means “little nest” and the now-famous symbol is universally understood to represent warmth, security, nourishment, family togetherness, nurturing and caring values to this present day.



Our Commitment to Malaysia

Nestlé strives to nourish the community holistically, through its brands and products as well as its long-term commitment to key stakeholders including employees, shareholders, business partners and the community at large.

From its origins which date from 1912, when it was then known as the Anglo Swiss Condensed Milk Company, Nestlé and its brands are trusted for their high quality. The Company was listed on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) in 1989. Starting from a small base in Penang, Nestlé Malaysia has today grown to include a large family of nearly 4,000 employees; 7 manufacturing facilities; 6 sales offices; and a turnover of RM3.4 billion in 2007.

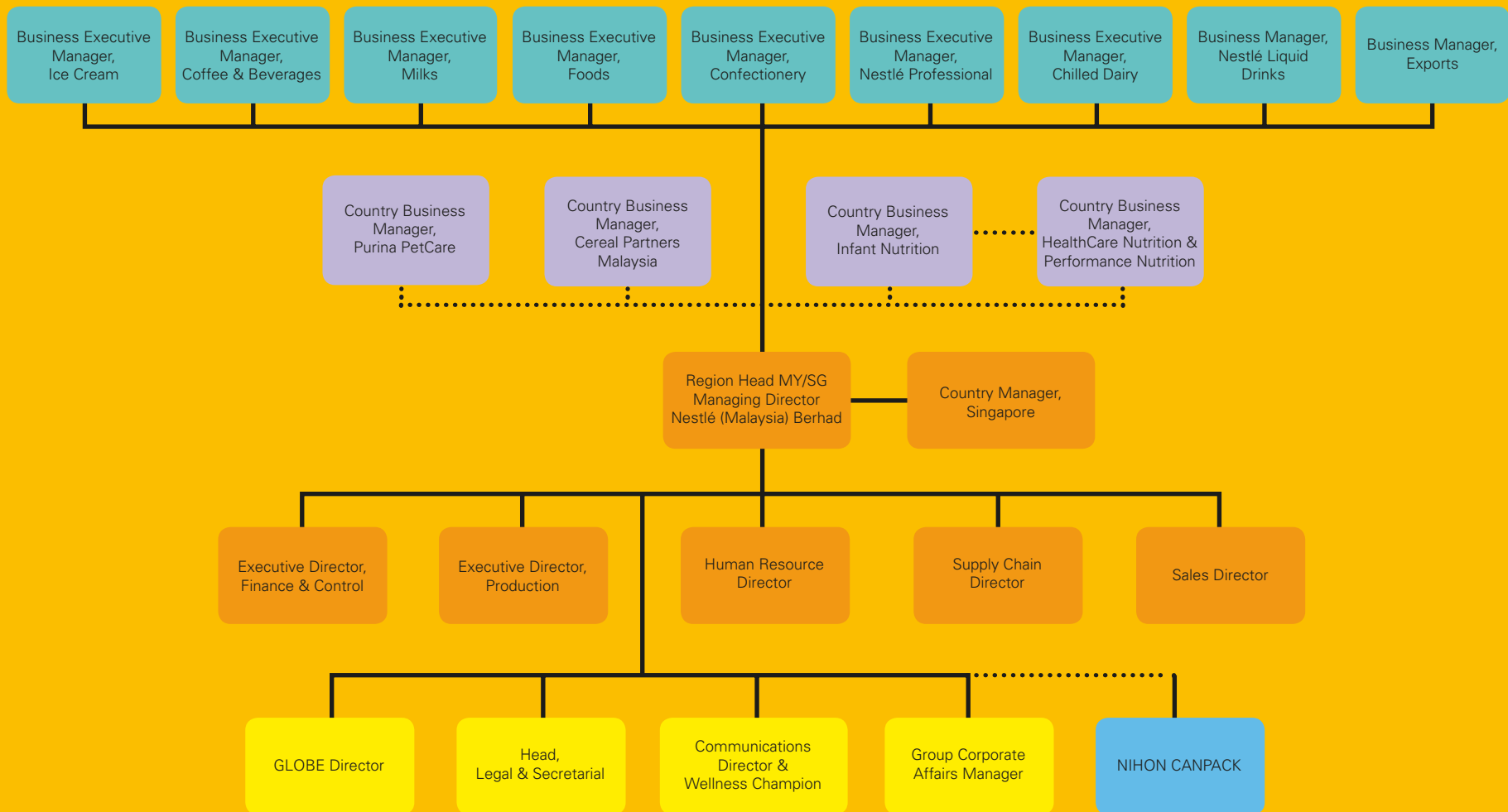
One of the most visible brands in Malaysia, Nestlé products are probably available in almost every household and many attest to growing up with a cup of MILO, while others start their day with NESCAFÉ. Be it MAGGI, NESPRAY, BLISS or KIT KAT, the brand is very visible and is an inherent

part of Malaysian culture and heritage. The Nestlé name is not only synonymous with Good Food, Good Life, but also with the various social activities that the Company has embarked on throughout its long history in Malaysia.

Led by its vision to Nourish Malaysia, Nestlé strives to nourish the community holistically, through its brands and products as well as its long-term commitment to key stakeholders including employees, shareholders, business partners and the community at large. We aim to create value for shareholders and hence society as we believe that corporate responsibility and sustainable business practices are an essential part of our long-term business strategy.

Nestlé (Malaysia) Berhad

General Management



SHARED SERVICES

LOCALLY-MANAGED BUSINESS

REGIONALLY / GLOBALLY-MANAGED BUSINESS

SHARED SERVICES

JOINT VENTURE



Happy children in Kampung Paus in the Ranau district of Sabah give their thumbs up for the kindergarten set up by Nestlé, with collaboration from Raleigh International and Pacos Trust.

What Corporate Responsibility Means to Us

Good corporate citizenship goes beyond philanthropy, intermittent altruistic activity or abiding by local laws. Companies that are good corporate citizens are not just “doing the right thing” but are implementing policies that in many cases result in positive long-term financial returns for the shareholders, while bringing in sustainable benefits to the community and the environment it operates in.

At Nestlé, we believe that a business strategy based on the provision of top quality food, nutrition and health products can only be maintained by business practices based on the principles of long-term sustainable development. This is defined as the process of increasing the world's access to better quality food, while contributing to long-term social and economic development and preserving the environment for future generations. We also believe that it is important to create and offer food products for consumers with differing nutritional needs and income levels as good food and nutrition are the right of every consumer.

Good corporate citizenship goes beyond philanthropy, intermittent altruistic activity or abiding by local laws. Companies that are good corporate citizens are not just “doing the right thing” but are implementing policies that in many cases result in positive long-term financial returns for the shareholders, while bringing in sustainable benefits to the community and the environment it operates in.

To ensure that its operating companies around the world adhere to consistent corporate behaviour and ethical business operations, the Nestlé Corporate Business Principles lay down clear guidelines for all Nestlé employees to uphold.

What Corporate Responsibility Means to Us

These Corporate Business Principles are consistent with the principles of the Global Compact and Nestlé managers around the world are encouraged to implement the Principles in the specific situations they work in.

To prioritise what is needed to address the more pressing needs of our community, we take the UN Millennium Development Goals as a basic guide to attain our objectives in the pursuit of shared value creation.

Any CR project undertaken has to support sustainable development and achieve one or more of the UN Millennium Development Goals. We regard the attainment of the UN Millennium Development Goals as important objectives for improving communities and the goals are as follows:

- a) Eradicate extreme poverty and hunger
- b) Achieve universal primary education
- c) Promote gender equality and empower women
- d) Reduce child mortality
- e) Improve maternal health
- f) Combat HIV/AIDS, malaria and other diseases
- g) Ensure environmental sustainability
- h) Develop global partnerships

Each Nestlé market has its own CR programmes – guided by the Nestlé's CSR concept of Shared Value Creation, an approach which believes in creating value for society while creating value for our shareholders. We firmly believe that it is our responsibility to conduct our business in an efficient and transparent manner and any investments that we make must be good for the country and the Company, while following acceptable codes of business conduct. For us, it is not sufficient to create share value, but we prefer to create *Shared Value* with society.

We have a track record of living up to this responsibility, not only in Malaysia but in various parts of the Nestlé world where we do business. We take our responsibilities seriously and we are aware that we have an impact that goes beyond our factory gates ~ to suppliers, the families of our employees, the communities we work in and many more. However, as any organisation of human beings, we also know we are far from being perfect and we must learn to continuously improve.

Nestlé employees who volunteered to serve members of the public refreshing cold MILO during the Merdeka Parade in conjunction with the 50th National Day celebrations.



Consumers benefit from complimentary health checks which were available during the Nestlé, Nourishing Malaysia Showcase held at MidValley Exhibition Centre.



Nestlé volunteers spending time with the children of Rumah Nur Salam, a halfway home for neglected children in the Chow Kit area.



The farmers in Serikin, Sarawak enjoy new income opportunities via Nestlé's contract farming for traditional red rice, a nutritious ingredient used in NESTLÉ infant cereals.



What Corporate Responsibility Means to Us

All our Corporate Responsibility efforts are carefully reviewed and implemented to ensure their consistency and relevance; to bring long-term value for society and the Company's shareholders; be it from a social, environmental or economic perspective in line with our objective of Nourishing Malaysia.

In an effort to clearly map out the work that we do, and will continue to do, the scope of Corporate Responsibility have been segmented in 4 broad areas:

- 1) Our Respect and Care for the Community*
- 2) Our Commitment to the Environment*
- 3) Our People and the Workplace*
- 4) Our Consumers and the Marketplace*

Our Respect and Care for the Community

Caring for the less privileged members in society has been a significant trait of the Company and over the years, this has developed into the spirit of providing equal opportunities. Nestlé favours education as a means to improve the quality of life as well as to ensure sustainable livelihoods which will help reduce poverty.

Nestlé regards the UN Millennium Development Goals as highly important objectives as they prioritise what is needed to address the most pressing needs of the society by focusing on poverty reduction, education and health issues. They address environmental sustainability and highlight the importance of relevant partnerships in order to achieve results.

Caring for the less privileged members in society has been a significant trait of the Company and over the years, this has developed into the spirit of providing equal opportunities. Nestlé favours education as a means to improve the quality of life as well as to ensure sustainable livelihoods which will help reduce poverty.

To this end, our commitment to helping rural farmers improve their income through our contract farming programmes have yielded positive results in creating shared value.

The focus on education, in particular for children who are physically and intellectually challenged or from less privileged backgrounds, is complementary to Nestlé's values of promoting nurturing and caring qualities. Nestlé believes in equal education opportunities which will help them be independent and self-sufficient despite their own physical shortcomings or backgrounds.

Providing pre-school education to the less privileged children in rural Sabah, through a collaboration with Raleigh International and Pacos Trust, has achieved positive results from the regular reports sent by the pre-school teachers at these kindergartens. The Nestlé Learning Corners set up in schools for the physically and intellectually challenged children have brought great learning opportunities to these special children as they are exposed to educational and fun programmes through the computers, television, films, music, books and toys.

As a leading food company, we also nourish the community through our products which help to provide basic nutrition to those in need, particularly orphans, the aged and the underprivileged. Through the monthly food aid programme, Nestlé currently assists some 30 charitable organisations to bring wholesome nourishment to those under their care.

Caring for the community is not limited to just giving financial or product assistance. Putting into practice our corporate value of Involvement, we encourage our employees to get involved in community work through our Employee Volunteer Programme ~ NESTLÉ ROCKS (an acronym for REACHING OUT to COMMUNITY & KIDS). Employees are given 16 hours of "time off" each year to volunteer their time at any of the 30 charitable organisations under Nestlé's care. We believe that this is a big step forward in internalising corporate social responsibility to our employees while making a difference in a small way.

CLOCKWISE, FROM TOP LEFT:

Our Nestlé ROCKers taking on a caring role as guardians to the children from Praise Emmanuel Children's Home during an outing to the National Zoo.

Reading together during the launch of the Nestlé kindergarten at Kampung Paus, Sabah.

Our sampling vans were deployed to reach out and nourish the communities who were affected by the floods in Johor.

Over the past 8 years, Nestlé and e-Homemakers have celebrated Mother's Day by honouring special mothers who have been exemplary in providing love and care to their families and others.

Happy faces of the children at Rumah Nur Salam during the celebration of the second anniversary of the Nestlé ROCKS programme.



Our Commitment to the Environment

Preserving natural resources and minimising waste has become a part of our daily business operations and it is integral to our strategy to achieve global competitiveness.

The Nestlé Policy on the Environment was published in 1991 to define our worldwide strategy on environmental issues and to state our long-standing commitment to environmentally sound business practices. It is communicated widely both internally within the Nestlé Group and externally to all interested parties and institutions.

Preserving natural resources and minimising waste has become a part of our daily business operations and it is integral to our strategy to achieve global competitiveness. This enables us to contribute to sustainable development – meeting the needs of the present, without compromising the ability of future generations to meet their own needs.

The Company continues its integration of sustainable development practices into its day-to-day operations, with emphasis on Safety, Health and Environment while giving priority to conservation and source reduction over “end-

of-pipe” environmental solutions. An important contributor to sustainable development is our commitment to use local agricultural raw materials where feasible. Associated with this is our Agricultural Services’ extensive support and guidance for farmers in crop management and sustainable practices.

This is an extension of the Sustainable Agriculture Initiative (SAI), founded by several major food companies to ensure sustainable practices, and aims to address the quality and safety of the food supply chain, the growing global demand for food and the possible adverse effects of agriculture on natural resources and the environment. For further information, please visit www.nestle.com/csv/SAI or www.saipatform.org.

We have invested significant resources in the Nestlé Environmental Management System (NEMS) which helps ensure compliance with legislation and with the Nestlé Policy on the

Environment. This will ultimately help the Company achieve continuous performance improvement and contribute towards sustainable development.

NEMS is completely aligned with the requirements of the international standard ISO14001:2004. It is based on the continuous improvement management cycle and is depicted in the NEMS spiral on page 16. Numbering in the spiral refers to the relevant elements of ISO 14001:2004 and also to the corresponding subsections of this instruction.

To be aligned to internationally-recognised environmental management system standards, we are seeking external certification of ISO 14001 for all our factories. This will provide a common language and enables compliance to be demonstrated more easily to our stakeholders.



CLOCKWISE, FROM TOP LEFT:

The MILO UHT packaging is made of environmental-friendly materials that are recyclable.

Mr Brabeck-Letmathe, Chairman and CEO of Nestlé S.A. "greening" the factory with the Veitchia Palm tree assisted by Mr O'Carroll and Dr. Batato.

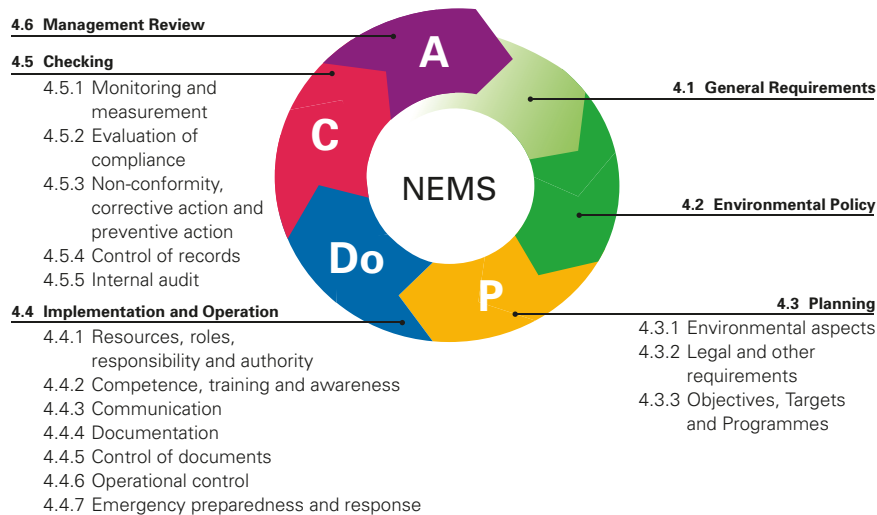
Our employees Jordan and Anis utilising the recycling area provided at the workplace.

Nestlé encourages good agricultural practices and provides the technical know-how to local farmers to ensure optimum utilisation of agricultural resources and practice sustainable farming methods.

Taking a proactive step towards creating greater awareness on safety at the workplace, Nestlé launched the NIOSH-Nestlé Safety Passport system aimed at educating workers and contractors of the hazards and risks at the workplace.

Our Commitment to the Environment

The Nestlé Environmental Management System - NEMS (GI-14.001)



In addition to NEMS, we enforce a range of internal technical performance standards, which meet or exceed Government regulations. Most notable among these are the Environmental Minimum Technical Requirements, which set standards in areas such as energy and water use efficiency, waste management, waste water treatment and air emissions to name a few.

We ensure compliance with these requirements with a comprehensive audit programme, covering management,

technical performance and plant safety. Additionally, performance to reduce our environmental impact is tracked with a range of indicators on a monthly basis, with overall annual figures reported to our corporate headquarters in Switzerland.

Despite an almost 55% increase in our domestic and export production tonnage since 2000, all of our key indicators show an overall continuing reduction in environmental impact, as can be seen from the examples that follow.

The Integrated Management System (IMS) is a consolidated management system with a unified single process aimed at addressing the needs of management to ease overlapping duplication and thus, inefficiencies, that arise from separate implementation of each area of Safety, Health and Environment (SHE), and food safety in Nestlé. ISO 14001 is one of the key components that are to be incorporated into the IMS certification.

The factory in Petaling Jaya was the pilot factory which underwent IMS Certification, with the certification audit carried out in December 2007.

Based on an internal road-map, by the end of 2008 all factories in Malaysia will be IMS certified. The IMS certification includes 3 systems as below:

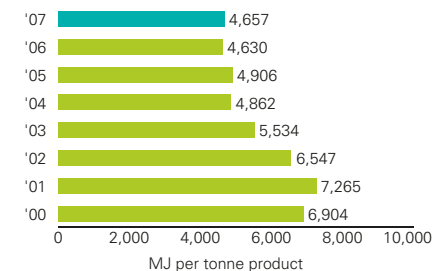
- Food Safety Management System
- Environmental Management System
- Occupational, Health and Safety Management System

Environmental sustainability has risen to the top of the agenda in many countries during 2007. Nestlé Malaysia is well positioned to benefit from this trend, as we have a long track record of continuous

improvement in this area. The challenge is now to expand our focus beyond our direct operations, to take a total life cycle view of our products, and to help our colleagues in marketing, sales and communication to leverage environmental benefits to position Nestlé as a brand that stands for sustainability. Our Key Performance Indicators (KPI) include energy consumption, water consumption, air emissions and packaging material usage.

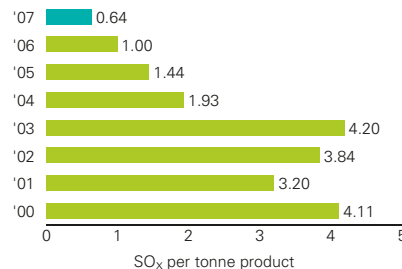
Based on the 2007 KPI on energy consumption, there was a slight increase of 0.59% compared to the previous year. This is due to the start up of a new production line in 2007, whereby the commissioning requires energy without production. (refer to Chart 1)

Chart 1
Energy Consumption



Our Commitment to the Environment

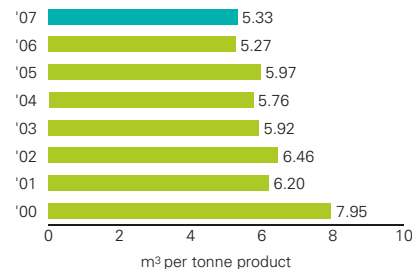
Chart 2
Air Emissions



The Company also continued to achieve performance improvements in air emissions. There was a reduction of about 53% in sulphur dioxide (SO_x) per tonne of product. (refer to Chart 2)

The year under review has seen a slight increase in water consumption in m³ per tonne of product of 1.14% compared to the previous year. The main contributor to the increase of water consumption was due to the start-up and commissioning of new production lines. Process and product validation as well as extensive cleaning cycles required the use of water without generating sellable products. The overall trend however for the past 6 years has shown a steady reduction of water consumption of more than 3.5% annually. (refer to Chart 3)

Chart 3
Water Consumption



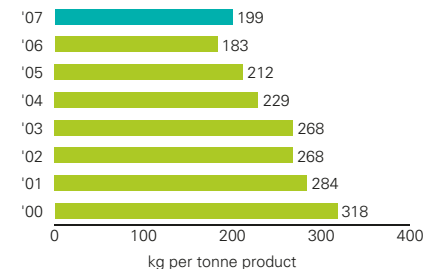
Integrated Waste Management is targeted at ensuring that one service provider handles all the following 3 key areas :

- Destruction, disposal & waste management on site
- Animal feed sales
- Scrap material sales

Nestlé Malaysia is currently implementing the Integrated Waste Management for all the factories together with the Central Return Warehouse (CRW). Apart from the factories, the CRW will also need to report their figures on solid waste disposal once the Integrated Waste Management is in place.

As for optimisation in packaging, there was an increase of 8.74% in the usage of packaging materials. The year under

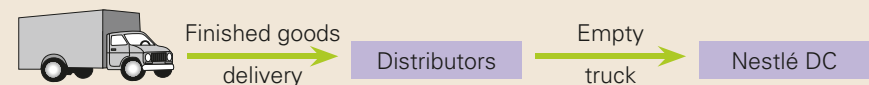
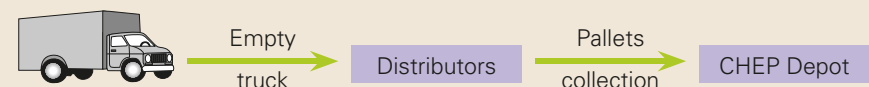
Chart 4
Packaging Material Usage



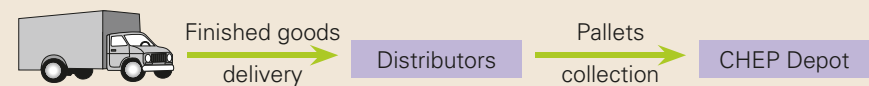
review shows a slight increase in the usage of packaging materials per tonne of product. This was due to the increased usage of glass bottles, driven by higher demand of export volume in cold sauces. Through continuous improvement, the overall packaging materials specification is at optimised level and overall on the lower trend as compared to the year 2000. (refer to Chart 4)

Climate Change Initiative - Reduction of CO₂ Emission

- **Pre-2007:** Dedicated trucks deployed to collect empty CHEP pallets all over Peninsular Malaysia - (2 trips or more)



- **POST-Jan 2007:** Trucks delivering finished goods to our Distributors will collect empty CHEP pallets (1 trip only)



Result: Estimated 25kg/month CO₂ emission were reduced by trips optimisation

Our People and the Workplace

Instilled in our people is “A Heart for Excellence” which encourages care in our pursuit to achieve success. Our corporate values of Trust, Respect, Involvement and Pride are observed and practised consistently at all levels throughout the organisation.

At Nestlé, we believe that each employee should have the opportunity to develop his or her potential in a safe and fair workplace where they are listened to, respected and valued.

Instilled in our people is “A Heart for Excellence” which encourages care in our pursuit to achieve success. Our corporate values of Trust, Respect, Involvement and Pride are observed and practised consistently at all levels throughout the organisation. Employees at each worksite who show exemplary qualities in living the values are recognised as “Values Ambassadors” in an annual awards presentation.

Involvement at all levels starts with open communication, whether on specific aspects of the business or about the activities of the Company in general. We encourage suggestions for changes and proposals for improvements of Nestlé’s practices.

Nestlé is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and the responsible attitude of its management and employees. Therefore recruitment of the right people and on-going training and development are crucial. The Nestlé Management and Leadership Principles emphasises the Nestlé values and is aligned with the Corporate Business Principles, which provides the foundation for our business practices. (Both documents are available at www.nestle.com)

The Company encourages continuous improvement through training, and the improvement of professional skills at all levels in the organisation, and career opportunities are based upon merit. ‘Nestlé on the Move’ is one prime example of this, as it helps our employees keep abreast with the most up-to-date and relevant competencies in view of their changing role in the organisation.

To achieve this, customised internal and external training programmes that focus on leadership competencies, functional competencies and personal effectiveness are continuously conducted.

Our employees benefited from over 6,000 training programmes in 2007, which is an increase of some 50% in participation compared to 2006. Total training man days also increased from 10,642 in 2006 to 15,418 training man days in 2007, achieved through more in-house training programmes.

In 2007, the Company collaborated with the National University of Singapore to conduct the Value Based Leadership and Personal Effective Programmes, targeted at managers to reposition themselves for leadership and personal effectiveness in managing teams in a network organisation.

CLOCKWISE. FROM TOP LEFT:

Living the values of Involvement and Pride, our employees volunteered their time during the Merdeka celebrations.

The Milks Business team which inspires Trust to deliver top quality products to consumers.

Chef Muluk showing how to prepare a nutritious dish during a cooking demonstration for employees.

Employee involvement in wellness activities.

A Mission Directed Work Team at Shah Alam Complex working their way to being world class, taking a breather with Mr Brabeck-Letmathe, Dato' van Dijk and Factory Manager, Mr Adnan Pawanteh.





a heart for
excellence



'A Heart for Excellence' logo shows of a very special bond where talent and skill converge, "arms" outstretched to each other in a picture of unity.

T rust

We earn trust from each other, consumers and business partners with our competence, honesty and integrity.

R espect

We respect and care for our people and their diverse cultures, religions and traditions.

I nvolvement

We are enthusiastically involved in proactive change to create sustainable and profitable growth.

P ride

We feel proud in passionately building successful brands through our people and the quality of all our activities and products.

Our People and the Workplace

YOURVoice 2007 - Organisational Climate Survey

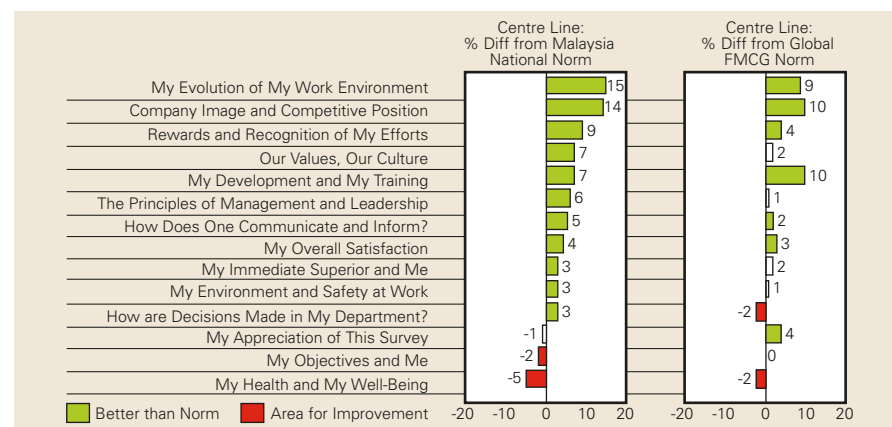
THE SURVEY PROCESS

The Organisational Climate Survey was conducted from 22 October to 9 November 2007 in Nestlé Malaysia. The management staff participated in an online survey while other employees filled in the printed questionnaires which were jointly designed by the Nestlé HR team and consultancy firm, Towers Perrin International Survey Research.

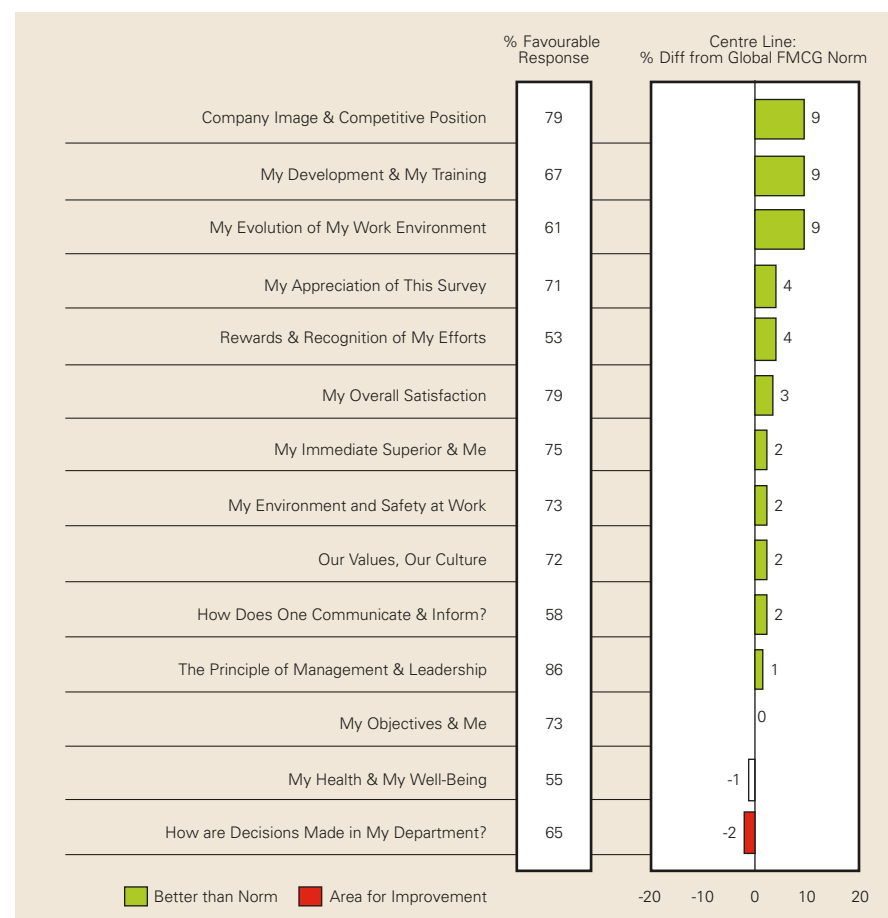
THE RESULTS AT A GLANCE

- Nestlé's 2007 survey results remain significantly more favourable in most categories when compared to employees in other companies within the region and other Global FMCG organisations.
- Compared to Global FMCG organisations, employees' feedback indicate we have a strong competitive image in the market, that we offer quality training and we provide a working environment that is underpinned by our key values.

Nestlé Malaysia performs significantly above regional & industry peers in most categories



Results for Nestlé are significantly above Global FMCG Organisations

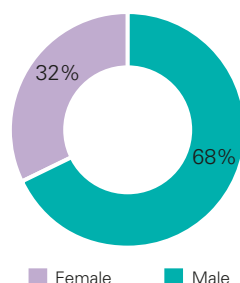


Nestlé Malaysia 2007 vs 2005

Nestlé Malaysia 2007 findings identify that we have not performed as strongly in some areas compared to 2005 including My Objectives & Me and My Evolution of My Work Environment. While we celebrate and build on our strengths, the Company needs to take up the challenge to work on areas that need improvement as indicated by the survey.

Our People and the Workplace

Total Gender Equality
as at December 2007

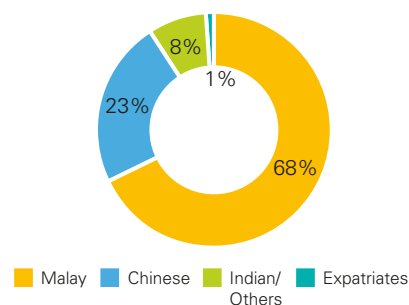


In line with the continuous learning effort, the introduction of e-Learning has added a new dimension to the existing levels of training in Nestlé where training content is delivered via all electronic media. More than 800 e-Learning courses have been completed in 2007 with an average of 57 active users per month.

As an indication of the interest to work in Nestlé, the recent Management Trainee recruitment exercise (August 2007) saw more than 2,000 applications, although ultimately only 8 people were recruited.

Nestlé Products Sdn Bhd also signed a new Collective Agreement with its employees for the period between 2007 – 2009 with the National Union of Commercial Workers; incorporating performance elements.

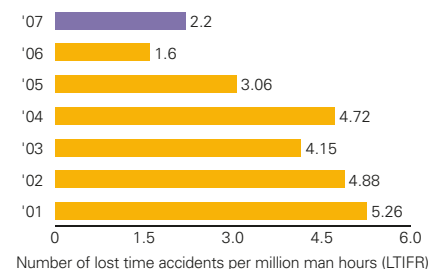
Total Ethnic Diversity
as at December 2007



TOTAL GENDER EQUALITY

Nestlé Malaysia has a total of 4,085 permanent employees as at end of December 2007 with 68% males and 32% females. In 2007, we recruited slightly more females than males for management positions while for non-management positions more males were recruited, mainly due to the nature of work - e.g. Plant Operators (majority) and sales representatives. Looking at 2007 total placements, only 15% were management level while the balance were non-management. Adding the 2007 total placements to the existing population resulted in Nestlé having more male than female employees.

Safety



TOTAL ETHNIC DIVERSITY

In terms of ethnic diversity of total Nestlé Malaysia employees as at end of December 2007, the distribution is 68% Malays, 23% Chinese, 8% Indian/Others and 1% Expatriates, which is in line with the distribution of ethnic mix in Malaysia.

SAFETY AT THE WORKPLACE

As stated in the Nestlé Policy on Health and Safety at Work, we regard our people as our most valuable asset and place the highest priority on protecting them. Preventing work-related injuries and illnesses and integrating health and safety of our employees into all aspects of our business is an essential part of our strategy to become a trusted health and wellness company.

Critical to our safety management strategy is the launch in 2005 of our Behavioural Based Safety Programme in all factories as well as at our National Distribution Centre. Unlike traditional top-down safety programmes, this is fully integrated into our day-to-day operations and emphasises a bottom-up change in employee attitudes towards personal safety, while providing each person with the skills to identify hazards and minimise risks both at work and in their everyday personal lives. Fully integrating this programme with our Mission Directed Work Teams initiative ensures that safety is treated as an integral part of the way we work – a critical factor in ensuring the success of any safety programme.

Our key safety performance indicator, the Lost Time Injury Frequency Rate (LTIFR), continues to show a positive trend. This indicator measures all absences from work of at least one day due to a work-related injury or illness - a widely accepted international standard that is based on the US-OSHA accident measurement standards. (refer to the chart above)

Our People and the Workplace

2003	2004	2005	2006	2007
Setting up of a National Distribution Centre Safety, Health & Environment (SHE) Committee	- Official LTIFR reporting to Nestlé Management - Centralisation of Market Returns Management - Reduction of waste to landfill - Increase sale of recyclable materials	Organised 1st SHE Day for Nestlé MY at National Distribution Centre (NDC)	Conducted Behavioural Based Safety Programme	- Supply Chain Security, Safety, Health & Environment (SSHE) committee formed - Base Audit of SHE Management with 3 plants - Crisis Management Drill at NDC (BCP) - Implementation of BCP with selected 3 plants - Launch MDWT

2007 and Beyond	
- Implementation of Nestlé Compliance Assessment of Human Resource Safety, Health & Environment (CARE) policy - Enforce Nestlé National Institute of Occupational Safety & Health (NIOSH) Safety Passport system to all contractors - Incorporation of environmental data from Central Returns Warehouse in monthly SHE reports - Behavioural Based Safety refresher programme to all staff	- Continuous coaching to ensure sustainability of MDWT practice - Vehicle maintenance & safety briefing tracked and reported at Transporters' monthly performance review - Extending SHE values & practice to our partners

Nestlé Malaysia Supply Chain emerged the winner in the internal market competition with their topic entitled "Nestlé MY Supply Chain SHE Management". The winning entry will now compete against other Nestlé market entries for the Nestlé Safety @ Work Award 2007; the results of which will be announced in April 2008.

Nestlé Supply Chain has also taken its SHE initiatives to another level by involving the logistics and third party warehouse partners in 2007, whereby various good practices have been shared via the following activities :

- SHE Management System
- Systematic Training for Truck Drivers
- Pre-Journey Checklist by Truck Drivers
- Loading Bay checklist by Truck Drivers
- Truck Parking Practices (i.e. use of Tyre Stoppers)
- Implementation of Business Continuity Plan (BCP) – Avian Influenza / Human Pandemic Preparedness with Nestlé
- Ammonia Safety Assessment & Improvements
- Road Safety Campaigns
- Forklift and Reach Trucks Training.

Our Consumers and the Marketplace

Nestlé's transformation into a trustworthy and responsible Food, Nutrition, Health and Wellness company augurs well for the consumers as the Company is more proactive in providing healthy solutions and value-added products with health benefits to meet the current and future needs of consumers.

As a consumer-driven company, Nestlé manufactures and markets its products to meet the needs of local consumers, and this can be a big challenge as Nestlé has operations in more than 100 countries around the world. In this respect, Nestlé consumers all over the world enjoy world-class manufacturing facilities, the best private R&D capability in food and nutrition, international quality and safety standards but with products catered to local preferences.

Consumers' trust has always been the key priority for Nestlé and we aim to nurture this trust by offering good quality and safe products with the peace of mind that all products manufactured, marketed, imported or exported by Nestlé Malaysia are certified Halal by authorised organisations.

Communicating with consumers as well as gaining their insights are important to Nestlé. Hence, we have a dedicated

Consumer Services Centre to meet the relevant needs of our consumers whether it be information, feedback or advice, through our service hotline: 1-800-88-3433.

Nestlé's transformation into a trustworthy and responsible Food, Nutrition, Health and Wellness company augurs well for the consumers as the Company is more proactive in providing healthy solutions and value-added products with health benefits to meet the current and future needs of consumers. The Nutrition, Health and Wellness re-positioning of Nestlé is also in response to the changes in demographics, the demands of a hectic lifestyle, the increase in non-communicable diseases, the speed of communication and travel, and many other factors.

We aim to continue our collaboration with the Ministry of Health and other relevant non-governmental organisations

(NGOs) to improve the eating habits and nutritional status of all Malaysians. The Company's Nutrition, Health and Wellness strategy complements the Government's 10-Year Nutrition Action Plan which will further benefit consumers. A number of initiatives have been implemented including the reduction of sugar, sodium and fats in our range of products, the fortification of products to bring added health and nutrition benefits as well as the introduction of Popularly Positioned Products which are nutritious and affordable.

Furthermore, Nestlé proactively engages with NGOs such as the Nutrition Society of Malaysia and the Malaysian Association for the Study of Obesity to help create better awareness on nutrition and health related issues to all Malaysians. In relation to this, as a follow-up to the Nestlé-UKM survey on the eating habits and nutritional status of primary schoolchildren in Peninsular Malaysia which was commissioned in 2001,

Nestlé has invested in a second study to assess the current nutritional status among our primary schoolchildren in both Peninsular Malaysia and East Malaysia. The results will be made available to the public in 2008.

Consumers who choose Nestlé products are not only assured of safety and quality but our products are now more nutritionally-balanced with added health benefits. Consumers are also provided with user-friendly information on-pack with the introduction of the Nutritional Compass on all our products.

Globally, Nestlé will continue to invest in R&D, innovate and renovate new and existing products to ensure they are more nutritious and healthier. Our consumer communications are also consistent with this strategy, as with our supply chain operations to ensure our products are safe, fresh and of top quality at the point of purchase.

CLOCKWISE, FROM TOP LEFT:

NESCAFÉ, a global brand is locally produced to meet the taste preferences of its local consumers.

MAGGI Mee Goreng is popular at the “mamak” stalls.

Nurturing young talents is part of the Nourishing Malaysia activities which benefit consumers.

Our “Dear Nestlé” members enjoying a food tasting session at a Nestlé event.

Nestlé brands and products transcend generations and provides for all life stages.



“Dear Nestlé” Programme Rewards Consumers



The “Dear Nestlé” loyalty programme, which is in its 11th year offers free nutrition information, recipes, samples, discount vouchers and invitations to forums and cooking demonstrations.

As Nestlé Malaysia is at the forefront of promoting Nutrition, Health and Wellness, the “Dear Nestlé” programme is positioned as the nutrition and health partner which helps Malaysians achieve a well-balanced and healthy lifestyle.

There is also an online version of the mailer at www.nestle.com.my/dearnestle. The online version features more nutrition and health related articles, recipes and interactive tools like a Body Mass Index (BMI) and calorie calculator.

The programme has received very positive feedback from the consumers, especially in the areas of Nutrition, Health and Wellness. Here are some of the feedback from the members.

“My family and I are determined to lose weight for the sake of our health. We are following the guidance and tips given by Nestlé on having a balanced diet and have reduced my weight. It has also worked for my family. Thank you Nestlé.”

En. Mohd. Elmey Bin Mohd. Arshad, 28 years old

“Thank you for the wonderful Dear Nestlé diary! This is the first time Nestlé has introduced a health chart for the entire family. Health is for everyone and Nestlé has the best value products. I’ve shared many nutrition tips with my friends and will definitely introduce more products to all my friends!”

Mrs. Gordip Kor Lall Singh, 49 years old

“I was looking for a way to start my exercise routine after giving birth to my second baby. When I saw the simple steps for exercise on the website, I was able to practise them even if I am ‘very, very, very’ busy. So thanks to Dear Nestlé for this.”

Mrs. Lee Yun Kiew, 33 years old



Ensuring Freshness at All Times

With growing consumer awareness of product quality and increasing customer demands for longer remaining shelf life, Nestlé has embarked on an integrated, company-wide approach to freshness in order to accelerate market responsiveness to what the consumers want as they are at the heart of our business.

Freshness is of prime importance to Nestlé Malaysia and the Company continuously works to ensure that the freshest products are delivered to customers and consumers. With growing consumer awareness of product quality and increasing customer demands for longer remaining shelf life, Nestlé has embarked on an integrated, company wide approach to freshness in order to accelerate market responsiveness to what the consumers want as they are at the heart of our business.

‘Time to market’ is the key principle by which we ensure that our products stay fresh when they reach the consumers. This is achieved with continued efficiency in the end-to-end Supply Chain from raw materials to finished goods. ‘Delivering Freshness’ is a Nestlé Best Practice which is integrated into the daily business processes and cross-functionally aligned from purchases of raw materials and packaging materials to production, inter-market supply, physical handling, route-to-market and quality of sales.

The ultimate objective is to establish an effective and efficient management of product shelf life across the entire business to deliver product freshness to expected physical standards.

The Key Performance Indicator (KPI) for freshness is the Inventory Freshness Index where we measure the ‘% remaining shelf life’ as a standard and establish escalating global targets to monitor performance and improvements to deliver the FreshNes strategy. Information visibility is fully supported by our GLOBE-SAP Business Warehouse reports. This KPI is part of a coherent set of business performance measures to provide a transparent view of the different aspects of Supply Chain performance for continuous improvement. This is one of the emerging priorities as one can only manage and improve what is measured.

Stakeholder Engagement

Our efforts to engage more effectively with our stakeholders and gather their understanding and expectations of our long term CR concept of “Shared Value Creation” culminated in a one day dialogue session with senior representatives from local and international NGOs including the United Nations Development Programme (UNDP), Transparency International, Malaysian Institute of Corporate Governance, Institute of Strategic and International Studies (ISIS) Malaysia, ACCA, WWF Malaysia, Yayasan Salam, Malaysian Nature Society, Institute of Corporate Responsibility Malaysia (ICRM), Human Rights Commission of Malaysia (SUHAKAM), Malaysian International Chambers of Commerce & Industry, Business Council for Sustainable Development of Malaysia (BCSDM), Federation of Malaysian Consumers Association (FOMCA), Malaysian Association for the Study of Obesity (MASO), Nutrition Society of Malaysia and the National Council of Women’s Organisations (NCWO), Malaysia.



Shareholders attend the Nestlé AGM to share their feedback on the Company’s performance with the management.

The stakeholder convening which took place on October 31, 2007 was one of three similar dialogues commissioned by Nestlé and conducted by a UK-based independent third party consultancy, AccountAbility. The other two stakeholder convenings took place in Washington and Geneva for the US and European markets respectively.

The Kuala Lumpur stakeholder convening concluded on a positive outcome with both parties – the participating stakeholders and Nestlé – agreeing to the recommendations and action plans which would further enhance our CR initiatives in Shared Value Creation.



Media representatives attend the annual Nestlé Media Workshop on Nutrition, Health and Wellness to discuss related issues and developments.

Here are some of the proposed key areas of improvement recommended by the participating stakeholders:

Standards – set the benchmark in the industry to be an exemplary corporate citizen, upholding ethical business practices.

Nutrition – improve efforts to address the current lifestyle diseases such as obesity, diabetes, etc. through more proactive engagement with the various stakeholders and more effective communication.

Environment – undertake environmental initiatives which covers supply chain and focus on the conservation of natural resources while reducing waste.

Supply Chain – encourage suppliers and business partners to adopt sustainable business practices with clear Key Performance Indicators.

Nestlé will provide a report on the progress of its action plans to address the issues highlighted to the stakeholders by mid-2008 and a follow-up of these proposals will be reported in the next CR Review.



Shared Value is applied across Nestlé's Value Chain

	Agriculture and Sourcing	Manufacturing and Distribution	Products and Consumers
Value chain impact	Purchasing Practices	Environmental, Safety and Labour Practices	New/renovated products for Nutrition, Health and Wellness
Growth context	Agricultural and Supplier Development	Better Food Safety Standards and Workforce Development	Increase knowledge and awareness for healthy lifestyles
Nestlé benefit	Raw material access at specified quality and foreseeable price	Premium food manufacturer	Profitable growth from superior product benefits
Society benefit	Higher food output using fewer resources	Higher food production standards	Wider access to food and nutrition and health

Examples of Shared Value Creation in Nestlé Malaysia

	Contract Chilli Farming	Food Mentoring Programme for SMEs	Collaboration with MOH
Value chain impact	Purchasing Practices	Good Manufacturing Practices	New/renovated products for Nutrition, Health and Wellness
Growth context	Agricultural and Supplier development through transfer of knowledge	Improved food safety standards, legislation and Halal certification	Increase knowledge and awareness for healthy lifestyles
Nestlé benefit	Raw material access at specified quality and foreseeable price	Potential collaboration with SMEs for contract manufacturing or sourcing	Profitable growth from superior product benefits
Society benefit	Supplements income of farmers, reduces poverty in rural communities & reduces reliance on imports	Higher food production standards	Consumer confidence with products with value added health benefits
	Commitment to Halal	Conserving the Wetlands in Setiu	"Nourishing Malaysia"
Value chain impact	Purchasing & Good Manufacturing Practices	Sustainable Business Practices	Promote Nutrition, Health and Wellness
Growth context	Improve innovation technology and supplier development through Halal knowledge	Better understanding on environmental matters	Innovate & renovate nutritious and healthier products using R&D expertise
Nestlé benefit	Profitable growth through sales & exports of Halal products	Build goodwill with key stakeholders & develop consumer base	Profitable growth from high quality and value-added products, including PPP
Society benefit	Consumer trust and confidence on quality and peace of mind for Muslim consumers	Develop sustainable livelihoods through transfer of knowledge while conserving natural habitat	Meeting consumers' needs for healthier options in line with MOH's 10-Year Nutrition Action Plan

Shared Value Creation – Commitment to Halal

Nestlé Malaysia is currently the biggest Halal food producer in the Nestlé Group. Exports of Halal products to more than 50 countries globally contributed 22% to the total turnover in 2007.

Halal is not a new concept for us at Nestlé, in particular in Nestlé Malaysia. We have been consistently working towards promoting the Halal food business over the last two decades, even before “Halal” became a buzzword. Our interest in Halal was borne out of social responsibility and respect for our Muslim employees and consumers, but today we are truly beginning to appreciate the long-term investment we have made in manufacturing and marketing Halal products.

Nestlé Malaysia had established clear guidelines on Halal practices since the 1980s as a mark of respect and responsible obligation to our Muslim employees and consumers. Since the introduction of the JAKIM Halal logo in 1994, Nestlé has been proactively involved in promoting Halal standards and the official Halal logo to the public, in particular Muslim consumers.

The Nestlé Halal Policy clearly states that all food and beverage products that are manufactured, marketed, distributed and imported by Nestlé Malaysia must be certified Halal by the relevant authorised bodies.

As a result of its on-going commitment and efforts to the development of Halal products, Nestlé Malaysia has been recognised as the Halal Centre of Excellence for the Nestlé Group and a leading exporter of Halal products.

The awareness of Halal is developing rapidly particularly in non-traditional Muslim markets such as the UK and France. Due to growing consumer demand, many big retailers and hypermarkets are beginning to offer Halal products on their shelves.

With these potential business opportunities, Nestlé has further investments in Halal manufacturing facilities, research and development, capacity building, consumer insights and communication. Our experience and knowledge on Halal applications has resulted in 75 factories and more than 100 manufacturing lines being Halal-certified, and producing Halal products for the Nestlé Group.

Nestlé Malaysia is currently the biggest Halal food producer in the Nestlé Group. Exports of Halal products to more than 50 countries globally contributed 22% to the total turnover in 2007.

As Malaysia aspires to be a global Halal hub, Nestlé willingly shares its expertise and global networking with the relevant Halal authorities – from sourcing to distribution. This sharing of knowledge includes working with the SMEs in the local food industry on Halal standards; collaborating with the relevant Government agencies and NGOs as well as local universities to provide industrial exposure on Halal and industry-related Syariah programmes.

Halal is a life-long commitment because it is a way of life for all Muslims. Halal does not cover only the religious aspects but it adheres to very strict quality and hygiene compliance which are in line

with good manufacturing practices. Halal covers everything from farm to fork, or from sourcing of raw materials to distribution of products. Halal is about trust, responsibility, respect and strict compliance.

Our corporate responsibility commitment towards providing Halal products for our Muslim consumers have reaped us many benefits. Not only have Halal practices been embedded in our business operations but we have brought recognition to the Halal food industry through exports of made-in-Malaysia Halal products to over 50 countries worldwide. In addition, Nestlé has developed strategic alliances in the local and international Halal community. Our Halal commitment has provided a clear win-win situation for all parties, in particular to our consumers, both Muslims and non-Muslims, who benefit from Halal produced Nestlé products.

In recognition of its Halal commitments, Nestlé Malaysia received the inaugural Halal Journal Award for “Best Corporate Social Responsibility Project” in 2007 from His Majesty the King at the World Halal Forum in May 2007, for being the company which has contributed significantly to the development of Halal in Malaysia.



Shared Value Creation – Small and Medium Enterprise (SME) Mentoring Programme

Creating value for the local SMEs augurs well for the growth of the local food industry because it raises the quality standards of food manufacturing. This in turn will benefit all consumers who will have greater confidence in purchasing locally made products and reduce reliance on food imports.

The Nestlé-SME Food Industry Mentoring Programme, a joint initiative with the National SMI Consultative Centre (now known as the National SME Council), was established in 1999 with the objective to help local SMEs in the food industry achieve “world class” status in their operations to be globally competitive. To date, more than 2,600 participants from over 1,300 small-medium enterprises in the food industry across Malaysia have benefited from this mentoring programme since its inception 8 years ago.

The Mentoring Programme is in response to the Government’s call for the private sector to assist the SMEs to develop and meet the future challenges of a competitive global business environment.

It is also in line with Nestlé’s commitment to nurture the growth of the food industry through the sharing of knowledge and transfer of technology.

It is targeted at all SMEs in the local food industry including food and beverage manufacturers, retailers, operators, food service providers, restaurant owners, caterers, hoteliers, food packaging companies, food equipment and machinery suppliers.

Besides imparting good manufacturing practices, and improving quality standards and legal compliance to reduce food safety issues, and boost consumers’ confidence in the quality of locally-produced food products, Nestlé shares valuable insights on Halal

certification with food manufacturers interested in penetrating the Halal food market. The mentoring programme also includes training on international food standards, HACCP, marketing and sales, packaging and food preservation and other topics which are relevant to the food business.

All the modules offered under the programme are in line with the Government's strategies under the Ninth Malaysia Plan to create competitive, innovation-driven and performance-oriented SMEs in the country.

Nestlé is confident that the mentoring programme will continue to evolve as the food industry progresses. We need to be able to keep up with consumer trends to meet consumer needs while at the same time manage a complex and competitive business to fulfill the necessary regulatory requirements.

As a global food company with the world's largest private R&D facility in food and nutrition, Nestlé has a wealth of resources and expertise to share with local food companies. Creating value for the local SMEs augurs well for the growth of the local food industry because it raises the quality standards of food manufacturing. This in turn will benefit all consumers who will have greater confidence in purchasing locally-made products and reduce reliance on food imports.

For Nestlé, the growth of quality SMEs in the local food industry provides us with potential business partners. Participants under the mentoring programme may be selected to become suppliers or co-manufacturers for Nestlé and other global food companies. This development will further encourage excellence and drive competitiveness among the SMEs within the local food industry.



Shared Value Creation – Nestlé, Nourishing Malaysia in Nutrition, Health and Wellness

What people eat and drink affects the way they live their life and increasingly, consumers are benefiting from Nestlé products that go beyond taste and convenience. Nestlé is providing consumers with much more, integrating added benefits of Nutrition, Health and Wellness.

Nestlé recognises that food and beverages play an important role in people's lives – both in terms of personal health and nutrition and in terms of sociability and enjoyment. What people eat and drink affects the way they live their life, and increasingly, consumers are benefiting from Nestlé products that go beyond taste and convenience.

Nestlé is providing consumers with much more, integrating added benefits of Nutrition, Health and Wellness. Nutrition has always been the foundation of Nestlé's business and the Company has a strong base on which to build, through its 140 years of experience as well as its expertise in R&D in food and nutrition.

Food trends and consumption patterns are constantly evolving with lifestyle and demographic changes. The increase in obesity and the number of non-communicable diseases such as diabetes and cardiovascular ailments have heightened health concerns and created greater awareness for nutritional and health benefits.

Nestlé's strategy is based on offering products that have proven superiority in consumer preference and nutritional value over the competition. This is based on a proprietary product testing process which has a dual aim: gaining the approval of a majority of consumers in a taste test while bringing a nutritional "plus". The process helps to continually improve the taste and nutritional value of our products, contributing to market share gains and improved profitability.

To support our journey towards Nutrition, Health and Wellness, the Nestlé Group continues to invest worldwide in R&D spending approximately RM6 billion in 2007. The Nestlé Research Centre based in Lausanne, Switzerland is the world's largest private facility for nutrition related research.

What does this mean for the Malaysian consumer? To ensure that our products meet the local needs and preferences of consumers, Nestlé ensures it has the right consumer insights before a product is developed. Once the product is developed, it has to

pass the superiority in consumer taste preference and that there is a nutritional or health benefit to the consumer.

To help the consumer understand the benefits of a Nestlé product, the Nutritional Compass was introduced on all our product packaging. The Nestlé Nutritional Compass is a communication tool that gives clear and comprehensive nutrition information on-pack. The on-pack contact details provide consumers with access to the Nestlé Consumer Services Centre where they can provide feedback, request for product information or recipes and obtain nutritional advice.

Nestlé believes that everyone has a right to good nutrition and to this end, the Company is developing Popularly Positioned Products (PPP) which are more affordable and more readily available for the lower income consumers. Some PPPs are fortified to ensure consumers get added nutritional benefits. In Malaysia, we have introduced NESTUM Sarapan Berkhasiat which is high in protein, calcium, iron and other vitamins and minerals.

We are very conscious about communicating responsibly to our consumers, and in particular to children. The Nestlé Consumer Communication Principles provides guidelines to ensure

consistency and compliance in all our consumer communication. One of the major communication initiatives taken by Nestlé Malaysia was to organise the Nestlé, Nourishing Malaysia Showcase which was opened to our key stakeholders and consumers.

The Nestlé, Nourishing Malaysia Showcase provided a platform for Nestlé to showcase its efforts in bringing Nutrition, Health and Wellness to consumers. It enabled both stakeholders and consumers access to the “heart” of Nestlé and to experience first hand the product offerings, services and activities that Nestlé has on offer. More than 5,500 visitors attended the Nestlé, Nourishing Malaysia Showcase, with dedicated “Wellness Ambassadors” serving as guides.

Responding to consumers’ needs, integrating further into society and communicating the product benefits clearly will bring us closer to the consumer and ultimately create better trust. This will strengthen consumer loyalty and ensure a sustained and long-term business growth. Nestlé consumers gain value through access of safe, high quality and nutritious products. They also benefit from the nutritional knowledge and acquire better understanding of how they and their families can use Nestlé products in a healthy and balanced diet.



Targets & Achievements

MARKETPLACE – NUTRITION, HEALTH & WELLNESS

Our commitment to Nourish Malaysia by improving the health of consumers through our expertise in R&D in food and nutrition.

What we set out to achieve	What we have achieved to-date	Going Forward
Science - Be the leading company in Food, Nutrition, Health & Wellness and provide healthier options to meet the evolving needs of consumers. - Leverage our R&D expertise and the 140 years of nutritional experience to innovate and renovate products to improve the nutrition and health benefits. - Ensure we meet the highest quality and safety standards, in compliance with local and international regulations as well as in accordance with the Halal guidelines. - Help the Government achieve the objectives of the 10-Year National Plan for Action for Nutrition II, working with the Ministry of Health and relevant NGOs. - Complement Government's efforts to reduce the rise in diseases related to obesity and unhealthy lifestyles.	Science - New products with branded active benefits have been launched such as the NESTLÉ GOLD Infant Cereals with enhanced nutrient formulation such as BL BIFIDUS and PREBIO and MILO JUNIOR Growing Up Milk which contains DHA and ACTIGEN-E to meet the growing and development needs of children aged 3 to 5. - R&D expertise to develop products with specific dietary requirements for example NUTREN Diabetik. - Further investments were made to produce healthier air-dried noodles which contain 60%-80% less fat content. - Nestlé has commissioned UKM to conduct a follow-up study on the eating habits and nutrition knowledge of the nation's primary schoolchildren. The first study among 12,000 primary schoolchildren in Peninsular Malaysia was launched in 2001. - Collaborated with the Ministry of Education to launch the Healthy Schools Campaign working together with relevant academia (UKM) and NGOs (Nutrition Society of Malaysia and Malaysian Association for the Study of Obesity) to create awareness on the importance of nutrition among schoolchildren, teachers, parents and canteen school operators. - In an effort to create a knowledge platform for the benefit of the Malaysian medical and scientific fraternity, the Malaysian Chapter of the Nestlé Nutrition Institute (NNI) was launched in 2007. The Institute which operates as an "applied science" organisation is aimed at establishing a peer-to-peer relationship with healthcare professionals to help enhance the quality of lives around the world. The Malaysian Chapter of NNI will play an essential role in implementing and developing the Institute's activities such as workshops; sharing of health publications, journals and educational materials; as well as awarding scholarships to healthcare professionals in the country.	On-going investments in R&D and collaboration with the scientific community to improve our leadership in food, nutrition and health.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Consumer Communication - Continuously improve our understanding of consumer needs and preferences through effective consumer insights. - Improve consumer communications to help them understand better the Nestlé product benefits. - Enhance consumer loyalty and build consumer base through our value-added products and services. - Adhere to responsible advertising and marketing activities.	Consumer Communication - Website – www.nestle.com.my access to information on Nutrition, Health and Wellness. With new features such as a Fun and Learn section and the Wellness Centre, consumers will gain the relevant information they require to enjoy balanced diets and lead healthier lifestyles. - The on-pack Nestlé Nutritional Compass – first worldwide nutrition labelling initiative from any food company – provides easy-to-understand, relevant “Good to Know” information on nutritional content, “Good to Remember” nutritional tips and habits, and a “Good to Talk” panel that gives contact information for the Nestlé Consumer Services team for feedback and advice. - Regular communication with consumers through the “Dear Nestlé” Loyalty Programme. The Programme which reaches thousands of households throughout Malaysia is positioned as the nutrition and health partner that empowers Malaysians to achieve a well-balanced and healthy lifestyle. - An annual media workshop is organised for media reps to discuss relevant issues related to Nutrition, Health and Wellness. - Engaging with stakeholders to gather feedback on Nestlé products and services through various channels – focus groups, visitor surveys to the Nestlé Nourishing Malaysia Showcase, ongoing dialogues with NGOs and opinion leaders. - The Nestlé, Nourishing Malaysia Showcase aimed at showcasing the Company's products, activities and services further strengthens the Company's partnership with its key stakeholders, including consumers. More importantly, it demonstrates Nestlé's goals and vision to help ensure a healthier Malaysian society and work in tandem with the Government to combat the prevalence and rise of diseases such as obesity and diabetes by offering consumers new options that would help them counter the challenges of their evolving lifestyles. - Guang Ming Daily together with MAGGI, NESTLÉ OMEGA PLUS & NUTREN organised a wellness tour in the secondary Chinese markets. This activity which was held over a period of three months brought both medical and health consultants into 20 Chinese communities nationwide with the mission to educate them about the importance of “healthy living, nutritious diet and well-being”. - The Nestlé Consumer Communication Principles provides clear guidelines on advertising to children. Nestlé does not advertise or conduct marketing activities to children under 6 years and any advertising to children are restricted to products with a nutritional profile which helps children achieve a healthy, balanced diet.	We will continue to invest in consumer insights and improve communication to our stakeholders through the various channels.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
People - Encourage work-life balance among employees to lead healthier lifestyles. - Increase the number of Wellness Ambassadors who will help realise the Company's vision of Nourishing Malaysia. Products - Develop products with health promoting branded active benefits for the added value in nutrition and health. - Develop Popularly Positioned Products (PPP) to ensure the lower income group have access to affordable products with high nutritional value. - Improve the nutritional profile of Nestlé's current range of products.	People - Increase in the employment of nutritionists, dieticians and food technology specialists to provide the necessary expertise in nutrition and health. - The Wellness-in-Action Programmes are ongoing to improve the health and well-being of our employees at all work sites. - Nutrition training is provided to employees at all levels to improve understanding in nutrition. Products - On-going innovation and renovation to reduce sugar, sodium, fat content, no added MSG etc in product range. To date, products such as MILO, NESCAFÉ beverages, MAGGI noodles, have all improved on nutritional benefits. - The use of traditional Asian herbs with specific health benefits have also featured in some new products including the MAGGI NATURE'S TREAT range of rice porridge with added Pegaga, Red Dates and Kei Chi extract as well as the NESCAFÉ BODY PARTNER range with Tongkat Ali & Ginseng. - The development of the PPP range has seen the introduction of the affordable NESTUM Sarapan Berkhasiat for a complete breakfast. The product is a good source of vitamins and minerals for added benefits. - Development of nutritious and healthy recipes using Nestlé products for the benefit of consumers are on-going in the Nestlé Development Kitchen. - MILO has collaborated with the National Fitness Council (NFC) through a variety of initiatives over the past three years. The corporate objectives of MILO are closely aligned with the NFC's inspirational slogan – "Get Fit, Get Healthy, Get United". - Nestlé in collaboration with the Ministry of Education organised a nationwide annual MAGGI Secondary School Cooking Competition. Each year about 5,000 students participate in this event aimed at cultivating interest in cooking, raising the awareness of nutritious food and balanced diet.	Improvements to the work environment and efforts to promote work-life balance will be on-going. Development of new products must include clear nutrition or health benefits to the consumer. PPP will ensure that the lower income group are able to enjoy products with nutritional value.

Targets & Achievements

AGRICULTURE		
1) Sustainable Agriculture Initiatives (SAI) established together with other global food companies to work with farmers to elaborate best practices		
What we set out to achieve	What we have achieved to-date	Going Forward
SAI will act on a worldwide scale as a platform for industry collaboration in the development and implementation of sustainability in agriculture. It will also offer a platform for development in areas of public concern such as the quality and safety of produce, the well-being of rural communities, animal welfare, as well as soil, water, air, energy and biodiversity aspects.	- Improved quality and addressed safety problems in the food supply chain. - Helped meet growing demand for quality food arising from population growth, increases in expendable income and dietary changes. - Helped counter adverse effects of agriculture on natural resources and environment which affect agricultural productivity. - Commencement of SAI project on replacing the use of plastic sleeving for Cocoa Pod Borer control, use of a bio-degradable alternative, or through use of organic-based spray control.	Two SAI projects were launched in 2007 – i) conversion of plastic mulching to use of bio-degradable mulching ii) centralised supply of seedlings to farmers as an “indirect subsidy” to offset rising production costs. Implemented in Tawau and Raub in 2007, two areas with sizeable cocoa stands.
2) Contract Farming and Sourcing of Raw Materials		
What we set out to achieve	What we have achieved to-date	Going Forward
To source Nestlé’s raw material needs from local origins, where available and economically feasible. Contract Farming is done only when there is a need to procure specific quality and ensure reliable deliveries of locally-grown agriculture raw materials. Local sourcing of chilli to help boost income levels of farmers and promote Good Agricultural Practices (GAP).	- Contract farming pricing is done on cost-plus basis i.e. linked to actual and current farm production output and costs. This ensures the average farmer should always have a profit at day’s end, thus ensuring continuity, commitment, and overall sustainability. - Chilli contract farming was established in Kelantan since 1985, with Good Agricultural Practices recognition received through SALAM accreditation. In 2005, a pilot scheme of 4ha was conducted and in 2006, the total area achieving SALAM expanded to 40ha, or about 15% of total planted area. - To meet pressing challenges, the fresh chilli contract farming was given a new impetus with the initial introduction of potted fertigation technology, albeit with mixed results, as high costs of plastics and planting media made for higher than expected costs. Our centralised seedling contribution was officially launched by the Director-General of the Farmers’ Organisation Authority in November 2007, with an initial provision to farmers of 100,000 good quality hybrid seedlings.	To seek new avenues to expand on this initiative.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Red Rice Cultivation	- Under the umbrella of the Prime Minister's Department, the fresh chilli project site was visited by Prof. Jeffrey Sachs, a noted economist specialising in poverty eradication programmes. - A social report was conducted by Universiti Teknologi MARA for the Chilli project in 2006, which statistically showed the positive attributes of the whole project. - Nestlé's red rice cultivation was officially launched by the Sarawak Minister of Agriculture in October 2007. This contract farming scheme with farmers in Sarawak would practice zero-burning of harvested fields as well as the use of cultural and non-chemical means to ensure rapid leftover stalk degradation into compost, which then serves to enrich the soil further with organic matter. This project initially started with 75ha, involving 82 farmers in the rural districts of Serikin and Siburan. In Serikin, the project was well-received by the farmers who were eager to plant red rice for Nestlé. - Nestlé is currently working closely with the Malaysian Agricultural Research and Development Institute for large scale production of red rice.	After the success of the trials, to proceed with commercial farming and cultivation of red rice for NESTLÉ Infant Cereals.
Pepper and Spices Cultivation	Initiated contact with local authorities and partners to commence project and launch local spice garden.	
Cocoa Production	- Launched joint project with Olam and Delfi, on improving fermentation levels in Sulawesi. This is a Shared Value Creation project in that Nestlé provides technical input, Olam co-ordinates all logistics, while Delfi processes the beans into powder which is then used by Nestlé. - As part of cocoa SAI, Nestlé has offered the Malaysia Cocoa Board (MCB) to host and train one of their scientists at the Nestlé Plant Science Centre in Tours, France, on the process of somatic embryogenesis.	
Palm Oil	Active participation in Roundtable for Sustainable Palm Oil matters.	

Targets & Achievements

ENVIRONMENT Preserving natural resources and minimising waste have become an integral part of our business objectives to achieve global competitiveness.		
What we set out to achieve	What we have achieved to-date	Going Forward
Identify opportunities to work with agencies such as World Wildlife Fund (WWF) and Malaysian Nature Society (MNS) for sustainable development for mutual benefits. The Nestlé Environmental Management System (NEMS) manages the Company's environmental performance. NEMS is based on the continuous improvement management cycle and is completely aligned with the requirements of the international standard ISO14001:2004.	• In partnership with WWF Malaysia for a 4-year project in Setiu, Terengganu to save the wetlands and create new income opportunities for women of the Setiu wetlands. The project includes community research, capacity building programmes, business planning, monitoring and evaluation. Ultimately, the positive outcome of the project will empower the women of this village to create sustainable livelihoods while conserving the natural wetlands habitat of the area. • Nestlé supports MNS activities such as sponsoring the annual Raptor Watch. • Ensure environmentally friendly production techniques and ways to recover by-products, as well as processing methods that minimise water and energy consumption, and waste generation. • Review factory compliance with legal and internal standards, investigate incidents that could affect the environment and take appropriate measures on them. • Performance in 2007 show a reduction in Energy Consumption in MJ per tonne of product of 8.32% compared to the previous year. Aside from the continuous implementation of energy saving initiatives, strict monitoring of consumption levels and creating awareness for needless wastage of energy at all levels in the organisation, a significant contribution in the reduction was achieved by the high occupation rate of the production lines. Rationalisation and well-planned maximised production runs resulted in more efficient usage of energy per tonne of products. • 2007 also posted a reduction of about 53% in sulphur dioxide SO_x per tonne of product and a reduction of about 9.04% in carbon dioxide CO₂ per tonne of product. However, there was a slight increase of 1.14% in Water Consumption in m³ per tonne of product compared to the previous year due to the start-up and commissioning of new production lines. Process and product validation as well as extensive cleaning cycles required the use of water without generating sellable product. The overall trend however for the past 6 years shows a steady reduction of water consumption of more than 3.5% per year.	Continue collaboration with like-minded organisations. All factories to be accredited with ISO 14001. Continue to achieve and exceed all KPIs as set.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Packaging – to identify and ensure post consumer waste reduction.	- Undertaken extensive Innovation and Renovation and introduced new packaging that reduces waste and allows easier recycling. - Use of most efficient and appropriate packaging solutions that result in the lowest possible weight and volume of package.	Regularly redevelop our packaging to reduce materials used or adopt new concepts that enable environmentally friendly disposal options.
Waste Management	- Minimise the use of environmentally critical substances, recycle waste and dispose of non-recyclable waste in an environmentally sound manner. - Increase the compatibility of packages with existing waste management schemes. - Nestlé Malaysia is implementing the Integrated Waste Management for all factories together with the Central Returns Warehouse (CRW). Besides the Factories, the CRW will need to report their figures on solid waste disposal in future after the Integrated Waste Management is in place.	Support industrial and Government efforts to promote integrated waste management such as source reduction, recycling, composting, energy recovery and landfill.
Distribution and Warehousing	Select appropriate transportation modes, optimum loading, vehicle-capacity utilisation, route planning, scheduling and fuel conservation.	Ensure compliance with third parties.
Clarifier Pond	- Return sludge (microorganisms) from clarifiers is starved for 4-6 hours without any food or oxygen. Thereafter it is mixed with the incoming raw influent in a pipeline to provide large amounts of food to these microbes. This results in a very good strain of microbes which has the following characteristics: - a very good settling behaviour in clarifiers - able to recover fast from shock loads and power failure - foam in aeration tank is eliminated - Our clarifier ponds are clean enough to sustain life – koi, carp and other fish.	

Targets & Achievements

THE COMMUNITY – EDUCATION		
Provide equal education opportunities for marginalised communities		
What we set out to achieve	What we have achieved to-date	Going Forward
Give rural young children an opportunity to get a head start in education.	• Collaboration with Raleigh International and Pacos Trust to identify and build kindergartens in rural areas of Sabah: Kg Liu Built in 2005. In 2006, 27 local children aged 5 and 6 were enrolled in the school. Following a recent visit by officials from the Ministry of Education, the school has since been registered as an official pre-school centre. Kg Saguon Built in 2006 and has 23 children aged between 4-6 years old enrolled. It is currently run by a trained teacher and the village recently sent another member of its community to be trained to assist the current teacher. In 2006, the school also organised a graduation ceremony for the older children in Kg Saguon. Kg Paus Built in 2007 to serve the Kg Paus population of 800 people which till then only had a primary school. The new kindergarten also allowed for one of the young women from the village to be trained as a school teacher. • In addition to setting up of these kindergartens, Nestlé has provided opportunities for local youth to participate in voluntary community projects with Raleigh International through sponsorship of 6 young Malaysians.	To work with Raleigh International to set-up more kindergartens and monitor progress and provide assistance where required for existing Nestlé-sponsored kindergartens.
Provide physically and mentally challenged children with learning opportunities.	• Established 4 Nestlé Learning Corners in Wisma Harapan Brickfields, Sekolah Khas Cheras, Spastic Centre and Sekolah Khas Klang Wisma Harapan. These Learning Corners are well equipped with the necessary learning aids for the physically and mentally challenged to ensure that they are given opportunities to improve themselves. • Established bigger Nestlé Learning Centre at Wisma Harapan Brickfields Vocational Training Centre.	Develop more local youth volunteers. Invest in more Nestlé Learning Corners in 2008.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Create awareness among young children on social issues, for example sexual abuse.	• Collaboration with Protect and Save the Children (PSC) to build a Maze of Feelings – which helps young children learn right from wrong and teaches them inform a trusted adult if they fear that they are being abused in any way.	Bring the maze on a roadshow to enable as many young children to experience it and be more aware of the social dangers.
Improve the hospital environment for sick children to make it more child friendly, in line with Ministry of Health's objectives.	• Established a Toy Library at the Occupational Therapy Unit, Paediatric Institute, KLGH, for children with Downs Syndrome and other debilitating conditions. • Established Family Friendly Corner at the Paediatric Institute, KLGH. • In 2007, Nestlé collaborated with the Association to organise a Play Therapy Workshop where experts from the Children's Hospital in Sydney Hospital were flown in to train local healthcare professionals.	To work with the National Child Friendly Healthcare Association to establish new centres and provide a more friendly environment for sick children.
Help schoolchildren particularly in rural areas to improve their command of English to be able to compete better in their studies.	• In partnership with the British Council, Nestlé embarked on the "Click into English" (CIE) project which was supported by the Curriculum Development Centre of the Ministry of Education, to provide the necessary skills to enhance the English language teaching skills and aptitude of teachers via the use of ICT. CIE aims to bridge the digital divide and improve the level of English language proficiency amongst secondary students in Malaysia. The pilot project was launched in Kedah and Terengganu. • KOKO SMART START CAMP with the New Straits Times and the Ministry of Education was aimed at improving the level of English language proficiency and stimulate interest in English, while enhancing public speaking skills amongst primary school students.	Extend the CIE project to all schools equipped with computers via a specially designed portal which will encourage both students and teachers to participate.
Encourage reading habits among schoolchildren.	• Collaboration with Nanyang Siang Pau for 4 years to inculcate the habit of reading amongst the younger generation through a Story Compilation Contest for Chinese Primary Schools.	To continue the highly successful programme in 2008.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Improve creativity among children. Inculcate good values in children through sports.	10,000 primary schoolchildren compete in the NESPRAY National Space Challenge, to win the coveted Prime Minister's Trophy and a chance to visit an International Space Camp. It is a collaborative effort with the National Space Agency (ANGKASA), Ministry of Education and NESPRAY. - MILO continues to strengthen its role in sports by introducing its "Grow with Sports" public service campaign. This initiative was aimed at reminding parents of the benefits of sports in developing healthy bodies and values in Malaysian children. - MILO reinforced its commitment to junior sports development activities by sponsoring more than 200 events through strong long-term partnerships with Government bodies and NGOs, as well as the sports media. MILO is present in virtually all sports from grassroot through national to international events.	
TRAINING & MENTORING Improve technical skills and share knowledge with those in need.		
What we set out to achieve	What we have achieved to-date	Going Forward
Practical training for students to help them gain experience and knowledge in a working environment. Assist local SMEs to achieve world class standards. Promote gender equality and empower women through training and education.	- A strategic partnership with Limkokwing University College of Creative Technology to collaborate in research and development challenged the students to come up with packaging designs for stick and ice cream cups as part of a programme to develop local talent and encourage innovation and design. - Through a mentoring programme established 8 years ago, Nestlé shares technical expertise and knowledge with SMEs in the food industry to help them develop and meet future challenges in a competitive global business environment. The programme also fulfills Nestlé's commitment to develop the growth of the local food industry. To date, more than 2,600 participants from over 1,300 companies across Malaysia including East Malaysia have participated in the programme. - On-going support for e-Homemakers – a network of single mothers and underprivileged women who try and create a better work-home life balance through flexible working options. One example of our support is the promotion and purchase of eco baskets which are weaved by the SALAM women using recycled newspaper.	Two-year agreement in this industry-within-university concept. To move to a higher level and include new topics in the programme. Continue our collaboration with women's groups.

Targets & Achievements

DISASTER RELIEF

Nestlé is always at the forefront to assist victims who are impacted by natural disasters.

What we set out to achieve	What we have achieved to-date	Going Forward
Provide assistance during a disaster to relieve the burden on victims and to ensure they remain nourished.	Floods hit Johor at the start of 2007, affecting more than 100,000 people. The Nestlé team provided MILO, NESCAFÉ, MAGGI noodles and NESTLÉ Breakfast Cereals to the victims and relief workers. Food supplies were also given to the evacuees at various relief centres and areas struck by the floods. Nestlé employees also organised collection of food items, toiletries, blankets and clothing to be donated to those affected. Donations of NESPRAY growing up milk powder were also distributed to nourish the children affected by the flood. The team also helped office colleagues and employees of Long-Term Partners and dealers clean up the debris left at their homes and premises after the floods. In July, heavy and continuous downpours brought massive floods to Seberang Perai. Relief centres were set up immediately and within hours the Nestlé Field Promotion Operator (FPO) teams in Penang were on hand to provide assistance and nourishment to the communities in need.	

THE WORKPLACE – CAPACITY BUILDING WITH EMPLOYEES

Nestlé has increased approximately 50% of training participation where there were more than 6,000 training participants in 2007 compared to only 4,020 in 2006. In addition, the total training man days have increased from 10,642 in 2006 to 15,418 training man days in 2007. These were achieved through more in-house training programmes.

What we set out to achieve	What we have achieved to-date	Going Forward
Improve Human Resource alignment with business objectives, in relation to Nestlé on the Move.	Mission Directed Work Teams (MDWT) is a key change initiative, moving from a hierarchical to a network organisation, which calls for more empowerment and involvement of our people who have the necessary skills and knowledge. A total of 189 teams have been formed since June 2005 covering all levels from the front line to the top management of Production Division.	Widen MDWT concept beyond Production Division.
Upgrade technical skills of Nestlé's First Line Managers (FLM) for self improvement to provide them with further career opportunities.	- Collaboration with Open University Malaysia to design and implement the Executive Diploma in Manufacturing Management (EDMM). - Prepares the FLMS with the necessary skills required for the future role of being multi-skilled in running a mini-business. Increase their knowledge which is key in supporting the business framework based on the concept of "Agile Fleet" which requires speed in responding to the changing demands coming from the Business Units.	50 participants graduated from the pilot programme.

Targets & Achievements

What we set out to achieve	What we have achieved to-date	Going Forward
Leadership training for managers.	Together with the NUS Business School, Nestlé trained 300 managers in strategic management and leadership over a 2-year period. This effort resulted in an increase of knowledge and better understanding of management subjects. The Company benefited by having more knowledgeable managers, who are able to be more strategic in their thinking to deliver positive business results.	
Learning opportunities for non-management staff.	- The Sales College initiated in 2004 was aimed at providing a sound understanding of Management in various areas such as Sales, Marketing, Finance, Human Resource, Production and other relevant subjects – targeted at non-management staff, in particular Sales Representatives. - In July 2005, it evolved to a different level with the Open University Malaysia partnership for the Professional Certificate in Sales (6 main subjects) for 28 staff. 20 participants have been selected to join the Executive Diploma Programme.	
Provide scholarships to children of employees and retirees.	The scholarships, which have been awarded since 1978, have benefited 172 scholars to-date. The numbers of scholarships given have increased over the years. It was initially for 6 recipients per year and this was increased to 7 recipients in 1999. In 2007, Nestlé Malaysia granted scholarships to 10 well deserving children of its employees and retirees amounting to RM6,000 each.	
Inculcate a caring culture among employees through a volunteer programme.	Nestlé Reaching Out to Communities and Kids (ROCKS) employee volunteer programme internalises Nestlé's CSR commitments. The 4,000 employees are able to take 16 hours off work a year to assist at any of the 30 homes Nestlé helps out annually.	To increase membership amongst employees and add more value to ROCKers.
Develop a healthy workforce.	Under the Wellness-in-Action programme, an internal initiative for employees, the Company aims to create a healthier workforce which understands and appreciates Nutrition, Health and Wellness. Under this initiative, every employee has to undergo basic nutrition training and are encouraged to participate in the 100 Days Wellness Challenge to improve their overall health and well-being.	

External Assurance – Awards

1. PLATINUM PR AWARDS

Nestlé (Malaysia) Berhad came out tops in the Platinum PR Awards held in New York under the category of Public Affairs, for a submission on the Nestlé, Nourishing Malaysia Showcase 2006. We also received honourable mention under the Community Relations category for our 'Spicing Up the Community' Chilli project.

2. THE 3RD MALAYSIAN MEDIA AWARDS 2007

Nestlé was voted 'Advertiser of the Year' in the 3rd Malaysian Media Awards organised by Media Specialist Association (MSA) of Malaysia, based on the overall outstanding performance in many categories for 2006 and we were the proud winner of 3 out of the 10 Gold awards that were up for grabs. In addition, we were awarded 2 Silver and 1 Bronze awards and was also named Finalist in several other categories.

3. KPMG / THE EDGE SHAREHOLDER VALUE AWARDS 2006

In the KPMG / The Edge Shareholder Value Awards 2006, Nestlé (Malaysia) Berhad emerged top in the F&B industry and took sixth placing overall, up two rankings from last year's list of Top 100 Listed Companies in terms of Shareholder Value Creation. This proved that our constant focus on the 7 value drivers (in particular, the operational 4 drivers – sales growth, profit margin improvement, working capital and fixed assets intensity) is recognised and acknowledged by the industry.

4. IT EXCELLENCE AWARDS 2007

Nestlé Malaysia's Salesforce Automation Project won the MIS Asia IT Excellence Awards 2007, under the category of Best Business Enabler (Manufacturing), beating finalists Motorola and Tata Motors. The Award recognises the SFA Project Implementation team which has boosted the ability of an organisation to disseminate information internally and exchange it with their partners; creating new revenue streams and improving customer service.

5. ASIAN MARKETING EFFECTIVENESS AWARDS (AMEA) 2007

Together with McCann Erickson, NESCAFÉ KICK-START garnered the Bronze Award under the category of 'Most Effective Use of Branded Content' in the Asian Marketing Effectiveness Awards (AMEA) 2007. NESCAFÉ KICK-START was one of the two winners from Malaysia in this prestigious award.

6. ACCA MESRA AWARDS

The Association of Chartered Accountants (ACCA) Malaysia held the Malaysia Environmental and Social Reporting Awards (MESRA) 2006 Awards presentation to reward transparency and recognise corporations which report their environmental and social activities. Nestlé Malaysia was 1st runner-up for the Best Social Reporting in an Annual Report category, and was also short-listed under the Social Reporting Category.

7. FORTUNE'S THE WORLD'S MOST ADMIRED COMPANIES

Nestlé clinched the top spot in the consumer food products category in a survey conducted by Fortune to determine The World's Most Admired Companies, where top companies in 26 industries were judged by their peers in the industry. A total of 345 companies in 26 industries and 25 countries participated.

8. SILVER QUILL AWARDS

Apart from being awarded the "Excellence Award for the Highest Number of Silver Quills Achieved" during the International Association of Business Communicators (IABC) Malaysia Silver Quill Awards 2007, Nestlé (Malaysia) Berhad was also named the winner of 3 other categories – Communication Management for 'Spicing Up the Community' project, Economic, Social & Environment Development for 'Spicing Up the Community' project and Communication Management (Special Events) for Nestlé, Nourishing Malaysia Showcase. Mr Stéphane Alby, Executive Director, Finance & Control was present to receive the award from YB Datuk Seri Shahrizat Abdul Jalil, Minister of Women, Family and Community Development.





Corporate Governance

“The objective of Corporate Governance is that it should provide an appropriate level of protection for shareholders, combined with the right environment to enable management to deliver sustainable profitable growth for the benefit of shareholders. The Nestlé Corporate Governance Principles reflect and highlight our on-going commitment to ensure the highest level of responsible corporate conduct in all of our Company’s activities.”

Peter Brabeck-Letmathe
Chairman and CEO, Nestlé S.A.

Nestlé is committed to high standards of corporate governance. The Board of Directors and each individual is directly accountable to the shareholders and stakeholders for ensuring that good governance is committed and practised at every level of the Company’s operations, including relationships with third parties. Our guiding documents include the “Nestlé Corporate Business Principles” and the “Nestlé Principles of Purchasing”. The Company has adopted the “Nestlé Corporate Governance Principles” of its holding company, Nestlé S.A. Vevey, Switzerland, as its best practice in corporate governance.

The principles of corporate governance cover four areas, as follows:

- the rights and responsibilities of shareholders
- the equitable treatment of shareholders
- the duties and responsibilities of directors
- disclosure and transparency

These principles are in line with Part 1 and Part 2 of the Malaysian Code on Corporate Governance and paragraphs 15.26 and 15.27 of the Listing requirements of the Bursa Malaysia Securities Berhad.

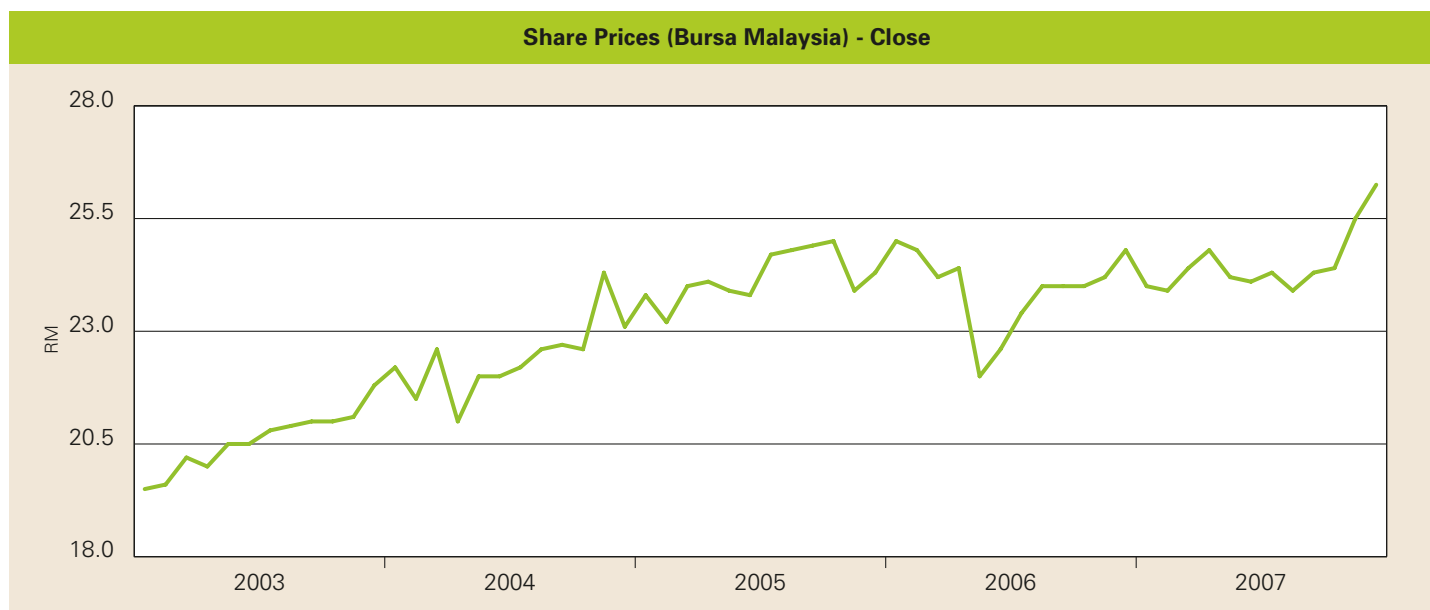
Note: The full statement on Corporate Governance appears in the Nestlé Corporate Report 2007.



Performance & Compliance

SHARE PERFORMANCE

	Calendar Year				
	2007	2006	2005	2004	2003
During the year					
Highest - RM	32.00	26.00	25.75	24.30	21.80
Lowest - RM	23.40	21.40	23.00	21.00	19.50



Based on month-end closing price

Performance & Compliance

5 YEARS' STATISTICS FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Turnover	3,416,028	3,275,541	3,127,441	2,901,183	2,656,989
Earnings / Cash Flow					
Profit before tax	395,298	363,285	331,253	297,209	202,117
% of turnover	11.6%	11.1%	10.6%	10.2%	7.6%
Profit after tax and minority interest	292,042	264,219	266,819	220,408	161,989
% of turnover	8.5%	8.1%	8.5%	7.6%	6.1%
Dividends paid & proposed (net)	266,889	234,500	199,794	188,069	176,330
Depreciation of fixed assets	71,327	69,776	72,482	71,149	70,793
Cash flow (net profit + depreciation + amortisation)	371,355	341,412	351,679	305,243	270,011
% of turnover	10.9%	10.4%	11.2%	10.5%	10.2%
Capital expenditure	102,640	79,065	75,458	62,056	61,550
Employment of Assets					
Fixed assets (net)	520,124	491,696	476,177	525,562	538,454
Prepaid lease payments (net) ⁴	53,968	55,003	56,038	-	-
Associated companies	3,600	3,417	3,212	2,894	2,237
Intangible Assets	61,280	66,342	72,724	84,067	96,134
Deferred tax assets	2,631	6,709	10,033	2,903	-
Receivables, deposits & prepayments	22,194	19,414	-	-	-
Net current assets ⁴	69,592	133,568	106,957	(84,998)	92,190
Total	733,389	776,149	725,141	530,428	729,015

Performance & Compliance

		2007	2006	2005	2004	2003
		RM'000	RM'000	RM'000	RM'000	RM'000
Financed by						
Share capital		234,500	234,500	234,500	234,500	234,500
Reserves		402,759	324,606	289,552	217,035	166,211
Total shareholders' funds		637,259	559,106	524,052	451,535	400,711
Deferred Taxation		50,630	45,558	32,683	32,566	29,875
Minority Interest		-	-	-	-	-
Retirement Benefit Liabilities		40,321	64,277	63,929	46,327	48,429
Borrowings		5,179	107,208	104,477	-	250,000
Total		733,389	776,149	725,141	530,428	729,015
Per Share						
Market price ³	(RM)	26.25	24.80	24.30	23.10	21.80
Earnings ¹	(sen)	124.54	112.67	113.78	94.00	69.08
Price earnings ratio		21.08	22.01	21.36	24.58	31.56
Dividend (net)	(sen)	113.81	100.00	85.20	80.20	75.20
Dividend yield	(%)	4.3	4.0	3.5	3.5	3.4
Dividend cover ¹	(no.)	1.1	1.1	1.3	1.2	0.9
Shareholders' funds	(RM)	2.72	2.38	2.23	1.93	1.71
Net tangible assets ²	(RM)	2.46	2.10	1.92	1.57	1.30
Personnel	(no.)	4,685	4,151	3,818	3,750	3,472
Factories	(no.)	7	7	7	7	7

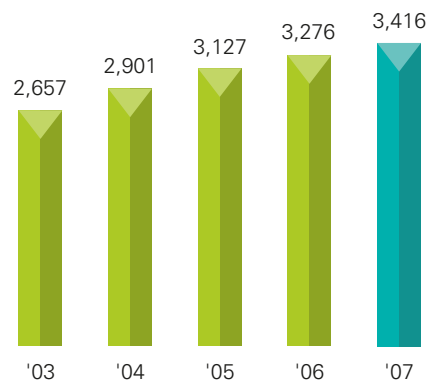
Notes :

1. Earnings per share and dividend cover are based on profit after tax.
2. Net tangible assets consists of issued share capital plus reserves less intangible assets.
3. The market price represents last done price of the shares quoted on the last trading day of December.
4. The comparative figures for 2006 have been reclassified to conform with the presentation requirements of FRS 101 as explained in note 27 to the financial statements.

Performance & Compliance

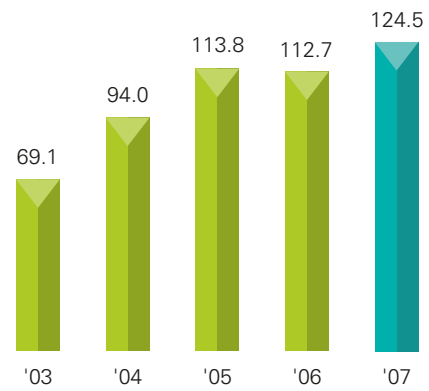
Turnover

(RM million)



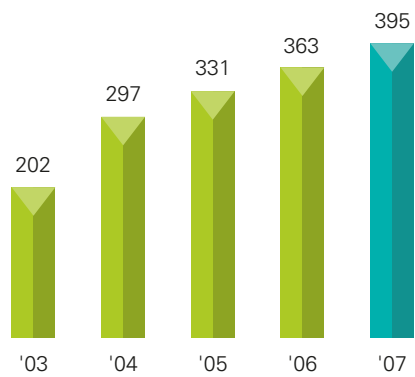
Earnings Per Share

(sen)



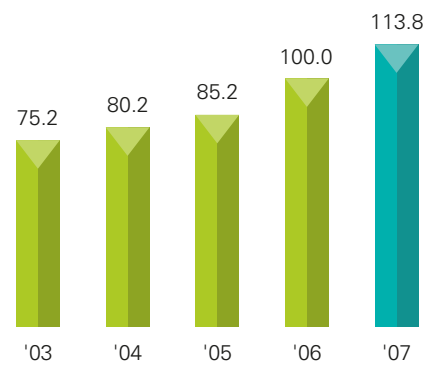
Pre-Tax Profit

(RM million)



Net Dividend Per Share

(sen)



From the Corporate Responsibility Committee

When we first embarked on our inaugural stand-alone Corporate Responsibility Review in 2006, we were faced with a huge task, as we were starting from zero base. We learnt through a lot of trial and error, how best to segmentise all our Social, Economic and Environmental commitments in a clear, concise and transparent manner so that our stakeholders would better understand what we do at Nestlé.

The task of putting together our second report has been challenging, but with the co-operation and support of relevant parties, we are pleased with the results we have achieved. We have created shared value for Malaysian society in many ways. While some initiatives were modest, others required more investment in terms of time and resources. The bottom-line is that we are sincere and committed to our initiatives to make a difference.

We believe that we have put together a much more comprehensive report this year, and segmentised it better. Thank you to all our stakeholders who have offered advice and counsel on how we can improve our reporting process. We also acknowledge the valuable input from the Institute of Corporate Responsibility Malaysia (ICRM) and ACCA.

We hope that you will find this report insightful, and look forward to sharing much more with you in the years to come as we continue on our mission of Nourishing Malaysia.

For information on the Nestlé Group's initiatives in Shared Value Creation, please visit www.nestle.com.

We appreciate your feedback and recommendations. Please send them to NourishingMalaysia@my.nestle.com.



Nestlé Contact Details

We want to understand your views better and hear what you think of our Shared Value Creation initiatives. We would like to know what we should be doing more of, and what you feel we are not doing right. Also contact us if you want to comment on our products, obtain recipes or seek nutritional advice from us. We want to hear from you.

Visit our website at www.nestle.com.my

Call us at Free Phone 1-800-88-3433

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46200 Petaling Jaya
Selangor

E-mail us at NourishingMalaysia@my.nestle.com

Our commitment to Malaysia remains steadfast, and we will continue to improve the quality of lives of Malaysians through our brands and products as well as our Shared Value Creation activities.



Good Food, Good Life

www.nestle.com.my

Nestlé will continue to optimise total return to shareholders, embracing sustainable, capital efficient and long-term profitable growth.

Nestlé akan terus mengoptimumkan pemulangan total kepada pemegang saham, memberi fokus terhadap pertumbuhan yang mampan, yang menggunakan modal secara efisien dan yang membawa keuntungan jangka panjang.

Financial Calendar

Results

Interim	- announced	9 August 2007
Final	- announced	28 February 2008

Dividends

Interim - first	- record date	17 May 2007
	- paid	31 May 2007
Interim - second	- record date	29 August 2007
	- paid	25 September 2007
Final (proposed)	- record date	14 May 2008
	- payable	29 May 2008

Annual General Meeting

24 April 2008

Contents

Share Performance **2** Group Financial Highlights **3** 5 Years' Statistics **4** Financial Charts **5**

Directors' Report **6** Statement by Directors **10** Statutory Declaration **11**

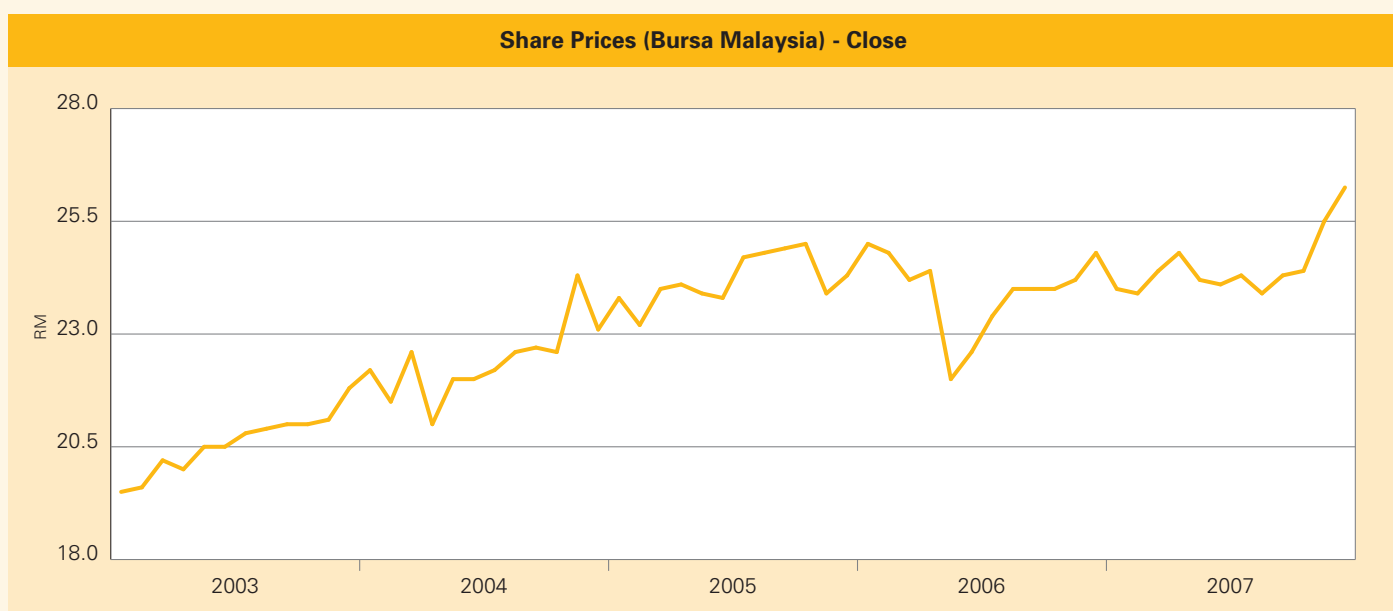
Report of the Auditors **12** Balance Sheets **13** Income Statements **14**

Statements of Recognised Income and Expense **15** Cash Flow Statements **16**

Notes to the Financial Statements **18** Shareholding Statistics **58** List of Properties Held **60**

Share Performance

	Calendar Year				
	2007	2006	2005	2004	2003
During the year					
Highest - RM	32.00	26.00	25.75	24.30	21.80
Lowest - RM	23.40	21.40	23.00	21.00	19.50



Based on month-end closing price

Group Financial Highlights

		2007 RM'000	2006 RM'000	+ / (-)
Turnover		3,416,028	3,275,541	4.3%
Earnings / Cash Flow				
Profit before tax		395,298	363,285	8.8%
% of turnover		11.6%	11.1%	
Profit after tax and minority interest		292,042	264,219	10.5%
% of turnover		8.5%	8.1%	
Dividends paid & proposed (net)		266,889	234,500	13.8%
Depreciation of fixed assets		71,327	69,776	
Cash flow (net profit + depreciation + amortisation)		371,355	341,412	
Capital expenditure		102,640	79,065	
Shareholders' funds		637,259	559,106	
Personnel	(no.)	4,685	4,151	
Factories	(no.)	7	7	
Per Share				
Market price ³	(RM)	26.25	24.80	
Earnings ¹	(sen)	124.54	112.67	
Price earnings ratio		21.08	22.01	
Dividend (net)	(sen)	113.81	100.00	
Dividend yield	(%)	4.3	4.0	
Dividend cover ¹	(no.)	1.1	1.1	
Shareholders' funds	(RM)	2.72	2.38	
Net tangible assets ²	(RM)	2.46	2.10	

Notes :

1. Earnings per share and dividend cover are based on profit after tax.
2. Net tangible assets consists of share capital plus reserves less intangible assets.
3. The market price represents last done price of the shares quoted on the last trading day of December.

5 Years' Statistics

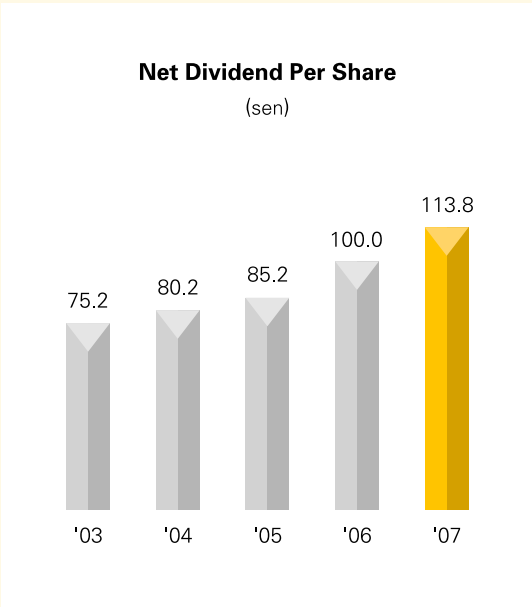
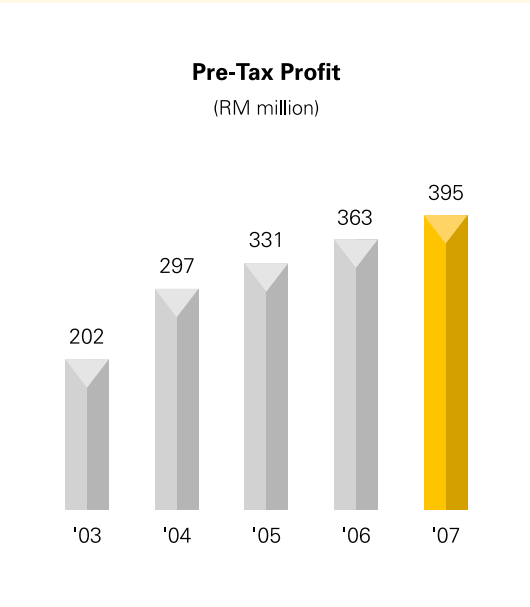
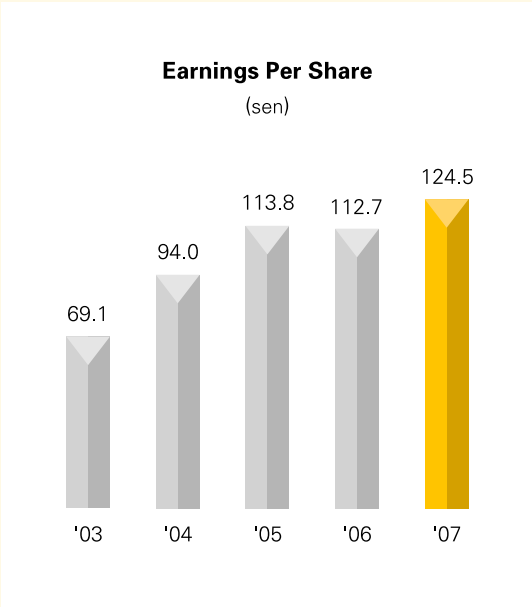
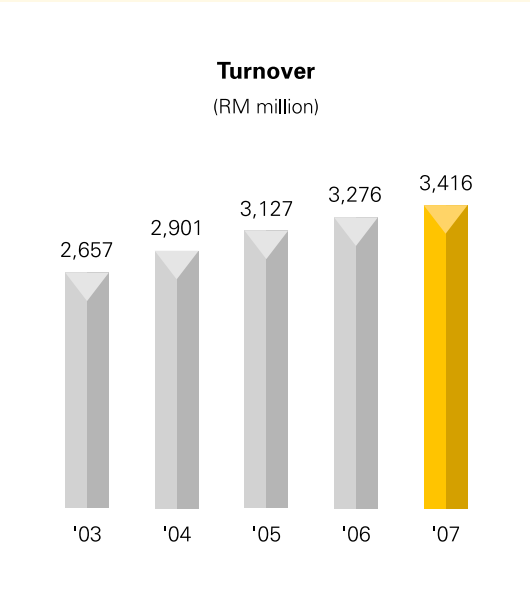
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Turnover	3,416,028	3,275,541	3,127,441	2,901,183	2,656,989
Earnings / Cash Flow					
Profit before tax	395,298	363,285	331,253	297,209	202,117
% of turnover	11.6%	11.1%	10.6%	10.2%	7.6%
Profit after tax and minority interest	292,042	264,219	266,819	220,408	161,989
% of turnover	8.5%	8.1%	8.5%	7.6%	6.1%
Dividends paid & proposed (net)	266,889	234,500	199,794	188,069	176,330
Depreciation of fixed assets	71,327	69,776	72,482	71,149	70,793
Cash flow (net profit + depreciation + amortisation)	371,355	341,412	351,679	305,243	270,011
% of turnover	10.9%	10.4%	11.2%	10.5%	10.2%
Capital expenditure	102,640	79,065	75,458	62,056	61,550
Employment of Assets					
Fixed assets (net)	520,124	491,696	476,177	525,562	538,454
Prepaid lease payments (net) ⁴	53,968	55,003	56,038	-	-
Associated companies	3,600	3,417	3,212	2,894	2,237
Intangible Assets	61,280	66,342	72,724	84,067	96,134
Deferred tax assets	2,631	6,709	10,033	2,903	-
Receivables, deposits & prepayments	22,194	19,414	-	-	-
Net current assets ⁴	69,592	133,568	106,957	(84,998)	92,190
Total	733,389	776,149	725,141	530,428	729,015
Financed by					
Share capital	234,500	234,500	234,500	234,500	234,500
Reserves	402,759	324,606	289,552	217,035	166,211
Total shareholders' funds	637,259	559,106	524,052	451,535	400,711
Deferred Taxation	50,630	45,558	32,683	32,566	29,875
Minority Interest	-	-	-	-	-
Retirement Benefit Liabilities	40,321	64,277	63,929	46,327	48,429
Borrowings	5,179	107,208	104,477	-	250,000
Total	733,389	776,149	725,141	530,428	729,015
Per Share					
Market price ³	(RM) 26.25	24.80	24.30	23.10	21.80
Earnings ¹	(sen) 124.54	112.67	113.78	94.00	69.08
Price earnings ratio	21.08	22.01	21.36	24.58	31.56
Dividend (net)	(sen) 113.81	100.00	85.20	80.20	75.20
Dividend yield	(%) 4.3	4.0	3.5	3.5	3.4
Dividend cover ¹	(no.) 1.1	1.1	1.3	1.2	0.9
Shareholders' funds	(RM) 2.72	2.38	2.23	1.93	1.71
Net tangible assets ²	(RM) 2.46	2.10	1.92	1.57	1.30
Personnel	(no.) 4,685	4,151	3,818	3,750	3,472
Factories	(no.) 7	7	7	7	7

Notes :

1. Earnings per share and dividend cover are based on profit after tax.
2. Net tangible assets consists of issued share capital plus reserves less intangible assets.
3. The market price represents last done price of the shares quoted on the last trading day of December.
4. The comparative figures for 2006 have been reclassified to conform with the presentation requirements of FRS 101 as explained in note 27 to the financial statements.

Financial Charts



Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of an investment holding company, whilst the principal activities of the subsidiaries are as stated in note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to shareholders of the Company	292,042	263,135

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 73.97 sen per ordinary share less tax at 27% (54.00 sen net per ordinary share) and 11.00 sen per ordinary share tax exempt totalling RM126,630,000 and RM25,795,000 respectively in respect of the year ended 31 December 2006 on 31 May 2007;
- (ii) a first interim dividend of 20.55 sen per ordinary share less tax at 27% totalling RM35,175,000 (15.00 sen net per ordinary share) in respect of the year ended 31 December 2007 on 31 May 2007; and
- (iii) a second interim dividend of 27.40 sen per ordinary share less tax at 27% totalling RM46,905,000 (20.00 sen net per ordinary share) in respect of the year ended 31 December 2007 on 25 September 2007.

The final dividend recommended by the Directors in respect of the year ended 31 December 2007 is 106.50 sen per ordinary share less tax at 26% totalling RM184,809,000 (78.81 sen net per ordinary share).

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Director

Gen. (R) Tan Sri Dato' Mohd. Ghazali Seth (Chairman)
 YM Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
 Tan Sri Dato' Seri Syed Anwar Jamalullail
 Tan Sri Dato' Ernst Zulliger
 Mr Sullivan O'Carroll
 Mr Stéphane Alby
 Dato' Frits van Dijk
 Mohd. Rafik bin Shah Mohamad (appointed on 1.6.2007)

Alternate

Mr Stéphane Alby
 Mr Sullivan O'Carroll
 Mr Magdi Batato

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2007 / Date of appointment as Director	Bought	Sold	At 31.12.2007
<i>Shareholdings in which Directors have direct interest</i>				
Interest in the Company				
Gen. (R) Tan Sri Dato' Mohd Ghazali Seth	10,000	–	–	10,000
Dato' Frits van Dijk	8,000	–	–	8,000
Mohd. Rafik bin Shah Mohamad	27,000	–	–	27,000
Number of ordinary shares of CHF1 each				
	At 1.1.2007	Bought	Sold	At 31.12.2007
Interest in Nestlé S.A., the holding company				
Mr Sullivan O'Carroll	90	–	–	90
Mr Stéphane Alby	70	–	–	70

None of the other Directors holding office at 31 December 2007 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2007

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the related companies) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Restricted Stock Unit Plan at the holding company.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

Directors' Report

FOR THE YEAR ENDED 31 DECEMBER 2007

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENT

Société des Produits Nestlé S.A. (Switzerland), a wholly owned subsidiary of Nestlé S. A. (which is the holding company of the Company) and owner of the trademarks, had entered into sale and licensing agreements with Fraser & Neave Holdings Berhad (Malaysia) to sell the TEA POT® trademark and to licence the MILKMAID®, CAP JUNJUNG®, IDEAL® and CARNATION® trademarks. This has effectively enable Fraser & Neave Holdings Berhad (Malaysia) to market, sell and distribute the Liquid Milks Products.

Effective early 2007, Nestlé Products Sdn. Bhd., a wholly owned subsidiary of the Company, has ceased to market and sell the Liquid Milks Products under the above mentioned trademarks in Malaysia and Brunei. It has been appointed as a distribution agent to provide "Route-to-Market" agency services for the Liquid Milks Products for a minimum transitional period of 2 years.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept their re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sullivan O'Carroll**Stéphane Alby**

Petaling Jaya,
28 February 2008

Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 13 to 57 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of the results of their operations and cash flows for the year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Sullivan O'Carroll

Stéphane Alby

Petaling Jaya,
28 February 2008

Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Stéphane Alby**, the Director primarily responsible for the financial management of Nestlé (Malaysia) Berhad, do solemnly and sincerely declare that the financial statements set out on pages 13 to 57 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 28 February 2008.

Stéphane Alby

Before me:

Tan See Sang

Commissioner of Oaths (No. B325)

Petaling Jaya

Report of the Auditors

TO THE MEMBERS OF NESTLÉ (MALAYSIA) BERHAD

We have audited the financial statements set out on pages 13 to 57. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company at 31 December 2007 and the results of their operations and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG

Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang

Partner
Approval Number: 2782/09/08(J)

Kuala Lumpur,
 28 February 2008

Balance Sheets

AT 31 DECEMBER 2007

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Assets					
Property, plant and equipment	3	520,124	491,696	–	–
Intangible assets	4	61,280	66,342	–	–
Prepaid lease payments	5	53,968	55,003	–	–
Investment in subsidiaries	6	–	–	232,992	232,992
Investment in an associate	7	3,600	3,417	3,000	3,000
Deferred tax assets	8	2,631	6,709	–	–
Receivables, deposits and prepayments	9	22,194	19,414	–	–
Total non-current assets		663,797	642,581	235,992	235,992
Receivables, deposits and prepayments	9	461,081	429,631	623,603	609,261
Inventories	10	446,602	330,674	–	–
Cash and cash equivalents	11	31,670	55,828	17,368	4,072
Total current assets		939,353	816,133	640,971	613,333
Total assets		1,603,150	1,458,714	876,963	849,325
Equity					
Share capital		234,500	234,500	234,500	234,500
Reserves		34,067	30,763	33,000	33,000
Retained earnings		368,692	293,843	196,844	168,214
Total equity attributable to shareholders of the Company	12	637,259	559,106	464,344	435,714
Liabilities					
Loans and borrowings	13	5,179	107,208	–	–
Employee benefits	14	40,321	64,277	–	–
Deferred tax liabilities	8	50,630	45,558	–	–
Total non-current liabilities		96,130	217,043	–	–
Payables and accruals	15	550,187	592,614	412,463	413,517
Loans and borrowings	13	302,703	66,758	–	–
Taxation		16,871	23,193	156	94
Total current liabilities		869,761	682,565	412,619	413,611
Total liabilities		965,891	899,608	412,619	413,611
Total equity and liabilities		1,603,150	1,458,714	876,963	849,325

The notes on pages 18 to 57 are an integral part of these financial statements.

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Revenue		3,416,028	3,275,541	360,143	315,840
Cost of goods sold		(2,290,719)	(2,171,096)	–	–
Gross profit		1,125,309	1,104,445	360,143	315,840
Distribution and selling expenses		(603,087)	(639,886)	–	–
Administrative expenses		(91,172)	(92,679)	(1,207)	(793)
Other expenses		(22,606)	(6,958)	–	–
Other income		939	7,353	–	–
Results from operating activities		409,383	372,275	358,936	315,047
Interest income		443	765	21,667	23,022
Interest costs		(14,842)	(10,090)	(19,918)	(21,450)
Operating profit	16	394,984	362,950	360,685	316,619
Share of profit after tax of equity accounted associate		314	335	–	–
Profit before tax		395,298	363,285	360,685	316,619
Tax expense	18	(103,256)	(99,066)	(97,550)	(81,540)
Profit for the year attributable to shareholders of the Company		292,042	264,219	263,135	235,079
Basic earnings per ordinary share (sen)	19	125	113		

The notes on pages 18 to 57 are an integral part of these financial statements.

Statements of Recognised Income and Expense

FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Net gain/(loss) on cash flow hedge		4,570	(6,989)	–	–
Defined benefit plan actuarial gains/(losses)		25,213	(1,879)	–	–
Tax on income and expense recognised directly in equity	18	(9,167)	2,478	–	–
Income and expense recognised directly in equity		20,616	(6,390)	–	–
Profit for the year		292,042	264,219	263,135	235,079
Total recognised income and expense for the year attributable to shareholders of the Company		312,658	257,829	263,135	235,079
Impact of change in accounting policies at 1 January:					
Retained earnings		–	(12,390)	–	–

The notes on pages 18 to 57 are an integral part of these financial statements.

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from operating activities					
Profit before tax		395,298	363,285	360,685	316,619
Adjustments for:					
Amortisation of intangible assets	4	5,062	6,382	–	–
Amortisation of prepaid lease payments	5	1,035	1,035	–	–
Depreciation of property, plant and equipment	3	71,327	69,776	–	–
Gain on disposal of property, plant and equipment	16	(927)	(168)	–	–
Impairment loss on property, plant and equipment	3	1,889	–	–	–
Interest costs		14,842	10,090	19,918	21,450
Interest income		(443)	(765)	(21,667)	(23,022)
Property, plant and equipment written off	16	1,222	394	–	–
Share based payment	16	5,184	4,470	–	–
Share of profit of equity accounted associate		(314)	(335)	–	–
Operating profit before changes in working capital		494,175	454,164	358,936	315,047
Changes in working capital:					
Inventories		(115,928)	(68,218)	–	–
Payables and accruals		69,820	60,119	(1,054)	(66,256)
Receivables, deposits and prepayments		(34,230)	(6,318)	(14,342)	51,813
Cash generated from operations		413,837	439,747	343,540	300,604
Interest paid		(14,842)	(10,090)	(19,918)	(21,450)
Net employee benefits recognised/(contributed)		1,257	(1,531)	–	–
Tax paid		(109,595)	(70,069)	(97,488)	(81,419)
Net cash from operating activities		290,657	358,057	226,134	197,735

Cash Flow Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	(ii)	(102,640)	(79,065)	–	–
Dividend received		131	130	–	–
Interest received		443	765	21,667	23,022
Proceeds from disposal of property, plant and equipment		1,345	1,876	–	–
Net cash (used in)/from investing activities		(100,721)	(76,294)	21,667	23,022
Cash flows from financing activities					
Dividends paid to shareholders of the Company	20	(234,505)	(222,775)	(234,505)	(222,775)
Proceeds from borrowings		248,500	64,500	–	–
(Repayment to)/Proceeds from short term loan from a related company		(112,861)	163,011	–	–
Repayment of borrowings		(112,900)	(260,000)	–	–
Payment of finance lease liabilities		(2,328)	(4,550)	–	–
Net cash used in financing activities		(214,094)	(259,814)	(234,505)	(222,775)
Net (decrease)/increase in cash and cash equivalents		(24,158)	21,949	13,296	(2,018)
Cash and cash equivalents at 1 January	(i)	55,828	33,879	4,072	6,090
Cash and cash equivalents at 31 December	(i)	31,670	55,828	17,368	4,072

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits placed with licensed banks	11	17,240	4,069	17,240	4,069
Cash and bank balances	11	14,430	51,759	128	3
		31,670	55,828	17,368	4,072

(ii) Acquisition of property, plant and equipment

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM103,284,000 (2006 – RM87,397,000), of which RM644,000 (2006 – RM8,332,000) were acquired by means of finance leases.

Notes to the Financial Statements

Nestlé (Malaysia) Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The address of its registered office, which is also its principal place of business is as follows:

Nestlé House
4, Lorong Persiaran Barat
46200 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

The principal activity of the Company is that of an investment holding company, whilst the principal activities of the subsidiaries are as stated in note 6 to the financial statements.

The holding company during the financial year was Nestlé S.A., a company incorporated in Switzerland.

The financial statements were approved by the Board of Directors on 28 February 2008.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards (FRS) issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has also issued the following FRSs and Interpretations that have not been applied in preparing these financial statements:

FRSs / Interpretations	Effective date
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i> – <i>Net Investment in a Foreign Operation</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market</i> – <i>Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the above mentioned FRSs and Interpretations for the annual period beginning 1 January 2008.

The Group and the Company has early adopted International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement since 2001, of which MASB has issued a similar standard under FRS 139 but has yet to announce the effective date of this standard.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for derivative financial instruments which are stated at fair value.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 – measurement of the recoverable amounts of cash-generating units
- Note 25 – contingencies

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see note 27).

(a) Basis of consolidation

(i) *Subsidiaries*

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(ii) *Associates*

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the profit or loss of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) *Changes in Group composition*

Where a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interests in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statements.

When a group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and commodity contract risk exposures.

Derivative financial instruments such as foreign exchange contracts and commodity futures are used as hedges to manage operational exposures to foreign exchange and commodity price risks. They are entered into with high credit quality financial institutions and brokers, consistent with specific approval, limit and monitoring procedures. In accordance with its treasury and commodity purchasing policies, the Group does not hold derivative instruments for trading purposes.

The fair value of forward exchange contracts and commodity futures are calculated by reference to current forward exchange rates and commodity futures prices, respectively, for contracts with similar maturity profiles.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Derivative financial instruments (continued)

Foreign currency risk

The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency sales and purchases of finished goods, purchases of materials and other assets and liabilities created in the normal course of business. The Group primarily utilises forward foreign exchange contracts with maturities of less than twelve months to hedge firm commitments. Under this programme, increases or decreases in the Group's firm commitments are partially offset by gains and losses on the hedging instruments.

Commodity price risk

Commodity instruments are used to ensure the Group's access to raw materials at an appropriate price. Outright purchase transactions are recorded at the contracted rates. Changes in the fair value of open commodity instruments designated as effective hedges are recognised in equity until the actual purchase transactions are recognised in the financial statements.

Hedging – Cash flow hedges

The Group uses cash flow hedges to mitigate foreign currency risks of highly probable forecasted transactions, such as anticipated future export sales, purchases of equipment and raw materials, as well as the variability of expected interest payments and receipts.

The effective part of the changes in fair value of the hedging instruments is recognised directly in equity, while any ineffective part is recognised immediately in the income statement. When the hedged item results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(d) Property, plant and equipment****(i) Recognition and measurement**

Capital work-in-progress are stated at cost. All other property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced parts is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	25 – 50 years
• plant and machinery	10 – 20 years
• tools, furniture and equipment	5 – 8 years
• motor vehicles	5 years
• information systems	3 – 10 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) *Finance lease*

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(ii) *Operating lease*

Other leases are operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) *Goodwill*

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(f) Intangible assets (continued)****(iii) Development costs**

Expenditure on development activities for the implementation of substantially improved processes is capitalised if the process is technically and commercially feasible and the Group has sufficient resources to complete the development.

The expenditure capitalised principally comprises direct staff related costs. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life is as follows:

- capitalised development costs: 5 years

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Receivables

Receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets

(i) *Impairment of financial assets*

For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statements. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

(ii) *Impairment of other assets*

The carrying amounts of assets except for financial assets, inventories, deferred tax assets and assets arising from employee benefits are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in income statements over the period of the loans and borrowings, together with any interest and fees payable, using the effective interest method.

(l) Employee benefits

(i) *Short term employee benefits*

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) *Defined benefit plans*

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the income statements on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statements.

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity immediately.

(iii) *Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits (continued)

(iv) *Share-based payment transactions*

Restricted Stock Unit Plan ("RSUP")

Certain employees of the Group are entitled to RSUP that gives the right to Nestlé S.A. share. The grant date fair value of the RSUP granted to these employees is recharged to the Group and is recognised as an employee expense in the income statements.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) *Contingent liabilities*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(ii) *Restructuring*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(n) Payables

Payables are initially recognised at fair value. Payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(o) Revenue recognition

(i) *Goods sold*

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(p) Interest income and borrowing costs**

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(q) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(r) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(s) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM'000	Plant, machinery, tools, furniture and equipment RM'000	Motor vehicles RM'000	Information systems RM'000	Capital work-in- progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2006	230,084	976,535	17,658	56,523	3,074	1,283,874
Additions	5,689	52,957	4,222	7,664	16,865	87,397
Disposals	(16)	(5,189)	(3,745)	(11,021)	–	(19,971)
Written off	(14)	(985)	–	(123)	–	(1,122)
Transfer in/(out)	4,340	(9,297)	2	7,534	(2,579)	–
At 31 December 2006 / 1 January 2007	240,083	1,014,021	18,137	60,577	17,360	1,350,178
Additions	13,058	74,747	3,526	5,429	6,524	103,284
Disposals	(96)	(2,036)	(1,879)	(3,462)	–	(7,473)
Written off	(48)	(4,625)	–	(2,885)	–	(7,558)
Transfer in/(out)	2,591	14,740	–	29	(17,360)	–
At 31 December 2007	255,588	1,096,847	19,784	59,688	6,524	1,438,431
Depreciation and impairment loss						
At 1 January 2006:						
Accumulated depreciation	68,021	662,281	12,335	44,819	–	787,456
Accumulated impairment loss	5,860	13,897	465	19	–	20,241
	73,881	676,178	12,800	44,838	–	807,697
Depreciation for the year	4,214	57,757	2,094	5,711	–	69,776
Disposals	–	(3,610)	(3,643)	(11,010)	–	(18,263)
Written off	–	(610)	–	(118)	–	(728)
Transfer in/(out)	2,771	(8,231)	–	5,460	–	–
At 31 December 2006:						
Accumulated depreciation	75,006	707,587	10,786	44,862	–	838,241
Accumulated impairment loss	5,860	13,897	465	19	–	20,241
	80,866	721,484	11,251	44,881	–	858,482

Notes to the Financial Statements**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Buildings RM'000	Plant, machinery, tools, furniture and equipment RM'000	Motor vehicles RM'000	Information systems RM'000	Capital work-in- progress RM'000	Total RM'000
Group						
Depreciation and impairment loss (continued)						
At 1 January 2007:						
Accumulated depreciation	75,006	707,587	10,786	44,862	–	838,241
Accumulated impairment loss	5,860	13,897	465	19	–	20,241
	80,866	721,484	11,251	44,881	–	858,482
Depreciation for the year	4,373	58,801	2,041	6,112	–	71,327
Impairment loss	424	1,340	–	125	–	1,889
Disposals	(4)	(1,828)	(1,764)	(3,459)	–	(7,055)
Written off	(3)	(3,530)	–	(2,803)	–	(6,336)
At 31 December 2007:						
Accumulated depreciation	79,372	761,030	11,063	44,712	–	896,177
Accumulated impairment loss	6,284	15,237	465	144	–	22,130
	85,656	776,267	11,528	44,856	–	918,307
Carrying amounts						
At 1 January 2006	156,203	300,357	4,858	11,685	3,074	476,177
At 31 December 2006 / 1 January 2007	159,217	292,537	6,886	15,696	17,360	491,696
At 31 December 2007	169,932	320,580	8,256	14,832	6,524	520,124

Impairment loss

In 2007, the discontinuation of a food service project caused the Group to assess the recoverable amount of the plant and machinery dedicated to that project and write down the carrying amount of these assets by RM1,889,000 based on nil recoverable amount.

Impairment loss amounting to RM1,889,000 has been recognised in other expenses of the income statements.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leased plant and machinery

At 31 December 2007, the net carrying amount of leased plant and machinery of the Group was RM7,184,000 (2006 – RM9,089,000).

The Group leases production equipment under a number of finance lease agreements. Some finance leases provide the Group with the option to purchase the equipment at a beneficial price and others transfer ownership of the assets to the Group at the end of the lease term. A lease amounting to RM12,945,000 (2006 – RM12,301,000) is an arrangement that is not in the legal form of a lease, but is accounted for as such based on its terms and conditions. The leased equipment secures lease obligations (see note 13).

4. INTANGIBLE ASSETS

	Note	Goodwill RM'000	Development costs RM'000	Total RM'000
Group				
Cost				
At 1 January 2006/31 December 2006/ 31 December 2007		61,024	32,038	93,062
Amortisation				
At 1 January 2006		–	20,338	20,338
Amortisation for the year	16	–	6,382	6,382
At 31 December 2006/1 January 2007		–	26,720	26,720
Amortisation for the year	16	–	5,062	5,062
At 31 December 2007		–	31,782	31,782
Carrying amounts				
At 1 January 2006		61,024	11,700	72,724
At 31 December 2006/1 January 2007		61,024	5,318	66,342
At 31 December 2007		61,024	256	61,280

4.1 Material intangible assets

Development costs principally comprise internally generated expenditure on development costs on project GLOBE where it is reasonably anticipated that the costs will be recovered through future commercial activity.

4.2 Amortisation

The amortisation has been recognised in administrative expense of the income statements.

Notes to the Financial Statements

4. INTANGIBLE ASSETS (CONTINUED)

4.3 Impairment testing for cash-generating units containing goodwill

The recoverable amount of the goodwill was based on its value in use and the recoverable amount is higher than the carrying amount of these intangible assets. There is no impairment loss for goodwill recognised during the year.

Value in use was determined by discounting the future cash flows generated from the investment in a subsidiary and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 9-year business plan.
- The subsidiary will continue its operations indefinitely.
- The size of operations will remain with at least or not lower than the current results.

The key assumptions represent management's assessment of future trends in the ice-cream industry and are based on both external sources and internal sources (historical data).

5. PREPAID LEASE PAYMENTS

	Note	Leasehold land		Total RM'000
		Unexpired period less than 50 years RM'000	Unexpired period more than 50 years RM'000	
Group				
Cost				
At 1 January 2006 / 31 December 2006		7,282	51,035	58,317
Reclassification		9,853	(9,853)	–
At 31 December 2007		17,135	41,182	58,317
Amortisation				
At 1 January 2006		709	1,570	2,279
Amortisation for the year	16	138	897	1,035
At 31 December 2006 / 1 January 2007		847	2,467	3,314
Amortisation for the year	16	324	711	1,035
Reclassification		511	(511)	–
At 31 December 2007		1,682	2,667	4,349
Carrying amounts				
At 1 January 2006		6,573	49,465	56,038
At 31 December 2006 / 1 January 2007		6,435	48,568	55,003
At 31 December 2007		15,453	38,515	53,968

Notes to the Financial Statements

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2007 RM'000	2006 RM'000
Unquoted shares – at cost	232,992	232,992

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2007 %	2006 %
Nestlé Products Sdn. Bhd.	Malaysia	Marketing and the sale, both locally and for export, of ice-cream, powdered milk and drinks, liquid milk and juices, instant coffee and other beverages, chocolate confectionery products, instant noodles, culinary products, cereals, yogurt and related products. During the year, the Company ceased to market and sell canned liquid milk products.	100	100
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and exporting of ice-cream, powdered milk and drinks, liquid milk and juices, instant coffee and other beverages, instant noodles, culinary products, cereals, yogurt and related products.	100	100
Nestlé Asean (Malaysia) Sdn. Bhd.	Malaysia	Manufacturing and exporting of chocolate confectionery products.	100	100
Nestlé Foods (Malaysia) Sdn. Bhd.	Malaysia	Inactive	100	100
Nestlé Cold Storage (Sabah) Sdn. Bhd.	Malaysia	Inactive	100*	100*
SNF Sdn. Bhd.	Malaysia	Inactive	100	100

* Interest held through Nestlé Manufacturing (Malaysia) Sdn. Bhd.

Notes to the Financial Statements

7. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Unquoted shares	3,000	3,000	3,000	3,000
Share of post-acquisition reserves	600	417	–	–
	3,600	3,417	3,000	3,000

Summary financial information on associate:

	Country of incorporation	Effective ownership interest %	Revenue (100%) RM'000	Profit (100%) RM'000	Total assets (100%) RM'000	Total liabilities (100%) RM'000
2007						
Nihon Canpack (Malaysia) Sdn. Bhd.	Malaysia	20	76,282	1,571	47,131	29,129
2006						
Nihon Canpack (Malaysia) Sdn. Bhd.	Malaysia	20	70,046	1,675	37,289	20,202

8. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Group						
Property, plant and equipment	–	–	62,923	64,823	62,923	64,823
Employee benefit plans	(10,483)	(17,998)	–	–	(10,483)	(17,998)
Provisions	(4,836)	(6,315)	–	–	(4,836)	(6,315)
Hedging reserve	–	(871)	395	–	395	(871)
Tax loss carry-forwards	–	(790)	–	–	–	(790)
Tax (assets) / liabilities	(15,319)	(25,974)	63,318	64,823	47,999	38,849
Set off of tax	12,688	19,265	(12,688)	(19,265)	–	–
Net tax (assets) / liabilities	(2,631)	(6,709)	50,630	45,558	47,999	38,849

Notes to the Financial Statements

8. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

	At 1.1.2006 RM'000	Recognised in income statement (note 18) RM'000	Recognised in equity (note 18) RM'000	At 31.12.2006 RM'000	Recognised in income statement (note 18) RM'000	Recognised in equity (note 18) RM'000	At 31.12.2007 RM'000
Group							
Property, plant and equipment	60,932	3,891	–	64,823	(1,900)	–	62,923
Employee benefit plans	(17,900)	429	(527)	(17,998)	(386)	7,901	(10,483)
Provisions	(8,257)	1,942	–	(6,315)	1,479	–	(4,836)
Hedging reserve	1,080	–	(1,951)	(871)	–	1,266	395
Tax loss carry-forwards	(13,205)	12,415	–	(790)	790	–	–
	22,650	18,677	(2,478)	38,849	(17)	9,167	47,999

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Non-current					
Loans to employees	9.2	22,194	19,414	–	–
Current					
Trade					
Trade receivables		298,891	311,562	–	–
Less: Impairment of trade receivables		(30,176)	(21,118)	–	–
		268,715	290,444	–	–
Amount due from related companies	9.3	140,515	94,998	–	–
Amount due from associate	9.3	3,298	5,317	–	–
Commodity futures	9.4	1,819	1,476	–	–
		414,347	392,235	–	–
Non-trade					
Amount due from subsidiaries	9.5	–	–	623,506	609,119
Amount due from related companies	9.3	2,478	–	–	–
Other receivables, deposits and prepayments	9.6	44,023	37,396	97	142
Foreign exchange contracts	9.4	233	–	–	–
		46,734	37,396	623,603	609,261
		461,081	429,631	623,603	609,261

Notes to the Financial Statements

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)**9.1 Analysis of foreign currency exposure for significant receivables**

Significant receivables outstanding at year end that are not in Ringgit Malaysia, the functional currency of the Group entities are as follows:

	Group	
	2007	2006
	RM'000	RM'000
Foreign currency		
USD	144,623	83,587
BND	8,318	13,563
THB	2,338	3,368
EUR	719	–
SGD	535	1,340

9.2 Loans to employees

Loans to employees are unsecured, interest free and are not expected to be repayable within the next twelve months.

9.3 Amount due from related companies and associate

The trade receivables due from related companies and associate are subject to the normal trade terms. The non-trade receivables due from related companies are unsecured, interest free and repayable on demand.

9.4 Commodity futures and foreign exchange contracts

The commodity futures and foreign exchange contracts are designated as cash flow hedges.

The unrealised gain from the effective hedging of the commodity futures of RM1,462,000 (2006 – RM1,476,000) was recognised in equity at year end.

The gains are expected to be recognised in the income statement when the forecasted transactions occur as follows:

	Gains	
	2007	2006
	RM'000	RM'000
Group		
Commodity futures		
Less than three months	1,002	1,101
Between three months and one year	460	375
	1,462	1,476

Notes to the Financial Statements

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

9.5 Amount due from subsidiaries

The amount due from subsidiaries are unsecured, subject to interest at 3.61% to 3.79% (2006 – 3.15% to 3.61%) per annum and repayable on demand.

9.6 Other receivables, deposits and prepayments

Included in other receivables, deposits and prepayments of the Group are loans to employees of RM9,597,000 (2006 – RM9,344,000), which are unsecured and interest free.

10. INVENTORIES

	Group	
	2007 RM'000	2006 RM'000
Raw and packaging materials	211,578	129,112
Work-in-progress	27,016	21,844
Finished goods	188,821	171,700
Spare parts	19,187	8,018
	446,602	330,674

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits placed with licensed banks	17,240	4,069	17,240	4,069
Cash and bank balances	14,430	51,759	128	3
	31,670	55,828	17,368	4,072

Notes to the Financial Statements

12. CAPITAL AND RESERVES

12.1 Reconciliation of movement in capital and reserves

Note	Attributable to shareholders of the Company			Retained earnings RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Hedging reserve RM'000		
Group					
At 1 January 2006	234,500	33,000	2,801	253,751	524,052
Cash flow hedge					
Effective portion of changes in fair value	—	—	(2,237)	—	(2,237)
Transferred to income statement	—	—	(2,801)	—	(2,801)
Net loss on cash flow hedge	—	—	(5,038)	—	(5,038)
Defined benefit plan actuarial losses, net of tax	—	—	—	(1,352)	(1,352)
Net loss recognised directly in equity	—	—	(5,038)	(1,352)	(6,390)
Profit for the year	—	—	—	264,219	264,219
Total recognised income and expense for the year	—	—	(5,038)	262,867	257,829
Dividends to shareholders 20	—	—	—	(222,775)	(222,775)
At 31 December 2006	234,500	33,000	(2,237)	293,843	559,106
At 1 January 2007	234,500	33,000	(2,237)	293,843	559,106
Cash flow hedge					
Effective portion of changes in fair value	—	—	1,067	—	1,067
Transferred to income statement	—	—	2,237	—	2,237
Net gain on cash flow hedge	—	—	3,304	—	3,304
Defined benefit plan actuarial gains, net of tax	—	—	—	17,312	17,312
Net gain recognised directly in equity	—	—	3,304	17,312	20,616
Profit for the year	—	—	—	292,042	292,042
Total recognised income and expense for the year	—	—	3,304	309,354	312,658
Dividends to shareholders 20	—	—	—	(234,505)	(234,505)
At 31 December 2007	234,500	33,000	1,067	368,692	637,259

Notes to the Financial Statements

12. CAPITAL AND RESERVES (CONTINUED)

12.1 Reconciliation of movement in capital and reserves (continued)

		Non-distributable		Distributable	
	Note	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2006		234,500	33,000	155,910	423,410
Profit for the year		–	–	235,079	235,079
Dividends to shareholders	20	–	–	(222,775)	(222,775)
At 31 December 2006/1 January 2007		234,500	33,000	168,214	435,714
Profit for the year		–	–	263,135	263,135
Dividends to shareholders	20	–	–	(234,505)	(234,505)
At 31 December 2007		234,500	33,000	196,844	464,344

12.2 Share capital

	Group and Company			
	Amount 2007 RM'000	Number of shares 2007 '000	Amount 2006 RM'000	Number of shares 2006 '000
Ordinary shares of RM1 each				
Authorised	300,000	300,000	300,000	300,000
Issued and fully paid:	234,500	234,500	234,500	234,500

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12.3 Share premium

Share premium relates to the amount that shareholders have paid for the shares in excess of the nominal value.

12.4 Hedging reserve

Hedging reserve relates to the effective part of any gains or losses on derivative financial instruments recognised directly in the equity.

12.5 Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has Section 108 tax credit and tax exempt income to frank all of its distributable reserves at 31 December 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2007 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Notes to the Financial Statements**13. LOANS AND BORROWINGS**

	Group	
	2007 RM'000	2006 RM'000
Non-current		
Finance lease liabilities – secured	5,179	7,208
Medium term notes – unsecured	–	100,000
	5,179	107,208
Current		
Revolving credit – unsecured	120,100	64,500
Banker's acceptances – unsecured	80,000	–
Finance lease liabilities – secured	2,603	2,258
Medium term notes – unsecured	100,000	–
	302,703	66,758

13.1 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
Group					
2007					
Revolving credit	2008	120,100	120,100	–	–
Banker's acceptances	2008	80,000	80,000	–	–
Finance lease liabilities	2009–2012	7,782	2,603	2,824	2,355
Medium term notes	2008	100,000	100,000	–	–
		307,882	302,703	2,824	2,355
2006					
Revolving credit	2007	64,500	64,500	–	–
Finance lease liabilities	2009–2011	9,466	2,258	2,398	4,810
Medium term notes	2008	100,000	–	100,000	–
		173,966	66,758	102,398	4,810

Notes to the Financial Statements

13. LOANS AND BORROWINGS (CONTINUED)

13.2 Finance lease liabilities

Finance lease liabilities are payable as follows:

Group	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2007	2007	2007	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	3,234	631	2,603	3,037	779	2,258
Between one and five years	5,734	555	5,179	8,256	1,048	7,208
	8,968	1,186	7,782	11,293	1,827	9,466

The Group leases certain plant and machinery amounting to RM12,945,000 (2006 – RM12,301,000) under finance leases expiring from 2009 to 2012. At the end of the lease term, the Group has the option to purchase the asset at RM1, a price deemed to be a bargain purchase option.

14. EMPLOYEE BENEFITS

14.1 Retirement benefits

	Group	
	2007 RM'000	2006 RM'000
Present value of funded obligations	173,162	159,686
Fair value of plan assets	(132,841)	(95,409)
Recognised liability for defined benefit obligations	40,321	64,277

The Group operates a defined benefit scheme which is administered by Nestlé Malaysia Group Retirement Scheme. Prior to 1 November 2007, the Scheme covers only full time permanent and confirmed local employees of the Group. Following an amendment to the rules of the Scheme on 1 November 2007, the Scheme is extended to cover expatriate management employees as from 1 November 2007. A prior amendment to the rules of the Scheme on 6 April 2005 results in the deferment of retirement age to 60 years old for new hires employed as from 1 January 2005.

The Scheme provides non-indexed retirement pensions to employees who had been in the Group service before 1 January 1992, based on a percentage of final pay and with total Employees Provident Fund (EPF) benefits derived from employee and employer contributions made throughout the period of EPF membership integrated thereto. For employees whose services with the Group commence on or after 1 January 1992, lump sum retirement benefits are made available under the Scheme, in place of the monthly pension, equal to the accumulation of Group contributions plus interest credited at EPF dividend rate.

Notes to the Financial Statements**14. EMPLOYEE BENEFITS (CONTINUED)****14.1 Retirement benefits (continued)****Plan assets comprise the following:**

	Group	
	2007	2006
	RM'000	RM'000
Quoted investments	75,021	54,385
Unquoted investments	21,893	19,906
Loan to an unquoted corporation	2,291	1,831
Cash and cash equivalents	25,168	15,030
Others	8,468	4,257
	132,841	95,409

Movements in the present value of the liability for defined benefit obligations

	Group	
	2007	2006
	RM'000	RM'000
Defined benefit obligations at 1 January	159,686	150,065
Benefits paid by the plan	(9,433)	(8,605)
Current service costs and interest	19,219	14,893
Actuarial losses recognised in equity	3,690	3,333
Defined benefit obligations at 31 December	173,162	159,686

Movement in the fair value of plan assets

	Group	
	2007	2006
	RM'000	RM'000
Fair value of plan assets at 1 January	95,409	86,136
Contributions paid into the plan	11,319	10,424
Benefits paid by the plan	(9,433)	(8,605)
Expected return on plan assets	6,643	6,000
Actuarial gains recognised in equity	28,903	1,454
Fair value of plan assets at 31 December	132,841	95,409

Notes to the Financial Statements

14. EMPLOYEE BENEFITS (CONTINUED)

14.1 Retirement benefits (continued)

Expense recognised in the income statement

		Group	
	Note	2007 RM'000	2006 RM'000
Current service costs		5,257	4,736
Interest on obligation		10,803	10,157
Expected return on plan assets		(6,643)	(6,000)
Past service cost		3,159	–
	16	12,576	8,893

The expense is recognised in the following line items in the income statement:

		Group	
	Note	2007 RM'000	2006 RM'000
Cost of goods sold		4,888	3,295
Distribution and selling expenses		5,344	3,863
Administrative expenses		2,344	1,735
	16	12,576	8,893
Actual return on plan assets		21,358	7,462

Actuarial gains and losses recognised directly in equity

		Group	
		2007 RM'000	2006 RM'000
Cumulative amount at 1 January		(19,087)	(17,208)
Recognised during the year		25,213	(1,879)
Cumulative amount at 31 December		6,126	(19,087)

Actuarial assumptions

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		Group	
		2007	2006
Discount rate at 31 December		7.0%	7.0%
Expected return on plan assets at 1 January		7.0%	7.0%
Future salary increases		5.5%	5.5%

Notes to the Financial Statements**14. EMPLOYEE BENEFITS (CONTINUED)****14.1 Retirement benefits (continued)**

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring is at age 55 years.

The overall expected long-term rate of return on assets is 7.0%. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

Historical information

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Group					
Present value of the defined benefit obligation	173,162	159,686	150,065	136,395	126,339
Fair value of plan assets	(132,841)	(95,409)	(86,136)	(86,340)	(80,114)
Deficit in the plan	40,321	64,277	63,929	50,055	46,225
Experience adjustments arising on plan liabilities	1,683	3,342	6,110	168	3,657
Experience adjustments arising on plan assets	14,715	1,462	(7,370)	(1,838)	2,238

The Group expects to pay RM12,619,000 in contributions to defined benefit plans in 2008.

15. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade					
Trade payables		310,439	253,863	—	—
Amount due to related companies	15.2	43,151	85,011	—	—
		353,590	338,874	—	—
Non-trade					
Amount due to related companies	15.2	85,717	163,011	—	—
Amount due to subsidiaries	15.3	—	—	411,984	413,089
Other payables		27,775	43,895	158	176
Accrued expenses		83,105	42,247	321	252
Foreign exchange contracts	15.4	—	4,587	—	—
		196,597	253,740	412,463	413,517
		550,187	592,614	412,463	413,517

Notes to the Financial Statements

15. PAYABLES AND ACCRUALS (CONTINUED)

15.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in Ringgit Malaysia, the functional currency of the Group entities are as follows:

	Group	
	2007 RM'000	2006 RM'000
Foreign currency		
USD	64,648	55,042
JPY	50,150	163,011
GBP	17,225	4,976
AUD	15,548	1,963
SGD	8,520	10,655
EUR	8,152	4,752
CHF	2,992	2,890

15.2 Amounts due to related companies

The amounts due to related companies are unsecured, repayable on demand and interest free, except for the short term loan of RM50,150,000 (2006 – RM163,011,000) which is denominated in Japanese Yen and subject to interest at 3.72% (2006 – 3.68%) per annum.

15.3 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured and subject to interest at 3.61% to 3.79% (2006 – 3.15% to 3.61%) per annum and repayable on demand.

15.4 Foreign exchange contracts

The foreign exchange contracts are designated as cash flow hedges.

In the previous year, unrealised loss on the foreign exchange contracts of RM4,587,000 was recognised in equity at year end.

Notes to the Financial Statements**16. OPERATING PROFIT**

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Operating profit is arrived at after charging:					
Amortisation of intangible assets	4	5,062	6,382	–	–
Amortisation of prepaid lease payments	5	1,035	1,035	–	–
Auditors' remuneration:					
– Statutory audit		386	297	97	70
– Other services		152	226	–	–
Depreciation on property, plant and equipment	3	71,327	69,776	–	–
Impairment of trade receivables		10,520	2,693	–	–
Impairment loss on property, plant and equipment	3	1,889	–	–	–
Interest costs		14,842	10,090	19,918	21,450
Loss on foreign exchange					
– unrealised		3,759	2,652	–	–
– realised		30,777	12,359	–	–
Personnel expenses (including key management personnel):					
– Expenses related to defined benefit plans	14	12,576	8,893	–	–
– Contributions to Employees Provident Fund		23,018	20,821	–	–
– Share based payments		5,184	4,470	–	–
– Wages, salaries and others		281,824	261,833	–	–
Property, plant and equipment written off		1,222	394	–	–
Rental on land and buildings		33,437	30,668	–	–
and after crediting:					
Dividend income from subsidiaries (unquoted)		–	–	360,143	315,840
Dividend income from an associate (unquoted)		131	130	131	130
Gain on disposal of property, plant and equipment		927	168	–	–
Gain on foreign exchange					
– Unrealised		406	4,589	–	–
– Realised		17,713	11,977	–	–
Interest income		443	765	21,667	23,022
Reversal of impairment of trade receivables		1,147	6,983	–	–

Notes to the Financial Statements

17. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors				
– Fees	275	130	275	130
– Remuneration	3,241	3,179	–	–
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	902	882	40	47
Total short-term employee benefits	4,418	4,191	315	177
– Post-employment benefits	393	351	–	–
– Share-based payments	1,540	1,479	–	–
	6,351	6,021	315	177
Other key management personnel:				
– Short-term employee benefits	5,110	5,257	–	–
– Post-employment benefits	61	59	–	–
– Share-based payments	2,389	2,249	–	–
	7,560	7,565	–	–
	13,911	13,586	315	177

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on their behalf.

18. TAX EXPENSE

Recognised in the income statements

	Group		Company	
Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Tax expense	103,256	99,066	97,550	81,540
Share of tax of equity accounted associate	62	147	–	–
Total tax expense	103,318	99,213	97,550	81,540

Notes to the Financial Statements**18. TAX EXPENSE (CONTINUED)****Recognised in the income statements (continued)**

		Group		Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Major components of tax expense include:					
Current tax expense					
Malaysian – current year		97,380	80,389	97,550	81,540
– prior year		5,893	–	–	–
Total current tax		103,273	80,389	97,550	81,540
Deferred tax expense					
Origination and reversal of temporary differences		(17)	18,677	–	–
Total deferred tax	8	(17)	18,677	–	–
Share of tax of equity accounted associate		62	147	–	–
Total tax expense		103,318	99,213	97,550	81,540
Reconciliation of tax expense					
Profit for the year		292,042	264,219	263,135	235,079
Total tax expense		103,256	99,066	97,550	81,540
Profit excluding tax		395,298	363,285	360,685	316,619
Tax at Malaysian tax rate of 27% (2006 – 28%)		106,730	101,720	97,385	88,653
Effect of change in tax rate*		(2,399)	–	–	–
Non-deductible expenses		3,837	2,815	165	88
Tax exempt income		–	–	–	(7,223)
Tax incentives		(11,182)	(5,863)	–	–
Other items		377	394	–	22
		97,363	99,066	97,550	81,540
Under provided in prior years		5,893	–	–	–
		103,256	99,066	97,550	81,540
Tax expense on share of profit of associate		62	147	–	–
		103,318	99,213	97,550	81,540

* The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates.

Notes to the Financial Statements

18. TAX EXPENSE (CONTINUED)

Tax recognised directly in equity

		Group	
	Note	2007 RM'000	2006 RM'000
Actuarial (gains)/losses	8	(7,901)	527
Net (gain)/loss on cash flow hedge	8	(1,266)	1,951
Total tax recognised directly in equity		(9,167)	2,478

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2007 was based on the profit attributable to ordinary shareholders of RM292.0 million (2006 – RM264.2 million) and 234.5 million (2006 – 234.5 million) ordinary shares outstanding during the year.

20. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2007			
Interim 2007 ordinary			
Taxable – First	15.00	35,175	31 May 2007
– Second	20.00	46,905	25 September 2007
Final 2006 ordinary			
Taxable	54.00	126,630	31 May 2007
Tax exempt	11.00	25,795	31 May 2007
Total amount		234,505	
2006			
Interim 2006 ordinary			
Taxable – First	15.00	35,175	31 May 2006
– Second	20.00	46,900	26 September 2006
Final 2005 ordinary			
Taxable	51.47	120,697	31 May 2006
Tax exempt	8.53	20,003	31 May 2006
Total amount		222,775	

Notes to the Financial Statements

20. DIVIDENDS (CONTINUED)

After the balance sheet date the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Group	
	Sen per share (net of tax)	Total amount RM'000
Final ordinary		
Taxable	78.81	184,809

21. SEGMENTAL INFORMATION

As the principal activity of the Group is manufacturing, marketing and sale of food products in Malaysia, no segmental analysis is provided. Approximately 22% (2006 – 16%) of the total sales are exports, mainly to South East Asia and Middle East countries based on location of customers.

22. FINANCIAL INSTRUMENTS

Exposure to credit, commodity contract, interest rate, liquidity and currency risk arises in the normal course of the Group's business. For this, the Group adopts the written risk management policies and guidelines issued by the parent company, Nestlé S.A., which set out the overall business strategies, the tolerance to risks and the general risk management philosophy. The Group has established processes to monitor and control the hedging of transactions in a timely and accurate manner. All new guidelines and latest updates on the policies are reviewed regularly and monitored by management and the Board of Directors to ensure that the policy and guidelines are adhered to.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount with clear approving authority and limits. All major customers are required to have collateral in the form of financial assets and/or bank guarantees.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Commodity contract risk

The Group incurs commodity contract risk on sales and purchases of main commodities like coffee, cocoa, and palm oil. The contracts giving rise to this risk are primarily futures contracts and options mainly in US Dollars and British Pound Sterling.

Palm oil contracts are transacted by Nestlé specialists based in Nestlé Singapore, whilst coffee and cocoa commodity contracts are transacted by Nestlé specialists based in Nestlé UK on behalf of the Group in order to obtain better leverage. Following the guidelines set out by the parent company, all commodity contracts are for the purpose of hedging to protect the Group from price fluctuations.

Interest rate risk

Interest rates of the Group's borrowings vary with reference to the prime lending rates of the banks except for medium term notes and finance lease obligations where interest rates are fixed.

Notes to the Financial Statements

22. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
2007									
Fixed rate instruments									
Finance lease liabilities	13	8.60	7,782	2,603	2,824	1,608	715	32	–
Medium term notes	13	3.57	100,000	100,000	–	–	–	–	–
			107,782	102,603	2,824	1,608	715	32	–
Floating rate instruments									
Deposits with licensed banks	11	3.00	17,240	17,240	–	–	–	–	–
Amount due to a related company	15	3.72	50,150	50,150	–	–	–	–	–
Revolving credit	13	3.88	120,100	120,100	–	–	–	–	–
Banker's acceptances	13	3.68	80,000	80,000	–	–	–	–	–
			250,250	250,250	–	–	–	–	–
2006									
Fixed rate instruments									
Finance lease liabilities	13	8.60	9,466	2,258	2,398	2,646	1,469	695	–
Medium term notes	13	3.57	100,000	–	100,000	–	–	–	–
			109,466	2,258	102,398	2,646	1,469	695	–
Floating rate instruments									
Deposits with licensed banks	11	2.85	4,069	4,069	–	–	–	–	–
Amount due to related companies	15	3.68	163,011	163,011	–	–	–	–	–
Revolving credit	13	3.95	64,500	64,500	–	–	–	–	–
			227,511	227,511	–	–	–	–	–

Notes to the Financial Statements**22. FINANCIAL INSTRUMENTS (CONTINUED)**

Company	Note	Average effective interest rate %	Total RM'000	Less than 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
2007									
Floating rate instruments									
Deposits with licensed banks	11	3.00	17,240	17,240	–	–	–	–	–
Amount due from subsidiaries	9	3.70	623,506	623,506	–	–	–	–	–
			640,746	640,746	–	–	–	–	–
Amount due to subsidiaries	15	3.70	411,984	411,984	–	–	–	–	–
2006									
Floating rate instruments									
Deposits with licensed banks	11	2.85	4,069	4,069	–	–	–	–	–
Amount due from subsidiaries	9	3.38	609,119	609,119	–	–	–	–	–
			613,188	613,188	–	–	–	–	–
Amount due to subsidiaries	15	3.38	413,089	413,089	–	–	–	–	–

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents and bank credit lines deemed adequate by the management to finance the Group's operations and to mitigate the effect of fluctuation in cash flows.

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollars, Brunei Dollars, Swiss Francs, British Pound Sterling, Australian Dollars, Euros, Thai Baht and Japanese Yen.

The Group hedges a portion of all foreign trade receivables and trade payables denominated in foreign currency. Following the guidelines set out by the parent company, all foreign exchange contracts are for the purpose of hedging to protect the Group from foreign currency fluctuations and the Group is not allowed to trade other than for the purpose of hedging.

Notes to the Financial Statements

22. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values

The Company provides financial guarantee to banks for credit facilities extended to a subsidiary. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2007 and 2006, except as follows:

	Note	2007		2006	
		Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group					
Finance lease liabilities	13	7,782	6,782	9,466	8,532

Estimation of fair values

Fair value is determined using estimated future cash flows discounted using market related rate for a similar instrument at the balance sheet date.

The interest rate used to discount estimated cash flows is as follow:

	2007	2006
Finance lease liabilities	7.0%	7.0%

23. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2007 RM'000	2006 RM'000
Less than one year	35,361	36,094
Between one and five years	60,270	99,835
More than five years	–	7,448
	95,631	143,377

The Group leases a number of warehouses, offices and residences under operating leases. The leases typically run for a period of one to five years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

Notes to the Financial Statements

24. CAPITAL AND OTHER COMMITMENTS

	Group	
	2007 RM'000	2006 RM'000
Capital expenditure commitments		
Plant and equipment		
<i>Contracted but not provided for</i>	28,219	19,286
<i>Authorised but not contracted for</i>	212,254	165,795
	240,473	185,081

25. CONTINGENCIES

The Directors are of the opinion that provision is not required in respect of the following matter, as it is not probable that a future sacrifice of economic benefits will be required.

	Company	
	2007 RM'000	2006 RM'000
Contingent liabilities not considered remote		
Guarantees relating to borrowings of a subsidiary – unsecured	700,000	700,000

26. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its holding company, subsidiaries (see note 6), associate (see note 7), other related companies, Directors and key management personnel.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Notes to the Financial Statements

26. RELATED PARTIES (CONTINUED)

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

	Transaction value for the year ended 31 December		Balance outstanding as at 31 December	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Group				
Related companies				
– sales of goods and services	671,767	447,927	140,515	94,998
– purchases of goods and services	327,203	539,663	32,245	85,011
– IT shared services	21,513	19,119	14,685	–
– royalties	136,939	140,839	9,486	10,348
– purchase of plant and equipment	724	91	–	–
– interest costs	1,599	699	132	142
Company				
Subsidiaries				
– interest costs	19,893	21,382	1,744	1,409
– interest income	21,502	22,839	1,904	1,547

Notes to the Financial Statements

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

	Group	
	As restated RM'000	As previously stated RM'000
Balance sheets		
Non-current assets		
Prepaid lease payments	55,003	53,968
Receivables, deposits and prepayments	19,414	—
Current assets		
Prepaid lease payments	—	1,035
Receivables, deposits and prepayments	429,631	449,045
Income statements		
Distribution and selling expenses	639,886	248,075
Administrative expenses	92,679	484,490

Shareholding Statistics

AS AT 3 MARCH 2008

Authorised Capital	: RM300,000,000
Issued and paid-up share capital	: RM234,500,000
Class of shares	: Ordinary shares of RM1.00 each
No. of shareholders	: 3,629
Voting rights	: One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

Name	Number of shares held	%
Nestle S.A.	170,276,563	72.613
Employees Provident Fund Board	17,627,200	7.517
Lembaga Tabung Haji	7,203,254	3.072

30 LARGEST SHAREHOLDERS

Name	Number of shares held	%
Nestle S.A.	170,276,563	72.613
Employees Provident Fund Board	17,627,200	7.517
Lembaga Tabung Haji	7,203,254	3.072
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Par 1)	5,983,410	2.552
Valuecap Sdn Bhd	3,857,100	1.645
Amanah Raya Nominees (T) Sdn Bhd - Skim Amanah Saham Bumiputera	3,030,500	1.292
HDM Nominees (T) Sdn Bhd - Exempt Account for Nestle Products Sdn Bhd	1,889,526	0.806
Pertubuhan Keselamatan Sosial	1,345,800	0.574
Permodalan Nasional Berhad	1,030,300	0.439
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Par 2)	943,400	0.402
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Non Par 1)	805,500	0.344
Kumpulan Wang Persaraan (Diperbadankan)	774,600	0.330
Soon Cheong (Malaya) Sdn Bhd	646,698	0.276
Amanah Raya Nominees (T) Sdn Bhd - Amanah Saham Didik	595,200	0.254
Kwang Teow Sang Sdn Bhd	560,700	0.239
Mayban Nominees (T) Sdn Bhd - Etiqa Insurance Bhd (Life Par Fund)	545,900	0.233
Public Nominees (T) Sdn Bhd - Pledged Securities Account for Mohamed Fauzy Bin Abdul Hamid (Dua)	445,000	0.190
Mayban Nominees (T) Sdn Bhd - Etiqa Takaful Bhd (Family Fund)	436,700	0.186
Amanah Raya Nominees (T) Sdn Bhd - Amanah Saham Wawasan 2020	411,600	0.176
Batu Pahat Seng Huat Sdn Bhd	363,985	0.155

Shareholding Statistics

AS AT 3 MARCH 2008

30 LARGEST SHAREHOLDERS (CONTINUED)

Name	Number of shares held	%
Kuok Foundation Berhad	304,200	0.130
HSBC Nominees (A) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	260,000	0.111
Jarnazz Sdn Bhd	248,000	0.106
Citigroup Nominees (T) Sdn Bhd - Exempt Account for Prudential Fund Management Berhad	239,800	0.102
Mayban Nominees (T) Sdn Bhd - Etiqa Insurance Berhad (Life Non-Par FD)	231,100	0.099
Citigroup Nominees (A) Sdn Bhd - CBNY for DFA Emerging Markets Series	229,200	0.098
Mayban Nominees (T) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for the Employees Provident Fund Board (250416)	196,000	0.084
Amanah Saham Mara Berhad	189,400	0.081
Amanah Raya Nominees (T) Sdn Bhd - Dana Al-Aiman	182,000	0.078
HSBC Nominees (T) Sdn Bhd - HSBC (M) Trustee Bhd for Hwang-DBS Select Income Fund (4850)	180,000	0.077

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital
1 - 99	261	7.192	1,994	0.001
100 - 1,000	2,228	61.394	1,702,487	0.726
1,001 - 10,000	885	24.387	3,228,960	1.377
10,001 - 100,000	209	5.759	6,325,104	2.697
100,001 - less than 5% of issued shares	44	1.213	35,337,692	15.069
5% and above of issued shares	2	0.055	187,903,763	80.130
Total	3,629	100.000	234,500,000	100.000

DIRECTORS' SHAREHOLDINGS

The Company	Direct Interests (no. of shares)	% of Issued Capital	Deemed Interests (no. of shares)	% of Issued Capital
Gen. [R] Tan Sri Dato' Mohd Ghazali Seth	10,000	0.004	-	-
Dato' Frits van Dijk	8,000	0.003	-	-
Mohd. Rafik Bin Shah Mohamad	27,000	0.012	-	-

List of Properties Held

AT 31 DECEMBER 2007

Location		Tenure	Age*	Expiry Date	Size (sq. ft.)	Description	Net Book Value RM'000
1.	No. 25 Jalan Tandang 46050 Petaling Jaya Selangor	Leasehold	47	Q.T. (R) 2619 4.9.2058 Q.T. (R) 5281 12.6.2059	541,887	Factory	18,683
2.	Lot No. 3 Jalan Pelaya 15/1 40700 Shah Alam Selangor	Leasehold	37	10.6.2070	109,300	Factory	2,197
3.	Lot No. 5 Jalan Pelaya 15/1 40700 Shah Alam Selangor	Leasehold	34	H.S.(D) 97 H.S.(D) 159 7.11.2072	672,500	Factory	7,166
4.	Lot No. 6 Pesiaran Raja Muda 40700 Shah Alam Selangor	Leasehold	38	29.1.2070	396,500	Factory & warehouse	12,666
5.	Lot Nos. 691-696 Mukim Chembong Daerah Rembau Negeri Sembilan	Leasehold	16	27.6.2049	1,439,309.5	Factory	3,526
6.	Lot Nos. 3863-3866 and Lot Nos. 687-690 Mukim Chembong Daerah Rembau Negeri Sembilan	Leasehold	16	27.6.2049		Factory	
7.	Lot Nos. 3857-3862 Jalan Perusahaan 4, Kawasan Perindustrian Chembong, Chembong Rembau, Negeri Sembilan	Leasehold	16	27.6.2049	360,258	Factory	1,648
8.	Lot No. 844, Block 7 Muara Tebas Land District Sejingkat Industrial Estate Kuching, Sarawak	Leasehold	16	19.10.2053	274,050	Factory	387
9.	Lot 915, Block 7 Muara Tebas Land District Demak Laut Industrial Park Kuching, Sarawak	Leasehold	13	13.10.2054	184,912	Factory	736
10.	Plot 46 Bemban Industrial Park Batu Gajah Perak	Leasehold	10	30.9.2056	1,694,923	Vacant land	6,959

* Approximation of age of property in years.

Kalendar Kewangan

Keputusan

Pertengahan	- diumumkan	9 Ogos 2007
Akhir	- diumumkan	28 Februari 2008

Dividen

Interim - pertama	- tarikh penentuan daftar	17 Mei 2007
	- dibayar	31 Mei 2007
Interim - kedua	- tarikh penentuan daftar	29 Ogos 2007
	- dibayar	25 September 2007
Akhir (dicadangkan)	- tarikh penentuan daftar	14 Mei 2008
	- bayaran	29 Mei 2008

Mesyuarat Agung Tahunan

24 April 2008

Kandungan

Prestasi Saham 62 Maklumat Kewangan Kumpulan 63 Perangkaan 5 Tahun 64

Carta Kewangan 65 Laporan Pengarah 66 Penyata Pengarah 70

Pengakuan Berkanun 71 Laporan Juruaudit 72 Kunci Kira-kira 73 Penyata Pendapatan 74

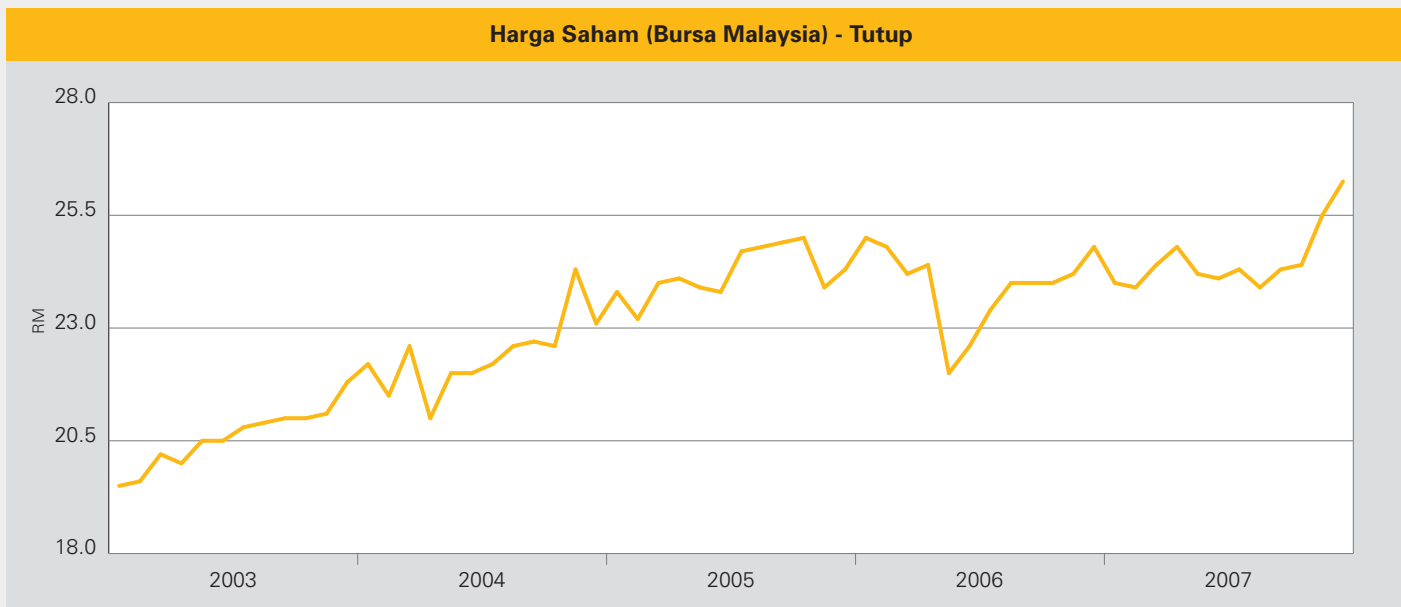
Penyata Pendapatan dan Perbelanjaan Diiktiraf 75 Penyata Aliran Tunai 76

Nota-nota kepada Penyata Kewangan 78 Perangkaan Pegangan Saham 118

Senarai Harta-harta Dipegang 120

Prestasi Saham

	Tahun Kalendar				
	2007	2006	2005	2004	2003
Sepanjang tahun					
Tertinggi - RM	32.00	26.00	25.75	24.30	21.80
Terendah - RM	23.40	21.40	23.00	21.00	19.50



Berdasarkan harga tutup akhir bulan

Maklumat Kewangan Kumpulan

		2007 RM'000	2006 RM'000	+ / (-)
Jumlah Jualan		3,416,028	3,275,541	4.3%
Perolehan / Aliran Tunai				
Untung sebelum cukai		395,298	363,285	8.8%
% jumlah jualan		11.6%	11.1%	
Untung selepas cukai dan kepentingan minoriti		292,042	264,219	10.5%
% jumlah jualan		8.5%	8.1%	
Dividen dibayar & dicadangkan (bersih)		266,889	234,500	13.8%
Susut nilai harta tetap		71,327	69,776	
Aliran tunai (untung + susut nilai + pelunasan)		371,355	341,412	
Perbelanjaan modal		102,640	79,065	
Dana pemegang saham		637,259	559,106	
Kakitangan	(bil.)	4,685	4,151	
Kilang-kilang	(bil.)	7	7	
Sesaham				
Harga pasaran ³	(RM)	26.25	24.80	
Perolehan ¹	(sen)	124.54	112.67	
Nisbah harga perolehan		21.08	22.01	
Dividen (bersih)	(sen)	113.81	100.00	
Kadar hasil dividen	(%)	4.3	4.0	
Lindungan dividen ¹	(bil.)	1.1	1.1	
Dana pemegang saham	(RM)	2.72	2.38	
Harta ketara bersih ²	(RM)	2.46	2.10	

Nota :

1. Perolehan sesaham dan lindungan dividen adalah berdasarkan keuntungan selepas cukai.
2. Harta ketara bersih meliputi modal saham campur rizab tolak harta tak ketara.
3. Harga pasaran adalah berdasarkan harga saham pada hari urusaniaga terakhir dalam bulan Disember.

Perangkaan 5 Tahun

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Jumlah Jualan	3,416,028	3,275,541	3,127,441	2,901,183	2,656,989
Perolehan / Aliran Tunai					
Untung sebelum cukai	395,298	363,285	331,253	297,209	202,117
% jumlah jualan	11.6%	11.1%	10.6%	10.2%	7.6%
Untung selepas cukai & kepentingan minoriti	292,042	264,219	266,819	220,408	161,989
% jumlah jualan	8.5%	8.1%	8.5%	7.6%	6.1%
Dividen dibayar & dicadangkan (bersih)	266,889	234,500	199,794	188,069	176,330
Susut nilai harta tetap	71,327	69,776	72,482	71,149	70,793
Aliran tunai (keuntungan + susut nilai + pelunasan)	371,355	341,412	351,679	305,243	270,011
% jumlah jualan	10.9%	10.4%	11.2%	10.5%	10.2%
Perbelanjaan modal	102,640	79,065	75,458	62,056	61,550
Harta Digunakan					
Harta tetap (bersih)	520,124	491,696	476,177	525,562	538,454
Bayaran sewa beli terdahulu (bersih) ⁴	53,968	55,003	56,038	-	-
Syarikat bersekutu	3,600	3,417	3,212	2,894	2,237
Harta tidak ketara	61,280	66,342	72,724	84,067	96,134
Aset cukai tertunda	2,631	6,709	10,033	2,903	-
Penghutang, deposit & prabayaran	22,194	19,414	-	-	-
Harta semasa bersih ⁴	69,592	133,568	106,957	(84,998)	92,190
Jumlah	733,389	776,149	725,141	530,428	729,015
Dibiayai Oleh					
Modal saham	234,500	234,500	234,500	234,500	234,500
Rizab	402,759	324,606	289,552	217,035	166,211
Jumlah dana pemegang saham	637,259	559,106	524,052	451,535	400,711
Cukai tertunda	50,630	45,558	32,683	32,566	29,875
Kepentingan minoriti	-	-	-	-	-
Tanggungan faedah persaraan	40,321	64,277	63,929	46,327	48,429
Pinjaman	5,179	107,208	104,477	-	250,000
Jumlah	733,389	776,149	725,141	530,428	729,015
Sesaham					
Harga pasaran ³	(RM) 26.25	24.80	24.30	23.10	21.80
Perolehan ¹	(sen) 124.54	112.67	113.78	94.00	69.08
Nisbah harga perolehan	21.08	22.01	21.36	24.58	31.56
Dividen (bersih)	(sen) 113.81	100.00	85.20	80.20	75.20
Kadar hasil dividen	(%) 4.3	4.0	3.5	3.5	3.4
Lindungan dividen ¹	(bil.) 1.1	1.1	1.3	1.2	0.9
Dana pemegang saham	(RM) 2.72	2.38	2.23	1.93	1.71
Harta ketara bersih ²	(RM) 2.46	2.10	1.92	1.57	1.30
Kakitangan	(bil.) 4,685	4,151	3,818	3,750	3,472
Kilang	(bil.) 7	7	7	7	7

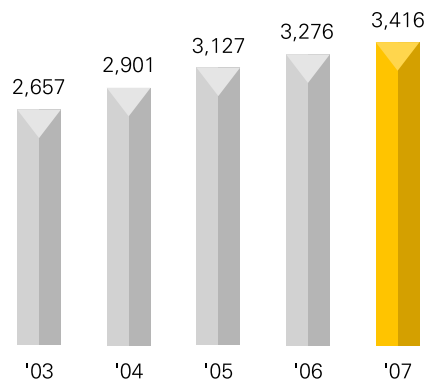
Nota :

1. Perolehan sesaham dan lindungan dividen adalah berdasarkan keuntungan selepas cukai.
2. Harta ketara bersih meliputi modal saham campur rizab tolak harta tak ketara.
3. Harga pasaran adalah berdasarkan harga saham pada hari urusniaga terakhir dalam bulan Disember.
4. Angka-angka perbandingan untuk tahun 2006 telah diklasifikasikan semula selaras dengan keperluan pembentangan FRS 101 seperti diterangkan di dalam nota 27 kepada penyata kewangan.

Carta Kewangan

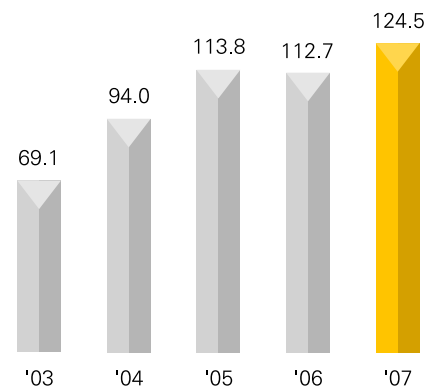
Jumlah Jualan

(RM juta)



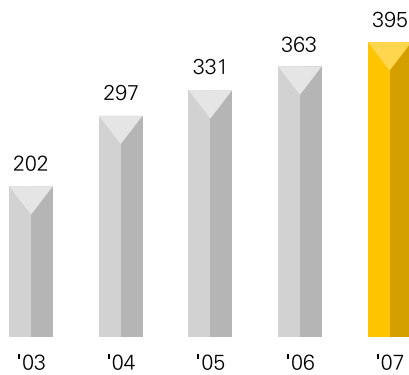
Perolehan Sesaham

(sen)



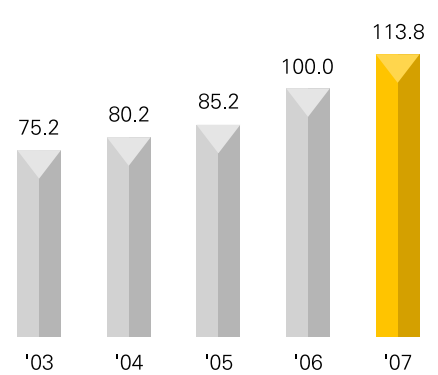
Untung Sebelum Cukai

(RM juta)



Dividen Bersih Sesaham

(sen)



Laporan Pengarah

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

Lembaga Pengarah dengan sukacitanya membentangkan laporan dan penyata-penyata kewangan Kumpulan dan Syarikat yang telah diaudit bagi tahun berakhir 31 Disember 2007

AKTIVITI UTAMA

Aktiviti utama Syarikat adalah sebagai sebuah syarikat pemegang pelaburan manakala aktiviti utama anak-anak syarikatnya adalah seperti yang dinyatakan dalam nota 6 penyata kewangan. Tiada sebarang perubahan penting pada aktiviti-aktiviti ini sepanjang tahun kewangan tersebut.

KEPUTUSAN

	Kumpulan RM'000	Syarikat RM'000
Keuntungan boleh diagihkan kepada pemegang saham Syarikat	292,042	263,135

RIZAB DAN PERUNTUKAN

Tiada sebarang pindahan material kepada atau daripada rizab dan peruntukan sepanjang tahun dalam kajian, kecuali sebagaimana yang telah dinyatakan di dalam penyata-penyata kewangan.

DIVIDEN

Sejak akhir tahun kewangan yang lalu, Syarikat telah membayar:

- (i) dividen akhir sebanyak 73.97 sen bagi setiap saham biasa ditolak cukai sebanyak 27% (54.00 sen bersih sesaham) dan 11.00 sen sesaham biasa dikecualikan cukai yang masing-masing berjumlah RM126,630,000 dan RM25,795,000 bagi tahun berakhir 31 Disember 2006 pada 31 Mei 2007;
- (ii) dividen interim pertama sebanyak 20.55 sen sesaham ditolak cukai 27% berjumlah RM35,175,000 (15.00 sen bersih sesaham) bagi tahun berakhir 31 Disember 2007 pada 31 Mei 2007; dan
- (iii) dividen interim kedua sebanyak 27.40 sen sesaham ditolak cukai pada 27% berjumlah RM46,905,000 (20.00 sen bersih sesaham) bagi tahun berakhir 31 Disember 2007 pada 25 September 2007.

Dividen akhir yang dicadangkan oleh Lembaga Pengarah bagi tahun berakhir 31 Disember 2007 adalah 106.50 sen sesaham ditolak cukai 26% berjumlah RM184,809,000 (78.81 sen bersih sesaham).

Laporan Pengarah

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

AHLI LEMBAGA PENGARAH SYARIKAT

Ahli Lembaga Pengarah yang berkhidmat sejak tarikh laporan yang lalu adalah:

Pengarah

Gantian

Jen. (B) Tan Sri Dato' Mohd. Ghazali Seth (Pengerusi)
 YM Tengku Tan Sri Dr. Mahaleel bin Tengku Ariff
 Tan Sri Dato' Seri Syed Anwar Jamalullail
 Tan Sri Dato' Ernst Zulliger
 Encik Sullivan O'Carroll
 Encik Stéphane Alby
 Dato' Frits van Dijk
 Mohd. Rafik bin Shah Mohamad (dilantik pada 1.6.2007)

Encik Stéphane Alby
 Encik Sullivan O'Carroll
 Encik Magdi Batato

KEPENTINGAN AHLI LEMBAGA PENGARAH

Kepentingan dan yang dianggap kepentingan saham-saham biasa Syarikat dan syarikat -syarikat berkaitannya (selain anak-anak syarikat milik penuh) bagi Ahli Lembaga Pengarah pada akhir tahun seperti yang dicatatkan dalam Daftar Pegangan Saham Pengarah adalah seperti berikut:

Bilangan saham biasa berharga RM1 sesaham

	Pada 1.1.2007 / tarikh perantukan sebagai pengarah	Dibeli	Dijual	Pada 31.12.2007
<i>Pegangan saham di mana para pengarah mempunyai kepentingan langsung</i>				

Kepentingan dalam Syarikat

Jen. (B) Tan Sri Dato' Mohd Ghazali Seth	10,000	—	—	10,000
Dato' Frits van Dijk	8,000	—	—	8,000
Mohd. Rafik bin Shah Mohamad	27,000	—	—	27,000

Bilangan saham biasa berharga CHF1 sesaham

	Pada 1.1.2007	Dibeli	Dijual	Pada 31.12.2007
Kepentingan dalam Nestlé S.A.; Syarikat Pegangan				
Encik Sullivan O'Carroll	90	—	—	90
Encik Stéphane Alby	70	—	—	70

Tiada Pengarah lain yang memegang jawatan pada 31 Disember 2007 mempunyai sebarang kepentingan dalam saham biasa Syarikat dan syarikat-syarikat berkaitannya sepanjang tahun kewangan berkenaan.

Laporan Pengarah

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

IMBUHAN PENGARAH

Sejak akhir tahun kewangan yang lalu, tiada Pengarah Syarikat yang menerima atau layak menerima sebarang imbuhan (selain daripada imbuhan yang dimasukkan dalam jumlah agregat emolumen yang diterima atau sepatutnya diterima dan boleh diterima oleh Pengarah seperti ditunjukkan dalam penyata kewangan atau gaji tetap sebagai kakitangan sepenuh masa syarikat berkaitan) disebabkan oleh kontrak yang dibuat oleh Syarikat atau syarikat berkaitan dengan Pengarah atau firma di mana Pengarah berkenaan adalah ahli, atau dengan syarikat di mana Pengarah mempunyai kepentingan kewangan yang besar.

Tiada sebarang aturan dibuat sepanjang dan pada akhir tahun kewangan yang membolehkan Pengarah Syarikat memperolehi imbuhan menerusi perolehan saham atau debentur Syarikat atau sebarang pertubuhan korporat selain daripada terbitan Pelan Unit Saham Terhad di syarikat pegangan.

TERBITAN SAHAM DAN DEBENTUR

Tiada sebarang perubahan dalam modal dibenarkan, modal terbitan dan modal berbayar Syarikat sepanjang tahun kewangan ini.

PILIHAN DIBERIKAN KE ATAS SAHAM YANG BELUM DITERBITKAN

Tiada sebarang pilihan yang diberikan kepada sesiapa untuk mengambil saham Syarikat yang belum diterbitkan sepanjang tahun ini.

MAKLUMAT BERKANUN LAIN

Sebelum kunci kira-kira dan penyata pendapatan Kumpulan dan Syarikat disediakan, Pengarah mengambil langkah-langkah munasabah bagi memastikan bahawa:

- (i) semua hutang lapuk yang diketahui telah dilupuskan dan peruntukan hutang ragu secukupnya telah dibuat dan
- (ii) semua aset semasa telah dinyatakan, pada nilai yang lebih rendah antara kos dan nilai boleh capai bersih.

Pada tarikh laporan ini, Pengarah tidak mengetahui sebarang keadaan:

- (i) yang mungkin menyebabkan jumlah yang dilupuskan bagi hutang lapuk atau jumlah peruntukan hutang ragu dalam Kumpulan dan Syarikat tidak memadai dengan ketara, atau
- (ii) yang mungkin menyebabkan nilai dihasilkan oleh aset semasa dalam penyata kewangan Kumpulan dan Syarikat mengelirukan, atau
- (iii) yang berbangkit yang boleh menyebabkan penggunaan kaedah penilaian aset atau tanggungan Kumpulan dan Syarikat yang sedia ada mengelirukan atau tidak sesuai, atau
- (iv) yang tidak diliputi dalam laporan ini atau penyata kewangan yang mungkin menyebabkan sebarang jumlah dinyatakan dalam penyata kewangan Kumpulan dan Syarikat mengelirukan.

MAKLUMAT BERKANUN LAIN (SAMBUNGAN)

Pada tarikh laporan ini, tidak wujud:

- (i) sebarang tuntutan terhadap aset Kumpulan atau Syarikat yang berbangkit sejak akhir tahun kewangan yang menjamin tanggungan mana-mana pihak, atau
- (ii) sebarang tanggungan luar jangkaan bagi Kumpulan atau Syarikat yang berbangkit sejak akhir tahun kewangan ini.

Tiada tanggungan luar jangkaan atau tanggungan lain bagi sebarang syarikat dalam Kumpulan yang dikuatkuasa atau berkemungkinan dikuatkuasakan dalam tempoh dua belas bulan selepas akhir tahun kewangan ini, yang pada pendapat Pengarah akan atau boleh menjejaskan keupayaan Kumpulan dan Syarikat dengan ketara untuk memenuhi tanggungjawab mereka apabila tiba tempoh matang.

Para Pengarah berpendapat, keputusan operasi Kumpulan dan Syarikat bagi tahun kewangan berakhir 31 Disember 2007 tidak terjejas secara ketara oleh sebarang perkara, urusan niaga atau peristiwa penting dan luar biasa, begitu juga sebarang perkara, urusan niaga atau peristiwa yang berlaku dalam tempoh di antara akhir tahun kewangan berkenaan dengan tarikh laporan ini.

PERISTIWA PENTING

Sociétés des Produits Nestlé S.A (Switzerland), anak syarikat milik penuh Nestlé S.A (iaitu syarikat pegangan induk bagi Kumpulan dan Syarikat) dan pemilik kepada tanda perniagaan, telah memasuki perjanjian penjualan dan perlesenan dengan Fraser & Neave Holdings Berhad (Malaysia) untuk menjual tanda perniagaan TEA POT® dan melesenkan tanda-tanda perniagaan MILKMAID®, CAP JUNJUNG®, IDEAL® dan CARNATION®. Ini telah membolehkan Fraser & Neave Holdings Berhad memasarkan, menjual dan mengedarkan produk Susu Cecair Bertin berkenaan.

Berkuatkuasa awal tahun 2007, Nestlé Products Sdn Bhd, anak syarikat milik penuh Syarikat, telah berhenti daripada memasarkan dan menjual Produk Susu Cecair Bertin di bawah tanda-tanda perniagaan seperti disebutkan di atas di Malaysia dan di Brunei. Ia telah dilantik sebagai agen pengedaran untuk menyediakan perkhidmatan sebagai agensi "Laluan ke Pasaran" bagi produk-produk disebut bagi tempoh peralihan minimum 2 [dua] tahun.

JURUAUDIT

Juruaudit, Tetuan KPMG, telah menyatakan kesediaan mereka untuk menerima perlantikan semula.

Ditandatangani bagi pihak Ahli Lembaga Pengarah menurut resolusi Para Pengarah:

Sullivan O'Carroll

Stéphane Alby

Petaling Jaya,
28 Februari 2008

Penyata Pengarah

MENURUT SEKSYEN 169(15) AKTA SYARIKAT, 1965

Pada pendapat Para Pengarah, penyata kewangan yang dibentangkan pada muka surat 73 hingga 117 adalah disediakan menurut peruntukan-peruntukan Akta Syarikat, 1965 dan mengguna pakai Piawaian-Piawaian Pelaporan Kewangan yang diterbitkan oleh Lembaga Piawaian Perakaunan Malaysia untuk memberi gambaran yang benar dan saksama mengenai kedudukan Kumpulan dan Syarikat pada 31 Disember 2007 serta keputusan operasi dan aliran tunai bagi tahun berakhir pada tarikh berkenaan.

Ditandatangani bagi pihak Lembaga Pengarah dengan resolusi Para Pengarah:

Sullivan O'Carroll

Stéphane Alby

Petaling Jaya,
28 Februari 2008

Pengakuan Berkanun

MENURUT SEKSYEN 169(16) AKTA SYARIKAT, 1965

Saya, **Stéphane Alby**, Pengarah utama yang bertanggungjawab terhadap pengurusan kewangan Nestlé (Malaysia) Berhad, mengaku bahawa penyata kewangan yang dibentangkan pada muka surat 73 hingga 117 adalah, pada sebaik-baik pengetahuan dan kepercayaan saya adalah benar dan saya membuat pengakuan ini dengan penuh kepercayaan mengenai kebenarannya serta menurut Akta Akuan Berkanun, 1960.

Ditandatangani dan diakui oleh penama di atas di Petaling Jaya pada 28 Februari 2008.

Stéphane Alby

Di hadapan saya:

Tan See Sang

Pesuruhjaya Sumpah (No. B325)

Petaling Jaya

Laporan Juruaudit

KEPADA AHLI-AHLI NESTLÉ (MALAYSIA) BERHAD

Kami telah mengaudit penyata kewangan yang dibentangkan di muka surat 73 hingga 117. Penyediaan penyata kewangan ini adalah tanggungjawab Para Pengarah Syarikat.

Adalah menjadi tanggungjawab kami untuk membuat pandangan bebas, berdasarkan audit kami, mengenai penyata kewangan dan melaporkan pandangan kami kepada anda, sebagai sebuah pertubuhan menurut Seksyen 174 Akta Syarikat, 1965 dan bukan untuk tujuan lain. Kami tidak bertanggungjawab ke atas pihak lain membabitkan isi kandungan laporan ini.

Kami menjalankan audit menurut Piawaian Pengauditan yang diluluskan di Malaysia. Piawaian berkenaan memerlukan kami merancang dan melaksanakan audit bagi memperolehi jaminan munasabah bahawa penyata kewangan berkenaan bebas daripada salah nyata yang ketara. Sesebuah audit merangkumi pemeriksaan berasaskan ujian, bukti yang menyokong jumlah dan pendedahan dalam penyata kewangan. Audit juga merangkumi penilaian prinsip-prinsip perakaunan yang digunakan dan anggaran penting yang dibuat oleh Para Pengarah di samping penilaian ke atas pembentangan penyata kewangan secara keseluruhan. Kami percaya audit kami menyediakan asas yang munasabah untuk kami memberi pandangan.

Pada pendapat kami:

- (a) penyata kewangan ini disediakan dengan sempurna menurut peruntukan Akta Syarikat, 1965 dan mengguna pakai Piawaian-Piawaian Pelaporan Kewangan yang diterbitkan oleh Lembaga Piawaian Perakaunan Malaysia untuk memberi gambaran yang benar dan saksama berhubung:
 - (i) kedudukan Kumpulan dan Syarikat pada 31 Disember 2007 serta keputusan operasi dan aliran tunai bagi tahun berakhir pada tarikh berkenaan; dan
 - (ii) perkara-perkara yang dikehendaki oleh Seksyen 169 Akta Syarikat, 1965 diuruskan dalam penyata kewangan Kumpulan dan Syarikat; dan
- (b) rekod perakaunan dan rekod lain serta daftar-daftar yang dikehendaki oleh Akta Syarikat, 1965 untuk disimpan oleh Syarikat dan anak-anak syarikatnya yang diaudit oleh kami telah disimpan dengan sempurna menurut peruntukan Akta berkenaan.

Kami berpuas hati bahawa penyata kewangan anak-anak syarikat yang telah disatukan dengan penyata kewangan Syarikat adalah dalam bentuk dan kandungan yang sesuai dan teratur bagi tujuan penyediaan penyata kewangan yang disatukan serta telah menerima maklumat dan penjelasan memuaskan yang diperlukan untuk tujuan berkenaan.

Laporan audit ke atas penyata kewangan anak-anak syarikat tidak tertakluk kepada sebarang syarat dan tidak mengandungi sebarang ulasan yang dibuat di bawah seksyen kecil (3) Seksyen 174 Akta berkenaan.

KPMG

Nombor Firma: AF 0758
Akauntan Bertauliah

Chong Dee Shiang

Rakan Kongsi
Nombor Kelulusan: 2782/09/08(J)

Kuala Lumpur,
28 Februari 2008

Kunci Kira-kira

PADA 31 DISEMBER 2007

		Kumpulan		Syarikat		
	Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	
Aset						
Hartanah, loji dan peralatan	3	520,124	491,696	–	–	
Aset tidak ketara	4	61,280	66,342	–	–	
Pembayaran pajakan prabayar	5	53,968	55,003	–	–	
Pelaburan dalam anak syarikat	6	–	–	232,992	232,992	
Pelaburan dalam syarikat bersekutu	7	3,600	3,417	3,000	3,000	
Aset cukai tertunda	8	2,631	6,709	–	–	
Penghutang, deposit dan prabayaran	9	22,194	19,414	–	–	
Jumlah aset bukan semasa		663,797	642,581	235,992	235,992	
Penghutang, deposit dan prabayaran	9	461,081	429,631	623,603	609,261	
Inventori	10	446,602	330,674	–	–	
Tunai dan setara tunai	11	31,670	55,828	17,368	4,072	
Jumlah aset semasa		939,353	816,133	640,971	613,333	
Jumlah aset		1,603,150	1,458,714	876,963	849,325	
Ekuiti						
Modal saham		234,500	234,500	234,500	234,500	
Rizab		34,067	30,763	33,000	33,000	
Pendapatan tertahan		368,692	293,843	196,844	168,214	
Jumlah ekuiti boleh diagih kepada pemegang saham Syarikat		12	637,259	559,106	464,344	435,714
Liabiliti						
Pinjaman dan peminjaman	13	5,179	107,208	–	–	
Manfaat pekerja	14	40,321	64,277	–	–	
Liabiliti cukai tertunda	8	50,630	45,558	–	–	
Jumlah liabiliti bukan semasa		96,130	217,043	–	–	
Pemiutang dan terakru	15	550,187	592,614	412,463	413,517	
Pinjaman dan peminjaman	13	302,703	66,758	–	–	
Percukaian		16,871	23,193	156	94	
Jumlah liabiliti semasa		869,761	682,565	412,619	413,611	
Jumlah liabiliti		965,891	899,608	412,619	413,611	
Jumlah ekuiti dan liabiliti		1,603,150	1,458,714	876,963	849,325	

Nota-nota pada muka surat 78 hingga 117 adalah sebahagian penting daripada penyata-penyata kewangan ini.

Penyata Pendapatan

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

	Nota	Kumpulan		Syarikat	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Perolehan		3,416,028	3,275,541	360,143	315,840
Kos jualan		(2,290,719)	(2,171,096)	–	–
Keuntungan kasar		1,125,309	1,104,445	360,143	315,840
Perbelanjaan pengedaran dan jualan		(603,087)	(639,886)	–	–
Perbelanjaan pentadbiran		(91,172)	(92,679)	(1,207)	(793)
Perbelanjaan lain		(22,606)	(6,958)	–	–
Pendapatan lain		939	7,353	–	–
Keputusan daripada aktiviti operasi		409,383	372,275	358,936	315,047
Pendapatan faedah		443	765	21,667	23,022
Kos faedah		(14,842)	(10,090)	(19,918)	(21,450)
Keuntungan operasi	16	394,984	362,950	360,685	316,619
Bahagian keuntungan selepas cukai ekuiti Syarikat bersekutu		314	335	–	–
Keuntungan sebelum cukai		395,298	363,285	360,685	316,619
Perbelanjaan cukai	18	(103,256)	(99,066)	(97,550)	(81,540)
Keuntungan tahun ini yang boleh diagih kepada pemegang saham Syarikat		292,042	264,219	263,135	235,079
Perolehan asas sesaham biasa (sen)	19	125	113		

Nota-nota pada muka surat 78 hingga 117 adalah sebahagian penting daripada penyata-penyata kewangan ini.

Penyata Pendapatan dan Perbelanjaan Diiktiraf

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

	Nota	Kumpulan		Syarikat	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Keuntungan/(kerugian) bersih aliran tunai terlindung		4,570	(6,989)	–	–
Keuntungan/(kerugian) pelan faedah aktuari tertakrif		25,213	(1,879)	–	–
Cukai bagi pendapatan dan perbelanjaan yang diiktiraf secara langsung dalam ekuiti	18	(9,167)	2,478	–	–
Pendapatan dan perbelanjaan diiktiraf secara langsung dalam ekuiti		20,616	(6,390)	–	–
Keuntungan bagi tahun		292,042	264,219	263,135	235,079
Jumlah pendapatan dan perbelanjaan diiktiraf bagi tahun yang boleh diagihkan kepada pemegang saham Syarikat		312,658	257,829	263,135	235,079
Kesan perubahan dalam dasar perakaunan pada 1 Januari:					
Pendapatan tertahan		–	(12,390)	–	–

Nota-nota pada muka surat 78 hingga 117 adalah sebahagian penting daripada penyata-penyata kewangan ini.

Penyata Aliran Tunai

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

		Kumpulan	Syarikat		
	Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Aliran tunai daripada aktiviti-aktiviti operasi					
Keuntungan sebelum cukai		395,298	363,285	360,685	316,619
Pelarasan bagi:					
Pelunasan aset tidak ketara	4	5,062	6,382	—	—
Pelunasan bayaran aset prabayar	5	1,035	1,035	—	—
Susutnilai hartanah, loji dan peralatan	3	71,327	69,776	—	—
Keuntungan daripada penjualan hartanah, loji dan peralatan	16	(927)	(168)	—	—
Kerugian penurunan nilai bagi hartanah, loji dan peralatan	3	1,889	—	—	—
Kos faedah		14,842	10,090	19,918	21,450
Pendapatan faedah		(443)	(765)	(21,667)	(23,022)
Pelupusan hartanah, loji dan peralatan	16	1,222	394	—	—
Pembayaran berasaskan saham	16	5,184	4,470	—	—
Bahagian keuntungan ekuiti syarikat bersekutu		(314)	(335)	—	—
Keuntungan operasi sebelum perubahan dalam modal kerja					
dalam modal kerja		494,175	454,164	358,936	315,047
Perubahan dalam modal kerja:					
Inventori		(115,928)	(68,218)	—	—
Pemiutang dan terakru		69,820	60,119	(1,054)	(66,256)
Penghutang, deposit dan prabayaran		(34,230)	(6,318)	(14,342)	51,813
Tunai dijana daripada operasi					
Faedah dibayar		(14,842)	(10,090)	(19,918)	(21,450)
Faedah pekerja bersih diiktiraf/(disumbang)		1,257	(1,531)	—	—
Cukai dibayar		(109,595)	(70,069)	(97,488)	(81,419)
Tunai bersih daripada aktiviti operasi					
		290,657	358,057	226,134	197,735

Penyata Aliran Tunai

BAGI TAHUN BERAKHIR 31 DISEMBER 2007

	Nota	Kumpulan		Syarikat	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Aliran tunai daripada aktiviti pelaburan					
Pembelian hartanah, loji, dan peralatan	(ii)	(102,640)	(79,065)	–	–
Dividen diterima		131	130	–	–
Faedah diterima		443	765	21,667	23,022
Pendapatan daripada jualan hartanah, loji dan peralatan		1,345	1,876	–	–
Tunai bersih (digunakan dalam)/dari aktiviti pelaburan		(100,721)	(76,294)	21,667	23,022
Aliran tunai daripada aktiviti pembiayaan					
Dividen dibayar kepada pemegang saham Syarikat	20	(234,505)	(222,775)	(234,505)	(222,775)
Hasil daripada peminjaman		248,500	64,500	–	–
(Bayaran balik kepada)/hasil daripada pinjaman jangka pendek daripada syarikat berkaitan		(112,861)	163,011	–	–
Bayaran balik peminjaman		(112,900)	(260,000)	–	–
Bayaran liabiliti pajakan kewangan		(2,328)	(4,550)	–	–
Tunai bersih digunakan dalam aktiviti pembiayaan		(214,094)	(259,814)	(234,505)	(222,775)
(Penurunan)/peningkatan bersih dalam tunai dan setara tunai		(24,158)	21,949	13,296	(2,018)
Tunai dan setara tunai pada 1 Januari	(i)	55,828	33,879	4,072	6,090
Tunai dan setara tunai pada 31 Disember	(i)	31,670	55,828	17,368	4,072

(i) Tunai dan setara tunai

Tunai dan setara tunai termasuk dalam penyata aliran tunai mengandungi jumlah-jumlah kunci kira-kira berikut:

	Nota	Kumpulan		Syarikat	
		2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposit di dalam bank-bank berlesen	11	17,240	4,069	17,240	4,069
Tunai dan baki bank	11	14,430	51,759	128	3
		31,670	55,828	17,368	4,072

(ii) Pembelian hartanah, loji dan peralatan

Pada tahun ini, Kumpulan membeli hartanah, loji dan peralatan dengan kos agregat sebanyak RM103,284,000 (2006 – RM87,397,000), yang mana sebanyak RM644,000 (2006 – RM8,332,000) diperolehi menerusi pajakan kewangan.

Nota-nota pada muka surat 78 hingga 117 adalah sebahagian penting daripada penyata-penyata kewangan ini.

Nota-nota kepada Penyata Kewangan

Nestlé (Malaysia) Berhad adalah sebuah syarikat tanggungan terhad umum, diperbadankan dan beroperasi di Malaysia serta disenaraikan di papan utama Bursa Malaysia Securities Berhad. Alamat pejabat berdaftar adalah seperti berikut:

Nestlé House
4, Lorong Persiaran Barat
46200 Petaling Jaya
Selangor Darul Ehsan

Penyata-penyata kewangan yang disatukan pada dan bagi tahun berakhir 31 Disember 2007 mengandungi Syarikat dan anak-anak syarikatnya (dirujuk bersama sebagai Kumpulan) serta kepentingan Kumpulan dalam syarikat bersekutu.

Aktiviti utama Syarikat adalah sebagai syarikat pegangan pelaburan manakala aktiviti utama anak-anak syarikat adalah seperti dinyatakan dalam nota 6 penyata kewangan.

Syarikat pegangan adalah Nestlé S.A., sebuah syarikat yang diperbadankan di Switzerland.

Penyata-penyata kewangan telah diluluskan oleh Ahli Lembaga Pengarah pada 28 Februari 2008.

1. ASAS PENYEDIAAN

(a) Penyata Kepatuhan

Penyata kewangan Kumpulan dan Syarikat telah disediakan mengikut Piawaian-Piawaian Pelaporan Kewangan (FRS) yang diterbitkan oleh Lembaga Piawaian Perakaunan Malaysia (MASB), prinsip-prinsip perakaunan yang diterima secara umum di Malaysia dan peruntukan Akta Syarikat, 1965. Penyata kewangan ini juga mematuhi peruntukan pendedahan yang diterima pakai mengikut Syarat-Syarat Penyenaraian Bursa Malaysia Securities Berhad.

MASB juga telah menerbitkan FRS dan Tafsiran-Tafsiran berikut dimana yang tidak diguna pakai dalam penyediaan penyata-penyata kewangan ini:

FRSs / Tafsiran

Tarikh berkuatkuasa

FRS 107, <i>Penyata Aliran Tunai</i>	1 Julai 2007
FRS 111, <i>Kontrak Pembinaan</i>	1 Julai 2007
FRS 112, <i>Cukai-cukai pendapatan</i>	1 Julai 2007
FRS 118, <i>Pendapatan</i>	1 Julai 2007
FRS 120, <i>Perakaunan bagi Geran Kerajaan dan Pendedahan Mengenai Bantuan Kerajaan</i>	1 Julai 2007
Pindaan kepada FRS 121, <i>Kesan Perubahan Kadar Tukaran Asing</i>	
– <i>Pelaburan Bersih dalam Operasi Asing</i>	1 Julai 2007
FRS 134, <i>Pelaporan Kewangan Interim</i>	1 Julai 2007
FRS 137, <i>Peruntukan-peruntukan, Peruntukan Liabiliti dan Peruntukan Aset Luar Jangka</i>	1 Julai 2007
FRS 139, <i>Instrumen Kewangan, Pengiktirafan dan Pengukuran</i>	Akan diumumkan
Tafsiran IC 1, <i>Perubahan dalam Pembatalan Pelaksanaan Sedia Ada, Restorasi dan Liabiliti Serupa</i>	1 Julai 2007
Tafsiran IC 2, <i>Saham-saham ahli di dalam Entiti Koperasi dan Instrumen Serupa</i>	1 Julai 2007
Tafsiran IC 5, <i>Hak-hak kepada Faedah daripada Pembatalan Pelaksanaan, Restorasi dan Dana Pemulihan Alam Sekitar</i>	1 Julai 2007
Tafsiran IC 6, <i>Liabiliti berbangkit daripada Penyertaan dalam Pasaran Tertentu</i>	
– <i>Peralatan Sisa Elektrik dan Elektronik</i>	1 Julai 2007
Tafsiran IC 7, <i>Memohon Pendekatan Pernyataan Semula di bawah FRS 129</i>	
– <i>Pelaporan Kewangan dalam Ekonomi-Ekonomi Hiper-inflasi</i>	1 Julai 2007
Tafsiran IC 8, <i>Skop FRS 2</i>	1 Julai 2007

Nota-nota kepada Penyata Kewangan

1. ASAS PENYEDIAAN (SAMBUNGAN)

(a) Penyata Kepatuhan (sambungan)

Kumpulan dan Syarikat bercadang untuk mengguna pakai FRS dan Tafsiran-Tafsiran yang digariskan di atas untuk tempoh tahunan bermula 1 Januari 2008.

Kumpulan dan Syarikat sejak awal telah mengguna pakai Piawaian Perakaunan Antarabangsa (IAS) 39, Instrumen Kewangan: Pengiktirafan dan Pengukuran sejak 2001, yang mana MASB telah menerbitkan piawaian serupa di bawah FRS 139 tetapi tarikh berkuatkuasa piawaian ini belum diumumkan.

Aplikasi awal FRS dan Tafsiran-tafsiran lain dijangka tidak akan mempunyai sebarang kesan material terhadap penyata-penyata kewangan Kumpulan dan Syarikat.

(b) Asas pengukuran

Penyata kewangan disediakan menurut asas kos sejarah kecuali untuk instrumen kewangan derivatif yang dinyatakan pada nilai saksama.

(c) Mata wang fungsi dan pembentangan

Penyata kewangan ini dikemukakan dalam Ringgit Malaysia (RM), iaitu mata wang fungsi yang digunakan oleh Syarikat. Segala maklumat kewangan yang dikemukakan dalam RM telah digenapkan kepada nilai ribu terdekat kecuali dinyatakan sebaliknya.

(d) Penggunaan anggaran dan penilaian

Penyediaan penyata kewangan memerlukan pihak pengurusan membuat penilaian, anggaran dan andaian yang memberi kesan kepada penggunaan dasar-dasar perakaunan dan jumlah aset, liabiliti, pendapatan dan perbelanjaan yang dilaporkan.

Anggaran dan andaian adalah diteliti secara berterusan. Pelarasan kepada anggaran perakaunan adalah diiktiraf dalam tempoh yang mana anggaran itu diselaraskan dan bagi mana-mana tempoh hadapan yang turut terkesan.

Tidak ada sebarang ketidaktentuan dalam bidang anggaran dan penilaian-penilaian penting dalam mengguna pakai dasar-dasar perakaunan yang memberi kesan ketara kepada jumlah-jumlah yang diiktiraf dalam penyata kewangan selain daripada yang dinyatakan dalam nota-nota berikut:

- Nota 4 – pengukuran jumlah-jumlah yang mampu diperolehi semula daripada unit-unit penajaan tunai
- Nota 25 – Peruntukan-peruntukan luar jangka

Nota-nota kepada Penyata Kewangan

2. DASAR PERAKAUNAN PENTING

Dasar perakaunan dibentangkan di bawah telah digunakan secara konsisten untuk semua tempoh yang dikemukakan dalam penyata kewangan ini dan telah digunakan secara konsisten oleh entiti Kumpulan kecuali dinyatakan sebaliknya.

Beberapa jumlah perbandingan telah dikelaskan semula selaras dengan pembentangan tahun semasa berkenaan (lihat nota 27).

(a) Asas penyatuan

(i) *Anak-anak syarikat*

Anak-anak syarikat adalah termasuk entiti-entiti tidak diperbadankan yang dikawal oleh Kumpulan. Kawalan wujud apabila Kumpulan mempunyai kuasa untuk mentadbir dasar-dasar kewangan dan operasi sesebuah entiti bagi memperolehi manfaat daripada aktivitinya. Dalam menilai kawalan, hak mengundi berpotensi yang boleh dilaksanakan pada masa kini adalah diambil kira. Anak-anak syarikat adalah disatukan mengikut kaedah perakaunan pembelian.

Di bawah kaedah perakaunan pembelian, penyata kewangan anak-anak syarikat adalah dimasukkan di dalam penyata kewangan yang disatukan dari tarikh kawalan bermula hingga tarikh kawalan berakhir.

Pelaburan dalam anak-anak syarikat dinyatakan dalam kunci kira-kira Syarikat pada kos ditolak sebarang kerugian penurunan nilai, kecuali pelaburan itu dikelaskan sebagai pegangan untuk jualan (atau dimasukkan dalam kumpulan pelupusan yang dikelaskan sebagai pegangan untuk jualan).

(ii) *Syarikat bersekutu*

Syarikat bersekutu adalah entiti termasuk entiti-entiti tidak diperbadankan di mana Kumpulan mempunyai pengaruh penting tetapi bukan kawalan ke atas dasar-dasar kewangan dan operasi.

Syarikat bersekutu dilaporkan dalam penyata kewangan yang disatukan menggunakan kaedah ekuiti kecuali ia dikelaskan sebagai pegangan untuk jualan (atau termasuk dalam kumpulan pelupusan yang dikelaskan sebagai pegangan untuk jualan). Penyata kewangan yang disatukan termasuk keuntungan atau kerugian perkiraan ekuiti syarikat bersekutu bahagian Kumpulan selepas pelarasan, jika ada, untuk menyesuaikan dasar perakaunan berkenaan dengan dasar Kumpulan, dari tarikh pengaruh penting berkuatkuasa sehingga tarikh tamat pengaruh berkuatkuasa berkenaan.

Apabila bahagian kerugian Kumpulan melebihi kepentingannya di dalam ekuiti sesebuah syarikat bersekutu, jumlah dibawa kepentingan itu (termasuk sebarang pelaburan jangka panjang) dikurangkan kepada sifar dan pengiktirafan kerugian seterusnya tidak diteruskan kecuali dalam keadaan di mana Kumpulan mempunyai tanggungjawab atau telah membuat pembayaran bagi pihak yang dilabur.

Pelaburan dalam syarikat bersekutu dinyatakan dalam kunci kira-kira Syarikat pada kos ditolak sebarang kerugian penurunan nilai kecuali pelaburan itu dikelaskan sebagai pegangan untuk jualan (atau termasuk dalam kumpulan pelupusan yang dikelaskan sebagai pegangan untuk jualan).

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)**(a) Asas penyatuan (sambungan)****(iii) *Perubahan dalam susunan Kumpulan***

Sesebuah anak syarikat yang menerbitkan saham ekuiti baru kepada kepentingan minoriti untuk pertimbangan tunai dan harga terbitan ditetapkan pada nilai saksama, pengurangan dalam kepentingan Kumpulan dalam anak syarikat berkenaan dikira sebagai pelupusan kepentingan ekuiti dengan keuntungan atau kerugian sedapan yang diiktiraf dalam penyata pendapatan.

Apabila sebuah kumpulan membeli saham ekuiti anak syarikat daripada kepentingan minoriti untuk pertimbangan tunai dan harga belian telah ditetapkan pada nilai saksama, pertambahan kepentingan Kumpulan dalam anak syarikat terbabit dikira sebagai pembelian kepentingan ekuiti di mana kaedah perakaunan pengambilalihan digunakan.

Kumpulan menganggap semua perubahan lain dalam komposisi kumpulan sebagai urus niaga ekuiti antara Kumpulan dan pemegang saham minoritinya. Sebarang perbezaan antara bahagian aset bersih Kumpulan sebelum dan selepas perubahan berkenaan serta sebarang pertimbangan yang diterima atau dibayar, diselaraskan kepada atau terhadap rizab Kumpulan.

(iv) *Urus niaga dihapuskan ke atas penyatuan*

Baki-baki serta urus niaga antara kumpulan serta sebarang pendapatan dan perbelanjaan belum dicapai yang berbangkit daripada urus niaga antara kumpulan adalah dihapuskan dalam penyediaan penyata kewangan yang disatukan. Keuntungan belum dicapai yang timbul daripada urus niaga dengan ekuiti pihak dilabur adalah dihapuskan dengan menolak jumlah pelaburan, sehingga paras kepentingan Kumpulan dalam pihak dilabur. Kerugian belum dicapai dihapuskan menerusi cara yang sama tetapi hanya kepada tahap sekiranya tiada bukti kerugian penurunan nilai.

(b) Mata wang asing***Urus niaga mata wang asing***

Urus niaga dalam mata wang asing ditukar kepada mata wang yang digunakan oleh entiti Kumpulan masing-masing pada kadar pertukaran pada tarikh urus niaga dijalankan. Aset dan liabiliti kewangan disebut harga dalam mata wang asing pada tarikh lembaran imbalan ditukar semula kepada mata wang yang digunakan pada kadar pertukaran pada tarikh berkenaan. Aset dan liabiliti bukan kewangan disebut harga dalam mata wang asing yang diukur pada nilai saksama ditukar kepada mata wang fungsi pada kadar pertukaran pada tarikh nilai saksama itu ditentukan. Perbezaan nilai mata wang asing yang timbul disebabkan penukaran semula itu diiktiraf dalam penyata pendapatan.

(c) Instrumen kewangan derivatif

Kumpulan memegang instrumen kewangan derivatif untuk membataskan risiko pendedahan tukaran mata wang dan kontrak komoditinya.

Instrumen kewangan derivatif seperti kontrak pertukaran asing dan komoditi hadapan digunakan sebagai batasan untuk mengurus pendedahan operasi terhadap risiko tukaran mata wang dan harga komoditi. Ia dilaksanakan dengan institusi kewangan dan broker berkualiti kredit yang tinggi, selaras dengan kelulusan, had dan prosedur pemantauan tertentu. Sejajar dengan dasar perbendaharaan dan dasar pembelian komoditi, Kumpulan tidak memegang instrumen derivatif untuk tujuan dagangan.

Nilai saksama kontrak tukaran hadapan dan pasaran komoditi hadapan adalah dikira dengan masing-masing merujuk kepada kadar tukaran hadapan semasa dan harga pasaran komoditi hadapan, bagi kontrak dengan profil kematangan serupa.

Nota-nota kepada Penyata Kewangan

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)

(c) Instrumen kewangan derivatif (sambungan)

Risiko mata wang asing

Tujuan utama aktiviti perlindungan mata wang asing adalah untuk melindungi daripada ketidakstabilan yang berkaitan dengan jualan mata wang asing dan pembelian barangan siap, pembelian bahan serta aset dan tanggungan lain yang timbul dalam urusan biasa perniagaan. Kumpulan menggunakan terutamanya kontrak tukaran mata wang asing hadapan dengan tempoh matang kurang daripada dua belas bulan untuk melindungi komitmen yang kukuh. Di bawah program ini, peningkatan atau penurunan dalam komitmen kukuh Kumpulan diimbangi sebahagiannya oleh keuntungan dan kerugian ke atas instrumen perlindungan yang digunakan.

Risiko harga komoditi

Instrumen komoditi digunakan untuk memastikan bahawa Kumpulan memperoleh bahan-bahan mentah pada harga bersesuaian. Urus niaga pembelian secara terus adalah dicatat pada kadar yang dipersetujui di dalam kontrak. Perubahan dalam nilai saksama instrumen komoditi terbuka yang ditetapkan sebagai perlindungan yang berkuatkuasa adalah diiktiraf dalam ekuiti sehingga urus niaga pembelian sebenar diiktiraf dalam penyata kewangan.

Perlindungan – Aliran tunai terlindung

Kumpulan menggunakan aliran tunai terlindung untuk meringankan risiko matawang asing pada urusniaga hadapan yang berkemungkinan tinggi berlaku, seperti jangkaan jualan export hadapan, pembelian kelengkapan dan bahan mentah, juga perubahan pada jangkaan faedah dibayar dan diterima.

Bahagian yang berkuatkuasa dari perubahan pada nilai saksama bagi instrumen terlindung akan diiktiraf secara terus dalam ekuiti, manakala sebarang bahagian yang tidak berkuatkuasa diiktiraf serta merta dalam penyata pendapatan. Apabila item terlindung menyebabkan pengiktirafan aset atau liabiliti bukan kewangan, keuntungan atau kerugian terkumpul akan dikeluarkan daripada ekuiti dan dimasukkan dalam pengiraan awal aset atau liabiliti. Jika tidak, keuntungan atau kerugian terkumpul dikeluarkan daripada ekuiti dan diiktiraf dalam penyata pendapatan pada masa yang sama dengan urus niaga perlindungan berkenaan.

Apabila sesuatu instrumen perlindungan atau hubungan perlindungan ditamatkan tetapi urus niaga dilindungi itu masih dijangka berlaku, keuntungan atau kerugian terkumpul pada waktu itu kekal dalam ekuiti dan diiktiraf menurut dasar di atas apabila urusniaga berlaku. Jika urus niaga dilindungi itu tidak lagi berkemungkinan berlaku, keuntungan atau kerugian terkumpul yang belum dicapai dalam ekuiti akan diiktiraf serta-merta dalam penyata pendapatan.

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)**(d) Hartanah, loji dan peralatan****(i) Pengiktirafan dan pengukuran**

Modal kerja dalam pelaksanaan dinyatakan pada kos. Semua hartanah, loji dan peralatan lain dinyatakan pada kos ditolak susut nilai terkumpul dan kerugian penurunan nilai.

Kos termasuk perbelanjaan yang secara langsung disumbangkan kepada pengambilalihan aset dan sebarang kos lain yang secara lain disumbangkan kepada menjadikan aset itu boleh digunakan untuk tujuan yang dikehendaki, dan kos merobohkan atau mengalihkan barang-barang dan menyediakan tapak di mana ia ditempatkan. Kos bagi aset yang terbentuk sendiri turut termasuk kos bahan dan buruh langsung. Pembelian perisian yang penting kepada fungsi peralatan berkaitan dijadikan sebahagian modal peralatan itu.

Kos hartanah, loji dan peralatan diiktiraf sebagai hasil kombinasi perniagaan berasaskan nilai saksama pada tarikh pengambilalihan. Nilai saksama hartanah adalah nilai anggaran di mana suatu hartanah boleh ditukar antara pembeli yang sanggup dan penjual yang sanggup dalam urus niaga wajar selepas pemasaran bersesuaian di mana pihak berkenaan telah bertindak secara bermaklumat, bijak dan tanpa dipaksa. Nilai saksama barangan loji dan peralatan lain adalah berasaskan harga pasaran disebut harga untuk barangan yang sama.

Apabila bahagian penting sesuatu butiran hartanah, loji dan peralatan mempunyai kegunaan berbeza, ia dikira sebagai butiran berlainan (komponen utama) hartanah, loji dan peralatan.

Keuntungan dan kerugian bagi penjualan sesuatu barangan atau butiran hartanah, loji dan peralatan adalah ditentukan dengan membandingkan hasil daripada penjualan itu dengan nilai semasa hartanah, loji dan peralatan itu dan dicatat sebagai bersih masing-masing dalam ruang “pendapatan lain” atau “perbelanjaan operasi lain” di dalam penyata kewangan.

(ii) Kos-kos seterusnya

Kos menggantikan bahagian daripada butiran hartanah, loji dan peralatan diiktiraf dalam jumlah dibawa butiran itu jika ada kemungkinan yang faedah ekonomi masa depannya akan mengalir kepada Kumpulan dan kosnya boleh diukur secara wajar. Jumlah dibawa bagi alat-alat yang digantikan adalah tidak dicatat. Kos harian menyelenggara hartanah, loji dan peralatan adalah dicatat di dalam penyata pendapatan apabila ia berlaku.

(iii) Susut nilai

Susut nilai diiktiraf dalam penyata pendapatan pada asas selari dengan anggaran hayat kegunaan setiap bahagian alat atau butiran hartanah, loji dan peralatan. Aset dipajak disusutnilai dalam tempoh pajakan yang lebih singkat dan hayat kegunaannya kecuali jika secara munasabah diyakini bahawa Kumpulan akan memperolehi pemilikan terhadapnya pada akhir tempoh pajakan. Hartanah, loji dan peralatan masih dalam pembinaan tidak disusutnilai sehingga aset tersebut sedia untuk digunakan.

Anggaran hayat kegunaan bagi tempoh semasa dan perbandingan adalah seperti berikut:

- | | |
|-------------------------------|---------------|
| • bangunan | 25 – 50 tahun |
| • loji dan mesin | 10 – 20 tahun |
| • alat, perabot dan peralatan | 5 – 8 tahun |
| • kenderaan bermotor | 5 tahun |
| • sistem maklumat | 3 – 10 tahun |

Kaedah susut nilai, tempoh hayat penggunaan dan nilai baki dinilai semula pada tarikh laporan kunci kira-kira.

Nota-nota kepada Penyata Kewangan

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)

(e) Aset pajakan

(i) *Pajakan kewangan*

Pajakan-pajakan di mana Kumpulan menanggung sebahagian besar risiko dan ganjaran pemilikan dikelaskan sebagai pajakan kewangan. Pada pengikrafan awal, aset pajakan tersebut dikira pada satu jumlah yang setara dengan yang lebih rendah antara nilai saksama dengan nilai semasa pembayaran pajakan minimum. Selepas itu, aset berkenaan dikira menurut dasar perakaunan yang diterima pakai bagi aset berkenaan.

Pembayaran pajakan minimum yang dibuat dibawah pajakan kewangan adalah dibahagikan di antara perbelanjaan kewangan dan pengurangan liabiliti tertunggak. Perbelanjaan kewangan adalah diperuntukan bagi setiap tempoh sepanjang tempoh pajakan untuk menghasilkan kadar faedah berjangka yang lazim bagi baki liabiliti selebihnya. Pembayaran pajakan luar jangka adalah dikira dengan mengubah pembayaran minimum pajakan untuk tempoh pajakan selebihnya apabila penyelarasan pajakan disahkan.

(ii) *Pajakan operasi*

Pajakan-pajakan lain adalah pajakan operasi dan kecuali bagi kepentingan hartanah yang dipegang di bawah pajakan operasi, aset-aset yang dipajak adalah tidak dicatat di dalam kunci kira-kira Kumpulan.

Tanah pajakan yang biasanya mempunyai jangka masa ekonomi tidak pasti dan hak milik yang tidak dijangka akan diserahkan kepada pemajak menjelang akhir tempoh pajakan adalah dianggap sebagai pajakan operasi. Pembayaran yang dibuat untuk memulakan atau memperolehi tanah pajakan adalah dikira sebagai pembayaran pajakan prabayar.

Pembayaran yang dibuat di bawah pajakan operasi adalah dicatat di dalam penyata pendapatan pada asas selari (garis lurus) sepanjang tempoh pajakan. Insentif pajakan yang diterima adalah dicatat sebagai sebahagian penting perbelanjaan keseluruhan pajakan, bagi tempoh pajakan itu.

(f) Aset tidak ketara

(i) *Muhibah*

Muhibah timbul daripada gandingan perniagaan-perniagaan dan diukur pada kadar kos ditolak sebarang kerugian penurunan nilai terkumpul.

Bagi pengambilalihan sebelum 1 Januari 2006, muhibah mewakili lebihan kos pengambilalihan terhadap kepentingan Kumpulan dalam nilai saksama bersih aset dan liabiliti yang boleh dikenal pasti.

Dengan penggunaan FRS 3 bermula 1 Januari 2006, muhibah mewakili lebihan kos pengambilalihan terhadap kepentingan Kumpulan dalam nilai saksama bersih aset, liabiliti dan liabiliti luar jangka pihak yang diambil alih, yang boleh dikenal pasti.

Sebarang lebihan pada kepentingan Kumpulan dari segi nilai saksama bersih aset-aset liabiliti dan liabiliti luar jangka pihak yang diambil alih, yang boleh dikenal pasti, berbanding kos pengambilalihan, diiktiraf serta-merta dalam penyata pendapatan.

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)**(f) Aset tidak ketara (sambungan)****(iii) Kos pembangunan**

Perbelanjaan terhadap aktiviti pembangunan untuk pelaksanaan sebahagian proses yang diluluskan adalah dijadikan modal jika proses berkenaan secara teknikal dan komersialnya boleh dilaksanakan dan Kumpulan mempunyai sumber mencukupi untuk menyempurnakan pembangunan itu.

Perbelanjaan yang dijadikan modal merangkumi kos langsung berkaitan kakitangan. Perbelanjaan pembangunan lain diiktiraf dalam penyata pendapatan sebagai perbelanjaan apabila ia berlaku. Perbelanjaan pembangunan yang dijadikan modal dinyatakan pada kos ditolak sebarang pelunasan terkumpul dan sebarang kerugian penurunan nilai terkumpul.

(iii) Perbelanjaan seterusnya

Perbelanjaan seterusnya ke atas aset tidak ketara hanya dijadikan modal apabila ia meningkatkan manfaat-manfaat ekonomi masa hadapan dalam aset khusus yang berkaitan dengannya. Semua perbelanjaan lain hanya dikira apabila ia berlaku.

(iv) Pelunasan

Muhibah dan aset-aset tidak ketara yang tiada tarikh jangka hayat diuji penurunan nilai setiap tahun dan apabila ada petanda menunjukkan ia mungkin mengalami penurunan nilai.

Aset tidak ketara lain dilunaskan dari tarikh ia sedia untuk digunakan. Pelunasan aset tidak ketara dimasukkan ke dalam penyata pendapatan pada asas selari (garis lurus) berbanding anggaran tempoh kegunaan aset tidak ketara itu.

Anggaran tempoh hayat kegunaan adalah seperti berikut:

- kos pembangunan yang dijadikan modal: 5 tahun

(g) Inventori

Inventori diukur pada nilai lebih rendah antara kos dan nilai boleh capai bersih. Kos inventori adalah berasaskan prinsip 'masuk dahulu keluar dahulu' dan termasuk perbelanjaan yang dibuat dalam mengambil alih inventori serta membawanya ke lokasi semasa serta keadaannya. Bagi kerja yang sedang dilaksanakan dan barangan siap, kosnya merangkumi bahagian perbelanjaan pengeluaran yang bersesuaian berasaskan keupayaan operasi yang normal. Nilai boleh capai bersih adalah anggaran harga jualan dalam urusan perniagaan biasa, ditolak anggaran kos sehingga siap dan kos-kos yang perlu untuk membolehkannya dijual.

(h) Penghutang

Penghutang pada awalnya diiktiraf pada nilai saksama dan selepas itu dicatat pada kos dilunaskan ditolak kerugian penurunan nilai bagi hutang lapuk dan ragu kecuali jika penghutang adalah pinjaman bebas faedah yang dibuat kepada pihak berkaitan tanpa sebarang syarat pembayaran semula tetap atau kesan pengurangan jumlah menjadi tidak penting.

(i) Tunai dan setara tunai

Tunai dan setara tunai merangkumi tunai dalam tangan, baki dan deposit bank serta pelaburan berkecairan tinggi yang mempunyai risiko perubahan nilai yang tidak besar. Bagi tujuan penyata aliran tunai, tunai dan setara tunai dibentangkan bersih daripada overdraf bank dan deposit dicagarkan.

Nota-nota kepada Penyata Kewangan

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)

(j) Penurunan nilai aset

(i) *Penurunan nilai aset kewangan*

Bagi dagangan dan penghutang semasa lain serta aset kewangan lain yang dibawa pada kos dilunaskan, kerugian penurunan nilai diukur sebagai perbezaan antara jumlah dibawa aset dan nilai semasa anggaran aliran tunai masa hadapan, diberi potongan pada kadar kaedah berkuatkuasa asal aset kewangan berkenaan (iaitu kadar faedah berkuatkuasa yang dikira pada pengiktirafan awal aset ini), di mana kesan pengurangan jumlah adalah penting.

Jika dalam tempoh seterusnya, jumlah kerugian penurunan nilai berkurangan dan pengurangan itu boleh dikaitkan secara objektif dengan peristiwa berlaku selepas kerugian penurunan nilai dicatat, kerugian penurunan nilai itu ditimbal balik menerusi penyata pendapatan. Timbal balik satu-satu kerugian penurunan nilai tidak akan menyebabkan jumlah dibawa aset itu melebihi daripada aset yang ditentukan tidak mempunyai kerugian penurunan nilai yang diiktiraf dalam tahun sebelumnya.

(ii) *Penurunan nilai aset-aset lain*

Jumlah dibawa aset-aset kecuali untuk aset kewangan, inventori, aset cukai tertunda dan aset yang berbangkit daripada manfaat pekerja adalah disemak pada setiap tarikh pelaporan untuk menentukan sama ada wujud sebarang tanda penurunan nilai. Jika ada sebarang tanda sedemikian, anggaran akan dibuat untuk mengukur jumlah perolehan semula. Bagi muhibah dan aset tidak ketara yang tiada jangka hayat kegunaan khusus atau belum sedia untuk digunakan, jumlah perolehan semula dianggarkan pada setiap tarikh pelaporan.

Jumlah perolehan semula bagi aset atau unit yang menjana tunai adalah nilai penggunaannya dan nilai saksamanya ditolak kos untuk jualan yang mana lebih tinggi. Dalam mengukur nilai penggunaan, anggaran aliran tunai masa hadapan ditolak kepada nilai semasanya menggunakan kadar diskaun sebelum cukai yang menggambarkan penilaian pasaran semasa bagi nilai masa wang dan risiko khusus untuk aset itu. Bagi tujuan pengujian penurunan nilai, aset adalah dikumpulkan menjadi kumpulan-kumpulan kecil aset yang menjana aliran tunai ke dalam daripada penggunaan berterusan yang sebahagian besarnya adalah bebas daripada aliran tunai ke dalam aset-aset lain atau kumpulan-kumpulan aset lain ("unit penajaan tunai"). Muhibah yang diperolehi dalam gandingan perniagaan, untuk tujuan pengujian penurunan nilai, adalah diperuntukkan kepada unit penajaan tunai yang dijangka memberi manfaat kepada sinergi penggabungan itu.

Kerugian penurunan nilai diiktiraf jika jumlah dibawa sesebuah aset atau unit penajaan tunai melebihi jumlah perolehan semulanya. Kerugian penurunan nilai adalah dicatat di dalam penyata pendapatan. Kerugian penurunan nilai diiktiraf dari sudut unit penajaan tunai yang diperuntukkan terlebih dulu untuk mengurangkan jumlah dibawa sebarang muhibah yang diperuntukkan kepada unit-unit itu dan selepas itu, untuk mengurangkan jumlah dibawa aset lain dalam unit itu (kumpulan unit) pada asas pro rata.

Kerugian penurunan nilai dari segi muhibah adalah tidak ditimbal balik. Dari segi aset-aset lain, kerugian penurunan nilai diiktiraf dalam tempoh terdahulu adalah dinilai pada setiap tarikh pelaporan bagi mengesan sebarang tanda bahawa kerugian telah berkurangan atau tidak lagi wujud. Kerugian penurunan nilai ditimbal balik jika ada perubahan dalam anggaran yang digunakan untuk menentukan jumlah perolehan semula. Kerugian penurunan nilai ditimbal balik hanya apabila jumlah aset dibawa tidak melebihi jumlah dibawa yang mungkin ditentukan, nilai bersih daripada susutnilai atau pelunasan, jika tiada kerugian penurunan nilai diiktiraf. Timbal balik kerugian penurunan nilai dikreditkan ke penyata pendapatan pada tahun timbal balik itu dicatat.

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)**(k) Pinjaman dan peminjaman**

Pinjaman dan peminjaman pada awalnya diiktiraf pada nilai saksama ditolak kos urus niaga yang boleh dikenal pasti. Setelah pengiktirafan awal, pinjaman dan peminjaman dinyatakan pada kos dilunaskan dengan sebarang perbezaan antara jumlah yang awalnya yang diiktiraf dan nilai penebusan yang dikenal pasti dalam penyata pendapatan sepanjang tempoh pinjaman dan peminjaman, bersama sebarang faedah dan yuran boleh dibayar, menggunakan kaedah faedah berkuatkuasa.

(l) Manfaat pekerja**(i) *Manfaat-manfaat pekerja jangka pendek***

Kewajipan manfaat pekerja jangka pendek dari segi gaji, bonus tahunan, cuti tahun berbayar dan cuti sakit adalah dikira tanpa asas pendiskauan dan dianggap sebagai perbelanjaan apabila perkhidmatan diberikan.

Suatu peruntukan diiktiraf bagi jumlah yang dijangka dibayar di bawah bonus tunai jangka pendek atau rancangan perkongsian keuntungan jika Kumpulan mempunyai kewajipan dari segi perundangan atau bersedia untuk membayar jumlah ini hasil daripada perkhidmatan lalu yang diberikan oleh pekerja dan kewajipan itu boleh dianggarkan secara munasabah.

Sumbangan Kumpulan kepada dana-dana persaraan wajib dikemukakan pada penyata pendapatan dalam tahun berkaitan. Apabila sumbangan telah dibayar, Kumpulan tidak lagi mempunyai kewajipan terhadap pembayaran seterusnya.

(ii) *Pelan manfaat tertakrif*

Kewajipan bersih Kumpulan dari segi pelan manfaat persaraan tertakrif adalah dikira secara berasingan untuk setiap pelan dengan menganggarkan jumlah manfaat masa hadapan yang diperolehi pekerja hasil perkhidmatan mereka dalam tempoh semasa dan terdahulu; manfaat itu ditolak untuk menentukan nilai semasa. Sebarang kos perkhidmatan terdahulu yang tidak dicatat dan nilai saksama bagi sebarang pelan aset adalah akan ditolak. Kadar diskaun adalah hasil pada tarikh pelaporan ke atas bon korporat berkualiti tinggi yang mempunyai tarikh matang sejajar dengan terma-terma kewajipan Kumpulan dan diukur dalam nilai mata wang yang sama dengan manfaat-manfaat itu dijangka akan dibayar nanti. Pengiraan dilakukan secara tahunan oleh aktuari berkecualan menggunakan kaedah anggaran unit kredit. Apabila pengiraan itu menghasilkan manfaat kepada Kumpulan, aset yang diiktiraf adalah terhad kepada jumlah bersih sebarang kos perkhidmatan lalu yang tidak diiktiraf dan nilai semasa sebarang bayaran semula hadapan daripada pelan berkenaan atau pengurangan dalam sumbangan masa hadapan kepada pelan berkenaan.

Apabila manfaat-manfaat pelan yang diberikan menjadi lebih baik, sebahagian daripada manfaat meningkat berkaitan perkhidmatan masa lalu pekerja yang dicatat di dalam penyata pendapatan pada asas selari (garis lurus) berbanding tempoh purata sehingga manfaat-manfaat itu menjadi nyata. Jika manfaat itu menjadi nyata serta-merta, perbelanjaan itu dicatat serta-merta di dalam penyata pendapatan.

Kumpulan mengiktiraf semua keuntungan dan kerugian aktuari yang berbangkit daripada pelan manfaat tertakrif secara langsung di dalam ekuiti secara serta-merta.

(iii) *Manfaat-manfaat pemberhentian*

Manfaat pemberhentian adalah dicatat sebagai perbelanjaan apabila Kumpulan dengan jelas membuat komitmen, tanpa kemungkinan realistik untuk menarik balik, suatu pelan rasmi terperinci untuk menamatkan pekerjaan sebelum tarikh persaraan normal. Manfaat pemberhentian bagi penamatan kerja secara sukarela adalah diiktiraf jika Kumpulan telah membuat tawaran menggalakkan pemberhentian secara sukarela, dan berkemungkinan tawaran itu diterima, dan bilangan penerimaan boleh dianggarkan secara munasabah.

Nota-nota kepada Penyata Kewangan

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)

(l) Manfaat pekerja (sambungan)

(iv) *Urus niaga pembayaran berasaskan saham*

Pelan Unit Saham Terhad

Sesetengah pekerja Kumpulan diberikan hak untuk mengambil Pelan Unit Saham Terhad, yang membenarkan mereka memperoleh saham syarikat pegangan, Nestlé S.A. Nilai saksama Pelan Unit Saham Terhad pada tarikh saham diberikan kepada pekerja akan diinbois semula kepada Kumpulan dan dinyatakan sebagai perbelanjaan pekerja di dalam Penyata Pendapatan.

(m) Peruntukan-peruntukan

Peruntukan diiktiraf jika, disebabkan peristiwa lalu, Kumpulan mempunyai kewajipan perundangan semasa atau kewajipan konstruktif yang boleh dianggarkan dan kemungkinan aliran keluar faedah ekonomi diperlukan untuk memenuhi kewajipan berkenaan. Peruntukan ditentukan dengan menolak jumlah jangkaan aliran tunai masa hadapan pada kadar sebelum cukai yang menggambarkan penilaian pasaran semasa bagi nilai masa wang dan risiko berkaitan tanggungan.

(i) *Liabiliti luar jangkaan*

Jika tiada kemungkinan bahawa aliran keluar faedah ekonomi tidak diperlukan atau jumlah itu tidak dapat dianggarkan, kewajipan adalah dinyatakan sebagai liabiliti luar jangkaan kecuali kemungkinan aliran keluar faedah ekonomi itu adalah kecil. Kemungkinan kewajipan yang kewujudannya hanya boleh disahkan menerusi berlaku atau tidak berlakunya suatu atau lebih peristiwa masa depan, turut dinyatakan sebagai liabiliti luar jangka kecuali kemungkinan aliran keluar faedah ekonomi itu amat kecil.

Apabila Syarikat memasuki kontrak jaminan kewangan untuk menjamin hutang syarikat lain dalam kumpulannya, Syarikat menganggap ini sebagai aturan insurans dan mengiranya sedemikian rupa. Dari sudut ini, Kumpulan menyifatkan kontrak jaminan sebagai liabiliti luar jangka sehingga tiba masa Syarikat berkemungkinan dikehendaki membuat pembayaran menurut jaminan berkenaan.

(ii) *Penstrukturan semula*

Peruntukan untuk penstrukturan semula adalah diiktiraf apabila Kumpulan telah meluluskan suatu pelan penstrukturan rasmi dan terperinci, dan penstrukturan itu sama ada telah bermula atau diumumkan. Kos operasi masa depan adalah tidak diperuntukkan.

(n) Pemiutang

Pemiutang pada awalnya diiktiraf pada nilai saksama. Pemiutang seterusnya dinyatakan pada kos dilunaskan kecuali kesan pengurangan jumlah menjadi tidak penting, dan dalam kes itu ia tidak dinyatakan sebagai kos.

Pemiutang dicatat apabila wujud kewajipan berkontrak untuk membayar tunai atau aset kewangan lain kepada entiti lain.

(o) Pengiktirafan Pendapatan

(i) *Barangan dijual*

Perolehan daripada jualan barangan diukur pada nilai saksama bagi pembayaran yang diterima atau boleh diterima, jumlah bersih pulangan dan elaun, diskaun-diskaun dagangan dan rebet. Pendapatan diiktiraf apabila risiko dan ganjaran ketara pemilikan dipindahkan kepada pembeli, perolehan semula pembayaran adalah berkemungkinan, kos berkaitan dan kemungkinan pulangan barangan boleh dianggarkan secara munasabah serta tiada pembabit berterusan pihak pengurusan dengan barangan.

(ii) *Pendapatan dividen*

Pendapatan dividen diiktiraf apabila hak untuk menerima pembayaran dividen ditentukan.

2. DASAR PERAKAUNAN PENTING (SAMBUNGAN)**(p) Pendapatan faedah dan kos peminjaman**

Pendapatan faedah diiktiraf apabila ia terakru, menggunakan kaedah faedah berkuatkuasa.

Semua kos peminjaman adalah dicatat di dalam penyata pendapatan menggunakan kaedah faedah berkuatkuasa, dalam tempoh ia berlaku.

(q) Perbelanjaan cukai

Perbelanjaan cukai mengandungi cukai semasa dan tertunda. Perbelanjaan cukai diiktiraf di dalam penyata pendapatan kecuali pada tahap di mana ia berkaitan dengan perkara yang diiktiraf secara langsung dalam ekuiti, dalam kes yang mana ia diiktiraf dalam ekuiti.

Cukai semasa adalah jangkaan cukai boleh dibayar ke atas pendapatan yang boleh dikenakan cukai untuk tahun berkenaan, menggunakan kadar cukai yang digubal atau digubal sebahagiannya pada tarikh lembaran imbalan dan sebarang pelarasan pada cukai yang boleh dibayar bagi tahun-tahun sebelumnya.

Cukai tertunda diiktiraf menggunakan kaedah kunci kira-kira yang menyediakan perbezaan sementara di antara jumlah aset dan liabiliti untuk tujuan pelaporan serta jumlah digunakan untuk tujuan pencukaian. Cukai tertunda tidak diiktiraf untuk perbezaan sementara berikut: pengiktirafan awal muhibah, pengiktirafan awal aset atau liabiliti dalam urus niaga yang bukannya kombinasi perniagaan dan tidak menjejaskan sama ada urus niaga atau keuntungan yang boleh dikenakan cukai (kerugian cukai). Cukai tertunda dikira pada kadar cukai yang dijangka akan digunakan pada perbezaan sementara apabila ia ditimbang balik berdasarkan undang-undang yang digubal atau digubal sebahagiannya pada tarikh kunci kira-kira.

Liabiliti cukai tertunda diiktiraf untuk semua perbezaan sementara yang boleh dikenakan cukai.

Aset cukai tertunda diiktiraf apabila ada kemungkinan bahawa terdapatnya keuntungan masa hadapan yang dikenakan cukai supaya perbezaan sementara boleh digunakan. Aset cukai tertunda disemak pada setiap tarikh pelaporan dan dikurangkan hingga tiada kemungkinan manfaat cukai berkaitan akan dicapai.

(r) Perolehan sesaham

Kumpulan menyediakan maklumat asas perolehan sesaham (EPS) untuk saham-saham biasanya. Asas EPS dikira dengan membahagikan pendapatan yang boleh diagihkan kepada pemegang saham biasa Syarikat dengan purata bilangan saham biasa sepanjang tempoh berkenaan.

(s) Pelaporan segmen

Sesuatu segmen adalah satu komponen Kumpulan yang boleh dikenal pasti yang terbabit sama ada membekalkan produk atau perkhidmatan (segmen perniagaan), atau menyediakan produk atau perkhidmatan dalam satu-satu persekitaran ekonomi (segmen geografi) yang tertakluk kepada risiko dan ganjaran-ganjaran yang berbeza dengan segmen-segmen lain.

Nota-nota kepada Penyata Kewangan

3. HARTANAH, LOJI DAN PERALATAN

	Bangunan RM'000	Loji, mesin, alatan perabot dan peralatan RM'000	Kenderaan bermotor RM'000	Sistem maklumat RM'000	Modal kerja dalam perlaksanaan RM'000	Jumlah RM'000
Kumpulan						
Kos						
Pada 1 Januari 2006	230,084	976,535	17,658	56,523	3,074	1,283,874
Tambahan	5,689	52,957	4,222	7,664	16,865	87,397
Penjualan	(16)	(5,189)	(3,745)	(11,021)	–	(19,971)
Pelupusan	(14)	(985)	–	(123)	–	(1,122)
Pindahan dalam/(keluar)	4,340	(9,297)	2	7,534	(2,579)	–
Pada 31 Disember 2006 / 1 Januari 2007	240,083	1,014,021	18,137	60,577	17,360	1,350,178
Tambahan	13,058	74,747	3,526	5,429	6,524	103,284
Penjualan	(96)	(2,036)	(1,879)	(3,462)	–	(7,473)
Pelupusan	(48)	(4,625)	–	(2,885)	–	(7,558)
Pindahan dalam / (keluar)	2,591	14,740	–	29	(17,360)	–
Pada 31 Disember 2007	255,588	1,096,847	19,784	59,688	6,524	1,438,431

Susut nilai dan kerugian penurunan nilai

Pada 1 Januari 2006:

Susut nilai terkumpul	68,021	662,281	12,335	44,819	–	787,456
Kerugian penurunan nilai terkumpul	5,860	13,897	465	19	–	20,241
	73,881	676,178	12,800	44,838	–	807,697
Susut nilai bagi tahun ini	4,214	57,757	2,094	5,711	–	69,776
Penjualan	–	(3,610)	(3,643)	(11,010)	–	(18,263)
Pelupusan	–	(610)	–	(118)	–	(728)
Pindahan dalam/(keluar)	2,771	(8,231)	–	5,460	–	–

Pada 31 Disember 2006:

Susut nilai terkumpul	75,006	707,587	10,786	44,862	–	838,241
Kerugian penurunan nilai terkumpul	5,860	13,897	465	19	–	20,241
	80,866	721,484	11,251	44,881	–	858,482

Nota-nota kepada Penyata Kewangan

3. HARTANAH, LOJI DAN PERALATAN (SAMBUNGAN)

	Bangunan RM'000	Loji, mesin, alatan perabot dan peralatan RM'000	Kenderaan bermotor RM'000	Sistem maklumat RM'000	Modal kerja dalam perlaksanaan RM'000	Jumlah RM'000
Kumpulan						
Susut nilai dan kerugian penurunan nilai (sambungan)						
Pada 1 Januari 2007:						
Susut nilai terkumpul	75,006	707,587	10,786	44,862	–	838,241
Kerugian penurunan nilai terkumpul	5,860	13,897	465	19	–	20,241
	80,866	721,484	11,251	44,881	–	858,482
Susut nilai bagi tahun ini	4,373	58,801	2,041	6,112	–	71,327
Kerugian penurunan nilai	424	1,340	–	125	–	1,889
Penjualan	(4)	(1,828)	(1,764)	(3,459)	–	(7,055)
Pelupusan	(3)	(3,530)	–	(2,803)	–	(6,336)
Pada 31 Disember 2007:						
Susut nilai terkumpul	79,372	761,030	11,063	44,712	–	896,177
Kerugian penurunan nilai terkumpul	6,284	15,237	465	144	–	22,130
	85,656	776,267	11,528	44,856	–	918,307
Jumlah dibawa						
Pada 1 Januari 2006	156,203	300,357	4,858	11,685	3,074	476,177
Pada 31 Disember 2006 / 1 Januari 2007	159,217	292,537	6,886	15,696	17,360	491,696
Pada 31 Disember 2007	169,932	320,580	8,256	14,832	6,524	520,124

Kerugian penurunan nilai

Dalam tahun 2007, pemberhentian satu projek perkhidmatan makanan menyebabkan Kumpulan membuat penilaian jumlah yang boleh didapati semula bagi loji dan mesin yang dikhususkan kepada projek itu dan melupuskan jumlah yang dibawa bagi aset-aset itu sebanyak RM1,889,000 berasaskan jumlah boleh didapati semula adalah sifar.

Kerugian penurunan nilai berjumlah RM1,889,000 telah dicatat dalam ruang lain-lain perbelanjaan pada penyata pendapatan.

Nota-nota kepada Penyata Kewangan

3. HARTANAH, LOJI DAN PERALATAN (SAMBUNGAN)

Loji dan mesin pajakan

Pada 31 Disember 2007, jumlah dibawa bersih bagi loji dan mesin yang dipajak bagi Kumpulan ialah RM7,184,000 (2006 – RM9,089,000).

Kumpulan memajak peralatan pengeluaran di bawah beberapa perjanjian pajakan kewangan. Sesetengah pajakan ini memberikan pilihan kepada Kumpulan untuk membeli peralatan itu pada harga berpada dan yang lain memindahkan pemilikan aset-aset itu kepada Kumpulan pada hujung tempoh pajakan. Suatu pajakan berjumlah RM12,945,000 (2006 – RM12,301,000) adalah aturan yang tidak bersifat pajakan dari segi undang-undang, tetapi dikira sebagai sedemikian pada asas syarat dan terma-termannya. Peralatan pajakan mempunyai kewajipan-kewajipan pajakan tertentu (lihat nota 13).

4. ASET TIDAK KETARA

	Nota	Muhibah RM'000	Kos Pembangunan RM'000	Jumlah RM'000
Kumpulan				
Kos				
Pada 1 Januari 2006/31 Disember 2006/ 31 Disember 2007		61,024	32,038	93,062
Pelunasan				
Pada 1 Januari 2006		–	20,338	20,338
Pelunasan bagi tahun	16	–	6,382	6,382
Pada 31 Disember 2006/1 Januari 2007		–	26,720	26,720
Pelunasan bagi tahun	16	–	5,062	5,062
Pada 31 Disember 2007		–	31,782	31,782
Jumlah dibawa				
Pada 1 Januari 2006		61,024	11,700	72,724
Pada 31 Disember 2006/1 Januari 2007		61,024	5,318	66,342
Pada 31 Disember 2007		61,024	256	61,280

4.1 Aset tidak ketara material

Kos pembangunan secara utamanya mengandungi perbelanjaan yang dijana secara dalaman menerusi kos pembangunan bagi projek GLOBE di mana ia boleh diunjur secara munasabah yang kos itu boleh diperolehi semula menerusi aktiviti komersil pada masa depan.

4.2 Pelunasan

Pelunasan telah dicatat di dalam perbelanjaan pentadbiran dalam penyata pendapatan.

Nota-nota kepada Penyata Kewangan

4. ASET TIDAK KETARA (SAMBUNGAN)

4.3 Ujian bagi penurunan nilai terhadap unit penjana tunai yang mengandungi muhibah

Jumlah yang boleh didapati semula bagi muhibah adalah berasaskan nilainya dalam kegunaan dan jumlah boleh didapati adalah lebih tinggi daripada jumlah dibawa oleh aset tidak ketara ini. Tiada kerugian penurunan nilai bagi muhibah dicatat pada tahun ini.

Nilai dalam kegunaan adalah ditentukan dengan menolak aliran tunai hadapan yang dijana daripada pelaburan dalam anak syarikat dan adalah berasaskan andaian-andaian berikut:

- Aliran tunai adalah diunjur berasaskan keputusan-keputusan operasi sebenar dan pelan perniagaan 9 tahun.
- Anak syarikat akan meneruskan operasinya secara berterusan.
- Saiz operasinya akan kekal dengan sekurang-kurangnya atau tidak kurang daripada keputusan-keputusan semasa.

Andaian-andaian utama ini adalah mewakili penilaian pengurusan mengenai trend masa depan dalam industri ais krim dan adalah berasaskan kedua-dua sumber dalaman dan luaran (data sejarah).

5. PEMBAYARAN PAJAKAN-PAJAKAN PRABAYAR

		Tanah pajakan		
	Nota	Tempoh tidak tamat kurang daripada 50 tahun RM'000	Tempoh tidak tamat lebih daripada 50 tahun RM'000	Jumlah RM'000
Kumpulan				
Kos				
Pada 1 Januari 2006 / 31 Disember 2006		7,282	51,035	58,317
Pengkelasan semula		9,853	(9,853)	–
Pada 31 Disember 2007		17,135	41,182	58,317
Pelunasan				
Pada 1 Januari 2006		709	1,570	2,279
Pelunasan bagi tahun	16	138	897	1,035
Pada 31 Disember 2006 / 1 Januari 2007		847	2,467	3,314
Pelunasan bagi tahun	16	324	711	1,035
Pengkelasan semula		511	(511)	–
Pada 31 Disember 2007		1,682	2,667	4,349
Jumlah dibawa				
Pada 1 Januari 2006		6,573	49,465	56,038
Pada 31 Disember 2006 / 1 Januari 2007		6,435	48,568	55,003
Pada 31 Disember 2007		15,453	38,515	53,968

Nota-nota kepada Penyata Kewangan

6. PELABURAN DALAM ANAK SYARIKAT

	Syarikat	
	2007 RM'000	2006 RM'000
Saham tidak disebut harga – pada kos	232,992	232,992

Butir-butir anak syarikat adalah seperti berikut:

Nama anak syarikat	Negara diperbadan	Aktiviti utama	Kepentingan pemilikan efektif	
			2007 %	2006 %
Nestlé Products Sdn. Bhd.	Malaysia	Pemasaran dan jualan, pasaran tempatan dan eksport ais krim, susu tepung dan minuman, susu cecair dan jus, kopi segera dan minuman lain, produk coklat konfeksi, mi segera, produk masakan, bijiran, dadih dan produk berkaitan. Di dalam tahun semasa, Syarikat telah berhenti memasarkan dan menjual produk-produk susu cecair bertin.	100	100
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	Mengilang dan mengeksport ais krim, susu tepung dan minuman, susu cecair dan jus, kopi segera dan minuman lain, produk coklat konfeksi, mi segera, produk masakan, bijiran, dadih dan produk berkaitan.	100	100
Nestlé Asean (Malaysia) Sdn. Bhd.	Malaysia	Mengilang dan mengeksport produk coklat konfeksi.	100	100
Nestlé Foods (Malaysia) Sdn. Bhd.	Malaysia	Tidak aktif	100	100
Nestlé Cold Storage (Sabah) Sdn. Bhd.	Malaysia	Tidak aktif	100*	100*
SNF Sdn. Bhd.	Malaysia	Tidak aktif	100	100

* Kepentingan dipegang menerusi Nestlé Manufacturing (Malaysia) Sdn. Bhd.

Nota-nota kepada Penyata Kewangan

7. PELABURAN DALAM SYARIKAT BERSEKUTU

	Kumpulan		Syarikat	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Pada kos:				
Saham tidak disebut harga	3,000	3,000	3,000	3,000
Bahagian rizab pasca pengambilalihan	600	417	–	–
	3,600	3,417	3,000	3,000

Ringkasan maklumat kewangan syarikat bersekutu:

	Negara diperbadankan	Kepentingan pemilikan efektif %	Perolehan (100%) RM'000	Keuntungan (100%) RM'000	Jumlah aset (100%) RM'000	Jumlah liabiliti (100%) RM'000
2007						
Nihon Canpack (Malaysia) Sdn. Bhd.	Malaysia	20	76,282	1,571	47,131	29,129
2006						
Nihon Canpack (Malaysia) Sdn. Bhd.	Malaysia	20	70,046	1,675	37,289	20,202

8. ASET DAN LIABILITI CUKAI TERTUNDA

Aset dan liabiliti cukai tertunda yang diiktiraf

Aset dan liabiliti cukai tertunda adalah diagihkan secara berikut:

	Aset		Liabiliti		Bersih	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Kumpulan						
Hartanah, loji dan peralatan	–	–	62,923	64,823	62,923	64,823
Pelan manfaat pekerja	(10,483)	(17,998)	–	–	(10,483)	(17,998)
Peruntukan-peruntukan	(4,836)	(6,315)	–	–	(4,836)	(6,315)
Rizab perlindungan	–	(871)	395	–	395	(871)
Kerugian cukai dibawa ke hadapan	–	(790)	–	–	–	(790)
Cukai (aset) / liabiliti	(15,319)	(25,974)	63,318	64,823	47,999	38,849
Timbal balik cukai	12,688	19,265	(12,688)	(19,265)	–	–
Cukai bersih(aset) / liabiliti	(2,631)	(6,709)	50,630	45,558	47,999	38,849

Nota-nota kepada Penyata Kewangan

8. ASET DAN LIABILITI CUKAI TERTUNDA (SAMBUNGAN)

Pergerakan dalam perbezaan-perbezaan sementara dalam tempoh tahun

	Pada 1.1.2006 RM'000	Diiktiraf dalam penyata pendapatan (nota 18) RM'000	Diiktiraf dalam ekuiti (nota 18) RM'000	Pada 31.12.2006 RM'000	Diiktiraf dalam penyata pendapatan (nota 18) RM'000	Diiktiraf dalam ekuiti (nota 18) RM'000	Pada 31.12.2007 RM'000
Kumpulan							
Hartanah, loji dan peralatan	60,932	3,891	–	64,823	(1,900)	–	62,923
Pelan manfaat pekerja	(17,900)	429	(527)	(17,998)	(386)	7,901	(10,483)
Peruntukan	(8,257)	1,942	–	(6,315)	1,479	–	(4,836)
Rizab perlindungan	1,080	–	(1,951)	(871)	–	1,266	395
Kerugian cukai dibawa ke hadapan	(13,205)	12,415	–	(790)	790	–	–
	22,650	18,677	(2,478)	38,849	(17)	9,167	47,999

9. PENGHUTANG, DEPOSIT DAN PRABAYARAN

	Nota	Kumpulan 2007 RM'000	2006 RM'000	Syarikat 2007 RM'000	2006 RM'000
Bukan semasa					
Pinjaman kepada pekerja	9.2	22,194	19,414	–	–
Semasa					
Dagangan					
Penghutang dagangan		298,891	311,562	–	–
Ditolak: Penurunan nilai penghutang dagangan		(30,176)	(21,118)	–	–
		268,715	290,444	–	–
Jumlah terhutang daripada syarikat berkaitan	9.3	140,515	94,998	–	–
Jumlah terhutang daripada syarikat bersekutu	9.3	3,298	5,317	–	–
Komoditi hadapan	9.4	1,819	1,476	–	–
		414,347	392,235	–	–
Bukan dagangan					
Jumlah terhutang daripada anak-anak syarikat	9.5	–	–	623,506	609,119
Jumlah terhutang daripada syarikat berkaitan	9.3	2,478	–	–	–
Penghutang, deposit dan prabayaran lain	9.6	44,023	37,396	97	142
Kontrak tukaran asing	9.4	233	–	–	–
		46,734	37,396	623,603	609,261
		461,081	429,631	623,603	609,261

Nota-nota kepada Penyata Kewangan

9. PENGHUTANG, DEPOSIT DAN PRABAYARAN (SAMBUNGAN)

9.1 Analisis pendedahan terhadap tukaran asing bagi penghutang ketara

Penghutang ketara yang belum dijelaskan pada akhir tahun yang bukan dalam Ringgit Malaysia, fungsi mata wang digunakan oleh entiti Kumpulan adalah seperti berikut:

	Kumpulan	
	2007 RM'000	2006 RM'000
Mata wang asing		
USD	144,623	83,587
BND	8,318	13,563
THB	2,338	3,368
EUR	719	–
SGD	535	1,340

9.2 Pinjaman kepada pekerja

Pinjaman kepada pekerja adalah tidak berjaminan, bebas faedah dan tidak dijangka berbayar dalam tempoh dua belas bulan akan datang.

9.3 Jumlah terhutang daripada syarikat berkaitan dan bersekutu

Penghutang dagangan daripada syarikat berkaitan dan bersekutu adalah tertakluk kepada terma-terma perdagangan normal. Penghutang bukan dagangan daripada syarikat berkaitan adalah tidak berjaminan, bebas faedah dan berbayar apabila dituntut.

9.4 Komoditi hadapan dan kontrak tukaran asing

Komoditi hadapan dan kontrak tukaran asing adalah diletakkan sebagai instrumen perlindungan aliran tunai.

Keuntungan belum direalisasi daripada perlindungan komoditi hadapan yang efektif sebanyak RM1,462,000 (2006 – RM1,476,000) adalah diiktiraf dalam ekuiti pada akhir tahun.

Keuntungan ini dijangka akan diiktiraf dalam penyata pendapatan apabila urusan niaga yang diunjurkan berlaku seperti berikut:

	Keuntungan	
	2007 RM'000	2006 RM'000
Kumpulan		
Komoditi hadapan		
Kurang dari tiga bulan	1,002	1,101
Di antara tiga bulan dan satu tahun	460	375
	1,462	1,476

Nota-nota kepada Penyata Kewangan

9. PENGHUTANG, DEPOSIT DAN PRABAYARAN (SAMBUNGAN)

9.5 Jumlah terhutang dari anak syarikat

Jumlah yang terhutang daripada anak syarikat adalah tidak berjaminan, dikenakan faedah pada kadar 3.61% hingga 3.79% (2006 – 3.15% hingga 3.61%) setahun dan berbayar apabila dituntut.

9.6 Penghutang, deposit dan prabayaran lain

Termasuk di dalam penghutang, deposit dan prabayaran lain ialah pinjaman kepada pekerja sebanyak RM9,597,000 (2006 – RM9,344,000), yang tiada jaminan dan faedah percuma.

10. INVENTORI

	Kumpulan	
	2007 RM'000	2006 RM'000
Bahan mentah dan pembungkusan	211,578	129,112
Kerja dalam pelaksanaan	27,016	21,844
Barangan siap	188,821	171,700
Alat-alat ganti	19,187	8,018
	446,602	330,674

11. TUNAI DAN SETARA TUNAI

	Kumpulan		Syarikat	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposit di bank berlesen	17,240	4,069	17,240	4,069
Tunai dan baki bank	14,430	51,759	128	3
	31,670	55,828	17,368	4,072

Nota-nota kepada Penyata Kewangan

12. MODAL DAN RIZAB

12.1 Penyelarasan pergerakan dalam modal dan rizab

Nota	Boleh disumbang kepada pemegang saham Syarikat				Jumlah ekuiti RM'000
	Modal saham RM'000	Premium saham RM'000	Rizab perlindungan RM'000	Pendapatan tertahan RM'000	
Kumpulan					
Pada 1 Januari 2006	234,500	33,000	2,801	253,751	524,052
Aliran tunai dilindung					
Bahagian efektif bagi perubahan dalam nilai saksama	—	—	(2,237)	—	(2,237)
Dipindah kepada penyata pendapatan	—	—	(2,801)	—	(2,801)
Rugi bersih bagi aliran tunai dilindung	—	—	(5,038)	—	(5,038)
Kerugian aktuari pelan manfaat tertakrif, cukai bersih	—	—	—	(1,352)	(1,352)
Rugi bersih diiktiraf terus dalam ekuiti	—	—	(5,038)	(1,352)	(6,390)
Keuntungan bagi tahun	—	—	—	264,219	264,219
Jumlah pendapatan dan perbelanjaan yang diiktiraf bagi tahun	—	—	(5,038)	262,867	257,829
Dividen kepada pemegang saham 20	—	—	—	(222,775)	(222,775)
Pada 31 Disember 2006	234,500	33,000	(2,237)	293,843	559,106
Pada 1 Januari 2007	234,500	33,000	(2,237)	293,843	559,106
Aliran tunai dilindung					
Bahagian efektif bagi perubahan dalam nilai saksama	—	—	1,067	—	1,067
Dipindah kepada penyata pendapatan	—	—	2,237	—	2,237
Keuntungan bersih bagi aliran tunai dilindung	—	—	3,304	—	3,304
Keuntungan aktuari pelan manfaat tertakrif, cukai bersih	—	—	—	17,312	17,312
Keuntungan bersih diiktiraf terus dalam ekuiti	—	—	3,304	17,312	20,616
Keuntungan bagi tahun	—	—	—	292,042	292,042
Jumlah pendapatan dan perbelanjaan yang diiktiraf bagi tahun	—	—	3,304	309,354	312,658
Dividen kepada pemegang saham 20	—	—	—	(234,505)	(234,505)
Pada 31 Disember 2007	234,500	33,000	1,067	368,692	637,259

Nota-nota kepada Penyata Kewangan

12. MODAL DAN RIZAB (SAMBUNGAN)

12.1 Penyelarasan pergerakan dalam modal dan rizab (sambungan)

Nota	Tidak boleh diagih		Boleh diagih	
	Modal saham RM'000	Premium saham RM'000	Pendapatan tertahan RM'000	Jumlah ekuiti RM'000
Syarikat				
Pada 1 Januari 2006	234,500	33,000	155,910	423,410
Keuntungan bagi tahun	–	–	235,079	235,079
Dividen kepada pemegang saham	20	–	(222,775)	(222,775)
Pada 31 Disember 2006/1 Januari 2007	234,500	33,000	168,214	435,714
Keuntungan bagi tahun	–	–	263,135	263,135
Dividen kepada pemegang saham	20	–	(234,505)	(234,505)
Pada 31 Disember 2007	234,500	33,000	196,844	464,344

12.2 Modal saham

	Kumpulan dan Syarikat			
	Jumlah 2007 RM'000	Bilangan saham 2007 '000	Jumlah 2006 RM'000	Bilangan saham 2006 '000
Saham biasa pada RM1 setiap satu				
Dibenarkan	300,000	300,000	300,000	300,000
Diterbit dan berbayar sepenuhnya	234,500	234,500	234,500	234,500

Pemegang saham biasa adalah berhak untuk menerima dividen seperti diisytiharkan dari semasa ke semasa dan berhak ke atas satu undi sesaham pada mesyuarat-mesyuarat Syarikat.

12.3 Premium saham

Premium saham merujuk kepada jumlah yang pemegang saham bayar bagi saham-saham yang melebihi nilai nominal.

12.4 Rizab Perlindungan

Rizab perlindungan merujuk kepada bahagian efektif bagi sebarang keuntungan atau kerugian ke atas instrumen kewangan derivatif yang diiktiraf secara langsung di dalam ekuiti.

12.5 Kredit cukai Seksyen 108

Tertakluk kepada persetujuan oleh Lembaga Hasil Dalam Negeri, Syarikat mempunyai kredit cukai Seksyen 108 dan pendapatan dikecualikan cukai untuk difrangki semua daripada rizabnya yang boleh diagihkan pada 31 Disember 2007 jika dibayar sebagai dividen.

Bajet Malaysia 2008 memperkenalkan sistem cukai pendapatan syarikat satu peringkat yang berkuatkuasa dari tahun taksiran 2008. Dengan itu, kredit cukai seksyen 108 seperti mana pada 31 Disember 2007 boleh digunakan oleh Syarikat sehingga suatu masa kredit itu digunakan sepenuhnya atau apabila tamat tempoh peralihan enam tahun pada 31 Disember 2013, yang mana lebih awal.

Nota-nota kepada Penyata Kewangan

13. PINJAMAN DAN PEMINJAMAN

	Kumpulan	
	2007 RM'000	2006 RM'000
Bukan semasa		
Liabiliti pajakan kewangan – tidak berjaminan	5,179	7,208
Bil penerimaan – tidak berjaminan	–	100,000
	5,179	107,208
Semasa		
Kredit pusingan – tidak berjaminan	120,100	64,500
Bil penerimaan – tidak berjaminan	80,000	–
Liabiliti pajakan kewangan – berjaminan	2,603	2,258
Nota jangka sederhana – tidak berjaminan	100,000	–
	302,703	66,758

13.1 Jadual terma-terma dan pembayaran balik hutang

	Tahun matang	Jumlah dibawa RM'000	Di bawah 1 tahun RM'000	1 – 2 tahun RM'000	2 – 5 tahun RM'000
Kumpulan					
2007					
Kredit pusingan	2008	120,100	120,100	–	–
Bil penerimaan	2008	80,000	80,000	–	–
Liabiliti pajakan kewangan	2009–2012	7,782	2,603	2,824	2,355
Nota jangka sederhana	2008	100,000	100,000	–	–
		307,882	302,703	2,824	2,355
2006					
Kredit pusingan	2007	64,500	64,500	–	–
Liabiliti pajakan kewangan	2009–2011	9,466	2,258	2,398	4,810
Nota jangka sederhana	2008	100,000	–	100,000	–
		173,966	66,758	102,398	4,810

Nota-nota kepada Penyata Kewangan

13. PINJAMAN DAN PEMINJAMAN (SAMBUNGAN)

13.2 Liabiliti pajakan kewangan

Liabiliti pajakan kewangan boleh dibayar seperti berikut:

Kumpulan	Bayaran minimum			Bayaran minimum		
	pajakan	Faedah	Prinsipal	pajakan	Faedah	Prinsipal
	2007 RM'000	2007 RM'000	2007 RM'000	2006 RM'000	2006 RM'000	2006 RM'000
Kurang daripada setahun	3,234	631	2,603	3,037	779	2,258
Antara satu dan lima tahun	5,734	555	5,179	8,256	1,048	7,208
	8,968	1,186	7,782	11,293	1,827	9,466

Kumpulan memajak sesetengah loji dan mesin berjumlah RM12,945,000 (2006 – RM12,301,000) di bawah pajakan kewangan yang akan tamat dari 2009 hingga 2012. Pada akhir tempoh pajakan, Kumpulan mempunyai pilihan untuk membeli peralatan itu pada kadar RM1, harga yang dianggap sebagai pilihan pembelian berpatutan.

14. MANFAAT PEKERJA

14.1 Manfaat persaraan

	Kumpulan	
	2007 RM'000	2006 RM'000
Nilai semasa tabungan kewajipan	173,162	159,686
Nilai saksama pelan aset	(132,841)	(95,409)
Liabiliti diiktiraf bagi kewajipan manfaat tertakrif	40,321	64,277

Kumpulan menjalankan satu skim manfaat tertakrif yang ditadbir oleh Skim Bersaraan Kumpulan Nestlé Malaysia. Sebelum 1 November 2007, Skim tersebut hanya merangkumi kakitangan tempatan Kumpulan yang bekerja sepenuh masa dan sudah disahkan. Berikutan daripada pindaan kepada peraturan Skim pada 1 November 2007, Skim ini dilanjutkan untuk merangkumi kakitangan pengurusan asing bermula dari 1 November 2007. Pindaan terdahulu ke atas peraturan Skim pada 6 April 2005 menjadikan penundaan umur persaraan kepada 60 tahun untuk kakitangan yang memulakan perkhidmatan dari 1 Januari 2005.

Skim berkenaan menyediakan pencen persaraan tidak diindeks kepada pekerja yang berkhidmat dengan Kumpulan sebelum 1 Januari 1992, berdasarkan kepada peratusan gaji akhir dan jumlah faedah Kumpulan Wang Simpanan Pekerja (KWSP) daripada caruman pekerja dan majikan yang dibuat sepanjang tempoh keahlian KWSP. Bagi kakitangan yang berkhidmat dengan Kumpulan pada atau selepas 1 Januari 1992, sejumlah manfaat persaraan boleh didapati di bawah Skim ini, menggantikan pencen bulan, bersamaan dengan sumbangan terkumpul Kumpulan dicampur faedah yang dikreditkan pada kadar dividen EPF.

Nota-nota kepada Penyata Kewangan**14. MANFAAT PEKERJA (SAMBUNGAN)****14.1 Manfaat persaraan (sambungan)**

Pelan aset mengandungi perkara berikut:

	Kumpulan	
	2007	2006
	RM'000	RM'000
Pelaburan disenaraikan	75,021	54,385
Pelaburan tidak disenaraikan	21,893	19,906
Pinjaman kepada syarikat tidak disenaraikan	2,291	1,831
Tunai dan setara tunai	25,168	15,030
Lain-lain	8,468	4,257
	132,841	95,409

Pergerakan dalam nilai semasa liabiliti untuk kewajipan manfaat tertakrif

	Kumpulan	
	2007	2006
	RM'000	RM'000
Kewajipan manfaat tertakrif pada 1 Januari	159,686	150,065
Manfaat dibayar oleh pelan	(9,433)	(8,605)
Kos khidmat dan faedah semasa	19,219	14,893
Kerugian/aktuari diiktiraf dalam ekuiti	3,690	3,333
Kewajipan manfaat tertakrif pada 31 Disember	173,162	159,686

Pergerakan dalam nilai saksama aset pelan

	Kumpulan	
	2007	2006
	RM'000	RM'000
Nilai saksama aset pelan pada 1 Januari	95,409	86,136
Sumbangan dibayar kepada pelan	11,319	10,424
Manfaat dibayar oleh pelan	(9,433)	(8,605)
Jangkaan pulangan aset pelan	6,643	6,000
Keuntungan aktuari diiktiraf dalam ekuiti	28,903	1,454
Nilai saksama aset pelan pada 31 Disember	132,841	95,409

Nota-nota kepada Penyata Kewangan

14. MANFAAT PEKERJA (SAMBUNGAN)

14.1 Manfaat persaraan (sambungan)

Perbelanjaan diiktiraf dalam penyata pendapatan

Nota	Kumpulan	
	2007 RM'000	2006 RM'000
Kos khidmat semasa	5,257	4,736
Faedah atas kewajipan	10,803	10,157
Jangkaan pulangan atas aset pelan	(6,643)	(6,000)
Kos khidmat lalu	3,159	–
16	12,576	8,893

Perbelanjaan adalah diiktiraf bagi butiran berikut dalam penyata pendapatan:

Nota	Kumpulan	
	2007 RM'000	2006 RM'000
Kos barangan dijual	4,888	3,295
Perbelanjaan pengagihan dan jualan	5,344	3,863
Perbelanjaan pentadbiran	2,344	1,735
16	12,576	8,893
Pulangan sebenar atas aset pelan	21,358	7,462

Keuntungan dan kerugian aktuari diiktiraf terus di dalam ekuiti

	Kumpulan	
	2007 RM'000	2006 RM'000
Jumlah terkumpul pada 1 Januari	(19,087)	(17,208)
Diiktiraf dalam tahun	25,213	(1,879)
Jumlah terkumpul pada 31 Disember	6,126	(19,087)

Andaian-andaian aktuari

Andaian utama aktuari pada tarikh kunci kira-kira (dicatat sebagai purata tertimbang):

	Kumpulan	
	2007	2006
Kadar diskaun pada 31 Disember	7.0%	7.0%
Jangkaan pulangan atas aset pelan pada 1 Januari	7.0%	7.0%
Peningkatan gaji pada masa depan	5.5%	5.5%

Nota-nota kepada Penyata Kewangan

14. MANFAAT PEKERJA (SAMBUNGAN)

14.1 Manfaat persaraan (sambungan)

Andaian berhubung kematian masa depan adalah berdasarkan statistik yang diterbitkan dan jadual jangka hayat. Jangka hayat purata seseorang individu yang bersara adalah pada usia 55 tahun

Jangkaan kadar jangka panjang keseluruhan bagi pulangan atas aset adalah sebanyak 7.0%. Jangkaan kadar jangka panjang pulangan adalah berdasarkan portfolio secara keseluruhan dan bukannya atas jumlah pulangan atas kategori aset individu. Pulangan ini secara eksklusifnya berdasarkan kepada sejarah pulangan, tanpa pelarasan

Maklumat sejarah

	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000
Kumpulan					
Nilai semasa kewajipan manfaat tertakrif	173,162	159,686	150,065	136,395	126,339
Nilai semasa aset pelan	(132,841)	(95,409)	(86,136)	(86,340)	(80,114)
Defisit dalam pelan	40,321	64,277	63,929	50,055	46,225
Pelarasan yang berbangkit daripada liabiliti pelan	1,683	3,342	6,110	168	3,657
Pelarasan yang berbangkit daripada aset pelan	14,715	1,462	(7,370)	(1,838)	2,238

Kumpulan menjangkakan untuk membayar sejumlah RM12,619,000 dalam bentuk sumbangan kepada pelan manfaat tertakrif pada 2008.

15. PEMIUTANG DAN TERAKRU

		Kumpulan		Syarikat	
	Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Dagangan					
Pemiutang dagangan		310,439	253,863	—	—
Jumlah terhutang kepada syarikat berkaitan	15.2	43,151	85,011	—	—
		353,590	338,874	—	—

Nota-nota kepada Penyata Kewangan

15. PEMIUTANG DAN TERAKRU (SAMBUNGAN)

		Kumpulan		Syarikat	
	Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Bukan dagangan					
Jumlah terhutang kepada syarikat berkaitan	15.2	85,717	163,011	–	–
Jumlah terhutang kepada anak syarikat	15.3	–	–	411,984	413,089
Pemiutang lain		27,775	43,895	158	176
Perbelanjaan terakru		83,105	42,247	321	252
Kontrak tukaran asing	15.4	–	4,587	–	–
		196,597	253,740	412,463	413,517
		550,187	592,614	412,463	413,517

15.1 Analisis pendedahan tukaran asing bagi pemiutang utama

Pemiutang utama yang bukan dalam Ringgit Malaysia, fungsi matawang yang digunakan oleh entiti Kumpulan adalah seperti berikut:

	Kumpulan	
	2007 RM'000	2006 RM'000
Mata wang asing		
USD	64,648	55,042
JPY	50,150	163,011
GBP	17,225	4,976
AUD	15,548	1,963
SGD	8,520	10,655
EUR	8,152	4,752
CHF	2,992	2,890

15.2 Jumlah terhutang kepada syarikat berkaitan

Jumlah yang terhutang kepada syarikat berkaitan adalah tidak berjaminan, membayar apabila dituntut dan bebas faedah, kecuali bagi pinjaman jangka pendek sebanyak RM50,150,000 (2006 – RM163,011,000) yang dalam mata wang Yen Jepun dan tertakluk kepada faedah sebanyak 3.72% (2006 – 3.68%) setahun.

15.3 Jumlah terhutang kepada anak syarikat

Jumlah terhutang kepada anak syarikat adalah tidak berjaminan dan tertakluk kepada faedah 3.61% hingga 3.79% (2006 – 3.15% hingga 3.61%) setahun dan membayar apabila dituntut.

15.4 Kontrak tukaran asing

Kontrak tukaran asing adalah diletakkan sebagai perlindungan aliran tunai.

Dalam tahun lalu, kerugian yang tidak direalisasi dalam kontrak tukaran asing berjumlah RM4,587,000 telah dicatat di dalam ekuiti pada akhir tahun.

Nota-nota kepada Penyata Kewangan**16. KEUNTUNGAN OPERASI**

		Kumpulan		Syarikat	
	Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Keuntungan operasi dicapai selepas dicaj:					
Pelunasan aset tak ketara	4	5,062	6,382	–	–
Pelunasan pembayaran pajakan prabayar	5	1,035	1,035	–	–
Bayaran juruaudit:					
– Audit berkanun		386	297	97	70
– Khidmat lain		152	226	–	–
Susut nilai hartanah, loji dan peralatan	3	71,327	69,776	–	–
Penurunan nilai atas penghutang dagangan		10,520	2,693	–	–
Kerugian penurunan nilai atas hartanah, loji dan peralatan	3	1,889	–	–	–
Kos faedah		14,842	10,090	19,918	21,450
Kerugian tukaran asing					
– belum direalisasi		3,759	2,652	–	–
– direalisasi		30,777	12,359	–	–
Perbelanjaan kakitangan (termasuk kakitangan utama pengurusan):					
– Perbelanjaan berkenaan pelan manfaat tertakrif	14	12,576	8,893	–	–
– Sumbangan kepada Kumpulan Wang Simpanan Pekerja		23,018	20,821	–	–
– Pembayaran berasaskan saham		5,184	4,470	–	–
– Upah, gaji dan lain-lain		281,824	261,833	–	–
Pelupusan hartanah, loji dan peralatan		1,222	394	–	–
Sewa tanah dan bangunan		33,437	30,668	–	–
dan selepas kredit:					
Pendapatan dividen daripada anak syarikat (tidak disenaraikan)		–	–	360,143	315,840
Pendapatan dividen daripada syarikat bersekutu (tidak disenaraikan)		131	130	131	130
Keuntungan daripada pelepasan hartanah loji dan peralatan		927	168	–	–
Keuntungan atas tukaran asing					
– belum direalisasi		406	4,589	–	–
– direalisasi		17,713	11,977	–	–
Pendapatan faedah		443	765	21,667	23,022
Timbal balik kerugian penurunan nilai atas penghutang dagangan		1,147	6,983	–	–

Nota-nota kepada Penyata Kewangan

17. GANJARAN KAKITANGAN PENGURUSAN UTAMA

Ganjaran bagi kakitangan pengurusan utama adalah seperti berikut:

	Kumpulan		Syarikat	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Para Pengarah				
– Yuran	275	130	275	130
– Ganjaran	3,241	3,179	–	–
Manfaat pekerja jangka pendek lain (termasuk anggaran nilai kewangan bagi faedah setara)	902	882	40	47
Jumlah manfaat pekerja jangka pendek	4,418	4,191	315	177
– Manfaat selepas pekerjaan	393	351	–	–
– Pembayaran berasaskan saham	1,540	1,479	–	–
	6,351	6,021	315	177
Kakitangan pengurusan utama lain:				
– Manfaat kakitangan jangka pendek	5,110	5,257	–	–
– Manfaat selepas pekerjaan	61	59	–	–
– Pembayaran berasaskan saham	2,389	2,249	–	–
	7,560	7,565	–	–
	13,911	13,586	315	177

Kakitangan pengurusan utama lain termasuk mereka yang selain daripada para Pengarah entiti Kumpulan, mempunyai kuasa dan tanggungjawab bagi merancang, mengarah dan mengawal aktiviti entiti sama ada secara langsung atau tidak langsung.

Di samping gaji mereka, Kumpulan juga menyediakan manfaat bukan tunai kepada Pengarah dan pegawai eksekutif, dan menyumbang kepada pelan manfaat tertakrif pekerjaan bagi pihak mereka.

18. PERBELANJAAN CUKAI

Diiktiraf dalam penyata pendapatan

	Kumpulan		Syarikat	
Nota	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Perbelanjaan cukai	103,256	99,066	97,550	81,540
Bahagian cukai bagi syarikat bersekutu dikira ekuiti	62	147	–	–
Jumlah perbelanjaan cukai	103,318	99,213	97,550	81,540

Nota-nota kepada Penyata Kewangan

18. PERBELANJAAN CUKAI (SAMBUNGAN)

Diiktiraf dalam penyata pendapatan (sambungan)

Nota	Kumpulan		Syarikat	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Komponen utama perbelanjaan cukai termasuk:				
Perbelanjaan cukai semasa				
Malaysia – tahun semasa	97,380	80,389	97,550	81,540
– tahun sebelumnya	5,893	–	–	–
Jumlah cukai semasa	103,273	80,389	97,550	81,540
Perbelanjaan cukai tertunda				
Jumlah asal dan timbal balik perbezaan sementara	(17)	18,677	–	–
Jumlah cukai tertunda	8 (17)	18,677	–	–
Bahagian cukai bagi syarikat bersekutu dikira ekuiti	62	147	–	–
Jumlah perbelanjaan cukai	103,318	99,213	97,550	81,540
Pelarasan perbelanjaan cukai				
Keuntungan bagi tahun	292,042	264,219	263,135	235,079
Jumlah perbelanjaan cukai	103,256	99,066	97,550	81,540
Keuntungan tidak termasuk cukai	395,298	363,285	360,685	316,619
Cukai pada kadar cukai Malaysia sebanyak 27% (2006 – 28%)				
	106,730	101,720	97,385	88,653
Kesan pertukaran kadar cukai*	(2,399)	–	–	–
Perbelanjaan tidak boleh ditolak cukai	3,837	2,815	165	88
Pendapatan dikecualikan cukai	–	–	–	(7,223)
Insentif cukai	(11,182)	(5,863)	–	–
Lain-lain perkara	377	394	–	22
	97,363	99,066	97,550	81,540
Terkurang peruntukan pada tahun-tahun sebelumnya	5,893	–	–	–
	103,256	99,066	97,550	81,540
Perbelanjaan cukai atas bahagian keuntungan Syarikat bersekutu	62	147	–	–
	103,318	99,213	97,550	81,540

* Kadar cukai korporat adalah sebanyak 27% bagi tahun taksiran 2007, 26% bagi tahun taksiran 2008 dan 25% untuk tahun-tahun taksiran seterusnya. Selepas itu aset dan liabiliti tertunda adalah diukur menggunakan kadar cukai ini.

Nota-nota kepada Penyata Kewangan

18. PERBELANJAAN CUKAI (SAMBUNGAN)

Cukai diiktiraf secara terus dalam ekuiti

	Nota	Kumpulan	
		2007 RM'000	2006 RM'000
(Keuntungan)/Kerugian aktuari	8	(7,901)	527
(Keuntungan)/kerugian bersih perlindungan aliran tunai	8	(1,266)	1,951
Jumlah cukai diiktiraf secara terus dalam ekuiti		(9,167)	2,478

19. PEROLEHAN BAGI SETIAP SAHAM BIASA

Perolehan asas bagi satu saham biasa

Pengiraan perolehan asas bagi satu saham biasa pada 31 Disember 2007 adalah berasaskan keuntungan yang boleh diagihkan kepada pemegang saham, sebanyak RM292.0 juta (2006 – RM264.2 juta) dan 234.5 juta (2006 – 234.5 juta) saham biasa pada tahun ini.

20. DIVIDEN

Dividen diiktiraf pada tahun semasa oleh Syarikat adalah:

	Sen sesaham (selepas cukai)	Jumlah RM'000	Tarikh bayaran
2007			
Dividen interim 2007			
Boleh dikenakan cukai – Pertama	15.00	35,175	31 Mei 2007
– Kedua	20.00	46,905	25 September 2007
Dividen akhir 2006			
Boleh dikenakan cukai	54.00	126,630	31 Mei 2007
Dikecualikan cukai	11.00	25,795	31 Mei 2007
Jumlah keseluruhan		234,505	
2006			
Dividen interim 2006			
Boleh dikenakan cukai – Pertama	15.00	35,175	31 Mei 2006
– Kedua	20.00	46,900	26 September 2006
Dividen akhir 2005			
Boleh dikenakan cukai	51.47	120,697	31 Mei 2006
Dikecualikan cukai	8.53	20,003	31 Mei 2006
Jumlah keseluruhan		222,775	

Nota-nota kepada Penyata Kewangan

20. DIVIDEN (SAMBUNGAN)

Selepas tarikh kunci kira-kira, dividen berikut telah dicadangkan oleh para Pengarah. Dividen ini akan diiktiraf dalam laporan kewangan seterusnya selepas mendapat kelulusan pemegang saham.

	Kumpulan	
	Sen sesaham (selepas cukai)	Jumlah RM'000
Dividen akhir		
Boleh dikenakan cukai	78.81	184,809

21. MAKLUMAT SEGMENT

Memandangkan aktiviti utama Kumpulan adalah pengeluaran, pemasaran dan jualan produk makanan di Malaysia, tiada analisis segmen disediakan. Kira-kira 22% (2006 – 16%) daripada jumlah jualan adalah hasil eksport, terutamanya ke negara Asia Tenggara dan Timur Tengah berdasarkan lokasi pelanggan.

22. INSTRUMEN KEWANGAN

Pendedahan kepada risiko kredit, kontrak komoditi, kadar faedah, kecairan dan mata wang timbul dalam urusan biasa perniagaan Kumpulan. Untuk ini, Kumpulan melaksanakan dasar-dasar dan garis panduan pengurusan risiko bertulis yang dikeluarkan oleh syarikat induk, Nestlé S.A., yang menetapkan strategi perniagaan secara keseluruhan, toleransi terhadap risiko dan falsafah pengurusan risiko secara am. Kumpulan telah mewujudkan proses untuk memantau dan mengawal urus niaga perlindungan dengan cara yang tepat pada masanya dan betul. Semua garis panduan baru serta perkembangan terkini berhubung dasar-dasar sentiasa disemak dan dipantau oleh pihak pengurusan serta Lembaga Pengarah bagi memastikan dasar dan garis panduan berkenaan dipatuhi.

Risiko kredit

Pihak pengurusan mempunyai dasar kredit dan pendedahan kepada risiko kredit dipantau secara berterusan. Penilaian kredit dilakukan ke atas semua pelanggan yang memerlukan kredit bagi jumlah tertentu dengan kuasa kelulusan dan had yang jelas. Semua pelanggan utama dikehendaki mempunyai sandaran dalam bentuk aset kewangan dan/atau jaminan bank.

Pada tarikh kunci kira-kira tiada tumpuan risiko kredit yang ketara. Pendedahan maksimum terhadap risiko kredit adalah ditunjukkan oleh jumlah dibawa bagi setiap aset kewangan dalam kunci kira-kira.

Risiko kontrak komoditi

Kumpulan menanggung risiko kontrak komoditi berhubung penjualan dan pembelian komoditi utama seperti biji kopi, koko dan minyak sawit. Kontrak yang memberikan risiko terutamanya adalah kontrak pasaran hadapan dan opsyen khususnya dalam Dolar Amerika dan Pound Sterling Britain.

Kontrak minyak sawit adalah diurus niaga oleh pakar-pakar Nestlé yang berpangkalan di Nestlé Singapura manakala kontrak komoditi kopi dan koko diurus niaga oleh pakar-pakar Nestlé yang berpangkalan di Nestlé UK bagi pihak Kumpulan untuk memastikan keseimbangan lebih baik. Mengikut garis panduan yang ditetapkan oleh syarikat induk, semua kontrak komoditi adalah untuk tujuan perlindungan nilai bagi melindungi Kumpulan daripada kesan turun naik harga.

Risiko kadar faedah

Kadar faedah bagi pinjaman Kumpulan adalah berbeza-beza dengan merujuk kepada kadar pinjaman asas bank kecuali untuk nota jangka sederhana dan tanggungan pajakan kewangan di mana kadar faedah adalah tetap.

Nota-nota kepada Penyata Kewangan

22. INSTRUMEN KEWANGAN (SAMBUNGAN)

Kadar faedah berkuatkuasa dan analisis penentuan semula harga

Bagi aset kewangan yang menghasilkan faedah dan liabiliti kewangan yang menanggung faedah, jadual berikut menunjukkan kadar faedah efektif pada tarikh kunci kira-kira serta tempoh matang atau jika lebih awal, harga yang ditentukan semula.

Kumpulan	Nota	Purata kadar faedah berkuat- kuasa %	Jumlah RM'000	Kurang daripada 1 tahun RM'000	1 - 2 tahun RM'000	2 - 3 tahun RM'000	3 -4 tahun RM'000	4 -5 tahun RM'000	Lebih daripada 5 tahun RM'000
2007									
Instrumen kadar tetap									
Liabiliti pajakan kewangan	13	8.60	7,782	2,603	2,824	1,608	715	32	–
Nota jangka sederhana	13	3.57	100,000	100,000	–	–	–	–	–
			107,782	102,603	2,824	1,608	715	32	–

Instrumen kadar terapung

Deposit dengan bank berlesen	11	3.00	17,240	17,240	–	–	–	–	–
Jumlah terhutang kepada									
Syarikat berkaitan	15	3.72	50,150	50,150	–	–	–	–	–
Kredit pusingan	13	3.88	120,100	120,100	–	–	–	–	–
Bil penerimaan	13	3.68	80,000	80,000	–	–	–	–	–
			250,250	250,250	–	–	–	–	–

2006

Instrumen kadar tetap

Liabiliti pajakan kewangan	13	8.60	9,466	2,258	2,398	2,646	1,469	695	–
Nota jangka sederhana	13	3.57	100,000	–	100,000	–	–	–	–
			109,466	2,258	102,398	2,646	1,469	695	–

Instrumen kadar terapung

Deposit dengan bank berlesen	11	2.85	4,069	4,069	–	–	–	–	–
Jumlah terhutang kepada									
Syarikat berkaitan	15	3.68	163,011	163,011	–	–	–	–	–
Kredit pusingan	13	3.95	64,500	64,500	–	–	–	–	–
			227,511	227,511	–	–	–	–	–

Nota-nota kepada Penyata Kewangan**22. INSTRUMEN KEWANGAN (SAMBUNGAN)**

Syarikat	Nota	Purata kadar faedah berkuat- kuasa %	Jumlah RM'000	Kurang daripada 1 tahun RM'000	1 - 2 tahun RM'000	2 - 3 tahun RM'000	3 -4 tahun RM'000	4 -5 tahun RM'000	Lebih daripada 5 tahun RM'000
2007									
Instrumen kadar terapung									
Deposit dengan bank berlesen	11	3.00	17,240	17,240	—	—	—	—	—
Jumlah hutang daripada anak syarikat	9	3.70	623,506	623,506	—	—	—	—	—
			640,746	640,746	—	—	—	—	—
Jumlah terhutang kepada anak syarikat									
	15	3.70	411,984	411,984	—	—	—	—	—
2006									
Instrumen kadar terapung									
Deposit dengan bank berlesen	11	2.85	4,069	4,069	—	—	—	—	—
Jumlah hutang daripada anak syarikat	9	3.38	609,119	609,119	—	—	—	—	—
			613,188	613,188	—	—	—	—	—
Jumlah terhutang kepada anak syarikat									
	15	3.38	413,089	413,089	—	—	—	—	—

Risiko kecairan

Kumpulan memantau dan mengekalkan tahap tunai dan setara tunai serta kredit bank yang dianggap memadai oleh pengurusan untuk membiayai operasi Kumpulan dan mengurangkan kesan naik turun aliran tunai.

Risiko mata wang asing

Kumpulan terdedah kepada risiko mata wang asing berhubung jualan, belian dan pinjaman yang dilakukan dalam mata wang selain daripada mata wang fungsi yang digunakan Kumpulan. Mata wang yang menimbulkan risiko ini terutamanya adalah Dolar Amerika, Dolar Brunei, Franc Switzerland, Dolar Australia, Euro Eropah, Baht Thai dan Yen Jepun.

Kumpulan melindungi nilai sebahagian daripada penghutang dan pemiutang dagangan asing yang berurusan dalam mata wang asing. Mengikut garis panduan yang ditetapkan oleh syarikat induk, semua kontrak tukaran asing adalah untuk tujuan perlindungan nilai bagi melindungi Kumpulan daripada kesan turun naik mata wang asing dan Kumpulan tidak dibenarkan berdagang selain daripada untuk tujuan perlindungan nilai.

Nota-nota kepada Penyata Kewangan

22. INSTRUMEN KEWANGAN (SAMBUNGAN)

Nilai saksama

Syarikat menyediakan jaminan kewangan kepada pihak bank untuk kemudahan kredit yang diberi kepada anak syarikatnya. Nilai saksama bagi jaminan kewangan sedemikian tidak dijangka menjadi kenyataan kerana kemungkinan anak syarikat mungkir kredit adalah sangat kecil.

Semua instrumen kewangan dinyatakan pada jumlah yang tidak berbeza daripada nilai saksamanya pada 31 Disember 2007 dan 2006, kecuali seperti berikut:

Nota	2007		2006	
	Jumlah dibawa RM'000	Nilai saksama RM'000	Jumlah dibawa RM'000	Nilai saksama RM'000
Kumpulan				
Liabiliti pajakan kewangan	13	7,782	9,466	8,532

Anggaran nilai-nilai saksama

Nilai saksama ditentukan menggunakan anggaran aliran tunai masa hadapan yang didiskaunkan menggunakan kadar pasaran yang berkaitan bagi instrumen serupa pada tarikh kunci kira-kira.

Kadar faedah digunakan untuk mendiskaunkan anggaran aliran tunai adalah seperti berikut:

	2007	2006
Liabiliti pajakan kewangan	7.0%	7.0%

23. PAJAKAN-PAJAKAN OPERASI

Pajakan sebagai pemajak

Sewa pajakan operasi yang tidak boleh dibatalkan adalah seperti berikut:

	Kumpulan	
	2007 RM'000	2006 RM'000
Kurang daripada setahun	35,361	36,094
Antara satu dan lima tahun	60,270	99,835
Lebih daripada lima tahun	–	7,448
	95,631	143,377

Kumpulan memajak beberapa gudang, pejabat dan kediaman di bawah pajakan operasi. Pajakan berkenaan biasanya berjalan untuk tempoh satu hingga lima tahun dengan pilihan untuk memperbaharui pajakan selepas tarikh itu. Tiada satu pajakan pun yang membabitkan sewa luar jangkaan.

Nota-nota kepada Penyata Kewangan

24. MODAL DAN KOMITMEN LAIN

	Kumpulan	
	2007	2006
	RM'000	RM'000
Komitmen perbelanjaan modal		
Loji dan peralatan		
<i>Dikontrak tetapi tidak diperuntukkan</i>	28,219	19,286
<i>Dibenarkan tetapi tidak dikontrak</i>	212,254	165,795
	240,473	185,081

25. LUAR JANGKA

Pengarah berpendapat bahawa peruntukan tidak diperlukan berhubung perkara-perkara berikut, kerana adalah tidak berkemungkinan berlaku pengorbanan manfaat-manfaat ekonomi masa depan diperlukan.

	Syarikat	
	2007	2006
	RM'000	RM'000
Liabiliti luar jangka yang tidak dianggap terpencil		
Jaminan berkaitan pinjaman anak syarikat – tidak berjaminan	700,000	700,000

26. PIHAK-PIHAK BERKAITAN

Untuk tujuan penyata kewangan ini, pihak-pihak dianggap berkaitan dengan Kumpulan jika Kumpulan mempunyai keupayaan, secara langsung atau tidak langsung, untuk mengawal pihak berkenaan atau mengenakan pengaruh yang ketara terhadap pihak berkenaan dalam membuat keputusan kewangan dan operasi, atau sebaliknya, atau di mana Kumpulan dan pihak berkenaan adalah tertakluk kepada kawalan umum atau pengaruh umum yang besar. Pihak-pihak berkaitan mungkin individu atau entiti lain.

Kumpulan mempunyai hubungan pihak berkaitan dengan syarikat pegangannya, anak-anak syarikatnya (lihat nota 6), syarikat bersekutu (lihat nota 7), syarikat berkaitan lain, Para Pengarah dan kakitangan utama pengurusan.

Kakitangan utama pengurusan adalah ditakrifkan sebagai mereka yang mempunyai kuasa dan bertanggungjawab untuk merancang, mengurus dan mengawal aktiviti Kumpulan sama ada secara langsung atau tidak langsung. Kakitangan pengurusan utama termasuk semua Pengarah Kumpulan, dan ahli pengurusan kanan tertentu Kumpulan.

Nota-nota kepada Penyata Kewangan

26. PIHAK-PIHAK BERKAITAN (SAMBUNGAN)

Urus niaga ketara pihak berkaitan Kumpulan dan Syarikat, selain daripada ganjaran kakitangan pengurusan utama, adalah seperti berikut:

	Nilai urus niaga bagi tahun berakhir pada 31 Disember		Baki belum dibayar pada 31 Disember	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Kumpulan				
Syarikat berkaitan				
– jualan barangan dan perkhidmatan	671,767	447,927	140,515	94,998
– belian barangan dan perkhidmatan	327,203	539,663	32,245	85,011
– Perkhidmatan IT dikongsi	21,513	19,119	14,685	–
– royalti	136,939	140,839	9,486	10,348
– belian loji dan peralatan	724	91	–	–
– kos faedah	1,599	699	132	142
Syarikat				
Anak-anak syarikat				
– kos faedah	19,893	21,382	1,744	1,409
– pendapatan faedah	21,502	22,839	1,904	1,547

Nota-nota kepada Penyata Kewangan

27. ANGKA-ANGKA PERBANDINGAN

Angka-angka perbandingan tertentu telah dikelaskan semula untuk disesuaikan dengan pembentangan tahun semasa.

	Kumpulan	
	Yang dinyatakan semula RM'000	Yang dinyatakan sebelumnya RM'000
Kunci Kira-kira		
Aset bukan semasa		
Pembayaran pajakan prabayar	55,003	53,968
Penghutang, deposit dan prabayaran	19,414	–
Aset semasa		
Pembayaran pajakan prabayar	–	1,035
Penghutang, deposit and prabayaran	429,631	449,045
Penyata pendapatan		
Perbelanjaan pengedaran dan jualan	639,886	248,075
Perbelanjaan pentadbiran	92,679	484,490

Perangkaan Pegangan Saham

PADA 3 MAC 2008

Saham dibenarkan	: RM300,000,000
Saham diterbitkan dan dibayar	: RM234,500,000
Kelas saham	: Saham biasa RM1.00 sesaham
Jumlah pemegang saham	: 3,629
Hak mengundi	: Satu undi setiap saham biasa

PEMEGANG SAHAM UTAMA

Nama	Jumlah saham dipegang	%
Nestle S.A.	170,276,563	72.613
Employees Provident Fund Board	17,627,200	7.517
Lembaga Tabung Haji	7,203,254	3.072

30 PEMEGANG SAHAM TERBESAR

Nama	Jumlah saham dipegang	%
Nestle S.A.	170,276,563	72.613
Employees Provident Fund Board	17,627,200	7.517
Lembaga Tabung Haji	7,203,254	3.072
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Par 1)	5,983,410	2.552
Valuecap Sdn Bhd	3,857,100	1.645
Amanah Raya Nominees (T) Sdn Bhd - Skim Amanah Saham Bumiputera	3,030,500	1.292
HDM Nominees (T) Sdn Bhd - Exempt Account for Nestle Products Sdn Bhd	1,889,526	0.806
Pertubuhan Keselamatan Sosial	1,345,800	0.574
Permodalan Nasional Berhad	1,030,300	0.439
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Par 2)	943,400	0.402
Malaysia Nominees (T) Sdn Bhd - Great Eastern Life Assurance (M) Bhd (Non Par 1)	805,500	0.344
Kumpulan Wang Persaraan (Diperbadankan)	774,600	0.330
Soon Cheong (Malaya) Sdn Bhd	646,698	0.276
Amanah Raya Nominees (T) Sdn Bhd - Amanah Saham Didik	595,200	0.254
Kwang Teow Sang Sdn Bhd	560,700	0.239
Mayban Nominees (T) Sdn Bhd - Etiqa Insurance Bhd (Life Par Fund)	545,900	0.233
Public Nominees (T) Sdn Bhd - Pledged Securities Account for Mohamed Fauzy Bin Abdul Hamid (Dua)	445,000	0.190
Mayban Nominees (T) Sdn Bhd - Etiqa Takaful Bhd (Family Fund)	436,700	0.186
Amanah Raya Nominees (T) Sdn Bhd - Amanah Saham Wawasan 2020	411,600	0.176
Batu Pahat Seng Huat Sdn Bhd	363,985	0.155

Perangkaan Pegangan Saham

PADA 3 MAC 2008

30 PEMEGANG SAHAM TERBESAR (SAMBUNGAN)

Nama	Jumlah saham dipegang	%
Kuok Foundation Berhad	304,200	0.130
HSBC Nominees (A) Sdn Bhd - HSBC-FS for Aberdeen Malaysia Equity Fund	260,000	0.111
Jarnazz Sdn Bhd	248,000	0.106
Citigroup Nominees (T) Sdn Bhd - Exempt Account for Prudential Fund Management Berhad	239,800	0.102
Mayban Nominees (T) Sdn Bhd - Etiqa Insurance Berhad (Life Non-Par FD)	231,100	0.099
Citigroup Nominees (A) Sdn Bhd - CBNY for DFA Emerging Markets Series	229,200	0.098
Mayban Nominees (T) Sdn Bhd - Aberdeen Asset Management Sdn Bhd for the Employees' Provident Fund Board (250416)	196,000	0.084
Amanah Saham Mara Berhad	189,400	0.081
Amanah Raya Nominees (T) Sdn Bhd - Dana Al-Aiman	182,000	0.078
HSBC Nominees (T) Sdn Bhd - HSBC (M) Trustee Bhd for Hwang-DBS Select Income Fund (4850)	180,000	0.077

Saiz Pegangan	Bil. Pemegang Saham/ Pendeposit	% Pemegang Saham/ Pendeposit	Bil Saham dipegang	% Modal Diterbit
1 - 99	261	7.192	1,994	0.001
100 - 1,000	2,228	61.394	1,702,487	0.726
1,001 - 10,000	885	24.387	3,228,960	1.377
10,001 - 100,000	209	5.759	6,325,104	2.697
100,001 - kurang daripada 5% saham diterbitkan	44	1.213	35,337,692	15.069
5% dan keatas saham diterbitkan	2	0.055	187,903,763	80.130
Jumlah	3,629	100.000	234,500,000	100.000

PEGANGAN SAHAM PENGARAH

Syarikat	Pegangan (bil. saham)	% Modal Diterbitkan	Dianggap pegangan (bil. saham)	% Modal Diterbitkan
Gen. [R] Tan Sri Dato' Mohd Ghazali Seth	10,000	0.004	-	-
Dato' Frits van Dijk	8,000	0.003	-	-
Mohd. Rafik Bin Shah Mohamad	27,000	0.012	-	-

Senarai Harta-harta Dipegang

PADA 31 DISEMBER 2007

Lokasi		Hakmilik	Usia*	Tarikh Tamat	Saiz (kps)	Jenis	Nilai Buku Bersih RM'000
1.	No. 25 Jalan Tandang 46050 Petaling Jaya Selangor	Pajak	47	Q.T. (R) 2619 4.9.2058 Q.T. (R) 5281 12.6.2059	541,887	Kilang	18,683
2.	Lot No. 3 Jalan Pelaya 15/1 40700 Shah Alam Selangor	Pajak	37	10.6.2070	109,300	Kilang	2,197
3.	Lot No. 5 Jalan Pelaya 15/1 40700 Shah Alam Selangor	Pajak	34	H.S.(D) 97 H.S.(D) 159 7.11.2072	672,500	Kilang	7,166
4.	Lot No. 6 Pesiaran Raja Muda 40700 Shah Alam Selangor	Pajak	38	29.1.2070	396,500	Kilang & gudang	12,666
5.	Lot Nos. 691-696 Mukim Chembong Daerah Rembau Negeri Sembilan	Pajak	16	27.6.2049	1,439,309.5	Kilang	3,526
6.	Lot Nos. 3863-3866 and Lot Nos. 687-690 Mukim Chembong Daerah Rembau Negeri Sembilan	Pajak	16	27.6.2049		Kilang	
7.	Lot Nos. 3857-3862 Jalan Perusahaan 4, Kawasan Perindustrian Chembong, Chembong Rembau, Negeri Sembilan	Pajak	16	27.6.2049	360,258	Kilang	1,648
8.	Lot No. 844, Block 7 Muara Tebas Land District Sejingkat Industrial Estate Kuching, Sarawak	Pajak	16	19.10.2053	274,050	Kilang	387
9.	Lot 915, Block 7 Muara Tebas Land District Demak Laut Industrial Park Kuching, Sarawak	Pajak	13	13.10.2054	184,912	Kilang	736
10.	Plot 46 Bemban Industrial Park Batu Gajah Perak	Pajak	10	30.9.2056	1,694,923	Tanah kosong	6,959

* Penganggaran usia harta dalam tahun.

