Del Monte Quality

Recipes for Results

DEL MONTE PACIFIC LIMITED

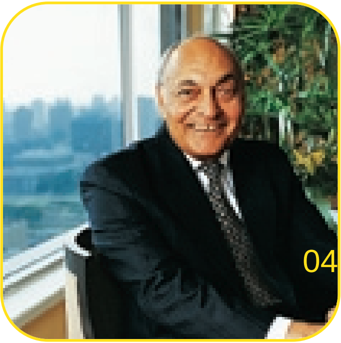
annual report 2000

contents

Del Monte Pacific Limited and its subsidiaries ("Del Monte Pacific" or the "Group") are not affiliates of Del Monte Corporation and its parent, Del Monte Foods Company, or Fresh Del Monte Produce, Inc. and its subsidiaries, or Kikkoman Corporation and its subsidiaries, including Del Monte Asia Pte Ltd.

Every company wants to be successful. The question is how to define it, and how to get there. All of Del Monte Pacific's stakeholders – our shareholders, customers, or business partners – expect the best in terms of quality, be it in sustainable returns on their investment, premium product offerings, or excellent service. Success means delivering on these expectations, building on the long heritage of quality represented by the Del Monte brand. Our vision is to be the best in class in terms of product quality, supply reliability, customer service and price competitiveness, and we have charted a strategic roadmap to reach this objective. We are migrating our product range towards a higher value-added mix, building our markets, enhancing customer service, and improving quality while reducing costs. With these strategies in place, a great brand, our competitive strengths in innovation, production, marketing and distribution, and the experience of our management, we believe we have the right recipes to deliver rewarding results.

Del Monte Pacific is a group of companies engaged in the production, marketing and distribution of premium-branded food and beverage products. We own the Del Monte brand in the Philippines, where we enjoy leading market shares across all major categories, and operate one of the world's largest integrated pineapple production facilities. We also possess the exclusive rights to produce and distribute food and beverage products under the Del Monte brand in the Indian subcontinent, and have long-term supply agreements with Del Monte trademark owners and licensees in North America, Europe and Asia.



01 Tony Chew Leong-Chee
Chairman, Singapore

02 Luis P Lorenzo, Jr
Vice-Chairman, Philippines

03 Martin P Lorenzo
Joint Managing Director, Philippines

04 Paul S Danowa
Joint Managing Director, USA

letter to shareholders

Financial Performance In the year 2000, Del Monte Pacific's sales volume reached record levels, achieving 11 per cent growth over the previous year. In our core Asian market, we improved our turnover and profitability. However, we experienced weaker pricing conditions in our North American and European markets.

Our turnover in 2000 stood at US$200.4 million while net profit declined to US$34.8 million, lower than the previous year by 5 and 18 per cent, respectively, following the trend of our half-year results and in line with the profit warning we issued in August 2000. This reflected lower pricing being only partially offset by higher productivity and operational efficiencies, improved cost management, and the depreciation of the Philippine peso vis-à-vis the US dollar.

While our net profit margin was lower at 17.4 per cent due to the soft pricing, it should be noted that this performance would still rank among the highest in the food and beverage sector of the Singapore Exchange.

Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) were US$42.6 million, with a margin of 21.3 per cent, which we believe compares very favourably among other companies listed on the Singapore Exchange. Our balance sheet continues to be strong, with a net cash position of US$39.8 million as at year end. Likewise, we continue to generate a strong net operating cash flow, amounting to US$36 million during the year in review.

We also achieved a strong performance in terms of return on equity (ROE), which stood at 25.9 per cent. We understand that our ROE would rank among the highest not only within the food and beverage sector but also among all companies listed on the Singapore Exchange.

Recipes for Results Barring unforeseen circumstances, we expect to improve our performance and profitability this year by focusing on the following key strategies:

Adding More Value We will continue to introduce new value-added products, line extensions and innovative packaging formats to cater to customer needs.

Building Markets We will increase share of global markets by concentrating on high-margin, high-growth product categories and developing new markets.

Enhancing Customer Service We will improve customer service by investing in a new front-end customer service system and new packaging capabilities to meet worldwide requirements faster and with greater flexibility.

Improving Quality, Reducing Costs We will continue to enhance our product quality while reducing our raw material and operating costs, through investments in productivity, production technology and improved supply chain management.

Shareholder Value In order to boost our earnings and build long-term shareholder value, we are continuing to evaluate opportunities for strategic expansion, including synergistic acquisitions, joint ventures and strategic alliances. These opportunities will be assessed according to whether they will make strategic, commercial and financial sense for Del Monte Pacific, and enhance shareholder value. Until such time as this strategic expansion is realised, we have decided to embark on a share buyback programme and increase our dividend declaration, in order to optimise our use of resources, without prejudice to our ability to pursue such opportunities, as they arise.

We began buying back our own shares in November 2000 and have repurchased as of 27 March 2001 about 40.6 million DMPL shares or 3.5 per cent of total issued shares. This will enhance both our earnings per share and our ROE, and will enable us to return some surplus capital to our shareholders.

For the financial year ended 31 December 2000, your Board of Directors decided to declare a cash dividend of 1.25 US cents per share, which was paid on 27 March 2001. This was based on a higher dividend payout ratio of 40 per cent compared with the previous year's 33 per cent, generating a dividend yield of close to 5 per cent, which would rank among the highest in the Singapore market, and reflects our goal to provide good returns to our shareholders.

Board and Management Changes We would like to thank Vivian S Imerman, Hymie R Levin and Wong Fong Fui for all their invaluable contributions to Del Monte Pacific as past Directors over the years, and we are pleased to welcome Stefano di Bella, Filippo Fucile and Godfrey E Scotchbrook to the Board of Directors.

Within the past year we have also appointed the following Group Senior Executives: Paul S Danowa, as Joint Managing Director, succeeding Vivian S Imerman; Alejandro T Castillo, as President of subsidiary Del Monte Philippines, Inc, succeeding James L Elder who retired and whom we also thank; Richard W Blossom, as Managing Director of subsidiary DMPL Management Services Pte Ltd; and Timothy L Chu, as Chief Financial Officer and Treasurer of Del Monte Pacific.

Last of all, we would like to thank all of you, our stakeholders – shareholders, the Board of Directors, management, employees, business partners and customers – for your support and commitment to Del Monte Pacific.

Tony Chew Leong-Chee
Chairman

Luis P Lorenzo, Jr
Vice-Chairman

Martin P Lorenzo
Joint Managing Director

Paul S Danowa
Joint Managing Director

12 April 2001

adding more value

Preparing a great recipe is as much about the seasoning, garnishes and presentation, as it is about the main food ingredients. Likewise, Del Monte products have a heritage of quality, but it is also the value we add in terms of innovation and presentation that really make them excel.

In order to create sustainable earnings growth, we are actively migrating our product mix towards higher margin products, by adding value in terms of product innovation and packaging. In 2000 we did both, introducing many new products, line extensions and packaging formats. Chief among these were our tropical mixed fruit in glass jars, fruit in plastic cups, new flavours for our single-serve juice drinks, various sauces in our stand-up pouch (SUP), and pasta in a family-value pack. This year we will continue to introduce new value-added products, line extensions and innovative packaging formats to cater to customer needs.

adding more

Sales of juices and juice drinks in 202 cans surged by 45% in 2000. 202 drinks are very popular because they offer real, healthy juice in convenient, easy-to-open, single-serve cans that can be enjoyed anywhere in a variety of 13 different juice types and blends, some with real fruit added. Delicious, refreshing and rich in vitamin C.

45%

Growing by 70%, sales of tomato-based products in SUPs, a packing innovation which offers an alternative, more affordable package, soared in 2000. These aluminium foil packs come in different convenient sizes that are unbreakable, easy to handle, open and dispose of. Nutritious tomato products rich in Lycopene.

70%

Tropical mixed fruit in glass jars is a new product with a 20% category growth in the United States market. Launched at the end of 2000, this product offers high-quality, healthy tropical fruit packed at the peak of ripeness in a transparent, resealable, storable premium package – a convenient alternative to fresh fruit.

20%

value

Fruit in plastic cups is another new product with a 25% category growth in the United States. Introduced at the end of last year, this new packaging format offers convenience in light, single-serve and easy-to-open plastic cups which contain delicious fruit tidbits. Great for lunch boxes and a nutritious snack for healthier lifestyles.

25%

year in review

01 Processed fruits are our largest product segment, with a wide variety of applications like this dessert recipe.

02 Juice drinks are sold in different sizes and flavours such as pineapple and orange, with their popularity indicated by their dominant shelf space.

03 Tomato and other processed products were our fastest-growing category, given the popularity of such products as spaghetti sauce and pasta.

BY PRODUCT SEGMENT

The year in review saw Del Monte Pacific's sales volume reaching record levels, posting a solid growth of 11 per cent over the previous year. Sales volume increased across all product categories: processed fruits, beverages, tomato and other processed products, and non-processed products. In our core Asian market, we improved our turnover and profitability. Sales volume was higher in both Asia and Europe, and marginally lower in North America. However, we experienced weaker pricing conditions in North America and Europe.

Taken together, these factors resulted in turnover and net profit declining by 5 per cent and 18 per cent, respectively, compared with the prior year, but in line with the profit warning we issued in August 2000.

Processed Fruits Processed fruits, consisting of pineapple solids and mixed fruits, accounted for 49 per cent of total turnover in 2000, making it our largest product category. Pineapple solids include pineapple slices, chunks, tidbits, dessert bits, crushed and spears. Mixed fruits include fruit cocktail, fruit salad and fruit mix varieties.

Sales volume of processed fruits increased across all markets by a total of 9 per cent. This increase was, however, offset by a 15 per cent reduction in prices, resulting in a lower turnover of processed fruits from US$107.4 million to US$98.7 million.

Pricing in North America was weak because of the aggressive pricing strategy pursued by our principal customer, Del Monte Foods, to gain market share. In Europe and Asia, pricing of processed fruits was mainly impacted by the weak euro and Philippine peso.

Beverages Consisting of juices and juice concentrate, beverages accounted for 17 per cent of total turnover in the year in review. While total beverage volume was up by 15 per cent, turnover dipped from US$38.6 million to US$33.4 million due to 25 per cent lower average pricing. Pricing was softer particularly in North America and Europe as a result of a pricing squeeze on concentrate caused by increased supply from other producing countries.

This pricing squeeze was only partially offset by 5 per cent higher sales of fruit juice and juice drinks in flavours such as pineapple, orange, mango, lychee, among others, which are sold primarily in Asia.

Tomato and Other Processed Products These products contributed 19 per cent of total turnover, and was the second largest and fastest-growing segment of the Group in 2000.

This product category expanded by 8 per cent from US$35.9 million to US$38.8 million, mainly due to an impressive 70 per cent volume growth in our lower-priced stand-up pouch (SUP) packaging format for tomato sauces and other tomato-based products, including spaghetti sauce, pizza sauce, recipe sauces and tomato ketchup.

Non-processed Products Turnover of non-processed products rose by 5 per cent from US$28.1 million to US$29.4 million due primarily to a volume-driven increase in turnover of fresh pineapples and cattle, a non-core business related to the pineapple pulp disposal operation. This product category accounted for 15 per cent of total turnover, of which fresh pineapples accounted for approximately 4 per cent.

building markets

New product categories. New packaging segments. New geographic markets. Whatever market we are in, our challenge is to increase our slice of the pie, and sometimes to create whole new pies, by anticipating customers' needs and meeting them with quality, variety and value.

In the year under review, our sales volume expanded across every product segment to unprecedented levels, from processed fruits and beverages, to tomato sauces, other processed products and non-processed products. In our core Asian market, we achieved all-time high market shares in our major product categories. We believe that with the intrinsic strength of the Del Monte brand and the enhancement of our product and marketing mix, there is much untapped potential in deepening market penetration. We will leverage our strengths in value-added, high-growth products to increase our share of our existing markets, and to develop new markets.

14%

With 67% of Del Monte Pacific's sales in 2000, and volume expanding at 14%, Asia is our largest market. Market shares were highest in our core market – the Philippines – where the following products achieved record-breaking market shares: Pineapple juice – 90%; Tomato sauce – 82%; Mixed fruits – 75%; and Spaghetti sauce – 54%. In the rest of Asia, the Group sells through Del Monte Asia/Kikkoman and Del Monte Fresh Produce.

building

1.4 billion

We own the Del Monte brand in the Indian subcontinent, which has a population of about 1.4 billion across India, Pakistan, Bangladesh, Myanmar, Sri Lanka, and other countries. We have recently appointed a new key executive to develop the Indian market and other new markets through strategic acquisitions and alliances.

North America is our second largest market, contributing 22% of total turnover in 2000, with branded case volume growing by 4%. Sales are made through Del Monte Foods and Cadbury Schweppes Dr. Pepper in the United States, and Nabisco in Canada. Towards the end of 2000, we introduced tropical mixed fruit in glass jars and plastic cups.

4%

markets

Total volume sold in Europe through Del Monte International rose sharply by 36% in 2000. Volume increased across all processed products, pineapple solids in particular, and to a lesser extent, mixed fruits and beverages. This market accounted for 11% of our total turnover.

36%

01

02

03

BY MARKET SEGMENT

Asia Turnover in Asia includes direct sales in the Philippines, where Del Monte Pacific owns the Del Monte trademark for premium-branded food products. It also includes sales in the Far East, where the Group sells Del Monte-branded processed food products to Del Monte Asia/Kikkoman Corporation, and fresh pineapples to Del Monte Fresh Produce International.

During the year in review, turnover in the core Asian market increased by 2 per cent from US$132.6 million to US$135.0 million, led by an 8 per cent increase in turnover of tomato and other processed products, and a gain of 5 per cent by beverages. Higher sales of tomato-based products were driven by the cheaper SUP packaging format while higher beverage turnover was spurred by increased sales of single-serve juices.

Despite the difficult economic environment, 2000 was a banner year of growth for our Philippine market, with volume expanding by a robust 17 per cent. Even with the depreciation of the peso versus the US dollar, the Philippine market continued to register turnover growth in US dollar terms.

In Asia, Profit Before Interest Expense and Taxation (PBIT) increased by 14 per cent from US$25.7 million to US$29.3 million. This increase was achieved primarily through a combination of higher turnover, savings from productivity improvements, improved cost management and the weakening of the peso vis-à-vis the US dollar.

year in review

01 Mixed fruit products are our most popular products in Asia outside the Philippines.

02 We are diversifying our product mix with this tropical mixed fruit in glass jar, which was introduced in the United States at the end of 2000.

03 Pineapple solids registered the highest turnover growth of all product segments in Europe.

North America In North America, turnover declined by 24 per cent from US$56.5 million to US$43.2 million, due to a 2 per cent decrease in sales volume, coupled with a 22 per cent reduction in average prices. Our largest customer in the United States, Del Monte Foods, employed an aggressive pricing strategy to gain market share. Excluding concentrate sales, market volume of processed fruits and beverages was actually slightly higher due to better sales performance. PBIT, however, decreased from US$18.2 million to US$6.8 million because of the lower total turnover.

Europe Turnover increased in Europe by 7 per cent from US$20.7 million to US$22.2 million due to an increase in sales turnover of processed pineapple solids. While pricing in Europe was down by 22 per cent as a result of heightened competition from other pineapple producing locations and the weaker euro currency, this was more than offset by a 36 per cent increase in sales volume, resulting in a higher turnover. PBIT, however, declined slightly from US$5.1 million to US$4.9 million.

In summary, our turnover in Asia and Europe was higher in the year in review. However, this was offset by a lower turnover in North America, resulting in an overall decline in turnover by 5 per cent from US$209.9 million to US$200.4 million in 2000.

enhancing customer service

Building customer loyalty is all about quality, service and value. The food must taste good, look good, be served with flexibility and speed, and represent excellent value for money. That's our winning recipe: our products are great-tasting, healthy, easy-to-serve, and value-driven.

Our aim is to secure a loyal and growing customer base, be they consumers of our products or food trade customers. One way is through better service. For our trade customers, we have installed a new corporate-wide supply chain management to improve inventory management, shorten order lead times and improve order fill rates. We will also be investing this year in a new front end e-procurement system and additional customised packaging capabilities. For the consuming public, our web-based Kitchenomics Programme and recipe books are helping us to build a broader base of loyal customers.

10%

Our food service business grew by 10% in 2000 by customising new products, such as our tomato ketchup for convenience stores, fast-food chains and restaurants, and by deploying additional juice chillers and juice dispensers. We also created a new R&D facility and pilot plant, and improved our distribution. Responding quickly to consumer needs.

enhancing customer

40%

Recipes introduced under our Kitchenomics Programme save up to 40% of the usual cost of a dish, without sacrificing its taste or visual appeal. Recipes have been re-engineered to make them not only budget-saving, but also easy-to-do, healthy and great-tasting. Catering to customer needs.

98.6%

The ratio of customer orders delivered or 'trade order fill' reached 98.6% in our Philippine market, a record-breaking achievement, even as Del Monte Pacific's sales volume expanded to unprecedented levels. This ratio was boosted by improvements in supply chain management, and the full-year impact of the SAP Enterprise Resource Planning (ERP) system. Fulfilling customer requirements.

service

Our www.kitchenomics.com E-mail Club members increased by 180% to 42,000 subscribers in 2000 and continues to expand going forward. Sending recipes weekly to all its members, this website is a cost-effective tool for building a loyal customer base. It also provides health education on phytochemcials found in pineapples and lycopene in tomato products, and other health and cooking tips. Serving the consumer.

180%

year in review

01 The deployment of more juice chillers is an important component of our food service expansion strategy targeting higher beverages sales.

02 The Kitchenomics Programme, which has over 340,000 regular members and 42,000 e-mail members, enhances customer loyalty.

03 We operate our own deep water port, adjacent to our cannery facilities, which makes our shipment of products more efficient.

FUTURE MARKET PLANS

Asia This year, we aim to grow our Philippine business through the application of the following strategies:

- Broadening the base business by optimising opportunities for single-serve beverages (202 juice drinks) and tomato sauces in stand-up pouches (SUPs).
- Deepening market penetration through lower-priced packaging formats such as SUP, the development of the Group's second brand, Today's, as well as the expansion of our sub-distributor network.
- Introducing new, value-added products and line extensions to leverage the Del Monte brand and the Group's flexibility in toll packing.
- Expanding the food service business through product customisation for key customers, additional juice chillers and dispensers, and improved distribution.
- Leveraging our kitchenomics.com website to raise product awareness, generate consumption and enhance consumer loyalty.
- And finally, enhancing customer service and inventory management by leveraging the Group's supply chain management and SAP Enterprise Resource Planning (ERP) system.

In the Del Monte Asia markets, excluding the Philippines and the Indian subcontinent markets, we are working with the newly formed unit of Kikkoman on ways to improve supply and distribution arrangements, develop cost-effective promotional programmes to support sales initiatives, and launch new products and line extensions.

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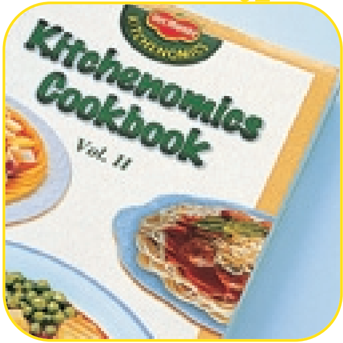

03

North America Our strategy in the United States is to diversify our product mix towards value-added, high-margin, high-growth products like tropical mixed fruit in glass jars and plastic cups. These products were introduced towards the end of 2000 and their impact on our profitability will be felt this year.

Given the strong response we have received for these products, we will double our production capacity with the installation of a second line in the middle of this year. Over time, the increase in sales of these high-margin products should improve our profitability. Moreover, we are employing new process technology to convert residual pineapple materials into value-added food ingredients like water white pineapple syrup. We will work with Del Monte Foods management to expand market penetration of our tropical fruit products and value-added food ingredients. At the same time, we have invested in expanded packaging capabilities that will enable us to fulfil more of our customers' requirements faster, and with greater flexibility.

In summary, we hope to improve our turnover and margins in the United States with contributions from newly introduced premium products, a more stable price environment, and continued improvements in productivity and cost management. However, our performance may be affected by continued strong competition and the economic slowdown in the United States.

Europe In Europe, our strategy is to re-engineer our product mix to higher-value products. With the installation of the second, more flexible plastic cup production line, we plan to introduce fruit in plastic cups to serve this fast growing market segment. Moreover, we plan to upgrade our concentrate product mix to higher-grade, premium concentrate by re-engineering our juice processing system. We will also work with Del Monte International management to develop new products to meet their market requirements. Turnover performance, however, like in our other international markets, will depend on price trends and the overall consumer environment.

improving quality, reducing costs

It takes a chef to know how best to cut a piece of pastry. In the same way, we know how to get the best out of our products. At the end of the day, quality defines what Del Monte Pacific represents, and it is this quality that keeps our customers coming back.

In the year in review, a major objective had been to make investments that would significantly enhance product quality while driving down costs, and leverage our expertise in our core product areas. Through investments in productivity, production technology and improved supply chain management, we have made record progress on both fronts, and in the process, created new premium products. We will continue this coming year to make further investments in these areas, ensuring premium quality, supply reliability and cost competitiveness.

Re-engineering our juice concentrate production to a single stream system will enable us to boost our production of premium grade, higher-value pineapple concentrate by 25%, and eliminate low-grade concentrate. This will significantly enhance the flavour and colour of our concentrate.

25%

improving quality

10%

The conversion of our juice concentrate processing system will not only improve juice concentrate quality, but will also result in significant cost savings, particularly in the form of lower energy usage, which is projected to decline by 10%. This is particularly important given the rising cost of fuel.

15%

We have embarked on a project to develop an internet-based procurement system to provide suppliers with better information, shorten order cycles and help reduce raw material costs. One major benefit we are targeting is a reduction in inventory of tinplate coils, which will lower inventory cost by 15%.

reducing costs

We are in the process of employing new process technology to convert residual pineapple materials into value-added food ingredients like water white pineapple syrup. This syrup can be offered to specialty customers at a premium, or used internally as a substitute for 50% of the cane sugar currently used by Del Monte Pacific.

50%


01


02

03


PRODUCTION AND HUMAN RESOURCES

This year marks our 75th year of operations, a key milestone in our history as a Group with one of the world's largest pineapple processing and canning facilities in the Philippines. Our production facility has a current annual processing capacity of approximately 640,000 tonnes of pineapple, representing approximately 15 per cent of the world's processed pineapple production. With our own 18,000 hectare plantation, our fully integrated operations ensure our customers of premium quality, supply reliability and cost competitiveness.

While our operations have consistently maintained a high standard of quality control and product assurance, we will continue to enhance product quality while reducing raw material, operating and distribution costs through investments in productivity, production technology and improved supply chain management. In 2000, we achieved record productivity gains and operational efficiencies, which enabled us to effectively manage our production costs. Funded by internally generated cash flows, we invested more in the business by increasing our capital expenditure to US$11.1 million, 70 per cent higher than the year before. This year we will continue to increase our capital expenditure in order to maintain our leadership position in the industry.

One of our key competitive strengths lies in the quality of our people. The Group's senior management is a seasoned team with deep operating experience and broad international exposure. Our multi-disciplinary workforce of about 5,800 employees is well grounded in all aspects of our operations. Our vision is to be Asia's premier branded food and beverage company, employing world-class management practices and setting new standards in the creation of shareholder value.

year in review

01 Our operations have consistently maintained a high standard of quality control and product assurance.

02 Our competitive advantage is our fully integrated operations, including our pineapple plantation, which ensures product quality, reliability and cost competitiveness.

03 Our cannery can process up to about 640,000 tonnes of pineapple a year, about 1 out of every 7 pineapples processed worldwide.

NEW MARKETS

At the beginning of this year, we appointed a new key executive to lead our international expansion drive through the development of the Del Monte brand rights in the Indian subcontinent and through synergistic acquisitions, joint ventures and strategic alliances, targeted to leverage the Group's key strengths in production, marketing and distribution.

Any new opportunity, however, must make strategic, commercial and financial sense. While we will be focusing on opportunities to accelerate growth, profitability and valuation must bear equal weight. At the end of the day, our objective is to enhance shareholder value.

board of directors

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors **01** Tony Chew Leong-Chee, Chairman, **02** Luis P Lorenzo Jr, Vice-Chairman, **03** Martin P Lorenzo, Joint Managing Director, **04** Paul S Danowa, Joint Managing Director, **05** Richard W Blossom, Director, **06** Michael Hwang, Independent Director, **07** Godfrey E Scotchbrook, Independent Director, **08** Stefano di Bella, Director*, **09** Filippo Fucile, Director*, **10** Jacques Fragis, Director*, **11** Vicente S Perez, Jr, Director*

Management Committee Martin P Lorenzo, Luis P Lorenzo, Jr, Paul S Danowa, Alejandro T Castillo

Audit Committee Michael Hwang, Chairman, Luis P Lorenzo, Jr, Godfrey E Scotchbrook

ESOP Committee Tony Chew Leong-Chee, Martin P Lorenzo

**absent from pictures*

executive officers

CORPORATE INFORMATION

Executive Officers **01** Alejandro T Castillo, President, DMPI, **02** Timothy L Chu, SVP and CFO, DMPI and DMPL, **03** Richard W Blossom, Managing Director, DMS

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 Private Limited (DMS), 78 Shenton Way #26-01, Singapore 079120, Telephone: (65) 324 6822, 228 9700, Facsimile: (65) 221 9477, 221 4625

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 Private Limited, 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

American Depositary Receipt (ADR) Programme ADR symbol PDMXY tradable in the over-the-counter (OTC) market in New York with The Bank of New York as the Depositary Bank

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®.

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 some of its functions to a Management Committee comprising of five members. The Management Committee reviews the monthly performance of the operating units which are reported against approved budgets and compared with the 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 Group's internal control systems, the Group's accounting policies, 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.

financial report

DIRECTORS' REPORT *31 December 2000*

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 2000.

Directors

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

Tony Chew Leong-Chee
Luis P. Lorenzo, Jr.
Martin P. Lorenzo
Paul S. Danowa
Jacques Fragis
Vicente S. Pérez, Jr.
Richard W. Blossom
Michael Hwang
Godfrey E. Scotchbrook (appointed on 28 December 2000)

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.

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 food products mainly under the brand names of "Del Monte" and "Today's".

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.

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

Results for the financial year

	Group $'000	Company $'000
Profit attributable to Members of the Company	34,787	672
Unappropriated profits, brought forward, as previously reported	65,114	24
Prior period adjustments	4,924	5,829
Unappropriated profits, brought forward, as restated	70,038	5,853
Dividends, net	(5,829)	(5,829)
Unappropriated profits, carried forward	98,996	696

Transfers to or from reserves or provisions

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

Share premium

	Group $'000	Company $'000
At beginning of year	84,188	84,327
Share buyback of 4,980,000 ordinary shares of $0.01 each	(1,198)	(1,198)
At end of year	82,990	83,129

Translation reserves

	Group $'000
At beginning of year	(42,381)
Net adjustment during the year	(16,690)
At end of year	(59,071)

Apart from the above, and the transfer of undistributed profits for the financial year 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 except for normal amounts set aside for such items as depreciation of fixed assets and provisions for stock obsolescence, doubtful debts and taxation as disclosed in the accompanying financial statements.

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

Acquisitions and disposals of subsidiaries

During the financial year, there were no acquisitions or disposals of subsidiaries.

Shares and debentures

No shares or debentures were issued during the financial year.

During the financial year, the Company bought back 4,980,000 ordinary shares of $0.01 each for cancellation pursuant to the share buyback programme approved by the shareholders on 22 November 2000. Accordingly, the issued and paid-up share capital of the Company was reduced from $11,428,571 comprising 1,142,857,143 ordinary shares of $0.01 each to $11,378,771 comprising 1,137,877,143 ordinary shares of $0.01 each. The total cost for the purchase was approximately $1,248,000.

Share options

Pursuant to an Executive Stock Option Plan ("ESOP Scheme"), the Company granted the following stock options:

(i) 11,428,571 Initial Public Offering options ("IPO Options") to Senior Group Executives in 1999. Each IPO Option entitles its holder to subscribe for one ordinary share in the Company at $0.504.

The options are exercisable based on the following terms:

Option exercise period (both dates inclusive) and terms			Number of outstanding options exercisable in respect of the number of shares comprised in the option
Period	Terms		
From 30 July 2000 to 29 July 2001	(i)	Up to 30 percent of IPO Options	3,428,571
From 30 July 2001 to 29 July 2002	(ii)	Up to 60 percent of IPO Options (including (i) above)	6,857,143
From 30 July 2002 to 29 July 2009	(iii)	100 percent of IPO Options	11,428,571

As at the end of the financial year, none of the IPO Options granted has been exercised. IPO Options over 1,440,070 shares have lapsed and IPO Options over 9,988,501 unissued shares of the Company remained outstanding as at the end of the financial year.

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

(ii) Subsequent to the financial year, on 2 March 2001, the Company granted 14,050,000 Market Price Options ("Market Price Options") to Senior Group Executives. Each Market Price Option entitles its holder to subscribe for one ordinary share in the Company at S$0.49. These options are exercisable based on the following terms:

Option exercise period (both dates inclusive) and terms		Number of outstanding options exercisable in respect of the number of shares comprised in the option
Period	Terms	
From 2 March 2003 to 1 March 2004	(i) Up to 60 percent of Market Price Options	8,430,000
From 2 March 2004 to 1 March 2011	(ii) Up to 100 percent of Market Price Options	14,050,000

Apart from the above, no other options to take up unissued shares were granted during the financial year and as at the date of this report.

Arrangements to enable directors to acquire shares or debentures

During the financial year ended 31 December 2000, 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, other than pursuant to the Company's Executive Stock Option Plan.

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		
	1 January 2000 or date of appointment	31 December 2000	21 January 2001	1 January 2000 or date of appointment	31 December 2000	21 January 2001
Tony Chew Leong-Chee	396,000	396,000	396,000	2,100,000	3,050,000	3,050,000
Luis P. Lorenzo, Jr.	396,000	396,000	396,000	428,572,000	350,974,797	321,955,046
Martin P. Lorenzo	7,851,000	4,063,800	4,063,800	428,572,000	350,974,797	321,955,046
Paul S. Danowa	–	–	–	1,111,000	1,111,000	1,111,000
Jacques Fragis	396,000	396,000	396,000	–	–	–
Vicente S. Pérez, Jr.	396,000	246,000	246,000	–	–	–
Richard W. Blossom	446,000	1,526,000	1,526,000	–	–	–
Michael Hwang	396,000	396,000	396,000	–	–	–
Godfrey E. Scotchbrook	–	–	–	–	–	–

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

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

	1 January 2000 or date of appointment	31 December 2000	21 January 2001
Tony Chew Leong-Chee	378,000	378,000	378,000
Luis P. Lorenzo, Jr.	378,000	378,000	378,000
Martin P. Lorenzo	1,269,841	1,269,841	1,269,841
Paul S. Danowa	377,998	377,998	377,998
Jacques Fragis	377,998	377,998	377,998
Vicente S. Pérez, Jr.	377,998	377,998	377,998
Richard W. Blossom	377,998	377,998	377,998
Michael Hwang	377,998	377,998	377,998
Godfrey E. Scotchbrook	–	–	–

* Each share option entitles its holder to subscribe for one ordinary share in the Company at $0.504 and is exercisable 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 end of the previous financial period, no director has received or become entitled to receive a benefit (other than as disclosed as directors' remuneration and related party transactions in the accompanying financial statements and except for emoluments, if any, 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

Since the end of the previous financial period, the Company has paid a first and final dividend of 0.51 cents per share, less tax at Nil%, totalling $5,829,000 in respect of the previous period as declared in the directors' report of that period. On 22 February 2001, the directors declared a first and final dividend of 1.25 cents per share, less tax at Nil%, amounting to $13,907,252, in respect of the year ended 31 December 2000.

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 that adequate provision has been made for doubtful debts.

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

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

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 on assets 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 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 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 year ended 31 December 2000 have not been substantially affected by any item, transaction or event of a material and unusual nature.

Material and unusual transactions after the financial year

In the opinion of the directors, in the interval between the end of the financial 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 other than as disclosed in the accompanying financial statements.

DIRECTORS' REPORT *31 December 2000 (Continued)*

(Amounts in United States dollars unless otherwise stated)

Audit committee

The members of the Audit Committee are:

Michael Hwang	(Chairman)
Luis P. Lorenzo, Jr.	
Godfrey E. Scotchbrook	(appointed on 28 December 2000)

The Audit Committee carried out its functions in compliance with the Best Practices Guide for Audit Committees issued by the Singapore Exchange Securities Trading Limited. 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 year ended 31 December 2000 before their submission to the Board of Directors and the auditors' report on those financial statements.

The Audit Committee held five (5) meetings during the financial year.

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 the end of the financial year, or have been entered into since the end of the previous financial year except as disclosed in the accompanying financial statements.

On behalf of the Board of Directors

MARTIN P. LORENZO	PAUL S. DANOWA
Joint Managing Director	Joint Managing Director

27 March 2001

STATEMENT BY DIRECTORS *31 December 2000*

In the opinion of the directors, the financial statements set out on pages 43 to 81 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 2000, and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended, 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

MARTIN P. LORENZO
Joint Managing Director

PAUL S. DANOWA
Joint Managing Director

27 March 2001

AUDITORS' REPORT TO THE MEMBERS OF DEL MONTE PACIFIC LIMITED

(Incorporated in the British Virgin Islands)

We have audited the financial statements of Del Monte Pacific Limited (the "Company") and the consolidated financial statements of the Company and its subsidiaries (the "Group") as of 31 December 2000 set out on pages 43 to 81. 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 2000 and of the results of the operations of the Company and of the Group and the cash flows of the Group for the year then ended in accordance with International Accounting Standards.

Arthur Andersen
Certified Public Accountants

Singapore
27 March 2001

BALANCE SHEETS *as at 31 December 2000*

(Amounts in United States dollars)

	Note	Group		Company	
		2000 $'000	1999 $'000 (Note 31)	2000 $'000	1999 $'000 (Note 31)
Share capital and reserves					
Share capital	3	11,379	11,429	11,379	11,429
Share premium	4	82,990	84,188	83,129	84,327
Translation reserves		(59,071)	(42,381)	–	–
Revenue reserves		98,996	70,038	696	5,853
		134,294	123,274	95,204	101,609
Fixed assets	5	33,811	31,927	–	–
Subsidiaries	6	–	–	10,149	10,149
Intangible assets	7	10,224	10,527	–	–
Other assets	8	2,860	2,775	–	–
Current assets					
Inventory	9	39,804	42,539	–	–
Deferred growing crops		28,296	32,830	–	–
Trade debtors	10	12,937	15,800	–	–
Other debtors, deposits and prepayment	11	9,776	5,986	903	28
Due from a subsidiary (non-trade)	12	–	–	80,934	80,934
Due from affiliated companies (trade)		5,531	1,812	–	–
Due from an affiliated company (non-trade)	12	228	228	228	228
Due from a shareholder (trade)		4,657	–	–	–
Due from a shareholder (non-trade)	12	228	228	228	228
Dividend receivable		–	–	2,000	6,229
Short term deposits		45,991	30,712	6,854	6,042
Cash and bank balances		1,643	25,962	227	215
		149,091	156,097	91,374	93,904

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

BALANCE SHEETS *as at 31 December 2000 (Continued)*

(Amounts in United States dollars)

	Note	Group		Company	
		2000 $'000	1999 $'000 (Note 31)	2000 $'000	1999 $'000 (Note 31)
Less:					
Current liabilities					
Trade creditors		8,817	13,256	–	–
Other creditors and accruals	13	27,863	25,862	625	583
Due to subsidiaries (non-trade)	12	–	–	5,694	1,861
Due to an affiliated company (trade)		1,616	2,228	–	–
Due to an affiliated company (non-trade)	12	28	–	–	–
Short term borrowings (unsecured)	15	7,798	21,928	–	–
Provision for taxation		1,734	752	–	–
		47,856	64,026	6,319	2,444
Net current assets		101,235	92,071	85,055	91,460
Less:					
Non-current liabilities					
Due to an affiliated company (non-trade)	16	6,798	6,637	–	–
Deferred taxation	21	7,038	7,389	–	–
		134,294	123,274	95,204	101,609

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

STATEMENTS OF PROFIT AND LOSS *for the year ended 31 December 2000*

(Amounts in United States dollars)

	Note	Group		Company	
		2000 $'000	1999 $'000 (Note 31)	2000 $'000	1999 $'000
Turnover	17	200,372	209,915	2,000	6,229
Cost of sales		(140,491)	(136,145)	–	–
Gross profit		59,881	73,770	2,000	6,229
Operating expenses					
Selling		(13,872)	(14,541)	–	–
General and administrative		(3,840)	(2,723)	(1,599)	(585)
Other expenses, net		(3,524)	(8,612)	(145)	–
Operating profit	18	38,645	47,894	256	5,644
Finance income (expenses)	20	1,685	(2,461)	416	209
Profit before taxation		40,330	45,433	672	5,853
Taxation	21	(5,543)	(2,867)	–	–
Profit attributable to Members of the Company		34,787	42,566	672	5,853
Earnings per share (cents)					
– basic	23	3.04	4.02		
– fully diluted	23	3.04	4.02		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *for the year ended 31 December 2000*

(Amounts in United States dollars)

The Group	Notes	Share capital $'000	Additional paid-in capital $'000	Share premium $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
As at 1 January 1999, as previously stated		10,000	9,990	–	(40,289)	83,197	62,898
Prior period adjustments	22	–	–	–	–	(715)	(715)
As at 1 January 1999, as restated		10,000	9,990	–	(40,289)	82,482	62,183
Issue of new shares pursuant to the initial public offering	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	22	–	–	–	–	42,566	42,566
Dividends to shareholders prior to initial public offering		–	(9,990)	–	–	(55,010)	(65,000)
As at 31 December 1999		11,429	–	84,188	(42,381)	70,038	123,274

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *for the year ended 31 December 2000 (Continued)*

(Amounts in United States dollars)

The Group	Notes	Share capital $'000	Additional paid-in capital $'000	Share premium $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
As at 1 January 2000, as previously stated		11,429	–	84,188	(42,381)	65,114	118,350
Prior period adjustments	22	–	–	–	–	4,924	4,924
As at 1 January 2000, as restated		11,429	–	84,188	(42,381)	70,038	123,274
Share buyback	3,4	(50)	–	(1,198)	–	–	(1,248)
Currency translation differences		–	–	–	(16,690)	–	(16,690)
Net profit for the year		–	–	–	–	34,787	34,787
Dividends	22	–	–	–	–	(5,829)	(5,829)
As at 31 December 2000		11,379	–	82,990	(59,071)	98,996	134,294

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *for the year ended 31 December 2000 (Continued)*

(Amounts in United States dollars)

The Company	Notes	Share capital $'000	Additional paid-in capital $'000	Share premium $'000	Translation reserves $'000	Revenue reserves $'000	Total $'000
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	4	10,000	–	139	–	–	10,139
Issue of new shares pursuant to initial public offering	4	1,429	–	88,571	–	–	90,000
Expenses incurred in relation to the initial public offering	4	–	–	(4,383)	–	–	(4,383)
As at 31 December 1999		11,429	–	84,327	–	5,853	101,609
As at 1 January 2000, as previously stated		11,429	–	84,327	–	24	95,780
Prior period adjustments	22	–	–	–	–	5,829	5,829
As at 1 January 2000, as restated		11,429	–	84,327	–	5,853	101,609
Share buyback	3,4	(50)	–	(1,198)	–	–	(1,248)
Net profit for the year		–	–	–	–	672	672
Dividends	22	–	–	–	–	(5,829)	(5,829)
As at 31 December 2000		11,379	–	83,129	–	696	95,204

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

CONSOLIDATED STATEMENT OF CASH FLOWS *for the year ended 31 December 2000*

(Amounts in United States dollars)

	2000 $'000	1999 $'000 (Note 31)
Cash flows from operating activities		
Profit after taxation	34,787	42,566
Adjustments for:		
Depreciation and amortisation	3,665	3,406
Provision for inventory losses	120	1,250
Provision for doubtful debts	401	663
Provision for deferred income tax	1,142	411
Gain on sale of fixed assets	(108)	(88)
Operating profit before working capital changes	40,007	48,208
Decrease (increase) in:		
Accounts receivable	2,702	(131)
Inventories	2,866	(7,541)
Deferred growing crops	4,534	(742)
Prepayments and other current assets	(3,790)	896
Due from/to affiliated companies	(4,142)	5,036
Due from a shareholder	(4,657)	(228)
Other assets	(85)	1,035
Increase (decrease) in:		
Accounts payable and accrued liabilities	(2,438)	3,379
Income tax payable	982	(3,830)
Net cash generated from operating activities	35,979	46,082
Cash flows from investing activities		
Proceeds from sale of fixed assets	171	226
Purchase of fixed assets	(11,080)	(6,530)
Net cash used in investing activities	(10,909)	(6,304)

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

CONSOLIDATED STATEMENT OF CASH FLOWS *for the year ended 31 December 2000 (Continued)*

(Amounts in United States dollars)

	2000 $'000	1999 $'000 (Note 31)
Cash flows from financing activities		
Repayments of short term borrowings	(14,130)	(3,739)
Proceeds from initial public offering, net of expenses	–	85,617
Dividends paid	(5,829)	(65,000)
Share buyback	(1,248)	–
Net cash (used in) from financing activities	(21,207)	16,878
Effect of exchange rate changes on cash and cash equivalents	(12,903)	(1,668)
Net (decrease) increase in cash and cash equivalents	(9,040)	54,988
Cash and cash equivalents, beginning of year	56,674	1,686
Cash and cash equivalents, end of year	47,634	56,674

Supplemental disclosures of cash flow information

	2000 $'000	1999 $'000
(a) Cash paid (received) during the year, included in operating activities		
Interest expense	307	3,600
Interest income	(2,190)	(991)
Income taxes	3,041	3,280
(b) Analysis of the balances of cash and cash equivalents		
Cash and bank balances	1,643	25,962
Short term deposits	45,991	30,712
	47,634	56,674

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

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000*

(Amounts in United States dollars unless otherwise stated)

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

1 The Company, its subsidiaries and principal activities

The financial statements of the Company and of the Group for the year ended 31 December 2000 were authorised for issue in accordance with a resolution of the directors on 27 March 2001.

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.

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 food products mainly under the brand names of "Del Monte" and "Today's".

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

2 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") and under the historical cost convention.

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 in 1999 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. The resulting cumulative translation differences are dealt with as movements in reserves.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of revenue can be measured reliably.

Revenue 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. Interest income is accrued on a time proportion basis that reflects the effective yield on the assets.

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	3 – 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.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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 attributable to borrowings used to finance these projects during the construction period and exchange difference arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

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.

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 territories. 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 the weighted average method and cost of production materials and storeroom items is based on the weighted moving 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.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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.

Deferred acquisition costs

Deferred acquisition costs relate to costs which are directly attributed to a particular acquisition of investment being considered by the Group. Such deferred acquisition costs would be capitalised as part of cost of investment upon the consummation of the related acquisition. Other general administrative costs, including cost of maintaining an acquisition department are recognised as expense as incurred.

Deferred acquisition costs are written-off to profit and loss when, in the opinion of the directors, the consummation of such acquisition is deemed remote.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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, short term borrowings and long-term debt. 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 and long-term debt approximate their fair values based on borrowing rates currently available for short term borrowings and long-term debt 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.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

Deferred growing crops

Deferred growing crops are stated at cost. Expenditures on growing crops include land preparation expenses and other direct expenses incurred during the cultivation period of the primary and ratoon crops. These expenditures on growing crops are deferred and taken into the inventory account based on the estimated total yield during the estimated growth cycle of three years.

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. For purposes of Group financial statements, adjustments have been made to the retirement plan obligations, where necessary, using the projected credit method to comply with International Accounting Standard 19 (revised 1998) Employee Benefits. 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.

Share buyback

Shares purchased in connection with the share buyback programme approved by the Company's shareholders, may only be funded out of surplus available for dividend or distribution, including share premium account. In addition, such shares bought back must be cancelled and are recognised as a change in equity.

Employee stock option plan

The Company has an Executive Stock Option Plan for the granting of non-transferable options. Compensation cost is not recognised in the Company's and the Group's financial statements for the fair value or the intrinsic value of the share options issued.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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.

Change in accounting standards

The Company and the Group had changed the following accounting policies as a result of the application of new International Accounting Standards (IASs) which are effective for the Company's and the Group's financial statements commencing 1 January 2000:

(i) Under the requirements of IAS 10 (Revised 1999), Events after Balance Sheet Date, the Company and the Group should not recognise dividends proposed or declared after the balance sheet date as accrued liabilities in the financial statements for the year ended 31 December 2000. Instead, such dividends proposed or declared would be disclosed as a subsequent event in the financial statements (Note 30).

As a result of the change, the current liabilities of the Company and the Group as at 31 December 2000 were lower by $13,907,252 and correspondingly, the net assets and reserves were higher by the same.

(ii) In addition, IAS 38, Intangible Assets, requires the Group to state the carrying amount of trademarks at cost and to amortise the trademarks from the date they are available for use. The Group had previously capitalised interest expense and deferred the amortisation of the trademarks as the licensed trademarks would not be used until the year 2000. As a result of the change, the profit before taxation for the financial year and of the Group were lower by $190,000.

The financial statements for the year ended 31 December 1999 have been restated for these changes as further explained in Note 22.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

3 Share capital

	2000 $'000	1999 $'000
Authorised		
– 2,000,000,000 (1999: 2,000,000,000) ordinary shares of $0.01 each	20,000	20,000
Issued and fully paid		
– 1,137,877,143 (1999: 1,142,857,143) ordinary shares of $0.01 each	11,379	11,429

During the financial year, the Company bought back 4,980,000 ordinary shares of $0.01 each for cancellation pursuant to the share buyback programme approved by the shareholders on 22 November 2000. Accordingly, the issued and paid-up share capital of the Company was reduced from $11,428,571 comprising 1,142,857,143 ordinary shares of $0.01 each to $11,378,771 comprising 1,137,877,143 ordinary shares of $0.01 each. The total cost for the purchase was approximately $1,248,000.

Share options

Pursuant to an Executive Stock Option Plan ("ESOP Scheme"), the Company granted 11,428,571 Initial Public Offering options ("IPO Options") to Senior Group Executives in 1999. Each IPO Option entitles its holder to subscribe for one ordinary share in the Company at $0.504.

The options are exercisable based on the following terms:

Option exercise period (both dates inclusive) and terms			Number of outstanding options exercisable in respect of the number of shares comprised in the option
Period	Terms		
From 30 July 2000 to 29 July 2001	(i)	Up to 30 percent of IPO Options	3,428,571
From 30 July 2001 to 29 July 2002	(ii)	Up to 60 percent of IPO Options (including (i) above)	6,857,143
From 30 July 2002 to 29 July 2009	(iii)	100 percent of IPO Options	11,428,571

As at the end of the financial year, none of the IPO Options granted has been exercised. IPO Options over 1,440,070 shares have lapsed and IPO Options over 9,988,501 unissued shares of the Company remained outstanding as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

Information with respect to the number of options vested during the financial year are as follows:

	2000	1999
IPO Options vested	2,882,690	–

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

4 Share premium

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
At beginning of year	84,188	–	84,327	–
Share buyback of 4,980,000 ordinary shares of $0.01 each (Note 3)	(1,198)	–	(1,198)	–
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	82,990	84,188	83,129	84,327

Included in the initial public offering expenses that were offsetted against the share premium in 1999 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.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

5 Fixed assets

Group	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 1.1.2000	1,780	7,607	55,105	758	4,420	69,670
Additions	286	655	3,258	119	6,762	11,080
Disposals	–	(2)	(556)	(126)	–	(684)
Transfer of assets to another asset category	–	–	3,463	–	(3,463)	–
Currency realignment	(178)	(1,587)	(12,353)	(147)	(856)	(15,121)
As at 31.12.2000	1,888	6,673	48,917	604	6,863	64,945
Accumulated depreciation						
As at 1.1.2000	481	3,836	33,115	311	–	37,743
Charge for the year	30	188	3,052	92	–	3,362
Disposals	–	(1)	(534)	(86)	–	(621)
Currency realignment	(115)	(957)	(8,192)	(86)	–	(9,350)
As at 31.12.2000	396	3,066	27,441	231	–	31,134
Charge for 1999	27	233	2,755	88	–	3,103
Net book value						
As at 31.12.2000	1,492	3,607	21,476	373	6,863	33,811
As at 31.12.1999	1,299	3,771	21,990	447	4,420	31,927

Construction-in-progress represents plant 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 $198,000 (1999: $167,000). The capitalisation rate of approximately 7.6% to 18.1% (1999: 7.2% to 9.2%) per annum was used, representing the borrowing cost to finance the projects.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

6 Subsidiaries

(a) Subsidiaries comprise unquoted equity shares:

	2000 $'000	1999 $'000
Cost at beginning of year	10,149	–
Investments during year	–	10,149
Cost at end of year	10,149	10,149

(b) The Company and the Group had the following subsidiaries as at 31 December 2000:

Name of subsidiary	Principal activities	Country of incorporation and place of business	% of equity held by the Group		Cost of investment by the Company	
			2000 %	1999 %	2000 $'000	1999 $'000
Held by the Company						
Del Monte Pacific Resources Limited ("DMPRL")	Investment holding	British Virgin Islands	100	100	10,139	10,139
GTL Limited ("GTLL")	Trading of food products sold mainly under the brand name "Del Monte"	Federal Territory of Labuan, Malaysia	100	100	10	10
DMPL Management Services Pte Ltd ("DMS")	Provide administrative support and liaison services to the Group	Singapore	100	100	*	*
					10,149	10,149

* *Cost of investment of $1 (1999: $1)*

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

Name of subsidiary	Principal activities	Country of incorporation and place of business	% of equity held by the Group 2000 %	1999 %
Held by DMPRL				
Central American Resources Inc. ("CARI")	Investment holding and trading of food products mainly under the brand name "Del Monte"	Panama	100	100
Held by CARI				
Del Monte Philippines, Inc. ("DMPI")	Growing, processing and distribution of food products mainly under the brand names "Del Monte" and "Today's"	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

7 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 "Del Monte" trademark in the Indian Sub-continent territories 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 instalments. Each instalment 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 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.

In addition, a subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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	
	2000 $'000	1999 $'000 (Note 31)
Cost	12,115	12,115
Less accumulated amortisation	(1,891)	(1,588)
	10,224	10,527

Movements in accumulated amortisation during the financial year were as follows:

At beginning of year	1,588	1,285
Amortisation during the year	303	303
At end of year	1,891	1,588

8 Other assets

	Group	
	2000 $'000	1999 $'000
Purchase and utility deposits	28	822
Advance to growers	2,069	1,888
Others	763	65
	2,860	2,775

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

9 Inventory

	Group 2000 $'000	Group 1999 $'000
Raw materials and packaging supplies	26,078	13,182
Finished goods and livestock	14,361	30,704
	40,439	43,886
Less provision for stock obsolescence	(635)	(1,347)
	39,804	42,539

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

	2000	1999
At beginning of year	1,347	1,818
Provision for the year	120	1,250
Write off against provision	(581)	(1,644)
Currency realignment	(251)	(77)
At end of year	635	1,347

10 Trade debtors

	Group 2000 $'000	Group 1999 $'000
Trade debtors	14,165	16,917
Less provision for doubtful debts	(1,228)	(1,117)
	12,937	15,800

Movements in provision for doubtful debts during the financial year were as follows:

	2000	1999
At beginning of year	1,117	621
Provision for the year	401	663
Write off against provision	(50)	(154)
Currency realignment	(240)	(13)
At end of year	1,228	1,117

Included in trade debtors are receivables discounted to financial institutions with recourse amounting to approximately $1,701,000 (1999: $13,408,000).

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

11 Other debtors, deposits and prepayments

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Other debtors	5,168	2,666	22	28
Deposits	494	455	–	–
Prepayments	3,231	2,865	881	–
Deferred acquisition costs	883	–	–	–
	9,776	5,986	903	28

Deferred acquisition costs relate to costs which are directly attributed to potential acquisition of investments which are being considered by the Group.

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

These balances are unsecured, non-interest bearing and repayable on demand.

13 Other creditors and accruals

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Other creditors	1,585	3,042	5	531
Accrued expenses	26,278	22,820	620	52
	27,863	25,862	625	583

Included in the accrued expenses of the Group are retirement benefit obligations of approximately $76,000 (1999: $85,000) (Note 14).

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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 PHP46.8 million or $1,046,000 for the year (1999: PHP42.6 million or $1,085,000). 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	
	2000 $'000	1999 $'000
Present value of funded obligations	19,837	22,655
Fair value of plan assets	(19,761)	(22,663)
	76	(8)
Unrecognised actuarial gains	–	95
Currency translation adjustment	–	(2)
Net liability recorded under accrued expenses (Note 13)	76	85

The pension plan assets include the buildings occupied by the subsidiary under a long term lease with a fair value of approximately $4,566,000 (1999: $4,907,000).

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

	Group	
	2000 $'000	1999 $'000
Current service cost	1,073	1,553
Interest cost	3,063	2,709
Expected return on plan assets	(3,090)	(2,949)
Net actuarial losses recognised during the year	–	(228)
Total included in staff costs (Note 19)	1,046	1,085

The actual return on plan assets was $1,590,000 (1999: $1,969,000).

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

Movement in the liability recognised in accrued expenses:

	Group	
	2000 $'000	1999 $'000
At beginning of year	85	86
Exchange differences	(26)	(2)
Total expense as above	1,046	1,085
Contributions paid	(1,029)	(1,084)
At end of year	76	85

The principal actuarial assumptions used for accounting purposes were:

	Group	
	2000 % per annum	1999 % 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 15.8% to 18.0% (1999: 7.7% to 9.4%) per annum and matures within the next financial year.

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

	Group	
	2000 $'000	1999 $'000
Total borrowings		
– at fixed rates	–	13,404
– at floating rates	7,798	8,524
	7,798	21,928

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

16 Due to an affiliated company (non-trade)

The balance is unsecured, non-interest bearing and is repayable based on the terms as disclosed in Note 7.

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	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Sale of goods	200,372	209,915	–	–
Dividend income from unquoted investment in subsidiaries	–	–	2,000	6,229
	200,372	209,915	2,000	6,229

18 Operating profit

This is determined after charging (crediting) the following:

	Group		Company	
	2000 $'000	1999 $'000 (Note 31)	2000 $'000	1999 $'000
Auditors' remuneration				
– payable to the auditors of the Company	101	64	89	52
– payable to other auditors	87	151	–	–
Non-audit fees				
– payable to the auditors of the Company	84	–	84	–
– payable to other auditors	–	235	–	–
Amortisation of trademarks (included in "Other expenses, net")	303	303	–	–
Depreciation of fixed assets	3,362	3,103	–	–
Directors' remuneration and fees				
– directors of holding company	530	1,361	530	262
Gain on disposal of fixed assets	(108)	(88)	–	–
Preliminary expenses written off	–	406	–	–
Provision for doubtful trade debts	401	663	–	–
Provision for stock obsolescence	120	1,250	–	–
Research and development expenditure	22	133	–	–
Staff costs (Note 19)	30,000	31,288	–	–
Operating lease rentals	4,445	4,444	–	–

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

19 Staff costs

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Wages and salaries	25,619	26,911	–	–
Social security costs	1,000	991	–	–
Pension costs – provident fund	279	287	–	–
Pension costs – defined benefit plans (Note 14)	1,046	1,085	–	–
Management incentive benefit (Note 24)	1,909	1,839	–	–
Production profit share (Note 25(a))	147	175	–	–
	30,000	31,288	–	–
Number of persons employed on a full-time basis at end of the year	5,793	5,912	–	–

20 Finance income (expenses)

This is determined after charging (crediting) the following:

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Foreign exchange (gains), net	(279)	(148)	–	–
Interest expense				
– bills payable	289	2,183	–	–
– trust receipts	–	147	–	–
– factoring	184	1,255	–	–
– others	241	15	–	–
Interest income				
– bank deposits	(2,040)	(911)	(416)	(209)
– an affiliated company	(80)	(80)	–	–
	(1,685)	2,461	(416)	(209)

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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	
	2000 $'000	1999 $'000
Current tax		
– current year	4,401	2,456
Deferred tax		
– current year	1,142	411
	5,543	2,867

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 13.7% (1999: 6.3%). The reconciliation between taxation and profit before taxation multiplied by the applicable tax rate is as follows:

	Group	
	2000 $'000	1999 $'000 (Note31)
Profit before taxation	40,330	45,433
Taxation on profit at the weighted average of the applicable tax rates of 32% (1999: 33%)	6,034	3,117
Tax effect of change in tax rate from 33% to 32% (1999: 34% to 33%)	(63)	(236)
Tax effect of interest income that was taxable at 20% & 7.5% (1999: 20% & 7.5%)	(57)	(53)
Translation adjustment	(456)	(9)
Others	85	48
Taxation	5,543	2,867

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

The weighted average tax rate of 32% (1999: 33%) 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 32% (1999: 33%). 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 2000 compared to the weighted average tax rate of 32% is primarily attributable to the difference in mix of income attributable to these jurisdictions.

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	2,711	438	(563)	2,586
Deferrals of ranch overheads	5,649	440	(1,095)	4,994
	8,360	878	(1,658)	7,580
Deferred income tax assets				
Provisions	783	(54)	(147)	582
Foreign exchange differences	188	(210)	(18)	(40)
	971	(264)	(165)	542
Net deferred tax liability (asset)	7,389	1,142	(1,493)	7,038

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

22 Change in accounting standards and the related prior period adjustments

As explained in Note 2, under the requirements of IAS 10 (Revised 1999), the Company and the Group should not recognise dividends proposed or declared after the balance sheet date as accrued liabilities. Accordingly, the comparative figures have been amended and do not reflect the dividends proposed of $5,829,000 subsequent to balance sheet date as an accrued liability.

In addition, the transitional provisions under IAS 38 requires the Group to state the carrying amount of the trademarks at cost, less accumulated amortisation, as if they have always been determined under this Standard. As a result, adjustments have been made to the comparative figures to expense the interest previously capitalised of $336,000 and to provide for amortisation of trademarks of $190,000 and cumulative amortisation of trademarks of $569,000.

The comparative figures have been restated in respect of the above as follows:

	Group		Company	
	As restated $'000	As previously reported $'000	As restated $'000	As previously reported $'000
Profit and loss				
Other expenses, net	8,612	8,422	–	–
Operating profit	47,894	48,084	5,644	5,644
Profit before taxation	45,433	45,623	5,853	5,853
Profit attributable to Members of the Company	42,566	42,756	5,853	5,853
Balance sheet				
Revenue reserves	70,038	65,114	5,853	24
Intangible assets	10,527	11,432	–	–
Declared dividend payable	–	5,829	–	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.

	2000	1999 (Note 31)
Net profit attributable to Members of the Company ($'000)	34,787	42,566
Weighted average number of ordinary shares in issue ('000)	1,142,442	1,059,524
Basic earnings per share (in cents)	3.04	4.02

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.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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 financial year) 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.

	2000	1999 (Note 31)
Net profit attributable to Members of the Company, representing amount used to determine diluted earnings per share ($'000)	34,787	42,566
Weighted average number of ordinary shares in issue ('000)	1,142,442	1,059,524
Adjustments for share options ('000)	–	(19)
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,142,442	1,059,505
Diluted earnings per share (in cents)	3.04	4.02

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). 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 and the Company had significant transactions with related parties in terms agreed between the parties as follows:

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Income				
Sales to Del Monte Royal Foods group of companies	22,391	20,899	–	–
Sales to Macondray group of companies	4,526	6,560	–	–
Interest income from Forsythia Limited	80	80	–	–
Expenses				
Purchase from Del Monte Royal Foods group of companies	4,150	9,907	–	–
Purchases from Macondray group of companies	1,384	2,230	–	–
Management fees to a subsidiary, DMS	–	–	153	55

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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") in 1999, 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 2000, the directors of the Company held an aggregate of 15,752,800 ordinary shares of par value $0.01 each.

Pursuant to an Executive Stock Option Plan, the Company granted 5,941,668 IPO Options to the directors of the Company in 1999, under 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 31 December 2000 was 5,563,670.

Management incentive plan

The Group has a management incentive plan which covers its managerial and executive personnel. This is a three-year plan 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.

The first three-year incentive plan was for the years 1997 to 1999 of which approximately $1,989,000 and $1,840,000 was paid in 1999 and 2000 respectively. In addition, during the year, an amount of approximately $1,909,000 was charged to the statement of profit and loss in respect of the second three-year plan (2000 – 2002) (1999: first three-year plan (1997 – 1999) $1,839,000) (Note 19).

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(c)).

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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 for the estimated amount of production profit share of approximately $147,000 (1999: $175,000) that the Company believes is in full compliance with the implementing guidelines of the law (Note 19).

(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 2000, the Group had outstanding letters of credit amounting to approximately $3.1 million (1999: $3.5 million).

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

(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 2000 for all non-cancellable 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	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Within one year	2,975	4,715	–	–
Between two to five year	9,362	10,640	–	–
More than five years	35,190	40,237	–	–
	47,527	55,592	–	–

Included in the above were commitments denominated in Philippine Peso of PHP 2,364 million (1999: PHP 2,240 million).

Total rental expense amounted to $4,445,000 for the year ended 31 December 2000 (1999: $4,444,000).

(b) Future capital expenditure

	Group		Company	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000
Capital expenditure not provided for in the financial statements				
– commitments in respect contracts made	1,616	606	–	–
– uncommitted amounts approved by directors	12,484	7,471	–	–
	14,100	8,077	–	–

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

(c) 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 to 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.

(d) Forward foreign exchange contracts

A subsidiary has entered into forward exchange contracts with certain banks to hedge against foreign currency exposures. As of 31 December 2000, outstanding short term forward exchange contracts to purchase US dollars and sell Philippine Pesos (PHP), amounted to $11 million (1999: Nil) with weighted average forward rates of PHP47.526 to $1. These contracts were entered into to hedge against currency fluctuations for future capital expenditure.

The unrealised foreign exchange gain on the outstanding forward contracts of about $360,000 (1999: Nil), net of tax, was not recognised in the statement of profit and loss of the Group for the year ended 31 December 2000.

27 Financial instruments

Aggregate banking facilities for trade financing (including letters of credit and bills purchase lines) and receivables factoring as at 31 December 2000 were $141.9 million, of which $19.1 million had been utilised. (1999: $208 million of which $40 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 long term debt.

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

28 Group segmental reporting
Primary reporting format – business segments

Year ended 31 December 2000	Processed fruits $'000	Beverages $'000	Tomato and other processed products $'000	Non-processed products $'000	Consolidated $'000
Turnover/Revenue	98,673	33,436	38,830	29,433	200,372
Operating profit, representing segment result	24,689	3,349	8,317	2,290	38,645
Interest income and foreign exchange gain	1,260	368	627	144	2,399
Profit before interest expense and taxation	25,949	3,717	8,944	2,434	41,044
Interest expense					(714)
Profit before taxation					40,330
Taxation					(5,543)
Profit attributable to Members of the Company					34,787
Segment assets	85,884	36,033	17,784	8,651	148,352
Unallocated assets					47,634
Consolidated total assets					195,986
Segment liabilities	26,003	12,142	5,502	1,475	45,122
Unallocated liabilities					16,570
Consolidated total liabilities					61,692
Capital expenditure	6,433	3,715	550	382	11,080
Depreciation	1,985	1,145	8	224	3,362
Amortisation	149	53	47	54	303

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

28 Group segmental reporting
Primary reporting format – business segments

Year ended 31 December 1999 (Note 31)	Processed fruits $'000	Beverages $'000	Tomato and other processed products $'000	Non-processed products $'000	Consolidated $'000
Turnover/Revenue	107,359	38,569	35,881	28,106	209,915
Operating profit, representing segment result	31,478	9,215	4,521	2,680	47,894
Interest income and foreign exchange gain	636	243	207	53	1,139
Profit before interest expense and taxation	32,114	9,458	4,728	2,733	49,033
Interest expense					(3,600)
Profit before taxation					45,433
Taxation					(2,867)
Profit attributable to Members of the Company					42,566
Segment assets	80,223	35,954	16,392	12,083	144,652
Unallocated assets					56,674
Consolidated total assets					201,326
Segment liabilities	27,500	11,711	6,978	1,794	47,983
Unallocated liabilities					30,069
Consolidated total liabilities					78,052
Capital expenditure	3,930	2,191	–	409	6,530
Depreciation	1,849	1,028	2	224	3,103
Amortisation	60	19	205	19	303

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

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 four product segments. The product segments are processed fruits, beverages, tomato and other processed and non-processed 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) Tomato and other processed products: tomato-based products, pasta, vinegar and others; and (4) Non-processed products: cattle and fresh pineapples.

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 term 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, Asia, North America and Europe.

	Turnover/Revenue		Total assets		Capital expenditure	
	2000 $'000	1999 $'000	2000 $'000	1999 $'000	2000 $'000 (Note 31)	1999 $'000
Asia	135,038	132,649	195,986	201,326	11,080	6,530
North America	43,159	56,522	–	–	–	–
Europe	22,175	20,744	–	–	–	–
Total	200,372	209,915	195,986	201,326	11,080	6,530

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' remuneration

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

	Group					
	Executive Directors		Non-executive Directors		Total	
	2000	1999	2000	1999	2000	1999
S$500,000 and above	–	2	–	1	–	3
S$250,000 to S$499,999	–	–	–	–	–	–
S$0 to S$249,999	2	–	9	8	11	8
	2	2	9	9	11	11

NOTES TO THE FINANCIAL STATEMENTS *31 December 2000 (Continued)*

30 Subsequent events

(i) The Company made a further purchase of 35,582,000 ordinary shares of $0.01 each from 1 January 2001 to 27 March 2001 at a total cost of $10,242,465 under the share buyback programme approved by the shareholders on 22 November 2000. The total amount spent under the programme as at 27 March 2001 amounted to $11,489,592 for 40,562,000 ordinary shares of $0.01 each.

(ii) The directors declared a first and final dividend of 1.25 cents per share, less tax at Nil% amounting to $13,907,252 in respect of the year ended 31 December 2000.

(iii) On 2 March 2001, pursuant to the ESOP Scheme, the Company granted 14,050,000 Market Price Options to Group Senior Executives. Each Market Price Option entitles its holder to subscribe for one ordinary share in the Company at S$0.49. These options are exercisable based on the following terms:

Option exercise period (both dates inclusive) and terms		Number of outstanding options exercisable in respect of the number of shares comprised in the option
Period	Terms	
From 2 March 2003 to 1 March 2004	(i) Up to 60 percent of Market Price Options	8,430,000
From 2 March 2004 to 1 March 2011	(ii) Up to 100 percent of Market Price Options	14,050,000

Market Price Options held by the directors to subscribe for the following number of ordinary shares under the ESOP Scheme as at 27 March 2001	
Tony Chew Leong-Chee	700,000
Luis P. Lorenzo, Jr.	–
Martin P. Lorenzo	–
Paul S. Danowa	1,000,000
Jacques Fragis	500,000
Vicente S. Pérez, Jr.	500,000
Richard W. Blossom	850,000
Michael Hwang	600,000
Godfrey E. Scotchbrook	600,000

31 Comparative figures

Certain comparatives have been restated due to adjustments resulting from the change in accounting standards disclosed in Notes 2 and 22 above.

STATISTICS OF SHAREHOLDINGS *as at 6 April 2001*

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1-1,000	11,265	55.56	11,263,143	1.03
1,001-10,000	7,904	38.99	28,552,070	2.60
10,001-1,000,000	1,077	5.31	46,333,861	4.22
1,000,001 and above	28	0.14	1,011,538,069	92.15
Total	20,274	100.00	1,097,687,143	100.00

Twenty largest shareholders

Name	No. of shares	%
01. DBS Trustee Ltd	604,714,286	55.09
02. ABN Amro Nominees Singapore Pte Ltd	145,098,557	13.22
03. DBS Nominees Pte Ltd	91,745,922	8.36
04. United Overseas Bank Nominees Pte Ltd	44,463,000	4.05
05. Raffles Nominees Pte Ltd	24,275,400	2.21
06. FCC Equities Pte Ltd	15,209,000	1.39
07. ING Baring Securities (S) Pte Ltd	12,801,949	1.17
08. RHB-Cathay Securities Pte Ltd	9,355,802	0.85
09. First Capital Investment Ltd	8,291,000	0.76
10. First Capital Insurance Limited – Insurance Fund A/C	8,203,000	0.75
11. Vickers Ballas & Co Pte Ltd	6,272,000	0.57
12. DBS Securities Singapore Pte Ltd	6,168,164	0.56
13. Citibank Nominees Singapore Pte Ltd	4,136,886	0.38
14. HSBC (Singapore) Nominees Pte Ltd	3,450,089	0.31
15. Lin Shui Chin	3,215,000	0.29
16. Keppel Securities Pte Ltd	2,819,756	0.26
17. UOB Kay Hian Pte Ltd	2,807,200	0.26
18. Amex Nominees (S) Pte Ltd	2,783,000	0.25
19. Representations International (HK) Ltd	2,662,000	0.24
20. Walden AB Ayala Ventures Company, Inc.	2,086,509	0.19
Total	1,000,558,520	91.16

STATISTICS OF SHAREHOLDINGS *as at 6 April 2001 (Continued)*

Substantial shareholders (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.	321,475,798	29.29	–	–	321,475,798	29.29
Juliet Holdings S.A.	428,570,000	39.04	–	–	428,570,000	39.04
Macondray & Co., Inc. (1)	–	–	321,475,798	29.29	321,475,798	29.29
Del Monte Group Limited (2)	–	–	428,570,000	39.04	428,570,000	39.04
Luis P. Lorenzo, Jr (3)	396,000	0.04	321,475,798	29.29	321,871,798	29.33
Martin P. Lorenzo (3)	4,063,800	0.37	321,475,798	29.29	325,539,598	29.66
Iona Investment Pte Ltd	69,354,122	6.32	–	–	69,354,122	6.32

Notes:

(1) *Macondray & Co., Inc. has a deemed interest in the 321,475,798 shares held by its wholly-owned subsidiary, MCI, Inc. ("MCI") through DBS Trustee Ltd, ABN Amro Nominees Singapore Pte Ltd and RHB-Cathay Securities 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"). DelFoods is substantially owned and controlled by Cirio Finanziaria S.p.A., a company incorporated in Italy and whose shares are listed on the Milan Stock Exchange.*

(3) *Martin P. Lorenzo and Luis P. Lorenzo, Jr. each has a deemed interest in the 321,475,798 shares held by MCI, Inc.*

PROFORMA GROUP FINANCIAL INFORMATION* *for the year ended 31 December 2000*

(Amounts in Singapore dollars)

	2000 $000	1999 (Restated) $000
Turnover	**344,640**	**361,054**
Operating profit before income tax, interest on borrowings, depreciation & amortisation and foreign exchange gain	76,420	89,940
Interest on borrowings	(1,228)	(6,192)
Depreciation & amortisation	(6,306)	(5,858)
Foreign exchange gain	482	255
Operating profit before income tax but after interest on borrowings, depreciation & amortisation and foreign exchange gain	69,368	78,145
Less income tax	(9,534)	(4,931)
Operating profit after tax attributable to Members of the Company	**59,834**	**73,214**

* **Basis of presentation of Proforma Group Financial Information**

The audited financial statements of the Group are expressed in United States dollars (US$).

For the convenience of the readers, the above financial information for the years 2000 and 1999, respectively, have been presented in Singapore dollars (S$), which have been obtained by remeasurement of the US$ figures using the exchange rate of S$1.72 to US$1.00.

Such translations should not be construed as a representation that the US$ amounts have been or could be converted into S$ at this or any other rates. In addition, the above financial information does not form part of the audited financial statements of the Group.

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Serve consistently to shareholders, customers and business partners.