

Dear Shareholder,
Nestlé (Malaysia) Berhad's 2009 Annual Report
comprises the following:

- Corporate Report
- Financial Report
- Creating Shared Value Report

The Bahasa Malaysia versions of all three Reports
are in the CD-ROM provided.

For further information, please contact
Group Corporate Affairs & Wellness Unit (+603 7965 6000)
or visit our website at www.nestle.com.my

*Para Pemegang Saham,
Laporan Tahunan 2009 Nestlé (Malaysia) Berhad
mengandungi:*

- *Laporan Korporat*
- *Laporan Kewangan*
- *Laporan Ciptaan Nilai Bersama*

*Versi Bahasa Malaysia bagi ketiga-tiga Laporan terkandung
di dalam CD-ROM yang disediakan.*

*Untuk maklumat lanjut, sila hubungi Unit Kumpulan Hal Ehwal
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inspiring...

...nutrition from nature

Inspirasi khasiat dari alam semulajadi

Chilli, red rice, milk, coffee and cocoa are some of the ingredients derived from nature and transformed into nourishing products which consumers enjoy.

MILO, KIT KAT, MAGGI, NESTLÉ CERELAC Brown Rice, NESVITA OMEGA PLUS, NESPRAY, NESTLÉ BLISS, NESCAFÉ and countless more, deliver *Good Food, Good Life* to generations of Malaysians.

Cili, beras merah, susu, kopi dan koko adalah antara bahan-bahan yang diperolehi dari alam semulajadi dan ditukar menjadi produk-produk berkhasiat yang dinikmati para pengguna.

MILO, KIT KAT, MAGGI, Beras Merah NESTLÉ CERELAC, NESVITA OMEGA PLUS, NESPRAY, NESTLÉ BLISS, NESCAFÉ dan produk-produk Nestlé lain, menawarkan “Good Food, Good Life” kepada pelbagai lapisan generasi rakyat Malaysia.





inspiring...

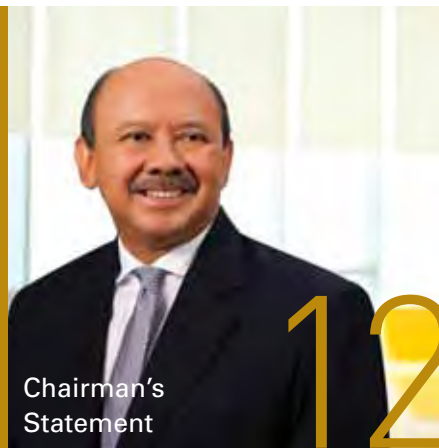


Following on from the 2008 Annual Report themed "A Journey to Wellness", we continue the Nutrition, Health and Wellness journey with "Inspiring Nutrition from Nature" for the 2009 Annual Report. We hope that this year's report illustrates how Nestlé's products are sourced from nature and then produced with great care into the best quality products for our consumers.

...nutrition from
nature



Sourced from nature and selected for freshness, this is where the wellness journey begins. Only the freshest and finest ingredients are used in the making of a Nestlé product.



Chairman's
Statement

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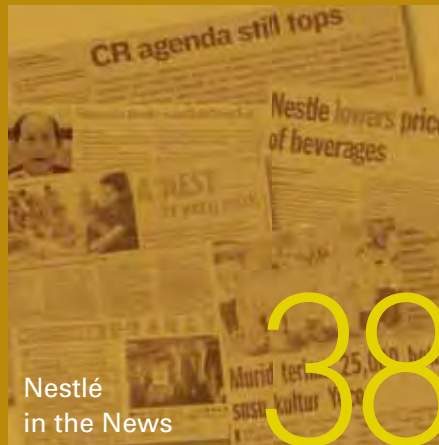
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26TH ANNUAL GENERAL MEETING

Kristal Ballroom, First Floor, Petaling Jaya Hilton,
2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan,
Malaysia on Thursday, 22 April 2010 at 10.00 a.m.



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Kids love noodles and mums can ensure that their children get a balanced meal by adding vegetables and meat to the natural goodness of wheat.

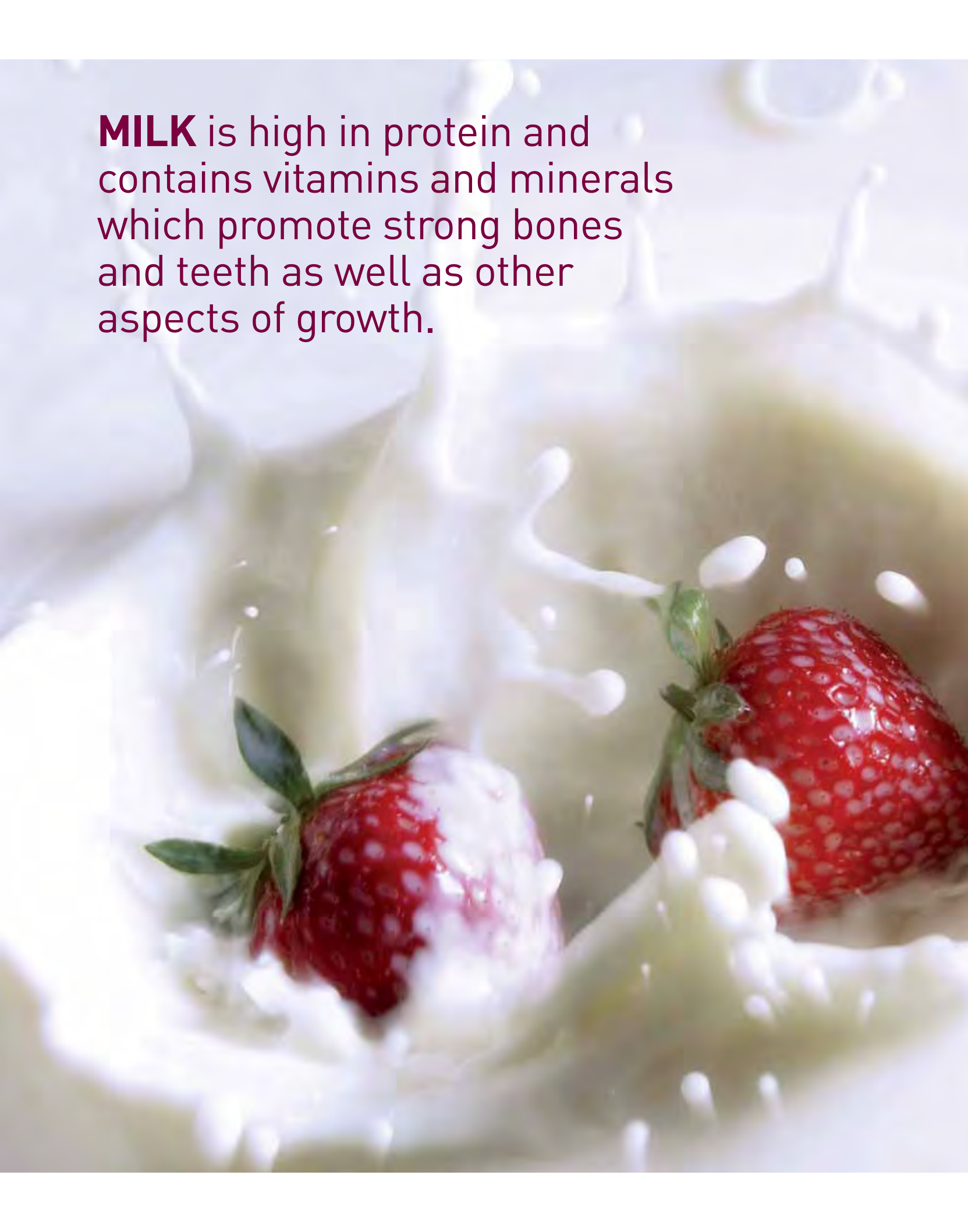


WHEAT contains carbohydrates which are the preferred source of energy in the body. Choose whole wheat as they are packed with dietary fibre and B vitamins.



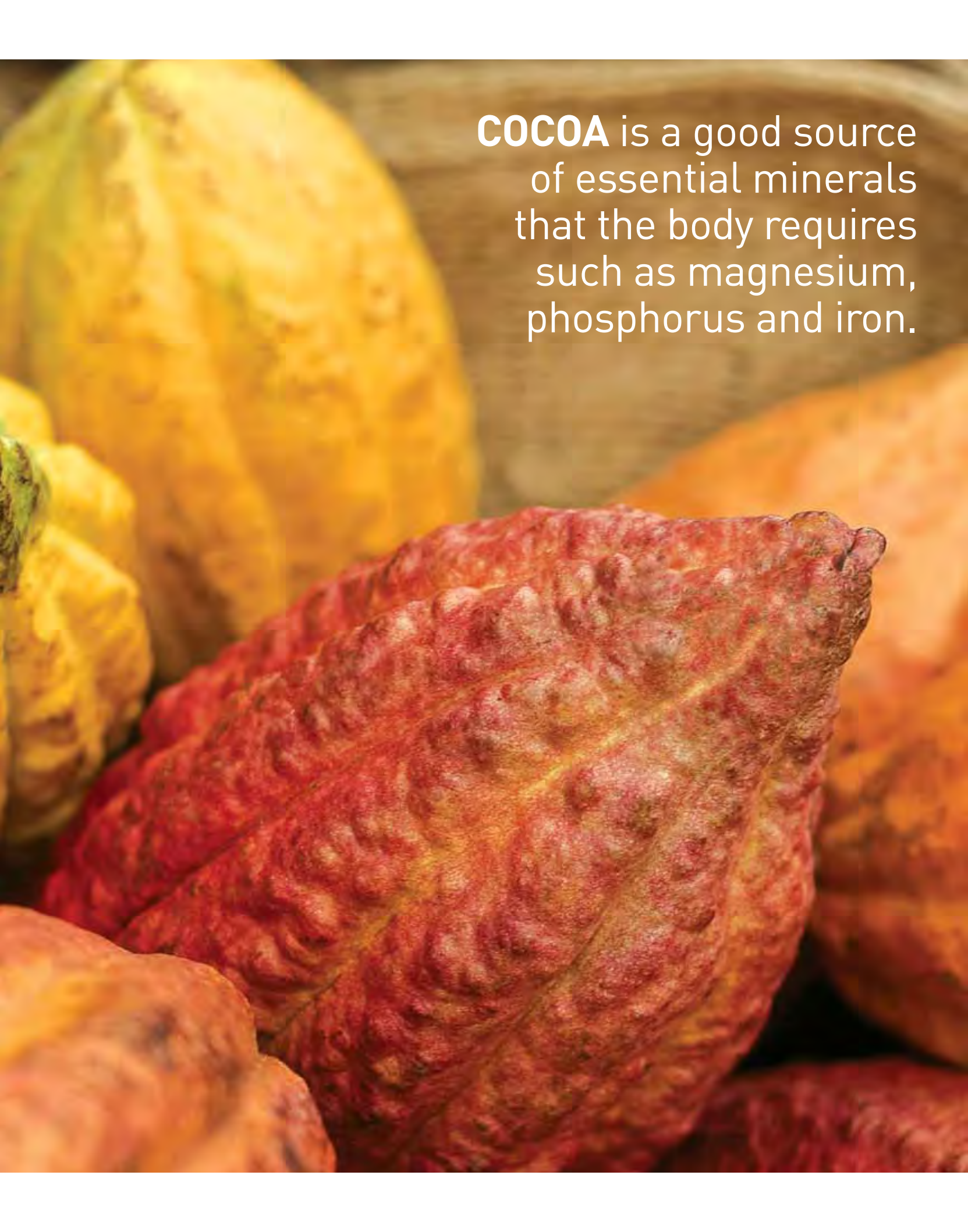
Refreshing and
wholesome, NESTLÉ
BLISS Low Fat Yogurt
Drink promises
enjoyment minus
the guilt.

MILK is high in protein and contains vitamins and minerals which promote strong bones and teeth as well as other aspects of growth.






**What is life without pleasure?
Chocolate is a delicious
treat that also contains
nutritional benefits.**



COCOA is a good source
of essential minerals
that the body requires
such as magnesium,
phosphorus and iron.



**A fresh cup of
NESCAFÉ derived
from a blend of the
best coffee beans
will instantly stimulate
your senses and give
you a great boost.**



COFFEE is naturally rich
in antioxidants which help
to protect your body from
damaging free radicals and
support your body's defences.



CHAIRMAN'S STATEMENT

Throughout the year, the Company remained firm on its course, led by a dynamic and passionate team that accelerated changes to meet consumer preferences and needs.

Chairman's Statement

Results / Performance

On behalf of the Board of Directors, I am pleased to present the Annual Report of Nestlé (Malaysia) Berhad for the financial year ended 31 December 2009.

The year under review was one that tested the mettle of companies worldwide. During this difficult period, both large and small businesses were challenged to maintain their previous performance and growth momentum. Until the last quarter of the year, many companies worldwide were still struggling off the vestiges of the economic downturn.

While the domestic and the world economy showed signs of recovery in the fourth quarter of 2009, most of the economists hold that the sustained global recovery is still vague, with some still expect for another correction before stabilised.

The above uncertain situation greatly influenced spending behaviour of consumers who were very cautious and this had some bearing on the Group's performance.

Throughout the year, the Company remained firm on its course, led by a dynamic and passionate team

that accelerated changes to meet consumer preferences and needs, stepped up innovation, reduced waste and increased efficiencies. I am pleased to report that the Group's performance is a testament to the sound policies and consistent strategies in place, which have helped buffer the vagaries of the commodities market and declining economy.

For the 2009 financial year, Nestlé (Malaysia) Berhad achieved a turnover of RM3.7 billion; 3.4% lower than the previous financial period.

The results were within expectations considering the much challenged economic situation.

An easing in key raw materials cost had a direct impact on export prices, which nudged the overall exports turnover southward. The year under review also saw a shift in the export demand, from milk powders to products such as ready-to-drink beverages and coffee creamers with lower per kilo value.

However, the external factors notwithstanding, the exports sector continued to enjoy its high growth volume, increasing by 11% over

the previous financial period. This continues a trend that has been apparent in recent years, attributable largely to increased demand for Halal Made in Malaysia products from the Middle East and ASEAN countries. The incremental volume translated into higher capacity utilisation, contributing to better absorption of fixed costs and benefiting the bottom line.

Meanwhile, closer to home, the full year sales performance was almost flat; favourably impacted by strong sales in the fourth quarter of the financial period. An overall satisfactory performance, considering the softer local economy, which saw a 1.7% contraction in 2009.

In addition to the external economic factors, the lower turnover was also impacted by the reduced prices for the range of MILO and Milk products, which took effect in February 2009.

During the year, the Group remained focused on its long-term strategy and invested RM267 million in capital expenditures, mainly in new manufacturing lines. The new lines will increase production capacity as well as provide flexibility for product innovations and renovations.

Similarly, the Group invested significantly in building its brands with strong marketing and consumer promotions aimed at stimulating consumer demand. Several marketing campaigns were launched, such as NESCAFÉ Antioxidants, MILO Play More, Learn More and MAGGI Mee My Way. These efforts, while helping create stronger visibility, will allow Nestlé to be well positioned for the economic recovery expected in 2010.

The Group also continued to focus on prudent spending and on full cost optimisation across the entire value chain. NCE (Nestlé Continuous Excellence) initiatives have been rolled out from factories to business units and divisions driven by the dynamic mantra of "One Team, 100% Engagement and Zero Waste". In the current economic climate, NCE will continue to assume an integral role in helping the Company stay competitive to ensure long-term profitable growth.

From an input cost perspective, in 2009 the Group managed to leverage favourable trends of key commodities to reduce pricing on some products and drive sales further. It is to be noted however that some commodity prices (such as cocoa, skimmed milk powder and sugar) started to escalate towards the end of the last quarter.

For the full year under review, the profit before tax of RM440.3 million was on par with previous year. Profit after tax rose by 3.2% to RM351.8 million, resulting from a favourable tax expense trend driven by the Halal tax incentives linked to the year's capital investments.

One of the worthy achievements during the year under review was the market expansion of the Popularly Positioned Products (PPP) range that offers Malaysians nutritionally balanced products at more affordable prices. This is part of our ongoing commitment to provide affordable nutrition and taste to all levels of society, as part of our Corporate Responsibility commitment while supporting the Government's efforts to improve the nutritional status of all Malaysians. The year under review also saw the continuation of our strategies focused on single-serve pack sizes.

One of the achievements during the year under review was the market expansion of the Popularly Positioned Products range that offers Malaysians nutritionally balanced products at more affordable prices.

Chairman's Statement

The Group will continue to make investments in line with its objective of being the leader in Nutrition, Health & Wellness, as well as an industry benchmark for its financial performance and trusted by all stakeholders.

Continuous innovation and renovation resulted in the Group steering ahead of the competition by offering high quality, tasty and nutritious products. Our global investments in research and development (R&D) clearly shows Nestlé's commitment in innovating and renovating products based on scientific evidence and trials. When we convert this knowledge into products, consumers benefit from the nutritional value while Nestlé is able to grow its business in a dynamic and sustainable manner.

We are in full support of the Government's efforts to encourage healthier diets and active lifestyles to help counter problems associated with obesity, diabetes and cardiovascular diseases. The second part of a nationwide survey we conducted jointly with UKM helped us understand the nutritional profile and eating habits of primary schoolchildren, which can be addressed through tactical measures to counter the worrying trend of obesity and diabetes.

The wellbeing of our consumers is a key priority and as we make bigger steps towards our goal of being the world's leading Nutrition, Health and Wellness company, we persevere to share our knowledge

and resources with our consumers and key stakeholders as we believe that this need collaborative efforts. Significant progress has been made in our efforts to improve our products' nutritional profile by reducing sugar, sodium and fats and this will be an ongoing effort.

The year under review also saw us clinching numerous awards and accolades. In The Wall Street Journal Asia 200 Most Admired Companies award, Nestlé Malaysia came in a close second to be ranked as Malaysia's overall most admired company in the Asia 200 survey of subscribers of The Wall Street Journal Asia.

Nestlé Malaysia also got the top nod in the Social Performance Report category in the ACCA Malaysia Sustainability Reporting Awards 2009 (ACCA MaSRA) and was awarded the Platinum Award for Best Designed Annual Report in the National Annual Corporate Report Awards (NACRA) 2009.

Dividends

In view of our sustained performance in 2009, the Board has recommended a final net dividend of RM1.00 per share, giving a total net dividend proposed and declared

Chairman's Statement

for the financial year of RM1.50 per share. Excluding the special dividend paid in 2008, the amount represents an increase of 15.4% increase from 2008.

Prospects

With the world economy expected to improve in 2010, we foresee the Malaysian economy to benefit from the higher global demand for its products. Economic indicators are showing that Malaysia should register a positive economic growth for 2010, and we expect the Group will fully leverage this positive economic sentiment to ensure strong top line growth. While we remain cautiously optimistic, the Group's strong sales in the last quarter of 2009 is an encouraging sign for 2010. The Group will continue to make investments in line with its objective of being the leader in Nutrition, Health & Wellness, as well as an industry benchmark for its financial performance and trusted by all stakeholders.

We are confident that with the commitment of our people, good business management in place and strict internal controls, we will be able to perform within expectations. The fluctuating commodity market, which resumed its upward spiral in

late 2009, is a source of concern but we will take all the measures necessary to mitigate the effects of this volatility.

Looking forward, the Group will strive for sustainable, capital efficient and profitable growth and will take all the necessary measures and steps to ensure that the Company's progress remains on track. There will be continued emphasis on innovation and renovation, along with stronger consumer communication; be it in the area of product awareness and marketing activities, or dietary and lifestyle issues that are of concern to our consumers.

We are committed to delivering clear, sustained and measurable results at all times, and look forward to achieving new heights in the years to come. We are also committed to being a responsible and trusted company and will continue delivering on our promise to ensure only the highest quality products.

Acknowledgements

On behalf of the Board, I would also like to express my deepest appreciation to the management and staff for their dedication, commitment and untiring contributions, and to our distributors and customers for their continued support and loyalty to our

brands and to the Company. I also wish to put on record my sincere gratitude to my fellow directors for their counsel and support.

My first year at the helm of this company has been very challenging to say the least. However, the support and counsel of my team has helped me find my footing in this dynamic company within a very short time. It gives me great pleasure to be part of Nestlé (Malaysia) Berhad and I look forward to many years of uninterrupted success.

During the year, we also saw the departure of two dynamic and committed members of the management team who helped drive the Group through the recent turbulent times. Mr Sullivan O'Carroll and Mr Magdi Batato, left their positions in Malaysia as Managing Director and Executive Director (Production) respectively to take on new positions. Their contributions were invaluable and they will be greatly missed.

Mr Peter R. Vogt has since taken on the mantle as Managing Director, while Mr Detlef Krost is the new Executive Director (Technical and Production) of the Company. I wish them all the success and look forward to seeing them take the Company to new heights.

The Group invested significantly in building its brands with strong marketing and consumer promotions aimed at stimulating consumer demand.

BUSINESS REVIEW

Overview

The year under review was one that tested the mettle of companies worldwide where both large and small businesses were challenged to maintain their previous performance and growth momentum. The situation greatly influenced consumers spending behaviour who were very cautious and this had some bearing to the Group's performance during the period under review.

Throughout the year, the Company remained firm on its course, led by a dynamic and passionate team who accelerated the changes to meet consumer preferences and needs, stepped up innovation, reduced waste and increased efficiencies.

One of the worthy achievements during the year under review was the market expansion of the Popularly Positioned Products (PPP) range that offers nutritionally balanced products at more affordable prices. This is part of our ongoing commitment to provide affordable nutrition and taste to all levels of society, as part of our Corporate Responsibility commitment while supporting the Government's efforts to improve the nutritional status of all Malaysians. The year under review also saw the continuation of our strategies focused on single-serve pack sizes.

During the year, the Group invested RM267 million in capital expenditures, mainly in new manufacturing lines which will increase production capacity as well as provide flexibility for product innovations and renovations. The Group also invested significantly in building its brands with strong marketing and consumer promotions aimed at stimulating consumer demand.

The Group continued to focus on prudent spending and on full cost optimisation across the entire value chain with NCE (Nestlé Continuous Excellence) initiatives rolled out from factories to business units and divisions driven by the dynamic mantra of "One Team, 100% Engagement and Zero Waste". NCE will continue to assume an integral role in helping the Company stay competitive to ensure long-term profitable growth.

The wellbeing of our consumers is a key priority and, as we make bigger steps towards our goal of being the world's leading Nutrition, Health and Wellness company, significant progress has been made in our efforts to improve our products' nutritional profile by reducing sugar, sodium and fats and this will be an ongoing effort.

Coffee & Beverages

During the period under review, market shares for MILO powder improved. MILO FUZE registered strong growth driven by the MILO FUZE Original relaunch and the introduction of a new product, MILO FUZE Oligofructose.

The MILO Nutrition Campaign emphasizing on the nutritional benefits of the MILO drink further strengthened the brand's proposition of Nutrition, Health and Wellness in the minds of the consumers.

The key communication campaign, MILO PLAY MORE LEARN MORE, received strong support from consumers. By highlighting the benefits attributed to children's involvement in sports, this campaign successfully touched the hearts of our audience and strengthened the MILO brand bond amongst Malaysian parents.

With decades of unwavering support for sports development, the MILO brand continues to reach out to millions of Malaysians from junior sports to international events. The MILO drink was once again the official nutritious beverage for our Malaysian contingent at the 25th SEA Games in Laos, Vietnam. One million signatures were collected by the MILO team from Malaysians all over the country to show our support for the national contingent at the games.

NESCAFÉ achieved a strong performance during the financial period driven by NESCAFÉ 3in1, the launch of a new product range - NESCAFÉ MENU and the Coffee and Health campaign.

NESCAFÉ 3in1 launched a new campaign to promote its three variants that suit different consumer taste preferences. Another key growth driver was the launch of the innovative NESCAFÉ MENU which offers Ipoh White Coffee, Tarik and NESLO. NESCAFÉ MENU is the 1st brand to offer a range of local coffee shop favourites in a convenient format. The launch was supported by a strong integrated campaign.

Business Review

In line with the Company's vision of becoming the leading Nutrition, Health and Wellness company, NESCAFÉ CLASSIC launched a new campaign that aimed to promote and educate Malaysians on coffee and its health benefits, primarily on antioxidants. The campaign featured a famous Malaysian celebrity, Maya Karin, who is popular and credible as a NESCAFÉ brand ambassador. The integrated campaign was supported with strong media investment and collaboration with the Nutrition Society of Malaysia.

Foods

Notwithstanding the challenges on the domestic front, the total Food sector performed well across the entire sales channel in all three competing categories.

In line with the Nutrition, Health and Wellness direction, MAGGI 2-Minute Noodles ran a successful "MAGGI Mee My Way" communication campaign, encouraging Malaysians to add fresh ingredients to their favourite instant noodles. The MAGGI TASTYLITE low fat noodles made further inroads among the weight conscious target market, with an increased share of the modern trade.

The MAGGI CUKUP RASA all-in-one seasoning had a growth spurt following strong celebrity-endorsed communication and activation support.

Meanwhile, Nestlé's involvement in the contract farming for fresh chillies with local farmers continues, with MAGGI using the best of the chilli crop for its range of Culinary Sauces.

Milks

Enhanced consumer activation on key brands resulted in greater market share across the portfolio, namely for NESVITA OMEGA PLUS with ACTICOL (added plant sterols that has proven cholesterol lowering properties), COFFEE-MATE coffee creamer, NESVITA 3in1 nutritious cereal drink and family milk powder (EVERYDAY filled milk and NESPRAY Fortified full cream milk powder) as well as the Growing Up Milk portfolio (NESPRAY and NESLAC EXCELLA GOLD). The Group's continuous efforts in mining consumer insights and investment in scientific research saw the introduction of NESVITA CALCIPLUS with CALCILOCK (a calcium cocktail which helps retain calcium in the bones) as well NESTUM with real fruits.

In 2009, favourable world milk prices enabled savings to be passed to our consumers via various phases of price reduction and consumer price promotions and Nestlé continues to constantly monitor the trend of world milk prices while maintaining efforts to improve operational efficiency through Nestlé Continuous Excellence programmes.

The Milks category will continue to drive the Group's vision of being a recognised Nutrition, Health and Wellness company.

Confectionery

The confectionery business clinched another sweet year of commendable growth despite significantly lower demand in the Malaysian chocolate market, which experienced a volume contraction of 10%. The growth was propelled by the "WORKING LIKE A MACHINE" campaign for KIT KAT which successfully engaged consumers; enticing them to have their break with KIT KAT.

In line with the Nutrition, Health and Wellness direction, portion-controlled Single Finger KIT KAT was introduced; offering consumers a product form that assisted them in balancing their diet appropriately. This is additional to the existing effort to provide Guideline Daily Amount (GDA) nutrition information on each pack to assist consumers in making informed decisions on their daily calorie intake.

Another growth contributor was the Popularly Positioned Product (PPP) MILO wafer. Now in its second year, the product continues to drive the growth of the MILO range with a 21% organic growth, largely driven by Traditional Trade due to its affordability.

The business also continues to lead growth in the Malaysian Traditional Trade segment, registering a growth of 22%, surpassing the overall market's 4% growth, largely attributable to relentless efforts in ensuring the availability, visibility and accessibility of the right products.

Nutrition

Infant Nutrition continued to chart new ground by focusing on science-based, stage-appropriate innovation and renovation.

Key launches during the period under review included the NAN Pro & NAN HA infant formulas with the addition of active probiotics BL BIFIDUS. The addition of BL BIFIDUS is aimed at strengthening the natural defences of all infants, when breastfeeding is not a viable option, particularly in cases of bifidobacteria-depressed gut microflora, which occurs in caesarean-born infants.

Other new products were NAN Pro 3 and NAN HA 3 formulated milk powder for children, which support the optimal growth and development of toddlers while providing users with continuity and usage extension.

With the soft economic climate, the introduction of the NAN Pro infant formula Bag-in-Box 700g and Nestlé Baby Rice Cereal Bag-in-Box 200g was timely as it offered consumers value for money.

The year under review was a major milestone for NESTLÉ Infant Cereals with the rebranding to NESTLÉ CERELAC, launched together with additional protection benefits from BL BIFIDUS PRO PLUS. The union of CERELAC, the baby nutrition expert, with NESTLÉ, the nutrition expert, will further strengthen and entrench Nestlé's position as the baby nutrition expert.

Nestlé HealthCare Nutrition sustained strong growth momentum through our science based nutritional products that are specially formulated for people with specific nutritional needs. To help consumers better understand their nutritional needs, the business unit organised various consumer engagement and awareness building activities aimed at helping diabetics understand diabetes management and how they can lead normal lives. This was supported by the launch of a new website – www.nestle.com.my/nutren.

During the period under review, the unit launched Nestlé NUTREN untuk Diabetik, formulated in accordance with International Diabetes Guidelines; offering a great tasting nutritional solution to those who need to manage their blood sugar level.

Additionally, Nestlé HealthCare Nutrition, which caters to the needs of critically ill patients through Nestlé PEPTAMEN, continued its education outreach initiatives by organising the 3rd ICU Nutritional Therapy Workshop targeted at medical professionals.

Meanwhile, Nestlé Performance Nutrition, which has over the years nourished local athletes and sportsmen by providing the

right nourishment for them to improve and perform at optimum levels, continued to make inroads in the sector. The POWERBAR Performance System for instance, guides users on how to use the range of products effectively during various stages of a sport, training or workout session. Additionally, consumers can learn more about performance and nutrition from the dedicated website - www.powerbar.com.my, along with the on-ground activities led by the Team Elite members consisting of athletes and sportsmen from various disciplines who help raise awareness on the importance of sports nutrition.

Chilled Dairy

Chilled Dairy, which embodies Nestlé's focus on Nutrition, Health and Wellness continued its innovation & renovation efforts to provide a more extensive product mix to its consumers. BLISS Yogurt Drink is the only yogurt drink in Malaysia, which comes with Inulin (fibre) and Live Cultures that helps maintain a good digestive system. Another first is the newly improved YOCO Cultured Milk Drink, which is now a source of calcium, vitamin D and zinc – making it the only Cultured Milk Drink that aids in the growth and development of children.

Business Review

We are committed in our aspirations to Nourish Malaysia and will stay focused on the journey to become the world's trusted and leading Nutrition, Health and Wellness company.

Ice Cream

Sluggish consumer spending patterns due to overall concern about the economy resulted in the overall ice cream market contracting. However, Nestlé Ice Cream managed to buck the trend by registering strong growth in the take home tub and adult & teen impulse segments.

Nestlé Ice Cream continued to be the market leader in the take home tub segment in both the affordable and premium range categories. Nestlé LA CREMERIA – the No.1 premium ice cream brand – continued to gain market share, attributable largely to a combination of quality, taste, variety and affordability.

The key highlight during the year under review was the highly successful re-launch of Nestlé DRUMSTICK Classics cones. The entire range of products was renovated with new improved recipes and re-launched with stronger DRUMSTICK branding, while a new strawberry variant was introduced to complement the range. Two new M Size DRUMSTICK offerings at an affordable price and smaller portion were also launched mid year with great success, to tap into the consumption preferences of older adults and evolving consumer preferences overall. Similar success

was recorded for the re-launch of Nestlé POTONG sticks, the first of its kind with a centre core of whole beans, together with the highly popular CRUNCH and APPLE SOURZ, contributing collectively to the double-digit growth of the segment.

Nestlé Ice Cream also continues to be the first in the market to offer indulgence with nutritional reassurance. The MAT KOOL range of kids ice and frozen confections are now made 100% made with no artificial colours and possess the necessary nutritional foundation per serving size recommended for children's consumption.

With a commitment to delivering 'better for you' products that give every consumer uncompromised pleasure, all Nestlé Ice Cream's key strategic brands are well-positioned to continue contributing significantly to the turnover of the division.

Nestlé Professional

Nestlé Professional became a globally managed business in 2009. As the current market leader in the out-of-home industry, Nestlé Professional geared up to grow the business further by providing innovative and creative system solutions and products to its customers. A key highlight for the year was the launch of NESCAFÉ Burgundy and NUTRI PRO.

The former offers a brand new dimension to the omnipresent NESCAFÉ brand as the more stylish and contemporary look of NESCAFÉ Burgundy conveys assurance that the end cup of coffee delivered through Nestlé Professional's services, systems solutions and products is of superior quality.

NUTRI PRO (Nutrition for Professionals), meanwhile, is a resourceful, knowledgeable and reliable coaching tool providing professional expertise and holistic solutions pertaining to everyday Nutrition, Health and Wellness challenges. NUTRI PRO helps guide out-of-home operators to expand their businesses through nutritional relevance. With the debut of NUTRI PRO in Malaysia, Nestlé Professional was able to clearly stand out from the competition and create shared value by guiding operators on how to enhance their business further with even more healthier choices, which in turn benefits the consumer in the long term.

As Nestlé continues to grow and nourish Malaysia in 2010, Nestlé Professional will strengthen its commitment towards being an inspiring growth partner by delivering creative food and beverage solutions to its customers.

Exports

The pressure on key materials eased substantially during the period under review, which in turn resulted in lower export prices. The period under review also saw a shift in the product mix, from Milk Powder products to ready-to-drink beverages and coffee creamer which have lower per kilo value. While sales value

receded from the impact of lower raw material costs and changes in the product mix, the overall export volume increased by 11.0% year on year from the preceding year. The increase in export volumes contributed significantly to overall manufacturing optimisation and efficiency, which resulted in higher positive absorption of costs for Nestlé Malaysia.

To create further inroads and stronger visibility for Halal Asian Culinary products in Europe, Nestlé Malaysia collaborated with Nestrade S.A., to launch the "Taste of Home Ramadan Campaign" in key European markets during the Ramadan period. The campaign successfully expanded awareness of Malaysian products with new consumers of the Halal Asian culinary range in Europe, consisting of traditional and non-traditional consumers.

Sales

The Sales team continued its journey towards excellence with key focus on two basic elements - Winning with Shoppers and Winning with Customers.

The team continued to ensure that Nestlé wins at the point of purchase by driving deeper and wider distribution of the Company's products, flawless execution of world class merchandising and promotions, and providing high quality customer service to trade partners. The team also improved collaborations with various trade

customers by implementing successful Joint Business Planning and Key Account Management initiatives throughout the year.

The team also continued to embrace technology as part of their work culture. Further enhancements and developments in the Sales Force Automation via Hand Held Systems and Warehouse Management Systems were initiated to achieve speed, efficiency and transparency of information. Malaysia was also the first Nestlé market to pilot DMSone - an advanced web based distributor management system.

The successful rollout of the Nestlé Distributor Card programme continued in 2009, and contributed to further improvements in working capital and enabled the sales operations to focus more on demand generating activities.

Our people are our greatest assets and we continued to upgrade the sales, merchandiser and distributor teams through various training, workshop and on-the-job training sessions throughout the year. In addition, the Sales College – a joint initiative between Nestlé and the Open University Malaysia produced its 3rd batch of graduates in 2009.

Business Review

Human Resource

In pursuit of our goal to be the leading Nutrition, Health and Wellness company, the Nestlé corporate values of Trust, Respect, Involvement and Pride continue to provide the guiding principles for everything we do at Nestlé.

Talent development for succession of business leadership is the key thrust of our development initiative. Additionally, in spite of the freeze on recruitment due to the soft economy, Nestlé continued to carry out selective recruitment to fill up our talent pipeline. This included mid-career hires and leveraging on available talents from our Internship and Management Trainees programmes.

Nestlé Malaysia has been selected as one of the pilot markets to roll out the enhanced Performance Evaluation & Personal Development (PE/PDG) process, which is a business tool aimed at enhancing the knowledge and competencies of our talents in our journey towards High Performance Culture.

Various learning and development programmes have been initiated and further refined to equip our people to be creative, committed and competent within the context of a high performing company and to make Nestlé “A Great Place to Work”. Nurturing people, unleashing talent by engaging their hearts and their minds through inspiring leadership will continue to be our critical focus in accelerating our business with flawless execution. “War on Waste” in all aspects beyond the factory gate will be the corner stone of our Nestlé Continuous Excellence initiative.

The year under review also saw the start of a new chapter in Nestlé Malaysia’s operations, as the Company relocated its corporate headquarters to Surian Tower, after having been at its earlier location for 27 years. The new ‘nest’ at Surian Tower bodes well for the ‘Wellness at Work’ initiative, which has been cleverly weaved into the layout of the new workplace.

The year under review also saw HR taking a brave and bold move with the online HR Satisfaction Survey, which welcomes feedback on HR support and services that could help the HR department improve in the delivery of services and “Making the Difference for Excellence”.

Finance and Control

Finance and Control (F&C) continued to play a vital role by providing the “co-pilot” functions to support all the business divisions. Acknowledging 2009 as a very challenging year, F&C has worked even closer with the business units to feed options and quick information to facilitate prompt and effective decision making.

After having successfully transferred Accounts Payable, Accounts Receivable and the transactional part of Accounting Operations to the Nestlé Business Services-AOA (NBS), based in Manila, Philippines in 2008, the year under review saw improved efficiency from NBS delivering their services. The services are tracked monthly using pre-defined SLAs and KPIs. After more than a year in operation, NBS has shown marked improvement in service quality and achieved better economies of scale. We are confident that these positive developments are sustainable and will continue in the future.

Apart from the distributor card programme, which has been very successful in reducing significantly the balance of Accounts Receivable, the Group continued to focus on other trade working capital components, such as optimising the level of stocks.

Production - Capital Expenditure

Total capital expenditure for the period under review was RM267 million, up from the RM177 million registered in the previous financial year, consisting of Manufacturing as well as Sales, Administration and Distribution. As in the previous year, the capital investments were in line with the increased Market demand and the growing demand for export volumes.

The beginning of 2009 saw the new Non-Dairy Creamer production line successfully go into operation at the Shah Alam Factory. The plant also commissioned a new line at the end of the year to produce Soluble Coffee at a higher capacity. The production line is designed and built in accordance with the latest standards and technologies and will mainly supply Soluble Coffee for the export market.

As in previous years we also have made investments in areas of quality assurance and cost saving initiatives. The year under review also saw an increase in capital investment in the non-production area, stemming from the relocation of our Nestlé Head Office to Mutiara Damansara.

Supply Chain

Significant strides were made by Nestlé Malaysia's Customer Service Levels (CSL), which clocked 97.3% in 2009; up from the 94.9% registered in 2008 and 94% in 2007. In 2009, we handled 36.7 million cases of products from 11 business units, sent to 175 distributors through 11 Nestlé and other third party warehouses, using 26 transport or freight handling companies.

The CSL to our International Accounts also ramped up from 95.3% in 2008 to 98.6% in 2009. Since 2007, we have assigned dedicated Customer Service executives progressively to all Accounts and have received commendations from leading retailers including Tesco and Carrefour for the consistently high service levels.

These CSL improvements come from effective cooperation within our Operations team comprising of Supply Chain, Production and Purchasing, which resulted in consistent supply, with our focus on the Customer, our Distributors and our International Accounts.

For 2010, we look forward to further improving the level of collaboration with all our Customers by actively engaging with their teams responsible to replenish stocks in their warehouses.

Prospects

With key indicators being upbeat for 2010, and the Malaysian economy set to benefit from the expected stronger global demand for its exports, we are confident that the Group will fully leverage on the uptrend.

Several products are currently under the innovation and renovation process, aimed at ensuring that we have the right products to achieve top and bottom line growth for the year. Focus will be on affordability by introducing more "Popularly Positioned Products" (PPP) to ensure that even more Malaysians can afford to purchase and enjoy the nutritional benefits of Nestlé products. NESTUM Sarapan Berkhasiat, NESPRAY CERGAS,

MILO WAFER and MAGGI CUKUP RASA are among the PPP products in the market, which have done well.

Over the past three years, Nestlé Malaysia has spent more than half a billion ringgit to develop capacity and technical skills for Halal manufacturing, both for domestic consumption and exports. This will be an ongoing process, which will grow in tandem with market demands.

Simultaneously, we have a host of internal activities and initiatives aimed at boosting cost-efficiency and absorbing external cost pressures. The challenge is to react swiftly to the dynamic commodity market and keep pursuing initiatives and solutions to further optimise operations, which will help mitigate the impact of higher input costs.

We are committed in our aspirations to Nourish Malaysia and will stay focused on the journey to become the world's trusted and leading Nutrition, Health and Wellness company.



NEW PRODUCTS

1. NESTUM Fruits Mixed Cereals

NESTUM Fruits is fortified with 13 vitamins and minerals and is a good source of protein, calcium, iron and fibre. It contains real fruits (in flakes or dices) and whole grains to give your child a balanced nutrition to last throughout the day. NESTUM Fruits comes in three delicious flavours – Apple & Orange, Apple & Cranberry and Prune.

2. New MILO FUZE 3in1 Original

The new and improved MILO FUZE 3in1 Original provides you with a greater MILO taste as well as the nutritious goodness while you are on the go.

3. MILO FUZE Oligofructose

MILO FUZE Oligofructose with ACTIFIBRAS which assists regular bowel movement and Oligofructose which promotes good bacteria for a healthier intestine.

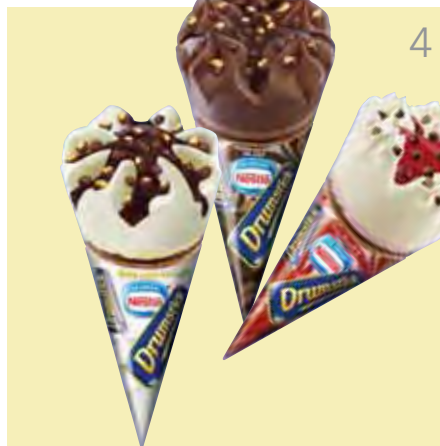
4. New DRUMSTICK Ice Cream

The new DRUMSTICK with improved recipe comes in three flavours – Chocolate Blast, Vanilla Got Nuts and Saucy Strawberry.





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5. MAT KOOL

Now in Non-Artificial Colour

The source of natural colour from plants and vegetables will definitely make the MAT KOOL brand the healthier choice for kids and parents! Besides meeting the Nutrition Foundation standard (low in sugar and fat), the entire MAT KOOL range (Traffic Light, Icy Grape, Magic, Ooze, MAT KOOL Cup, Orange Attack, Rocket Choc and MAT KOOL Choc) is high in vitamin C and calcium.

6. NESTLÉ CRUNCH Chocolate Flavoured Confectionery with Crisped Rice

This new improved recipe is now more chocolatey and crispy.

7. NESTLÉ Infant Cereal is Now NESTLÉ CERELAC with Even More Benefits

After more than 15 years, NESTLÉ Infant Cereals was re-branded to NESTLÉ CERELAC. The union of CERELAC, the baby nutrition expert, and Nestlé, the nutrition expert, will further strengthen Nestlé's position as the baby nutrition expert in mothers' minds. NESTLÉ CERELAC is the first infant cereal in Malaysia with *BL BIFIDUS*, which helps mothers protect their babies from the inside by strengthening the digestive system. A good digestive system ensures optimal absorption of important nutrients especially iron, zinc and vitamins A and C which help strengthen natural defenses.

8. MILO UHT Sensasi Meletup 250ml Drink

The first product in Malaysia to introduce the sensory straw that comes with one end sealed with four holes around the drinking end. This unique straw helps direct the flow of delicious MILO to the different taste zones in your mouth thus giving you a MILO "burst" effect with each sip.

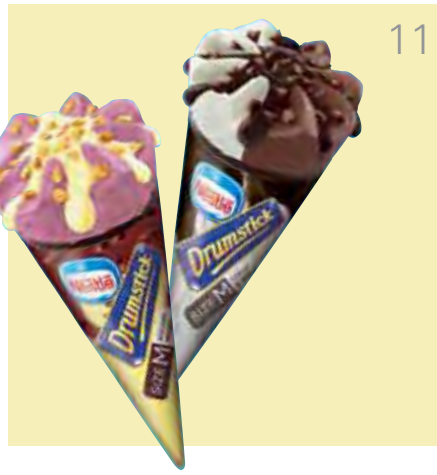
9. MAGGI XTRA DELICIOUS Bowl Noodle

Introducing the new-look MAGGI XTRA DELICIOUS Bowl in four hot, invigorating flavours – Chicken Shiitake, Curry Fiesta, Hot Sensation Mi Goreng and Seafood Tom Yam. Now in bigger servings with extra garnishing, they are bound to whet your appetite and have you craving for more.

New Products



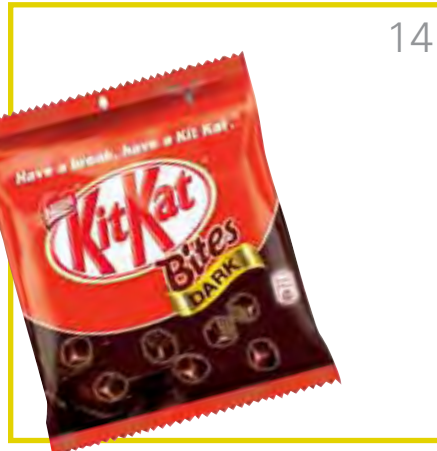
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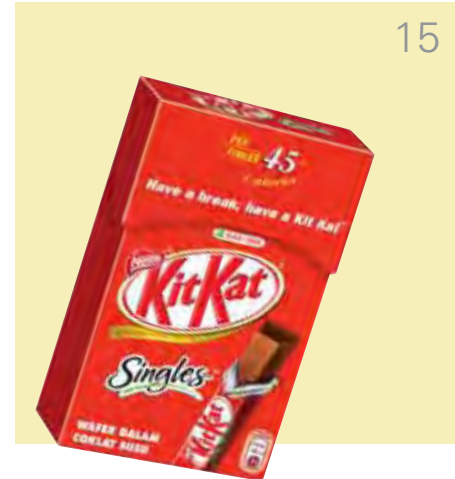
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10. **MAGGI 2-Minute Noodles Midi**

Introducing MAGGI 2-Minute Noodles Midi Curry and Chicken – same original taste, in Midi snack size.

11. **DRUMSTICK Size M Ice Cream**

The new DRUMSTICK Size M is just the right size at 85ml. It comes in two flavours – Vanilla Choc and Red Bean. DRUMSTICK Size M Vanilla Choc is topped with chocolate sauce and chocolate chips while Malaysia's favourite traditional ice cream now comes in a DRUMSTICK cone format in its red bean cone frozen confection with real red beans inside and topped with corn sauce and peanuts.

12. **MAGGI XTRA DELIXIOUS Cup Noodle**

MAGGI XTRA DELIXIOUS Cup Noodle is back with four improved flavours – Thai Tom Yam, Laksa Singapura, Kari Penang and Pan Mien. Give your favourite MAGGI XTRA DELIXIOUS Cup Noodle that little extra with sachets of garnishing in every cup. Real anchovies, spring onions, shrimps, cabbage and coriander leaves along with firmer noodles will add to your pleasure.

13. **KIT KAT Bites Ice Cream 1L Tub**

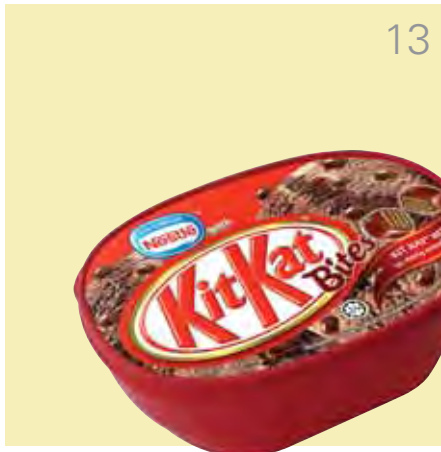
A smooth, creamy chocolate flavoured ice cream with lots of KIT KAT Bites (milk chocolate coated wafers) inclusions for your indulgence.

14. **KIT KAT Bites Dark Chocolate**

KIT KAT Bites Dark Chocolate is made with delicious dark chocolate and crisp, light wafer perfectly balanced in bite-sized pieces for you to share with a friend.

15. **KIT KAT SINGLES Wafer in Milk Chocolate**

The SINGLES boasts a lighter version of the same crispy wafer fingers in delicious milk chocolate that KIT KAT is famous for as it comes in a single finger packed in a convenient multipack which allows you to keep a stash and enjoy one finger now and keep the rest for later. Each finger is only 45 calories which makes it suitable for the quick breaks you need in your busy schedule – without the guilt.



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16. MAGGI "Tumisan" Hari-Hari Favourites Pastes

With MAGGI "Tumisan" Hari-Hari Favourites – Asam Pedas, Sambal Tumis, Rendang and Kicap Rempah, you can now enjoy delicious authentic everyday favourites with your loved ones. Add some variety to your daily meals.

17. NESVITA CALCIPLUS Milk

An outstanding innovation from Nestlé Research Centre, Switzerland, NESVITA CALCIPLUS was developed to help build strong bones and slow down the rate of bone loss. It has CALCILOCK, a unique combination of bone nutrients consisting of calcium, magnesium, zinc, phosphorus and vitamins C and D to help keep calcium in our bones. This delicious milk is available in both powder and UHT formats.

18. MAT KOOL MAGIC Frozen Confection

MAT KOOL MAGIC comes in two delightful flavours – Butterscotch and Butterscotch Mixed Berries.

19. NESTLÉ BLISS Low Fat Yogurt Drink and NESTLÉ BLISS 0% Fat Yogurt Drink

Sip your way to a flatter tummy with the new NESTLÉ BLISS Low Fat Yogurt Drink. A refreshing and smooth blend of low fat milk, real fruit juice and Live Cultures, it is the only yogurt drink in Malaysia which comes with Inulin (fibre). When combined with the goodness of Live Cultures, Inulin helps to maintain a good digestive system and keeps your tummy looking great. To manage your body weight, there is NESTLÉ BLISS 0% Fat Yogurt Drink which is free from cholesterol.

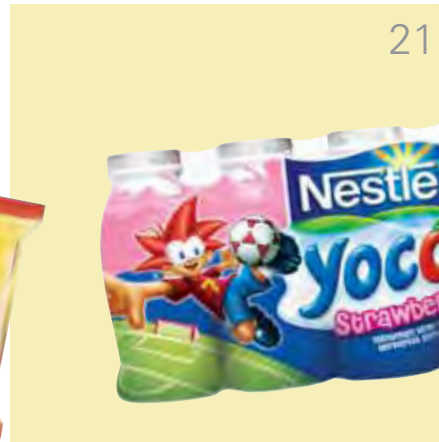


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New Products



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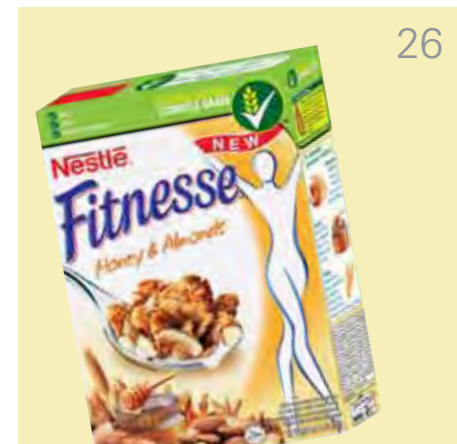
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20. **MAGGI 2-Minute Noodles Mini Fun Size**

Your favourite MAGGI 2-Minute Noodles now comes in Mini Fun Size and can be consumed anytime, anywhere.

21. **YOCO Cultured Milk Drink**

The newly improved YOCO Cultured Milk Drink is now a source of calcium, vitamin D and zinc – which has proven properties that aid in the growth and development of children. Contains all natural colouring derived from fruits and plants, it is packed with a combination of three types of good bacteria – *Lactobacillus Acidophilus*, *Bifidobacterium Lactis* and *Streptococcus Thermophilus* which help maintain healthy digestive system.

22. **MAGGI Cream of Chicken Soup**

Creamier texture and *bain marie* stable, it allows chefs to prepare ahead and is stable up to four hours.

23. **NESCAFÉ MENU**

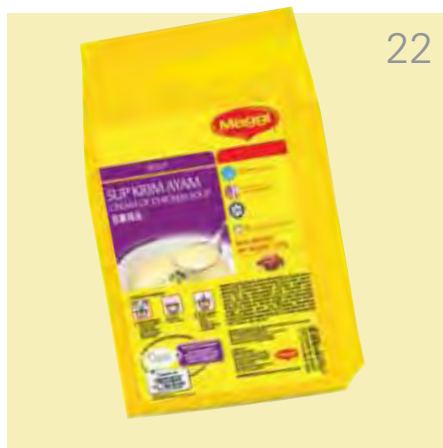
Premix Coffee

NESCAFÉ introduces NESCAFÉ MENU – a range of local coffeeshop favourites. Available in three exciting variants – NESCAFÉ MENU Tarik, Ipoh White Coffee and NESLO. It's the new Malaysian thing.

24. **MAT KOOL OOZE**

Ice Confection

The refreshing ice confection with jelly beads centre comes in two delightful flavours – Lime Strawberry and Apple Pineapple.



25. NESCAFÉ GOLD Soluble Coffee in a Re-Sealable Pack

NESCAFÉ GOLD, the imported premium coffee made from our finest selection of Arabica and Robusta beans is now available in a re-sealable 170g pack. Now you can reward yourself more often with NESCAFÉ GOLD.

26. NESTLÉ FITNESSE Honey and Almonds Breakfast Cereal

Every pack of NESTLÉ FITNESSE Honey and Almonds contains nutritious whole grain flakes coated with the goodness of natural honey, and mixed with the delicious, delicately smooth taste of real almond slices in every bowl.

27. NESTLÉ Ais Potong Frozen Confection

Bite into the goodness of authentic Potong stick and discover a savoury core of Pulut Hitam or crunchy Red Beans. Made from the finest ingredients with 100% natural colouring, this is a delightful frozen treat kids and grown-ups will surely love!

28. MAGGI Basic Brown Sauce Mix

New improved recipe with stronger meaty note, reduced sourness and improved texture. So versatile, it can be used as a basic sauce to turn it into other sauces such as black pepper and brown onion.

29. MAGGI Hainan Chicken Rice Paste

A complete one step paste to deliver flavourful Hainan chicken rice with consistent taste and strong aroma every time, it has no added MSG and contains fresh ginger and garlic.

30. NESTEA Black Tea

NESTLÉ PROFESSIONAL introduced NESTEA Black Tea, made from high quality tea leaves. An instant soluble tea served through NESTLÉ table top hot machine with pre-calibrated dosage providing better portion control and zero wastage.

2009 HIGHLIGHTS



Minister Visits Nestlé Factory in Petaling Jaya

Y.B. Dato' Shahrir Abdul Samad, former Minister of Domestic Trade and Consumer Affairs visited the Nestlé factory in Petaling Jaya on 23 February. Nestlé Malaysia also announced that it was reducing the prices for MILO powder range during the official visit by the Minister. As prices of certain key commodities such as Milk Solids and Palm Oil went down, Nestlé was able to pass on this price decrease to our consumers. The initiative was also part of Nestlé's commitment to Nourishing Malaysia and to reward all loyal Nestlé MILO users throughout the country.

Visit by Nestlé S.A. CEO and Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East

Nestlé S.A. CEO Mr Paul Bulcke and Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East, Dato' Frits van Dijk made a stop in Malaysia during their market tour of the ASEAN region. They had the opportunity to visit Nestlé's Batu Tiga factory and Shah Alam Complex (SAC). Mr Bulcke was also at the Nestlé-Open University Malaysia (OUM) graduation ceremony on 10 June where he presented 31 First Line Manager designates with Executive Diploma in Manufacturing Management (EDMM) certificates. During their last leg of the ASEAN Tour, both Mr Bulcke and Dato' van Dijk participated in the ASEAN Media Conference hosted by Nestlé R&D Singapore accompanied by the participating ASEAN Market Heads. During the media conference, Mr Bulcke announced that Nestlé S.A. plans to invest CHF260 million (RM860 million) in South-East Asia to expand the business and manufacturing facilities in the region.





Mr José Lopez Launches New NESCAFÉ Plant

Executive Vice President, Nestlé S.A. responsible for operations and GLOBE Mr. Jose Lopez inaugurated the new NESCAFÉ plant at Shah Alam Complex on 31 July. Nestlé Malaysia has invested RM110 million to upgrade our existing manufacturing facilities to accommodate the new regional soluble coffee plant. The new NESCAFÉ factory boasts of new technologies that will allow us to enhance the current range of product offerings under the household name. It will feature Nestlé's standard of environment-friendly manufacturing practices such as incineration of spent coffee grounds, reduction of air emission, recycling programmes for packaging materials and also recycling of process water to reduce water discharge. It will eventually join the list of more than 20 NESCAFÉ factories around the world that are currently using spent coffee grounds as renewable fuel which reduces the needs for landfills. The new plant, which is highly automated, will require a skilled workforce to run it, thus providing employment opportunities.

HDC and SMIDEC Announce Strategic Collaboration with Nestlé

In a strategic collaboration with Nestlé on 10 August, Small & Medium Industries Development Corporation (SMIDEC) will be identifying and recommending potential SMEs in the halal ingredient industry to the Halal Industry Development Corporation (HDC). Nestlé is to provide SMEs with technology and financial assistance to ensure that they fulfill the requirements set by Nestlé to enable them to be considered as suppliers. HDC will assist in the capacity development of selected SMEs in relation to Halal matters. Nestlé will also share its expertise and experience with potential SMEs by identifying potential segments of ingredients to be supplied by the SMEs in an effort to increase local supply of raw/semi-processed material.



Highlights 2009

Nestlé Malaysia Clinches ACCA MaSRA for Best Social Performance Report

Nestlé (Malaysia) Berhad was the winner of the Social Performance Report category in the ACCA Malaysia Sustainability Reporting Awards 2009 (ACCA MaSRA) held on 13 August. Managing Director Mr Sullivan O'Carroll accepted the Award on behalf of the Company. Held to encourage companies to identify and communicate their environmental and social performance, the event was launched by Deputy Finance Minister Datuk Wira Chor Chee Heung.



Global Food Security Discussion

Held in collaboration with the Business Council for Sustainable Development of Malaysia (BCSDM), Nestlé hosted a Discussion on Global Food Security to coincide with the visit of Dr Claus Conzelmann, Global Vice President and Head of Safety, Health & Environment, Nestlé S.A. who was also the key speaker at the discussion. Held on 1 September, the discussion was moderated by Mr Tay Kay Luan who is an EXCO member of the BCSDM and also ACCA Head for Asia and Australasia. Other distinguished speakers were Ms Anni Mitin representing the Southeast Asia Council for Food Security and Fair Trade, Prof Fatimah Arshad, Director, Institute of Agricultural and Food Policy Studies, Universiti Putra Malaysia and Dr Zabawi Abdul Ghani, Deputy Director of Strategic Resources Research Centre, MARDI. The objective of the discussion was to address and discuss food security issues facing Malaysia and the world. Dr Conzelmann touched on water shortage issues and its impact on food shortage and the challenges of feeding the world sustainably.





Nestlé Malaysia/Singapore Bids Adieu to Mr O'Carroll & Welcomes Mr Vogt

Mr Peter R. Vogt was appointed as the new Region Head of Nestlé Malaysia-Singapore, taking over from Mr Sullivan O'Carroll effective 16 September. Nestlé Malaysia welcomes back Mr Vogt as he is not new to this market, having worked in Malaysia as the Manager of the Marketing Division in the early 1990s. Throughout the months of August and September, both Mr O'Carroll and Mr Vogt were kept busy with handover functions as well as attending farewell and welcome receptions to give opportunities for staff and business partners to bid their farewells to Mr O'Carroll, and to meet Mr Vogt at the same time. Mr O'Carroll has returned home as Head of Nestlé South Africa Region.



NESCAFÉ Burgundy Launch

It was a gathering of 180 out-of-home operators with a mix of 50 media representatives and Nestlé staffs to celebrate the launch of NESCAFÉ Burgundy - a new brand architecture and visual identity for NESCAFÉ out-of-home segment. The new Burgundy color infuses richness, warmth, sophistication and maturity to the omnipresent NESCAFÉ brand. It is a global project to acknowledge that the out-of-home consumers are more discerning about coffee taste, how it is made, how it is served and presented and how it creates uplifting moments. It will provide the differentiation between the NESCAFÉ Classic Red of home consumption and the tin and spoon segment. The more stylish and contemporary look of NESCAFÉ Burgundy conveys assurance that the end cup of coffee is delivered through a NESTLÉ PROFESSIONAL's services systems solutions and products that is not only safe and of superior quality but also complements the operators' environment to generate more coffee consumption and profit. Officiating the launch on 13 October at One World Hotel were Managing Director Mr Peter R. Vogt, Regional Business Head, NESTLÉ PROFESSIONAL Asia, Oceania, Africa Mr Fritz Mahler and Executive Director, NESTLÉ PROFESSIONAL Malaysia & Singapore Ms Zainun Nur Abdul Rauf.

Highlights 2009



Nestlé Builds New Nest at Surian Tower

Friday, 23 October was the last day for employees of Nestlé Malaysia's Head Office at Nestlé House in Petaling Jaya. The HOU employees moved into their new headquarters at Surian Tower in Mutiara Damansara on 26 October. Nestlé is the anchor tenant at Surian Tower, taking up nine floors at the 25-level building. The glass building boasts disabled-friendly facilities, sun shading louvres for better energy consumption and a panoramic view of the surrounding areas of Damansara. The new landmark hopes to bring Nutrition, Health and Wellness to a higher level and to drive our passion for continuous excellence.

On 18 November, Nestlé's Chairman YAM Tan Sri Dato' Seri Syed Anwar Jamalullail and Managing Director Mr Peter R. Vogt officially launched the Nestlé Head Office at Surian Tower. It was a cultural fiesta indeed at the "One Malaysia / One Nestlé" Grand Opening Ceremony when the employees and Board of Directors were then entertained by a *silat* performance, accompanied by the *kompang* group, followed by a Barathanatyam welcome dance. Keeping to the traditional Malay custom of cutting the *pulut kuning* as a form of blessing, the colourful event was made more auspicious with a lion dance performance.



Mr Vogt Speaks at KL International Trade Forum

Nestlé Malaysia Managing Director, Mr Peter R. Vogt was invited to speak at the prestigious KL International Trade Forum on 12 November staged at Menara MATRADE (Malaysia External Trade Development Corporation). The third KLITF'09 gathered local and business leaders, entrepreneurs and investors to gain insights into global business prospects and opportunities in the challenging global market today. Mr Vogt presented a paper on 'Championing the Global Halal Business through Creative Marketing and Innovative Products', where he shared Nestlé's Halal initiatives, our global Halal business and the opportunities and challenges the business posed. Themed 'Leadership in the Marketplace through Creativity & Innovation', the event attracted more than 1,000 participants, both local and international.

Nestlé Stakeholder Convening 2009

As part of our ongoing commitment to hold open dialogues with all stakeholders, Nestlé held two Stakeholder Convening sessions on 9 January and 8 December. In the session, we took the opportunity to share the development and improvements that we have undertaken to address the issues and suggestions highlighted in the previous convening principally in the areas of standards, nutrition, environment and supply chain. It was followed by roundtable discussions that resulted in recommendations, challenges and setting of expectations of Nestlé Malaysia in our position as the leading Nutrition, Health and Wellness company in the country. The session enabled us to gain valuable perspective and further insight into the priorities and areas of interest in the context of the participating stakeholders. The feedback will be fully considered and reported progressively to the group and will be made available in the next Creating Shared Value Report.



Increasing Awareness on Nestlé's CSV Concept

Public Affairs Communications Manager of Nestlé S.A. Mr John Bee was in Kuala Lumpur in December to attend the Nestlé Stakeholder Convening. Whilst in Kuala Lumpur, he also gave talks on Nestlé's Creating Shared Value (CSV) concept and its global initiatives to Nestlé managers as well as to Institute of Corporate Responsibility Malaysia (ICRM) members. At the internal session held at Surian Tower on 8 December, Mr Bee reiterated our three focus areas (Nutrition, Water and Rural Development) and how it is embedded in our strategic and performance framework. At the end of the session, Managing Director Mr Peter R. Vogt gave his closing remarks, where he stressed that CSV is not an add-on, thus he urged Nestlé managers to integrate CSV in their respective portfolios and in the Company's business operations throughout the value chain.

NESTLÉ

Nestle to boost investment in halal products

THE growing global opportunities in halal foods and products has prompted the Nestlé Group to boost its investment in halal products, including and capacity building.

In a recent visit to the production facilities of the group, Nestlé's vice president for Asia, Middle East, Africa and India, Dr. Peter Brabeck-Letford, said that the group would invest more in halal products in this country, he said at the production complex of 10 participants of Nestlé Malaysia's executive diploma in manufacturing management (EDMM) programme in



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Nestle's expanded plant to produce 11,000 tonnes of coffee

SHAH ALAM: Nestlé Malaysia Bhd expects to produce 11,000 tonnes of coffee powder in its newly expanded facility in Shah Alam, according to managing director Sufian Osman.

"This would translate into an equivalent of 6.5 billion cups of Nescafé a year with approximately 50% of the product exported and the remaining 50% for local consumption," he said.

The expansion will allow the plant to produce 11,000 tonnes of coffee powder in its newly expanded facility in Shah Alam, according to managing director Sufian Osman.

Meanwhile, Nestlé S.A., executive vice president Jean Lopez said the expanded coffee plant in Shah Alam would eventually join the list of more than 20 Nestlé factories around the world that are currently using spent coffee grounds as renewable fuel, reducing the need for landfills.

"This new coffee plant will feature Nestlé's standard of environmental-friendly manufacturing practices such as incineration of spent coffee grounds, which becomes a source of renewable energy, reduction of air emission, and recycling of processed water to reduce water discharge," he said.

Nestlé also has coffee plants in Thailand, Indonesia, the Philippines and Vietnam.

黃安華任雀巢新主席

雀巢集團主席黃安華昨日獲雀巢集團董事會委任為雀巢馬來西亞新主席。黃安華表示，雀巢集團將繼續致力於為馬來西亞消費者提供高品質的雀巢產品，並加強與當地社區的合作。

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Malaysia is Nestlé's main 'halal' food hub



Sufian Osman, Managing Director of Nestlé Malaysia.

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A tough farewell for Nestlé Malaysia head

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11,000 tan kopi tambahan dari kilang baru Nestle

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Nestlé also has coffee plants in Thailand, Indonesia, the Philippines and Vietnam.

CR agenda still tops

Companies must continue to invest in corporate responsibility initiatives in an economic downturn and embed them into their business strategies for long-term sustainability and success. That was the highlight of the recent StarBiz-ICR Malaysia Corporate Responsibility (ICR) Malaysia forum, which comprised panelists CIMB Foundation chief executive officer Danuk Mohd Shukri Hussin, Media Chinese International Ltd and Sin Chew Media Corp Bhd executive director Rita Sim, Microsoft (M) Sdn Bhd managing director Yamin Mahmood and Nestlé (M) Bhd managing director Peter Vogt.

The forum, held in conjunction with the StarBiz-ICR Malaysia Corporate Responsibility Awards 2009, was moderated by ICR Malaysia chairman and PricewaterhouseCoopers Malaysia executive chairman Danuk Johan Razlan.



Panelists Danuk Johan Razlan (moderator), Danuk Mohd Shukri Hussin, Rita Sim, Peter Vogt and Yamin Mahmood at the StarBiz-ICR Malaysia forum.



Tackling corruption

Should a company be expected to do more than just follow the law? This was the question posed by the panelists during the forum. Danuk Johan Razlan, ICR Malaysia chairman, said that companies should not only follow the law but also strive to do more to support the community and the environment.

Yamin Mahmood, Microsoft (M) Sdn Bhd managing director, said that companies should not only follow the law but also strive to do more to support the community and the environment.

Managing CR in a downturn

How can companies manage their corporate responsibility initiatives in a downturn? This was the question posed by the panelists during the forum.

What is your commitment to the environment?

How can companies manage their corporate responsibility initiatives in a downturn? This was the question posed by the panelists during the forum.

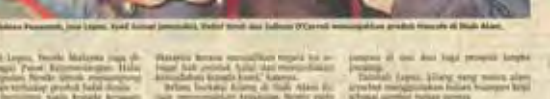
11,000 tan kopi tambahan dari kilang baru Nestle

SHAH ALAM: Nestlé Malaysia Bhd expects to produce 11,000 tonnes of coffee powder in its newly expanded facility in Shah Alam, according to managing director Sufian Osman.

Meanwhile, Nestlé S.A., executive vice president Jean Lopez said the expanded coffee plant in Shah Alam would eventually join the list of more than 20 Nestlé factories around the world that are currently using spent coffee grounds as renewable fuel, reducing the need for landfills.

"This new coffee plant will feature Nestlé's standard of environmental-friendly manufacturing practices such as incineration of spent coffee grounds, which becomes a source of renewable energy, reduction of air emission, and recycling of processed water to reduce water discharge," he said.

Nestlé also has coffee plants in Thailand, Indonesia, the Philippines and Vietnam.



Sufian Osman (left), Peter Brabeck-Letford (second from left), and other executives holding up boxes of Nescafé products during a presentation.

IN THE NEWS

Nestle lowers price of beverages

By Kristene Silva Marie
msilva@berita.com.my

MALAYSIA'S most consumed chocolate milk drink, Nestlé Milo, is now available at a more affordable price - making it more accessible to Malaysian consumers.

Milo powder, Milo Fuz and Milo Gold have all been reduced by up to 7%, while other products from Nestlé, such as milk powders, have decreased in price by an average of 10% to 12%.

Speaking at the launch of a price-reduction campaign, Nestlé Malaysia Berhad managing director Sullivan O'Connell said the new pricing of the products are in reward local consumers.

He said the company supports the government's initiatives to minimise the economic implications in the country.

A total of 58 Nestlé products have had their prices reduced or are sold with an

increased quantity at the same price.

For example, there is no price reduction for dairy products such as Evaglad, Nonghyt, Nescafe or Maggie, but consumers will be given extra content of between 8% and 12%.

The launch of the campaign was officiated by Domestic Trade and Consumer Affairs Minister Datuk Shahrir Abdul Samad, who lauded Nestlé's contribution in reducing the price of these products.

"We really appreciate your contribution, as matter how small, because we are aware of the importance of your products as far as Malaysian consumers are concerned," he said.

He hoped the decrease in prices will last for the whole year.

Earlier, a ceremony to release balloons in conjunction with the new pricing was celebrated due to bad weather.



Shahrir (right) with Sullivan O'Connell and Nestlé executives (production) in the launch.



A 'NEST' for young minds

Nestlé's education project in the Sabah region is aimed at empowering and nurturing the interests of young children.

Nestlé's education project in the Sabah region is aimed at empowering and nurturing the interests of young children. The project is a long-term initiative that aims to provide educational resources and support to children in the region. It includes a variety of activities such as workshops, seminars, and field trips. The project is designed to be sustainable and to involve the local community in its implementation.

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Company hosts tea for a good cause

Event enabled after Australian initiative to raise funds to fight cancer

Nestlé Malaysia Berhad has hosted a tea for a good cause event to support the Australian initiative to raise funds to fight cancer. The event was held at the company's headquarters in Petaling Jaya and was attended by a number of guests. The tea was served by Nestlé staff and the proceeds from the event were donated to the Australian Cancer Research Foundation.



雀巢专业餐饮推介全新NESCAFE 体验

雀巢专业餐饮集团全新推出的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。全新的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。全新的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。

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Murid terima 25,000 botol susu kultur Yoco

KUALA LUMPUR: Menyedai kementerian penting untuk kanak-kanak memperoleh, pengeluar produk makanan terkemuka Yoco, Nestlé (Malaysia) Berhad menyumbangkan 25,000 botol minuman susu kultur Yoco kepada murid Sekolah Kebangsaan Bangsar sebagai usaha tanggungjawab sosial yang diperkatakan.

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Nestle buka 5 kilang baru

PETALING JAYA: Nestlé (M) Bhd mengumumkan bahawa ia telah membuka lima kilang baharu di seluruh dunia. Kilang-kilang baharu ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia. Kilang-kilang baharu ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia. Kilang-kilang baharu ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia.



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Vogt Pengarah Urusan baru Nestle

KUALA LUMPUR: Nestlé (Malaysia) Berhad mengumumkan bahawa ia telah mengangkat Peter H. Vogt sebagai Pengarah Urusan baharu. Peter H. Vogt adalah seorang ahli perniagaan berpengalaman yang telah bekerja untuk Nestlé selama lebih dari 20 tahun. Peter H. Vogt adalah seorang ahli perniagaan berpengalaman yang telah bekerja untuk Nestlé selama lebih dari 20 tahun.



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Nestle to reap first red rice harvest

PETALING JAYA: Nestlé (M) Bhd mengumumkan bahawa ia telah memanen hasil padi merah pertama. Hasil padi merah pertama ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia. Hasil padi merah pertama ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia. Hasil padi merah pertama ini akan meningkatkan pengeluaran produk Nestlé di seluruh dunia.



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耗资 1 亿扩充莎阿南厂房设施 雀巢产能料提高 80%

【特写】雀巢 (Nestlé) 集团耗资 1 亿 1000 万 扩充莎阿南厂房设施，预计可提高产能 80%。雀巢集团耗资 1 亿 1000 万 扩充莎阿南厂房设施，预计可提高产能 80%。雀巢集团耗资 1 亿 1000 万 扩充莎阿南厂房设施，预计可提高产能 80%。

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Nestle profit up on higher revenue

PETALING JAYA: Nestlé (M) Bhd has posted a 6.37% increase in net profit to RM100.35mil for its first quarter ended March 31, from RM94.35mil a year earlier, due in part to higher revenue and better operational efficiency and cost control measures.

Revenue increased by 6% to RM983.93mil, compared with RM927.69mil previously. Earnings per share was 42.79sen, compared with 40.23 sen previously.

Nestlé S.A, executive vice-president and zone director for Asia, Oceania, Africa and

雀巢专业餐饮集团全新推出的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。全新的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。全新的NESCAFE品牌咖啡和巧克力粉，为户外业务提供全新咖啡和巧克力粉。

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WHAT CREATING SHARED VALUE MEANS TO US



Creating Shared Value

Nutrition | Water | Rural Development

“The unique role of business is value creation; that is, in order to develop a successful long-term business, we must go beyond compliance and sustainability, and actually create value for society.”

Peter Brabeck-Letmathe

Chairman, Nestlé S.A.



Nestlé was founded on the philosophy of social responsibility more than 140 years ago, when Henri Nestlé developed a nourishing alternative source of infant nutrition for mothers who were unable to breastfeed. The ultimate goal was to lower infant mortality due to malnutrition.

Nestlé's commitment to corporate social responsibility is not something new that has been imposed on us from the outside, but it is a belief that is very inherent and is very much at the heart of our business.

Nestlé recognises that our success means creating value for everyone we touch – from the farmers who supply our products and our employees, to our consumers and the communities where we operate. We call this commitment Creating Shared Value (CSV).

Creating Shared Value is a fundamental part of our way of doing business that focuses on specific areas of the Company's core business activities where value can best be created both for society

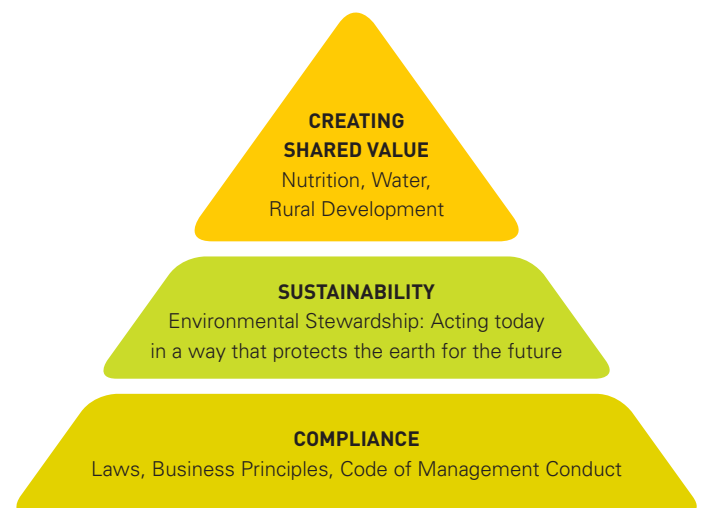
What Creating Shared Value Means to Us



and shareholders. It is where the Company invests resources, both in terms of talent and capital, in areas where joint value creation is the greatest, and seeks collaborative action with relevant stakeholders in society.

Nestlé believes that to deliver long-term value to its shareholders, our approach to corporate social responsibility must go beyond a mere commitment to comply with laws, sustain the environment and conserve energy. This means that we support development which meets the needs of the present without compromising the ability of future generations to meet their own needs. It must also improve the health and well-being of our employees, consumers and suppliers in communities around the world.

Simply put, our basic business philosophy is: “We will build a successful business by creating value for shareholders and society”. Thus, it is embedded in our core business strategy and goes beyond just philanthropy. In addition, it also goes beyond sustainability as we are environmentally responsible and we aim to bring greater contribution by creating new and greater value.



The Nestlé Creating Shared Value Model

What Creating Shared Value Means to Us

Our Key Focus Areas in CSV

With decades of experience in the area of Nutrition, Water and Rural Development, we have chosen to focus our CSV initiatives in these three areas as they also have the greatest potential for joint value optimisation with society.

As the trusted leader in Nutrition, Health and Wellness, Nestlé is committed to provide nutritious and healthier food products for consumers across all income levels through our R&D expertise.

Reducing the use of water in our operations, working with farmers to improve their use of water resources and strengthening rural access to clean water and sanitation are some of the key areas in water management.

We also help rural communities grow by helping our suppliers enhance the value and quality of their products via technical assistance and improve the living standards of rural communities.

To prioritise what is needed to address the more pressing needs of our community, we take the United Nation's Millennium Development Goals as a basic guide for the attainment of our objectives in the pursuit of shared value creation.

Note: For further information on Nestlé's Creating Shared Value initiatives, please refer to our Creating Shared Value Report 2009 which is downloadable from our website: www.nestle.com.my

“Nestlé has three areas of focus in value creation – Nutrition, Water and Rural Development – which are fundamental both to our business success and to meeting pressing societal needs.”

Paul Bulcke

CEO, Nestlé S.A.



CORPORATE DATA

Board of Directors

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail
Independent, Non-Executive Director
Chairman of the Board of Directors
Chairman of the Audit Committee
[Appointed as Chairman on
16 April 2009]

Tan Sri Dato' Ernst Zulliger
Independent, Non-Executive Director
Member of the Audit Committee

Tengku Tan Sri Dr. Mahaleel
Bin Tengku Ariff
Independent, Non-Executive Director
Member of the Audit Committee

Mohd. Rafik Bin Shah Mohamad
Independent, Non-Executive Director
Member of the Audit Committee

Datuk Rafiah Binti Salim
Independent, Non-Executive Director
Member of the Audit Committee
[Appointed on 17 April 2009]

Dato' Frits Wout Marie van Dijk
Non-Independent,
Non-Executive Director

Peter Robert Vogt
Managing Director
Alternate Director to Marc Philippe Seiler
[Appointed on 16 September 2009]

Marc Philippe Seiler
Executive Director
Alternate Director to Peter Robert Vogt

Detlef Ralf Lutz Krost
Alternate Director to Dato' Frits
Wout Marie van Dijk
[Appointed on 1 August 2009]

Registered Office

22-1, 22nd Floor, Menara Surian
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone : +603 7965 6000
Facsimile : +603 7965 6767
Website : www.nestle.com.my

Company Secretary

Mohd. Shah Bin Hashim [LS 0006824]

Share Registrar

Tricor Investor Services Sdn. Bhd.
[118401-V]
[formerly known as Tenaga Koperat Sdn. Bhd.]
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia
Telephone : +603 2264 3883
Facsimile : +603 2282 1886

Auditors

KPMG [Firm No. AF 0758]
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Telephone : +603 7721 3388
Facsimile : +603 7721 3399

Principal Bankers

Malayan Banking Berhad [3813-K]
HSBC Bank Malaysia Berhad
[127776-K]

Stock Exchange Listing

Main Board
Bursa Malaysia Securities Berhad
[635998-W]

Audit Committee

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail
Chairman
[Appointed as Chairman on
16 April 2009]

Tan Sri Dato' Ernst Zulliger
Member

Tengku Tan Sri Dr. Mahaleel
Bin Tengku Ariff
Member

Mohd. Rafik Bin Shah Mohamad
Member

Datuk Rafiah Binti Salim
Member
[Appointed on 29 October 2009]



BOARD OF DIRECTORS



STANDING, FROM LEFT:

Dato' Frits Wout Marie van Dijk • Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff • Datuk Rafiah Binti Salim
• Mohd. Rafik Bin Shah Mohamad • Marc Philippe Seiler • Mohd. Shah Bin Hashim [Company Secretary]

SEATED, FROM LEFT:

Tan Sri Dato' Ernst Zulliger • Peter Robert Vogt • Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail

PROFILE OF DIRECTORS

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail

Independent, Non-Executive Director
Chairman of the Board of Directors
Chairman of the Audit Committee
Malaysian Citizen, age 58 years
[Appointed as Chairman on 16 April 2009]

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail has been a director of the Company since 25 February 2002. He has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail is the Chairman of the Board of Directors and the Audit Committee. He commenced his career with Malaysian Airlines Systems Berhad in 1975 as a Financial Accountant, before moving on to hold senior positions in various companies such as Price Waterhouse Australia, D & C Nomura Merchant Bank Berhad, Amanah Capital Partners Berhad and he was the Investment Panel Chairman of Lembaga Tabung Haji. Currently he is also the Chairman/Director of EON Bank Berhad, Cahya Mata Sarawak Berhad and EON Capital Berhad. Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail graduated from Macquarie University in Sydney, Australia with a Bachelor of Arts degree in Accounting, is a qualified Chartered Accountant from the Malaysian Institute of Accountants and also a Certified Practising Accountant from the Australian Society of Certified Practising Accountants, having qualified in 1984. He does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.

Tan Sri Dato' Ernst Zulliger

Independent, Non-Executive Director
Member of the Audit Committee
Swiss Nationality, age 77 years

Tan Sri Dato' Ernst Zulliger has been a director of the Company since 30 November 1983. He has attended 3 [three] out of the 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. Tan Sri Dato' Ernst Zulliger is also a member of the Audit Committee. Prior to his retirement, he served the Nestlé group of companies worldwide for a remarkable 37 years, with his last position as the Managing Director of the Company. Tan Sri Dato' Ernst Zulliger studied Commerce and Business Administration in Switzerland and has attended the International Institute for Management Development, in Lausanne, Switzerland. He does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.



Profile of Directors

Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff

Independent, Non-Executive Director
Member of the Audit Committee
Malaysian Citizen, age 63 years

Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff has been a director of the Company since 30 April 2003. He has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff is also a member of the Audit Committee. He has had a very diverse career background, having commenced his career in the Marketing and Sales Department of the Company, then in 1974 he joined Shell Malaysia for 20 years before leaving to serve New Toyo, Mofaz, with his last position as the Group Chief Executive Officer of Proton Holdings Berhad. Currently he is also the Executive Chairman of Tien Wah Press Holdings Berhad, a member of the Graduate School of Business Advisory Board, University Sains Malaysia and a distinguished fellow of the London Business School Alumni. Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff graduated with a Bachelor of Arts [Honours] from the University of Malaya in 1970 and has attended courses conducted by Harvard, London School of Economics and Manchester Business School on Strategy, Strategic Management and Marketing. He does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.



Mohd. Rafik Bin Shah Mohamad

Independent, Non-Executive Director
Member of the Audit Committee
Malaysian Citizen, age 59 years

Mohd. Rafik Bin Shah Mohamad has been a director of the Company since 1 June 2007. He has attended 3 [three] out of the 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. Mohd. Rafik Bin Shah Mohamad is also a member of the Audit Committee. He commenced his career as an Analyst with Esso Malaysia Berhad in 1973 and before joining the Company in 1981, he held senior finance positions in several local companies. He has also held various significant positions in the Nestlé group of companies, in Malaysia and other countries, with his last position as the Executive Vice President and Chief Financial Officer of PT Nestlé Indonesia before retiring in April 2006. Currently he is also a director of Malaysian AgriFood Corp. Berhad and Handal Resources Berhad. He is also the Chairman/Director of Biotropics Malaysia Berhad. Biotropics Malaysia Berhad wholly owns Phytes Biotek Sdn. Bhd., which is one of the current suppliers of raw materials to a subsidiary of the Company. Be that as it may, Phytes Biotek Sdn. Bhd. carries on business with the subsidiary of the Company on the same terms as other suppliers. Mohd. Rafik Bin Shah Mohamad is a qualified Chartered Accountant from the Malaysian Institute of Accountants and is a member of the Association of Chartered Certified Accountants, United Kingdom ["ACCA"]. He holds 27,000 shares in the Company, but has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.



Profile of Directors

Datuk Rafiah Binti Salim

Independent, Non-Executive Director
Member of the Audit Committee
Malaysian Citizen, age 63 years
[Appointed on 17 April 2009]

Datuk Rafiah Binti Salim was appointed as a director of the Company on 17 April 2009. She has attended the 2 [two] meetings of the Board of Directors held since her appointment, in the financial year ended 31 December 2009. Datuk Rafiah Binti Salim was also appointed as a member of the Audit Committee on 29 October 2009. She has excellent service records in the public and private sectors, and at international level, having served as a Lecturer, Deputy Dean and Dean at the Law Faculty of University Malaya, as the Assistant Secretary General for the United Nations [“UN”] Human Resource Management in New York, as the Assistant Governor of the Central Bank of Malaysia, and as a Human Resource General Manager with Malayan Banking Berhad. She was previously the Executive Director of the International Centre for Leadership in Finance and in 2006, she was appointed as the first female Vice-Chancellor in Malaysia, attached to the University of Malaya. Currently she is also a Director of Perbadanan Usahawan Nasional Berhad. Datuk Rafiah Binti Salim, graduated with Masters and Bachelor Degree in Law from the Queen’s University Belfast, United Kingdom and was awarded an honorary Doctorate by the same University in 2002. She was called to the Malaysian Bar in 1988. She does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.

Dato’ Frits Wout Marie van Dijk

Non-Independent, Non-Executive Director
Dutch Nationality, age 62 years

Dato’ Frits Wout Marie van Dijk has been a director of the Company since 26 April 2006. He has attended 2 [two] out of the 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. He has served the Nestlé group of companies for the last 39 years, beginning in 1970 as a Sales Representative of Nestlé UK and presently, he is the Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East of Nestlé S.A. Prior to his current position, he has held various senior positions within the Nestlé group of companies in various countries, such as India, Philippines, Sri Lanka and Japan. He was the Chief Operating Officer and subsequently the Market Head of the Company from 1987 until 1995. He has also served as the Market Head of Nestlé Japan and as the Chairman and Chief Executive Officer of Nestlé Waters. Dato’ Frits Wout Marie van Dijk graduated with a Bachelor’s Degree in Economics from the School of Economics [“HES”], University of Rotterdam, the Netherlands, and has also attended the Executive Development Program at the International Institute for Management Development, in Lausanne, Switzerland. He holds 8,000 shares in the Company, but has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.



Profile of Directors

Peter Robert Vogt

Managing Director
Swiss Nationality, age 55 years
[Appointed on 16 September 2009]

Peter Robert Vogt, the Managing Director of the Company, was appointed as a director of the Company on 16 September 2009. He attended the 1 [one] meeting of the Board of Directors held since his appointment, in the financial year ended 31 December 2009. He has served the Nestlé group of companies worldwide for almost 30 years, beginning in 1980 as a trainee in Nestlé S.A., Vevey. Before his current appointment in Malaysia, he has held various senior positions in other Nestlé Markets, the majority of which were spent in Asia [Japan, Hong Kong, Malaysia, Sri Lanka and Indonesia]. During his last posting to Malaysia, Peter Robert Vogt was the Marketing Division Manager of the Company, a position he held from 1990 to 1994. From 1996 to 2005, he was heading various Nestlé operations in Switzerland, Scandanavia and Germany, after which he was appointed President Director [CEO] of PT Nestlé Indonesia, the second largest food company in Indonesia. Peter Robert Vogt is a graduate of University St. Gallen, Switzerland. He does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted of any offence within the past 10 years other than traffic offences, if any.

Marc Philippe Seiler

Executive Director
[responsible for Finance & Control]
French Nationality, age 45 years

Marc Philippe Seiler, the Executive Director, Finance & Control of the Company, has been a director of the Company since 1 December 2008. He has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2009. He started his career as an external auditor with Coopers and Lybrand, before joining the Nestlé group of companies in 1990 as the Finance Planning Manager of Nestlé Waters in Paris. Subsequently he was transferred to Nestlé Waters, North America where he held several positions such as Director Corporate Planning, Director Finance Supply Chain, Director Promotional Trade Spending, Chief Financial Officer Canada, Chief Financial Officer US Retail Division, with his last position as the Business Development, Mergers & Acquisitions Director. Marc Philippe Seiler holds a Masters of Science in Management from Ecole Supérieure de Commerce de Paris, France and an Accounting & Finance Diploma [Diplome d'Etudes Supérieures Comptables et Financières]. He does not own any shares in the Company, has no conflict of interest with the Group, does not have any personal interest in any business arrangement involving the Group, has no family relationship with any other director and/or major shareholder of the Group and has not been convicted for offences within the past 10 years other than traffic offences, if any.





Chew Soi Ping
Executive Director, Ice Cream

Peter Robert Vogt
Managing Director

Zainun Nur Binti Abd. Rauf
Executive Director, Nestlé Professional

Marc Philippe Seiler
Executive Director, Finance & Control

MANAGEMENT TEAM



Ariffin Bin Buranudeen
Executive Director, Supply Chain

Detlef Ralf Lutz Krost
Executive Director, Technical & Production

Izham Mohamed
Executive Director, Food



Abdul Wahab Bin Abu Bakar
Executive Director, Human Resource

Donald John Howat
Executive Director, Coffee & Beverages

Victor Seah Heng Lim
Executive Director, Sales

CORPORATE GOVERNANCE STATEMENT

“Nestlé pursues a strategy of best practice of corporate governance.”

“We believe complying with laws and internal regulations protects the Company’s reputation and provides the basis for the creation of sustainable shared value.”

Nestlé S.A. Management Report 2008

Introduction

The Company is committed to very high standards of corporate governance. The directors are directly accountable to the shareholders, stakeholders and regulators, for ensuring that very high standards of corporate governance are practised at every level of the Company’s operations. Being a subsidiary of Nestlé S.A., of Vevey, Switzerland, the Company has adopted the “Corporate Governance Principles” of its holding company as the basis of its best practice in corporate governance.

The principles of corporate governance as practised by the Company cover mainly, 4 [four] areas, as follows:

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

These principles are in compliance with Parts 1 and 2 of the Malaysian Code on Corporate Governance [Revised 2007] and paragraphs 15.25 and 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Compliance Statement

The directors are responsible for the stewardship of the Company. Their responsibilities include:

- reviewing and adopting a strategic business plan for the Company;
- overseeing the conduct of the Company’s business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and where appropriate, replacement of senior management;
- developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

As at the date of this Annual Report, the directors have not established a Nomination and a Remuneration Committee as recommended by the Malaysian Code on Corporate Governance [Revised 2007] and the Corporate Governance Guide Towards Boardroom Excellence, issued by Bursa Malaysia Berhad, for the reasons stated as follows:

Corporate Governance Statement

Nomination Committee

The directors do not consider it necessary to establish a separate Nomination Committee as the turn-over of directors is very low and that whenever appropriate, the nomination of an appointment and the resignation of a director is fully deliberated upon by all members of the Board of Directors at their meetings. In 2009, there were 2 [two] nominations of new directors. Besides the nomination of Datuk Rafiah Binti Salim as an Independent, Non-Executive Director, with the transfer of the previous Managing Director, Sullivan Joseph O'Caroll, Nestlé S.A. proposed that Peter Robert Vogt, the new Managing Director of the Company, be appointed as a Non-Independent, Executive Director. The nominations which were deliberated upon by the Board of Directors, were duly accepted. Datuk Rafiah Binti Salim was appointed as an Independent, Non-Executive Director on 17 April 2009 and Peter Robert Vogt was appointed as a Non-Independent, Executive Director on 16 September 2009.

As the composition of directors is very low with only 8 [eight] persons and that all proposals for appointment and resignation of directors are fully deliberated, the directors are of the view that the setting up of a separate Nomination Committee at this point of time, is not necessary.

Remuneration Committee

The directors do not consider it necessary to establish a separate Remuneration Committee as the Non-Independent, Executive Directors, [namely Peter Robert Vogt and Marc Philippe Seiler] and the Non-Independent, Non-Executive Director [namely Dato' Frits Wout Marie van Dijk], are proposed and appointed by Nestlé S.A. Each of these directors are employees, based on contracts of expatriation employment and their remuneration package [consisting of emoluments and benefits in kind] are in accordance with the remuneration practices of the worldwide Nestlé group of companies as established by the Human Resource function of Nestlé S.A. in Vevey, Switzerland. Peter Robert Vogt and Marc Philippe Seiler are employed directly by the Company, whereas Dato' Frits Wout Marie van Dijk is employed by Nestlé S.A.

The fees and benefits paid to the Independent, Non-Executive Directors including the Independent, Non-Executive Chairman are proposed by the Company to the Board of Directors and during the deliberation on the amount of fees and benefits to be paid to the Non-Executive Directors, the Non-Executive Directors would abstain from discussing their own remuneration.

For the financial year ended 31 December 2009, apart from the non-establishment of the Nomination and Remuneration Committees, the reasons for which have been explained, the directors and the Company adheres strictly with the

recommendation of the Malaysian Code on Corporate Governance [Revised 2007] in the conduct of its businesses and operations. The details of the remuneration package of the directors are disclosed in the Annual Report on a yearly basis.

Principle Statements

The following principle statements outline the application of the principles of corporate governance by the Company:

A. The Board of Directors

Directors' Responsibilities and Supply of Information

The roles and responsibilities of the Chairman and Managing Director are clearly established, each having separate and clearly defined scope of responsibilities and authority.

The Chairman is responsible for the leadership of the Board of Directors, ensuring its effectiveness and ensuring that proper strategy and business conduct are proposed to the Board of Directors for deliberation. Any concerns which the shareholders may have can also be addressed to the Chairman.

The members of the Board of Directors are all committed to establishing long-term shareholder and stakeholder value. Therefore, all matters with regards to the strategy, business conduct proposed by the management and the monitoring of the results of strategies implemented are critically scrutinised and deliberated by the

Corporate Governance Statement

directors at its meetings. The directors are also responsible for the overall strategy of the Company, acquisition and divestment policies, capital expenditure approval, review of the financial and operational performance and preparation of the annual audited financial statements. Accountability of the directors for the proper handling and governance of the Company is therefore not only governed by law but also by the Company's Articles of Association, processes, guidelines and standing instructions. All directors, whether independent or otherwise, have unrestricted access to any form of independent professional advice and information in the performance of their mandate as directors. During the meetings of the Board of Directors, there are more than adequate opportunities for the directors to deliberate on all matters pertaining to the stewardship of the Company. In addition to the meetings of Board of Directors, each director has full access to any member of the management team to confer on any aspect of the operations of the business as each sees fit, including the Company Secretary's advice and services. The meeting papers to be tabled at the meeting of the Board of Directors are delivered to each director well in advance of such meetings, to ensure that the directors are adequately prepared to go through the meeting agenda and if necessary, to obtain further information on the matters to be deliberated at the meeting of the Board of Directors.

Once the Board of Directors has given its mandate, it is the duty of the Managing Director together with the senior management of the Company to carry out the strategies and manage the business of the Company within the mandate given by the Board of Directors.

All deliberations by the Board of Directors, including the issues discussed and decisions are recorded by the Company Secretary in the minutes of meetings which are properly kept and produced for inspection, if required.

Meetings of Directors

During the financial year ended 31 December 2009, 4 [four] meetings of directors took place. The record of attendance of the directors is as follows:

- General [Rtd] Tan Sri Dato' Mohd Ghazali Seth 2/2 or 100%
[Retired on 16 April 2009]
- Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail 4/4 or 100%
- Tan Sri Dato' Ernst Zulliger 3/4 or 75%
- Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff 4/4 or 100%
- Mohd. Rafik Bin Shah Mohamad 3/4 or 75%
- Datuk Rafiah Binti Salim 2/2 or 100%
[Appointed on 17 April 2009]

- Dato' Frits Wout Marie van Dijk 2/4 or 50%
- Sullivan Joseph O'Carroll 3/3 or 100%
[Resigned on 15 September 2009]
- Peter Robert Vogt 1/1 or 100%
[Appointed on 16 September 2009]
- Marc Philippe Seiler 4/4 or 100%

Mandate from the Board of Directors

On a yearly basis, the management obtains a mandate from the Board of Directors to manage the Company in its usual course of business. However, whenever the Company enters into a specific material transaction, prior approval will be obtained from the Board of Directors.

Audit Committee of the Board of Directors

Mission Statement

The primary purpose of the Audit Committee of the Board of Directors of the Company is to assist the Board of Directors in fulfilling its responsibility to oversee:

- (i) management's conduct of the Company's financial reporting process [including the development and maintenance of systems of internal accounting and financial controls];
- (ii) the integrity of the Company's financial statements;
- (iii) the Company's compliance with legal and regulatory requirements and ethical standards;

Corporate Governance Statement

- [iv] significant financial transactions and financial policy and strategy;
- [v] the qualifications and independence of the Company's external auditors;
- [vi] the performance of the Company's internal audit function; and
- [vii] the external auditors' annual audit of the Company's financial statements.

As directed by the Audit Committee, it is the responsibility of the management team to plan and conduct internal audits and to ensure that the Company's financial statements are prepared in accordance with applicable generally accepted accounting principles. The terms of reference of the Committee are consistent with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In line with the Malaysian Code on Corporate Governance [Revised 2007], all members of the Audit Committee are independent, non-executive directors. On 26 October 2009, Datuk Rafiah Binti Salim was appointed as a member of the Audit Committee and with the said appointment, the Audit Committee has 5 [five] members.

During its deliberations, the Audit Committee examines the following:

- assessment of risk by reviewing evidence of risk assessment activity either by the management or via a report from the Internal Audit department; and
- systems of internal control primarily through reviewing the scope of the internal audit programme and its findings, review of annual and interim financial statements and a review of the nature and scope of external audit.

At least twice a year, the Audit Committee shall meet the external auditors, without the presence of the executive directors and management.

The internal audit function in the Company is aligned with the Malaysian Code on Corporate Governance [Revised 2007]. The internal audit function [called Nestlé Market Audit] is administered as a department within the Finance & Control function in the Company but reports functionally to the Nestlé Group Audit in Vevey and the Audit Committee, thus ensuring its independence.

Strategy

The Company's strategic direction is subject to regular review at the meeting of the Board of Directors. The management has in place a process for such reviews. Annual operating plans and the Market and Business Strategy ["MBS"] are established and reviewed as well as the setting of measurable and objective Key Performance Indicators ["KPIs"]. The processes to manage and identify key risks are an integral part of the internal control environment and day-to-day management operations. Such processes, which are constantly reviewed and benchmarked against best practices, include the long term planning, controlling and monitoring of performance, capital expenditures, promotional investments as well as quality, safety and health environment.

Delegation

The management of the financial and long-term objectives of the Company, as resolved at the meeting of the Board of

Directors is delegated to the Managing Director and the management team, comprising of Executive Directors and senior managers. The management team is committed to ensure and is accountable for the conduct, performance and profitability of the Company within the agreed strategy and policies as resolved at the meeting of the Board of Directors.

Reporting

Businesses and functional units are responsible to report to the Managing Director within a defined timetable and in compliance with instructions and guidelines. The management team receives monthly reports on the financial and operational situation from each business area and function. The quarterly reports and financial information are based on a standardised process. Such information is discussed at the meeting of the Board of Directors to ensure adequate level of information, decision on capital appropriations or other items of relevance are taken up and followed through by the management team.

Principles of Conduct

The Company is committed to high ethical standards and regards them as a key success factor to the performance of the Company. "The Nestlé Management and Leadership Principles" and the "Nestlé Corporate Business Principles" issued by Nestlé S.A., have been applied within the Company and have been communicated to every employee with respect to his/her function. Furthermore, in order to ensure greater transparency with third parties, the Company distributes the "Nestlé Corporate

Corporate Governance Statement

Business Principles”, the Nestlé “Code of Business Conduct” and the “Nestlé Supplier Code” to its long-term distributors and suppliers of goods and services [refer to www.nestle.com]. The “Code of Business Conduct” has been presented to the Board of Directors and besides abiding with this code, the members of the Board of Directors also abide by the Companies Commission of Malaysia [“CCM”]'s Code of Ethics for Company Directors, ensuring an ethical corporate environment.

Composition of Board of Directors

The Board of Directors has 8 [eight] members, comprising the Chairman who is an Independent, Non-Executive Director, 4 [four] Independent, Non-Executive Directors, 1 [one] Non-Independent, Non-Executive Director, and 2 [two] Executive Directors, including the Managing Director. The Chairman is not a previous Managing Director of the Company. The Non-Independent, Non-Executive Director represents the interests of Nestlé S.A., as the ultimate holding company. The 2 [two] Executive Directors, are expatriate managers assigned by Nestlé S.A. under the worldwide Nestlé group of companies' expatriation programme.

The experience of the members of the Board of Directors encompasses diverse professional backgrounds, representing a high level of business, international and financial knowledge, which is core to the setting of strategies, monitoring of strategy achievement, ultimately leading

to the success of the Company. The Board of Directors is very well balanced between the number of independent and non-independent directors and between executive and non-executive directors, and the Company has reviewed the size of the Board of Directors and feels that the size is appropriate. The Independent, Non-Executive Directors are able to provide the Board of Directors with independent unbiased views and advice in its decision making, to ensure that the interest of the Company, shareholders and employees are protected, whereas the Executive Directors are responsible to ensure the implementation of the strategies and policies as resolved by the Board of Directors.

Re-election or Re-appointment of Directors

In accordance with Articles 90.1 and 90.2 of the Company's Articles of Association [“Articles”], one-third of the directors for time being shall retire from office and be eligible for re-election, provided always that all directors shall retire from office once at least in each 3 [three] years but shall be eligible for re-election, to allow the shareholders the opportunity to renew their mandate at the Annual General Meeting. The directors to retire in every year shall be those who have been longest in office since their last election.

Article 97 of the Articles provides that a director appointed by the Board of Directors from time to time shall hold office only until

the next following Annual General Meeting, and shall then be eligible for re-election at the Annual General Meeting.

Pursuant to Section 129[6] of the Companies Act 1965, members of the Board of Directors, who are over 70 years of age, may be re-appointed as a director on a yearly basis at the Annual General Meeting.

Induction of New Board Members

Being a new member to the Board of Directors, Datuk Rafiah Binti Salim was always briefed and informed on her roles and responsibilities, nature of the Company's business and the Company's strategies in order to equip her in carrying out her duties as a director of the Company. Peter Robert Vogt, the Managing Director of the Company and also as a Non-Independent, Executive Director, underwent formalised orientation programmes with the senior management from the various divisions of the Company to prepare him for his new role. The briefings and programmes have assisted the new directors to be more familiar with the Company in order to equip them in carrying out their responsibilities as directors of the Company.

Continuing Education of Directors

As part of the directors' continuous training, all directors were updated on a timely basis by the management, by providing them with hard copies of reading materials, on the latest development on directors' roles and responsibilities.

Corporate Governance Statement

Peter Robert Vogt, attended and was a speaker at the Institute of Corporate Responsibility Malaysia's "Corporate Responsibility Forum" on 15 September 2009, the "Kuala Lumpur International Trade Forum" on 12 November 2009 and he had also attended training on "Crisis Management" on 7 December 2009.

Marc Philippe Seiler attended the Mandatory Accreditation Programme for Directors of Public Listed Companies on 23 and 24 June 2009, presented a talk on the topic of "Improving Business Performance Through Management Accounting" on 16 June 2009 and conducted training on "Dynamic Forecasting and Consensus Planning" on 7 October 2009.

The other directors have from time to time attended trainings or conducted trainings in areas relevant to their capacity as directors.

Direct and Indirect Interest of Directors

As at 25 February 2010, the direct and indirect interests of directors in the Company are as follows:

Mohd. Rafik Bin Shah Mohamad holds 27,000 shares in the Company;

Dato' Frits Wout Marie van Dijk holds 8,000 shares in the Company; and

Peter Robert Vogt holds 10,450 shares in Nestlé S.A.

Application of MASB Standards

The Company had adopted and applied all new standards issued by the Malaysian Accounting Standards Board ["MASB"] and shall continue to do so whenever new standards are introduced and made mandatory.

B. Directors' Remuneration

- [a] Details of the nature and amount of each major element of the remuneration of the directors of the Company paid in 2009 are as follows:-

	2009	
	Executive Directors*	Non-Executive Directors*
[MYR, in Gross] **		
Salaries	1,458,769.00	–
Directors Fees***	–	180,000.00
Emoluments****	1,142,820.12	–
Benefit*****	1,523,505.72	161,156.00
Total	4,125,094.84	341,156.00

* Include directors who have resigned/retired.

** Numbers are provided before tax.

*** Fees paid to non-executive directors.

**** Other emoluments include bonuses, incentives, retirement benefits, provision for leave passage and allowances.

***** Benefits include rental payment, motor vehicle, club membership, personal expenses and other benefits as directors.

- [b] For the financial year ended 31 December 2009, the number of directors of the Company whose total remuneration fell within the following bands for the total amount paid in 2009 are as follows:-

	2009	
	Executive Directors*	Non-Executive Directors*
Ranges of Remuneration [MYR]		
1 – 50,000	–	4
200,000 – 250,000	–	1
650,000 – 700,000	1	–
1,500,000 – 1,550,000	1	–
1,850,000 – 1,900,000	1	–
Total	3	5

* Include directors who have resigned/retired.

Salaries, bonuses and benefits paid to Sullivan Joseph O'Carroll, Peter Robert Vogt and Marc Philippe Seiler are based on the individual remuneration package of each person as determined by the Human Resource function of Nestlé S.A. and are also based on individual performance and the profit achievement of the Company.

Corporate Governance Statement

C. Shareholders, Investors and the Financial Community

The Company regards regular communication with the public [shareholders, stakeholders and investing public] as key to build a good relationship. The Company's performance is reported quarterly to Bursa Malaysia Securities Berhad and on a yearly basis, in the Annual Report. Dialogue between shareholders and the Company is fostered at the Annual General Meeting and any other meetings of the shareholders, including any Extraordinary General Meeting. At such meetings, each individual shareholder can raise questions or concerns with regards to the Company as a whole. The Chairman, the Managing Director, the management team and the Audit Committee members are available to respond to questions during these meetings of shareholders. As soon as the quarterly results are announced, the Company will invite the analyst community for a briefing of the Company's quarterly performance. A media conference is also held after each Annual General Meeting or Extraordinary General Meeting. These communication efforts by the Company comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company's website also displays the latest information on the performance of the Company.

The details of the senior officer responsible for Investor Relations are as follows:

Name : Marc Philippe Seiler
 Designation : Executive Director, Finance & Control
 Age : 45 years
 Address : Nestlé [Malaysia] Berhad [110925-W]
 22-1, 22nd Floor, Menara Surian
 No. 1, Jalan PJU 7/3
 Mutiara Damansara
 47810 Petaling Jaya
 Selangor Darul Ehsan
 Tel No. : 03- 7965 6107
 Email : InvestorRelations.Malaysia@my.nestle.com

Further details of his qualification and relevant experience can be found in the Profile of Directors section of this Annual Report.

D. Accountability and Audit

Directors' responsibility statement in respect of the preparation of the audited financial statement

The Board of Directors is responsible for ensuring the accuracy of the profit & loss statement, the balance sheet, the cash flow statement and all other financial disclosures. Applicable accounting standards [MASB] and legislation are the basis for the disclosure of the Company's affairs. The financial disclosure follows the principles of true and fair view, prudence and transparency. In addition, and in line with the accounting policy of the Nestlé group of companies worldwide, the Company has ensured that its external auditors are fully independent in that they are not involved in any consulting activity save for as allowed by the Nestlé group of companies. For the record, the external auditors of

the Company, KPMG does undertake some tax consulting work which is insignificant in nature. The Company also requires management employees involved in book closing activities to certify in writing the accuracy of their accounts after each reporting period/quarterly.

E. Recurrent Related Party Transactions of a Revenue or Trading Nature

For the financial year ended 31 December 2009, the particulars of recurrent related party transactions of revenue or trading nature are as follows:

- Purchases of raw materials, semi finished and finished food products from Nestlé affiliated companies amounted to approximately MYR392 million;

- Payment of royalties for the use of trademarks for the sale of food products to Nestlé affiliated companies amounted to approximately MYR153 million;
- Payment of information technology shared services for use and maintenance of information technology services to Nestlé affiliated companies amounted to approximately MYR21 million; and
- Sale of food products to Nestlé affiliated companies amounted to approximately MYR689 million.

The item below is to be tabled for the shareholders' approval at the forthcoming Annual General Meeting to be held on 22 April 2010:-

- Purchases of raw materials from Phytes Biotek Sdn. Bhd., a subsidiary of Biotropics Malaysia Berhad, amounting to MYR22,920.00. Mohd. Rafik Bin Shah Mohamad is deemed interested via his directorships in both the Company and Biotropics Malaysia Berhad.

F. Material Contracts

For the financial year ended 31 December 2009, there were no material contracts entered into by the Company and its subsidiaries [not being contracts entered into in the ordinary course of business], involving directors and substantial shareholders, except for material contracts in respect of the recurrent related party transactions of a revenue or trading nature under paragraph E above.

G. Internal Control & Internal Audit

The Statement of Internal Control as contained in this Annual Report provides an overview on the state of internal controls and internal audit of the Group.

A formal whistle blowing policy for the Company is currently being finalised. Currently there is a Grievance Procedure which provides the employees with an avenue to lodge a complaint.

The senior officer responsible for the legal and regulatory compliance of the Company is Mohd. Shah Bin Hashim, Executive Director, Legal & Secretarial. Mohd. Shah Bin Hashim, is 53 years of age and has served the Company for approximately 12 years. He is a graduate of the University of Canterbury, New Zealand with a Bachelor of Laws Degree and he was called to the Malaysian Bar in 1984.

H. Approval by Board of Directors

This Corporate Governance Statement has been presented to and approved by the Board of Directors.

STATEMENT ON INTERNAL CONTROL

Introduction

Nestlé [Malaysia] Berhad [110925-W] and its directors are committed to a sound system of internal control and are pleased to provide the following statement on the scope and nature of internal control for the Group for the financial year ended 31 December 2009.

Board Responsibility

The directors and management are responsible and accountable for the establishment of internal controls for the Group. Internal control systems are subjected to regular evaluations on their adequacy and integrity by management. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute assurance against material misstatement or loss. The Company's directors have delegated the responsibility of monitoring of these internal control systems to management.

Accompanying these regular reviews and evaluations of internal control systems, is an ongoing process for identifying, evaluating and managing significant risks faced by the

Group. This process is subjected to regular reviews by the directors in accordance with the "Statement on Internal Controls: Guidance for Directors of Public Listed Companies" issued by the Institute of Internal Auditors Malaysia.

Risk Management Framework

The directors and management fully support the contents of the Internal Control Guidance. Working closely with the Company's Internal Audit Department and related companies, the directors and management have put in place risk management guidelines, control measures and processes.

Internal Audit Function

The Nestlé Market Audit Department is responsible for reviewing all processes of the Group and its relations with third parties. It provides the directors with independent opinions of processes, risk exposures and system of internal controls of the Group. The responsibilities of the Audit Department include:

- Assessing and reporting on the effectiveness of the internal control systems;
- Assessing and reporting on the reliability of systems and reporting information;

- Assessing and reporting on the operational efficiency of various Business Units and Departments within the Group and identifying saving potentials where it is practical; and
- Reviewing compliance with the Group policies, Company Standing Instructions and guidelines, and applicable laws and regulations.

The Audit Department identifies those units to be audited based on risk assessments performed on [a] the inherent risk of the unit, and [b] the complexity of the end to end processes.

A matrix which covers the overall audit rating, nature and urgency of the respective audit issues has been developed as a guide to conduct the follow up on audit issues raised. The results of audit reviews are reported on a quarterly basis to the Audit Committee and then via the Chairman to the Board of Directors. The responses from management and action plans are regularly reviewed and followed up by the Internal Audit Department and the Audit Committee.

For the year ended December 2009, the department conducted 9 [nine] audits across corporate function, distribution centre, factories and business units. Where

Statement on Internal Control

exceptions were noted, these were not material and corrective actions have been taken.

Furthermore, Nestlé Group Audit [“NGA”], the internal auditing arm of the holding company Nestlé S.A., is responsible for assessing the effectiveness of internal control for the entire Nestlé Group. The NGA conducts reviews of processes, systems and business excellence on selected business areas/units based on a risk assessment methodology. The annual audit plan and results of the NGA are reported to Zone Management and the Audit Committee of Nestlé S.A. Based on this risk assessment, no audit was performed by the NGA in the market except for audit of Nestlé Shared Service Centre for the year ended December 2009.

The annual audit plan for the financial year ending 31 December 2010 was presented to the NGA, in the last quarter of 2009.

Other Risk and Control Processes

The structure and the formally defined process [via Company Standing Instructions] play a major part in risk mitigation. Although the Group is a

networked organisation, a documented and auditable trail of accountability remains. In addition, authority limits and major Group Policies [health and safety, training and development, equality of opportunity, staff performance, sexual harassment, and serious misconduct] and the Nestlé S.A. Business Principles [available on www.nestle.com] have been disseminated to the Group’s employees. These procedures have been established across the whole organisation and help provide assurance to all levels of management, including directors. The Nestlé Market Audit function serves to ensure the full application of these procedures and reporting structures, as well as to verify the system of internal controls. The Managing Director also reports to the directors on significant changes in the business and the external environment which affect the operations. Financial information, key performance and risk indicators are also reported on quarterly basis to the directors of the Company.

In addition to the above, the Group leverages the Nestlé Self Assessment Tool [“NSAT”] for all Business Units and corporate functions, which was rolled out in 2008. NSAT, a globally driven initiative by Nestlé S.A. in response to the changes

in the Swiss Code of Obligations for companies listed on the Swiss exchange, is an internally developed Control Self Assessment solution which is used to measure each unit’s compliance with the minimum internal controls determined by the Nestlé Group Audit. The objective of control self assessment is to help each unit better identify their own internal control gaps and to develop specific, measurable, and timely action plans to address these gaps. These results are monitored at management level as well as by Nestlé S.A. NSAT will also act as a repository for best in class internal controls which can be shared with other Nestlé units across the world.

The completed NSAT for the Group found no major gaps in minimum internal control and where gaps exist, action plans have been implemented or defined with expected completion dates and persons responsible. The Group’s internal audit function will be reporting to management on the status of these action plans [implemented, in progress, or pending] on a quarterly basis.

AUDIT COMMITTEE REPORT

Size, Composition & Attendance at Meetings

General [Rtd] Tan Sri Dato' Mohd Ghazali Seth Independent, Non-Executive Director Chairman [Retired on 16 April 2009]	[3/3]
Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail Independent, Non-Executive Director Chairman [Appointed as Chairman on 16 April 2009] [Chartered Accountant of the Australian Society of Certified Practicing Accountants; Chartered Accountant of the Malaysian Institute of Accountants]	[4/5]
Tan Sri Dato' Ernst Zulliger Independent, Non-Executive Director Member	[4/5]
Tengku Tan Sri Dr. Mahaleel Bin Tengku Ariff Independent, Non-Executive Director Member	[5/5]
Mohd. Rafik Bin Shah Mohamad Independent, Non-Executive Director Member [Chartered Accountant of the Association of Chartered Certified Accountants, United Kingdom; Chartered Accountant of the Malaysian Institute of Accountants]	[4/5]
Datuk Rafiah Binti Salim Independent, Non-Executive Director Member [Appointed on 29 October 2009. No meeting was held in year 2009 after her appointment]	

The Audit Committee comprises of 5 [five] members who are all Independent, Non-Executive Directors. The Chairman of the Audit Committee, Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail and Mohd. Rafik Bin Shah Mohamad, are both qualified chartered accountants, being members of the Malaysian Institute of Accountants. All members of the Audit Committee are financially literate having had extensive exposure in the corporate world. A quorum, established by the presence of the Chairman and at least 2 [two] members, was always met for the Audit Committee meetings.

The Audit Committee held 5 [five] meetings in the financial year ended 31 December 2009. Upon invitation by the Audit Committee, the Executive Director, Finance & Control, representatives of the external auditors, the Head, Nestlé Market Audit and the Head, Accounting & Consolidation/Insurance & Pension have attended all the meetings. When there is a need by the Audit Committee, the relevant members of the management will also be invited to attend the meetings.

The Audit Committee also has the right to meet the external and/or the internal auditors without the presence of the executive directors and management.

At least twice a year, the Audit Committee shall meet the external auditors, without the presence of the executive directors and management.

Duties & Responsibilities

The Audit Committee acts as a committee of the Board of Directors and was established on 2 March 1994 under the Terms of Reference as stated in this Annual Report.

Summary of Activities during the Financial Year ended 31 December 2009

Activities with regards to external audit:

- review of external audit scope and audit plans based on the external auditors' presentation of audit strategy and plan; and
- review of external audit results, audit reports, management letter and the response from the management.

Activities with regards to internal audit:

- review of internal audit's resource requirements, scope adequacy and function;
- review of internal audit's plan and programmes;
- review of internal audit reports, recommendations and management responses. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the management in a separate forum;
- review of implementation of these recommendations through follow up audit reports;

- suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement; and
- review and take cognisance of the movements of internal audit staff member.

Activities with regards to financial statements:

- review of annual report and the audited financial statements of the Group prior to submission to the directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ["MASB"];
- review of the Group's compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MASB and other relevant legal and regulatory requirements with regards to the quarterly and year-end financial statements; and
- review of the unaudited financial results announcements before recommending them for the Board of Directors' approval.

Other activities:

- review of related party transactions, ordinary and extraordinary dividend payments; and
- review of compliance with the Malaysian Code on Corporate Governance [Revised 2007].

Internal audit function:

The internal audit function in the Company is aligned with the Malaysian Code on Corporate Governance [Revised 2007]. The internal audit function [called Nestlé Market Audit] is administered as a department within the Finance & Control function in the Company which reports directly to the Audit Committee and functionally to the Nestlé Group Audit in Vevey, thus ensuring its independence. Its main role is to undertake independent and systematic reviews of the processes and guidelines of the Group and to report on their application and compliance.

The individual assessments are to be objectively reported to the management and to the Audit Committee.

The Nestlé Market Audit is headed by Shusaku Kimura, 32 years of age, who has served the Nestlé group of Companies for approximately 9 [nine] years. He was previously attached to the Finance and Control Division of Nestlé Japan and subsequently to the Nestlé Group Audit of Nestlé S.A. Shusaku Kimura is a graduate of the Waseda University in Japan, with a Bachelor of Arts Degree in Education.

The costs incurred for the internal audit function for the financial year ended 31 December 2009 is MYR1,587,421.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

Objectives

The Audit Committee is an independent committee which assists the Board of Directors in the discharge of its responsibilities for corporate governance, corporate control and financial reporting.

The Audit Committee acts on behalf of the Board of Directors to ensure that:

- the internal audit function is operating effectively and in accordance with the Standards for the Professional Practice of Internal Auditing;
- adequate attention is paid to the effectiveness, efficiency and economy of the Group's operations;
- the quarterly results and year end financial statements are reviewed prior to the approval by the Board of Directors;
- adequate systems of internal control are in operation so as to produce accurate and meaningful management information; and
- appropriate and timely action is taken by the relevant managers to rectify the major areas of concern.

The Audit Committee reports to the Board of Directors at every quarter, on matters falling within the Audit Committee's terms of reference.

Duties and Responsibilities

The Audit Committee is responsible in particular for:

Risk and Control

- evaluate if adequate risk assessment processes and measures are put in place to minimise any risk exposures, including fraud;
- review and evaluate, with the external and internal auditors, management procedures, which are designed to provide assurance of compliance with laws, regulations, policies and codes of practice or conduct;
- monitor systems and procedures, with external and internal auditors, which are designed to provide a satisfactory and effective level of internal control, asset protection and management information; and
- monitor the Group's operations via appropriate internal audit reviews, to ascertain if adequate attention is paid to attributes of efficiency, effectiveness and economy.

Internal Audit

- review the internal audit reports of major audits which were undertaken;
- review the extent to which internal audit recommendations are implemented and the timeliness of responses received;
- review internal audit performance and effectiveness to ensure consistency with the approved plans, the Internal Audit Charter, and relevant professional standards; and
- review the adequacy of the scope, functions, competency and resources of the internal audit function.

External Audit

- review managements' responses to the external auditor's interim reports, annual report and management letters;
- monitor developments in the external audit field and standards issued by professional bodies and other regulatory authorities; and
- oversee external audit arrangements in place at the various controlled entities or subsidiaries.

Terms of Reference of the Audit Committee

Reporting

- review the quarterly and annual final draft of the financial statements [prior to the meeting of Board of Directors to approve the financial statements], receiving explanations for significant variations from the prior year and from budget, and referring issues to the Board of Directors, as and when necessary;
- monitor compliance with statutory requirements for financial reporting, with focus on significant changes in accounting policies and practices, together with significant adjustments recommended by external audit; and
- review compliance with all related party disclosures required by the Accounting Standards.

Others

- review as and when necessary any matters arising from the Group's financial operations; and
- commission such investigations or reviews relevant to its role as it sees fit.

Authority

The Audit Committee in the course of discharging its duties, is authorised to:

- require any officer of the Group or any subsidiary to supply such information and explanations as may be needed;
- have discussions with line managers and employees of the Group and subsidiaries at any reasonable time;
- draw assistance from qualified external party to advise on issues, where the members require expert input; and
- convene meetings with external auditors, the internal auditors or both, excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the **26th [Twenty-Sixth] Annual General Meeting of the Company** will be held at the **Kristal Ballroom, First Floor, Petaling Jaya Hilton, 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** on **Thursday, 22 April 2010** at **10.00 a.m.** for the transaction of the following business:

Agenda

As Ordinary Business

1. To receive the statutory financial statements for the financial year ended 31 December 2009 and the directors' and auditors' reports thereon.

Resolution 1

2. To approve the payment of a final dividend of 100.00 sen per share, under single-tier system, in respect of the financial year ended 31 December 2009.

Resolution 2

3. To approve the payment of directors' fees for the financial year ended 31 December 2009.

Resolution 3

4. To re-elect the following directors retiring in accordance with the Company's Articles of Association:

4.1 Under Article 90.1

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail

Resolution 4

4.2 Under Article 90.1

Mohd. Rafik Bin Shah Mohamad

Resolution 5

4.3 Under Article 97

Datuk Rafiah Binti Salim

Resolution 6

4.4 Under Article 97

Peter Robert Vogt **Resolution 7**

5. To re-appoint Messrs KPMG [Firm No. AF 0758] as auditors of the Company and to authorise the directors to fix their remuneration.

Resolution 8

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions:

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3 [a] of the Circular to Shareholders dated 29 March 2010.**

"That the mandate granted by the shareholders of the Company on 16 April 2009 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3[a] of the Circular to Shareholders dated 29 March 2010 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business on terms which

are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders, be and is hereby renewed.

That the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

- i] the conclusion of the next Annual General Meeting ["AGM"] of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- ii] the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143[1] of the Companies Act 1965, [but must not extend to such extension as may be allowed pursuant to Section 143[2] of the Companies Act 1965]; or
- iii] revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier;

Notice of Annual General Meeting

That the directors be and are hereby authorised to complete and do all such acts and things [including executing such documents as may be required] to give effect to the transactions contemplated and/or authorised by this resolution.”

Resolution 9

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3 [b] of the Circular to Shareholders dated 29 March 2010.**

“That the mandate granted by the shareholders of the Company on 16 April 2009 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3[b] of the Circular to Shareholders dated 29 March 2010 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders, be and is hereby renewed.

That the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

- i] the conclusion of the next AGM of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;
- ii] the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 143[1] of the Companies Act 1965, [but must not extend to such extension as may be allowed pursuant to Section 143[2] of the Companies Act 1965]; or
- iii] revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier;

That the directors be and are hereby authorised to complete and do all such acts and things [including executing such documents as may be required] to give effect to the transactions contemplated and/or authorised by this resolution.”

Resolution 10

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 26th [Twenty-Sixth] Annual General Meeting of the Company, a final dividend of 100.00 sen per share, under single-tier system in respect of the financial year ended 31 December 2009 will be paid to the shareholders on 26 May 2010. The entitlement date for the said dividend shall be 12 May 2010.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement only in respect of:

- A. Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 12 May 2010 in respect of ordinary transfers; and
- B. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

MOHD. SHAH BIN HASHIM

Company Secretary
[LS 0006824]

Petaling Jaya
29 March 2010

Notice of Annual General Meeting

Notes:

- [i] A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not be, a member of the Company and the provision of Section 149(1)(b) of the Companies Act 1965, shall not apply to the Company.
- [ii] The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- [iii] Where a member of the Company is an authorised nominee as defined under the Securities Industry [Central Depositories] Act 1991, it may appoint at least 1 [one] proxy but not more than 2 [two] proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- [iv] An authorised nominee with more than 1 [one] securities account must submit a separate instrument of proxy for each securities account.
- [v] The instrument appointing a proxy and the power of attorney or other authority [if any] under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Share Registrar of the Company at Tricor Investor Services Sdn. Bhd. [Company No. 118401-V] [formerly known as Tenaga Koperat Sdn. Bhd.], Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- [vi] Tan Sri Dato' Ernst Zulliger, who is due for retirement pursuant to Section 129(6) of the Companies Act 1965, has indicated to the Company that he does not wish to seek re-appointment at this Annual General Meeting.

Explanatory Notes on Special Business:-

Recurrent Related Party Transactions

For further information, please refer to the Circular to Shareholders dated 29 March 2010 accompanying the Company's Annual Report for the financial year ended 31 December 2009.

No. of shares held

Proxy Form

I / We _____ NRIC No: _____ [New] _____ [Old]
of _____

being a member of **Nestlé [Malaysia] Berhad**, hereby appoint *the Chairman of the meeting or _____
_____ NRIC No: _____ [New] _____ [Old]
of _____

or failing him/her, _____ NRIC No: _____ [New] _____ [Old]
of _____

as my/our proxy to vote for me/us on my/our behalf at the 26th [Twenty-Sixth] Annual General Meeting of the Company to be held at the Kristal Ballroom, First Floor, Petaling Jaya Hilton, 2, Jalan Barat, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 22 April 2010 at 10.00 a.m. and at any adjournment thereof. ** Delete if not applicable*

My/Our proxy is to vote as indicated with an "X" below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Resolutions	For	Against
1.	To receive the statutory financial statements for the financial year ended 31 December 2009 and the directors' and auditors' reports thereon.		
2.	To approve the payment of a final dividend of 100.00 sen per share, under single-tier system, in respect of the financial year ended 31 December 2009.		
3.	To approve the payment of directors' fees for the financial year ended 31 December 2009.		
4.	To re-elect Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail as a director of the Company.		
5.	To re-elect Mohd. Rafik Bin Shah Mohamad as a director of the Company.		
6.	To re-elect Datuk Rafiah Binti Salim as a director of the Company.		
7.	To re-elect Peter Robert Vogt as a director of the Company.		
8.	To re-appoint Messrs KPMG [Firm No. AF 0758] as auditors of the Company and to authorise the directors to fix their remuneration.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3[a] of the Circular to Shareholders dated 29 March 2010.		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3[b] of the Circular to Shareholders dated 29 March 2010.		

Dated this _____ day of _____ 2010

Witnessed by: _____

Signature: _____

Address: _____

Company Stamp: _____

Occupation: _____

Signature of Shareholder or Common Seal

Notes:

- [i] A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not be, a member of the Company and the provision of Section 149[1][b] of the Companies Act 1965, shall not apply to the Company.
- [ii] The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- [iii] Where a member of the Company is an authorised nominee as defined under the Securities Industry [Central Depositories] Act 1991, it may appoint at least 1 [one] proxy but not more than 2 [two] proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

[iv] An authorised nominee with more than 1 [one] securities account must submit separate instrument of proxy for each securities account.

[v] The instrument appointing a proxy and the power of attorney or other authority [if any] under which it is signed or a notarially certified copy of such power or authority shall be deposited at the Share Registrar of the Company at Tricor Investor Services Sdn. Bhd. [Company No. 118401-V] [formerly known as Tenaga Koperat Sdn. Bhd.], Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Please fold here to seal

Affix postage
stamp

Tricor Investor Services Sdn. Bhd. [Company No. 118401-V]
[formerly known as Tenaga Koperat Sdn. Bhd.]
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Please fold here to seal

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Selangor Darul Ehsan

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