NESLAW NO 1 LTD

(Company Number: 512021)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



NESLAW NO 1 LTD

Directors' Report for the year ended 31 December 2002

The directors present their annual report on the affairs of the Company together with the financial statements and report of the auditor for the year ending 31st December 2002.

BUSINESS REVIEW

The Company did not trade during the period. It has no fixed assets and there have been no changes to Reserves. There are no plans to resume trading.

DIRECTORS

The following were directors throughout the period:

G. Millar
J.M. Sunley

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

DIVIDEND

The directors do not recommend payment of a dividend.

AUDITOR

The Auditor, KPMG Audit Plc, will continue in office. The Company has dispensed with the obligation to appoint auditors annually, in accordance with Section 386 of the Companies Act 1985.

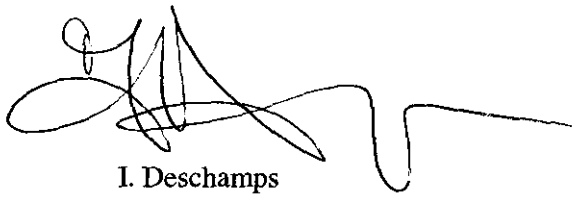
NESLAW NO 1 LTD

Directors' Report for the year ended 31 December 2002

ELECTIVE REGIME

The Company has elected to dispense with the laying of financial statements and reports before a General Meeting and with the holding of Annual General Meetings, in accordance with Sections 252 and 366(A) respectively of the Companies Act 1985.

BY ORDER OF THE BOARD



I. Deschamps
Secretary

St. George's House,
Croydon, CR9 1NR.

28 July, 2003

INDEPENDENT AUDITORS' REPORT, TO THE MEMBERS OF NESLAW NO 1 LTD

We have audited the financial statements on pages 5 to 7.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

LONDON
24th July, 2003

NESLAW NO 1 LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

During the financial year and preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither profit nor loss.

BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
Current Assets			
Debtors	6	50,000	50,000
Net Assets		50,000	50,000
Capital and Reserves			
Called up share capital	7	50,000	50,000

The notes on pages 6 and 7 form part of these financial statements.

Approved by the Board on 28 July, 2003
and signed on its behalf by



G. MILLAR
Director

NESLAW NO 1 LTD

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cashflow Statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT

The Company has not traded during the year and therefore has incurred neither a profit nor a loss.

3. STAFF NUMBERS AND COSTS

The Company had no employees during the year (2001: NIL).

4. DIRECTORS' EMOLUMENTS

None of the directors received emoluments from the Company (2001: NIL).

5. DIRECTORS' INTERESTS

None of the directors had any interests recorded in the Statutory Register at 31 December 2002.

6. DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertaking	50,000	50,000

7. CALLED UP SHARE CAPITAL

Authorised, allotted, called up, and fully paid.

	2002 £'000	2001 £'000
50 million ordinary shares of £1 each	50,000	50,000

8. ULTIMATE HOLDING COMPANY

Nestlé Holdings (U.K.) PLC, which is registered in England and Wales, is the holding company for the UK group and prepares group accounts which are delivered to the Registrar of Companies for England and Wales.

The ultimate holding company is Nestlé S.A., CH-1800 Vevey, Switzerland which is incorporated in Switzerland, from which copies of their group accounts can be obtained.