



Peraturan Bar. Jalan Perse - Gunung Kemuning
Kuala Perbandaran Selangor

 **Nestlé**
Good Food, Good Life

2013
CORPORATE REPORT

Inside

- 2** Performance at a Glance
- 6** Message to Shareholders
- 12** Business Review
- 24** What Creating Shared Value Means to Us
- 28** Corporate Information
- 30** Board of Directors
- 32** Profile of Directors
- 36** Management Team
- 38** Profile of Management Team
- 40** Notice of Annual General Meeting
Proxy Form

Performance at a Glance

- Turnover of RM4.8 billion is 5.1% higher, up by RM232 million from 2012
- Profit before tax up 12.8% to RM719 million with underlying margin improvement of 100bps
- Higher earnings per share, up by 11.2% to RM2.40
- Declared and proposed dividend increased by 11.9% to RM2.35 per share
- Better management of working capital resulting in lower net financing costs.

Turnover

+5.1%

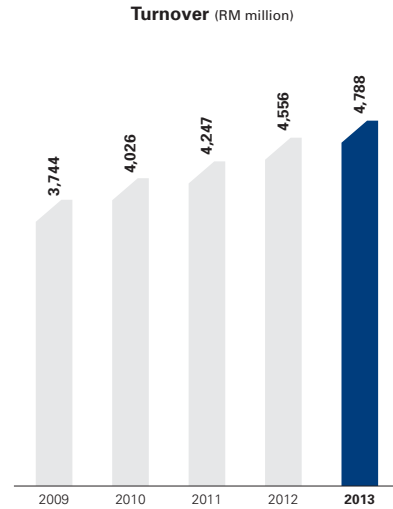
Net Profit

+11.2%

Dividend

+11.9%

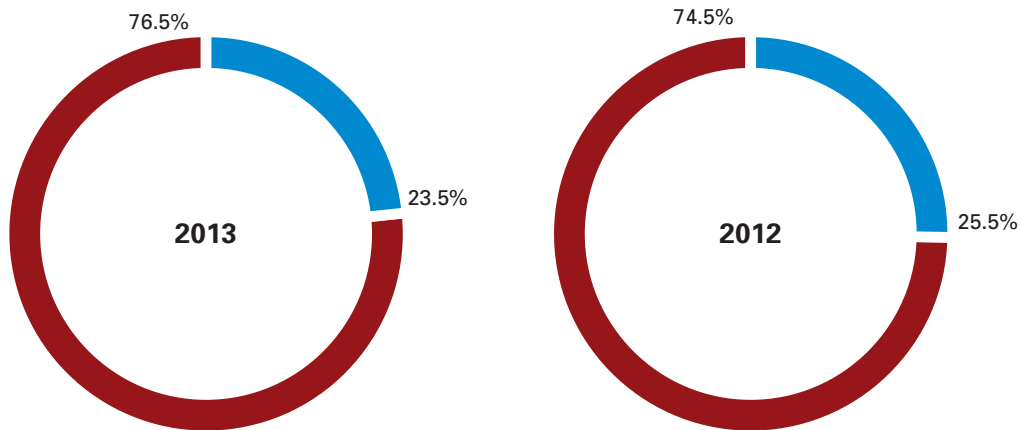
The strong domestic sales growth fueled by investments in marketing and promotional activities and the improved Gross Profit margin helped Profit Before Tax reach RM719.1 million with an underlying margin improvement of 100bps.



Effective from 1 January 2012, certain allowances and discounts are disclosed as a deduction of sales in conformity with Nestlé S.A. Group policy and with the practice generally applied by consumer goods companies.

For comparative purpose, only 2011 is adjusted to reflect the new turnover definition.

Total Sales (%)



2013 Growth: **7.9%** ↑ Domestic

-3.2% ↓ Export

I absolutely love football. My friends and I represent our school in the MILO Inter-school Football Tournament and we practice three times a week. I think we have a great chance of winning the tournament this year!

Adam scored the winning goal for his team this year. The exhilaration and triumph that he felt when securing the goal resonated deep within him, and at that moment he knew that, without a doubt, when he grows up he wants nothing other than to play football professionally.





Message to Shareholders

Thank you to our people for delivering our commitments

The wellbeing of our consumers is a key focus for Nestlé as we continue on our journey towards our goal of being recognized as the leading Food, Nutrition, Health and Wellness Company in Malaysia.



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 2013.

PERFORMANCE OVERVIEW

In 2013 the global economy showed some signs of recovery which had a positive impact on the country, as the Malaysian economy registered a 4.7% growth for the year.

In tandem with the country's economic momentum, the Group registered a good top and bottom line growth, with a turnover of RM4.8 billion and net profit of RM561.7 million for the financial year ended 31 December 2013, 5.1% and 11.2% higher than the corresponding period in 2012 respectively.

On the Domestic front, the Group strengthened its marketing and promotional activities to fuel the growth of its products with several product categories such as Confectionery, Liquid Drinks and Food achieving a robust double-digit growth.

Key activities during the year include the Bonanza Hari Keluarga Malaysia promotion, which saw extensive promotions in the print and electronic media, and at point of sales; the MILO Fuel for Champions campaign jointly organised with the Olympic Council of Malaysia; and the activities related to NESCAFÉ's 75th anniversary celebrations. New product launches, which included NESTLÉ Greek Yoghurt and MAGGI Big Kari, were well received by the market and have helped the Group to further grow its market share.

Exports to affiliated companies, however, experienced lower demand due to the global economic environment which has become more challenging as well as a softening in demand for some export categories. The slowdown in exports to affiliates, however, freed up capacity to support strong growth in domestic sales.

From an input cost perspective, the price trend of commodities consumed by the Group was favourable except for Milk Powders, which was on an upward trend in 2013, while the weakening of the Ringgit against the US Dollar in the second half of the year was partially mitigated by forward hedging positions. The overall favourable input cost trends combined with higher sales resulted in higher Gross Profit margin, which improved by 140bps against the previous year.

The strong domestic sales growth fueled by investments in marketing and promotional activities and the Gross Profit margin improvement helped Profit Before Tax reach RM719.1 million with an underlying margin improvement of 100bps. Net profit stood at RM561.7 million and reflecting an improvement of 11.2%.

CORPORATE GOVERNANCE

Good governance helps us create and maintain trust with our stakeholders, and our Corporate Report outlines the Board's responsibilities in ensuring good governance in line with Bursa Malaysia's Listing Requirements and Malaysian Code on Corporate Governance 2012, as well as established best practices within the Nestlé global group.

We also seek to be transparent in all that we do, including activities related to corporate social responsibility, which we refer to as Creating Shared Value (CSV). Our stand-alone CSV reports have been externally verified for the past three years; and the accompanying 2013 Nestlé in Society: Creating Shared Value and Meeting Our Commitments Report has also been externally verified with an A+ GRI rating, reflecting the accuracy and comprehensiveness of our reporting process.

CREATING SHARED VALUE (CSV)

The well being of our consumers is a key focus for Nestlé as we continue on our journey towards our goal of being recognized as the world's leading Food, Nutrition, Health and Wellness Company.

At Nestlé we subscribe to the approach of Creating Shared Value where 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.

Throughout the years we have actively engaged in sustainable activities to achieve this and throughout 2013 we continued along the same lines while introducing new initiatives. Among the continuing activities that were carried out during the year are Program Cara Hidup Sihat, a longitudinal intervention programme implemented in collaboration with the Ministry of Health and Universiti Putra Malaysia (UPM); and the Nestlé Paddy Club (NPC), an innovative farming initiative through a collaboration with Organica Biotech, Ninamaju, Ban Eng Hin Rice Mill and DuPont in Kerpan, Kedah.

Message to Shareholders

Fueled by increased investments in marketing and creating shared value activities, the Group took full advantage of the positive economic situation and registered a turnover of RM4.8 billion, and a net profit of RM561.7 million, 5.1% and 11.2% respectively higher than the same period last year.

Both these initiatives reported progress in 2013, with the Program Cara Hidup Sihat training a total of 203 teachers and wardens under the 'Train-the-Trainers' sessions and the participation of 332 teachers and food operators at the 'Training for Food Operators' sessions at the end of the first phase. The NPC, meanwhile, successfully achieved an average yield of 7.01mt/ha, an improvement of 2.34%, compared to the average yield in the previous year.

In addition to the existing programmes, we also introduced the Bonanza Hari Keluarga Malaysia, a consumer contest aimed at encouraging family togetherness and enhancing the quality of family life through tastier food, as well as healthy and fun activities. The promotion carried a charity element whereby Nestlé donated RM1 for each qualified Bonanza Hari Keluarga Malaysia Nestlé contest entry to selected charities. A total of RM300,000 was distributed to various charities while another RM500,000 was donated to the Ministry of Women, Family and Community Development in support of their activities to promote the welfare of women and communities as well as enhancing family development.

A more detailed account of our CSV activities can be found in the accompanying 2013 Nestlé in Society: Creating Shared Value and Meeting Our Commitments Report.

RECOGNITION AND AWARDS

Our commitment to Creating Shared Value are duly recognised and acknowledged by the industry and our peers with the honour of various accolades and awards. In 2013, Nestlé received several awards in recognition for its sustainable practises.

On the environmental front, Nestlé received the Notable Achievement in Environmental Performance and the Selangor State Award at The Prime Minister's Hibiscus Awards (PMHA), the nation's premier environmental award for private sector business and industry, organised by four of Malaysia's leading private sector non-profit organisations.

We were also given recognition at the Malaysia-Asean Corporate Governance Index 2013 Awards organised by the Minority Shareholder Watchdog Group (MSWG), which was held to recognise companies that achieved excellence in the area of corporate governance.

The Company was the recipient of the Best Environment, Social and Governance (ESG) Award.

DIVIDENDS

In view of the strong performance in 2013, both top and bottom lines, the Board has recommended a final net dividend of 175 sen per share, giving a total net dividend proposed and declared for the financial year of 235 sen per share which represents a 11.9% increase from the previous year's dividends and a payout of 98.1% against the net profit.

PROSPECTS FOR 2014

We remain cautiously optimistic on the outlook for 2014. While the external environment is showing positive signs of growth in the developed world, the emerging economies are experiencing some volatility. The improving outlook in the developed world will provide a boost and growth opportunities for the Asian economies including Malaysia.

This augurs well for the Group, and we intend to fully leverage on the positive developments for both our local and export businesses.

Total net dividend of
235 sen
 per share up 11.9%
 representing 98.1%
 of net profit

**Continued innovation
 & renovation will
 stimulate growth for
 the coming year.**

Furthermore, we believe the Government will continue to provide support through development projects and incentives, which will continue to boost the economy. Of slight concern is the rising inflation resulting from the Government's subsidy rationalisation programme, which together with the weaker Ringgit, could have an adverse impact on consumer disposable income. Given the circumstances, we need to be vigilant and continuously monitor the development of the global and local economies to ensure we have the right business strategies in place to protect and gain market share.

Internally, we will continue to increase efficiencies through the Nestlé Continuous Excellence programme and capitalise on the continued innovation and renovation of our products. In line with the Government's goal of creating a healthy and productive society, we will further promote nutritional diets and healthy lifestyles in addition to our ongoing efforts to deliver healthier and tastier products to consumers.

APPRECIATION

The Board and the Company would like to extend a warm welcome to Toh Puan Dato' Seri Hajjah Dr. Aishah Ong who was appointed to the Board in November 2013.

Toh Puan is currently the Pro-Chancellor of the University of Malaya, a position she has held since February 2003, and also holds positions in several organisations, such as the Chairman of the Yayasan Institute Jantung Negara (the National Heart Institution), Chairman of The New Straits Times Press Charity Fund, and founding Trustee of the Cancer Research Initiatives Foundation (CARIF) among others.

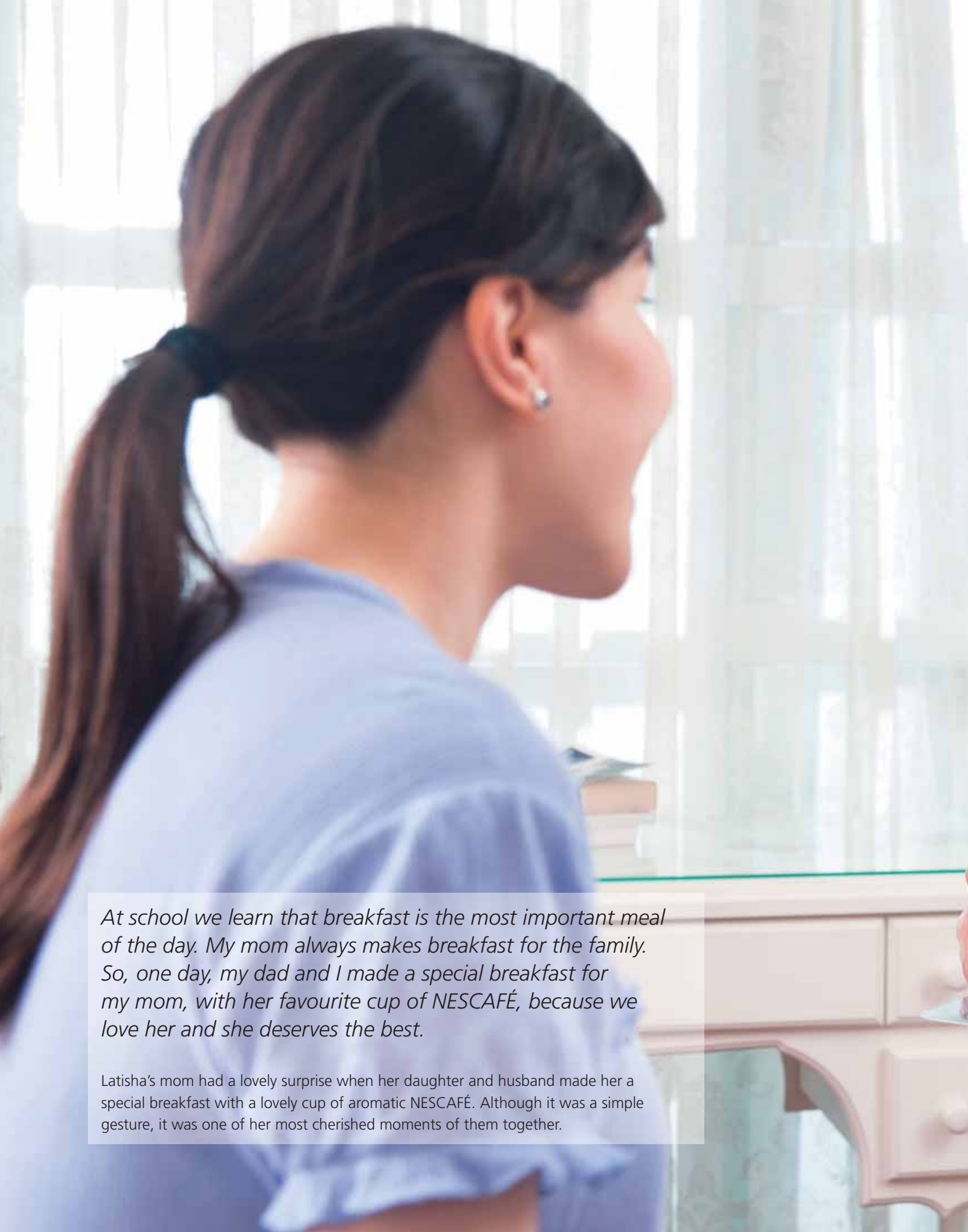
The Board is confident that Toh Puan, with her qualifications and vast experience, will contribute effectively to further enhance Nestlé's position as the leading Nutrition, Health and Wellness Company in Malaysia.

In closing, the Board would like to record its appreciation to the management team and all staff for their dedication and commitment, and for playing an essential role in pushing the Company forward as the leading Food, Nutrition, Health and Wellness Company in the country. Our thanks also go to our retail partners, distributors and customers for their continued support and loyalty to our brands.

Thank you.

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

Alois Hofbauer
 Managing Director



At school we learn that breakfast is the most important meal of the day. My mom always makes breakfast for the family. So, one day, my dad and I made a special breakfast for my mom, with her favourite cup of NESCAFÉ, because we love her and she deserves the best.

Latisha's mom had a lovely surprise when her daughter and husband made her a special breakfast with a lovely cup of aromatic NESCAFÉ. Although it was a simple gesture, it was one of her most cherished moments of them together.



Business Review

The Group performed commendably despite the challenges in 2013, with a strong domestic growth more than offsetting the slight contraction in the export business to affiliates.

To support and sustain the growth momentum from the previous year, Nestlé increased its marketing and promotional activities in 2013.

This has resulted in strong domestic sales with several product categories such as Confectionery, Liquid Drinks and Food registering double-digit growth. The Group has also strengthened its market share position in the Food and Beverage category with this overall good domestic performance.

The export business represent sales to affiliated companies in other countries which distribute Nestlé products locally. The contraction in exports was largely due to lower demand from affiliated companies owing to the global economic environment which has become more challenging as well as a softening in demand for some export categories. The lower export volumes, however, created opportunities for the domestic market to grow as the extra capacity available supported the higher local demand.

Within the domestic business, some of the product categories grew faster than anticipated, requiring the Group to focus its efforts in increasing production capacity to ensure the uninterrupted supply of these products.

This was reflected in the Group's investments during the year, which amounted to RM214 million, mostly dedicated to increase the production capacity of the Liquid Drinks, Confectionery and Noodles categories.

One of the key investments to further increase capacity was the construction of the Sri Muda Factory, a new manufacturing facility in Shah Alam, which will initially

produce a variety of ready-to-drink liquid beverages, a category which has seen a sharp increase in demand in recent years.

The construction of this new plant started in mid-2013 and is expected to start commercial production in the fourth quarter of 2014.

The strong performance during the year was also enabled by the continued application of the Nestlé Continuous Excellence (NCE) – a global framework to improve working processes and efficiencies within Nestlé.

As a result of the improvements, the Nestlé factories collectively have increased their productivity by 3.3% while successfully reducing the conversion cost up to 10.0% of some key product items.

In addition to the increased productivity, Nestlé also managed to reduce energy consumption with a saving of 2.3% of energy usage per tonne product recorded for the year under review, surpassing the annual target of 2.0% reduction.

The on-going internal improvements spurred by NCE have also resulted in a reduction of consumer complaints by 9.0% in 2013.

The Supply Chain performance also continued to rise this year, with its customer service level registering a 40 bps improvement. In addition to that, the accuracy of its demand planning sustained its upward trajectory, whilst at the same time successfully reducing stocks of raw and semi-finished materials, as well as finished products.

On-going efforts by the Group's logistics arm helped reduce CO₂ emissions, which not only resulted in a reduction in

distribution expenses per kilogramme of delivery, but was also successful in minimising its impact on the environment.

This achievement in overall carbon footprint reduction was acknowledged as the Group received the Notable Achievement in Environmental Performance and the Selangor State Award at the Prime Minister's Hibiscus Award 2013.

The retail operation, meanwhile, was further enhanced as the Sales Team continued its focus on 'Being Brilliant at the Basics' through activities such as the GPS coding exercise, where new outlets were identified and included in coverage plans. This resulted in an increase of direct coverage of 4,000 retail outlets, which improved the availability and representation of Nestlé products in these stores.

Working closely with selected partners, the Sales Team also implemented the 'Perfect Store' concept in several stores across the country to improve sales. This involved the remodeling of floor plans, display areas and shelves to leverage shopper traffic and purchase patterns, which were derived from shopper insights.

A major highlight during the year was the *Bonanza Hari Keluarga Malaysia Nestlé* – a nationwide contest to encourage consumers to purchase Nestlé products with an opportunity to win prizes worth up to a total of RM2.6 million.

The contest was promoted through a comprehensive and integrated marketing campaign that included extensive on-ground activities with more than 25,000 multi brand displays in stores nationwide, above-the-line support with over 140 print advertisements and more than 3,000 television commercial spots, and digital communication.

The extensive activities supporting this campaign clearly paid off, as the response from consumers was overwhelming with almost 800,000 entries nationwide, resulting in a significant uplift in sales in the month of September.

To maintain the continuous success of the business, the Group also focused on recruiting and nurturing the best talents. Nestlé partnered with top universities and relevant agencies, such as TalentCorp Malaysia, and also took part in career fairs at local and overseas universities.

Through these engagements, undergraduates had the opportunity to learn more about Nestlé and in return Nestlé was able to build a network of top young talents.

To nurture these young talents, Nestlé has in place various programmes designed to support their personal development and create a pool of talented future leaders. The Nestlé Internship programme provides an aspiring experiential learning platform for undergraduates to gain hands-on exposure and mentoring in their field of study, while the Nestlé Management Trainee programme helps develop fresh graduates in the areas of Sales & Marketing, Finance, Supply Chain, Human Resource and Technical & Production.

In 2013, Nestlé recruited 20 new Management Trainees from a total of 1,500 applicants.

As an employer that cares for the wellbeing and development of not only its employees, but also their families, Nestlé awarded 20 students whose parents are Nestlé employees and retirees with the Nestlé Scholarship Awards, doubling the number of scholarships awarded from the previous year.

Through this initiative, selected students will receive RM7,000 annually for the entire period of their degree programme. They will also be given priority in the practical internship programme and work opportunities at Nestlé.

Due to the Group's important investment in its people, Nestlé is widely acknowledged as a leading employer and a great place to work.

This is confirmed by Nestlé winning the Most Popular Graduate Employer Award 2013 for the FMCG/Retail category. Nestlé is also currently ranked as one of the top 10 companies in Malaysia's 100 Leading Graduate Employers – a huge improvement from the 23rd position in the year before.

The Group received the Notable Achievement in Environmental Performance and the Selangor State Award at the Prime Minister's Hibiscus Award 2013.

Internally, the Group will continue to increase efficiencies through the Nestlé Continuous Excellence Programme.

Yang Berhormat Dato' Sri Rohani Abdul Karim and Mr. Alois Hofbauer together with some of the charities, which received RM20,000 each from Nestlé Malaysia.



DAIRY



MILO

In 2013, the number one chocolate malt beverage brand in the country, MILO continued to leverage on its brand by reaching out to all Malaysians, advocating healthy and active lifestyles.

It launched the MILO Breakfast Movement, a campaign that emphasised the importance of breakfast, through a series of interactive and educational activities, which culminated with the Malaysia Breakfast Day celebration at University Putra Malaysia on 19 May 2013.

Having successfully engaged with more than 200,000 Malaysians through this campaign in 2013, MILO plans to continue to host the Malaysia Breakfast Day celebrations annually, as it is committed to further cultivate good breakfast habits amongst Malaysians.

MILO continues to enrich the lives of Malaysians through initiatives that advocate healthy lifestyles and the true value of sports.

Additionally, in its effort to drive the true value of sports and develop young local athletes, MILO in partnership with the Olympic Council of Malaysia launched the MILO Fuel for Champions campaign.

The aim of this campaign is to obtain support for Malaysian's contingent in the 27th SEA Games in Myanmar, which was officiated by Y.B. Encik Khairy Jamaluddin, Minister of Youth and Sports Malaysia in August 2013. MILO successfully collected 2.7 million MILO Flames to support the Malaysian contingent.

This campaign will be more than just a one-time sponsorship, as it aims to empower young athletes to further develop their talent, and inspire parents to encourage their children to participate in sports from a young age.



MILKS



In 2013, NESTLÉ OMEGA PLUS collaborated with retail partners and the Heart Foundation of Malaysia (HFM) to drive higher heart health awareness, through initiatives such as the Go Red Campaign.

Through this campaign, more than 100,000 cholesterol checks and sampling activities were carried out in selected shopping malls and supermarkets. It was well received by shoppers, which led to a higher trial rate and increased sales for the brand.



NESTLÉ OMEGA PLUS

Together with the HFM, NESTLÉ OMEGA PLUS also organised several health related activities, such as Walk A Mile and Heart Health Screenings, in conjunction with the World Heart Day on 29 September 2013. The Walk A Mile event was also attended by Tun Dr. Mahathir Mohamad and Tun Dr. Siti Hasmah Mohamad Ali.



Strategic partnerships continue to be a recipe for success for the Milks segment, as they support its aim to reach out to more consumers through health related activities.

BEVERAGES



It also introduced a new coffee machine, Melody, which has the capacity to produce six cups of drinks, thus making it more convenient for entertaining friends and strengthening NESCAFÉ Dolce Gusto's promise of delivering café style beverages at home.

To further enhance its brand image and value proposition, the NESCAFÉ Classic and NESCAFÉ 3in1, were both re-packaged.

To deliver a better coffee experience, the NESCAFÉ 3in1 was reformulated to enhance its overall richer coffee taste and creaminess.

Demonstrating its position as the coffee of choice, 7 out of 10 consumers chose NESCAFÉ Menu Ipoh White Coffee over a competitor's, during a taste challenge.

NESCAFÉ

Celebrating its 75th year anniversary in style, NESCAFÉ carried out a series of fantastic in-store promotions, on ground engagements and roadshows, which excited consumers throughout 2013.

The theme of the celebrations, '75 years of great coffee and counting' aptly reflects the brand's legacy in the history of coffee around the world, as well as its promise to continue providing the best tasting and quality coffee to consumers.



The launch of NESCAFÉ 75 Years Anniversary celebration was a fun-filled affair.

The re-packaged NESCAFÉ 3in1 and NESCAFÉ Classic



NESCAFÉ Dolce Gusto's brand new variant, Caramel Latte Macchiato

True to this commitment, NESCAFÉ Dolce Gusto launched a new variant, Caramel Latte Macchiato especially for those who love the taste of rich coffee with milk and caramel flavour. This new product has been popular with online consumers.

As the well-loved and perfectly roasted NESCAFÉ turns 75 years old this year, it promises to continue to excite consumers with great coffee through product innovation and renovation.

FOOD BUSINESS



Rosalyn Simba, Business Executive Manager Food Business, Nestlé Products Sdn Bhd; Aaron Aziz, Brand Ambassador and local celebrity; and Lam Pui Yuae, Consumer Marketing Manager, Food Business, Nestlé Products Sdn Bhd savouring the delicious MAGGI Big Kari at the product launch.

MAGGI

The Food business sustained a double-digit growth and boosted market share, through focussed support for the noodles and cooking aids categories. Operational savings generated across the value chain fuelled increased investments in brand communication and product improvements.

MAGGI started the year with the launch of MAGGI Magic Meals, an innovative cooking solution that allows the preparation of delicious homemade meals alongside rice in a rice cooker. This revolutionary approach to cooking is currently gaining traction in the modern trade channels.

MAGGI Cukup Rasa, the leading all-in-one seasoning saw incredible growth and rise in market share, following better media support and the launch of its 25g pack, which increased its availability in top-up shops.



MAGGI Cukup Rasa

The Food business - with its brand MAGGI - continues to provide tastier and simpler yet inspiring food solutions through its noodles and cooking aids categories, enabling consumers to easily enjoy delicious and balanced meals as well as snacks.

FOOD BUSINESS

Responding to consumers' demand, MAGGI Big Kari 101g was launched through an integrated marketing campaign, which included celebrity endorsements, in-store displays and exciting promotions. The launch successfully generated a strong buzz in the market and increased MAGGI's share in the noodles market.

MAGGI capitalised on positive consumer sentiments towards its culinary products through affinity programmes that promoted the goodness of home cooking amongst youth. In its secondary school cooking competition, which is in its 17th year, students from 16 states prepared signature homemade dishes and participated in cooking and nutrition workshops.



MAGGI Big Kari

NESTLÉ PROFESSIONAL

Nestlé Professional teamed up with the Chefs Association of Malaysia, to produce the 'Amazing Inspirations', a recipe book that highlights the nation's best chefs' culinary skills and creative recipes that use MAGGI, to inspire aspiring young chefs in the industry.

Designed specifically for local and fusion cafés, MAGGI Oriental Barbecue Sauce, a unique barbecue sauce with a touch of Asian spice was launched in 2013. Its distinctive flavour of spices allows it to be used in a marinade or as a glazing, stir-frying or dipping sauce.

In 2013, an international QSR (Quick-Service Restaurant) chain introduced NESCAFÉ Milano as part of their beverage menu. They ran several campaigns such as the Breakfast with Coffee campaign to encourage their customers to choose NESCAFÉ Milano.



NESCAFÉ Milano



MAGGI Oriental Barbecue Sauce

2013 has been an exciting year of improved services, strategic new partnerships and innovative product developments for the Nestlé Professional business.

NESTLÉ LIQUID DRINKS

In 2013 the Nestlé Liquid Drinks business achieved double-digit growth for the fourth consecutive year and gained market share in both MILO and NESCAFÉ Ready-To-Drink categories.

One of the key reasons for this was the strengthened route to market thanks to improved distribution coverage and increased nationwide visibility.



NESCAFÉ Smoovlatte

Additionally, several creative campaigns were implemented to excite consumers and drive sales. For example, MILO UHT Packet drinks ran the Fuel for Champions campaign, which featured popular Malaysian footballer, Nazmi Faiz; and NESCAFÉ Can launched a creative campaign based on music, which featured popular artist Shaheizy Sam.

These campaigns received positive feedback and strong online following, thus helped to increase market share and enticed new consumers.

To provide more choices for consumers, NESCAFÉ Smoovlatte and BEAR BRAND were launched in 2013.

NESCAFÉ Smoovlatte is a café style latte that has a strong aromatic blend of NESCAFÉ coffee and milk, whilst BEAR BRAND is sterilised milk, which has a strong brand presence in East Malaysia.



BEAR BRAND

Innovative campaigns featuring local celebrities and strategic new product launches have further strengthened Nestlé Liquid Drinks business growth in 2013.

NESTLÉ ICE CREAM

The year under review was an exciting year for the Ice Cream business, with amazing product innovations that contributed to its robust growth.

The MAT KOOL COLORS, which has four deliciously flavoured cores and four coloured wraps with green pineapple peel-able jelly, was successfully introduced this year.

Another great launch is the DRUMSTICK Ekstrem Choc, which is a real treat for those die-hard chocolate lovers, as it comes with a chocolate flavoured sauce and topped with white and dark chocolate chips.

Fantastic new products strategically aimed at specific target markets such as chocolate lovers have certainly boosted the growth of the Ice Cream business.



MAT KOOL COLORS
and DRUMSTICK
Ekstrem Choc

CONFECTIONERY



KIT KAT

2013 was another great year for the Confectionery business, as it successfully maintained its double-digit growth. This commendable performance is largely attributed to the robust sales of its domestic and export businesses.

A key brand under this category, KIT KAT, reaffirmed its position as the brand leader with a strong share in the confectionery market. This success is driven by the brand's innovative and exciting campaigns throughout the year.

The Confectionery business remains strong with KIT KAT as a strong brand leader in the market.

CHILLED DAIRY

Nestlé Chilled Dairy business continued to deliver growth during the period under review. Nestlé BLISS, the leading yogurt drink brand in Malaysia continues to recruit new consumers while increasing consumption amongst its light and medium users.

In addition to that, the Nestlé Natural Set yogurt maintained its double-digit growth, thus strengthening its position as the market leader in the segment.

An exciting new range of Nestlé Greek Yogurt was introduced in 2013, targeted at the premium yogurt segment. The new range comprises of three variants - Natural Variant, Strawberry Field and Peach Harvest. These new varieties are creamier in taste and more nutritious, as they are a source of protein and calcium, with low fat content and no added sugar.

The Chilled Dairy business maintained its strong growth momentum this year through successful marketing campaigns and an incredibly delicious and healthy new product range.



Nestlé Greek Yogurt

MATERNAL & INFANT NUTRITION

2013 has been a year of continued product innovations for the Maternal & Infant Nutrition business, in line with its START WELL STAY WELL commitment to nurture a healthier generation.

The Nestlé CERELAC Yogurt, which comes in two variants – Yogurt Cherry Apple and Yogurt Mango Orange – were introduced, offering the goodness of yogurt, BIFIDUS BL probiotics and cereals, true to its promise to provide Big Nutrition for Small Tummies.

The new LACTOGEN 3 Honey launched this year provides good nutrition added with active friendly bacteria, Lactobacillus Comfortis. This product is especially for those young children with developing taste buds who desire variety in their milk consumption.

The business unit also introduced a new and attractive packaging for NAN Grow 3 and NAN Kid 4. These great products provide 100 million BIFIDUS BL probiotics every day to increase the number of good bacteria in a child, thus supporting their immune system.



NAN Grow 3



Nestlé CERELAC Yogurt

Keeping with its promise to nurture a healthier generation, the Maternal & Infant Nutrition business introduced a new website - www.startwellstaywell.com.my - for mothers to learn more about nutrition in the first 1,500 days of their child's life.

HEALTHCARE NUTRITION

The HealthCare Nutrition business' continued double-digit growth in 2013, largely attributed to the performance of NUTREN Untuk Diabetik, a strong number two brand in the diabetes nutrition category.

This established brand had successfully reached out to more than 40,000 diabetic consumers throughout the country, through a series of educational campaigns organised in collaboration with Non-Governmental Organisations and business partners.

To further strengthened its position in the diabetes nutrition category, the HealthCare Nutrition business launched ISOCAL DM, the first affordable and great tasting diabetes beverage, targeting the middle-income diabetics and pre-diabetics.



ISOCAL DM

The HealthCare Nutrition business delivered yet another year of positive double-digit growth supported by investments in consumer engagements and product innovation.

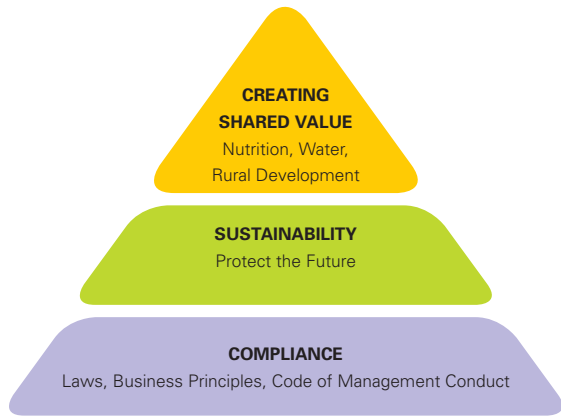


Bonnie and I are so excited to become parents for the first time. I have been very careful with my nutrition intake, and have been drinking two glasses of MOM & ME everyday during my pregnancy to ensure that my child and I have all the needed nutrition.

When Zhu Sien and her husband found out that they were going to be parents, they were overwhelmed with joy. It was also the moment she knew that she had to have a healthy and balanced diet to support her unborn baby's growth and development.



Nestlé in Society: Creating Shared Value and Meeting Our Commitments



The Nestlé in Society Pyramid

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 the communities that we operate in and that of our shareholders. It is a fundamental part of our way of doing business and is the foundation to our cultures, values and also 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.

Nestlé in Society: Meeting Our Commitments in Three Focus Areas

At Nestlé, we believe that in order for us to prosper over the long-term, the communities that we operate in have to prosper as well, and we achieve this by focusing on the three key areas for joint value optimisation. These areas – namely Nutrition, Water & Environment and Rural Development – are core to our business strategy, operations and the basis of our competitive advantage. They are fundamental to our overall business goal, which is to be the recognised leader in Nutrition, Health and Wellness, trusted by all stakeholders.





4,954 students intervened during the roll-out of the “Program Cara Hidup Sihat”.

Nestlé Paddy Club has a membership of

312 farmers

cultivating over 807 hectares, with an average yield of 7.06 metric tonne per hectare.

Nutrition: because food and nutrition are the basis of health, our expertise and of our business – it is the reason 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 will have a drastic impact on the quality of life as well as on our business operations.

Rural Development: because the overall wellbeing of our various stakeholders – farmers, rural communities, small entrepreneurs and suppliers – is key to our continued success and the nation’s development.

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 Nestlé in Society: Creating Shared Value and Meeting Our Commitments Report 2013, which can be downloaded from our corporate website: www.nestle.com.my. More information on CSV can also be obtained from www.nestle.com

Nestlé Malaysia successfully planted more than

180,157 trees

along the lower Kinabatangan river in Sabah, as part of the Nestlé Project RiLeaf as at 2013.



Nutrition



Water & Environment



Rural Development



It was our one-month anniversary, so what better way to surprise her than with a red rose and her favourite KIT KAT!

Eventhough they have been together for only a short while, Eugene always knew how to make Asha smile. To celebrate their first month together, he surprised her with a red rose and her favourite chocolate, KIT KAT. From that moment, Asha knew that he was the one for her.



Corporate Information

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

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

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong
Independent, Non-Executive Director
(Appointed on 28 November 2013)

Alois Hofbauer
Managing Director
Alternate Director to Marc Seiler
Member of the Compensation Committee

Marc Seiler
Executive Director
Alternate Director to Alois Hofbauer



AUDIT COMMITTEE

Tan Sri Dato' Seri Syed Zainol
Anwar Jamalullail
Chairman

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

Tan Sri Datuk Yong Poh Kon
Member

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

Alois Hofbauer
Member
(Appointed on 24 February 2014)

Marc Seiler
Alternate Member to Alois Hofbauer
(Appointed on 24 February 2014)

COMPANY SECRETARY

Tengku Ida Adura Binti Tengku Ismail
(MACS 01686)
(Appointed on 06 August 2013)
Tel : +603 7965 6000
Fax : +603 7962 7213
E-mail :
TengkuldaAdura.Tengkulsmail@my.nestle.com

REGISTERED OFFICE

22-1, 22nd Floor, Menara Surian
No.1, Jalan PJU 7/3
Mutiar Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

COMPANY WEBSITE

www.nestle.com.my

SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.
(118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : +603 2264 3883
Fax : +603 2282 1886

AUDITORS

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7721 3388
Fax : +603 7721 3399

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad (127776-K)

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
(635998-W)





BOARD OF DIRECTORS



From left to right:

- Marc Seiler
- Dato' Mohd. Rafik Bin Shah Mohamad
- Tan Sri Datuk [Dr.] Rafiah Binti Salim
- Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail
- Alois Hofbauer
- Dato' Frits van Dijk
- Tan Sri Datuk Yong Poh Kon
- Toh Puan Dato' Seri Hajjah Dr. Aishah Ong
- Tengku Ida Adura Binti Tengku Ismail (Company Secretary)

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 62 years

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail was appointed as a Non-Independent, Non-Executive Director on 25 February 2002, representing Lembaga Tabung Haji. Subsequently, when Lembaga Tabung Haji ceased to be a substantial shareholder, he was re-designated as an Independent, Non-Executive Director on 05 November 2004, and was later appointed as Chairman of the Board of Directors on 16 April 2009. He is the Chancellor of SEGi University, and the Chairman of Cahya Mata Sarawak Berhad, Lembaga Zakat Selangor and Pulau Indah Ventures Sdn. Bhd. 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.

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail has attended all four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *



Dato' Mohd. Rafik Bin Shah Mohamad

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

Dato' Mohd. Rafik Bin Shah Mohamad was appointed to the Board on 01 June 2007. He is a member of the Audit Committee and the Chairman of the Compensation Committee. Additionally, he is the Chairman of Malaysian AgriFood Corp. Berhad, Cold Chain Network Sdn. Bhd. (a subsidiary of Malaysian AgriFood Corp. Berhad) and the Chairman 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, the supply to the Company is nominal and 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. He has also attended the Executive Development Programme at the International Institute for Management Development, in Lausanne, Switzerland.

Dato' Mohd. Rafik Bin Shah Mohamad has attended all four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *



Tan Sri Datuk (Dr.) Rafiah Binti Salim

Independent, Non-Executive Director
 Member of the Audit Committee
 Member of the Compensation Committee
 Malaysian Citizen, age 67 years

Tan Sri Datuk (Dr.) Rafiah Binti Salim was appointed to the Board on 17 April 2009. She is a member of the Audit Committee and the Compensation Committee. Additionally, she is the Director of Perbadanan Usahawan Nasional Berhad and the Chairman of the Board of Directors for Malaysian Genomics Resource Centre Berhad. Tan Sri Datuk (Dr.) Rafiah is also the Director of Allianz Malaysia Bhd., Allianz Life Insurance Malaysia Bhd. and Allianz General Insurance Company (Malaysia) Bhd. 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.

Tan Sri Datuk (Dr.) Rafiah Binti Salim has attended all four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *



Dato' Frits van Dijk

Independent, Non-Executive Director
 Member of the Nomination Committee
 Member of Compensation Committee
 Dutch National, age 66 years

Dato' Frits van Dijk was appointed to the Board on 26 April 2006 as a Non-Independent, Non-Executive Director. He was re-designated as an Independent, Non-Executive Director on 19 November 2013. He is a member of the Nomination Committee and the Compensation Committee. Prior to his retirement from the Nestlé Group at the end of September 2011, he served the Nestlé group of companies and held many senior positions in other Nestlé Markets over the last 40 years. 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.

Dato' Frits van Dijk has attended three (3) out of the four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *

Profile of Directors



Tan Sri Datuk Yong Poh Kon

Independent, Non-Executive Director
Member of the Nomination Committee
Malaysian Citizen, age 68 years

Tan Sri Datuk Yong Poh Kon was appointed to the Board on 25 April 2011. He is a member of the Nomination Committee. Additionally, he is the Managing Director of Royal Selangor International Sdn. Bhd., a manufacturer and exporter of pewter products, a Director of TAHPS Group Berhad and is a Fellow of the Academy of Sciences and the Malaysian Institute of Management. For over three decades, Tan Sri Datuk Yong Poh Kon has been associated closely with the Federation of Malaysian Manufacturers ("FMM") and is currently its immediate past President. He graduated from the University of Adelaide with First Class Honours in Mechanical Engineering in 1968.

Tan Sri Datuk Yong Poh Kon has attended all four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *



Toh Puan Dato' Seri Hajjah Dr. Aishah Ong

Independent, Non-Executive Director
Malaysian Citizen, age 68 years

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong was appointed to the Board on 28 November 2013. Currently, she is also the Director of the Board of the Malaysian Philharmonic Orchestra ("MPO") and a Trustee of the Dewan Filharmonik Petronas. Toh Puan Dato' Seri Hajjah Dr. Aishah Ong is also the Pro-Chancellor of the University of Malaya, having been Chairman of University Hospital for many years prior to that. She is currently Chairman of the Institute Jantung Negara ("IJN") Foundation, the New Straits Times ("NST") Press Charity Fund, Chairman of the Welfare subcommittee of Badan Kebajikan Isteri-isteri Menteri ("BAKTI"), and has just finished two (2) terms as the first Chairman of the Health Promotion Board at the Ministry of Health. She is a Founding Trustee of the Alzheimer's Disease Foundation of Malaysia and a Founding Trustee of the Cancer Research Initiatives Foundation ("CARIF"), as well as being a Trustee of Medical Relief Society Malaysia ("MERCY"), the Tun Abdul Razak Foundation, the National Council of Women's Organizations ("NCWO") and the Women's Aid Organisation. She is also the Patron of Cancerlink, the Arthritis Foundation of Malaysia, the National Stroke Association of Malaysia, Wanita Pertubuhan Kebajikan Islam Malaysia ("PERKIM") Wilayah Persekutuan, and the Mental Health Association of Malaysia. She is a qualified medical doctor who graduated from the University of London in 1969 and is now an active social worker.

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong has not attended any meetings of the Board of Directors for the financial year ended 31 December 2013, as no meeting was held in the financial year since her date of appointment. *



Alois Hofbauer

Managing Director
Austrian National, age 48 years
Member of the Compensation Committee

Alois Hofbauer was appointed to the Board on 22 February 2013. For more than 20 years he has served the Nestlé group of companies, he has held various senior positions in other Nestlé markets. Prior to his current appointment in Malaysia, he was the Managing Director of Nestlé Sri Lanka since 2010. Currently, he is also a member of the Federation of Manufacturers Malaysia ("FMM") Council. He is a graduate of the International Institute for Management Development, in Lausanne, Switzerland and the University of Innsbruck, Austria.

Alois has attended all four (4) meetings of the Board of Directors in the financial year ended 31 December 2013. *



Marc Seiler

Executive Director
(Responsible for Finance & Control)
French National, age 49 years

Marc Seiler was appointed to the Board on 01 December 2008. He has held various senior positions in other Nestlé Markets since he joined the Nestlé group of companies in 1990. Currently, he is also Treasurer of the Swiss Malaysian Business Association. He 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 Financieres).

Marc Seiler has attended all four (4) meetings of the Board of Directors for the financial year ended 31 December 2013. *

* Additional information on the Board of Directors:

(i) Details of any interest in securities

Save and except for Dato' Frits van Dijk who holds 8,000 ordinary shares in Nestlé (Malaysia) Berhad, none of the other Directors own any shares in Nestlé (Malaysia) Berhad.

(ii) Family relationship with any director and/or major shareholder

None of the Directors have any family relationship with any other director and/or major shareholder of the Group.

(iii) Conflict of interests

None of the Directors have any conflict of interest or any personal interest in any business arrangement involving the Group.

(iv) The list of convictions for offences within the past 10 years other than traffic offences

None of the Directors have been convicted of any offence within the past 10 years, other than traffic offences, if any.





MANAGEMENT TEAM

Top Left

Uzma Qaiser Butt (Executive Director, Group Human Resources) • Alois Hofbauer (Managing Director)
• Zainun Nur Abdul Rauf (Executive Director, Group Corporate Affairs)

Top

Marc Seiler (Executive Director, Finance & Control) • Adnan Pawanteh (Executive Director, Technical & Production)
• Patrick Hartless (Executive Director, Supply Chain and NCE Market Champion)

Left

Yap Yin Kee (Executive Director, Nestlé Professional) Management Team until February 2014 • Kumaran a/l Nowuram (Sales Director)
• Ho Hau Chieh (Executive Director, Dairy)

Profile of Management Team

ALOIS HOFBAUER

Managing Director

Alois Hofbauer, an Austrian national, is the Managing Director of Nestlé [Malaysia] Berhad and Regional Head of Nestlé Malaysia/Singapore. He was appointed to the Company on 22 February 2013. A graduate of the Swiss Business School IMD and the University of Innsbruck, Austria, Alois Hofbauer's career with Nestlé began over 20 years ago when he joined Nestlé Austria as a Sales and Marketing Trainee. He has strong leadership track record in country management and a deep understanding of business in Asia. He has held various Senior Management positions in the region in the last 20 years before becoming the Managing Director of Nestlé Taiwan in 2004 and subsequently the Managing Director of Nestlé Sri Lanka in 2010.

MARC SEILER

Executive Director, Finance & Control

Marc Seiler, a French national, is the Executive Director, Finance & Control of the Company. He was appointed to the Company on 1 December 2008. Marc Seiler is a graduate 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]. Marc Seiler was an external auditor with Coopers and Lybrand prior to joining Nestlé. He joined the 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 the Treasurer of the Swiss Malaysian Business Association.

ZAINUN NUR ABDUL RAUF

Executive Director, Group Corporate Affairs

Zainun Nur is the Executive Director, Group Corporate Affairs of the Company. In 1998 she joined the Company 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.

UZMA QAISER BUTT

Executive Director, Group Human Resources
(Appointed on 1 October 2013)

Uzma Qaiser Butt is the Executive Director, Group Human Resources Malaysia/Singapore since 1 October 2013. Uzma started her career with Nestlé Pakistan in 2001 and became the Human Resources Director of Nestlé Pakistan in 2005 before being expatriated to Nestlé S.A. in 2010. Prior to Nestlé Malaysia, she was a Human Resources Operations Manager in Nestlé S.A., Switzerland. Uzma possess Master in Business Administration from Lahore University of Management Sciences and a Degree from Kinnaird College in Pakistan.

PATRICK HARTLESS

Executive Director, Supply Chain and NCE Market Champion

Patrick Hartless, a British national, is the Executive Director, Supply Chain and NCE Market Champion. He has been with Nestlé for 10 years. Patrick Hartless holds a Bachelor in Engineering from Loughborough University, United Kingdom as well as a Masters in Science from Cranfield University, United Kingdom. Prior to arriving in Malaysia, Patrick Hartless worked for Nestlé UK where he was Head of Supply Chain for the Food & Beverage Division.

YAP YIN KEE

Executive Director, Nestlé Professional
(Management Team until February 2014)

Yap Yin Kee is the Executive Director of Nestlé Professional, Malaysia and Singapore since 2010. He joined the Company in 1994, in the Nestlé Professional Business Unit. In 2002 he was appointed as the Vending Manager and thereafter became the Beverage Business Manager in 2008. Yap Yin Kee has also been involved in various overseas assignments for Nestlé Professional in Taiwan, France and Oceania [Australia & New Zealand]. Yap Yin Kee graduated with a Bachelors of Business Administration [First Class Honours] degree from Universiti Kebangsaan Malaysia.

NIRMALAH THURAI

Country Business Manager, Cereal Partners Malaysia
(Management Team from March 2014)

Nirmalah Thurai is the Country Business Manager, Cereal Partners Malaysia since 2006. She joined the Company in 1981 as Market Research Executive. She then moved to Nestle UK from 1987 – 1988 before returning to Malaysia as Product Executive. Nirmalah held various managerial positions over the next 12 years in Food Business before she was appointed as the Manager for Chilled Dairy Business Unit in 2000. She graduated with a Bachelor's Degree in Arts from Universiti Sains Malaysia.

ADNAN PAWANTEH

Executive Director, Technical & Production

Adnan Pawanteh is the Executive Director, Technical & Production. As an Engineering degree holder with an MBA in Management, he began as a Trainee Engineer in Nestlé Malaysia in 1984 and over the subsequent 17 years, held various positions in the Technical area. He was posted to Nestlé Australia in 2001 where he was assigned to the Position of Industrial Performance Manager and Production Manager before returning to Malaysia in 2002 as the Factory Manager of the Nestlé Shah Alam Complex. In 2010, Adnan was transferred to Nestlé Turkey as Technical Director, a position he held until the end of May 2012.

KUMARAN A/L NOWURAM

Sales Director
[Appointed on 1 August 2013]

Kumaran was appointed to the Company as the Sales Director on 1 August 2013. He started his career with the Company in 1994 as a management trainee. In 2002 he became Group Brand Manager for the Dairy Business. In 2003, Kumaran was expatriated to Nestlé Middle East to head the Dairy Business for the Middle East region, based in Dubai. In 2009, Kumaran took up the role of Business Executive Manager [Dairy] based in India, before becoming the Sales Director of the Company. He holds a Bachelor's Degree in Social Sciences [Economics] from Universiti Sains Malaysia and has also attended the Programme for Executive Development at the International Institute for Management Development [IMD] in Lausanne, Switzerland.

HO HAU CHIEH

Executive Director, Dairy

Ho Hau Chieh has been the Executive Director for Dairy Business Unit since 2009. He graduated from the University of Malaya with a Bachelor of Economics majoring in Business Administration. Ho Hau Chieh 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 the Dairy Business Unit as the Group Brand Manager. In 2005 he became the Business Manager of Nestlé Liquid Drinks.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the **30th (Thirtieth) Annual General Meeting of the Company** will be held at the **Ballroom A & B, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 24 April 2014 at 10.00 a.m.** for the transaction of the following business:

AGENDA

As Ordinary Business

1. To receive the statutory financial statements for the financial year ended 31 December 2013 and the Directors' and Auditors' reports thereon. **Resolution 1**
2. To approve the payment of a final dividend of 175 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2013. **Resolution 2**
3. To approve the payment of Directors' fees of RM737,452 for the financial year ended 31 December 2013 (2012: RM280,000). **Resolution 3**
Please refer to Explanatory Note 1

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

4.1 Under Article 90.1

- (i) Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail

Resolution 4

- (ii) Dato' Frits van Dijk

Resolution 5

4.2 Under Article 97

- Toh Puan Dato' Seri Hajjah Dr. Aishah Ong

Resolution 6

Please refer to Explanatory Note 2

5. To re-appoint Messrs KPMG (Firm No. AF 0758) as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**
Please refer to Explanatory Note 3

As Special Business

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

6. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 02 April 2014.**

"That the mandate granted by the shareholders of the Company on 02 May 2013 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(a) of the Circular to Shareholders dated 02 April 2014 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders, be and is hereby renewed.

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

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

whichever is earlier;

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

Please refer to Explanatory Note 4

7. Retention of Independent Director

“THAT Tan Sri Dato’ Seri Syed Zainol Anwar Jamalullail be hereby retained as an Independent Director of the Company until the conclusion of the next Annual General Meeting, in accordance with the Malaysian Code on Corporate Governance 2012.”

Resolution 9

Please refer to Explanatory Note 5

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

8. 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 hereby approved:-

No. Existing Articles	No. Proposed Articles
<p>157 The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such financial statements and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors’ and auditors’ reports relating to it shall not exceed 4 months. A copy of each such documents shall not less than 21 days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange and Securities Commission shall at the same time be likewise sent to the Exchange and Securities Commission provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.</p>	<p>157 The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such financial statements and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited financial statements, the directors’ and auditors’ reports relating to it shall not exceed 4 months. A copy of each such documents shall not less than 21 days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange and Securities Commission shall at the same time be likewise sent to the Exchange and Securities Commission provided that this Articles shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.”</p>

Resolution 10

Please refer to Explanatory Note 6

9. To transact any other business of which due notice shall have been given.

Notice of Annual General Meeting

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the 30th (Thirtieth) Annual General Meeting of the Company, a final dividend of 175 sen per share, under a single-tier system in respect of the financial year ended 31 December 2013 will be paid to the shareholders on 05 June 2014. The entitlement date for the said dividend shall be 15 May 2014.

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 15 May 2014 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

TENGGU IDA ADURA BINTI TENGGU ISMAIL

Company Secretary
(MACS 01686)

Petaling Jaya
02 April 2014

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 authorized 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 authorised nominee appoints two (2) proxies, or where an exempt authorised 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 one (1) 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 17 April 2014 shall be entitled to attend, speak and vote at the general meeting.

Explanatory Notes on Ordinary Business:-**1. Increase in Directors' Fees**

The proposed increase in Directors' fees, is to reflect the increased responsibilities of the Non-Executive Directors including the Chairman of the Board, the Chairman and the members of the Board Committees. The quantum proposed is based on the outcome of benchmarking analysis carried out by an external consultant engaged by the Company. The proposed Ordinary Resolution 3 is in accordance with Article 98, of the Company's Articles of Association and if passed, shall be effective from 01 January 2013. In previous years, no fees was paid to the Non-Executive Directors who are members of the Board Committees. All the Non-Executive Directors who are shareholders of the Company will abstain from voting on Ordinary Resolution 3, concerning Directors' fees at the 30th Annual General Meeting.

2. Re-election of Retiring Directors

Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail, Dato' Frits van Dijk and Toh Puan Dato' Seri Hajjah Dr. Aishah Ong are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

3. Re-appointment of Messrs KPMG as Auditors of the Company

The Board had at its meeting held on 24 February 2014 approved the recommendation by the Audit Committee on the re-appointment of KPMG as Auditors of the Company. The Board and Audit Committee collectively agreed that KPMG has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Explanatory Notes on Special Business:-**4. Recurrent Related Party Transactions**

For further information, please refer to the Circular to Shareholders dated 02 April 2014 accompanying the Company's Annual Report for the financial year ended 31 December 2013.

5. Retention of Independent Director

The proposed resolution is to seek shareholders' approval to retain Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail as an Independent, Non-Executive Director. He has served the Company as an Independent, Non-Executive Director since 05 November 2004 for a cumulative period of over nine (9) years. The Nomination Committee has made the necessary assessment and recommended to the Board of Directors that he be retained as an Independent Director of the Company based on his ability to maintain his independence of judgment and to express and maintain unbiased views without any influence. Tan Sri has a good understanding of the Company's business, the challenges faced by the Company and the environment in which the Company operates. The Board values his contribution to the Company and he is also committed in performing his functions and duties as an Independent, Non-Executive Chairman and as the Chairman of the Audit Committee, including but not limited to attendance at Board and Board Committees' meetings. This proposed resolution is in line with the recommendation under the Malaysian Code on Corporate Governance 2012 and this would allow him to continue to serve as Chairman of the Audit Committee, pursuant to the requirement of Paragraph 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

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

This page is intentionally left blank.

No. of shares held	
CDS Account No.	

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 30th (Thirtieth) Annual General Meeting of the Company to be held at the Ballroom A & B, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur on Thursday, 24 April 2014 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 2013 and the Directors' and Auditors' reports thereon.		
2.	To approve the payment of a final dividend of 175 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2013.		
3.	To approve the payment of Directors' fees of RM737,452 for the financial year ended 31 December 2013 (2012: RM280,000).		
4.	To re-elect Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail as a Director of the Company.		
5.	To re-elect Dato' Frits van Dijk as a Director of the Company.		
6.	To re-elect Toh Puan Dato' Seri Hajjah Dr. Aishah Ong 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 2.3(a) of the Circular to Shareholders dated 02 April 2014.		
9.	Retention of Independent Director.		
10.	Proposed Amendments to the Company's Articles of Association.		

Dated this _____ day of _____ 2014

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 authorised nominee appoints two (2) proxies, or where an exempt authorised 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 one (1) 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 17 April 2014 shall be entitled to attend, speak and vote at the general meeting.

Please fold here to seal

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
Tel: (03) 2264 3883 Fax: (03) 2282 1886

Please fold here to seal

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

Malaysia

Tel: (+603) 7965 6000

Fax: (+603) 7965 6767

Nestlé Consumer Services Free Phone: 1-800-88-3433

Facebook: <http://www.facebook.com/NestleMalaysia>

www.nestle.com.my