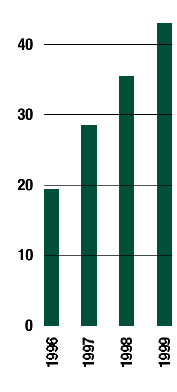

PINEAPPLE GRAPEFRUIT
PINEAPPLE ORANGE
TOMATO JUICE
PINEAPPLE LYCHEE
Fiesta
SWEETENED ORANGE
PINEAPPLE ORANGE
Pineapple Crush
ORANGE JUICE
SWEETENED PINEAPPLE
SWEETENED MANGO

Sensing the Brand Del Monte Pacific Limited Annual Report 1999

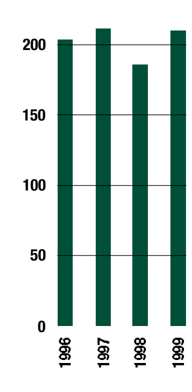
Seventy five years of premium quality products. Four hundred million cans a year enjoyed across the globe. Over six hundred label presentations. Number one in the Philippines in all major product categories. One of the world's largest integrated pineapple production facilities. Six thousand dedicated employees.

One leading brand.

Del Monte Pacific products stimulate the senses of millions of consumers around the world everyday. Our vision is to grow our business through excellence in everything we do. World class management practices that set new standards in the creation of shareholder value.



Net Profit US $ (millions)



Turnover US $ (millions)

Everyday

More than a million people around the world choose products produced by Del Monte Pacific.

Letter to shareholders

This is our first annual report as a listed company, and we are very pleased to share Del Monte Pacific Group's progress and business strategies with our shareholders. Our listing on the Singapore Exchange in August 1999 has given shareholders the opportunity to participate in the growth of one of Asia's most successful food and beverage companies.

Tony Chew Leong-Chee
Chairman (Singapore)

Luis P Lorenzo, Jr
Vice-Chairman (Philippines)

Financial performance

Group turnover increased to US$ 209.9 million in 1999, US$24.3 million or 13.1 per cent higher than prior year, driven by significantly increased sales in our Asian and North American markets which grew by 17.6 per cent and 21.3 per cent, respectively.

By product category, our sales of processed fruits and other products – driven by tomato-based products – increased by 14.6 per cent and 28.8 per cent, respectively.

The increase in turnover and effective cost management boosted our net profits for the year to US$ 42.8 million. This represents an increase of 21.3 per cent over the previous year, exceeding our forecast. The net profit margin expanded to 20.4 per cent and the return on equity reached 36 per cent, which are among the highest in the food and beverage industry.

An increase in net profit of 21.3 per cent and a return on equity of 36 per cent are among the highest in the food and beverage industry.

Vivian S Imerman
Vice-Chairman and Joint Managing Director (South Africa)

Martin P Lorenzo
Joint Managing Director (Philippines)

Building the brand

Del Monte Pacific is a group of companies engaged in the production, marketing and distribution of premium-branded food and beverage products. The Group has integrated production facilities and owns the Del Monte brand in the Philippines where it has leading market shares across all major categories. Del Monte Pacific also has long-term supply agreements with Del Monte trademark owners and licensees in North America, Europe and Asia outside the Philippines. The Group also has exclusive rights to produce and distribute food and beverage products under the Del Monte brand in the Indian subcontinent.

In recent years including the year in review, we have taken steps to ensure our continued growth into the future. We have developed an excellent production, marketing and distribution infrastructure, which allows us to introduce new products and line extensions very effectively.

For our global markets, which accounted for more than half of our turnover, we are introducing innovative new packaging formats and line extensions to capitalise on new market trends. We are likewise developing customised products for key customers that offer competitive advantages in terms of price, quality and convenience. We are committed to work closely with our international customers in strengthening their base businesses in existing markets. The Group will assist in developing business opportunities in the emerging markets of Asia and Eastern Europe.

While Del Monte products enjoy leading market shares in the Philippines, consumption levels are still quite underdeveloped. This offers significant expansion opportunities in the future. To expand our product range in the Philippine market, we have introduced and continue to develop innovative new packaging formats. These packaging innovations allow the Group to launch more competitively priced items for the larger, low-income segment. In addition, to broaden our product offering to this segment, we have expanded the use of Today's, a second brand, to market lower-priced juice beverages. Product customisation efforts have helped us significantly improve our presence in Food Service – a key growth sector. Our long-running, highly successful recipe-based Del Monte Kitchenomics Program will continue to promote greater consumption of our core products.

Through operational integration and investments in technology, we are able to effectively manage our costs while maintaining the high quality for which Del Monte products are known. We believe there continues to be opportunities to generate further efficiencies and cost savings in our production, marketing and distribution activities. The installation of a new Enterprise Resource Planning (ERP) system in 1999, for example, has improved our inventory management and customer service operations significantly. We plan to continue investing in new technologies and refine our operating practices to enhance our competitiveness.

Strategic business expansion, supported by production and marketing innovations, will propel us to become one of Asia's premier branded food and beverage companies.

Building the future

We will continue to grow our various markets. In North America and Europe, we project an expansion in sales behind strong demand due to the healthy economies in this hemisphere. On the other hand, the Far East markets are showing encouraging signs of economic recovery, likewise setting the stage for improved sales for the Group. We plan to introduce new products and line extensions, invest in promotional programs and intensify sales efforts in these markets.

Letter to shareholders cont.

In the Philippines, we are capitalising on growth opportunities resulting from an improving economy. We expect strong sales from new products, lower-priced packaging formats and the Food Service sector and increased support for our beverage category. In addition, we expect incremental volume from the launch of Today's brand juice beverages and the ongoing Del Monte Kitchenomics Recipe Program.

Del Monte Pacific has been described as "one of Asia's highest value creators".

We are on our way to become one of Asia's premier branded food and beverage companies. We will build on the long heritage of premium quality of the Del Monte brand name. We are committed to expand our business through the further development of our core products, synergistic alliances and strategic acquisitions by leveraging the Group's production, marketing, sourcing, and financial strengths.

Recognising the significant potential offered by the emerging e-commerce business, the Group is actively exploring further applications to enhance the growth of the business.

We believe that Del Monte Pacific has tremendous intrinsic value. Through our growth, we will continue to create even more value for our shareholders. Del Monte Pacific, in fact, has been called "one of Asia's highest value creators". Returns on invested capital have far exceeded our weighted average cost of capital, generating high and increasing Economic Value Added (EVA™) to the enterprise.

For the financial year ended 31 December 1999, your Board of Directors has declared a cash dividend of 0.51 U.S. cents per share which has been paid.

We believe the Group's strong cash flow coupled with our vast experience in production and brand management will allow us to achieve continued growth in profitability and enhance shareholder value in the coming year.

We thank all our shareholders, the Board of Directors, management, employees, business partners and customers for their commitment, dedication, and loyalty.

Tony Chew Leong-Chee
Chairman (Singapore)

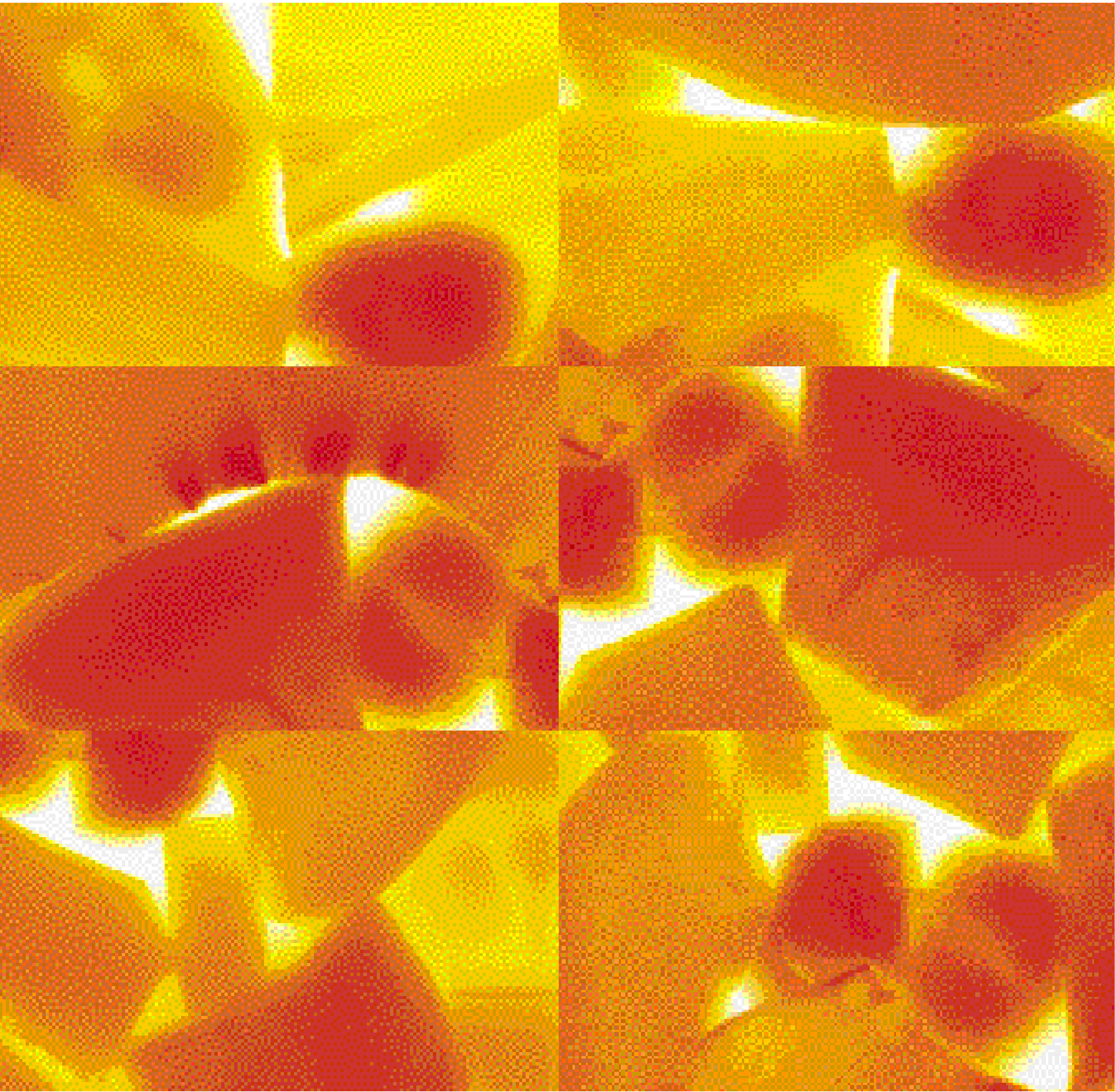
Luis P Lorenzo, Jr
Vice-Chairman (Philippines)

Vivian S Imerman
Vice-Chairman and
Joint Managing Director
(South Africa)

Martin P Lorenzo
Joint Managing Director
(Philippines)

28 April 2000

Sealed in freshness and goodness. All our pineapples are picked and packed the same day.



Board of directors and committees

Board of directors from left to right

Tony Chew Leong-Chee, Chairman (Singapore), **Luis P Lorenzo, Jr,** Vice-Chairman (Philippines), **Vivian S Imerman,** Vice-Chairman & Joint Managing Director (South Africa), **Martin P Lorenzo,** Joint Managing Director (Philippines), **Paul S Danowa,** Director (USA), **Jacques Fragis,** Director (Greece), **Vicente S Pérez, Jr,** Director (Philippines), **Hymie R Levin,** Director (South Africa) (not in picture), **Wong Fong Fui,** Director (Singapore), **Richard W Blossom,** Independent Director (USA), **Sydney Michael Hwang,** Independent Director (Singapore), **Neville Eisenberg**, Alternate Director to Hymie R Levin (South Africa) (not in picture)

Management committee

Martin P Lorenzo, Vivian S Imerman, Luis P Lorenzo, Jr, Paul S Danowa, James L Elder

Audit committee

Sydney Michael Hwang, Chairman, **Richard W Blossom, Luis P Lorenzo, Jr**

ESOP committee

Tony Chew Leong-Chee, Martin P Lorenzo, Vivian S Imerman

Executive officers from left to right

James L Elder, President, DMPI (USA), **Timothy L Chu,** SVP and CFO,DMPI (USA),
Alejandro T Castillo, SVP and Managing Director, Philippine Market, DMPI (Philippines)

Corporate information

Exchange listing Del Monte Pacific Limited common stock is listed on the Singapore Exchange (SGX)

Investor relations and mailing address: c/o DMPL Management Services Pte Ltd
78 Shenton Way #26-01, Singapore 079120, Telephone : (65) 324 6822, 228 9700, Facsimile : (65) 221 9477

Website www.delmontepacific.com

Registered office Craigmuir Chambers
P.O.Box 71, Road Town, Tortola, British Virgin Islands, Telephone : (284) 494 2233, Facsimile : (284) 494 3547

Company secretaries Torman Limited
Yvonne Choo, Secretary, **Regina B de Guzman,** Assistant Secretary

BVI registrar and share transfer office HWR Services Limited
Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands

Singapore share transfer agent Lim Associates (Pte) Ltd
10 Collyer Quay #19-08, Ocean Building, Singapore 049315

Independent auditors Arthur Andersen (Audit Partner: **Ong Chew Chwee**)
Certified Public Accountants, 10 Hoe Chiang Road #18-00, Keppel Towers,Singapore 089315

Principal banker Bank of America National Trust and Savings Association

Bloomberg DELM SP **Reuters** DMPL.SI

Trademarks Del Monte®, Del Monte Quality® and Shield in Colour are principal registered trademarks of the Group in the Philippines and Indian subcontinent territories. The Group's other trademarks include Today's®.

Board of directors

Executive officers


Enjoy
We hear what you say. Healthier products for today's lifestyle. Consider it done.

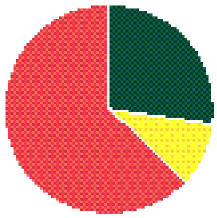
Year in review

North America

The majority of Group sales in the North American market are made through Del Monte Foods in the United States and Nabisco Brands in Canada.

Del Monte Pacific's performance in this region was boosted by its ability to match production output with strong demand and the introduction of new packaging formats and line extensions. Turnover increased by a robust 21.3 per cent to US$ 56.5 million in 1999 and accounted for 27 per cent of Group turnover. Tropical fruit products, pineapple and concentrate registered higher sales for the year in review.

Profit before tax climbed by 34.5 per cent to US$17.2 million. An improvement in margin from 27 to 30 per cent was achieved from a combination of increased sales and improved operational efficiencies and productivity gains.



Turnover by market

- North America 27%
- Europe 10%
- Asia 63%

The Group's Del Monte branded products are marketed in over 120 countries.

Europe

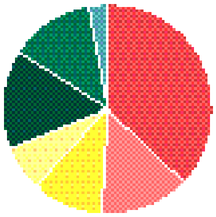
Sales to the European markets through Del Monte International experienced heightened competition from other producing locations for the year in review. As a consequence, sales in this region decreased by 20.9 per cent to US$20.7 million in 1999 mainly due to the softening in both the demand and pricing of pineapple concentrate. Sales to Europe accounted for 10 per cent of the Group's total sales.

Del Monte International implemented major changes which are expected to expand the business in the future.

Asia

In this region, the Group's business includes direct sales of Del Monte brand products in the Philippines and Indian subcontinent as well as sales of Del Monte brand processed products to Kikkoman Corporation and branded fresh fruit to Del Monte Fresh Produce International.

Despite the weak economic conditions in the region, Del Monte Pacific's markets in Asia registered a growth of 17.6 per cent in turnover for the year to reach US$ 132.6 million, accounting for 63 per cent of the Group's total sales. Profit before tax also increased by 15.6 per cent to US$ 23.6 million as a result of higher turnover and operating efficiencies.



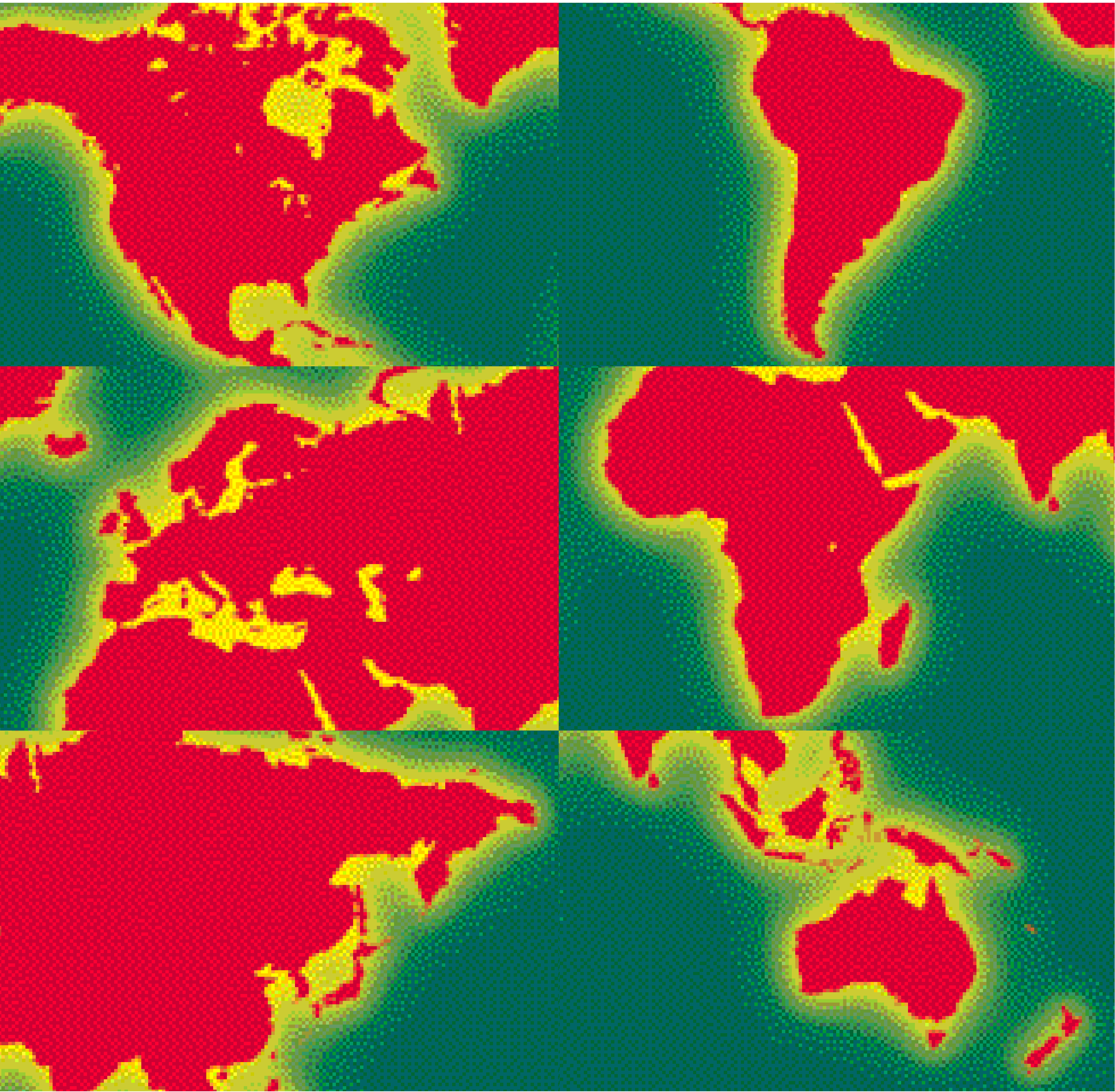
Turnover by product

Processed fruits
- Pineapple solids 37%
- Mixed fruits 14%

Beverages
- Juices 11%
- Concentrate 7%

Others
- Tomato-based 15%
- Others 13%
- Fresh fruit 3%

As one of the world's most established and recognised brands, Del Monte has universal unaided brand awareness in consumer markets around the globe.



Together

The wonderful aroma of home cooking. A range of authentic recipes from Del Monte Pacific guaranteed to create interest.

Year in review cont.

Del Monte Pacific owns the Del Monte trademarks for processed foods in the Philippines. The Del Monte brand is a household name and one of the most recognised brands in the country, with products enjoying high visibility in national supermarkets, large wholesalers and grocery stores throughout the Philippines. To capitalise on volume opportunities in the large low-income segment, the Group has also expanded the use of a second brand, Today's, to introduce lower-priced juice beverages.

Increasing brand leadership

Del Monte is a brand leader in all its core product lines in the Philippines. Market share for the Group grew to record highs for pineapple solids and juices, other juice drinks, mixed fruits, tomato sauce, and spaghetti sauce. Tomato catsup, however, saw its market share declining slightly due to competition from new lower- priced entrants. Pasta continued to gain market share and, after only two and a half years from introduction, now enjoys the number two position in the premium segment.

Traditionally, Del Monte products in the Philippines command a price premium reflecting the power of the brand and the value consumers place on high quality.

Advertising and promotions further strengthened the Del Monte brand leadership. Here, one of the Group's challenges was its continued efforts to educate consumers about the health benefits of Del Monte products. Innovative promotional programs continued to remind consumers about the existence of phytochemicals in pineapples and lycopene in tomatoes as naturally occurring substances which help reduce the risk of heart attack and certain cancers.

Market share for the Group grew to record highs for all our core product categories.

Market penetration with new innovations

Innovations in packaging have been providing the Group with the platform to introduce line extensions and new products to broaden its sales base. In 1999, the Group focused on further penetration of the tertiary trade and low-income segment through the continued expansion of value packs such as low-cost foil stand-up pouches.

Newly packaged products introduced in 1999 included recipe sauces and 250g tomato sauce, both in stand-up foil pouches, and sweetened pineapple juice in 46oz cans. Product customisation efforts were also carried out, resulting in the introduction of catsup sachets for a convenience store and fast-food chain and a special spaghetti sauce for a restaurant chain.

At the same time, consumer awareness and trade distribution for the low-priced Today's mixed fruits also strengthened the Group's market share. To capitalise on volume opportunities in the large low-income segment and increase penetration of the tertiary trade, the Group launched a line of lower-priced beverages under the Today's brand.

Product and marketing innovations will penetrate new market segments and generate volume from the expected increase in consumption in 2000.

Trade servicing and distribution

An effective distribution system combines the Group's own direct sales force with two external distributors. This system has significantly reduced distribution expense while extending reach through a significantly increased number of sub-distributors. The Group's 190 key accounts are served by the dedicated sales force supported by 15 strategically located warehouses around the country. These key accounts contributed 61 per cent of the domestic sales in 1999, with the remaining 39 per cent contributed by smaller grocery outlets, variety stores, public markets and Food Service outlets served by the distributors.

Embracing the latest information technology, the Group installed the SAP Enterprise Resource Planning system in April 1999. This move has significantly improved management's ability to respond to real-time inventory, customer service and receivables information. As a result, system-wide finished goods inventory declined by 33 per cent, trade order fill improved to above 90 per cent, and receivables collection was shortened to below 30 days in 1999. These benefits represent a substantial IT dividend.

Year in review cont.

Kitchenomics program

The Del Monte Kitchenomics Program continued its focus on providing budget-saving recipes enhancing its relevance and value to consumers. This program has been an example of the Group's innovative marketing effort to respond to customer needs and build brand loyalty. Since its launch during the 1985 economic crisis, Kitchenomics has grown into the longest running and most popular recipe program in the Philippines, with an awareness level of 87 per cent among targeted housewives.

Consumption-generating programs such as Del Monte Kitchenomics will be the key to unlocking the potential in the Philippine market.

Under this program, the Group works with a leading home economics school to reverse engineer the most popular Filipino recipes by replacing expensive ingredients with lower costing ones. In general, the recipes save up to 40 per cent of the usual cost of the dish without sacrificing the taste or visual appeal of the dish. Over the years, the recipes have been further simplified and re-engineered to make them not only budget-saving but convenient to prepare and healthy to consume.

Distribution of recipes and consumer communication were enhanced during the year in review. Taking advantage of electronic technology, Kitchenomics launched its website – kitchenomics.com in July 1999 which registered more than 15,000 members by year-end. Through the website, consumers can subscribe to an e-mail club to receive free recipes weekly. In effect, this gives the company weekly contact with its core consumers at a fraction of the cost of the quarterly mailings to the regular mail club.

Recipes are also disseminated through a weekly cooking demonstration on national television, print advertisements, recipe brochures distributed in supermarkets and the back of Del Monte product labels. In addition, a database of 340,000 active Kitchenomics Club members has been built for the mailing of quarterly letters and recipe brochures. In 1999, the Club began sending birthday postcards and e-mails to enhance loyalty among the Kitchenomics Club members.

The Kitchenomics Program has enhanced consumer loyalty to the Del Monte brand.

More

We cater to every taste. Del Monte Pacific's range of products satisfies the most discerning palates.

Future market plans

Global markets

Del Monte Pacific will continue to work diligently with its international customers to strengthen their market share in the global markets.

The Group believes the Far East is one of its most promising markets for growth. In the coming year, the economies of the major Far East markets, Japan, South Korea, Hong Kong, and Singapore are expected to rebound. Economic growth is likewise anticipated in North America and Europe.

The Group is committed to fostering partnerships with all its international customers in North America, Europe, and the Far East to grow their respective markets.

The current consumption level of Del Monte Pacific products has significant potential to increase. Working together with its customers, the Group will intensify efforts to further strengthen the base business and streamline distribution arrangements to attain cost effectiveness and efficiency. The Group also plans to continue identifying new products and line extensions and develop cost-effective promotional programs to support sales initiatives.

Furthermore, Del Monte Pacific intends to develop synergistic alliances or acquisitions to leverage its strengths in production, marketing, and distribution.

Philippine market

Despite the strong acceptance of the Del Monte brand in the Philippines, the local market still offers substantial scope for growth. The country has a large and young population of 76 million which continues to grow by about 1.7 million each year. Current per capita consumption of Del Monte products is still low, offering excellent growth upside. With the economy expected to improve in 2000, the Group will capitalise on growth opportunities from increased consumer purchasing power. Long term, the Group plans to deepen its penetration of the low-income segment, improve distribution in the tertiary trade and expand its Food Service business.

The global reach of Del Monte Pacific and the appeal of its products are demonstrated by its multilingual labels.

Future market plans cont.

The Group has implemented programs to re-stimulate robust growth in its beverage category which was dampened by climatic conditions in 1999. The introduction of new flavours for mixed drinks and a major re-launch program for pineapple juice have been timed with the hot summer season in 2000. In addition, the Group has expanded the use of Today's, a second brand, to introduce lower-priced juice beverages with advertising support to broaden its beverage product offering to the large low-income segment.

Del Monte Pacific will also expand its product and package offerings to cater to consumer preferences and lifestyles and meet the needs of the tertiary retail trade for lower-priced variants. New product development will focus on categories closely related to core businesses where the Group can leverage the Del Monte brand, its strength in stand-up pouch packaging and flexibility in toll packing. The Group will grow its Food Service business through product customisation which will be accelerated with the installation of a pilot plant and development facilities in Metro Manila in the first semester of 2000.

The successful, long-running Kitchenomics Program will be aggressively expanded. While continuing with its weekly TV cooking demonstrations and recipe dissemination programs by e-mail and direct mail, the Group has also launched a recipe access program by fax, installed a 24-hour Kitchenomics Consumer Hotline and will launch the second edition of the Kitchenomics Cookbook to ensure continued high interest in the program.

The Group will leverage its new ERP system and supply chain function to improve customer service and reduce working capital.

In addition, the Group will continue to invest in the internet through its website, kitchenomics.com, which has proven to be a cost-effective way to reach customers, raise new product awareness and enhance consumer loyalty.

Del Monte Pacific will leverage its new Enterprise Resource Planning system and supply chain function to improve customer service and reduce working capital.

High quality combined with innovative packaging solutions ensure Del Monte Pacific products are always the preferred choice.

Passion

Seeing is believing, when it comes to quality and freshness that awakens the senses.

Food production

Del Monte Pacific operates one of the world's largest pineapple processing and canning facilities in the Philippines. The production facility has a current annual capacity to process approximately 630,000 tonnes of pineapples representing approximately 14 per cent of the world's processed pineapple production. The Group produces its pineapple in its own 17,500 hectare plantation in an area ideal for growing and outside the typhoon belt.

As a result of continuing improvements in agricultural practices and favourable climatic conditions, total annual tonnage in 1999 increased by 15 per cent over prior year. Of the total tonnage, 95 per cent was processed in the cannery while the balance was sold to the fresh fruit market. In addition, the Group produces a variety of non-pineapple products such as tomato-based products, tropical fruit and juice beverages.

Our fully integrated operations ensure the Group's delivery of premium quality, supply reliability and cost competitiveness.

Del Monte Pacific's fully integrated operations enable it to manage and control the supply chain from production to processing and distribution of its products to the various markets. The Group continues to implement cost-reduction and productivity-enhancement programs. On an ongoing basis, the Group invests in new technology and equipment to maintain its leadership position in the industry.

The Group's operations have consistently maintained a high standard of quality control and product assurance. The Group meets food standards set by the United States' Department of Agriculture Standards for Pineapple, the British Fruit and Vegetable Canners' Association, and the Japan Food Additives Association. The Group is accredited by the European Food Safety Inspection Service and the Association for the Protection of the Fruit Industry.

Environmental preservation

The Group continued its environmental conservation efforts during the year. Several projects were initiated to promote ecological conservation. Among others, the Group's environmental preservation programs included the effective maintenance of a wastewater treatment facility, conservation of water and energy, improvements in packaging process, the communication of the Group's environmental policy to employees and business partners, and the support of government and private sector environmental conservation efforts. Del Monte Pacific has been recognised by the government and international institutions for its environmental conservation programs.

From 17,500 hectares of fertile land, Del Monte Pacific produces about 1 in 7 processed pineapples consumed globally.

Loyalty

Some consumers may live to be as old as our brand. But you're only as old as you feel.

People behind the brand

Our vision is to grow our business through excellence in everything we do – world class management practices that set new standards in the creation of shareholder value.

Our competitive strength is drawn from the combined efforts of our people in delivering the quality of one of the world's most respected brands.

One of Del Monte Pacific's competitive strengths is the quality of its people. The Group's senior management has a combined experience of about 200 years which includes extensive experience in international markets. Its workforce of about 6,000 employees is highly experienced in all aspects of the Group's operation.

Del Monte Pacific is committed to managing and developing its human resources. The Group has implemented programs geared towards competitive compensation and benefits, active training and development, smooth management succession, and harmonious labour-management relationships.

Social responsibility

Del Monte Foundation, Inc. is a non-stock, non-profit organisation which is spearheaded by the Group to undertake social outreach and community development projects geared towards family health care, education, and skills development in the Philippines. These efforts seek to transform communities by equipping them with the resources to improve their quality of life.

In 1999, the Foundation embarked on an expanded scholarship program, offering more school scholarships at all grade levels. It also conducted various courses in technical skills training and home care education which have been attended by over 500 family beneficiaries.


9 in '99
Del Monte
Quality


AND RETIREMENT


BRITE

Corporate governance

Del Monte Pacific Limited is fully committed to conducting the business of the Group in accordance with the principles of openness, integrity and accountability advocated by the Singapore Exchange Limited (SGX) under its Best Practices Guide. For effective corporate governance, the Group has established various self-regulatory and monitoring structures which are described below.

The Company's Board of Directors is responsible for the overall policies of the Group and for providing directions for major strategic decisions and corporate actions. It meets on a quarterly basis, or as often as required, to review and monitor the Group's performance.

To coordinate the activities of the Group, the Board has delegated certain of its functions to a Management Committee comprising of five members. The Management Committee reviews monthly results of operations of the operating units which are reported against approved budgets and compared with prior year. Profit projections and cash flow forecasts are updated monthly while working capital and borrowing levels are monitored on an ongoing basis.

The Company has complied with the Best Practices Guide issued by the SGX with regard to the Audit Committee. The Audit Committee comprises of three directors, a majority of whom are independent directors. The Committee meets at least three times a year to review the effectiveness of the systems of internal control in the Group, the accounting policies of the Group, the annual financial statements and the interim report, the effectiveness of the internal audit function, and all interested party transactions.

The Company has adopted a code of conduct to provide guidelines to its officers with regard to dealings in the Company's securities. This code is modelled after the Best Practices Guide issued by the SGX.


Del Monte
Quality
Fresh Squeeze
PINEAPPLE
JUICE

Financial report as at 31 December 1999

Directors' report 31 December 1999

The directors are pleased to present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 1999.

Directors

The directors of the Company in office at the date of this report are:

Tony Chew Leong-Chee	(appointed on 9 July 1999)
Luis P. Lorenzo, Jr.	(appointed on 9 July 1999)
Vivian S. Imerman	(appointed on 9 July 1999)
Martin P. Lorenzo	(appointed on 9 July 1999)
Paul S. Danowa	(appointed on 9 July 1999)
Jacques Fragis	(appointed on 9 July 1999)
Hymie R. Levin	(appointed on 9 July 1999)
Vicente S. Pérez, Jr.	(appointed on 9 July 1999)
Wong Fong Fui	(appointed on 9 July 1999)
Richard W. Blossom	(appointed on 9 July 1999)
Sydney Michael Hwang	(appointed on 9 July 1999)
Neville Eisenberg	(appointed on 22 February 2000, alternate to Hymie R. Levin)

Principal activities

The Company was incorporated in the British Virgin Islands on 27 May 1999 under the International Business Companies Ordinance, Chapter 291 of the laws of the British Virgin Islands, as an international business company. On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited. The registered office of the Company is at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

Pursuant to a restructuring exercise undertaken by the Group on 9 July 1999, the Company entered into a share exchange agreement with two of its then existing shareholders, which inter alia, the shareholders transferred their respective entire shareholdings in Del Monte Pacific Resources Limited ("DMPRL") to the Company in consideration for the Company allotting and issuing a total of one billion shares to these two shareholders. Consequently, the Company became the immediate holding company of DMPRL. On 9 July 1999, the Company also acquired 100% equity interest in DMPL Management Services Pte Ltd (formerly known as Ceanothus Enterprise Pte Ltd) and GTL Limited (formerly known as Prestige Avenue Pte. Ltd.) at par value for cash from the then existing subscribers.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple concentrate, tomato-based products, and certain other products under the brand name of "Del Monte".

The details of the Company's subsidiaries and their principal activities are given in Note 6 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

Results for the financial year/period

	Group $'000	Company $'000
Profit attributable to Members of the Company	42,756	5,853
Dividends, net	(60,839)	(5,829)
Unappropriated profits, brought forward	83,197	-
Unappropriated profits, carried forward	65,114	24

Transfers to or from reserves or provisions

Material transfers to (from) reserves during the financial year/period were as follows:

Share premium	Group $'000	Company $'000
At beginning of year/period	-	-
Premium arising from the issue of 1,000,000,000 ordinary shares of $0.01 each at a premium of $0.000139 per share pursuant to group restructuring exercise	-	139
Premium arising from the issue of 142,857,143 ordinary shares of $0.01 each at a premium of $0.62 per share	88,571	88,571
Less expenses incurred in relation to initial public offering	(4,383)	(4,383)
At end of year/period	84,188	84,327

Translation reserves	Group $'000
At beginning of year	(40,289)
Net adjustment during the year	(2,092)
At end of year	(42,381)

Apart from the above, and the transfer of undistributed profits for the financial year/period to reserves, there have been no other material transfers to or from reserves.

There were no material transfers to or from provisions during the financial year/period except for normal amounts set aside for such items as depreciation of fixed assets, amortisation of intangible assets and provisions for stock obsolescence, doubtful debts and taxation as disclosed in the accompanying financial statements.

Directors' report (cont.) (currency – US dollars)

Issue of shares, debentures and options

The Company was incorporated on 27 May 1999 with an authorised share capital of $50,000, comprising 50,000 ordinary shares of $1.00 each. During the financial period, the Company increased its authorised share capital from $50,000 to $20,000,000 consisting of 2,000,000,000 ordinary shares of $0.01 each.

In addition, the Company issued 1,000,000,000 new ordinary shares of $0.01 each at $0.010139 each for the acquisition of its subsidiary, Del Monte Pacific Resources Limited ("DMPRL") pursuant to the Group Restructuring Exercise.

The issued and paid-up capital of the Company was then increased from $10,000,000 to $11,428,571 comprising 1,142,857,143 ordinary shares of $0.01 each via the issue of 142,857,143 ordinary shares of $0.01 each at a premium of $0.62 per share, for cash.

During the financial period, pursuant to an Executive Stock Option Plan, the Company granted 11,428,571 Initial Public Offering options ("IPO Options") to Senior Group executives. Each share option entitles its holder to subscribe for one ordinary share in the Company at $0.504. These options are exercisable based on the following terms:

Option exercise period (both dates inclusive)	Number of options exercisable in respect of the number of shares comprised in the option
From 30 July 2000 to 29 July 2001	(i) Up to 30 percent
From 30 July 2001 to 29 July 2002	(ii) Up to 60 percent (including (i) above)
From 30 July 2002 to 29 July 2009	(iii) 100 percent

No options were exercised during the financial period and hence, as at the end of the financial period, 11,428,571 options over unissued shares of the Company were outstanding.

In connection with the Company's initial public offering during the financial period, the Company has also granted the Global Coordinator, ABN Amro Rothschild, on behalf of the placement managers, an over-allotment option to subscribe, or procure subscribers for, up to an aggregate of 42,857,143 shares at $0.63 each to cover over-allotments, if any, arising from the placement of the Company's shares to investors. No over-allotment option was exercised and this option expired on 31 August 1999.

Apart from the above, no other shares or debentures of the Company were issued and no options to take up unissued shares were granted during the financial period.

Arrangements to enable directors to acquire shares or debentures

During the financial period ended 31 December 1999, and on that date, the Company was not a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or any other body corporate, except for the granting of share options to the directors as disclosed in the accompanying financial statements and the issuance of Reserved Shares to the directors pursuant to the Company's initial public offering.

Directors' interest in shares and debentures

According to the Register of Directors' Shareholding, the interests of the directors holding office at the date of this report in the share capital and debentures of the Company and related corporations were as follows:

	Shares in the Company of $0.01par value each					
	Interest held			Deemed interest		
	27 May 1999 or date of appointment	31 Dec 1999	21 Jan 2000	27 May 1999 or date of appointment	31 Dec 1999	21 Jan 2000
Tony Chew Leong-Chee	-	396,000	396,000	-	2,100,000	2,100,000
Luis P. Lorenzo, Jr	-	396,000	396,000	500,001,000	428,572,000	428,572,000
Vivian S. Imerman	-	8,333,000	8,333,000	-	-	-
Martin P. Lorenzo	-	7,851,000	7,851,000	500,001,000	428,572,000	428,572,000
Paul S. Danowa	-	-	-	-	1,111,000	1,111,000
Jacques Fragis	-	396,000	396,000	-	-	-
Hymie R. Levin	-	-	-	-	-	-
Vicente S. Pérez, Jr.	-	396,000	396,000	-	-	-
Wong Fong Fui	-	158,000	158,000	-	-	-
Richard W. Blossom	-	446,000	446,000	-	-	-
Sydney Michael Hwang	-	396,000	396,000	-	-	-
Neville Eisenberg (alternate to Hymie R. Levin)	-	-	-	-	-	-

IPO Options held by directors to subscribe for the following number of ordinary shares under the Executive Stock Option Plan*

	27 May 1999 or date of appointment	31 December 1999	21 Jan 2000
Tony Chew Leong-Chee	-	378,000	378,000
Luis P. Lorenzo, Jr.	-	378,000	378,000
Vivian S. Imerman	-	1,269,841	1,269,841
Martin P. Lorenzo	-	1,269,841	1,269,841
Paul S. Danowa	-	377,998	377,998
Jacques Fragis	-	377,998	377,998
Hymie R. Levin	-	377,998	377,998
Vicente S. Pérez, Jr.	-	377,998	377,998
Wong Fong Fui	-	377,998	377,998
Richard W. Blossom	-	377,998	377,998
Sydney Michael Hwang	-	377,998	377,998
Neville Eisenberg (alternate to Hymie R. Levin)	-	-	-

* Each share option entitles its holder to subscribe for one ordinary share in the Company at $0.504 and is excercisable from 30 July 2000 to 29 July 2009 (both dates inclusive), subject to the terms set out in the Company's Executive Stock Option Plan.

Directors' contractual benefits

Since the date of incorporation of the Company, no director has received or become entitled to receive a benefit (other than as disclosed as directors' remuneration, fees paid to a firm in which a director is a member and related party transactions in the accompanying financial statements and except for emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Dividends

Dividends declared since the date of incorporation of the Company were as follows:

	Company 1999 $'000
First and final dividend of 0.51 cents per share, less tax at Nil%, declared by the directors for the financial period ended 31 December 1999	**5,829**

Bad and doubtful debts

Prior to the preparation of the financial statements, the directors took reasonable steps to ensure that proper action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company, and satisfied themselves that no debts need to be written off as bad and no provision for doubtful debts is required.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debt written off or the amount of provision for doubtful debts in the consolidated financial statements inadequate to any substantial extent.

Current assets

Prior to the preparation of the financial statements, the directors took reasonable steps to ensure that any current assets of the Company which were unlikely to realise their book values in the ordinary course of the business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges and contingent liabilities

At the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen since the end of the financial period/ year, other than as disclosed in the accompanying financial statements.

Ability to meet obligations

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

Other circumstances affecting financial statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company and the Group which would render any amount stated in the financial statements and consolidated financial statements misleading.

Material and unusual transactions

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial period/ year ended 31 December 1999 have not been substantially affected by any item, transaction or event of a material and unusual nature.

Material and unusual transactions after the financial period/year

In the opinion of the directors, in the interval between the end of the financial period/year and the date of this report, no item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made, has arisen.

Audit committee

The members of the Audit Committee are:
Sydney Michael Hwang (Chairman)
Luis P. Lorenzo, Jr.
Richard W. Blossom

The Audit Committee carried out its functions in accordance with the recommendations in the Singapore Exchange Securities Trading Limited Listing Manual. In performing these functions, the Audit Committee inter alia reviewed:

(a) the audit plan of the Company's auditors and their evaluation of the system of internal accounting controls arising from their audit;
(b) the scopes and results of internal audit procedures;
(c) the financial statements of the Company and the consolidated financial statements of the Group for the financial period/year ended 31 December 1999 before their submission to the Board of Directors and the auditors' report on those financial statements.

The Audit Committee held three meetings up to the date of this report.

The Audit Committee has recommended Arthur Andersen for re-appointment by shareholders as auditors at the next Annual General Meeting of the Company.

Auditors

Arthur Andersen have expressed their willingness to accept re-appointment.

Other information required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any subsidiary, is a party and which involve directors' interests subsisted at, or have been entered into since the end of the financial period/year.

On behalf of the Board of Directors

TONY CHEW LEONG-CHEE **MARTIN P. LORENZO**

14 March 2000

Auditors' report to the members of Del Monte Pacific Limited (Incorporated in the British Virgin Islands)

We have audited the financial statements of the Company and the consolidated financial statements of the Group set out on pages 45 to 74. These financial statements comprise the balance sheets of the Company and the Group as at 31 December 1999, the statements of profit and loss and changes in equity of the Company for the period from the date of incorporation, 27 May 1999, to 31 December 1999, the statements of profit and loss, changes in equity and cash flows of the Group for the year ended 31 December 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion the financial statements of the Company and consolidated financial statements of the Group give a true and fair view of the financial position of the Company and of the Group as of 31 December 1999 and the results of the Company for the period from the date of incorporation, 27 May 1999, to 31 December 1999 and the results and cash flows of the Group for the year ended 31 December 1999 in accordance with International Accounting Standards.

Arthur Andersen
Certified Public Accountants

Singapore
14 March 2000

Balance sheets as at 31 December 1999 (currency - US dollars)

	Note	Group 1999 $'000 (Note 30)	Group 1998 $'000 (Note 30)	Company 1999 $'000 (Note 30)
Share capital and reserves				
Share capital	3	**11,429**	10,000	**11,429**
Share premium	4	**84,188**	-	**84,327**
Additional paid-in capital		-	9,990	-
Translation reserves		**(42,381)**	(40,289)	-
Revenue reserves		**65,114**	83,197	**24**
		118,350	62,898	**95,780**
Represented by:				
Fixed assets	5	**31,927**	29,400	-
Subsidiaries	6	-	-	**10,149**
Intangible assets	7	**11,432**	11,546	-
Otherassets	8	**2,775**	3,810	-
Current assets				
Inventory	9	**42,539**	36,171	-
Deferred growing crops		**32,830**	32,088	-
Trade debtors	10	**15,800**	17,253	-
Other debtors, deposits and prepayments	11	**5,986**	5,926	**28**
Due from subsidiaries (non-trade)	12	-	-	**80,934**
Due from affiliated companies (trade)		**1,812**	4,978	-
Due from an affiliated company (non-trade)	12	**228**	-	**228**
Due from a shareholder (non-trade)	12	**228**	-	**228**
Dividend receivable		-	-	**6,229**
Short term deposits		**30,712**	-	**6,042**
Cash and bank balances		**25,962**	1,686	**215**
		156,097	98,102	**93,904**
Less:				
Current liabilities				
Trade creditors		**13,256**	5,868	-
Other creditors and accruals	13	**25,862**	29,872	**583**
Due to subsidiaries (non-trade)	12	-	-	**1,861**
Due to an affiliated company (trade)		**2,228**	-	-
Due to an affiliated company (non-trade)	12	-	49	-
Provision for taxation		**752**	4,582	-
Short term borrowings (unsecured)	15	**21,928**	25,667	-
Declared dividend payable	22	**5,829**	-	**5,829**
		69,855	66,038	**8,273**
Net current assets		**86,242**	32,064	**85,631**
Less:				
Non-current liabilities				
Due to an affiliated company (non-trade)	16	**6,637**	6,718	-
Deferred taxation	21	**7,389**	7,204	-
		118,350	62,898	**95,780**

The accompanying notes are an integral part of the financial statements.

Statements of profit and loss
for the year/period ended 31 December 1999 (currency - US dollars)

	Note	Group 1999 $'000 (Note 30)	Group 1998 $'000 (Note 30)	Company 1999 $'000 (Note 30)
Turnover	17	**209,915**	185,588	**6,229**
Cost of sales		**(136,145)**	(118,781)	-
Gross profit		**73,770**	66,807	**6,229**
Operating expenses				
Selling		**(14,541)**	(11,438)	-
General and administrative		**(2,723)**	(1,700)	**(585)**
Other expenses, net		**(8,422)**	(6,492)	-
Operating profit	18	**48,084**	47,177	**5,644**
Finance (expenses) income	20	**(2,461)**	(6,961)	**209**
Profit before taxation		**45,623**	40,216	**5,853**
Taxation	21	**(2,867)**	(4,962)	-
Profit attributable to Members of the Company		**42,756**	35,254	**5,853**
Earnings per share (cents)				
- weighted average basis	23	**4.04**	3.53	
- fully diluted basis	23	**4.04**	3.53	

The accompanying notes are an integral part of the financial statements.

Consolidated statement of changes in equity for the year/period ended 31 December 1999 (currency - US dollars)

The Group	Notes	Share capital $'000	Additional paid-in capital $'000	Share premium $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
Balance as at 1 January 1999		**10,000**	**9,990**	**-**	**(40,289)**	**83,197**	**62,898**
Issue of new shares pursuant to the initial public offering	3, 4	**1,429**	**-**	**88,571**	**-**	**-**	**90,000**
Expenses incurred in relation to initial public offering	4	**-**	**-**	**(4,383)**	**-**	**-**	**(4,383)**
Currency translation differences		**-**	**-**	**-**	**(2,092)**	**-**	**(2,092)**
Net profit for the year		**-**	**-**	**-**	**-**	**42,756**	**42,756**
Dividends to shareholders prior to initial public offering	22	**-**	**(9,990)**	**-**	**-**	**(55,010)**	**(65,000)**
Declared final dividends to shareholders	22	**-**	**-**	**-**	**-**	**(5,829)**	**(5,829)**
Balance as at 31 December 1999		**11,429**	**-**	**84,188**	**(42,381)**	**65,114**	**118,350**
Balance as at 1 January 1998		10,000	9,990	-	(40,992)	62,943	41,941
Currency translation differences		-	-	-	703	-	703
Net profit for the year		-	-	-	-	35,254	35,254
Dividends	22	-	-	-	-	(15,000)	(15,000)
Balance as at 31 December 1998		10,000	9,990	-	(40,289)	83,197	62,898

The Company	Notes	Share capital $'000	Additional paid-in capital $'000	Share premium $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
Balance as at 27 May 1999							
Net profit for the period		**-**	**-**	**-**	**-**	**5,853**	**5,853**
Issue of shares pursuant to the share exchange agreement under the restructuring exercise	3, 4	**10,000**	**-**	**139**	**-**	**-**	**10,139**
Issue of new shares pursuant to initial public offering	3, 4	**1,429**	**-**	**88,571**	**-**	**-**	**90,000**
Expenses incurred in relation to the initial public offering	4	**-**	**-**	**(4,383)**	**-**	**-**	**(4,383)**
Dividends	22	**-**	**-**	**-**	**-**	**(5,829)**	**(5,829)**
Balance as at 31 December 1999		**11,429**	**-**	**84,327**	**-**	**24**	**95,780**

The accompanying notes are an integral part of the financial statements.

Consolidated statement of cash flows for the year ended 31 December 1999 (currency - US dollars)

	1999 $'000 (Note 30)	1998 $'000 (Note 30)
Cash flows from operating activities		
Profit after taxation	**42,756**	35,254
Adjustments for:		
Depreciation and amortisation	**3,217**	3,070
Provision for inventory losses	**1,250**	1,497
Provision for doubtful debts	**663**	365
Provision for deferred income tax	**411**	21
Gain on sale of fixed assets	**(88)**	(100)
Operating profit before working capital changes	**48,209**	40,107
Decrease (increase) in:		
Accounts receivable	**(131)**	672
Inventories	**(7,541)**	(3,865)
Deferred growing crops	**(742)**	(3,030)
Prepayments and other current assets	**895**	(2,952)
Due from/to affiliated companies	**4,808**	(148)
Other assets	**1,035**	476
Increase (decrease) in:		
Accounts payable and accrued liabilities	**3,379**	2,981
Income tax payable	**(3,830)**	2,797
Net cash generated from operating activities	**46,082**	37,038
Cash flows from investing activities		
Proceeds from sale of fixed assets	**226**	156
Purchase of fixed assets	**(6,530)**	(7,624)
Net cash used in investing activities	**(6,304)**	(7,468)
Cash flows from financing activities		
Repayments of short term borrowings	**(3,739)**	(13,980)
Proceeds from initial public offering, net of expenses	**85,617**	-
Dividends paid	**(65,000)**	(15,000)
Net cash from (used in) financing activities	**16,878**	(28,980)
Effect of exchange rate changes on cash and cash equivalents	**(1,668)**	1,532
Net increase in cash and cash equivalents	**54,988**	2,122
Cash and cash equivalents, beginning of year	**1,686**	(436)
Cash and cash equivalents, end of year	**56,674**	1,686

The accompanying notes are an integral part of the financial statements.

Supplemental disclosure of cash flow information

	1999 $'000 (Note 30)	1998 $'000 (Note 30)
a) Cash paid (received) during the year, included in operating activities		
Interest expense	**3,600**	7,620
Interest income	**(991)**	(521)
Income taxes	**3,280**	1,289
b) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**25,962**	1,686
Short term deposits	**30,712**	-
	56,674	1,686

The accompanying notes are an integral part of the financial statements.

Notes to the financial statements 31 December 1999

(Currency - US dollars unless otherwise stated)

The following notes are an integral part of and should be read in conjunction with the accompanying financial statements.

01. The Company, its subsidiaries and principal activities

The Company was incorporated in the British Virgin Islands on 27 May 1999 under the International Business Companies Ordinance, Chapter 291 of the laws of the British Virgin Islands, as an international business company. On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited. The registered office of the Company is at Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, British Virgin Islands.

Pursuant to a restructuring exercise undertaken by the Group on 9 July 1999, the Company entered into a share exchange agreement with two of its then existing shareholders, which inter alia, the shareholders transferred their respective entire shareholdings in Del Monte Pacific Resources Limited ("DMPRL") to the Company in consideration for the Company allotting and issuing a total of one billion shares to these two shareholders. Consequently, the Company became the immediate holding company of DMPRL. On 9 July 1999, the Company also acquired 100% equity interest in DMPL Management Services Pte Ltd (formerly known as Ceanothus Enterprise Pte Ltd) and GTL Limited (formerly known as Prestige Avenue Pte. Ltd.) at par value for cash from the then existing subscribers.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple concentrate, tomato-based products, and certain other products under the brand name of "Del Monte".

The details of the Company's subsidiaries and their principal activities are given in Note 6 to the financial statements.

02. Significant accounting policies

Basis of accounting

The financial statements, expressed in United States dollars ("US dollars"), have been prepared in accordance with International Accounting Standards ("IAS").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year. Significant intra-group transactions and balances have been eliminated on consolidation.

The formation of the Group has been accounted for as a reorganisation of companies under common control using merger accounting. The consolidated financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a consolidated group for all periods presented. The assets and liabilities of Del Monte Pacific Resources Limited and its subsidiaries contributed to the Company have been reflected at predecessor cost in these consolidated financial statements.

In translating the financial statements of foreign subsidiaries in the preparation of the consolidated financial statements, all the assets and liabilities of those subsidiaries with reporting currencies other than US dollars are translated into US dollars at the rates of exchange in effect at the balance sheet date, and all their income and expense items are translated into US dollars at the average exchange rates during the year. Share capital is translated at the historical rate. The resulting cumulative translation differences are dealt with as movements in reserves.

Income recognition

Income from sale of goods is recognised when goods are delivered and title has passed to customers.

Dividend income is recognised on the date dividends are declared to be payable.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of the fixed asset.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over its expected useful life. The expected useful lives of fixed assets are as follows:

	Years
Land improvements	15 - 45
Buildings and leasehold improvements	10 - 45
Machinery and equipment	5 - 15
Dairy and breeding herd	3.5 - 6

Leasehold improvements are depreciated over their expected useful lives or, where shorter, the terms of the lease.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposals is included in the profit and loss account.

Interest costs on borrowings to finance the construction of plant and properties are capitalised, during the period of time that is required to complete the construction project, as part of the cost of the fixed assets.

Construction-in-progress

Construction-in-progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs (plus borrowing costs which include interest charges and exchange differences attributable to borrowings used to finance these projects during the construction year).

No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and put into operational use.

Subsidiaries

A company is a subsidiary company if more than 50% of the issued voting capital is held long term, directly or indirectly. Investments in subsidiaries are stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary.

Affiliated companies

An affiliated company is defined as a company, not being a subsidiary or an associated company, in which the shareholders and/or directors of the Company have an equity interest or can exercise significant influence over.

Notes to the financial statements (cont.)

Intangibles

Intangibles relate to trademarks which are stated at acquisition cost or net present value of future cash payments of the acquisition cost at the date of the acquisition and are amortised on a straight-line basis over the expected future economic life of 40 years. These trademarks give the Group the exclusive perpetual right to use the trademarks in the specified contracts. Management considers that there are market opportunities for the Group in the geographical regions covered by these trademarks and it is expected that a significant amount of revenue will be generated for the use of these trademarks for at least 40 years. Estimates of recoverable amounts of the trademarks are performed by the Group annually in order to identify any impairment loss.

Research and development costs

Research costs are expensed as incurred. Development costs are not capitalised as capitalisation criteria are not met.

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost of finished goods and livestock is based on first-in, first-out method and cost of raw materials is based on the weighted average method. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable (ie. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Operating leases

Leases where substantially all the rewards and risks of ownership remain with the leasing company are accounted for as operating leases. Rental payments under operating leases are charged to the consolidated profit and loss account on a straight-line basis over the year of the relevant leases.

Deferred taxation

Deferred taxation is provided under the balance sheet liability method in respect of significant temporary differences arising from differences between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised.

Financial instruments

As of the end of the financial year, the Company's and Group's financial instruments mainly consisted of cash and cash equivalents, receivables, payables and short term borrowings. The carrying amounts of the Company's and Group's cash and cash equivalents approximate their fair values because of the short maturity of those instruments. Payables are stated at face value of the debts. The carrying amounts of the short term borrowings approximate their fair values based on borrowing rates currently available for short term borrowings with similar terms and maturity. Where the effect of time value of money is material, the liabilities are the present values of the expenditures expected to be required to settle the obligation.

Receivables are carried at anticipated realisable value after provision for doubtful accounts. Receivables which are factored out to financial institutions without recourse to the Group are treated as being fully settled. The corresponding payments from the financial institutions are recorded as cash receipts from customers and no liability is recognised.

Receivables which are factored out to financial institutions with recourse to the Group are not treated as being settled. The corresponding payments from the financial institutions are recorded as cash receipts from these institutions and corresponding bank borrowings are recognised.

Reserves

Capital reserve, comprising share premium is created from the difference of the issue of ordinary shares of the Company at issue price higher than the par value of the shares.

Translation reserve is intended for reflection of translation differences arising on consolidation of financial statements of foreign entities.

Foreign currency transactions and balances

The Company and its subsidiaries maintain their books and records in their respective reporting currencies.

Transactions in foreign currencies other than the reporting currencies during the year are translated at the exchange rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies other than the reporting currencies are translated at rates of exchange in effect at the balance sheet date. Exchange differences are dealt with in the consolidated profit and loss account.

Forward exchange contracts are entered into as a hedge against foreign currency exposures. These contracts limit the Group's exposure to both favourable and unfavourable currency fluctuations.

Gains and losses on foreign currency forward contracts, including contracts which relate to net monetary assets and liabilities are taken to the profit and loss account in the year in which the currency fluctuation occurs. The discounts or premium on forward contract is taken to the statement of profit and loss.

Deferred growing crops

Expenditures on growing crops are deferred and taken into the inventory account based on harvests during the lifetime of the crops.

Retirement plan

A subsidiary, Del Monte Philippines, Inc., operates a defined benefit plan, the assets of which are generally held in separate trustee administered funds. The pension plans are generally funded by the subsidiary, taking into account the recommendations of independent qualified actuaries. The subsidiary also has a contributory provident plan covering participating employees.

The subsidiary uses the attained age actuarial cost method to account for the retirement plan obligations. The use of the attained age actuarial cost method is allowed under generally accepted accounting principles of the Philippines, which the subsidiary reports its statutory financial statements. In compliance with International Accounting Standard 19 (revised 1998) Employee Benefits for purposes of Group financial statements, the retirement plan obligations are accounted for using the projected unit credit method. Under the projected unit credit method, the cost of providing this pension is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plan every two years. The pension obligation is measured as the present value of the estimated future cash flows using interest rate of 14% per annum. All actuarial gains and losses are spread forward and taken to the profit and loss account over the average remaining service lives of employees.

The subsidiary's contributions to the contribution provident plan are charged to the statement of profit and loss in the year to which they relate.

Cash and cash equivalents

Cash represents cash on hand and deposits with any banks or other financial institutions which are repayable on demand.

Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash and which are within three months of maturity when acquired, less advances from banks repayable within three months from date of the advances.

03. Share capital

	1999 $'000
Authorised	
- 2,000,000,000 ordinary shares of $0.01 each	**20,000**
Issued and fully paid	
- 1,142,857,143 ordinary shares of $0.01 each	**11,429**

The Company was incorporated on 27 May 1999 with an authorised share capital of $50,000, comprising 50,000 ordinary shares of $1.00 each. During the financial period, the Company increased its authorised share capital from $50,000 to $20,000,000 consisting of 2,000,000,000 ordinary shares of $0.01 each.

In addition, the Company issued 1,000,000,000 new ordinary shares of $0.01 each at $0.010139 each for the acquisition of its subsidiary, Del Monte Pacific Resources Limited ("DMPRL") pursuant to the Group Restructuring Exercise.

The issued and paid-up capital of the Company was then increased from $10,000,000 to $11,428,571 comprising 1,142,857,143 ordinary shares of $0.01 each via the issue of 142,857,143 ordinary shares of $0.01 each at a premium of $0.62 per share, for cash.

Share options

During the financial period, pursuant to an Executive Stock Option Plan, the Company granted 11,428,571 Initial Public Offering options ("IPO Options") to Senior Group executives. Each share option entitles its holder to subscribe for one ordinary share in the Company at $0.504. These options are exercisable based on the following terms:

Option exercise period (both dates inclusive)	Number of options exercisable in respect of the number of shares comprised in the option
From 30 July 2000 to 29 July 2001	(i) Up to 30 percent
From 30 July 2001 to 29 July 2002	(ii)Up to 60 percent (including (i) above)
From 30 July 2002 to 29 July 2009	(iii)100 percent

No options were exercised during the financial period and hence, as at the end of the financial period, 11,428,571 options over unissued shares of the Company were outstanding.

In connection with the Company's initial public offering during the financial period, the Company has also granted the Global Coordinator, ABN Amro Rothschild, on behalf of the placement managers, an over-allotment option to subscribe, or procure subscribers for, up to an aggregate of 42,857,143 shares at $0.63 each to cover over-allotments, if any, arising from the placement of the Company's shares to investors. No over-allotment option was exercised and this option expired on 31 August 1999.

Compensation costs are not recognised in these financial statements for the fair value or the intrinsic value of share options granted.

04. Share premium

	Group 1999 $'000	Group 1998 $'000	Company 1999 S$'000
At beginning of year/period	-	-	-
Premium arising from the issue of 1,000,000,000 ordinary shares of $0.01 each at a premium of $0.000139 per share pursuant to group restructuring exercise	-	-	**139**
Initial public offering			
Premium arising from the issue of 142,857,143 ordinary shares of $0.01 each at a premium of $0.62 per share	**88,571**	-	**88,571**
Less expenses incurred in relation to initial public offering	**(4,383)**	-	**(4,383)**
At end of year/period	**84,188**	-	**84,327**

Included in the initial public offering expenses that were offsetted against the share premium are amounts of approximately $264,000 paid to the auditors and approximately $60,000 paid to a firm in which a director is a member.

05. Fixed assets

(a) Group 1999	Land improvements $'000	Buildings and leasehold improvements $'000	Machinery and equipment $'000	Dairy and breeding herd $'000	Construction -in-progress $'000	Total $'000
Cost						
As at 1.1.99	**1,807**	**7,856**	**52,847**	**710**	**3,326**	**66,546**
Additions	**-**	**-**	**5,213**	**128**	**6,392**	**11,733**
Disposals	**-**	**-**	**(1,206)**	**(60)**	**-**	**(1,266)**
Transfer of assets to another asset category as additions	**-**	**-**	**-**	**-**	**(5,203)**	**(5,203)**
Currency realignment	**(27)**	**(249)**	**(1,749)**	**(20)**	**(95)**	**(2,140)**
As at 31.12.99	**1,780**	**7,607**	**55,105**	**758**	**4,420**	**69,670**
Accumulated depreciation						
As at 1.1.99	**471**	**3,745**	**32,648**	**282**	**-**	**37,146**
Charge for the year	**27**	**233**	**2,755**	**88**	**-**	**3,103**
Disposals	**-**	**-**	**(1,081)**	**(47)**	**-**	**(1,128)**
Currency realignment	**(17)**	**(142)**	**(1,207)**	**(12)**	**-**	**(1,378)**
As at 31.12.99	**481**	**3,836**	**33,115**	**311**	**-**	**37,743**
Net book value						
At 31.12.99	**1,299**	**3,771**	**21,990**	**447**	**4,420**	**31,927**

(a) Group 1998						
Cost						
As at 1.1.98	651	6,662	48,279	599	1,715	57,906
Additions	1,137	1,031	4,192	140	1,568	8,068
Disposals	-	(41)	(1,002)	(35)	-	(1,078)
Currency realignment	19	204	1,378	6	43	1,650
As at 31.12.98	1,807	7,856	52,847	710	3,326	66,546
Accumulated depreciation						
As at 1.1.98	413	3,404	29,683	214	-	33,714
Charge for the year	45	257	2,567	88	-	2,957
Disposals	-	(26)	(517)	(27)	-	(570)
Currency realignment	13	110	915	7	-	1,045
As at 31.12.98	471	3,745	32,648	282	-	37,146
Net book value						
At 31.12.98	1,336	4,111	20,199	428	3,326	29,400

Notes to the financial statements (cont.)

(b) Construction-in-progress represents plant and properties under construction and is stated at cost. This includes cost of construction, plant and equipment and other direct costs (plus borrowing costs which include interest charges attributable to borrowings used to finance these projects during the construction period). Interest cost capitalised for the year amounted to approximately $167,000 (1998: $239,000). The capitalisation rate of approximately 7.2% to 9.2% (1998: 8.6% to 15.1%) per annum was used, representing the borrowing cost to finance the projects.

(c) As at 31 December 1999, leasehold property of the Group consists of the following:

Property location	Approximate site area	Tenure of lease	Existing use
28 Floor, 8741, Citibank Tower, Paseo de Roxas. Makati City, Philippines.	2,368 square metres	5 years	Administrative Office

06. Subsidiaries

(a) Subsidiaries comprise unquoted equity shares:

	1999 $'000
Cost at beginning of period	-
Investments during period	**10,149**
Cost at end of period	**10,149**

(b)The Company and the Group had the following subsidiaries as at 31 December1999:

Name of subsidiary	Principal activities	Country of incorporation and place of business	% of equity held by the Group **1999 %**	1998 %	Cost of investment by the Company **1999 $**
Held by the Company					
Del Monte Pacific Resources Limited ("DMPRL")	Investment holding	British Virgin Islands	**100**	100	**10,139,000**
GTLLimited (formerly known as Prestige Avenue Pte. Ltd.) ("GTLL")	Trading of food products sold under the Del Monte brand	Federal Territory of Labuan, Malaysia	**100**	-	**10,000**
DMPLManagement Services Pte Ltd ("DMS") (formerly known as Ceanothus Enterprise Pte Ltd)	Provide administrative support and liaison services to the Group	Singapore	**100**	-	**1**
					10,149,001

Name of subsidiary	Principal activities	Country of incorporation and place of business	% of equity held by the Group 1999 %	1998 %
Held by DMPRL				
Central American Resources Inc. (“CARI”)	Investment holding and trading of Del Monte products and other products	Panama	**100**	100
Held by CARI				
Del Monte Philippines, Inc. (“DMPI”)	Growing, processing and distribution of Del Monte products and other food products	The Philippines	**100**	100
Dewey Limited (“Dewey”)	Holding the Del Monte trademark in the Philippines	Bermuda	**100**	100
Pacific Brands Philippines, Inc. (“PBPI”)	Dormant	State of Delaware, USA	**100**	100
Hordaland Company Limited (“Hordaland”)	Dormant	Hong Kong	**100**	100

Notes to the financial statements (cont.)

07. Intangible assets

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the licensed trademarks in certain countries of the world or in connection with the production, manufacture, sale and distribution of food products and with the right to grant sub-licenses to others.

Under the terms of the agreement, the total consideration of $10 million would be payable by DMPRL to the affiliated company for the right to use the trademark. The first sum of $1 million was paid during 1996 and the remaining $9 million will be payable by annual installments. Each installment will equal to forty percent of "Net Income" which is determined on the basis specified in the agreement but the balance of the $9 million has to be paid in any event no later than 30 November 2006. The licensed trademarks were recorded at the net present value of the estimated future cash payments to be made as at 31 December 1996. The difference between the cash price equivalent of the intangible asset and the total payment is capitalised and has been offset against the payable to the affiliated company. In addition, the amortised interest expense has been capitalised as the licensed trademarks would not be used until the year 2000. In arriving at the net present value of the future cash payments, a discount rate which approximates the cost of funds to the Company has been used.

Intangible assets also include the trademarks of approximately $4,525,000 (1998: $4,525,000) which have been amortised over 40 years since 1990.

These trademarks give the Group the exclusive perpetual right to use the trademarks in the specified countries. It is expected that a significant amount of revenue will be generated from the use of these trademarks for at least 40 years.

	Group	
	1999 **$'000**	1998 $'000
Cost	**12,451**	12,451
Less accumulated amortisation	**(1,019)**	(905)
	11,432	11,546
Movements in accumulated amortisation during the financial year were as follows:		
At beginning of year	**905**	792
Amortisation during the year	**114**	113
At end of year	**1,019**	905

08. Other assets

	Group 1999 $'000	1998 $'000
Tax refund receivable	**-**	1,741
Purchase and utility deposits	**822**	1,112
Advance to growers	**1,888**	302
Others	**65**	655
	2,775	3,810

09. Inventory

	Group 1999 $'000	1998 $'000
Raw materials and packaging supplies	**13,182**	22,118
Finished goods and livestock	**30,704**	15,871
	43,886	37,989
Less provision for stock obsolescence	**(1,347)**	(1,818)
	42,539	36,171

Movements in provision for stock obsolescence during the financial year were as follows:

	1999	1998
At beginning of year	**1,818**	840
Provision for the year	**1,250**	1,497
Write back of provision	**-**	(548)
Write off against provision	**(1,644)**	-
Currency realignment	**(77)**	29
At end of year	**1,347**	1,818

Notes to the financial statements (cont.)

10. Trade debtors

	Group	
	1999	1998
	$'000	$'000
Trade debtors	**16,917**	17,874
Less provision for doubtful debts	**(1,117)**	(621)
	15,800	17,253
Movements in provision for doubtful debts during the financial year were as follows:		
At beginning of year	**621**	250
Provision for the year	**663**	365
Write off against provision	**(154)**	-
Currency realignment	**(13)**	6
At end of year	**1,117**	621

Included in trade debtors are receivables discounted to financial institutions with recourse amounting to approximately $13,408,000(1998: $Nil).

11. Other debtors, deposits and prepayments

	Group		**Company**
	1999	1998	**1999**
	$'000	$'000	**$'000**
Other debtors	**2,666**	1,711	**28**
Deposits	**455**	499	-
Prepayments	**2,865**	3,716	-
	5,986	5,926	**28**

12. Due from/to subsidiaries/a shareholder/affiliated companies (non-trade)

These balances are unsecured, non-interest bearing and have no fixed repayment terms.

13. Other creditors and accruals

	Group		**Company**
	1999	1998	**1999**
	$'000	$'000	**$'000**
Other creditors	**3,042**	5,236	**531**
Accrued expenses	**22,820**	24,636	**52**
	25,862	29,872	**583**

Included in the accrued expenses of the Group are retirement benefit obligations of approximately $85,000 (1998: $86,000) (Note 14).

14. Retirement benefit obligations

A subsidiary, DMPI, has a defined benefit retirement plan covering substantially all of its officers and regular full-time employees. The benefits are based on a percentage of latest monthly salary and credited years of service. Total pension contributions charged to the consolidated profit and loss accounts amounted to about PHP42.6 million or $1,085,000 for the year (1998: PHP40 million or $1,097,000). DMPI's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any.

Amounts recognised in the balance sheet:

	Group	
	1999 $'000	1998 $'000
Present value of funded obligations	**22,655**	19,817
Fair value of plan assets	**(22,663)**	(20,990)
	(8)	(1,173)
Unrecognised actuarial gains	**95**	1,360
Currency translation adjustment	**(2)**	(101)
Net liability recorded under accrued expenses (included in Note 13)	**85**	86

The pension plan assets include the buildings occupied by the subsidiary with a fair value of approximately $4,907,000 (1998: $5,051,000).

The amounts recognised in the statement of profit and loss are as follows:

	Group	
	1999 $'000	1998 $'000
Current service cost	**1,553**	1,505
Interest cost	**2,709**	2,548
Expected return on plan assets	**(2,949)**	(2,744)
Net actuarial losses recognised during the year	**(228)**	(212)
Total included in staff costs (Note 19)	**1,085**	1,097

The actual return on plan assets was $1,969,000 (1998: $3,119,000).

Movement in the liability recognised in accrued expenses:

	Group	
	1999 $'000	1998 $'000
At beginning of year	**86**	86
Exchange differences	**(2)**	2
Total expense as above	**1,085**	1,097
Contributions paid	**(1,084)**	(1,099)
At end of year	**85**	86

Notes to the financial statements (cont.)

The principal actuarial assumptions used for accounting purposes were:

	Group	
	1999 **% per annum**	1998 % per annum
Discount rate	**14**	14
Expected return on plan assets	**14**	14
Future salary increases	**12**	12

15. Short term borrowings (unsecured)

The amounts are unsecured, bearing weighted average effective interest rates at 7.7% to 9.4% (1998: 6.8% to 15.0%) per annum and matures within the next financial year.

The interest rate exposure of the borrowings of the Group was as follows:

	Group	
	1999 **$'000**	1998 $'000
Total borrowings		
- at fixed rates	**13,404**	1,118
- at floating rates	**8,524**	24,549
	21,928	25,667

16. Due to an affiliated company (non-trade)

These balances are unsecured, non-interest bearing and is repayable based on the terms as disclosed in Note 7 of this financial statements.

17. Turnover

Turnover of the Company comprises dividend income from its investment in subsidiaries.

Turnover of the Group comprises gross invoiced sales, net of discounts and returns, and is recognised when goods are delivered and title has passed to customers. Intra-group transactions have been excluded from Group turnover.

	Group		**Company**
	1999 **$'000**	1998 $'000	**1999** **$'000**
Sale of goods	**209,915**	185,588	-
Dividend income from unquoted investment in subsidiaries	-	-	**6,229**
	209,915	185,588	**6,229**

18. Operating profit

This is determined after charging (crediting) the following:

	Group 1999 $'000	Group 1998 $'000	Company 1999 $'000
Auditors' remuneration			
- payable to the auditors of the Company	**64**	-	**52**
- payable to other auditors	**151**	208	-
Amortisation of trademarks (included in "Other expenses, net")	**114**	113	-
Depreciation of fixed assets	**3,103**	2,957	-
Directors' remuneration and fees			
- directors of holding company	**1,361**	1,000	**262**
Dividends from unquoted investment in subsidiaries	-	-	**(6,229)**
Fixed assets written off	-	60	-
Gain on disposal of fixed assets	**(88)**	(100)	-
Stocks written off	-	575	-
Write-back of provision for stock obsolescence	-	(548)	-
Preliminary expenses written off	**406**	-	-
Provision for doubtful trade debts	**663**	365	-
Provision for stock obsolescence	**1,250**	1,497	-
Research and development expenditure	**133**	516	-
Staff costs (Note 19)	**31,113**	32,709	-
Operating lease rentals	**4,444**	4,347	-

19. Staff costs

	Group 1999 $'000	Group 1998 $'000	Company 1999 $'000
Wages and salaries	**26,911**	26,842	-
Social security costs	**991**	997	-
Retrenchment expenses	-	1,313	-
Pension costs - provident fund	**287**	287	
Pension costs - defined benefit plans (Note 14)	**1,085**	1,097	-
Management incentive benefit (Note 24)	**1,839**	2,173	-
	31,113	32,709	-

	Group 1999	Group 1998	Company 1999
Number of persons employed on a full-time basis at end of the year/period	**5,912**	6,006	-

Notes to the financial statements (cont.)

20. Finance (expenses) income

This is determined after charging (crediting) the following:

	Group		Company
	1999 $'000	1998 $'000	**1999 $'000**
Foreign exchange (gains) losses, net	**(148)**	287	-
Interest expense			
- bills payable	**2,183**	4,407	-
- trust receipts	**147**	162	-
- factoring	**1,255**	2,626	-
- others	**15**	-	-
Interest income			
- bank deposits	**(911)**	(241)	**(209)**
- an affiliated company	**(80)**	(280)	-
	2,461	6,961	**(209)**

21. Taxation

Group income tax has been calculated on the estimated assessable profit for the year at the rates prevailing in the respective foreign tax jurisdictions. Details of provision for Group foreign income tax are as follows:

	Group	
	1999 $'000	1998 $'000
Current tax		
- current year	**2,456**	4,955
Deferred tax		
- current year	**411**	7
	2,867	4,962

The Company

There is no tax expense for the Company as the income of the Company is exempt from all provisions of the British Virgin Islands Income Tax Act.

The Group

The effective income tax rate of the Group for the year was 6.3% (1998: 12.3%). The reconciliation between taxation and profit before taxation multiplied by the applicable tax rate is as follows.

	Group	
	1999 **$'000**	1998 $'000
Profit before taxation	**45,623**	40,216
Taxation on profit at the weighted average of the applicable tax rates of 33% (1998: 27.86%)	**3,117**	5,690
Tax effect of change in tax rate from 34% to 33% (1998: 35% to 34%)	**(236)**	(446)
Tax effect of interest income that was taxable at 20% & 7.5% (1998: 20% & 7.5%)	**(53)**	(59)
Translation adjustment	**(9)**	(257)
Others	**48**	34
Taxation	**2,867**	4,962

The weighted average tax rate of 33% (1998: 27.86%) has been calculated using the tax rates applicable in the jurisdictions where the companies in the Group operate. The major jurisdiction in which the Group operates is the Philippines where the current tax rate is 33% (1998: 34%). The other companies in the Group operate in jurisdictions where they are not subject to tax due to the nature and structure of their operations. The difference between the effective income tax rate for 1999 is primarily attributable to difference in the mix of income attributable to each jurisdiction.

For the year 1999, the government of the Philippines approved a change in the corporate income tax rate from 34% to 33%. For the year 2000, the corporate income tax rate will be reduced to 32%.

The tax impact of temporary differences between the basis of assets and liabilities for financial reporting and taxation purposes that gives rise to deferred tax assets or liabilities are analysed as follows:

Group	At beginning of year $'000	Charged/ credited to profit and loss $'000	Exchange difference $'000	At end of year $'000
Deferred income tax liabilities				
Accelerated depreciation allowance	2,271	534	(94)	2,711
Deferrals of ranch overheads	5,626	194	(171)	5,649
	7,897	728	(265)	8,360
Deferred income tax assets				
Provisions	786	22	(25)	783
Foreign exchange differences	(93)	295	(14)	188
	693	317	(39)	971
Net deferred tax liability (asset)	7,204	411	(226)	7,389

Notes to the financial statements (cont.)

22. Dividends

	Group		Company
	1999	1998	**1999**
	$'000	$'000	**$'000**
Prior to Initial Public Offering			
- dividends declared and paid out of revenue reserves	**55,010**	15,000	-
- dividends declared and paid out of paid-in capital	**9,990**	-	-
Post Initial Public Offering			
first and final dividend of 0.51 cents per share less tax at Nil%, declared by the directors for the financial period ended 31 December 1999	**5,829**	-	**5,829**
	70,829	15,000	**5,829**

23. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to Members of the Company by the weighted average number of ordinary shares in issue during the year.

	1999	1998
Net profit attributable to Members of the Company ($'000)	**42,756**	35,254
Weighted average number of ordinary shares in issue ('000)	**1,059,524**	1,000,000
Basic earnings per share (in cents)	**4.04**	3.53

For the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares which are the share options granted to employees.

In the diluted earnings per shares in relation to the share options, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares for the period since the listing of the Company's shares on the Singapore Exchange Securities Trading Limited, up to 31 December 1999) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. For the share options calculation, no adjustment is made to net profit.

	1999	1998
Net profit attributable to Members of the Company, representing amount used to determine diluted earnings per share ($'000)	**42,756**	35,254
Weighted average number of ordinary shares in issue ('000)	**1,059,524**	1,000,000
Adjustments for share options ('000)	**(19)**	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,059,505**	1,000,000
Diluted earnings per share (in cents)	**4.04**	3.53

24. Significant related party transactions

The majority shareholders of the Company are Juliet Holdings S.A. and MCI, Inc. (both incorporated in the British Virgin Islands). Each of the two shareholders owns 37.5% equity interest in the Company. The remaining 25% equity interest are held by the public. Juliet Holdings S.A. and Forsythia Limited are indirect wholly-owned subsidiaries of Del Monte Royal Foods Limited (incorporated in the Republic of South Africa). MCI, Inc. is wholly-owned by Macondray & Co., Inc. (incorporated in the Philippines).

The Group had significant transactions with related parties in terms agreed between the parties as follows:

	Group		Company
	1999	1998	**1999**
	$'000	$'000	**$'000**
Income			
Sales to Del Monte Royal Foods group of companies	**20,899**	26,218	-
Sales to Macondray group of companies	**6,560**	1,184	-
Interest income from Forsythia Limited	**80**	280	-
Expenses			
Purchase from Del Monte Royal Foods group of companies	**9,907**	3,039	-
Purchases from Macondray group of companies	**2,230**	1,295	-
Management fees to a subsidiary, DMS	-	-	**55**

The transactions with related companies are carried out under commercial terms and conditions. Pricing for the sales of products are market driven, less certain allowances, with prices for certain incremental volumes subject to a price floor mechanism intended to cover product costs. For purchases, the Group policy is to solicit for competitive quotations. Bids from any related party is evaluated on arm's length commercial terms and subject to bidding against third party interested suppliers. Purchases are awarded based on the lowest price quote.

Post employment benefits to management personnel and employees

Certain management personnel of the Group and directors of the Company are entitled to post employment benefits as defined under a subsidiary's defined benefit plan. The retirement plan covers substantially all of the subsidiary's officers and regular full-time employees. The benefits are based on a percentage of latest monthly salary and credited years of service (Note 14).

Shares issued and share options granted to directors

Pursuant to the Company's initial public offering ("IPO"), Reserved Shares amounting to an aggregate of 19,829,000 ordinary shares of par value $0.01 each were issued to the directors at the IPO price $0.63 each. As at 31 December 1999, the directors of the Company held an aggregate of 19,879,000 ordinary shares of par value $0.01 each.

The aggregate number of share options granted to the directors of the Company during the year was 5,941,668. The share options were given on the same terms and conditions as those offered to other employees of the Company (Note 3). The outstanding number of share options granted to the directors of the Company at the end of the period was 5,941,668.

Management incentive plan

A subsidiary, DMPI, has a management incentive plan which covers its managerial and executive personnel. This is a three-year plan (1997 to 1999) wherein concerned personnel have to meet certain levels of performance during the three-year period to be entitled to bonuses, which will be paid only at the end of the three-year period. Each year, DMPI accrues for estimated liability for bonuses based on the current year performance. During the year, the amount charged to the statement of profit and loss amounted to approximately $1,839,000 (1998: $2,173,000) (Note 19) and 50% of the estimated pay-out, amounting to approximately $1,989,000 (1998: $Nil) was paid with respect to this plan.

Supply contracts

The Group has a long term supply contract for pineapple products with Del Monte International, Inc., a member of the Del Monte Royal Foods group of companies, which had been in effect since 1990. Under this agreement, canned pineapples and juice, mixed tropical fruits and pineapple concentrate are supplied by the Group for distribution in European, African and Middle Eastern markets. Pricing in this contract is market driven, less certain allowances, with prices for certain incremental volumes subject to a price floor mechanism intended to cover product costs (Note 26(b)).

25. Contingencies

(a) In compliance with the Philippines Comprehensive Agrarian Reform Law ("CARL") under Executive Order No. 229 and Republic Act No. 6657, a substantial portion of the land previously leased in the Philippines by DMPI from the National Development Company ("NDC") was submitted for land distribution to the Department of Agrarian Reform ("DAR") and subsequently awarded to beneficiaries who formed a cooperative.

On 21 February 1989, DMPI and the beneficiaries' cooperative entered into a lease agreement on the said land at a certain fee for a period of 25 years starting 1 March 1989. DMPI used the land and paid rentals based on the lease agreement pending formal ratification of such agreement by DAR. On 11 January 1991, DAR ratified the amendment in the existing lease agreement, which reduced the lease period to 10 years and increased the annual fee effective from 12 December 1988. On 11 January 1997, DMPI and the beneficiaries' cooperative entered into a new lease agreement extending the lease period for another 25 years starting 11 January 1999.

The remaining land leased from NDC devoted to non-agricultural activities is not submitted for land distribution and continues to be subject to a long term lease extending until 2032.

Privately owned lands are covered by existing lease agreements which are continually being renewed. For certain private lands that exceeded the allowable retention limits, the law requires compulsory acquisition and distribution to qualified beneficiaries. The continuation of these lease agreements is dependent on the terms and conditions to be agreed upon by the parties involved.

Pursuant to the requirements of the CARL, the Company granted its qualified employees who are regular farmworkers and technical farmworkers a share in the production profits realised from the operation of leased private agricultural land under deferred coverage of the CARL in accordance with the sharing scheme approved by the DAR.

The Company has accrued the estimated amount of production and profit share that the Company believes is in full compliance with the implementing guidelines of the law.

Total commitments of the Company in respect of the CARL are included in the amounts disclosed in Note 26 to the financial statements.

(b) The Group is contingently liable with respect to lawsuits, tax assessments, and certain matters arising out of the normal course of business. Management believes that the resolution of these contingencies will not have a material effect on the results of operations or the financial condition of the Group.

(c) As at 31 December 1999, the Group had outstanding letters of credit amounting to approximately $3.5 million (1998: $4.8 million).

(d) Pursuant to cross guarantee agreements entered with a bank, certain subsidiaries provided guarantees to the bank with respect to the amount on all obligations and liabilities owed by other subsidiaries to the bank. Details of the guarantees are as follow:-

Guarantor	Debtor to the bank	Amount recoverable by the bank under the guarantee*
DMPI	GTLL	Principal of not more than $42 million
GTLL	DMPI	Principal of not more than $42 million

*The amount recoverable also include interest, principal consisting of capitalised interest, commission, banking and other charges comprised in the debtor's obligations which accrue or are incurred up to the date of demand against the debtor.

26. Commitments

(a) Operating lease commitments

Based on the existing agreements, the future minimum rental commitments as at 31 December 1999 for all noncancellable long-term leases of real property, offices, equipment and grower agreements (including the estimated rental on lands previously owned by NDC and submitted for land distribution in compliance with the CARL) are as follows:

	Group		Company
	1999 $'000	1998 $'000	**1999 $'000**
Within one year	**4,715**	4,997	-
Between two to five year	**10,640**	10,241	-
More than 5 years	**40,237**	36,972	-
	55,592	52,210	-

Included in the above were commitments denominated in Philippine Peso of PHP2,240 million (1998: PHP1,740 million).

Total rental expense amounted to $4,444,000 for the year ended 31 December 1999 (1998: $4,347,000).

(b) Supply contracts

The Group has entered into supply contracts with six distributors in the normal course of business. Five of these distributors have exclusive rights to the Del Monte trademarks in their respective market territory or product category. The supply contracts with these parties are generally terminable by giving the other prior written notice of between 18 – 36 months (from certain pre-agreed dates onwards) or based on agreed expiry terms of the contracts, subject to options to renew the agreements and other terms and conditions as stated in each agreement with the respective distributor. Pricing of the sales of products under the supply contracts are generally market driven, less certain allowances, with prices for certain incremental volumes subject to a price floor mechanism intended to cover product costs.

27. Financial instruments

Aggregate banking facilities for trade financing (including letters of credit and bills purchase lines) and receivables factoring as at 31 December 1999 were $208 million, of which $40 million had been utilised. (1998: $198 million of which $68 million had been utilised).

Credit risk

The Group sells its products through major distributors in various geographical regions. Credit risk exposure to the Group lies in the outstanding trade receivables recorded in the balance sheet as at year end.

Apart from the above, the Company and the Group have no significant concentration of credit risk with any single counterparty or group counterparties.

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate to their fair value: cash and bank balances, fixed deposits, trade debtors and creditors, other debtors and creditors, short term borrowings and dividends payable.

28. Group segmental reporting

Primary reporting format - business segments

Year ended 31 December 1999	Processed fruits $'000	Beverages $'000	Others $'000	Group $'000
Turnover/revenue	**107,359**	**38,569**	**63,987**	**209,915**
Operating profit, representing segment result	**31,478**	**9,215**	**7,391**	**48,084**
Interest income and foreign exchange gain	**637**	**243**	**259**	**1,139**
Profit before interest expense and taxation	**32,115**	**9,458**	**7,650**	**49,223**
Interest expense				**(3,600)**
Profit before taxation				**45,623**
Taxation				**(2,867)**
Profit attributable to Members of the Company				**42,756**
Segment assets	**80,862**	**36,220**	**28,475**	**145,557**
Unallocated assets				**56,674**
Consolidated total assets				**202,231**
Segment liabilities	**32,316**	**12,724**	**8,772**	**53,812**
Unallocated liabilities				**30,069**
Consolidated total liabilities				**83,881**
Capital expenditure	**3,930**	**2,191**	**409**	**6,530**
Depreciation	**1,849**	**1,028**	**226**	**3,103**
Amortisation	**63**	**19**	**32**	**114**

Notes to the financial statements (cont.)

Primary reporting format - business segments

Year ended 31 December 1998	Processed fruits $'000	Beverages $'000	Others $'000	Group $'000
Turnover/revenue	93,686	42,223	49,679	185,588
Operating profit, representing segment result	27,897	11,926	7,354	47,177
Interest income and foreign exchange gain	116	65	53	234
Profit before interest expense and taxation	28,013	11,991	7,407	47,411
Interest expense				(7,195)
Profit before taxation				40,216
Taxation				(4,962)
Profit attributable to Members of the Company				35,254
Segment assets	75,667	39,246	26,259	141,172
Unallocated assets				1,686
Consolidated total assets				142,858
Segment liabilities	20,345	9,896	12,266	42,507
Unallocated liabilities				37,453
Consolidated total liabilities				79,960
Capital expenditure	4,452	2,844	328	7,624
Depreciation	1,716	1,094	147	2,957
Amortisation	60	24	29	113

The Group sells its products on a worldwide basis. Its main business is the manufacture and sale of processed and fresh fruit products, which are broken down into three product segments. The product segments are processed fruits, beverages and other products. Each segment primarily consists of the following product variety: (1) Processed fruits: pineapple solids and tropical mixed fruits; (2) Beverages: pineapple juice, juice drinks and pineapple concentrate; and (3) Others: tomato-based products, fresh pineapples, cattle and others.

Unallocated costs represent interest and income tax expenses. Segment assets consist primarily of operating assets such as fixed assets, other assets, inventory, trade and other debtors and other current assets. Unallocated assets comprise short terms deposits and cash and bank balances. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise short term borrowings, provision for taxation and deferred taxation. Capital expenditure comprises additions to fixed assets and intangible assets.

Secondary reporting format - geographical segments

The Group's three business segments are managed on a worldwide basis through three main geographical areas, namely, North America, Europe and Asia.

	Turnover/revenue		Total assets		Capital expenditure	
	1999 $'000	1998 $'000	**1999 $'000**	1998 $'000	**1999 $'000**	1998 $'000
North America	**56,522**	46,577	-	-	-	-
Europe	**20,744**	26,217	-	-	-	-
Asia	**132,649**	112,794	**202,231**	142,858	**6,530**	7,624
	209,915	185,588	**202,231**	142,858	**6,530**	7,624

Segmentation of revenue is based on the country in which the customer is located. Total assets and capital expenditure are shown by the geographical area in which the assets are located.

29. Directors' renumeration

Number of directors of the Company in the various remuneration bands are as follows:

Group	Executive Directors	Non-executive Directors	Total
S$500,000 and above	2	1	3
S$250,000 to S$499,999	-	-	-
S$0 to S$249,999	-	8	8
	2	9	11

30. Comparative figures

There are no prior year comparative figures as the Company was only incorporated on 27 May 1999. Current year results of the Company relate to the period from the date of incorporation, 27 May 1999, to 31 December 1999.

The prior year comparative figures of the Group were derived from the financial statements of the subsidiaries based on merger accounting.

Statement by directors

In the opinion of the directors, the accompanying financial statements set out on pages 45 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 1999, and the results of the Company for the period from the date of incorporation, 27 May 1999, to 31 December 1999 and the results and cash flows of the Group for the year ended 31 December 1999 and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

TONY CHEW LEONG-CHEE **MARTIN P. LORENZO**

14 March 2000

Statistics of shareholdings as at 30 March 2000

Distribution of shareholdings

Size of Shareholdings	No.of shareholders	%	No.of shares	%
1-1,000	12,258	55.74	12,255,704	1.07
1,001-10,000	8,562	38.93	30,942,300	2.71
10,001-1,000,000	1,147	5.22	50,625,100	4.43
1,000,001 and above	25	0.11	1,049,034,039	91.79
Total :	21,992	100.00	1,142,857,143	100.00

Twenty largest shareholders

Name	No.of shares	%
01. DBS Trustee Ltd	604,714,286	52.91
02. ABN Amro Nominees Singapore Pte Ltd	259,038,957	22.67
03. DBS Nominees Pte Ltd	49,741,500	4.35
04. United Overseas Bank Nominees Pte Ltd	36,652,100	3.21
05. Raffles Nominees Pte Ltd	25,426,400	2.22
06. Citibank Nominees Singapore Pte Ltd	9,252,496	0.81
07. Vickers Ballas & Co. Pte Ltd	8,589,000	0.75
08. First Capital Insurance Limited – Insurance Fund A/C	6,500,000	0.57
09. First Capital Investment Ltd	6,439,000	0.56
10. HSBC (Singapore) Nominees Pte Ltd	5,809,000	0.51
11. Prudential Assurance Co. Singapore (Pte) Ltd – Life Fund	5,446,000	0.48
12. Oversea-Chinese Bank Nominees Pte Ltd	4,220,000	0.37
13. Lin Shui Chin	3,215,000	0.28
14. DBS Securities Singapore Pte Ltd	3,082,000	0.27
15. Amex Nominees (S) Pte Ltd	2,967,000	0.26
16. Prudential Assurance Co. Singapore (Pte) Ltd – Prulink Fund	2,678,000	0.23
17. ING Baring Securities (S) Pte Ltd	2,664,000	0.23
18. Representations International (HK) Ltd	2,662,000	0.23
19. Kay Hian Private Limited	2,604,200	0.23
20. RHB-Cathay Securities Pte Ltd	1,540,000	0.13
Total :	1,043,240,939	91.27

Substantial shareholders as at 30 March 2000 (as recorded in the Register of Substantial Shareholders)

Name of Shareholder	Direct Interest No.of Shares	%	Indirect Interest No.of Shares	%	Total Interest No.of Shares	%
MCI, Inc.	428,885,000	37.53	-	-	428,885,000	37.53
Juliet Holdings S.A.	428,570,000	37.50	-	-	428,570,000	37.50
Macondray & Co., Inc. (1)	-	-	428,885,000	37.53	428,885,000	37.53
Del Monte Group Limited (2)	-	-	428,570,000	37.50	428,570,000	37.50
Martin P. Lorenzo (3)	7,851,000	0.68	428,885,000	37.53	436,736,000	38.21
Luis P. Lorenzo, Jr. (3)	396,000	0.03	428,885,000	37.53	429,281,000	37.56

Notes :-

1) Macondray & Co., Inc. has a deemed interest in the 428,885,000 shares held by its wholly-owned subsidiary, MCI, Inc. ("MCI") through DBS Trustee Ltd. and ABN Amro Nominees Singapore Pte Ltd. The Lorenzo Group (comprising members of the family of the late Mr. Luis F. Lorenzo,Sr.) has an indirect interest in the shares held by MCI principally through Lapanday Holdings Corporation,St. Tropez Holdings Corporation, Macondray Holdings Corporation and Pioneer Ventures,Inc.

(2) Del Monte Group Limited ("DMGL") has a deemed interest in the 428,570,000 shares held by Juliet Holdings S.A. through DBS Trustee Ltd. and ABN Amro Nominees Singapore Pte Ltd. The holding company of DMGL is Del Monte Overseas Limited ("DelOverseas"). The holding company of DelOverseas is Del Monte Royal Foods Limited ("DelFoods")*. Del Monte Royal Holdings Limited ("DelHold")* (through its subsidiary, Del Monte Royal Corporation Limited ("Del Corp")* which has an approximately 46.4 percent interest in DelFoods) has an indirect interest in the shares held by Juliet Holdings S.A. DelHold is jointly controlled by the Imerman Consortium (comprising of Mr. Vivian Imerman and members of his family, and Fedlife Assurance Limited*) and Cirio S.p.A. (a company incorporated in Italy and whose shares are listed on the Milan Stock Exchange), pursuant to a voting pool agreement.

*Incorporated in the Republic of South Africa and whose shares are listed on the Johannesburg Stock Exchange.

(3) Martin P. Lorenzo and Luis P. Lorenzo,Jr. each has a deemed interest in the 428,885,000 shares held by MCI, Inc.


PINEAPPLE GRAPEFRUIT
PINEAPPLE ORANGE
PINEAPPLE LYCHEE
Fiesta
SWEETENED ORANGE
TOMATO JUICE
PINEAPPLE ORANGE
Pineapple Crush
ORANGE JUICE
SWEETENED PINEAPPLE
SWEETENED MANGO


PINEAPPLE GUAVA
SLICED PINEAPPLE
ORANGE JUICE
VINEGAR
PINEAPPLE JUICE