



CELEBRATING WELLNESS



100 tahun
Nestlé
di sisimu®

Nestlé di sisimu is about the future
we are proud to share with everyone.

Nestlé has been by the side of Malaysians
for the past 100 years and it is the Company's
promise that we will continue to do so
for the next 100 years and beyond.

Over the last 100 years,
Malaysians and our brands
have together created
some incredible stories
- stories that include the
delight of sharing and nurturing.

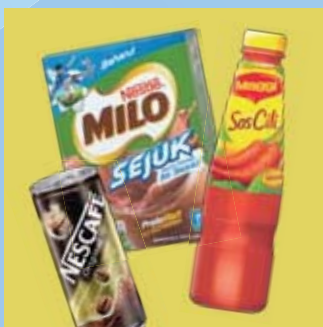
This year, we celebrate the past
and restate our commitment
for the future; that good food
is the foundation of good life.

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28th Annual General Meeting


Sime Darby Convention Centre,
1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur
on Thursday, 26 April 2012 at 10.00 a.m.



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For little Keira, it will be an incredible childhood experience, which was made even more memorable by the quick response from MAGGI to support the flood relief effort by providing food products to those affected in Kampung Tasik Setiu in Terengganu where heavy rain threatened their safety.

“Playing at home one moment and finding myself at a relief centre the next is quite an incredible adventure. It was exciting at first because all my friends were there, but after awhile we got hungry. It was cold and wet, so we were miserable and longing for home cooked food. But we didn’t have to wait long as the MAGGI trucks showed up. We were all excited and rushed out to get our food.”



Malaysian football legend Datuk Soh Chin Aun continues to kick start his day with a mug of MILO, which like the 'Tauke', has proudly been a part of the nation's greatest sporting moments.



“As far as I can remember, MILO has always played a significant part in my career development. From the MILO vans that came to the school during sports days right through to my footballing days with the National and State teams. Even today, MILO is still active and I am proud to be associated with the brand in the development of football and sports among schoolchildren.”





“Growing up, I remember my grandmother preparing mooru for Thaipusam and how we would take the drink to Batu Caves to share it with the devotees. Today, although we no longer make our own mooru, the tradition of sharing lives on. It is now a new tradition among my family and friends to gather around the Nestlé stall at Batu Caves during Thaipusam to have the mooru made from EVERYDAY Milk Powder.”



Arvind and his family have made it a ritual to enjoy their “mooru moment” at the EVERYDAY Milk stall, which has been a part of the Thaipusam celebrations at Batu Caves in Kuala Lumpur, Kuil Kallu Mallai in Ipoh and Kuil Thaneer Mallai in Penang, since 2005.



Shaznin and Fatin have made the NESCAFÉ DOLCE GUSTO machine the centrepiece of their kitchen, which has rekindled a sense of 'la dolce vita' in their relationship.



One of the things that brought us together was our love for great coffee and we spent many wonderful hours chatting over a delicious, albeit somewhat expensive, latte or cappuccino. But after we settled down, life and work got in the way and we ended up with a more homely routine. Then one day, Shaznin walked in with this gorgeous looking contraption and said “We can now be our own baristas and enjoy great coffee at home!”.



FROM LEFT:

Peter Vogt
Managing Director

**Tan Sri Dato' Seri
Syed Zainol
Anwar Jamalullail**
Chairman

2012 will be a milestone year for Nestlé as we celebrate our 100th year in Malaysia. Since our debut in Penang in 1912, we have continued the legacy of the Company's founder, Henri Nestlé, subscribing to the approach of Creating Shared Value (CSV): our belief is that corporate success and social development are interdependent and in order to create long-term value for our shareholders, we have to create value for society.

MESSAGE TO SHAREHOLDERS

MESSAGE TO SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Annual Report of Nestlé (Malaysia) Berhad for the financial year ended 31 December 2011.

PERFORMANCE OVERVIEW

2011 has been characterised by much uncertainty and considerable volatility due to the political and financial turmoil in many regions. Malaysia has once again been fortunate to have been affected only to a limited extent.

In this context, Nestlé Malaysia has performed well as reflected in the 2011 financial results. The Group registered a turnover of RM4.7billion, 16.8% higher than the same period last year. The commendable results were realised thanks to strong sales in both the domestic market and our export business.

On the domestic front, the consistent double-digit growth achieved quarter after quarter was testament to the flawless execution of the strategies and plans throughout the year. Clear focus on fewer but bigger and bolder innovations and renovations helped the Group to launch several exciting new products which are aimed to capture new market segments and to drive future growth. MILO Sejuk, NESTEA Ice Lemon Tea, NESTLÉ CRUNCHY BITE Wafer and NESCAFÉ Dolce Gusto Beverage System were key launches that were well received by the market.

On the export side, we achieved another double-digit growth with shipments to ASEAN contributing more than half of the total. Thanks to our previous investments in Coffee Creamers and Soluble Coffees manufacturing lines, the Group fully benefited from growth opportunities in these two categories. Export sales today represent 25% of total sales.

During the year, the Group continued to make the necessary capital investments to meet future higher production demand. Investments were channeled towards a new processing and filling line for Chilled Dairy, a new noodle production line in East Malaysia, a new wafer production line in Chembong, increasing the filling capacity for 3in1 packing lines, installing a new coffee roaster and increasing the capacity of the KIT KAT lines.

Throughout the year, the Group experienced challenges on the input cost side due to high and further increasing raw material costs. This put continuous pressure on our gross margins and highlighted the need for further internal cost saving measures. We were able to partially mitigate the higher input costs through our on-going Nestlé Continuous Excellence (NCE) initiative which aims to cut waste and increase efficiencies across the whole value chain.

In line with our past 100 years, the well being of consumers is a key focus for our Company as we continue on our journey towards our goal of being the world's recognised leading Food, Nutrition, Health and Wellness Company.

Thanks to higher sales and better absorption of fixed cost, profit margin before tax improved by 30 bps to reach RM558.8 million, while net profit stood at RM456.3 million with an underlying flat margin.

DIVIDENDS

In view of the strong performance in 2011, the Board has recommended a final net dividend of RM1.25 per share, giving a total net dividend proposed and declared for the financial year of RM1.80 per share, which represents a 9.1% increase from 2010's dividend.

CREATING SHARED VALUE

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social development are interdependent and in order to create long-term value for our shareholders, we have to create value for society.

In line with our past 100 years, the well being of consumers is a key focus for our Company as we continue on our journey towards our goal of being the world's recognised leading Food, Nutrition, Health and Wellness Company.

Throughout 2011, we have implemented several initiatives to promote better nutrition and healthy lifestyles among Malaysians. We have further strengthened the nutritional profile of our products and intensified our communication on healthy living through media and other consumer activities. We also engaged with our consumers and key stakeholders through numerous events and two convening sessions where we shared our knowledge and resources.

Clear focus on fewer but bigger and bolder innovations and renovations helped the Group to launch several exciting new products which are aimed to capture new market segments and to drive future growth.

Overweight and obesity are big concerns to the Government and we at Nestlé want to contribute to finding solutions given our broad and deep knowledge of Nutrition and Health. In November we conducted an Obesity Forum where health and nutrition experts were invited to share their point of views with members of the media. Based on the learnings from our key stakeholders we will intensify our efforts in launching more products that would help overweight and obese consumers manage their health.

On the environment front, the highlight of the year was the launch of the Nestlé Project RiLeaf in Sabah, which aims to reforest riparian sites of the Kinabatangan River and thereby create a landscape where people, nature and agriculture can co-exist harmoniously in their need for water. The reforestation project targets to cover an area of 2,400 ha over a period of three years, and more than 100,000 trees will be planted over the next year in

conjunction with our 100 years celebration in 2012. More detailed information on our CSV initiatives can be found in the accompanying Creating Shared Value 2011 Report.

RECOGNITION AND AWARDS

Our commitment to Creating Shared Value has been duly recognised and acknowledged by the industry and our peers with the honour of various accolades and awards.

In 2011 we won the Best Sustainability Report Award at the ACCA Malaysia Sustainability Reporting Awards 2011 (ACCA MaSRA) along with a Commendation for Stakeholders Engagement & Inclusion.

We were also given recognition at the Minority Shareholder Watchdog Group's (MSWG) Malaysian Corporate Governance Index 2011, when we received two awards – Distinction Award and Best Corporate Responsibility Award.

PROSPECTS FOR 2012

We expect 2012 to be another challenging year due to many uncertainties in the global economy. However, we believe that the country has good fundamentals and is sufficiently diversified to be resilient in facing the global uncertainties. Our plans are based on a projected growth of the Malaysian economy of between 4% – 5%.

This augurs well for the Group for the year ahead as we aim to capitalise on the positive domestic demand through continued innovation and renovation of our products and further promotion of nutritional diets and healthy lifestyles in line with the Government's goal of creating a healthy and productive society.

Volatile commodity prices are expected to continue in 2012. The Group will remain vigilant and will take all necessary measures to mitigate and soften any impact on our business. A key element will be the continuation of our NCE initiative with roll-out to more units.

2012 is a very special year for Nestlé Malaysia, as we are celebrating the 100 years anniversary of our operations in Malaysia. We have been by the side of Malaysians for the last 100 years, providing them with GOOD FOOD, GOOD LIFE, and we are committed to continue doing so for many, many years to come.

APPRECIATION

During the year, we saw the retirement of Tengku Tan Sri [Dr.] Mahaleel Bin Tengku Ariff as Independent Non-Executive Director. Tengku Tan Sri [Dr.] Mahaleel was first appointed to the Board in 2003 and has served as a member of the Audit and Nomination Committees. On behalf of the Company, we would like to thank him for his valuable contributions.

The Board and the Company would also like to extend a warm welcome to Tan Sri Datuk Yong Poh Kon, who was appointed to the Board on 25 April 2011. He brings with him a wealth of experience having served as President of the Federation of Malaysian

Manufacturers, and as Board member of the Malaysian Productivity Corporation, Malaysian Industrial Development Authority and Bank Negara Malaysia. He is currently the Managing Director of Royal Selangor International Berhad and we look forward to his valuable contribution on the Board.

In closing, the Board would like to thank the management team and all staff for their commitment and dedication, without which the continued success of the Group would not have been possible. Our thanks also go to our partners, distributors and customers for their continued support and loyalty to our brands.

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail

Chairman

Peter Vogt

Managing Director

BUSINESS REVIEW

2011 was a robust year for Nestlé Malaysia, with each quarter outperforming the preceding one with double-digit growth, driven by both domestic and export sales. The strong rebound of the Malaysian economy had a positive impact on consumer confidence, which led to the strong performance in domestic sales.

Complementing this was the introduction of new products, as well as the on-going product renovation and innovation activities. New products introduced during the year, such as NESTEA, MILO Sejuk, MAT KOOL Ice Cream, NESTLÉ Crunchy Bite Wafer and NESCAFÉ Menu Kopi O were well received by consumers.

The strong growth in demand from the domestic as well as export markets resulted in overall production rising by approximately 10% in 2011 with the high utilisation of capacity complemented by significant performance improvements throughout the manufacturing network.

The sustained economic growth of neighbouring countries played an important role in the encouraging performance of exports sales, which saw volume growth of 18% to inter-market customers, mainly for the liquid drinks, coffee and

creamer categories. Malaysia is and remains a key supplier within ASEAN and has been flexible in providing contingency support to Ivory Coast and Thailand.

To support the increased domestic and export based demand for fresh and high quality products produced in Nestlé Malaysia, additional investments in new production lines and process optimisation have been implemented. The overall investments amounting to approximately RM104 million were channeled towards a new processing and filling line for Chilled Dairy, a new noodle production line in East Malaysia, a new wafer production line in Chembong, increasing the filling capacity for 3in1 packing lines, installing a new coffee roaster and increasing the capacity of the KIT KAT lines.

Accelerating the roll-out of our company wide Nestlé Continuous Excellence (NCE) Program was very instrumental to minimize or avoid passing on price increases to consumers.

NCE is a global framework to improve working processes and efficiencies within Nestlé. It was first introduced in manufacturing several years ago. Strong results have been achieved by for instance

In an effort to continuously improve efficiency, the Group leveraged the Nestlé Continuous Excellence (NCE) platform, as well as cost savings initiatives to minimise or avoid passing on price increases to consumers.

increasing the performance of production lines, reducing waste or accelerating development processes for new products. During 2011 the NCE approach was applied in several additional areas of the Company.

NCE has allowed the Finance & Control (F&C) function to eliminate waste in processes, drive alignment on objectives and provide transparency on performance. Implementation commenced with two pilot departments, while all other departments within F&C will begin their NCE journey by the first quarter of 2012.

On the Human Resource front, Nestlé invested RM11 million in employee training and development in 2011, which covered both in-house and external programmes on technical skills, leadership, soft skills and added benefits for all employees.

These include the Talent & Performance Management Solution to provide support for talent identification, assessment and succession planning; the Nestlé Everyday Coaching Programme to help employees discover and develop their potential to achieve their goals both personally and professionally; the re-structuring of the Nestlé Management Trainee Programme

providing broader knowledge, skills and hands-on experience in core and cross functions; and a Flexible Benefit Scheme whereby employees have the flexibility in their choice of life insurance, as well as health and wellness packages.

We continued to engage with our employees through the 'Nestlé & I Survey', where focus group sessions were conducted to gather input from employees on how to strengthen market action plans. The Nestlé values based on Trust, Respect, Involvement, Pride and Commitment were also re-launched and refreshed through a series of "We Make Nestlé" road shows at 13 locations across Malaysia.

Meanwhile the Sales Team continued to drive excellence through initiatives in the areas of customer management, shopper insights, channel development and field sales management, which was fuelled by the 2011 Sales Convention themed the "Art of Winning". This resulted in marked improvements in distribution, in-store visibility and merchandising of products, better in-store execution of channel specific promotional activities, and improved customer service levels to our retail customers.

We also continued to drive our Winning with the Customer agenda by improving our Joint Business Planning and Delivering Category Growth initiatives, resulting in better collaboration, growth and profitability for our key customers. For example, the Nestlé Sales Team lent its expertise by being category advisors to Traditional Trade retailers under the Government-led initiative called Small Retailer Transformation Programme (TUKAR).

A New Market Returns Policy in 2011 also resulted in improved freshness of products in the trade, better stock management and rotation, and overall management of damaged goods. Also launched was the Marketplace – an e-learning sales training and best practice sharing tool that was developed by the Nestlé Group globally in 2011.

The Group also intensified its marketing activities in 2011 to support the sales team, investing in media and consumer promotions to strengthen its brands, introduce new products and create stronger customer affinity.

BUSINESS REVIEW

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COFFEE & BEVERAGES

2011 was a challenging year for the Coffee and Beverages business due to the volatility in the price of key commodities such as green coffee and cocoa powder. However, strong internal efforts including marketing campaigns and new product launches helped push sales and contribute towards the overall strong performance of the sector.

MILO volume sales continued to grow in 2011, with MILO Mixes growing ahead of the market and contributing to an increase in market share and maintaining the leadership position in the powder segment. In 2011, MILO launched the biggest

What's New

MILO Sejuk The MILO Sampling Van Secret Revealed

MILO brought back the classic taste of the cold MILO drink from the iconic sampling van, which enchanted generations of Malaysians for more than 60 years, into the homes of Malaysians with the introduction of MILO Sejuk.

MILO Sejuk comes in convenient stick packs and is specially formulated to dissolve in cold water for an instant refreshing and great tasting glass of a cold MILO drink.



NESCAFÉ Menu Kopi O

NESCAFÉ Menu Kopi O offers the strong coffee 'kick' and rich aroma of this local favourite, without the hassle of using a filter.



In keeping with the latest technologies, this year we are providing QR Codes for easy access to our websites. Scan the codes with your smartphone (you may need to download an application to do this) and you will be taken to the relevant websites on your smartphone's browser.

innovation of the year – MILO Sejuk – a cold water soluble MILO powder with a taste that has been benchmarked with the cold delicious drink from the much loved MILO sampling van. MILO Sejuk grew the MILO mixes market share as well as the entire cold beverage category.

NESCAFÉ meanwhile continued to record positive growth and maintained its brand leadership. To strengthen the innovative launch of NESCAFÉ Menu, a new addition – Kopi O – which delivers the local roast and ground coffee taste that Malaysians enjoy at their local coffee shops, was introduced.

Offering a brand new Italian café experience, the NESCAFÉ DOLCE GUSTO system was launched in 2011. Designed for in-home use and small offices, it comprises easy-to-use machines and convenient coffee capsules that allow consumers to take their pick of Espresso, Cappuccino, Latte Macchiato or Mocha at home or at work.

Also launched in 2011 was NESTEA Ice Tea Lemon Flavour, an exciting, all new family drink in a powdered concentrated format that dissolves easily in cold water. It contains all the refreshing goodness of tea, with a nutritional boost of Vitamin C and 31% less sugar than other ice lemon tea brands.

NESCAFÉ DOLCE GUSTO

NESCAFÉ DOLCE GUSTO is a stylish coffee system for in-home use or small offices, comprising easy-to-use machines and convenient coffee capsules that produce the highest quality, café style drinks such as Espresso, Cappuccino, Latte Macchiato or Mocha just by popping in a capsule and flipping a switch.

Coffee connoisseurs will appreciate that the NESCAFÉ DOLCE GUSTO coffee machines use the same 15-bar pressure to extract coffee as professional espresso machines.

**NESTEA Ice Tea Lemon Flavour
The Refreshing Goodness of Tea
in NESTEA's Ready-Mix Packs**

NESTEA Ice Tea Lemon Flavour is a powdered concentrate of premium tea with lemon flavour that dissolves easily in cold water. It's a healthier option as it contains all the refreshing goodness of tea, with a nutritional boost of Vitamin C; two glasses of NESTEA Ice Tea Lemon Flavour fulfils 100% of the daily recommended intake of Vitamin C.



BUSINESS REVIEW

NESTLÉ LIQUID DRINKS

The year under review was very exciting for the NESTLÉ Liquid Drinks (NLD) business, which saw strong growth and higher profitability from product renovations and interesting consumer activation campaigns that boosted the overall volume for the business.

MILO UHT is the biggest volume contributor within NLD and will continue to be an important pillar that caters to the 7-12 year olds, while MILO Cans continue to hold sway over the youth segment.

Now in its third year, the NESCAFÉ Cans 'Chillah' online contest provides a special channel for consumers to express themselves through lifestyle themes such as design and music. The success of NESCAFÉ in 2011 was also aided by the launch of a new and improved low fat recipe with an enhanced coffee taste.

FOOD

2011 saw accelerated growth in the Food business despite challenges posed by higher input prices. This is attributable to concerted efforts to promote the values of the brand while driving internal operational efficiencies.

What's New

MILO Can on the go Energy Booster

Redesigned with a more vibrant, dynamic expression with all the goodness of MILO that fits an active lifestyle. The stylish slim can that gives energy on the go to go further wherever you are, is available in 3 delicious variants: Original 240ml, Mocha 240ml and Hi-Cal 240ml.



NESCAFÉ Ready-To-Drink Improved Taste and Low Fat!

NESCAFÉ Ready-To-Drink (RTD) went on the shelves with a brand new improved taste, low in fat recipe featuring a new coffee powder blend that gives better coffee taste, with 99 kcal and less than 1.9g of fat per serving.

It is available in its iconic variants which are Original, Latte, Mocha, Black Roast and NESCAFÉ Ice at all retail outlets nationwide.



Leading the pack was MAGGI Noodles, which maintained its market position. The introduction of a new campaign that promotes tasty and balanced preparation of noodles further strengthened the brand's equity. MAGGI also continued to invest in its culinary solutions range, registering stellar double-digit growth for key products such as MAGGI Cukup Rasa all-in-one seasoning.

MAGGI also continued its support to local chilli farmers through its contract-farming programme and touched the hearts of local communities by actively supporting key events such as the Chinese New Year, Gawai Keamatan in East Malaysia and Ramadan/Hari Raya.

The year under review was very exciting for the NESTLÉ Liquid Drinks business, which saw strong growth from product renovations and interesting consumer activation campaigns that boosted the overall volume for the business.

MAGGI Chilli Sauce Looking its Best & Tasting So Fresh

The chillies used to make MAGGI Chilli Sauce are handpicked fresh from the farm and only perfectly ripened "half red, half green" chillies are selected to ensure the chillies are at their freshest when bottled.

MAGGI also uses fresh chillies of the Kulai variety, produced through contract-farming with local farmers, featured on the new, eye-catching red and yellow label that captures the freshness of farm chillies.

Look out for our MAGGI Tomato Ketchup which is also sporting a refreshing look!



BUSINESS REVIEW

The Confectionery business recorded strong double-digit growth in 2011 with both the domestic business and direct exports performing very well.

MILKS

The Milks business continued to invest in strengthening consumer understanding through more in-depth research, which has allowed for more effective consumer engagement and brand affinity activities.

Challenges throughout the year included the volatile cost of milk solids, which exerted pressure on businesses around the world. However, the continuous focus on internal operational efficiencies allowed for the input cost increases to be mitigated.

Consumer engagement activities including a TV campaign on cholesterol by NESTLÉ OMEGA PLUS and participation in the highly interactive TV3 Jom Heboh Roadshows to educate consumers on the 10 Signs of Good Nutrition in milk by NESPRAY Fortified, helped create greater consumer awareness.

What's New**NESTLÉ Crunchy Bite Wafer**

The NESTLÉ Crunchy Bite Wafer is a light, crunchy and chocolaty delight that comes at an affordable price.

**NESTLÉ Fat Free Yogurt with Blackcurrant and Red Grapes**

The all time favourite NESTLÉ Fat Free Yogurt 135g now comes with Blackcurrant and Red Grapes that has the triple goodness of real fruit pieces, no artificial colouring and live cultures to maintain a good digestive system. Blackcurrants and red grapes have high antioxidant content and are particularly rich in Vitamin C.



Meanwhile, NESVITA 3in1 continued to engage consumers digitally via its “Spot On” campaign while COFFEE-MATE launched a “Customise Your Cup” of NESCAFÉ to enable consumers to enjoy the perfect cup of coffee.

CONFECTIONERY

The Confectionery business recorded strong double-digit growth in 2011 with both the domestic business and direct exports performing very well. The main growth driver has been KIT KAT, further strengthening the brand’s market leadership position in the count lines segment. KIT KAT was supported through a new multimedia campaign in 2011 in Malaysia, along with an in-store visibility and activation program.

In July 2011, NESTLÉ Crunchy Bite Wafer was launched, positioned as a Popularly Positioned Product (PPP) at an attractive

market price point. The consumer acceptance of NESTLÉ Crunchy Bite Wafer has been positive with the sales achieved exceeding initial projections. Our priority is to build on this positive response, and increase the brand’s availability and in-store visibility in the next financial year.

CHILLED DAIRY

NESTLÉ BLISS is Malaysia’s leading yogurt drink brand with a strong market share. The inaugural NESTLÉ BLISS 14-Day Challenge campaign was amplified in 2011 with bigger, better and more engaging activities, which resulted in strong growth.

Joining the family was NESTLÉ BLISS 0% Fat Mixed Berries, which offers consumers a perfect blend of their favourite berries. Consumer response has been very positive and encouraging.

NESTLÉ BLISS 0% Fat Mixed Berries 700gm

NESTLÉ BLISS 0% Fat Mixed Berries is a perfect blend of red grape, redcurrant, strawberry, raspberry, blackcurrant and blueberry, using all natural real fruit juice, with no artificial colouring and 0% fat.

It also includes the goodness of Inulin (Fibre) and live cultures that help to maintain a good digestive system.



BUSINESS REVIEW

NESTLÉ ICE CREAM

The year under review was a great year for the ice cream segment - driven by breakthrough innovations - which expanded the share of the Impulse segment. While the overall ice cream category showed slow signs of recovery, NESTLÉ Ice Cream grew ahead of this curve.

Key highlights of the year include the successful launch of MAT KOOL Split and DRUMSTICK Almond Thrill. These breakthrough innovations were the first in the market and delivered our commitment to delight our consumers by creating excitement for the overall ice cream category.

NESTLÉ PROFESSIONAL

2011 saw the launch of NESTEA Lemongrass Green Tea, while improved new recipes were launched for NESCAFÉ High Roast and NESCAFÉ Tongkat Ali. The NESCAFÉ Milano proprietary system with a range of imported products that deliver upscale premium barista-quality beverages was introduced to selected partners.

What's New

MAT KOOL Split Vanilla Mango 40ml

MAT KOOL Split Vanilla Mango is the first frozen confection stick with a peelable mango flavoured jelly made with natural colouring that reveals a delicious vanilla core.



NESTLÉ DRUMSTICK Almond Thrill

NESTLÉ DRUMSTICK Almond Thrill is a delectable new recipe with smooth and creamy pecan-flavoured ice cream in a rich, dark cone, surrounded by a thin chocolate ring and topped with a generous layer of crushed almond nuts. The ice cream gives a different sensation with every bite, be it the delicate flavour from the hidden chocolate swirl in the centre or the satisfying chocolate nugget in the last bite.



In the food business, the new MAGGI Chicken stock was launched and has become a winning ingredient for out-of-home operators, while the value segment (Streets channel) has made MAGGI Cukup Rasa seasoning granules a key ingredient for food stalls.

Nestlé Professional's relationship with the Out-of-Home (OOH) industry reached another milestone in 2011 with the sponsorships of the Nestlé Culinary Arts Award and NESCAFÉ Milano Coffee Challenge aimed at further lifting the standards of culinary arts and barista coffee and working with F&B associations to create awareness on food and personal hygiene for food and beverage handlers.

Nestlé Professional is now one of the F&B market leaders in the out-of-home industry with its expertise in providing innovative and creative system solutions and products.

NESCAFÉ Milano

NESCAFÉ Milano is "The First Total Solution" to offer quality, convenience and customisation to commercial operators in the out-of-home environment. Café style beverages such as latte and cappuccino can be dispensed with just the touch of a button. With time saved, operators can invest in latte art to stretch the margin of their coffee menu.



NESCAFÉ Shake

NESCAFÉ Shake, which is available at most of your neighbourhood coffee shops, is a cold and icy shaken coffee that is sure to lift your spirits. This smooth and creamy coffee will certainly keep you asking for more.



NESTEA Lemongrass Green Tea

NESTEA Lemongrass Green Tea is a cold water soluble premix beverage targeted at the 18-25 age group, which desires a refreshing yet exciting cold tea to accompany their meals and a unique range for operators who want to offer something different to their customers for all occasions.



BUSINESS REVIEW

Nutrition during the first 1,500 days of life, especially at the very early development stage influences health throughout life. That is why Nestlé supports exclusive breast feeding for the first six months of life. Nestlé Start Well Stay Well program provides mums with an integrated superior nutritional program of products, information and services which help her with feeding choices starting from pregnancy.

NUTRITION

Infant Nutrition continues to uphold its commitment to enhance the quality of life through science-based, age appropriate nutrition with products that are backed by extensive scientific research to ensure that mothers and children get the right nutrition to start well and stay well.

The year under review saw the launch of a new improved formulation for LACTOGEN 3 growing up milk and the introduction of NESTLÉ Mom & Me - a specially formulated delicious milk drink for pregnant and lactating mothers.

What's New

NAN KID 4

A specially formulated milk powder for children aged 3 years and above, it contains important nutrients to fulfil the specific nutritional needs at this age, which includes BL BIFIDUS, active cultures that has scientifically proven benefits and important vitamins and minerals.

With nutrients such as selenium, zinc, vitamins A, C and E to support immune function, it helps to strengthen immune defences and reduces risk of infections.



CERELAC Toddler Cereals

Growing toddlers require food that is nutritious as well as tasty, which is why CERELAC Toddler Cereals is made from all natural wholesome ingredients, with no added preservatives or colouring. CERELAC ensures a tasty, complete and balanced diet for toddlers with textures specially made for them.



NESTLÉ Mom & Me

This is a specially designed and delicious formulated milk drink for pregnant and lactating mothers that contains BL BIFIDUS active cultures, 20 essential vitamins and minerals, folic acid, DHA and pleasant vanilla flavour to ensure mother and child are equipped with the required nutrition.



Also launched was NESTLÉ CERELAC Toddler Cereals for children aged 1 and above. Using all natural wholesome ingredients, with no added preservatives or colouring, NESTLÉ CERELAC ensures a balanced diet for toddlers. It is crucial to provide the best possible solutions from the start, as we understand that children who receive the right nutrition for the first 1,500 days are more likely to be healthy for the rest of their lives.

HEALTHCARE NUTRITION

In 2011, the Nestlé HealthCare Nutrition division became part of Nestlé Health Science, which was established to provide health science nutrition for personalised prevention, improvement and treatment of acute and chronic medical conditions through nutritional intervention.

Throughout 2011, our science-based nutritional products such as NUTREN Untuk Diabetik, NUTREN Optimum, NUTREN Fibre and NUTREN Junior helped people with specific nutritional needs achieve better outcomes for their conditions, while PEPTAMEN’s special formulated nutrition helped meet the nutrition needs of those in critical care.

NUTREN Optimum Formula Dietary Product

NUTREN Optimum Formula Dietary Product is a complete oral supplement for people who need extra nutritional support due to lifestyle or medical conditions, who are feeling tired or weak, or who need to regain strength or recover from illness or surgery.



NESTLÉ Corn Flakes

Launched in August 2011, Nestlé Breakfast Cereals reformulated its all-family favourite, Nestlé Corn Flakes, which now features whole grains, making it the latest addition to the NESTLÉ Whole Grain cereal family.

Retaining the natural content of fibre, vitamins and minerals, Nestlé Corn Flakes also contains 10 vitamins and minerals and 25% less sodium.



NESTLÉ Honey Stars and Rockets

The improved NESTLÉ Honey Stars will get kids more excited for breakfast as it now features little rocket shapes amongst the classic star shapes.

Made with whole grain corn, wheat, oats and honey, it offers at least 8gms of whole grains in each 30gms serving and now contains 11% less sodium. It is also high in vitamins B1, B2, B3, B6, C and Iron.





A

HIGHLIGHTS 2011

NESTLÉ PROJECT RILEAF **A**

Nestlé Malaysia officially launched the Nestlé Project RiLeaf in October 2011, at an event in Sukau, Sabah, which was officiated by the Sabah Minister of Tourism, Culture and Environment, YB Datuk Masidi Manjun.

This project is a three-year riverside reforestation initiative that aims to create a landscape where people, nature and agriculture (oil palm) can co-exist harmoniously in their need for water. The initiative, which will see the reforestation of 2,400ha of land along the lower Kinabatangan River, aims to create a natural riverine buffer that will help minimise the

impact of soil sedimentation and chemical fertilizers run-offs, thereby giving the Kinabatangan River a chance to improve itself over the course of time.

The project will also see Nestlé being involved in the capacity building of the local community, to actively encourage rural development by working with and buying forest seedlings from KAPOK (Komuniti Anak Pokok Kinabatangan), a community based forest seedlings producer, which comprises entrepreneurs from four villages. The initial phase will see the planting of a minimum of 100,000 trees to commemorate the 100th year presence of Nestlé in Malaysia, which it will celebrate in 2012.



NESTLÉ CONTINUES PARTNERSHIP WITH WWF-MALAYSIA **B**

In an initiative to continue supporting the conservation efforts in the Setiu Wetlands in Terengganu, Nestlé Malaysia renewed its partnership with WWF-Malaysia at a signing ceremony in Petaling Jaya on 13 October 2011.

The partnership, which started in 2006, recognises the importance of the wetlands for various eco-system functions and services, including regulating water resources by absorbing excess water and controlling water flow during heavy rainfall while releasing water slowly during dry periods.

Under the terms of this second phase of the partnership covering a three-year period, Nestlé and WWF-Malaysia will focus their collaboration on strengthening the foundation established in the earlier phase in terms of mainstreaming the women into biodiversity conservation and sustainable development, extending outreach and increasing participation of other communities in the area, as well as diversifying options for additional income. This phase will lead to expansion of the project into a model to be replicated in other communities as well as for it to be fully sustainable in the long run.

NESTLÉ WEAVES ANOTHER ENVIRONMENTAL ELEMENT INTO SETIU **C**

The womenfolk of Kampung Mangkok in Setiu have taken a new stand for the environment by launching an anti-plastic bag campaign by introducing their own handmade non-woven bags in May 2011. The campaign organised by WWF-Malaysia and supported by Nestlé Malaysia was launched at Setiu's Penarik morning market, in conjunction with the on-going nationwide 'No Plastic Bag' campaign.

The women, who call themselves PEWANIS (Women's Society of Kg. Mangkok, Setiu), took their role as environmental custodians of Setiu Wetlands, as well as their entrepreneurial skills to another level by launching their own initiative to reduce the use of plastic bags. They want to see these plastic bags replaced with the non-woven bags, which they have handmade themselves.

This project is in line with the Nestlé Creating Shared Value commitment, which focuses on three areas – Nutrition, Water and Rural Development – aimed to meet the U.N. Millennium Development Goals which seek opportunities to improve the lives of the rural impoverished population through education, skills training or income generating activities.

HIGHLIGHTS 2011



NESTLÉ & MALAYSIAN PRESS INSTITUTE ENVIRONMENTAL PROJECT **D**

In June 2011, Malaysian media practitioners were exposed to the critical role of water and its function in the future survival of mankind, when Nestlé Malaysia together with the Malaysian Press Institute (MPI) organised a two-day Environmental Project, designed to create enhanced awareness on water and environmental conservation among members of the media.

This project began with a full-day workshop that took place at the Nestlé Malaysia headquarters in Mutiara Damansara, followed by an environment river-cleaning exercise at Hutan Lipur Gunung Datuk, which is located 21km from Rembau, Negeri Sembilan. During the latter, the journalists cleaned up the river and the surrounding areas, as well as painted the toilets and chalets at the site. They were given a helping hand by a group of people from Rembau, as well as members of Nestlé Reaching Out to Community & Kids (Nestlé ROCKS), an employee volunteer programme at Nestlé.



NESTLÉ OBESITY FORUM **E**

In November 2011, Nestlé Malaysia organised a forum which was attended by health and nutrition experts as well as members of the media, to raise awareness on the increase in occurrences of obesity and discuss ways to tackle the issue.

The half-day forum included highlights from a survey conducted by Universiti Kebangsaan Malaysia and presentations by Prof. Dr. Norimah A. Karim, Vice President of the Malaysian Association for the Study of Obesity (MASO) and Dr. Chin Yit Siew, from the Department of Nutrition and Dietetics, Faculty of Medicine and Health Sciences, Universiti Putra Malaysia.

The forum participants were also engaged in panel discussions on topics related to obesity reduction initiatives, which were led by a panel of experts from the Ministry of Health, Malaysian Dietitians' Association (MDA), Nutrition Society of Malaysia (NSM) and Nestlé Malaysia.



A MEANINGFUL SYAWAL FOR THE LESS FORTUNATE FROM NESTLÉ AND GIANT **F**

The spirit of giving which is evident throughout the month of Ramadhan, was made even more meaningful for four charitable organisations, as each received a contribution from Nestlé Malaysia and GCH Retail (M) Sdn Bhd – owner of Giant stores – under a special campaign called ‘Belanja & Beramal’.

The four organisations – Taman Sinar Harapan, a care and training centre for mentally challenged individuals, under the care of the Selangor Welfare Social Department, Good Samaritan Home that provides shelter and care for orphans, abandoned and abused children, Pusat Jagaan Baitus Sakinah Wal Mahabbah and Persatuan Sokongan Ibu dan Anak Kurang Upaya Azwar Kuala Lumpur & Selangor (PSIAKU AZWAR) – were the beneficiaries of the ‘Belanja & Beramal’ campaign that was launched on 15 July 2011.

Taman Sinar Harapan received RM50,000, Good Samaritan Home received RM30,000, while Pusat Jagaan Baitus Sakinah Wal Mahabbah and Persatuan Sokongan Ibu dan Anak Kurang Upaya Azwar Kuala Lumpur & Selangor (PSIAKU AZWAR) received RM20,000 respectively.

The campaign, a joint effort by Nestlé and Giant raised a total of RM120,000 – an amount that far exceeded the RM100,000 which Nestlé and Giant had targeted to raise at the launch.

WORLD WALKING DAY **G**

Nestlé organised its annual World Walking Day on 20 November 2011, which was participated by more than 18,000 people from all walks of life. It was flagged off simultaneously at six different locations – Kuala Lumpur, Penang, Kuantan, Johor Bahru, Penampang and Kuching. World Walking Day was an opportunity for people to get together with family and friends and to perform a simple yet effective healthy exercise together. The participants walked 3,000 steps that morning, which is equivalent to 30% of the 10,000 steps recommended for a day by the Ministry of Health. After the walk, participants were treated to nutritious Nestlé breakfast products, stage performances and a lucky draw. Nestlé encourages the public to have Walking Days with their neighbours and friends throughout the year, leading up to the annual World Walking Day which will be held on the third Sunday of November each year.

HIGHLIGHTS 2011



NESTLÉ OPENED ITS 8TH RURAL COMMUNITY KINDERGARTEN **H**

In continuation of its commitment to support rural development, Nestlé officially opened the Kg. Lingkabugan 2 Kindergarten in December 2011, making it the 8th rural community pre-school facility funded by Nestlé. Situated in Pitas, one of the most remote and poorest areas in Malaysia, this kindergarten will support the pre-school education of 20-30 local children.

This project was a collaborative effort between Nestlé and Raleigh International, an NGO, which focuses on youth and sustainable development. In just over 9 weeks, 13 Volunteer Managers and 10 Venturers with the help of some of the local villagers successfully completed the construction of the kindergarten from scratch.



EMBEDDING CREATING SHARED VALUE THROUGHOUT THE BUSINESS **I**

The Embedding Creating Shared Value (CSV) Workshop was held in November for Nestlé Malaysia/Singapore region. The objectives of the Workshop were to ensure global alignment of CSV, embed CSV in the Market Business Strategy (MBS) and also to share best practices.

The workshop was attended by those involved in MBS planning, such as members of Nestlé Internal Management Committee (NiMCOM), the members of the Singapore Leadership Team, CSV Champions and members of the Nestlé Wellness Board.

Participants were given the opportunity to discuss and provide feedback on existing CSV plans. Mr. Peter Vogt, Managing Director of Nestlé Malaysia, urged Brands to find campaign angles and causes that are relevant to further strengthen the brands in the future. He also asked participants to collaborate with relevant stakeholders and like-minded partners who can contribute by bringing in expertise that Nestlé may not have.



NESTLÉ ANNOUNCES 100 YEARS CELEBRATION J

Nestlé Malaysia revealed that 2012 is going to be a year-long celebration of GOOD FOOD, GOOD LIFE as it embarks on its 100th year anniversary in Malaysia. This milestone marks the Company's incredible journey and legacy in the last century, and how during that time Nestlé and its brands have been a part of many Malaysians' lives. The "100 tahun Nestlé di sisimu" theme, which means "100 years by your side", was chosen because Nestlé has been at the side of Malaysians for the past 100 years and will continue doing so for the next 100 years and beyond.

The year-long celebration will commence with a high profile launch event in March, followed by a Nestlé 100 Years Exhibition at Muzium Negara and the production of a coffee table book. Nestlé will also be launching the "Healthy Lifestyle Programme" in 100 Boarding Schools and Nestlé Nutritious Meal Boxes, as part of the Company's Creating Shared Value (CSV) initiatives.

NESTLÉ IN THE NEWS



A century of goodness

2012 a year of celebration as Nestlé marks its 100th year in Malaysia



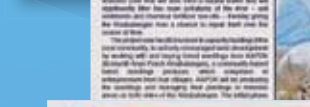
Group spreads 'no plastic' message

'Vital for villagers to protect the environment'



Projek baik pulih Sungai Kinabatangan pulihara alam semula jadi

Uluu Niole tawar amala belahapkan stasi mering wangang hama produkah jua pakuapan sawnggan



Caring volunteers

Nestlé and Giant employees visit two homes



Nestlé wins ACCA award for sustainability reporting

ACCRA AWARDS FOR SUSTAINABILITY REPORTING



Nestlé penggerak inovasi makanan

2012 a year of celebration as Nestlé marks its 100th year in Malaysia



Nutrition 101

A program that teaches how you can increase physical activity and eat healthily



雀巢 慶祝成立100週年

雀巢在馬六甲慶祝成立100週年



雀巢積極擴充海內外

雀巢在馬六甲慶祝成立100週年



雀巢積極擴充海內外

雀巢在馬六甲慶祝成立100週年



雀巢積極擴充海內外

雀巢在馬六甲慶祝成立100週年



KENANGAN...Chef Muzik bersama baronda 12 hantaran Popaja yang mengesal hantaran.

Nestlé kongsi kepakaran sedia makanan bersih

KUALA KUALA... Nestlé kongsi kepakaran sedia makanan bersih... Nestlé kongsi kepakaran sedia makanan bersih... Nestlé kongsi kepakaran sedia makanan bersih...



Oesity Forum... 7 November 2011

Patuhi rutin makan ikut waktu

Aktif dan rutin dengan dua aspek tersebut menjadikan anak sihat dan mempunyai makanan seimbang sesuai perfortangan diri.



Orang-orang menghadiri seminar... Dini, sihat, kesehatan keluarga

Creating value for all

Nestlé embarks on a new strategy to boost brand presence and sustainability



A meaningful Ramadan for the less fortunate

1500 gifts of giving which in modest through the spirit of Ibadah, was made every



Kerjasama syarikat perlu untuk laksana program konservasi

Persekitaran alam sekitar... Kerjasama syarikat perlu untuk laksana program konservasi... Kerjasama syarikat perlu untuk laksana program konservasi...

Nestlé to step up cost-savings moves

By Harshad Mehta



From left, Nestlé CEO Peter Brabeck-Letmathe, Nestlé Malaysia CEO Michael Tappin and Nestlé Malaysia Managing Director of Retail and Production Nestlé Malaysia CEO Michael Tappin.

Views on corporate responsibility

Views on corporate responsibility... Views on corporate responsibility... Views on corporate responsibility...



Caring for the immune system

Parents get expert tips on the how and why



Belanja, bermalam

Nestlé, Giant anjur kempen bantu anak yatim sempena Ramadan



Nestlé plants 750,000 trees in Malaysia to protect river ecosystem

Nestlé S.A. / Nestlé plants 750,000 trees in Malaysia to protect river ecosystem... Nestlé S.A. / Nestlé plants 750,000 trees in Malaysia to protect river ecosystem...

Nestlé will plant up to 750,000 trees in Malaysia as part of a reforestation project to help protect the rich biodiversity of a river ecosystem. The forest trees will be planted over the next three to four years on both sides of a 110km stretch of the lower Kinabatangan river in Bebeh, a Malaysian state on the island of Borneo. At 500 kilometres in length, the Kinabatangan is Malaysia's second longest river. It provides a vital ecosystem for wildlife and plants. Local people rely on the river for food, water, transportation and a source of income.

WHAT CREATING SHARED VALUE MEANS TO US

CSV is the pillar to our culture, values and principles and a motivating principle for our employees. Its relevance to our corporate initiatives, products and brands urges us to embed this strategy further across our value chain and throughout our business operations.



The Nestlé Creating Shared Value Model

Creating Shared Value (CSV) is our approach to Corporate Social Responsibility, built on the premise that for our business to be successful in the long run, it must consider the needs of two primary stakeholders at the same time: the communities in the countries where we operate and our shareholders. The Nestlé journey started when the Company was founded on the principle of social responsibility, after our founder Henri Nestlé developed a product for an infant who could not feed on the mother's breastmilk.

Today, the same values remain a fundamental part of our way of doing business, focussing on specific areas of the Company's core business activities that is beyond compliance and sustainability. Through CSV, we aim to improve the lives of the communities we touch as our progress is dependent on their success.

CSV is the pillar to our culture, values and principles and a motivating principle for our employees. Its relevance to our corporate initiatives, products and brands urges us to embed this strategy further across our value chain and throughout our business operations.



OUR THREE FOCUS AREAS IN CSV

We will continue to focus on the three areas of greatest potential for joint value optimisation with the society as outlined in our 2010 Annual Report, which are Nutrition, Water and Rural Development. These areas, besides being key societal challenges, are also the core to our global business strategy and operations, the basis of our competitive advantage as well as fundamental to our overall business goal - "To become the recognised leader in Food, Nutrition, Health and Wellness, trusted by all stakeholders".

- **Nutrition:** because food and nutrition are our raison d'être – they are the basis of health, our expertise and of our business – it is the reason why we exist.

- **Water:** because the ongoing quality and availability of water is critical to life, the production of food and to our operations. The deterioration of water quality and availability threatens the very fabric of life and is one of the key environmental issues today.
- **Rural development:** because the overall well-being of the farmers, rural communities, workers, small entrepreneurs and suppliers are essential to the sustainability of our business.

By firmly incorporating CSV into our business, we are able to venture into results-oriented initiatives that will create long-term impacts on the society. We are looking at creating a thriving and sustainable

society, from addressing health-related issues including under-nutrition, over-nutrition and malnutrition, sedentary or inactive lifestyles, aging populations and elevating health costs; to agriculture and rural poverty; water, energy and climate change.

For further information on our CSV initiatives, please refer to our Creating Shared Value Report 2011 which can be downloaded from our corporate website: www.nestle.com.my. More information on CSV can also be obtained from:

- www.nestle.com
- www.creatingsharedvalue.org
- www.community.nestle.com

BOARD OF DIRECTORS



SEATED, FROM LEFT:

- Peter Vogt
- Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail
- Tan Sri Datuk Yong Poh Kon

STANDING, FROM LEFT:

- Tan Sri Datuk [Dr.] Rafiah Binti Salim
- Dato' Frits van Dijk
- Dato' Mohd. Rafik Bin Shah Mohamad
- Marc Seiler
- Mohd. Shah Bin Hashim [Company Secretary]



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
Chairman of the Nomination Committee

Tengku Tan Sri [Dr.] Mahaleel
Bin Tengku Ariff
Independent, Non-Executive Director
Member of the Audit Committee
Member of the Nomination Committee
[Retired on 21 April 2011]

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

Tan Sri Datuk [Dr.] Rafiah Binti Salim
Independent, Non-Executive Director
Member of the Audit Committee
Member of the Compensation Committee

Tan Sri Datuk Yong Poh Kon
Independent, Non-Executive Director
Member of the Nomination Committee
[Appointed on 25 April 2011]

Dato' Frits van Dijk
Non-Independent, Non-Executive Director
Member of the Nomination Committee
Member of the Compensation Committee

Peter Vogt
Managing Director
Alternate Director to Marc Seiler

Marc Seiler
Executive Director
Alternate Director to Peter Vogt

Detlef Krost
Alternate Director to Dato' Frits van Dijk

AUDIT COMMITTEE

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail
Chairman

Tengku Tan Sri [Dr.] Mahaleel
Bin Tengku Ariff
Member
[Retired on 21 April 2011]

Dato' Mohd. Rafik Bin Shah Mohamad
Member

Tan Sri Datuk [Dr.] Rafiah Binti Salim
Member

NOMINATION COMMITTEE

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail
Chairman

Tengku Tan Sri [Dr.] Mahaleel
Bin Tengku Ariff
Member
[Retired on 21 April 2011]

Tan Sri Datuk Yong Poh Kon
Member
[Appointed on 25 April 2011]

Dato' Frits van Dijk
Member

COMPENSATION COMMITTEE

Dato' Mohd. Rafik Bin Shah Mohamad
Chairman

Tan Sri Datuk [Dr.] Rafiah Binti Salim
Member

Dato' Frits van Dijk
Member

COMPANY SECRETARY

Mohd. Shah Bin Hashim [LS 0006824]
Tel : +603 7965 6000
Fax : +603 7962 7213
E-mail : MohdShah.Hashim@my.nestle.com

REGISTERED OFFICE

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47810 Petaling Jaya
Selangor Darul Ehsan

COMPANY WEBSITE

www.nestle.com.my

SHARE REGISTRAR

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Tel : +603 2264 3883
Fax : +603 2282 1886

AUDITORS

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Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7721 3388
Fax : +603 7721 3399

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
[635998-W]

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
Chairman of the Nomination Committee
Malaysian Citizen, age 60 years

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail was appointed as a director of the Company on 25 February 2002. 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. His last position was as the Group Managing Director of Amanah Capital Partners. Tan Sri is the former Chairman of the Lembaga Tabung Haji Investment Panel. He was also formerly the Chairman of Media Prima Bhd., MRCB Bhd., DRB Hicom Berhad, EON Bank Bhd., Realmild [M] Sdn. Bhd. and Radicare [M] Sdn. Bhd. He was also an independent director of Maxis Communications Berhad. Currently, Tan Sri is the Chairman of Cahya Mata Sarawak Berhad, Lembaga Zakat Selangor, Media City and Pulau Indah Ventures Sdn. Bhd. He is also the Chancellor of Segi University College.

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail holds a Bachelor of Arts degree in Accounting from Macquarie University in Sydney, Australia. He 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' Seri Syed Zainol Anwar Jamalullail has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2011.



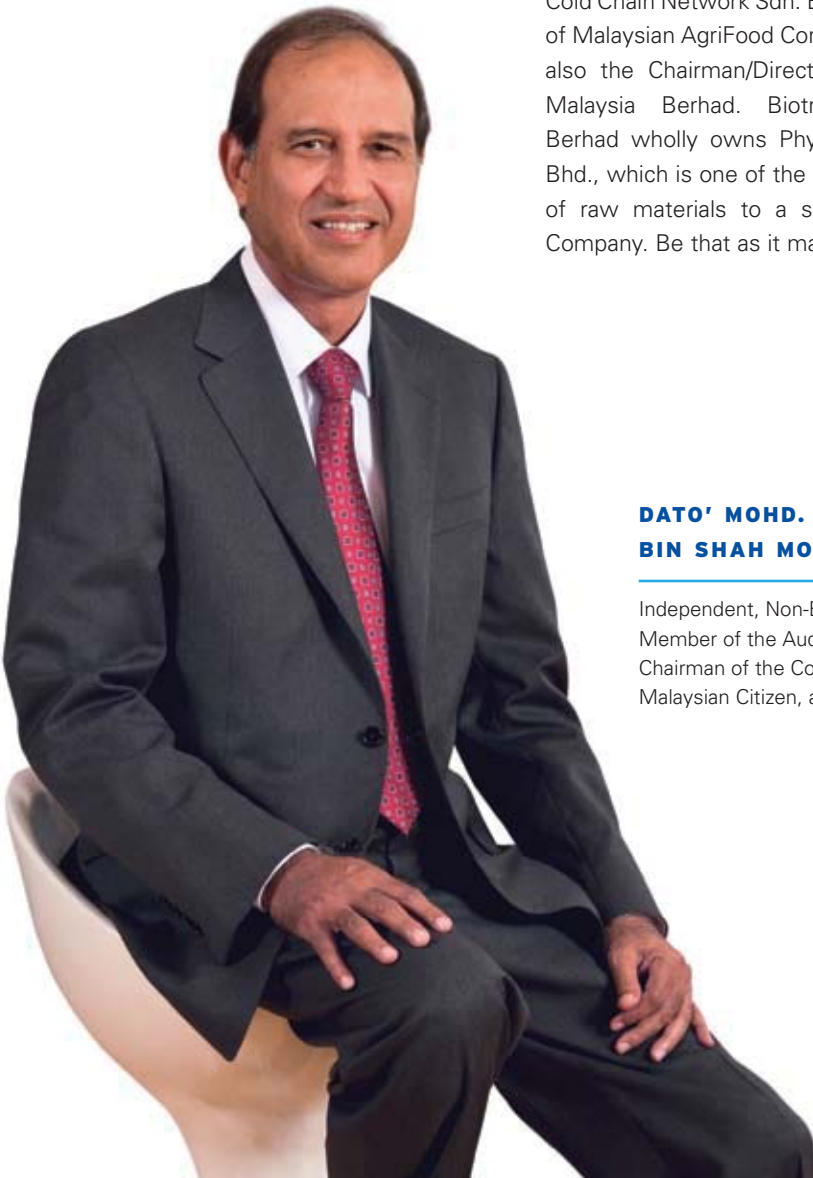
PROFILE OF DIRECTORS

Dato' Mohd. Rafik Bin Shah Mohamad was appointed as a director of the Company on 1 June 2007. He is also a member of the Audit Committee and the Chairman of the Compensation Committee. He commenced his career as an Analyst with ESSO Malaysia Berhad in 1973 and has held senior finance positions in several local companies. He joined the Company in 1981 and has held various significant positions in the Nestlé group of companies, in Malaysia and other countries before retiring in April 2006. Currently, he is also a director of Malaysian AgriFood Corp. Berhad and Chairman of Cold Chain Network Sdn. Bhd. [a subsidiary of Malaysian AgriFood Corp. 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. Dato' 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. As at 2 April 2012, he holds no shares in the Company, having disposed them on 6 September 2011, and 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' Mohd. Rafik Bin Shah Mohamad has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2011.

DATO' MOHD. RAFIK BIN SHAH MOHAMAD

Independent, Non-Executive Director
Member of the Audit Committee
Chairman of the Compensation Committee
Malaysian Citizen, age 61 years



Tan Sri Datuk [Dr.] Rafiah Binti Salim was appointed as a director of the Company on 17 April 2009. She is also a member of the Audit Committee and the Compensation Committee. 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,

Director of the NAM Institute for the Empowerment of Women Malaysia and Chairman for Malaysian Genomics Resource Centre Berhad. Tan Sri Datuk [Dr.] Rafiah Binti Salim, graduated with Masters and Bachelor Degrees 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. Tan Sri Datuk [Dr.] Rafiah Binti Salim has attended all 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2011.

TAN SRI DATUK [DR.] RAFIAH BINTI SALIM

Independent, Non-Executive Director
Member of the Audit Committee
Member of the Compensation Committee
Malaysian Citizen, age 65 years



PROFILE OF DIRECTORS

Dato' Frits van Dijk was appointed as a director of the Company on 26 April 2006. He is also a member of the Nomination Committee and the Compensation Committee. He has served the Nestlé group of companies for the last 40 years, beginning in 1970 as a Sales Representative of Nestlé UK and his last position was the Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East of Nestlé S.A. before retiring at the end of September 2011. 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 in France. Dato' Frits van Dijk graduated with a Bachelor's Degree in Economics from the School of Economics, Rotterdam, the Netherlands and has also attended the Executive Development Programme at the International Institute for Management Development, in Lausanne, Switzerland. As at 2 April 2012, 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. Dato' Frits van Dijk has attended 2 [two] out of the 4 [four] meetings of the Board of Directors in the financial year ended 31 December 2011.

DATO' FRITS VAN DIJK

Non-Independent, Non-Executive Director
 Member of the Nomination Committee
 Member of the Compensation Committee
 Dutch National, age 64 years



Tan Sri Datuk Yong Poh Kon was appointed as a director of the Company on 25 April 2011. He is also a member of the Nomination Committee. He is currently the Managing Director of Royal Selangor International Sdn. Bhd., manufacturer and exporter of pewter products. He graduated from the University of Adelaide with First Class Honours in Mechanical Engineering in 1968. For over three decades, Tan Sri Datuk Yong Poh Kon has been associated closely with the Federation of Malaysian Manufacturers [“FMM”] and is its current President. He was recently elected Chairman of ICC Malaysia. Tan Sri Datuk Yong Poh Kon has served as a Board member of the Malaysian Productivity Corporation, Malaysian Industrial Development Authority and Bank Negara Malaysia. He was also a Member of the National Economic Consultative Council [MAPEN I and II] and as a founding Commissioner of the Malaysian Communications and Multimedia Commission. In 2007, he was appointed

by the Prime Minister to be the Co-Chair together with the Chief Secretary of Malaysia, of PEMUDAH the Special Task Force to Facilitate Business. This Task Force comprises private sector members and the top civil servants of the country. In February 2009, he was appointed as a member of the Advisory Board of the Malaysian Anti-Corruption Commission. Tan Sri Datuk Yong Poh Kon is a Fellow of the Academy of Sciences and the Malaysian Institute of Management. 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 Datuk Yong Poh Kon has attended 2 [two] meetings of the Board of Directors held since his appointment in the financial year ended 31 December 2011.



TAN SRI DATUK YONG POH KON

Independent, Non-Executive Director
Member of the Nomination Committee
Malaysian Citizen, age 66 years

PROFILE OF DIRECTORS

Peter Vogt, the Managing Director of the Company, was appointed as a director of the Company on 16 September 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 Vogt held the position of Marketing Division Manager of the Company from 1990 to 1994. Thereafter, Peter Vogt headed various Nestlé operations in Switzerland,

Scandinavia and Germany, after which he was appointed President Director of PT Nestlé Indonesia, the second largest food company in Indonesia. Peter Vogt graduated from 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. Peter Vogt has attended all 4 [four] meetings of the Board of Directors for the financial year ended 31 December 2011.

PETER VOGT

Managing Director
Swiss National, age 57 years



Marc Seiler, the Executive Director, Finance & Control of the Company, was appointed as a director of the Company on 1 December 2008. He started his career with Coopers and Lybrand as an external auditor, before joining the Nestlé group of companies in 1990 as 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 US Retail Division, with his last position as the Business Development, Mergers & Acquisitions Director.

Marc Seiler graduated from Ecole Supérieure de Commerce de Paris, France with a Masters of Science in Management and an Accounting & Finance Diploma. Marc Seiler is currently Treasurer of the Swiss Malaysian Business Association. 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 Seiler has attended all 4 [four] meetings of the Board of Directors for the financial year ended 31 December 2011.

MARC SEILER

Executive Director
[responsible for Finance & Control]
French National, age 47 years



MANAGEMENT TEAM

PETER VOGT

Managing Director

Peter Vogt, a Swiss national, has been the Managing Director of Nestlé [Malaysia] Berhad and Regional Head of Nestlé Malaysia/Singapore since 16 September 2009. A graduate in Accounting & Finance of Switzerland's University St. Gallen, Peter Vogt has over 30 years of management experience with Nestlé worldwide, the majority of which was in Asia including Japan, Hong Kong, Malaysia, Sri Lanka and Indonesia. During his last posting to Malaysia, he was Head of the Sales and Marketing Division of Nestlé Malaysia, a position he held from 1990 to 1994. From 1996 to 2005, Peter Vogt was heading various European Nestlé operations in Switzerland, Scandinavia and Germany before returning to Asia as CEO of Nestlé Indonesia from 2005 to 2009. He is married with two children. Peter Vogt is Vice President of the Malaysian International Chamber of Commerce and Industry ["MICCI"], sits on the Federation of Malaysian Manufacturers ["FMM"] Council and is a member of the Swiss Malaysian Business Association.

MARC SEILER

Executive Director, Finance & Control

Marc Seiler, a French national, is the Executive Director, Finance & Control of the Company. He was appointed as a director of the Company on 1 December 2008. Marc Seiler graduated from Ecole Supérieure de Commerce de Paris, France with a Masters of Science in Management and an Accounting & Finance Diploma [Diplome d'Etudes Supérieure Comptables et Financières]. Prior to joining Nestlé, Marc Seiler was an external auditor with Coopers and Lybrand. He joined Nestlé group of companies in 1990 in the Finance division of Nestlé Waters in Paris. Thereafter, he was transferred to Nestlé Waters, North America where he held several senior positions in the United States and Canada prior joining the Company. Marc Seiler is currently Treasurer of the Swiss Malaysian Business Association.



ZAINUN NUR BINTI ABDUL RAUF

Executive Director, Human Resource
& Group Corporate Affairs

Zainun Nur is the Executive Director, Human Resource and Group Corporate Affairs of the Company. She joined the Company in 1998 as Group Brand Manager for Nestlé Breakfast Cereals. Thereafter, she moved to the Food Services business unit [now known as Nestlé Professional], followed by a stint in Consumer Services Division. In 2005, she moved back to Nestlé Professional as Country Business Manager for Malaysia and Singapore managing the out-of-home food and beverage market. Zainun Nur holds a Masters in Business Administration from the Institute of Marketing, United Kingdom.

CHEW SOI PING

Executive Director, NCE Market Champion
for Malaysia and Singapore Region

Chew Soi Ping was appointed as the Executive Director of the NCE Market Champion for Malaysia and Singapore. Prior to his new post, he was the Executive Director of the Ice Cream Business Unit. Chew Soi Ping joined the Company as a Management Trainee in January 1988 and from 1989 to 1994, he has held various brand positions including Foods, Milks and Chilled businesses. From 1996 to 1998 he was sent for an expatriation to Switzerland and assumed the role of Zone Asia, Oceania, Africa and Middle East Regional Assistant. Chew Soi Ping holds a Masters in Business Administration from University of Central Arkansas, USA and Bachelor of Science in Marketing [Honours] from University of Ozarks, Arkansas, USA.

PATRICK HARTLESS

Executive Director, Supply Chain

Patrick Hartless is the Executive Director of the Supply Chain. He has been with Nestlé for 7 years. Prior to arriving in Malaysia, Patrick Hartless was in Nestlé UK where he was Head of Supply Chain for the Food & Beverage Division. He has worked for Kraft in the UK, as well as Ashland Chemicals in Europe and the USA and has also worked in the Middle East. Patrick Hartless holds a Bachelor in Engineering from Loughborough University, United Kingdom as well as a Masters in Science from Cranfield University, United Kingdom.



MANAGEMENT TEAM

YAP YIN KEE

Executive Director, Nestlé Professional

Yap Yin Kee is the Executive Director of Nestlé Professional, Malaysia and Singapore. He started his career with the Company in 1994 in the Nestlé Professional Business Unit where he held several positions in Marketing and Sales. In 2002, he was appointed as the Vending Manager and thereafter moving on as Beverage Business Manager in 2008 prior to his current position which he assumed in 2010. Yap Yin Kee has also been involved in various overseas assignments for Nestlé Professional in Taiwan, France and Oceania [Australia & New Zealand]. He also has Sales & Marketing experience with several other multinationals such as Procter & Gamble, Diethelm and Citigroup. Yap Yin Kee graduated in 1993 with a Bachelors of Business Administration [First Class Honours] degree from Universiti Kebangsaan Malaysia.

DETLEF KROST

Executive Director, Technical & Production

Detlef Krost was transferred from Nestec S.A., Switzerland to Nestlé Malaysia/Singapore effective 1 August 2009 as Executive Director, Technical & Production. He was appointed to the Company's Board effective the same date. Detlef Krost, a Food Technologist with an Engineering degree, started his career with Nestlé Germany in 1984 as Production Manager. After 8 years working in various chocolate factories, he joined the Nestlé Productivity Team in Vevey, Switzerland, firstly as Project Coordinator, then as Head of the Nestlé Productivity Team. He returned to Nestlé Germany in 1996 as Factory Manager in Hamburg and then in Berlin. In 2001, he became GLOBE Business Excellence Manager for Technical, Production and R&D based in Vevey, Switzerland. He was then appointed Technical Manager for Nestlé Waters in Europe, based in Paris, from 2003. In 2007, he returned to Vevey, Switzerland as Technical Manager of the Chocolate, Confectionery & Biscuit Strategic Business Unit.

VICTOR SEAH

Executive Director, Sales

Victor Seah is the Executive Director, Sales since 1 January 2008 and has been with the Company for 5 years. Prior to joining the Company, he has had more than 10 years of experience in FMCG, Retail and Consultancy Services in various Sales, Marketing, Finance and General Management functions in the USA and the Asia Pacific region. Victor Seah spent one year in Singapore as the Country Business Manager for Food Services business [now known as Nestlé Professional]. Victor Seah holds a First Class Honours degree in Finance from the Southern Illinois University, USA.



DONALD HOWAT

Executive Director, Coffee & Beverages

Donald Howat, a British National, has been the Executive Director of the Coffee & Beverages Business Unit since January 2008. A graduate of Business from Manchester Metropolitan University, Donald Howat has been with Nestlé for over 20 years in a variety of different roles. From 2005 to 2007 he was responsible for the Coffee & Beverage Business in Russia, based in Moscow. From 2001 to 2004 Donald Howat was Commercial Director in the Coffee & Beverage Strategic Business Unit working with the developing markets in Asia, Eastern Europe and Latin America. He is married with three sons.

HO HAU CHIEH

Executive Director, Milks

Ho Hau Chieh is the Executive Director for Milks Business Unit. He joined the Company in 1999 as Brand Manager for Confectionery and thereafter was promoted to become Sales Operation Manager, Confectionery in 2001. In 2003, he was transferred to Milks Business Unit as the Group Brand Manager. Subsequently, Ho Hau Chieh was promoted to Business Manager to head the newly set up business unit, Nestlé Liquid Drinks, in 2005. He assumed his current position in March 2009. Previously, he was attached with several other multinationals such as Colgate-Palmolive and Diethelm. Ho Hau Chieh graduated from the University of Malaya with a Bachelor of Economics majoring in Business Administration.



CORPORATE GOVERNANCE STATEMENT

“The tone of good governance is set by the Board and filters down through our organisation. While our Nestlé Corporate Business Principles describe what we stand for as a company and the high standards we set for ourselves, our Board regulations and related documents outline our organisational and governance principles.”

Nestlé S.A. Annual Report 2011

Throughout the years, the Company and its Board of Directors has been resolute in ensuring that the Group’s business and affairs are in strict adherence to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct.

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 practiced 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 adopted by the Company are in accordance with the principles and practices stipulated in external requirements such as the Malaysian Code on Corporate Governance [Revised 2007] [“Malaysian Code”] and paragraphs 15.25 and 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

[“Listing Requirements”] and also internal requirements such as the Nestlé Code of Business Conduct [“Nestlé Code”].

The Nestlé Code governs the conduct of all the employees of the Company including the Board of Directors. Examples of provisions in the Nestlé Code are, compliance with laws, rules and regulations, avoiding situations where there are conflicts of interest, interest in competing businesses, prohibition on the use of inside information, corporate opportunities, insider trading, whistleblowing and no corrupt activities.

In addition to the Nestlé Code, the Company is also guided by the Nestlé Corporate Business Principles [“Nestlé Business Principles”]. The Nestlé Business Principles cover key issues that underpin Corporate Social Responsibilities [“CSR”] or for the Company, known as Creating Shared Value [“CSV”] catered to fit the unique characteristics of consumer goods business. The 10 principles can be summarised as follows:

- We delight consumers [Principles 1, 2, 3]
- We care about people [Principles 4, 5, 6]
- We develop responsible partnerships [Principles 7, 8]
- We promote sustainability [Principles 9, 10]

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” issued by Nestlé S.A. have been applied within the Company and have been communicated to every employee with respect to his/her function.

The Nestlé Management and Leadership Principles describes the culture, values and principles the Company expect from its employees to uphold; as well as the attributes needed to be successful in a management and leadership position in the Company. It is also in full alignment with the Nestlé Business Principles, in which “Leadership and Personal Responsibility” are singled out as key operational principles. It is also aligned with the Nestlé Code, which establishes non-negotiable minimum standards of employee behaviour.

The Company emphasizes on the need to develop a value adding Nestlé Managers who are able to lead and inspire people rather than exercising formal authority. This requires a high level personal commitment of each employee and a common mindset geared towards results. Achieving ongoing success requires that each Nestlé leader understand the context and capitalizes on it based on the following principles:

- Lead to win
- Manage for results
- Grow talent and teams
- Compete and connect externally

The Company believes that the Nestlé Management and Leadership Principles is useful in helping Nestlé employees to be effective, engaging and inspiring by ensuring that they “walk the talk” and lead by example in their daily work.

The Nestlé Code, the Nestlé Business Principles and the Nestlé Management and Leadership Principles are made available to employees and Directors on the Company’s intranet and the Nestlé Business principles is available on the Company’s corporate website at www.nestle.com.my. Copies of the documents can also be obtained from the Company Secretary.

Apart from the Nestlé Code, the Nestlé Business Principles and the Nestlé Management and Leadership Principles, the Company also has in place other internal policies and guidelines to ensure good corporate governance. Such internal policies, standards and guidelines include amongst others the Nestlé Supplier Code and the Company Standing Instruction of Procurement of Services with the objectives to engage good quality service providers to protect the Company’s customer service and competitive and transparent bidding process to deliver competitive pricing.

The following awards are the testimony of the Company’s commitment to manage its business responsibly.

AWARDS & ACHIEVEMENTS

- ACCA Malaysia Sustainability Reporting Awards 2011
- FinanceAsia Best Managed Companies 2011 Awards
- KPMG Shareholder Value Award 2011
- Malaysian Corporate Governance Index 2011 Award
- Putra Brand Awards 2011

The full report on this can be found in pages 110 to 111 of the Creating Shared Value Report 2011.

BOARD OF DIRECTORS

Board of Directors’ Composition

The Board of Directors’ composition complies with the requirements mandated by the Listing Requirements and as prescribed by the principles and best practices of the Malaysian Code. As at the date of this Statement, the size and composition of the Board of Directors is well balanced in its current constituted state to address any business challenges and to drive the business to greater heights.

The Board of Directors comprises a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise. As at 31 December 2011, the Board of Directors consists of 7 [seven] members, 5 [five] of which are Non-Executive Directors [including the Chairman] and the remaining 2 [two] are Executive Directors. 4 [four] out of 5 [five] Non-Executive Directors are Independent, Non-Executive Directors.

As at 2 April 2012, the members of the Board of Directors are as follows:

Tan Sri Dato’ Seri Syed Zainol Anwar Jamalullail

Independent, Non-Executive Director
Chairman of the Board of Directors
Chairman of the Audit Committee
Chairman of the Nomination Committee

Dato’ Mohd. Rafik

Bin Shah Mohamad
Independent, Non-Executive Director
Member of the Audit Committee
Chairman of the Compensation Committee

Tan Sri Datuk [Dr.] Rafiah

Binti Salim
Independent, Non-Executive Director
Member of the Audit Committee
Member of the Compensation Committee

Tan Sri Datuk Yong Poh Kon

Independent, Non-Executive Director
Member of the Nomination Committee

Dato’ Frits van Dijk

Non-Independent, Non-Executive Director
Member of the Nomination Committee
Member of the Compensation Committee

Peter Vogt

Managing Director

Marc Seiler

Executive Director

CORPORATE GOVERNANCE STATEMENT

The proportion of Non-Executive Independent Directors 2/3 [two-third] satisfies the criteria set out in the Listing Requirements.

The current structure of the Board of Directors ensures that no single individual or group dominates the decision making process. Further, the roles of Chairman and Managing Director are separately held, and the division of their responsibilities is clearly established, with each having distinct and clearly defined authority and responsibilities.

The Chairman is responsible for the leadership of the Board of Directors, ensuring its effectiveness and setting the agenda for all Board of Directors meetings. Once the objectives and strategies have been reviewed and adopted by the Board of Directors as a whole, the Managing Director's responsibility is to ensure delivery of such objectives and strategies within the authority limits delegated by the Board of Directors. The Managing Director is responsible for the stewardship of the Group's direction and the day to day management of the Company.

It is the duty of the Managing Director, working together with the other Management Team members of the Company, to manage the business of the Company in the manner consistent with the Nestlé Code and the Nestlé Business Principles as well as in accordance with any specific plans, instructions and directions of the Board of Directors.

The Members of the Board of Directors are all professionals of high calibre and integrity and they possess in-depth knowledge and experience of the business to enable them to discharge their duties effectively.

Principle Responsibilities of the Board of Directors

The Board of Directors directs the Company's risk assessment, strategic planning, succession planning and financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. The Board of Directors provides the leadership necessary to enable the Company's business objectives to be met within the framework of internal controls as described in this Statement. The Board of Directors is responsible for determining all major policies, reviewing the system of internal control,

ensuring that effective strategies and management are in place, for assessing the performance of the Company and its Management Team.

In discharging its responsibilities, the Board of Directors is guided by the code of ethics and principles contained in the Nestlé Code and the Nestlé Business Principles in addition to the Malaysian Code. The Nestlé Code and Nestlé Business Principles outline the conduct and responsibilities of the Board of Directors, Chairman and the Managing Director. The Board of Directors ensures that compliance is monitored through a process where declarations are obtained from all directors and Management Team on their compliance and this includes disclosure of any conflict of interest situations.

Amongst the key duties for which the Board of Directors is responsible for include, identifying principal risks and ensuring implementation of appropriate systems to manage these risks, reviewing and adopting strategic plans for the Company, reviewing the adequacy and integrity of the Company's internal control systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board of Directors has a collective responsibility for the management of the Company. The Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board of Directors and providing objective challenges to the management.

The Non-Executive Directors do not participate in the day-to-day management of the Company and do not engage in any business dealing or other relationship with the Company to ensure that they are capable of exercising judgment objectively and act in the best interest of the Company, its shareholders and minority shareholders.

The Board of Directors is also responsible for declaring dividends and approving the financial statements and accounting policies of the Company. Other duties of the Board of Directors are to consider succession planning, including appointing, training, fixing the compensation and where appropriate, replacing the Management Team.

Further, the Board of Directors is also tasked to decide on the following business transactions and activities:

- Acquisition and disposal or closure of a business;
- Establishment of new business;
- Annual strategic plan;
- Capital investment and disposal of tangible assets from existing business to third party;
- Proposal for borrowings or the grant of extended credit facilities by an operating subsidiary from another group company;
- Increase or reduction by a subsidiary of authorised or issued capital;
- Unbudgeted redemption or early repayment of loans;
- Any corporate restructuring not covered by any of the above paragraphs; and
- The change of name of any group company and the establishment of any new company.

Management Team

In discharging the abovementioned responsibilities and duties, the Board of Directors is duly assisted by the Management Team of the Company, which consists of senior officers holding the following positions:

1. Managing Director;
2. Executive Director, Finance & Control;
3. Executive Director, Technical & Production;
4. Executive Director, Sales;
5. Executive Director, Supply Chain;

6. Executive Director, Human Resource & Group Corporate Affairs;
7. Executive Director, Coffee and Beverages;
8. Executive Director, NCE Market Champion [Malaysia & Singapore Region];
9. Executive Director, Milks; and
10. Executive Director, Nestlé Professional.

It is important that the Board of Directors and the Management Team complement each other. The Management Team is in charge with the responsibility of implementing the policies and decisions of the Board of Directors, overseeing the operations as well as developing, coordinating and implementing business and corporate strategies.

From time to time, when the Board of Directors requires relevant information updates from any members of the Management Team, the relevant member of the Management Team will be invited to attend meetings of the Board of Directors to provide the Board of Directors with any such relevant information or updates.

CORPORATE GOVERNANCE STATEMENT

Company Secretary

In addition to the Management Team, the Company Secretary provides support to the Chairman to ensure the effective functioning of the Board of Directors. The Company Secretary organises and attends all the meetings of the Board of Directors and its Committees and ensures that an accurate and proper record for deliberation of issues discussed, decisions and conclusions are circulated and the minutes are properly kept at the registered office of the Company and produced for inspection, if required.

In addition, the Company Secretary also updates the Board of Directors regularly on amendments to the Listing Requirements, practice and guidance notes, circulars from Bursa Malaysia Securities Berhad, legal and regulatory developments and impact, if any, to the Company and its business. All Directors have access to the advice and the services of the Company Secretary. The Company Secretary is appointed and can be removed by the Board of Directors

Board Meetings

The Board of Directors schedules 4 [four] meetings in a year to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meetings will be called if and when necessary.

The Company's Board of Directors and its Committees meetings for the whole year are scheduled in the 3rd quarter of the preceeding year so as to enable the Directors to plan ahead and ensure that the Board of Directors and its Committees meetings are booked in their respective schedules.

During the 12 months ended 31 December 2011, 4 [four] Board of Directors Meetings were held.

The following table provides the attendance of the directors at the Board of Directors' meetings held in 2011:

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail	4/4
Dato' Mohd. Rafik Bin Shah Mohamad	4/4
Tan Sri Datuk [Dr.] Rafiah Binti Salim	4/4
Tan Sri Datuk Yong Poh Kon [Appointed on 25 April 2011. Attended 2 [two] meetings since his appointment]	2/2
Dato' Frits van Dijk	2/4
Peter Vogt	4/4
Marc Seiler	4/4

* Tengku Tan Sri [Dr.] Mahaleel Bin Tengku Ariff attended 2/2 meeting before retiring on 21 April 2011.

Where any direction or decisions are required expeditiously or urgently from the Board of Directors between the regular meetings, special Board of Directors meetings are convened by the Company Secretary, after consultation with the Chairman. The agenda for the Board of Directors meetings are set by the Chairman in consultation with the Managing Director and the Company Secretary.

Decisions of the Board of Directors are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolution between scheduled and special meetings. In 2011, 8 [eight] resolutions were approved by the Directors via Circular Resolutions.

The Board of Directors has a regular schedule of matters which are in the agenda and reviewed during the course of the year namely, the Managing Director's Quarterly Reports, the Quarterly Unaudited Consolidated Results and recommendations made in the minutes of the Audit Committee meeting. Other agenda include:

1. Managing Director's Presentations;
2. Quarterly Unaudited Consolidated Results;

3. Company's Business Plan;
4. All announcements released to Bursa Malaysia Securities Berhad;
5. Company's Creating Shared Value activities;
6. Company's Annual Report [which includes the Statement on Corporate Governance, Statement on Internal Control, Audit Committee Report and Creating Shared Value Committee's Statement];
7. Company's Audited Financial Statements; and
8. Corporate Governance Guide issued by Bursa Malaysia Berhad.

Members of the Management Team or external advisors are invited, as and when required, to attend the Board of Directors and its Committee meetings to advise and furnish the members of the Board of Directors and its Committees with information and clarification on items in the agenda tabled to enable them to arrive at a considered decision.

Board of Directors Committees and Sub-committees

The Board of Directors has established 3 [three] main Board of Directors Committees to which it has delegated certain of its responsibilities. They are the Audit Committee, Nomination Committee and Compensation Committee.

To promote smooth running of the Board of Directors Committees, each of the Board Committees shall adhere to the clear terms of reference which has been approved by the Board. All the Committees have their roles/functions, written terms of reference, operating procedures and authorities clearly defined. The Board of Directors reviews the Committees' authority and terms of reference from time to time.

Each of the Committees has to submit to the Board of Directors, reports of their respective deliberations and recommendations, and all deliberations and decisions taken have to be minuted and approved by each Committee and confirmed by the Chairman of the Committee at the next Board of Directors' meeting.

CORPORATE GOVERNANCE STATEMENT

The composition of the Board of Directors Committees as at 2 April 2012 and the attendance of the Members at the meetings held in 2011 are as follows:

	Attendance		
	Audit Committee Meeting	Nomination Committee Meeting	Compensation Committee Meeting
1. Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail Chairman, Independent Non-Executive Director	5/5	1/1	–
2. Dato' Mohd. Rafik Bin Shah Mohamad Independent Non-Executive Director	5/5	–	2/2
3. Tan Sri Datuk [Dr.] Rafiah Binti Salim Independent Non-Executive Director	5/5	–	2/2
4. Tan Sri Datuk Yong Poh Kon Independent Non-Executive Director [Appointed on 25 April 2011]	–	N/A	–
5. Dato' Frits van Dijk Non-Independent Non-Executive Director	–	1/1	1/2

Note: Tengku Tan Sri [Dr.] Mahaleel Bin Tengku Ariff attended 2/2 Audit Committee meetings, 1/1 Nomination Committee meeting before retiring on 21 April 2011.

BOARD OF DIRECTORS COMMITTEES

1. Audit Committee

The Board of Directors' obligation to establish formal and transparent arrangements in considering how it should apply financial reporting and internal control principles, and maintaining an appropriate relationship with the Company's external auditors, KPMG is met through the Audit Committee.

As at the date of this Statement, the Audit Committee comprises of 4 [four] Directors. All Members of the Audit Committee are Non-Executive Independent Directors.

All Members of the Audit Committee have the requisite qualifications as defined by the Malaysian Code and the Chairman, Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail fulfils all the requirements under paragraph 15.09 and 15.10 of the Listing Requirements. The Chairman 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.

Authority

The Audit Committee assists the Board of Directors in its review of the effectiveness of the internal control, risk management and governance process of the Company which includes reviewing the Company's financial statements and reporting processes.

The Audit Committee had met with the Management Team and the internal and external auditors to review the effectiveness of internal controls and business risk management, had received reports from the internal audit function [called Nestlé Market Audit] and had reviewed compliance with the Nestlé Business Principles and procedures in place within the Group for the management of its business policies. It has given detailed consideration to business risks arising in the context of the Group's treasury operations, its information technology systems and the threat to the Group's business posed by infringement of Intellectual Property rights in relation to the products, and reviewed the specific controls in place within the Group to address such risks. The Audit Committee has satisfied itself by means of these steps that proper and satisfactory internal control systems remain in place to identify and contain business risks, and that the Group's business is being conducted in a proper and economically sound manner.

The Audit Committee is also responsible for approving audit, recurring audit related and non-audit related services by the external auditors and in carrying out their duties, the Audit Committee ensures that the independence and objectivity of the external auditors are not compromised.

The Audit Committee had reviewed and discussed the Audited Financial Statements as at 31 December 2011, audited by KPMG and recommended to the Board of Directors on 23 February 2012 that the Audited Financial Statements as at 31 December 2011 be included in the Company's Annual Report 2011.

The Board of Directors had on 23 February 2012 approved the aforesaid Audited Financial Statements for inclusion in the Company's Annual Report 2011 and to be filed with the Bursa Malaysia Securities Berhad, Securities Commission and Companies Commission of Malaysia.

Meetings

The Executive Director, Finance & Control, Head of Nestlé Market Audit, Head, Accounting & Consolidation Insurance & Pension and representatives of the external auditors attend the meetings of the Audit Committee together with the members of the Audit Committee. The Audit Committee had met 5 [five] times during 2011.

CORPORATE GOVERNANCE STATEMENT

No member of the Audit Committee, save and except the Chairman of the Audit Committee, received any payments in 2011 from the Group other than the fees which had been received as a Director of the Company and allowances for attendance at meetings.

The functions, composition and membership of the Audit Committee are described in detail at pages 78 to 81 of this Annual Report.

2. Nomination Committee

The Nomination Committee comprises exclusively of a majority Independent Non-Executive Directors.

A Nomination Committee has been established on 26 August 2010 to make recommendations to the Board of Directors on suitable candidates for appointment to the Board. Currently, the Nomination Committee consists of:

- [i] Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail [Chairman]
- [ii] Tan Sri Datuk Yong Poh Kon
- [iii] Dato' Frits van Dijk

The Nomination Committee is empowered by the Board of Directors to, amongst others, identify, recommend and nominate suitably qualified candidates for appointment to the Board of Directors, the re-election and re-appointment of directors, review the independence of directors, ensure the new directors go through a proper induction programme and to continuously, collectively and individually evaluate directors and senior management on their performance on an on-going basis and recommend training, if necessary. The Nomination Committee has access to any form of independent professional advice, information and the advice and services of the Company Secretary, if and when required, in carrying out its functions. A Director seeking re-election and re-appointment will abstain from all deliberations regarding his re-election and re-appointment to the Board of Directors and its Committees. The meetings of the Nomination Committee shall be held at least once a year and as and when required.

The turnover of directors has been very low throughout the years and prior to the establishment of the Nomination Committee, whenever appropriate, the nomination of an appointment and the resignation of a director was fully deliberated upon by all members of the Board of Directors at their meeting.

The authority and terms of reference of the Nomination Committee are as follows:

a. Authority

The Nomination Committee is authorised by the Board of Directors to act as follows:

- To make proposals to the Board of Directors on suitable candidates for appointment as directors;
- To ensure that the Board of Directors has an appropriate balance of skills, expertise, attributes and core competencies from its members;
- To regularly review profiles of the required skills, expertise, attributes and core competencies for membership to the Board of Directors;
- To review succession plans for members of the Board of Directors;
- To recommend to the Board of Directors the potential directors to fill the seats on the Board of Directors Committees; and
- To assess annually the effectiveness of the Board of Directors, its Committees and the contribution of each individual Director.

b. Meetings

- The Nomination Committee shall meet at least once a year or upon the request of any of its members
- A majority of the members in attendance must be Independent Directors in order to form a quorum for the meeting.
- The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Nomination Committee and ensure that the minutes are properly kept and produced for inspection if required.
- The Nomination Committee shall report to the Board of Directors and its minutes will be tabled and noted by the Board of Directors.

3. Compensation Committee

The Compensation Committee has been established on 26 August 2010 to make recommendations to the Board of Directors of the compensation framework for directors. The Compensation Committee consists of 3 [three] members, with a majority being

Independent, Non-Executive Directors, as follows:

- [i] Dato' Mohd. Rafik Bin Shah Mohamad [Chairman]
- [ii] Tan Sri Datuk [Dr.] Rafiah Binti Salim
- [iii] Dato' Frits van Dijk

The main responsibilities of the Compensation Committee are to ensure that the compensation and benefits of the directors commensurate with the level of the Directors' responsibilities in light of the Company's performance in the industry, to review and recommend to the Board of Directors the compensation of Non-Executive Directors and to review and approve the annual bonus and increment of the Executive Directors and the senior management, in accordance with the compensation practices of the worldwide Nestlé group of companies as established by the Human Resource function of Nestlé S.A. in Vevey, Switzerland. A director whose package is being deliberated would abstain from discussing their own compensation.

The Compensation Committee has access to any form of independent professional advice, information and the advice and services of the Company Secretary, if and when required in carrying out its functions. The meetings of the Compensation Committee shall be held at least once a year and as and when required.

The objectives of the Compensation Committee in determining the levels and components of compensation packages are to attract, motivate and retain talented and dedicated Executive Directors and members of the senior management. In their determination, the Compensation Committee takes into consideration levels comparable to those of key senior management in other benchmarked companies.

a. Authority

The Compensation Committee is authorised by the Board to act as follows:

- To recommend to the Board of Directors the Company's policy framework on the terms of employment of the Executive Directors and members of the Management Team.
- To recommend to the Board of Directors on all elements of remuneration and compensation payments of the Executive Directors and members of the Management Team.
- To review and approve the annual bonus and salary increments of the Executive Directors and members of the Management Team.
- To review and recommend to the Board the compensation of the Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT

b. Meetings and Minutes

- The Compensation Committee shall meet at least once in each year or more frequent as it decides.
- A majority of the members in attendance must be Non-Executive Directors in order to form a quorum for the meeting.
- Executive Directors and Non-Executive Directors shall abstain from the deliberations and voting decisions in respect of their respective compensation either at the Compensation Committee or Board of Directors level as the case may be.
- The Compensation Committee shall be entitled to call for advice internally from the Human Resources Department or from external sources, when necessary.
- The Company Secretary shall record, prepare and circulate the minutes of the meetings of the Compensation Committee and ensure that the minutes are properly kept and produced for inspection if required.
- The Compensation Committee shall report to the Board of Directors and the minutes of the Compensation Committee Meeting will be tabled and noted by the Board of Directors.

The Compensation Committee had met 2 [two] times in 2011.

Appointment and Re-election or Re-appointment of Directors

Appointment Process

The Board of Directors appoints its members through a formal process which is in accordance with Articles 90.1 and 90.2 of the Company's Articles of Association ["Articles"], one-third of the directors from the time being appointed shall retire from office and be eligible for re-election, provided always that all directors shall retire from office at least once 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.

Re-election or Re-appointment Process

The Company does not have term limits for both Executive Directors and Independent Directors as the Board of Directors believes that continued contribution provides benefit

to the Board of Directors and the Group as a whole. However, Article 88 of the Company's Articles states that at any point of time, the total number of Directors shall not be less than 2 [two] and not more than 8 [eight] and Nestlé S.A. shall be entitled to appoint up to 4 [four] Directors. Further, the Company is confident and firmly believes that individuals chosen and appointed to the Board of Directors are all individuals of high calibre and integrity and can be tasked to discharge their duties and responsibilities independently and effectively. 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.

The Directors standing for re-election in 2012 are as follows:

Name	Designation
Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail	Independent, Non-Executive Director
Tan Sri Datuk Yong Poh Kon	Independent, Non-Executive Director
Marc Seiler	Executive Director

Article 90.1 of the Articles provides that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting.

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail, an Independent, Non-Executive Director, Marc Seiler, Executive Director, Finance & Control are due to retire pursuant to Articles 90.1 and Tan Sri Datuk Yong Poh Kon, Independent, Non-Executive Director, is due to retire pursuant to Article 97 at this Annual General Meeting and will be recommended for re-election and reappointment by the Board of Directors pursuant to the Articles.

Information of each director standing for re-election is furnished on pages 43, 47 and 49 of this Annual Report.

Directors' Remuneration

The policy for directors' remuneration is to provide a remuneration package needed to attract, retain and motivate directors of the quality required to manage the business of the Company and the Group as a whole.

For the Executive Directors of the Group, corporate and individual performance is rewarded through the use of an integrated pay benefits and bonus structure and reflects the competitive nature of the Group's operations in order to contribute to the winning organisation strategy of the

Group. Executive Directors who are full time employees of the Company receive no additional compensation for services as a member of the Board of Directors. On an annual basis, the Compensation Committee considers market competitiveness, business results and individual performance in evaluating the Executive Directors' remuneration.

In evaluating the Managing Director's remuneration, the Compensation Committee also takes into account corporate and individual performance, as well as performance on a range of other factors including accomplishment of strategic goals as well as regional and global corporate performance.

- **BASIC SALARY**

The basic salaries for the Executive Directors are based on remuneration practices of the Nestlé worldwide group of companies as established by the Human Resource function of Nestlé S.A. in Vevey, Switzerland.

- **BENEFITS**

Customary benefits such as provision of rental payment, motor vehicle, club membership and personal expenses and other benefits are made available to Executive Directors in accordance with the policies of the Group, while the Chairman enjoys a yearly leave passage in addition to the directors fees.

- **EMOLUMENTS**

Emoluments include bonuses, retirement benefits, provision for leave passage and fixed allowances.

- **DIRECTORS FEES**

Fees paid to Non-Executive Directors.

For Non-Executive Directors, the amount of remuneration varies with the level of responsibilities undertaken by the individual Non-Executive Director.

The fees payable to each of the Non-Executive Director are determined by the Board of Directors as authorised by the shareholders of the Company.

All Non-Executive Directors are paid fixed annual director fees as members of the Board of Directors and Board of Directors Committees. In addition to fixed annual director fees, all Non-Executive Directors, save for the Chairman, is paid a meeting attendance allowance for each Board of Directors and its Committees meetings attended. In recognition of the additional time and commitment required, the Chairman of the Audit Committee also receives an annual fixed fee for his chairmanship in the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

[a] Details of the nature and amount of each major element of the remuneration of the salaries, bonuses and benefits paid to directors of the Company paid in 2011 are as follows:

	2011	
	Executive Directors*	Non-Executive Directors*
[MYR, in Gross] **		
Salaries	2,060,349.00	–
Directors Fees ***	–	189,333.00
Emoluments ****	2,182,759.50	–
Benefits *****	2,201,553.07	35,672.00
Total	6,444,661.57	225,005.00

* 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 2011, the number of directors of the Company whose total remuneration fell within the following bands for the total amount paid in 2011 are as follows:

	2011	
	Executive Directors*	Non-Executive Directors*
Ranges of Remuneration [MYR]		
1 – 50,000	–	5
50,000 – 100,000	–	1
1,750,000 – 1,800,000	2	–
2,900,000 – 2,950,000	1	–
Total	3	6

* Include directors who have resigned/retired.

Salaries, bonuses and benefits paid to Peter Vogt and Marc 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.

Directors' Training

All existing Directors of the Company have completed the Mandatory Accreditation Programme [MAP]. Any Director appointed to the Board of Directors is required to complete the MAP within 4 [four] months from the date of appointment. Following the repeal of the Continuing Education Programme [CEP] requirements prescribed by Bursa Malaysia Securities Berhad with effect from 1 January 2005, the Board of Directors continues to evaluate and determine the training needs of its members to ensure continuing education to assist them in the discharge of their duties as directors.

All directors appointed to the Board of Directors, apart from attending the MAP have also completed other relevant training programmes to further enhance their business acumen and professionalism in discharging their duties to the Group. Pursuant to paragraph 15.08[2] and Appendix

9C [Part A, Paragraph 28] of the Listing Requirements, the directors have during the financial year ended 31 December 2011, attended training programmes in areas of leadership, corporate governance, finance, regulatory developments, corporate social responsibility, information security and business intelligence.

The Company also provided internal briefings to the directors on key corporate governance developments and updates them on changes to the Listing Requirements, laws and regulations. The directors were fully informed of the impact of such development or changes to the Company.

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 in relation to directors' roles and responsibilities.

The directors' are also encouraged to attend appropriate external trainings and where applicable to the Company, the costs of attending these programmes are borne by the Company. Dato' Mohd. Rafik Bin Shah Mohamad attended the Audit Committee Forum organised by The Institute of Internal Auditors ["IIA"] at the IIA International Conference on 12 July 2011.

Direct and Indirect Interest of Directors

As at 31 December 2011, the direct and indirect interests of Directors in the Company are as follows:

- [i] Dato' Frits van Dijk holds 8,000 shares in the Company; and
- [ii] Peter Vogt holds 14,600 shares in Nestlé S.A.

Supply of Information

The Board of Directors and its Committees receive up-to-date information for review in good time and ahead of each meeting, and the Company Secretary, under the direction of the Chairman, ensures the flow of information to the Board of Directors and its Committees. The Company Secretary is also responsible for advising the Board of Directors, through the Chairman on all governance matters. Prior to Board of Directors and its Committees meetings, a formal and structured agenda together with a set of Board of Directors and its Committees papers containing information relevant to the matters to be deliberated at the meetings are forwarded to all directors at least 5 [five] days before the relevant Board of Directors and its Committees meetings. This is to enable the directors to review, consider and if necessary, obtain further information or research

on the matters to be deliberated in order to be well prepared at the meetings. The meeting papers are presented in a manner that is concise which include among others, comprehensive management reports, minutes of meetings, proposals project and supporting documents.

Presentation to the Board of Directors and its Committees are prepared and delivered in a manner that ensures a clear and adequate presentation of the subject matter. In addition, reading materials on the subject matter are prepared and circulated prior to each meeting to assist all directors in having an understanding of the subject matter.

The Board of Directors recognises that the decision making process is highly dependent on the quality of information furnished. In furtherance to this, every director has unrestricted access to all information within the Company. The Board of Directors encourages the attendance of senior management as well as officers of the Company at the Board of Directors and its Committees meetings to increase the Board of Directors' understanding of the Company's operations and to give the directors access to senior management.

CORPORATE GOVERNANCE STATEMENT

The directors are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of directors and their impact and implication to the Company and the Directors in carrying out their fiduciary duties and responsibilities. There is also a formal procedure approved by the Board of Directors for all Directors, whether acting as full Board of Directors or in their individual capacity, to obtain independent professional advice when necessary, at the Group's expense. Prior to engaging an independent adviser, approval must be obtained from the Chairman of the Board of Directors and, where applicable, the Chairman may circulate the external advice to the Board of Directors.

RELATIONSHIP WITH STAKEHOLDERS

The Board of Directors believes that they are not only accountable to shareholders but also responsible for managing a successful and productive relationship with the Company's stakeholders.

SHAREHOLDERS

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board of Directors ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders are protected.

The Company's primary contact with shareholders is through the Chairman, Managing Director, Executive Director of Finance & Control and the Company Secretary. All shareholders' queries will be received by the Company Secretary. The Company Secretary will provide feedback and responses to the shareholders' queries and where any information may be regarded as sensitive information about the Group such information will not be made available to the shareholders unless already in the public domain through disclosure.

Annual General Meeting [AGM]

The AGM is the principal opportunity for the Board of Directors to meet the shareholders of the Company and for the Chairman to provide an overview of the Company's progress and receive questions from the shareholders. At the AGM, shareholders participate in the deliberations of the resolutions being proposed or on the Group's operations in general. At every AGM, a helpdesk will be set up as a contact point for the shareholders.

The 2011 AGM was held on the 21 April 2011 at the Sime Darby Convention Centre, Kuala Lumpur. The number of shareholders that attended the AGM in 2011 had increased and this indicates a high level of engagement with shareholders. All resolutions were approved and all Directors including the Company Secretary attended the meeting. The Board of Directors, senior management and the Company's external auditors, KPMG were present to answer

questions raised and provide clarification as required by the shareholders. A press conference was held immediately after the AGM where the Chairman, Managing Director and Executive Director of Finance & Control provided updates to the media representatives of the resolutions passed and answered questions on matters related to the Group.

The 2012 AGM will be held on 26 April 2012 at the Sime Darby Convention Centre, Kuala Lumpur. The Notice of AGM and the Proxy Form are enclosed with this Annual Report. The results of all resolutions proposed will be made available on the Company's and the Bursa Malaysia Securities Berhad's website soon after the 2012 AGM.

Annual Report

Another major channel used by the Board of Directors to provide its shareholders and investors with information on its business, financials and other key activities is the Annual Report of the Company, which contents are continuously enhanced to take into account the developments, amongst others, in corporate governance.

The Board of Directors aims to provide and present a clear and comprehensive assessment of disclosures in the Annual Report to shareholders. In disclosing information in the Annual Report, the Board of Directors is guided by the principles set out in the Listing Requirements and the Nestlé Code.

The Statement on Corporate Governance, Statement on Internal Control and Audit Committee Report form part of the Annual Report 2011. These statements and reports were tabled at the Audit Committee meeting for its comments and recommendation before presented to the Board of Directors for review and deliberation before being incorporated into the Annual Report.

As essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The Company sends out the Notice of the Annual General Meeting and related circular to shareholders at least 21 days before the meeting as required under the Listing Requirements in order to facilitate full understanding and evaluation of the issues involved. Where special business items appear in the Notice of the Annual General Meeting, a full explanation is provided to shareholders on the effect of the proposed resolution emanating from the special business item.

Prompt and timely release of financial results on a quarterly basis, as follows enables shareholders to have an overview of the Company's performance and operations and make informed investment decisions.

Release of Quarterly Financial Results

2011 Quarterly Results	Date of Issue/Release	Bursa Securities Deadline	Number of Days after end of Quarter
1st Quarter	24.02.2011	28.02.2011	55
2nd Quarter	20.04.2011	31.05.2011	20
3rd Quarter	18.08.2011	31.08.2011	49
4th Quarter	04.11.2011	30.11.2011	35

Investors Relations

The Company holds separate quarterly briefings for fund managers, institutional investors and investment analysts as well as the media after each quarter's announcement of results to Bursa Malaysia Securities Berhad.

The quarterly briefings are intended not only to promote the dissemination of the financial results of the Company to as wide an audience of investors, shareholders and media as possible but also to keep the investing public and other stakeholders updated on the progress and the development the of the business of the Company.

The quarterly briefing is conducted by the Executive Director of Finance & Control and in the presence of the Company Secretary. In 2011, the Company held 4 [four] quarterly briefings for fund managers, institutional investors and investment analysts.

Company Website

To maintain the highest level of transparency as possible, the Company has established a website at www.nestle.com.my where shareholders can access for information under the 'Investor Relations' link encompassing corporate information, latest annual reports, latest press releases, latest financial results, share prices, Bursa Malaysia Securities Berhad's announcements, investor relations briefings, the Company's policies and the standard social responsibility.

CORPORATE GOVERNANCE STATEMENT

Senior Personnel

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

Name : Marc Seiler
 Designation : Executive Director,
 Finance & Control
 Age : 47 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
 E-mail : 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.

It has been the Company's practice to respond to shareholders letters, telephone and e-mail enquiries. Each letter or e-mail received, if it requires the attention of the Board of Directors, will be reviewed by the Legal and Secretarial Department before the same is forwarded to the Board of Directors for consideration.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory

framework governing the release of material and price sensitive information. Any information that may be regarded as sensitive information about the Company or the Group will not be disclosed to the public.

EMPLOYEES

The Company believes in promoting high standards of conducts and to ensure that all employees continuously uphold such conduct in the performance of their duties, they are guided by 3 [three] core value systems, namely the Nestlé Code, the Nestlé Business Principles, and the Nestlé Management and Leadership Principles ["Value System"].

The Nestlé Code is premised on 3 [three] basic principles, which are the avoidance of any conduct that could damage or risk the Company or its reputation, legal compliance and honesty and to place the Company's interests ahead of personal or other interests guide the way the Company's employees behave. The Nestlé Business Principles focuses on work place practices and ethics, employee relations and employee human rights. These principles set out a common approach to the development of policies and procedures taking into account of the labour law and practice and the political, economic and cultural context. The Nestlé Management and Leadership Principles describe how the employees can contribute to the company by doing

or acting in a manner that is adding value to the Company. This can only materialise with high involvement of each employee and a common mindset geared to results.

To ensure compliance, all management employees, including the Board of Directors and the Company's suppliers and service providers are required to declare their compliance with the Nestlé Code and the Nestlé Business Principles and disclose any conflicts of interest on a yearly basis.

COMPLIANCE COMMITTEE

In 2011, the Company established a two-tier Compliance Committee to oversee the overall compliance of the Group with the relevant policies, guidelines, instructions, laws and regulations in conducting its business.

The first-tier, Committee of Compliance Champion, comprises of the representatives of each business unit and function unit which are mostly represented by the Business Controllers. The representatives are called 'Champions' and they are responsible to coordinate the compliance assessment in their respective units. In order to facilitate the assessment, a tracking tool including a list of all compliance requirements was established. The tracking tool, known as the Compliance Matrix also contains the timeline for a specific gap to be closed and the action plan to ensure that all gaps are addressed appropriately and closed as soon as practicable.

Compliance Champion Meeting is chaired by the Executive Director, Legal & Secretarial, Mohd Shah Bin Hashim and the agenda of the meetings typically involves discussions on the progress on the assessments, gaps identified by the Champions and the action plan status. For the financial year ending 31 December 2011, there were 4 [four] Compliance Champion Meetings conducted. The issues raised in these meetings are escalated to the Compliance Steering Committee ["Steering Committee"], which is the second-tier Compliance Committee.

The Steering Committee is chaired by Managing Director, Peter Vogt and comprises of the Management Team. The Steering Committee is responsible in setting the direction of the compliance framework and to support the successful execution of the framework financially as well as by way of other means. All of the matters discussed in the Compliance Champions meetings are summarised and escalated to the Compliance Steering Committee to confirm the status of the identified gaps and the progress of the action plans.

The Compliance programme is a continuous monitoring in which the laws, regulations, company policies and guidelines are updated regularly to ensure that the Compliance Matrix contains up to date information. There is also a database which stores all of the Group's

agreements to facilitate stakeholders in the event they need to access the documents for audit and reference purposes.

COMPETITION LAW COMPLIANCE

In light of the newly enacted Competition Act 2010 ["the Act"] coming into effect on 1 January 2012, the Company successfully embarked on a comprehensive awareness programme to ensure that the Company continues to be in compliance with all applicable laws in the country and operate in line with the Nestlé Corporate Business Principles by conducting its business guided by the Act.

From as early as 2011, the Company has actively taken steps to review the way its business operates and has taken the necessary measures to ensure that the Company is in compliance with the Act.

As part of its compliance programme, the Company laid down a roadmap for competition compliance awareness, which includes amongst others, trainings for employees, revamp of agreements which contain elements which may not be in compliance with the Act, the creation of a Competition Law Manual, competition readiness audit, as well as increasing resources in the Legal Department with a focus on competition law and compliance.

For the financial year ending 31 December 2011, the Company has conducted 34 Competition Law trainings across the business/function units of the Group. The trainings are aimed to impart the relevant knowledge and raise the awareness among the employees on the importance to comply with the Act and not to engage in any conduct that transgresses the Act.

With regards to the agreements, the Company through its in-house lawyers engaged the expertise of external lawyers to assist the Company in reviewing and if necessary, amend the agreements to ensure that they are in total compliance with the Act.

In the last quarter of 2011, the Company engaged the expertise of the Nestlé S.A through its Antitrust Counsel to conduct a competition readiness audit for the Group. The findings have shown that the fundamental steps have been successfully undertaken to steer the Company towards total compliance.

The Company has also produced its own Competition Law Manual, which will be distributed to all employees as their basic guiding material for competition compliance. The Competition Law Manual is expected to be distributed in the first quarter of 2012.

CORPORATE GOVERNANCE STATEMENT

CONSUMERS

Guided by the Quality Policy and the Nestlé Consumer Communication Principles, the Company's products and brands are developed, manufactured and marketed in a responsible manner. In order to achieve the Company's vision of uncompromising quality, the Company maintains one toll free consumer hotline for all its products with the objectives to capture consumer complaints, feedback and to respond to all complaints in a timely manner.

SUPPLIERS AND SERVICE PROVIDERS

The Nestlé Code, Nestlé Business Principles and the Supplier Code ["Standards"] are also binding on the Company's suppliers and service providers to ensure high standards of business ethics amongst all suppliers and service providers of the Company including the supplier or service provider's related companies. The Standards are incorporated into the contract with the relevant supplier or service provider. It is made clear in all agreements with suppliers and service providers that breaches of any provisions in the Standards of which the relevant supplier or service provider have been made aware of, may lead to immediate termination of the contract with the affected supplier or service provider.

ACCOUNTING AND AUDIT

Financial Reporting

The Board of Directors aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders, as well as the Chairman's statement and review of operations in the annual report. The Board of Directors is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Directors' Responsibility Statement in Respect of the Preparation of the Audited Financial Statements

The Board of Directors ensures that the Company's financial statements provide a true and fair view of the state of affairs of the Group and of the Company as at the end of the accounting period and of the profit or loss and cash flows for the period then ended. In preparing the financial statements, the Directors have ensured that accounting standards approved by the Malaysian Accounting Standards Board [MASB] in Malaysia and the provisions of the Companies Act, 1965 have been complied with and reasonable and prudent judgments and estimates have been

made. The directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Board of Directors is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects in the Directors' Report at pages 6 to 9 and the Financial Statements from pages 10 to 58 of this year's Financial Report.

Internal Control

It is important to emphasise that the ultimate responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board of Directors. The Board of Directors sets policies and procedures for internal control and ensures that such internal control system is properly carried out by the Management Team. The Company has established processes to oversee and manage risk.

Details of these processes are set on pages 76 to 77 of this Annual Report.

The Company has in place an Information Technology Policy that outlines the processes that should be followed to create policies, best practices, standards and the use of the supporting information technologies. The Company is mindful of the legal implications if technology systems or information are misused in a manner which breaches legislation. The Company therefore ensures that all software used by the Company are licensed copies.

In accordance with the Guidance for Directors of Public Listed Companies, reviews by the Board of Directors were carried out at least annually, covering all material controls including financial, operational and compliance controls and risk management systems. The Board of Directors derives reasonable assurances from reports submitted by the relevant committee on risk management and internal control.

Details of internal audit function appear on pages 76 to 77 of this Annual Report.

Whistleblowing Policy

One of the key provisions in the Nestlé Code is reporting on illegal or non-compliant conduct. The Company acknowledges that misconduct in any company such as violation of laws, rules, regulations, production fault, fraud, health and safety violations or corruption are usually known first by the people who work in or with the Company.

An early warning system such as a whistleblowing procedure can help the Company detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis. A whistleblowing system strengthens, supports good management and at the same time demonstrates accountability, provides good risk management and sound corporate governance practices. It is the Board of Directors' belief that having a whistleblowing system in place increases investors' confidence in the Group and is in line with the Company's sound corporate governance practices. This was further enhanced with the Whistleblower Protection Act 2010, where a whistleblower must be given proper protection against the employer while a complaint is being investigated.

The Company's employees are strongly encouraged to speak up and raise any suspicions of wrongdoing, malpractice or impropriety in the management of the Company's business through the internal whistleblowing procedure which was implemented in 2011.

The internal whistleblowing procedure is a comprehensive framework which outlines when, how and to whom a concern may be properly raised, distinguishes a concern

from a personal grievance, and allows the whistleblower the opportunity to raise a concern outside their management line. Additionally, in order to respect anonymity of the whistleblower in a certain situation, the procedure involves a third party service provider, which provides hotline for employees available via free phone call or internet website. The third party will not disclose any information to identify the whistleblower.

An employee who complies in good faith with his or her duty to report suspected misconduct and who discloses information will be protected by the Company from coercion, retaliation or reprisal in connection with his or her cooperation. Protection is extended throughout the discipline and appeal process, including safe guarding the identity of the whistleblower.

These procedures enable employees to make their concerns known without fear of retaliation and in the knowledge that procedures are in place in which their complaints are acted upon and their identity is kept confidential. Any concerns raised will be investigated by an investigation team which comprises of senior managers and a report and updates are provided to the Board of Directors, through the Audit Committee.

CORPORATE GOVERNANCE STATEMENT

Statement on Internal Control

The Statement on Internal Control furnished on pages 76 to 77 of the Annual Report provides an overview on the state of internal controls within the Company.

Related Party Transactions

An internal compliance framework exists to ensure that the Company meet its obligations under the Listing Requirements including obligations relating to related party transactions. The Board of Directors, through its Audit Committee, reviews all related party transactions involved. A director who has an interest in a transaction must abstain from deliberating and voting on the relevant resolution, in respect of such transaction at the Board of Directors and at any annual general meeting convened to consider the matter.

There are procedures established by the Company to ensure that all related party transactions are undertaken on an arm's length basis and on normal commercial terms, consistent with the Company's usual business practices and policies, which are generally not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders.

The internal practice pertaining to the governance of related party transactions is summarised as follows:

- A list of related parties of the Company will be circulated to the Directors and management of the Company and its subsidiaries to notify that all related party transactions are required to be undertaken on an arm's length basis and on normal commercial terms and not more favourable than those generally available to the public and other suppliers and are not detrimental to the minority shareholders;
- All related party transactions will be reported to the Audit Committee of the Company. Any member of the Audit Committee of the Company may as he deems fit, request for additional information pertaining to the transaction including from independent sources or advisers;
- All recurrent related party transactions which are entered into pursuant to the shareholders' mandate for recurrent related party transactions will be recorded by the Company in a register or records maintained by the Company.

The Recurrent Related Party Transactions entered into by the Company with its related parties in 2011 were for the:

- purchases of raw materials, semi-finished and finished food products from Nestlé affiliated companies amounted to approximately RM400 million;
- payment of royalties for the use of trademarks for the sale of food products to Nestlé affiliated companies amounted to approximately RM170 million;
- payment for information technology shared services for use and maintenance of information technology services to Nestlé affiliated companies amounted to RM25 million; and
- sale of food products to Nestlé affiliated companies amounted to approximately RM950 million.

The item below is to be tabled for the shareholders' approval at the forthcoming Annual General Meeting to be held on 26 April 2012:

- payment for information technology shared services and agency services amounted to approximately RM3 million; and
- payment for information technology shared services to approximately RM2 million.

Relationship with External Auditors

The Audit Committee discusses with the external auditors the nature and scope of the audit and reporting obligations before audit commences. The Audit Committee ensures that the management will provide a timely response on any material queries raised by the external auditors after the audit to management, in respect of the accounting records, financial accounts or systems of control.

The Audit Committee works closely with the senior audit partner assigned by KPMG to the Company, to act as the key representative for overseeing the relationship of the Company with the external auditors. In compliance with the Malaysian Institute of Accountants, the Company rotates its audit partners every 5 [five] years to ensure objectivity, independence and integrity of the audit opinions.

The Audit Committee also meets with the external auditors to review the reasonableness of significant judgment, accounting principles and the operating effectiveness of internal controls and business risk management.

The Audit Committee is tasked with authority from the Board of Directors to review any matters concerning the appointment and re- appointment, audit fees, resignations or dismissals of external auditors and review and evaluate factors relating to the independence of the external auditors and assist them in preserving their independence.

Material Contracts

For the financial year ended 31 December 2011 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.

Compliance with the Nestlé Code of Business Conduct

The Board of Directors has deliberated, reviewed and approved this Corporate Governance Statement. The Board of Directors considers that the Corporate Governance Statement provides the information necessary to enable shareholders to evaluate how the Malaysian Code has been applied. The Board of Directors considers and is satisfied that the Company has fulfilled its obligation under the Nestlé Code, Malaysian Code, the Listing Requirements and all applicable laws and regulations throughout the financial year ended 31 December 2011.

This Statement was presented and approved at the Board of Directors meeting on 23 February 2012.

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 2011.

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" ["Internal Control Guidance"] 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 31 December 2011, the department conducted 10 [ten] audits across corporate function, warehouse, factories and business units. In addition, 5 [five] ad hoc reviews were conducted. Where 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, 2 [two] audits [Nestlé [Malaysia] Berhad’s Corporate Function and infant Nutrition Business Units] were performed by the NGA in the market for the year ended December 2011.

The annual audit plan for the financial year ending 31 December 2011 was presented to the NGA and approved in the last quarter of 2011.

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 assess 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 a 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 Group. 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 were identified, action plans have been implemented or defined with expected completion dates and persons responsible. The Group’s internal audit function is reporting to management on the status of these action plans [implemented, in progress, or pending] on a quarterly basis.

AUDIT COMMITTEE REPORT

SIZE AND COMPOSITION

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail

Independent, Non-Executive Director

Chairman

[Chartered Accountant of the Australian Society of Certified Practicing Accountants;
Chartered Accountant of the Malaysian Institute of Accountants]

Dato' 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]

Tan Sri Datuk [Dr.] Rafiah Binti Salim

Independent, Non-Executive Director

Member

The Audit Committee comprises of 3 [three] members who are all Independent, Non-Executive Directors. The Chairman of the Audit Committee, Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail and another member Dato' 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 2011. 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 2011

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.

Internal audit function:

The internal audit function in the Company is aligned with the Malaysian Code. 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, Switzerland, 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, 34 years of age, who has served the Nestlé group of Companies for approximately 10 [ten] 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 2011 is MYR1,508,827.

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 management's 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.

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 **28th [Twenty-Eighth] Annual General Meeting of the Company** will be held at the **Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur** on **Thursday, 26 April 2012 at 10.00 a.m.** for the transaction of the following business:

AGENDA

As Ordinary Business

- To receive the statutory financial statements for the financial year ended 31 December 2011 and the directors' and auditors' reports thereon.

Resolution 1

- To approve the payment of a final dividend of 125.00 sen per share, under single-tier system, in respect of the financial year ended 31 December 2011.

Resolution 2

- To approve the payment of directors' fees for the financial year ended 31 December 2011.

Resolution 3

- 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

- Marc Seiler

Resolution 5

4.2 Under Article 97

- Tan Sri Datuk Yong Poh Kon

Resolution 6

- To re-appoint Messrs KPMG [Firm No. AF 0758] as auditors of the Company and to authorise the directors to fix their remuneration. **Resolution 7**

As Special Business

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

- Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[a] of the Circular to Shareholders dated 2 April 2012.**

"That the mandate granted by the shareholders of the Company on 21 April 2011 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 2.3A[a] of the Circular to Shareholders dated 2 April 2012 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:-

- 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;
- 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
- 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 8**

7. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[b] of the Circular to Shareholders dated 2 April 2012.

“That the mandate granted by the shareholders of the Company on 21 April 2011 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 2.3A[b] of the Circular to Shareholders dated 2 April 2012 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 9**

8. Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[c] of the Circular to Shareholders dated 2 April 2012.

“That the mandate granted by the shareholders of the Company on 21 April 2011 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 2.3A[c] of the Circular to Shareholders dated 2 April 2012 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.

NOTICE OF ANNUAL GENERAL MEETING

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**

9. **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[d] of the Circular to Shareholders dated 2 April 2012.**

“That the mandate granted by the shareholders of the Company on 21 April 2011 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 2.3A[d] of the Circular to Shareholders dated 2 April 2012 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 11**

10. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[e] of the Circular to Shareholders dated 2 April 2012.

"That the Company and/or its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3A[e] of the Circular to Shareholders dated 2 April 2012 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.

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 12**

11. Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[f] of the Circular to Shareholders dated 2 April 2012.

"That the Company and/or its subsidiaries shall be mandated to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3A[f] of the Circular to Shareholders dated 2 April 2012 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.

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;

NOTICE OF ANNUAL GENERAL MEETING

- [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 13**

To consider and if thought fit, to pass the following as Special Resolution:

12. Proposed Amendments to the Company's Articles of Association

“THAT the following alterations, modifications, additions or deletions to the Company's Articles of Association be and are hereby approved:-

No. EXISTING ARTICLES	No. PROPOSED ARTICLES
59 In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote 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 Act shall not apply to the Company.	59 In every notice calling a meeting of the Company, there shall appear with reasonable prominence a statement that a member entitled to attend and vote 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 Act shall not apply to the Company. <u>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</u>
83 Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one [1] proxy but not more than two [2] proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	83 Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, it may appoint <u>not more than two [2] proxies</u> in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. <u>Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one [1] securities account [“omnibus account”], there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</u> <u>Where an authorized nominee appoints two [2] proxies, or where an exempt authorized nominee appoints two [2] or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.”</u>

Resolution 14

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 28th [Twenty- Eighth] Annual General Meeting of the Company, a final dividend of 125.00 sen per share, under single-tier system in respect of the financial year ended 31 December 2011 will be paid to the shareholders on 30 May 2012. The entitlement date for the said dividend shall be 16 May 2012.

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 16 May 2012 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
2 April 2012

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 Central Depositories Act, it may appoint not more than two [2] proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one [1] securities account ["omnibus account"], there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorized nominee appoints two [2] proxies, or where an exempt authorized nominee appoints two [2] or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- [iv] An authorised nominee or an exempt 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] 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] In respect of deposited securities, only members whose names appear in the Record of Depositors on [a date not less than three market days before the general meeting] shall be entitled to attend, speak and vote at the general meeting.

**Explanatory Notes on Special Business:-
Recurrent Related Party Transactions**

For further information, please refer to the Circular to Shareholders dated 2 April 2012 accompanying the Company's Annual Report for the financial year ended 31 December 2011.

**Proposed Amendments to the Company's
Articles of Association**

The proposed amendments will bring the Company's Articles of Association in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and to enhance administrative efficiency.

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 28th [Twenty-Eighth] Annual General Meeting of the Company to be held at the Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 April 2012 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 2011 and the directors' and auditors' reports thereon.		
2.	To approve the payment of a final dividend of 125.00 sen per share, under single-tier system, in respect of the financial year ended 31 December 2011.		
3.	To approve the payment of directors' fees for the financial year ended 31 December 2011.		
4.	To re-elect Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail as a director of the Company.		
5.	To re-elect Marc Seiler as a director of the Company.		
6.	To re-elect Tan Sri Datuk Yong Poh Kon as a director of the Company.		
7.	To re-appoint Messrs KPMG [Firm No. AF 0758] as Auditors of the Company and to authorise the directors to fix their remuneration.		
8.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[a] of the Circular to Shareholders dated 2 April 2012.		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[b] of the Circular to Shareholders dated 2 April 2012.		
10.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[c] of the Circular to Shareholders dated 2 April 2012.		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[d] of the Circular to Shareholders dated 2 April 2012.		
12.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[e] of the Circular to Shareholders dated 2 April 2012.		
13.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3A[f] of the Circular to Shareholders dated 2 April 2012.		
14.	Proposed Amendments to the Company's Articles of Association.		

Dated this _____ day of _____ 2012

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 Central Depositories Act, it may appoint not more than two [2] proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
Where an authorized nominee appoints two [2] proxies, or where an exempt authorized nominee appoints two [2] or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- [iv] An authorised nominee or an exempt 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. 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] In respect of deposited securities, only members whose names appear in the Record of Depositors on [a date not less than three market days before the general meeting] shall be entitled to attend, speak and vote at the general meeting.

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Affix postage
stamp

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

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