DEL MONTE PACIFIC LIMITED
Annual Report 2007

TRANSFORMATION INTO A GLOBAL BRANDED COMPANY

Del Monte Pacific's Vision is to be a Global Fruit and Vegetable Branded Consumer Products Company

Transformation into a Global Branded Company

The acquisition of the *S&W* brand propels Del Monte Pacific to break out from its traditional boundaries in the Philippines and the Indian Sub-continent into the global markets for branded consumer products. A number of new markets have been opened up for us offering vast possibilities.

Our joint venture with the respected Bharti group in India also paves the way for the development of the *Del Monte* brand in the rapidly growing Indian market with an expanded platform for exports. This further diversifies our markets, operations and production sources.

Our organisation continues to grow professionally as one solid Del Monte powerhouse. Talented individuals have joined Del Monte Pacific bringing with them best practices. We are also migrating our business processes and systems to one that is truly world class.

Key Events in 2007

January
Launched *Fit 'n Right* Challenge in partnership with Fitness First, attracting 5,000 members in the race to lose the most amount of weight and body fat in three months.

May
Shifted from two national distributors to 18 regional distributors in the Philippines resulting in expanded store coverage from 28,000 stores in May to 64,000 in December 2007.

August
Secured the requirement of Philippines' leading fastfood chain operator for pineapple juice in dispensers for majority of its outlets.

September
Acquired 40.1% of FieldFresh Foods Private Ltd in India, a fresh produce grower and marketer, for US$22.5 million. FieldFresh will be DMPL's vehicle to develop the Del Monte branded business in India for processed F&B, in partnership with the well-respected Bharti Group.

October
Launched *Del Monte Fit 'n Right* juice drinks in plastic bottle, a first for the Company traditionally known for its canned drinks. *Fit 'n Right,* a lifestyle drink that aids weight reduction, is an instant success.

November
Secured a contract with McDonald's in the Philippines to supply pineapple juice in dispensers to all its outlets branded as *Del Monte*.

November
Acquired the *S&W* brand globally except for the Americas, Australia and New Zealand for US$10 million, paving the way for DMPL's transformation into a global branded consumer products company.

November
Granted special economic zone status by the Philippine Economic Zone Authority which provides for tax incentives.

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Key Financials

Net Profit for 2007 before non-recurring item rose

Sustaining the momentum started in 2006

+35% to US$28.3 million

Net Profit for 2007 after non-recurring item surged

+84% to US$38.6 million

Achieved record Sales in 2007

+19% to US$289 million

Implemented cost reduction initiatives with 2007 savings of

US$4.7 million

PBIT Margin improved

1.2 ppts to 13%

Corporate Profile

Declared 75% Dividend Payout totaling

US$ 0.0268 for a Yield of 6.6%

Despite two major acquisitions, low Gearing of

8.7%

Del Monte Pacific Limited is a group of companies that address today's consumer needs for premium quality, healthy fruit and vegetable-based products. It innovates, produces, markets and distributes its products worldwide.

In the Philippines where the Group owns the *Del Monte* brand, it enjoys leading market shares for canned pineapple juice and juice drinks, canned pineapple and tropical mixed fruits, tomato sauce, spaghetti sauce and tomato ketchup, and also markets products under its second-tier brand, *Today's*.

Del Monte Pacific also holds the exclusive rights to produce and distribute food and beverage products under the *Del Monte* brand in the Indian Sub-continent. The Group owns a manufacturing facility near Bangalore that produces and sells processed mango and guava products.

The Group also owns 40.1% of FieldFresh Foods Private Limited in India. FieldFresh grows, packs, markets and distributes fresh fruits and vegetables globally. Del Monte Pacific's partners in FieldFresh are the well-respected Bharti and Rothschild groups.

The Group owns 100% of Abpak Company Ltd which holds 100% of Great Lakes. Great Lakes is a premium fruit juice producer in China which sells juices under the *Great Lakes, Ming Lang, Huanyan, Rougemont* and *Welch's* brands. Great Lakes also produces apple juice concentrates, apple puree, slices and dices for sale worldwide, and markets other fruit-based concentrates such as strawberry, peach and apricot.

Del Monte Pacific recently acquired the *S&W* brand for all markets except the Americas, Australia and New Zealand. The *S&W* brand originated in the USA in 1896 as a producer and marketer of premium quality processed fruit and vegetable products.

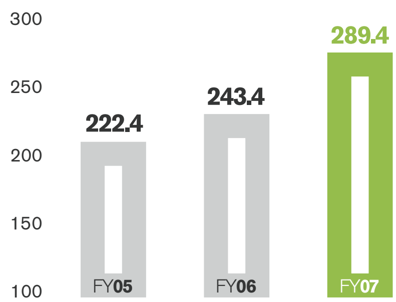
With its 20,000-hectare contiguous pineapple plantation in the Philippines, 700,000-ton processing capacity and a port beside the Cannery, Del Monte Pacific operates the world's largest fully-integrated pineapple operation. It is proud of its long heritage of more than 80 years of pineapple growing and processing. It has long-term supply agreements with *Del Monte* trademark owners and licensees around the world.

Del Monte Pacific is 80%-owned by NutriAsia Pacific Ltd (NPL). NPL is owned by the NutriAsia Group of Companies which is in turn majority-owned by the Campos family of the Philippines. The NutriAsia Group is the market leader in the liquid condiments, specialty sauces and cooking oil market in the Philippines. Its flagship brand, *UFC*, has an 85% market share in the local ketchup and hot chili sauce categories.

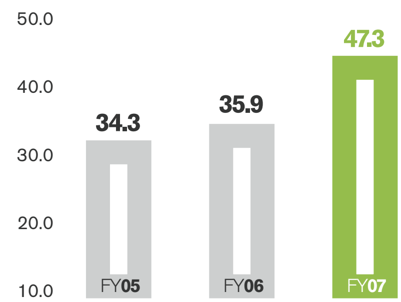
Disclaimer
Del Monte Pacific Limited (the "Company") and its subsidiaries (the "Group") are not affiliates of Del Monte Corporation and its parent, Del Monte Foods Company, or Fresh Del Monte Produce, Inc and its subsidiaries, or Kikkoman Corporation and its subsidiaries, including Del Monte Asia Pte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

Financial Highlights

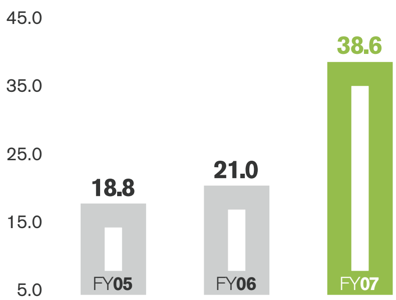
Turnover (US$ million)



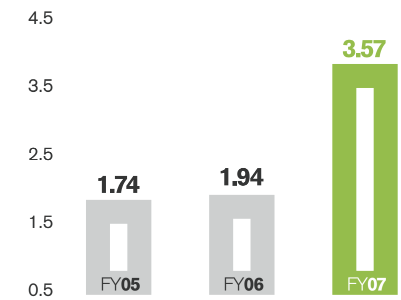
EBITDA (US$ million)



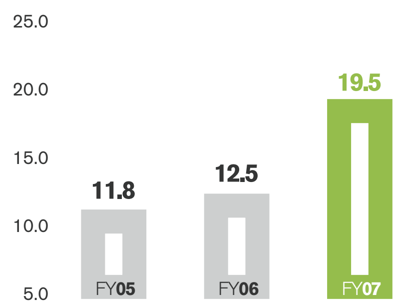
Net Profit (US$ million)



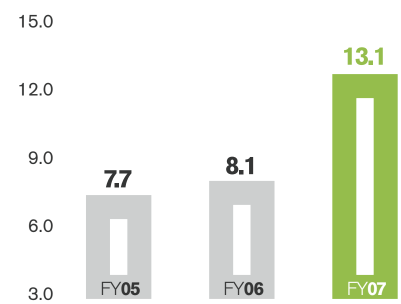
Earnings Per Share (US cents)



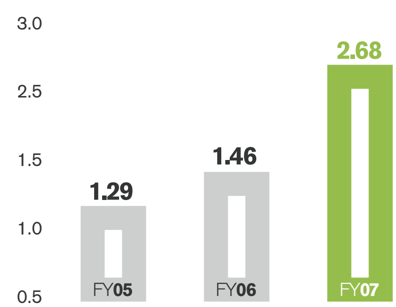
Return on Equity (%)



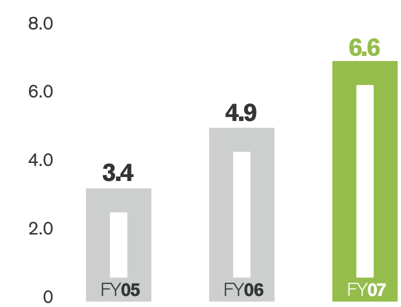
Return on Assets (%)



Dividend Per Share (US cents)



Dividend Yield (%)



Letter to Shareholders

"The acquisition of the *S&W* brand and the Bharti joint venture in India will propel the Company into a branded consumer products company with global reach. We expect these brand platforms, along with the continued strength in our existing markets, to sustain growth momentum in 2008 and beyond."

Dear Valued Shareholders,

On behalf of your Board of Directors, we are pleased to present Del Monte Pacific Limited's (DMPL) results for the financial year ended 31 December 2007.

SUSTAINED STRONG GROWTH

The Company sustained the strong growth momentum driven by new management since the second half of 2006, ending 2007 with record sales of US$289.4 million or 19% higher than the prior year, and the highest in the Company's history. The Philippine market was the major driver of this growth with volume and prices higher across all major product categories, augmented by new product launches and distribution restructuring. The Company's 2007 net income before non-recurring item rose 35% to US$28.3 million while net income after non-recurring item surged 84% to US$38.6 million.

Management relentlessly embarked on initiatives in all areas of operations to grow revenues, reduce costs, and transform the Company into a global branded consumer products company. Some of the important initiatives undertaken in 2007 include:

- The successful launch of *Del Monte Fit 'n Right* in the Philippines, a breakthrough juice drink that contains an ingredient to aid weight reduction;
- The shift from two national distributors to 18 regional distributors resulting in a jump in store coverage, from only 28,000 stores in May 2007 to 64,000 by year-end;
- Securing contracts for the pineapple juice in dispenser requirements of the top two fast food operators in the Philippines;
- Application for a special economic zone status from the Philippine Economic Zone Authority for our vast contribution to Philippine exports. This was granted in November 2007 offering reduced tax rates;
- Securing new customers for private label business in Asia leading to higher sales and better margins;
- Investment in 40.1% of FieldFresh Foods Private Ltd in India, a fresh produce grower and marketer, for US$22.5 million, in partnership with the well-respected Bharti Group;
- Acquisition of the internationally-known premium food brand, *S&W*, for all markets except for the Americas, Australia and New Zealand for US$10 million.

In an inflationary cost environment, the Company is proud to have achieved better margins. PBIT margin in 2007 increased to 13.0% from 11.8% in 2006. The cost savings programme which the new management started in 2006 generated savings of US$4.7 million in 2007. This included US$1.9 million from the Early Retirement Program, US$1.3 million from procurement savings, US$0.8 million from Cannery efficiencies and the remainder from logistics rationalisation and other areas.

TRANSFORMATION INTO A GLOBAL BRANDED CONSUMER PRODUCTS COMPANY

The two previous years were a period of retooling and restructuring of the Company by the new owners and management. We believe that we have laid the proper foundation for our future direction and growth and are pleased to present to you our new **Vision** for the Company:

To be a Global Fruit and Vegetable Branded Consumer Products Company

This new Vision from our new owners and management will have far reaching implications for the Company in the years to come. First, we will break out from our traditional boundaries in the Philippines and the Indian Sub-continent into the global markets for consumer products. The *S&W* brand will propel us in this endeavour. Secondly, the transformation into a branded consumer products company redesigns us into a globally market-oriented company introducing and marketing new products and processes into the global marketplace. Our new organisation already reflects this transformation. Lastly, this Vision will over time provide the Company with a healthy diversification of its business over a broader base of geographical markets, branded consumer products, and fruit and vegetable production sources.

Global Brand

The Company acquired the *S&W* brand in November 2007. Founded in the USA in 1896, *S&W* is an internationally-recognised premium brand known for its exceptionally high quality fruit and vegetable products.

In the past, the Company had been limited in using the *Del Monte* brand for its geographical and product expansion given its right to use this brand in only two markets – the Philippines and the Indian Sub-continent – and only for processed products. The *S&W* brand acquisition affords DMPL enormous scope for global market penetration and product line expansion, including fresh fruits and vegetables.

World Class Partner in India

With the formation of the Bharti joint venture in September 2007, the Company is well-positioned to develop the *Del Monte* brand in the rapidly growing Indian market with an expanded platform for exports.

DMPL's partner in FieldFresh, the Bharti Group, is one of the largest business groups in India. It is the major shareholder of India's largest mobile telecom operator, Bharti Airtel. Bharti Enterprises also announced its entry into the retail and wholesale markets in India through its Bharti Retail outlets. It also signed an exclusive joint venture agreement with Wal-Mart for the cash & carry business in the Indian market.

Best in Class Organisation and Systems

Our organisation continues to grow professionally as one solid Del Monte powerhouse. New faces joined us in 2007 filling in the senior positions of Assistant General Manager, Consumer R&D Head, Fresh Produce Manager and Human Resources Head, amongst others. Our managers bring with them best practices from multinational corporations.

Given the Company's long-term aggressive growth plans, we are continuously hiring high-calibre individuals. We are setting the foundations for a much stronger organisation and for the next generation of leaders that will see our Company into the future.

New teams were created to raise the Company's overall productivity and efficiency. One such team is the Working Capital with the goal of bringing working capital down to zero in the next three years. We also put in place new business systems such as the Sales Information System which allows us to generate and analyse sales data with access to real time information. More improvements will be introduced in the coming year.

Capacity Expansion

To support the Company's growth plans, we started augmenting the Corporate Plantation of 20,000 hectares with contract farming. From 178 hectares of land under contract farming in 2006, this expanded to 967 hectares by the end of 2007.

One of the Company's immediate and long-term growth drivers is the sale of fresh pineapple of the more premium sweet variety. Intensive plantings of this variety started in 2006 with expanded harvest expected in 2008.

STRATEGY AND OUTLOOK

Consistent with our Vision, 2008 growth is expected to be broad-based, coming from exports, the Philippine market, the fresh fruit business and the *S&W* business. The Company will continue its productivity and cost efficiency programmes. Barring unforeseen circumstances, Management expects net profit for 2008 to outperform that of 2007.

The acquisition of the *S&W* brand and the Bharti joint venture in India will propel the Company into a branded consumer products company with global reach. These acquisitions set the foundation for the Company's next stage of growth, while other growth initiatives in the base business sustain momentum in 2008 and beyond.

HIGHER DIVIDENDS

Your Board of Directors declared for the year a total dividend per share of 2.68 US cents in 2007. This compares favourably against the total dividend per share of 1.46 US cents in 2006. The dividends paid in 2007 and 2006 translate to a payout of 75% of full year profits, which is well above our minimum payout policy of 33%. The 2007 dividend also translates to a healthy yield of 6.6% based on the 2007 DMPL average share price of S$ 0.58.

OUR APPRECIATION

DMPL enters an exciting new era as it pursues its new Vision and transforms itself into a global branded consumer products company.

We thank Management and staff for their passion, dedication and hard work. We acknowledge in particular their singular achievements in 2007 which resulted in a record breaking performance in revenues.

We are also grateful to our shareholders, bankers, business partners, customers, and our fellow directors, for their support and wise counsel. We wish to single out in particular the Chairmen of our Board Committees, Messrs Godfrey Scotchbrook and Benedict Kwek Gim Song for their acumen and hard work for which we are extremely grateful.

We would also like to extend our appreciation to Directors who resigned in the financial year, namely – Mr Ramon Ang, Mr Michael Hwang, Mr Ferdinand Constantino, Ms Ma Belen Buensuceso and Mr Francis Jardeleza - for their invaluable contributions. On behalf of the Board, we wish them the best in their future endeavours.

Lastly, we welcome our new Directors – Mr Benedict Kwek Gim Song and Dr Emil Quinto Javier – to the Del Monte family.

“The dividends paid in 2007 and 2006 translate to a payout of 75% of full year profits, which is well above our minimum payout policy of 33%. The 2007 dividend also translates to a healthy yield of 6.6% based on the 2007 DMPL average share price of S$ 0.58.”

Mr Rolando C Gapud
Chairman

Mr Joselito D Campos, Jr
Managing Director and CEO

25 March 2008

Five-Year Summary

Financial Year ended 31 December
(Amounts in US$ million unless otherwise stated)

	2007	2006	2005	2004	2003
Profitability					
Turnover	289.4	243.4	222.4	199.6	199.2
Gross Profit	75.4	62.8	58.6	56.4	57.6
EBITDA	47.3	35.9	34.3	40.7	39.2
Profit from Operations	38.6	27.8	24.0	35.0	33.7
Net Profit	38.6	21.0	18.8	28.1	30.2
Earnings Per Share (US cents)	3.57	1.94	1.74	2.62	2.82
Gross Margin (%)	26.1	25.8	26.3	28.2	28.9
EBITDA Margin (%)	16.3	14.7	15.4	20.4	19.7
Operating Margin (%)	13.3	11.4	10.8	17.5	16.9
Net Margin (%)	13.3	8.6	8.5	14.1	15.2
EPS Growth (%)	84.0	11.5	(33.6)	(7.1)	(14.0)
Return on Equity (%)	19.5	12.5	11.8	18.3	20.6
Return on Assets (%)	13.1	8.1	7.7	12.4	14.3
Balance Sheet					
Cash	15.0	51.5	60.1	57.5	50.5
Debt	34.2	43.7	41.7	29.8	31.3
Net Cash or (Net Debt)	(19.2)	7.8	18.4	27.7	19.2
Fixed Assets	68.4	56.2	54.6	48.8	48.7
Total Assets	321.9	266.3	254.4	232.3	221.6
Shareholders' Equity	221.1	173.9	161.2	157.6	149.3
Net Tangible Asset Per Share (US cents)	18.08	14.60	13.54	13.26	13.06
Debt to Equity Ratio (%)	15.5	25.1	25.9	18.9	21.0
Net Debt to Equity Ratio (%)	8.7	cash	cash	cash	cash
Cash Flow					
Cash Flow from Operations	31.4	15.7	13.9	40.0	36.9
Capital Expenditure	6.7	6.1	7.6	4.9	7.6
Share Statistics [1]					
Number of Shares (million)	1,082	1,082	1,082	1,074	1,072
Average for period					
Share Price (Singapore cents)	58.1	45.5	62.0	63.5	51.9
Share Price (US cents equivalent) [2]	38.5	28.6	37.3	37.6	29.8
Market Capitalisation (S$ million)	628.6	492.3	670.8	682.3	556.4
Market Capitalisation (US$ million)	416.3	309.6	404.1	403.7	319.8
P&L rate: US$1 : S$	1.51	1.59	1.66	1.69	1.74
Price Earnings Multiple (x)	10.8	14.8	21.5	14.3	10.6
End of period					
Share Price (Singapore cents)	49.0	43.5	63.5	68.5	58.5
Share Price (US cents equivalent) [2]	33.9	28.4	38.1	41.9	34.4
Market Capitalisation (S$ million)	530.2	470.7	687.1	736.0	627.2
Market Capitalisation (US$ million)	366.3	307.2	412.5	450.6	368.7
P&L rate: US$1 : S$	1.45	1.53	1.67	1.63	1.70
Price Earnings Multiple (x)	9.5	14.6	21.9	16.0	12.2
Dividend					
Dividend Per Share (US cents)	2.68	1.46	1.29	2.35	1.69
Dividend Per Share (Singapore cents) [3]	3.80	2.25	2.12	3.89	2.87
Dividend Yield (%)	6.6	4.9	3.4	6.1	5.5
Dividend Payout (%)	75	75	75	90	60

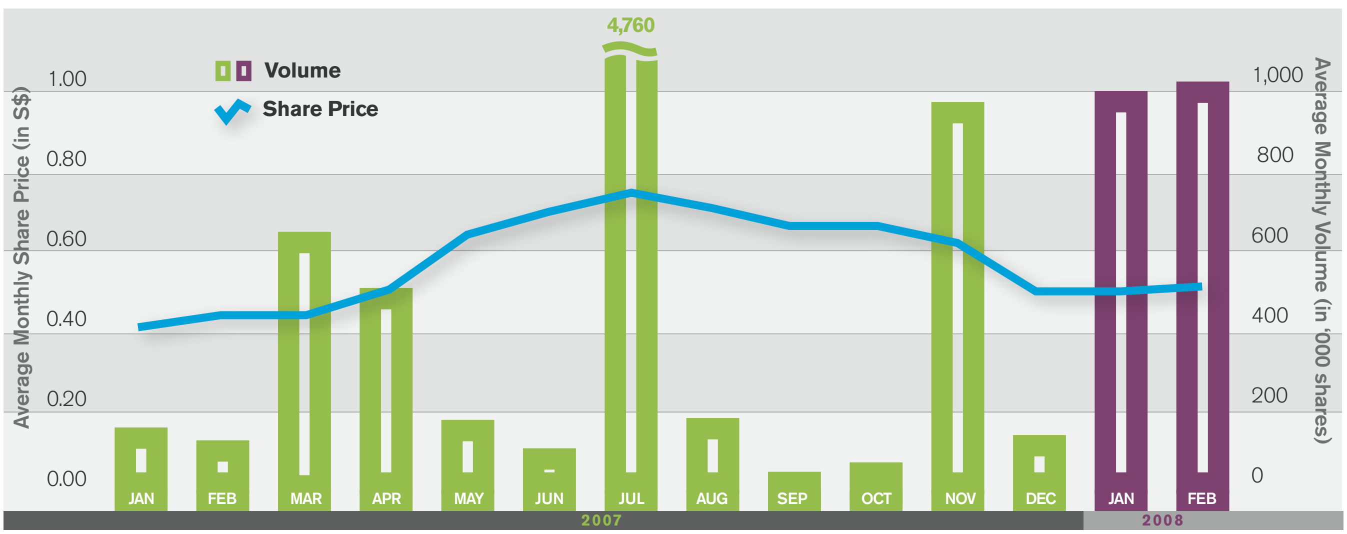
1 The Company was listed on 2 August 1999 on the Singapore Exchange (SGX). On 20 December 1999, the SGX approved the conversion of the Company's quotation of shares to Singapore dollars from US dollars.

2 The Company's reporting currency is US dollars. Singapore cent share prices are converted to US cents for the purpose of computing financial ratios.

3 Dividend per share (Singapore cents) is based on the actual exchange rate at the respective time of dividend payment.

Share Performance

Del Monte Pacific Share Price And Volume



	2007	2006	2005	2004	2003	2002	2001	2000	1999
Share Price (S$)									
High	0.800	0.635	0.700	0.710	0.605	0.490	0.540	0.855	1.046
Low	0.395	0.330	0.530	0.575	0.415	0.370	0.300	0.355	0.697
End of period	0.490	0.435	0.635	0.685	0.585	0.430	0.380	0.460	0.810
Average	0.581	0.455	0.620	0.635	0.519	0.430	0.410	0.509	0.827
Average Turnover									
Value (S$)	244,194	33,437	181,900	129,724	374,984	181,483	273,136	564,422	3,344,138
Volume (Shares)	395,713	72,929	297,264	203,304	700,635	424,665	602,429	1,004,462	3,769,067

Board of Directors

Left to Right
Mr Joselito D Campos, Jr
Mr Rolando C Gapud
Mr Godfrey E Scotchbrook
Mr Patrick L Go
Mr Edgardo M Cruz, Jr
Mr Benedict Kwek Gim Song
Dr Emil Quinto Javier

Mr Rolando C Gapud

Chairman and Non-Executive Director

Appointed on 20 January 2006 &
re-elected on 28 April 2006

Mr Rolando C Gapud has over 30 years of experience in banking, finance and general management, having worked as CEO of several Philippine companies, notably Security Bank and Trust Company, Oriental Petroleum and Minerals Corp and Greenfield Development Corp. He was also the COO of the joint venture operations of Bankers Trust and American Express in the Philippines. He has served in the Boards of various major Philippine companies, including the Development Bank of the Philippines, the development finance arm of the Philippine Government. Mr Gapud is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. He holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology.

Mr Joselito D Campos, Jr

Executive Director

Appointed on 20 January 2006 &
re-elected on 28 April 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Vice Chairman of Ayala-Greenfield Development Corp, two major Philippine property developers. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Honorary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and is a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. Mr Campos holds an MBA from Cornell University.

Mr Godfrey E Scotchbrook

Independent Director

Appointed on 28 December 2000 &
re-elected on 28 April 2004 & 28 April 2007

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with 37 years experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being Regional Director of Burson-Marsteller, one of the world's leading public relations companies and an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and Hong Kong-listed Convenience Retail Asia and Ram Pacific, the Asian subsidiary of the Koç Group. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations.

Mr Patrick L Go

Independent Director

Appointed on 19 April 2001 &
re-elected on 28 April 2004 & 28 April 2007

Mr Patrick L Go is CEO of Paramount Life & General Insurance Corporation and Investment Advisor to the DWS Global Agricultural Land & Opportunities Fund. Mr Go has over 20 years of experience in corporate finance and venture capital having worked for Credit Suisse First Boston, Bank of America Asia Ltd and Bankers Trust Company. He holds a Bachelor's degree in Economics from the Wharton School, University of Pennsylvania, and an MBA from the Darden School, University of Virginia.

Mr Edgardo M Cruz, Jr

Non-Executive Director

Appointed on 2 May 2006 &
re-elected on 28 April 2007

Mr Edgardo M Cruz, Jr is a Certified Public Accountant. He was a member of the Board and a Senior Executive Officer of the United Laboratories, Inc and its various subsidiaries both in the Philippines and in Southeast Asia for 14 years. He also served in the same capacity at Greenfield Development Corporation in the Philippines. Moreover, Mr Cruz has over 10 years of banking experience. At present, aside from being a Director and Corporate Secretary of the NutriAsia Group of Companies, he is also a member of the Board of Fort Bonifacio Development Corporation in the Philippines. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University.

Mr Benedict Kwek Gim Song

Independent Director

Appointed on 30 April 2007

Mr Benedict Kwek Gim Song is the Chairman of PST Management Pte Ltd which is the manager and trustee of Pacific Shipping Trust, listed on the Singapore Exchange. He also serves on the Boards of Ascendas REIT, NTUC ChoiceHomes and NTUC Club. Mr Kwek, with over 30 years of banking experience, was the President and CEO of Keppel TatLee Bank. He has held various key positions at Citibank in the Philippines, Hong Kong, New York and Singapore. He holds a Bachelor of Social Science (Economics) degree from the then University of Singapore and attended a management development programme at Columbia University in the US.

Dr Emil Quinto Javier

Independent Director

Appointed on 30 April 2007

Dr Emil Quinto Javier is a Filipino agronomist widely recognised in the international community for his leadership and groundbreaking researches. He is currently the President of the Philippine National Academy of Science and Technology. He had served as Philippine Minister of Science and President of the University of the Philippines. He was Chairman of the Board of the International Rice Research Institute (Philippines), Board Member of the Center for Agriculture and Biosciences, International (UK) and Director General of the Asian Vegetable Research and Development Center (Taiwan). He holds doctorate and masteral degrees in plant breeding and agronomy from Cornell University and the University of Illinois. He completed his bachelor's degree in agriculture at the University of the Philippines.

Senior Management

Left to Right
Mr Luis F Alejandro
Mr Richard W Blossom
Mr Joselito D Campos, Jr
Mr Ignacio C O Sison

Mr Joselito D Campos, Jr

Managing Director and CEO,
Del Monte Pacific Ltd
Appointed on 2 May 2006
President and CEO,
Del Monte Philippines, Inc
Appointed on 16 March 2006

Mr Joselito D Campos, Jr is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Vice Chairman of Ayala-Greenfield Development Corp, two major Philippine property developers. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. Unilab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Honourary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and is a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. Mr Campos holds an MBA from Cornell University.

Mr Luis F Alejandro

Senior Vice President,
Del Monte Pacific Ltd
General Manager and
Chief Operating Officer,
Del Monte Philippines, Inc
Appointed on 16 March 2006

Mr Luis F Alejandro has over 20 years of experience in consumer product operations and management. He started his career with Procter & Gamble where he spent 15 years in Brand Management before joining Kraft Foods Philippines Inc as President and General Manager. Later, he joined Southeast Asia Food Inc and Heinz UFC Philippines, Inc, two leading consumer packaged condiment companies of the NutriAsia Group, as President and Chief Operating Officer. He was most recently President and Chief Operating Officer of ABS-CBN Broadcasting Corporation, a leading media conglomerate in the Philippines. Mr Alejandro holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management.

Mr Richard W Blossom

President, GTL Ltd and
Managing Director,
DMPL Management Services Pte Ltd

Mr Richard W Blossom is President of GTL Limited, DMPL's principal export arm, and is Managing Director of the Company's Singapore-based subsidiary, DMPL Management Services Pte Ltd. He has over 25 years experience in general management, marketing, sales, distribution and logistics of fast moving consumer goods, having served as President of Pepsi Cola Asia Pacific, PepsiCo Foods Asia Pacific, Revlon Asia Pacific, and CEO of Dohler Asia and EAC Consumer Products. Mr Blossom obtained his MBA in Marketing from New York University's Stern School of Business.

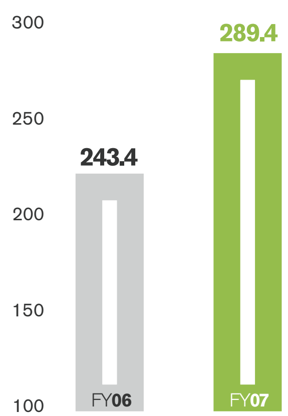
Mr Ignacio C O Sison

CFO, Del Monte Pacific Ltd
Appointed on 1 October 2006

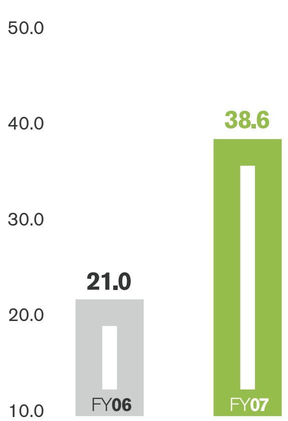
Mr Ignacio C O Sison has almost 20 years of finance experience spanning treasury, corporate planning and controllership. He was previously Vice President, Corporate Controller, and Vice President, Treasury and Corporate Development, of DMPI, and Finance Director of the Company's subsidiary in Singapore. Before joining the Company in 1999, he was CFO of Macondray and Company, Inc. He also worked for SGV & Co, the largest audit firm in the Philippines, and Pepsi-Cola Products Philippines, Inc. Mr Sison holds a MS in Agricultural Economics from Oxford University. He also has a MA degree, Major in Economics, from the International University of Japan; a BA in Economics, magna cum laude, from the University of the Philippines; and an International Baccalaureate at the Lester B Pearson United World College of the Pacific in Canada.

Financial Review

TURNOVER
(US$ million)



NET PROFIT
(US$ million)



Turnover

The Company turned in record revenues of US$289.4 million for 2007, 19% above the prior year.

The Philippine market was the major driver of the Company's growth. Higher volume and prices in all major product categories, especially in beverage, led to the outstanding performance. A breakthrough product, *Del Monte Fit 'n Right*, marketed as a lifestyle beverage which aids weight loss, exceeded targets.

The Company's shift from two national distributors to 18 regional distributors saw a tremendous increase in store coverage, from only 28,000 stores in May 2007 to 64,000 by year-end. This initiative was instrumental in achieving broader distribution for new products launched as well as existing products.

The other Asia Pacific markets also posted a 28% increase in sales due to the significant improvement in private label sales.

Sales to Europe and North America region were slightly lower than the prior year as higher sales in Europe was not enough to offset lower sales in North America.

Turnover of processed products in 2007 increased by 17% to US$194.1 million driven by higher sales of tomato-based products and processed pineapple. The Philippine market boosted the growth of tomato-based products while other Asia Pacific markets supported the growth of processed pineapple.

Beverage turnover in 2007 rose 27% to US$92.0 million driven by higher juice sales in the Philippine market and improved concentrate sales to Europe, which included higher concentrate sales of Del Monte Foods India to Europe.

Profitability

PBIT grew by 32% to US$37.7 million on strong sales and improved margins. Stringent cost controls lowered operating expenses. The cost savings programme which the new management started in 2006 generated savings of US$4.7 million in 2007, i.e. US$1.9 million from the Early Retirement Program, US$1.3 million from procurement savings, US$0.8 million from Cannery efficiencies and the remainder from logistics rationalisation and other areas.

Net profit for the full year rose 84% to US$38.6 million. In November 2007, the Group secured a special economic zone tax incentive and started enjoying reduced tax rates of 5% of gross profit instead of 35% of profit before tax since December 2007. This resulted in DMPL realising a one-time positive adjustment amounting to US$10.3 million on its deferred tax liability. Even without this benefit, net income for the full year still grew by a strong 35% to US$28.3 million.

Return on Equity for 2007 increased to 19.5% versus the previous year's 12.5%.

Basic Earnings Per Share

Basic earnings per share increased to 3.57 US cents from 1.94 US cents as a result of the 84% increase in net profit.

Margins

Gross margin improved to 26.1% from 25.8% on the back of higher sales, cost containment and better product mix despite the unfavourable impact of the 10% Peso appreciation. PBIT margin likewise improved to 13.0% from 11.8%, on account of better sales and cost efficiencies.

Dividends

The Board declared a final dividend per share of 1.95 US cents. Coupled with the interim dividend per share of 0.73 US cents, this translates to a total dividend for the year of 2.68 US cents per share compared to 1.46 US cents in the prior year. This dividend represents a 75% payout of full year 2007 net profit, higher than the Group's minimum payout policy of 33%.

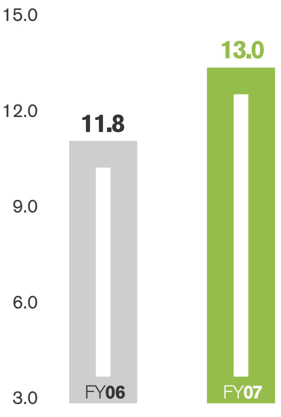
Balance Sheet

In the year in review, Del Monte Pacific turned in a net debt position of US$19.2 million due to the acquisitions of the *S&W* brand worth US$10.0 million and the 40.1% interest in FieldFresh Foods Private Limited worth US$22.5 million. Gearing, however, was still low at 8.7%. As at 31 December 2007, shareholders' equity increased to US$221.1 million compared to prior year's US$173.9 million.

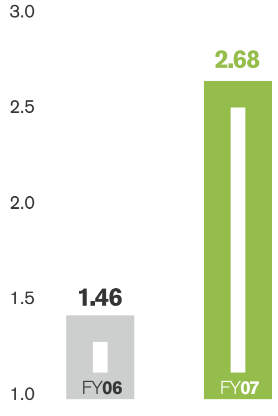
Currency Translation

Year-on-year, the Philippine Peso appreciated by about 10% against the US Dollar. The Group's Philippine business' accounts are translated from Peso into US Dollar for reporting purposes. The Group's proportion of Peso-denominated revenues is lower than its proportion of Peso-denominated costs. In a situation of a strong Peso against the US Dollar, there is a net negative impact on the net profit of the Group.

PBIT MARGIN
(%)



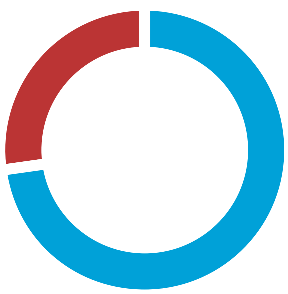
DIVIDEND PER SHARE
(US Cents)



TRANSFORMING OUR MARKET REACH

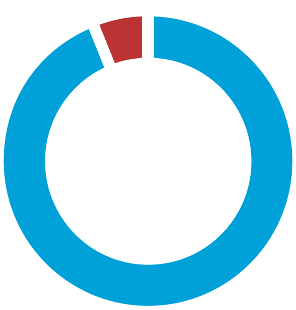
In the past, the Company had been limited in using the *Del Monte* brand for its geographical and product expansion given its right to use this brand in only two markets – the Philippines and the Indian Sub-continent – and only for processed products, excluding fresh. The *S&W* brand acquisition affords DMPL enormous scope for global market penetration and product line expansion, including fresh fruits and vegetables.

Operations Review Markets



TURNOVER BY MARKET

- **Asia Pacific 73%**
- **Europe & North America 27%**



PBIT BY MARKET

- **Asia Pacific 94%**
- **Europe & North America 6%**

ASIA PACIFIC

Turnover in Asia Pacific, accounting for 73% of total turnover in 2007, includes the following: sales in the Philippines and the Indian Sub-continent, where Del Monte Pacific owns and holds the exclusive rights to the *Del Monte* trademark, respectively; sales of Great Lakes, a premium fruit juice and industrial apple products producer in China; and sales in the rest of Asia Pacific, where the Group sells *Del Monte*-branded processed food product and fresh pineapple through its Del Monte business partners, and *S&W*-branded processed food product through distributors.

In 2007, turnover in Asia Pacific grew by 30% to US$212.4 million from US$163.0 million, with the Philippine market driving much of this growth.

PBIT surged 66% to US$35.3 million from US$21.3 million as a result of the strong performance of the Philippine market. PBIT margin grew 3.5 points to 16.6% from 13.1%.

China, however, still suffered from losses due to the increase in major cost components, particularly, orange juice concentrate and apple, which offset otherwise better sales. India broke even on the operating income level on the back of much improved sales.

Philippines

Sales in the Philippines rose 37% on the back of higher volume and prices, aided by the impact of a 10% Peso appreciation on US Dollar translation. The Philippine market performed exceptionally well in all product categories on account of better volume and pricing, especially in beverage and tomato-based products which registered a 54% and 33% increase in sales, respectively.

The beverages category turned in an outstanding performance. A breakthrough product, *Del Monte Fit 'n Right*, was first marketed in single-serve cans and was expanded into the PET format in October 2007, a first for the company. Sales of this juice drink, marketed as a lifestyle beverage which aids weight loss, exceeded targets.

The Company's shift from two national distributors to 18 regional distributors saw a tremendous increase in store coverage, from only 28,000 stores in May 2007 to 64,000 by year-end. This initiative was instrumental in achieving broader distribution for new products launched as well as existing products.

The food service business also posted significant gains. The Company was able to secure contracts for pineapple juice in dispenser with two of the Philippines' top fast food chain operators. Convenience store operator, 7-Eleven, awarded *Del Monte Fit 'n Right* as one of 2007 Innovative Products of the Year.

The Company also started supplying fresh pineapple to the food service sector. We partnered with a strong distributor/ commissary who supplies fruits and vegetables to a number of airlines. Our pineapples are now available in 18 different airlines which serve our fruits to passengers daily.

China

Great Lakes' turnover in 2007 grew a healthy 22% on the back of strong domestic sales. Its leading juice brand, *Great Lakes*, together with licensed brands, *Rougemont,* and *Welch's*, all performed well compared with the prior year.

Exports of industrial products rose despite lower volume due to higher apple juice concentrate prices in the market towards the end of 2007.

However, Great Lakes was hard hit by the drastic increases in the prices of imported orange juice concentrate and apples sourced locally.

Del Monte Foods India

In 2007, Del Monte Foods India (DMFI) rapidly expanded its sales of fruit purees -mango, guava and papaya - worldwide, exporting to diverse markets such as North America, Europe, Africa, Middle East and Asia Pacific. Sales grew significantly and operations were streamlined. This rapid expansion saw DMFI producing to its full capacity during the 2007 mango season, a first for our Indian operations, with the expanded customer base. DMFI turned around achieving breakeven for operating income.

Trading Business

Importation of *Del Monte* products into the Indian Sub-continent continued its steady climb. Pakistan, Del Monte Pacific's biggest market in the Indian Sub-continent, posted 15% sales growth despite the uncertain political climate. We also penetrated a new market, the Maldives, by appointing a distributor there importing a range of *Del Monte* products from the Philippines.

Other Asia Pacific Markets

Sales in other Asia Pacific markets also showed significant improvement in 2007 due to new private label customers in the region.

EUROPE & NORTH AMERICA

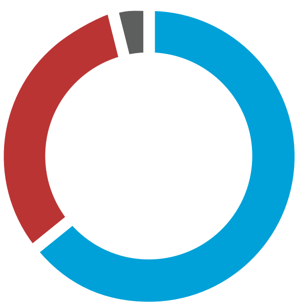
Turnover in this region comprises sales of processed fruit products, beverages and concentrates through our business partners.

In 2007, Europe and North America accounted for 27% of Group turnover. Turnover in this region slid 4% to US$77.0 million from US$80.4 million as higher sales in Europe was not enough to offset lower sales in North America.

Del Monte Foods India's sale of concentrate to the European market increased significantly.

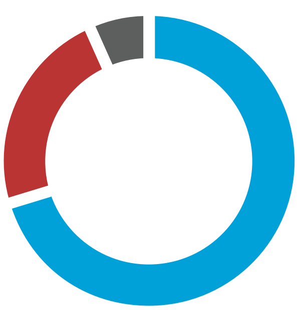
PBIT for Europe and North America fell to US$2.3 million from US$7.4 million due to the negative impact of the Peso appreciation on the translation of Peso costs to US dollars, compounded by lower sales and inflationary cost increases. PBIT margin decreased to 3.0% from 9.1% in 2006. Had it not been for the strong Peso, PBIT would have been US$6.7 million, with a PBIT margin of 8.6%.

Operations Review Products



TURNOVER BY PRODUCT

- **Processed Products 67%**
- **Beverages 32%**
- **Non-processed Products 1%**



PBIT BY PRODUCT

- **Processed Products 74%**
- **Beverages 24%**
- **Non-processed Products 2%**

Processed Products

Processed products are the largest product category, accounting for 67% of total turnover in 2007. Processed products include processed fruits and vegetables (pineapple, tropical mixed fruit, tomato-based products), and other products such as pasta and condiments. It also includes sales of *Del Monte* and *S&W*-branded processed products such as canned vegetable and deciduous fruits sourced from other Del Monte companies and third party suppliers.

Turnover of processed products in 2007 increased by 17% to US$194.1 million from US$165.8 million in the prior year driven by the 34% and 13% increase in sales of tomato-based products and processed pineapple, respectively. The Philippine market saw higher sales of tomato-based products while the other Asia Pacific markets grew sales of processed pineapple.

PBIT rose 24% to US$27.8 million from US$22.4 million on the back of higher turnover, economies of scale and contained costs, mitigating the negative impact of inflationary cost increases and the strong Peso. PBIT margin increased to 14.3% from 13.5% in 2006.

Beverages

Beverages consist of juices, juice drinks, purees and juice concentrates. The major fruits that we process are pineapple, apple and mango. This segment accounted for 32% of the Group's total turnover in 2007.

Beverage turnover in 2007 increased by 27% to US$92.0 million from US$72.5 million led by the Philippine market's increased sales of juice and Europe's improved sales of concentrate, which included higher sales of concentrate by Del Monte Foods India to Europe.

The *Del Monte Fit 'n Right* drinks were launched in the Philippines in October 2007 in the new PET format, a first for the company. Increased store coverage and intensified marketing efforts, led to higher juice sales in the Philippines. Improved sales of the Group's subsidiary in China also contributed to the category's overall improvement.

Consequently, Beverage PBIT for the full year rose 35% to US$9.1 million from US$6.7 million. Beverage PBIT margin was likewise higher at 9.9% from 9.3%.

Non-processed Products

Non-processed products comprise of fresh pineapple and the non-core cattle business – both sold only in Asia. The cattle operation is used for the disposal of pineapple pulp. This segment accounted for 1% of Group sales in 2007.

Turnover dropped 33% to US$3.4 million from US$5.1 million due to large declines in the volume of cattle and fresh pineapple, which was partially offset by better prices. PBIT, however, turned around to a profit of US$0.8 million from a loss of US$0.5 million last year due to much improved prices for fresh pineapple, favourable fair market valuation for cattle inventory under IAS 41, and miscellaneous income received from cattle operations.

Operations Review
Production

In 2007, we harvested a record 647,405 metric tonnes of pineapple, the highest in DMPL's history. Our Cannery located 30 minutes away from the Plantation processed 637,000 metric tonnes of pineapple, also the highest in the Company's history.

Del Monte Pacific operates one of the world's largest pineapple plantations of approximately 20,000 hectares located in the southern Philippines. Our fully integrated operations, which include an on-site can-making facility and a seaport, ensure the delivery of premium quality products and an efficient supply chain from production to market.

To support the Company's aggressive growth plans, we started augmenting the Corporate Plantation with contract farming in the third quarter of 2006. From 178 hectares of land under contract farming in 2006, this expanded to 967 hectares by the end of 2007. The contracted farms are outside the Corporate Plantation but are generally within a 50 km radius from the Cannery.

In 2007, we harvested a record 647,405 metric tonnes of pineapple, 1.6% higher than that of 2006, and the highest in DMPL's history. Majority of the harvested pineapple came from the Corporate Plantation and went into processing, with only 1.6% sold as fresh fruit. The Plantation also grows papaya and in 2007, we harvested 30,129 metric tonnes of papaya, with majority coming from contract farming. Papaya is used for mixed tropical fruit products.

One of the Company's immediate and long-term growth drivers is the sale of fresh pineapple of the more premium sweet variety. Intensive plantings of this variety started in 2006 with expanded harvest expected in 2008. The pineapple crop bears its first fruit after 18 months of planting.

To improve productivity, cost management and accountability, the Plantation organisation was restructured from being activity- to area-oriented. In the past, each manager was in-charge of a specific activity, i.e. planting for the entire Plantation. This set-up was replaced with managers having to manage a designated area within the Plantation and looking after all activities from planting to harvesting in their areas.

Our Cannery located 30 minutes away from the Plantation processed 637,000 metric tonnes of pineapple in 2007, the highest in the Company's history. The third plastic cup line was made operational in the third quarter of 2007. Commercial production for the new plastic cup tropical variants for the Philippines, Canada and USA markets commenced during the year in review.

The Group invested in capital expenditures worth US$6.7 million in 2007, 9% higher compared to the US$6.1 million in 2006 due to the following activities, amongst others:

- Capacity expansion for the Cannery
- Compliance with Good Manufacturing Practices
- Leasehold improvements in new offices in the Philippines
- IT-related expenditures

The Cannery maintained regulatory certifications for both local and international bodies which include the Bureau of Food and Drugs, ISO 9001, HACCP, Good Manufacturing Practices, British Retail Consortium, Kosher and Halal. It also received the highest Eco-watch rating in the Region for environmental compliance of the Philippine government.

In August 2007, the Philippine Bureau of Working Condition conferred on the Cannery a Safety Recognition Award for achieving 5.7 million manhours without lost-time accident. Lost-time accident refers to accident that causes an employee to be unable to report for work. The 5.7 million manhours is considered high with only a few companies in the region having achieved such.

TRANSFORMING PACKAGING SOLUTIONS

For the first time, Del Monte Pacific launched a product in the plastic bottle format, diversifying its traditionally canned beverage business. *Del Monte Fit 'n Right* refreshes while it burns fat and has been an instant success! It is a breakthrough new product marketed as a lifestyle beverage containing L-Carnitine that aids weight loss.

Business Outlook

The *S&W* brand acquisition affords DMPL enormous scope for product line expansion and global market penetration.

With these acquisitions and initiatives, the Company is transforming into a branded consumer products company with global reach.

Barring any unforeseen circumstances, Management expects full year 2008 results to outperform those achieved in 2007. The growth for 2008 will be broad-based coming from exports, the Philippine market, the fresh fruit business and the expansion of the *S&W* business regionally.

On the other hand, the Company expects to counter any inflationary pressure on its operating costs by continuing with its cost savings initiatives and realising a full year of tax savings from its registration with the Philippine Economic Zone Authority.

The Philippine market is expected to sustain its sterling performance behind the full year benefit of the newly launched *Del Monte Fit 'n Right* juice drink in PET format as well as from other new product launches and packaging initiatives.

The fresh fruit business, previously viewed as non-core, has been identified as another area for sales and profit growth. A dedicated new team has been tasked to further grow this business.

The *S&W* brand acquisition affords DMPL enormous scope for product line expansion and global market penetration. Founded in the USA in 1896, *S&W* is an internationally-recognised premium brand known for its exceptionally high quality fruit and vegetable products.

With the formation of the Bharti joint venture, the Company is well-positioned to develop the *Del Monte* brand in the rapidly growing Indian market with an expanded platform for exports.

DMPL's partner in FieldFresh, the Bharti Group, is one of the largest business groups in India. It is the major shareholder of India's largest mobile telecom operator, Bharti Airtel. Bharti Enterprises also announced its entry into the retail and wholesale markets in India through its Bharti Retail outlets. It also signed an exclusive joint venture agreement with Wal-Mart for the cash & carry business in the Indian market.

With these acquisitions and initiatives, the Company is transforming into a branded consumer products company with global reach.

Corporate Governance

Del Monte Pacific is committed to the highest standards of corporate governance and supports the principles of openness, integrity and accountability advocated by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the 2005 code of corporate governance ("Code"). The company confirms that it has adhered to the principles and guidelines as set out in the code, where applicable, and has specified and explained the areas of non-compliance in its report.

The key aspects of our group's corporate governance framework and practices are discussed in reference to the principles of the Code.

Board Matters

Principle 1
The Board's Conduct Of Affairs

The Board of directors provides entrepreneurial leadership and sets the strategic direction for the Company. It is responsible for the overall policies of the Group to ensure success.

The Board has adopted guidelines specifying matters that require board approval. These include the approval of the Group's strategic plans, appointment of directors and key managerial personnel, annual budgets, major investment proposals, and the review of the financial performance of the Group.

Certain material corporate actions also require the Board's approval as follows: approval of quarterly results announcements, approval of annual results and accounts, declaration of dividends, convening of shareholders' meetings, authorisation of merger and acquisition transactions, and authorisation of major transactions. The Board likewise reviews and approves all corporate actions for which shareholder approval is required.

To facilitate effective management, certain functions have been delegated to various Board committees, each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, technical and human resources. The Board, together with Management, is shaping the Company's values and standards to be more dynamic, innovative and global in mindset.

The Board works closely with Management to drive the Group's business to a higher level of growth. Management is accountable to the Board which reviews Management's performance annually.

The Board has also put in place a framework of prudent and effective controls that allow risk to be assessed and managed.

The Board ensures that obligations to shareholders and other stakeholders are understood and met. With the Company Secretary's assistance, the Board and Management are apprised of their compliance obligations and responsibilities arising from regulatory requirements and changes.

As a Board, the directors meet quarterly, or more often as required, to review and evaluate the Group's operations and performance and to address key policy matters.

Board meetings are scheduled to enable the Board to perform its duties. During the year in review, the Board held four meetings. The Company's Articles of Association allow for tele- and video-conference meetings to facilitate Board participation.

Attendance at the Board and Board Committee Meetings in 2007

Directors	Board Meetings		Audit Committee Meetings		Remuneration and Share Option Committee Meetings		Nominating Committee Meetings	
	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance	No. of Meetings Held	Attendance
Mr Rolando C Gapud	4	4	4	4	3	3	3	3
Mr Joselito D Campos, Jr	4	4	-	-	-	-	-	-
Mr Godfrey E Scotchbrook	4	4	4	4	3	3	3	3
Mr Patrick L Go	4	4	4	4	3	3	3	3
Mr Edgardo M Cruz, Jr [1]	4	4	4	2	3	2	3	1
Mr Benedict Kwek Gim Song [2]	4	2	4	2	3	2	3	-
Dr Emil Quinto Javier [3]	4	2	-	-	-	-	3	1
Mr Ramon S Ang [4]	4	-	-	-	-	-	-	-
Mr Michael Hwang [5]	4	2	4	2	3	1	3	2
Ms Ma Belen C Buensuceso [5]	4	2	4	2	3	1	3	2
Mr Ferdinand K Constantino [4]	4	2	-	-	-	-	-	-
Mr Francis H Jardeleza [4]	4	2	-	-	-	-	-	-

1 Appointed as a member of the Board Committees on 30 April 2007.

2 Appointed as a director and a member of the Audit and Remuneration and Share Option Committees on 30 April 2007; and as a member of the Nominating Committee on 6 August 2007.

3 Appointed as a director and a member of the Nominating Committee on 30 April 2007.

4 Retired as a director on 27 April 2007.

5 Retired as a director and a member of the Board Committees on 27 April 2007.

New directors go through an orientation programme whereby they are briefed by the Company Secretary on their obligations as directors, as well as the Group's governance practices, and relevant statutory and regulatory compliance issues, as appropriate. They are also briefed by Management on the Group's industry and business operations. Tours of the Group's plantation and manufacturing facilities, as well as visits to the trade, are organised to enable Board members to gain a firsthand understanding and appreciation of the Group's business operations.

Timely updates on developments in accounting matters, legislation, jurisprudence, government policies and regulations affecting the Group's business and operations are likewise provided to all directors.

The Nominating Committee will be formalising the process for the selection and appointment of directors. The Nominating Committee will also consider the appropriateness of issuing letters of appointment to directors setting out their duties, obligations and terms of appointment.

The Board is of the view that the Company's directors make objective decisions in the interest of the Company.

Principle 2
Board's Composition and Guidance

The Board comprises seven directors, only one of whom is an executive director. Of the six non-executive directors, four are independent directors. The profiles of our directors, including information on their appointment and re-appointment dates, is set out on page 11 of this Report.

There is a strong element of independence on the Board with independent directors making up more than one-third of the Board. The Board is of the view that it is able to exercise objective judgment on corporate affairs independently.

No individual or group of individuals dominates the Board's decision-making. Moreover, the roles of Chairman and CEO are assumed by different persons.

Our non-executive directors contribute to the Board process by monitoring and reviewing Management's performance against pre-determined goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. Our directors bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Our directors also bring with them invaluable experience, extensive business networks and expertise in specialised fields such as strategic planning, M&As, corporate finance and restructuring, accounting, marketing and business development, risk and crisis management, corporate communications and investor relations.

The size, composition and range of experience of our current Board allow discussions on matters of policy, strategy and performance to be critical, informed and effective.

Our non-executive directors also meet regularly without the presence of Management to discuss strategy, policies and issues.

Principle 3
Chairman and Chief Executive Officer

There is a clear division of executive duties and responsibilities in the Company, providing checks and balances to ensure that no one individual represents a considerable concentration of power, and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Mr Joselito D Campos Jr, while the Board is headed by Mr Rolando C Gapud as non-executive Chairman. The Chairman of the Board and the CEO are not related to each other.

Our Chairman leads Board meetings to ensure their effectiveness on all aspects and sets the agendas. He ensures that directors receive accurate, timely and clear information. He encourages constructive relations between the Board and Management. He facilitates the effective contribution of non-executive directors in particular, and encourages constructive relations between the executive director and non-executive directors. He also ensures effective communication with shareholders and promotes high standards of corporate governance.

Principle 4
Board Membership

The Nominating Committee ("NC") was set up on 7 February 2003 and currently comprises the following members, a majority of whom, including the Chairman, are independent directors:

Mr Godfrey E Scotchbrook
Chairman & Independent Director

Mr Patrick L Go
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

Dr Emil Quinto Javier
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

Under its terms of reference, the NC is responsible for reviewing the Board's composition and effectiveness and for determining if a director has the requisite qualifications, and if he is independent. All candidates for appointment or re-election as directors are considered by the Committee and recommended for approval by the Board.

The NC has in place a process for selection and appointment of new directors and will be formalising the process in the course of the year.

Details of each director's academic and professional qualifications, directorships or chairmanships in other companies, and other major appointments, are presented on page 11 of this Annual Report.

In cases where a director has multiple board representations, the Committee also determines if a director is able to and has been adequately carrying out his/her duties as a director of the Company.

The Committee reviews and determines the independence of each of the directors on an annual basis.

All directors may hold office for a maximum period of three years whereupon they shall retire in accordance with the Company's Articles of Association but are eligible for re-election.

Director Retiring Under Article 88

Mr Rolando C Gapud
Non-Executive Director
Appointed on 20 January 2006 and re-elected on 28 April 2006

In reviewing the nomination of the director retiring by rotation under Article 88, the NC considered the contribution and performance of the director, taking into account his attendance and participation at Board and Board committee meetings.

Directors Retiring Under Article 92

Mr Benedict Kwek Gim Song
Independent Director
Appointed on 30 April 2007

Dr Emil Quinto Javier
Independent Director
Appointed on 30 April 2007

Directors retiring under Article 92 are required to do so at the Annual General Meeting (AGM) following their appointment and are eligible for re-appointment.

The NC had recommended the nomination of the abovenamed three directors for re-appointment at the forthcoming AGM. The Board had accepted the NC's recommendation and accordingly, the three directors will be offering themselves for re-election at the forthcoming AGM.

Principle 5
Board Performance

The NC has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole. A Board performance evaluation exercise is conducted on an annual basis and the findings are presented to the NC and the Board.

Principle 6
Access to Information

Management provides the Board with timely and complete information prior to board meetings and on an ongoing basis. These include explanatory notes for matters that are presented to the Board, such as budgets and forecasts.

At Board meetings, the Group's actual results are compared with budgets, and material variances are then explained. The strategy and forecast for the following months are discussed and approved as appropriate.

The directors have separate and independent access to Management, and also to the Company Secretary. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Company Secretary attends and prepares minutes of all Board and Board committee meetings. She assists the Chairman in ensuring that Board procedures are followed and regularly reviewed to ensure the effective functioning of the Board, and that the Company's Memorandum and Articles of Association and relevant rules and regulations are complied with.

The Company Secretary also ensures good information flows within the Board and its committees and between senior Management and non-executive directors. She is the primary channel of communication between the Company and the SGX-ST.

The Company Secretary also administers the orientation programme for newly appointed directors where they are briefed on their obligations as directors, the Group's governance practices, and relevant statutory and regulatory compliance issues. She assists with the professional development of Board members as required.

The appointment and the removal of the Company Secretary is a Board matter.

Aside from access to the advice and services of Management and the Company Secretary, the directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs at the Company's expense.

Remuneration Matters

Principle 7

Procedures For Developing Remuneration Policies

The Remuneration and Share Option Committee ("RSOC") was set up on 7 February 2003 and currently comprises the following members, all of whom are non-executive directors and a majority of whom, including the Chairman, are independent directors:

Mr Godfrey E Scotchbrook
Chairman & Independent Director

Mr Patrick L Go
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

The RSOC's principal function is to ensure that a formal and transparent procedure is in place for fixing the remuneration packages of the directors as well as key senior executives of the Group. It is at liberty to seek independent professional advice as appropriate.

Under its terms of reference, the RSOC is responsible for reviewing and recommending a remuneration framework for the Board and key senior executives, and has assumed the role of the ESOP Committee in administering the Del Monte Pacific Executive Stock Option Plan, the Del Monte Pacific Restricted Share Plan (RSP) and the Del Monte Pacific Performance Share Plan (PSP). The RSOC considers all aspects of remuneration - director's fees, salaries, allowances, bonuses, options and benefits in kind.

The RSOC's recommendation for directors' fees had been made in consultation with the Chairman of the Board and had been endorsed by the entire Board, following which the recommendation will be tabled for shareholders' approval at the Company's forthcoming AGM. No member of the RSOC or of the Board participated in the deliberation of his own remuneration.

Principle 8

Level and Mix of Remuneration

The remuneration of the Company's directors is set to attract, retain and motivate the directors to run the Company successfully.

The RSOC reviews the service contracts of the Company's executive directors and key Management. The compensation commitments in service contracts are reviewed and notice periods for termination do not exceed six months.

In reviewing the recommendation for non-executive directors' remuneration for 2007, the RSOC had continued to adopt a framework, based on guidelines recommended by the Singapore Institute of Directors, which comprises a base fee, fees for membership in Board committees, as well as fees for chairing Board committees, taking into consideration the amount of time and effort that each Board member may be required to devote to the role and the fees paid in comparable companies.

The compensation structure for executives of Group subsidiaries consists of two key components, that is, fixed cash and an annual variable incentive. The fixed component includes salary, pension fund contributions and other allowances. The variable component comprises a performance-based bonus which is payable upon the achievement of individual and corporate performance targets.

The Company had put in place the Del Monte Pacific Executive Stock Option Plan in 1999 ("Scheme"). The terms of the Scheme are described in the Directors' Report. However, following the close of the Options Proposal ("Proposal") pursuant to the mandatory general offer on 20 January 2006, option holders who had accepted the Proposal were required to surrender all of their relevant options for cancellation. Some options lapsed in the second quarter of 2006; hence, there were no more outstanding options at the end of 2006 and 2007.

The Company has in place two other share plans - the RSP and PSP – also administered by the RSOC. These are long-term incentive schemes based on achieving pre-set operating unit financial goals as well as individual performance, and additionally, achieving corporate financial goals in the case of the PSP.

The purpose of these plans is to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives at key positions, to excel in their performance. These are also designed to align interests of executives with those of shareholders.

Depending on the plan, shares are either delivered after the participant has served the Group for a specific number of years or delivered after a further period beyond completion of prescribed performance targets.

Principle 9

Disclosure on Remuneration

The remuneration of each director has been disclosed in the respective bands. The Board is of the opinion that it would not serve a purpose to disclose the exact remuneration of each director given the confidentiality of remuneration matters.

Disclosure on Remuneration of Directors for 2007

REMUNERATION BANDS & NAMES OF DIRECTORS	FIXED SALARY %	DIRECTOR FEES %	VARIABLE INCOME / BONUS %	BENEFITS IN KIND %
Executive Director				
S$250,000 to Below S$500,000				
Mr Joselito D Campos, Jr	91	9	-	-
Non-Executive Directors				
Below S$250,000				
Mr Rolando C Gapud	-	100	-	-
Mr Godfrey E Scotchbrook	-	100	-	-
Mr Patrick L Go	-	100	-	-
Mr Edgardo M Cruz, Jr	-	100	-	-
Mr Benedict Kwek Gim Song	-	100	-	-
Dr Emil Quinto Javier	-	100	-	-

Notes: There were no outstanding share options as at year-end 2007

Disclosure on Remuneration of Key Executives[1] for 2007

REMUNERATION BANDS & NAMES OF KEY EXECUTIVES	FIXED SALARY %	VARIABLE INCOME / BONUS %	BENEFITS IN KIND %
S$250,000 to Below S$500,000			
Mr Luis F Alejandro	99	-	1
Mr Richard W Blossom	77	9	14
Below S$250,000			
Mr Leonardo M Berba	78	-	22
Mr Dexter C Ng	83	13	4
Mr Ignacio C O Sison	94	4	2

1 Key Executives who are not Directors
There were no outstanding share options as at year-end 2007

There is no immediate family member (as defined in the Listing Manual of the SGX-ST) of a director or the CEO in the employ of the Company whose annual remuneration exceeds S$150,000 during the year.

Accountability and Audit

Principle 10

Accountability

There are comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company policies and Board decisions, and the day-to-day management of the Group's operating units.

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board. This information includes disclosure documents, quarterly results, forecasts for profit and cash flow, working capital and borrowing levels, compared to approved budgets and the prior year's results.

The Group's annual budget is reviewed and approved by the Board. A strategic plan, which defines business development goals and overall business objectives, is prepared and updated periodically.

Based on Management's reports, the Board provides a balanced and fair assessment of the Company's performance, position and prospects for interim reports, other price sensitive public reports and other reports to regulators as required.

Principle 11
Audit Committee

The Audit Committee ("AC") was set up on 9 July 1999 and currently comprises the following members, all of whom are non-executive directors and a majority of whom, including the Chairman, are independent directors.

Mr Benedict Kwek Gim Song
Chairman & Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Mr Patrick L Go
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

The members of the AC are highly qualified with at least two members having the requisite financial management experience.

Under its terms of reference, the AC is responsible for reviewing the scope and results of the audit and its cost effectiveness. The AC also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors. In 2007, the AC reviewed the audit and non-audit services of the external auditors and was satisfied with their independence.

The AC reviews the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance. It further conducts periodic reviews of all related party transactions.

The AC has the authority to investigate any matter within its terms of reference, has unrestricted access to Management and the Head of the Corporate Auditing department, and has full discretion to invite any director or executive officer to attend its meetings, with reasonable resources to enable it to discharge its functions properly.

The AC is also tasked to monitor the adequacy and effectiveness of the Group's internal control system and internal audit function. It has set in place arrangements to ensure independent investigation of matters such as improprieties in financial reporting.

A Whistleblower Policy was put in place in 2004 to promote the highest standards of business and personal ethics in the conduct of the Group's affairs. The Board, together with the Chairman of the AC, had appointed a Protection Officer as well as an Investigations Officer to administer the Company's Whistleblower programme.

The AC also makes recommendations to the Board on the appointment, re-appointment and removal of the external auditor as well as the approval of the remuneration and terms of engagement of the external auditor.

The AC meets with the Group's external auditors and with the head of the Corporate Auditing department without the presence of Management at least once a year. During the year in review, the AC held four meetings.

Principle 12
Internal Controls

The Group maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of its financial statements and to adequately safeguard, verify and maintain accountability of its assets. These internal controls include financial, operational and compliance controls, and risk management policies and systems established by Management.

The effectiveness of these controls and systems is subject to the annual review of the Group's Corporate Auditing department and is monitored by the AC. In addition, the Company's external auditors also review the effectiveness of the Group's key internal controls as part of their audit plan for the year.

The directors and the Group's Corporate Auditing department are of the view that the Company has proper and adequate internal control procedures. The directors and the Group's Corporate Auditing department are not aware of any material lapses in these controls and systems during the year in review.

Principle 13
Internal Audit

The Group's Corporate Auditing department is staffed by trained personnel with appropriate segregation of duties from the activities it audits. Majority of the Group's auditors are Certified Public Accountants and are members of the Institute of Internal Auditors-Philippines. One is a Certified Internal Auditor who placed amongst the top 25 in the world for the certification exam.

This department has a respectable standing within the Company and is responsible for ensuring that risk management, control and governance processes are effectively implemented and maintained, and that such internal controls and systems are adequate and functioning effectively.

The head of the Corporate Auditing department reports functionally to the AC. It is the Group's policy to support the Corporate Auditing department to comply with and exceed the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC is of the view that the Company has an adequate internal audit function.

Communication With Shareholders/Investor Relations

Principle 14

The Company places importance on strengthening shareholder relations through regular dialogues with the investing community, based on the principle of effective and fair communication. The Company participates actively in conferences, forums and roadshows organised by stock broking companies. In 2007, the Group participated in the Citigroup ASEAN Mid Cap Miniconference in Singapore and Hong Kong, and the DBS Asia Corporate Conference Days in New York and Boston. It had a total of 67 investor meetings from both the organised conferences and adhoc requests from investment firms.

The Company organises trips to the Philippines for a better appreciation and understanding of its operations by the investing community. The Company also holds interviews with media personnel to share its business and strategy to a wider audience.

The Company is committed to providing easy access to timely and relevant information. To maintain an open channel of communication, the Company has an email alert system whereby emails on its developments and updates are sent regularly via an investor-friendly Del Monte template. This is also broadcast to the public via the SGXNET system. The Company does not practice selective disclosure. The Company encourages shareholders to share their views or inputs, and endeavours to address their concerns.

The Company announces its financial results on a quarterly basis within the prescribed periods and holds briefings on its half-year and full-year results performance. The report on the Company's financial results are disseminated (together with other materials provided in the briefings held) through the SGXNET, the Company's email alerts and website.

Principle 15

In general meetings, shareholders are given the opportunity to communicate their views and direct questions to directors and Management regarding the Company. The Chairpersons of Board Committees and the external auditors are present at the AGMs and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of AGMs are available to shareholders upon their request.

Shareholders have the opportunity to participate effectively and to vote in AGMs either in person or by proxy.

Resolutions on each distinct issue are tabled separately at general meetings.

Dealings With Securities

The Company has adopted and implemented a Best Practices Guide which is made known to directors, officers and staff of the Company and the Group. In particular, it has been highlighted that it is an offence to deal in the Company's securities when the officers (directors and employees) are in possession of unpublished material price sensitive information in relation to those securities. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

The directors and the Company's employees are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year; and one month before the announcement of the Company's full-year financial results. This restriction ends one day after the Company's announcements of the relevant results.

Social Responsibility

At Del Monte Pacific, our policy initiatives embody our commitment to contribute to the growth of the people who work with us and those who live in our host communities. The culture is rooted in values of integrity, respect for dignity and concern for the common good. The Group's Code of Ethics guides the professional conduct of our teams. We strive to create a positive impact on our host communities of which we have become an integral part of. We make every effort to bring to our customers innovative products of great nutritional value. We nurture nature which is the source of our business. We comply with international standards on food safety and food quality and abide by the laws and regulations applicable to our business in the countries where we operate.

Caring For Our Environment

The Group is committed to doing its share in protecting and preserving the environment for future generations.

We support efforts to produce environment-friendly products and packaging, encourage waste reduction, and promote responsible waste management and conservation of energy and water. We work hard to communicate our environmental policy to employees.

Our agri-industrial processes conform with the highest international standards on food safety and food quality, and are accredited by the world's leading certifying bodies for Good Manufacturing Practices (GMP), Hazards Analysis and Critical Control Points (HACCP), ISO 9001, Kosher and Halal. At least 10 quality audits performed annually by reputable, independent international auditors confirm that our processes meet or even exceed standards.

We thoroughly plan our day-to-day production schedules to achieve energy-efficient operations, conserve resources (fuels, lubricants, water, electricity), and protect the environment.

Our pineapple pulp waste disposal system is one example of the Group's innovative conservation programmes. Initiated over 40 years ago, it was designed to take excess pineapple pulp at our Cannery and convert it into cattle feed, thereby reducing waste and costs. Excess pulp are also reprocessed, packed and sold as cattle feed to domestic livestock raisers or exported to other companies in Asia. Other solid waste from our other production facilities undergo solar drying and processing and are used as organic fertilizer.

We comply with government standards in the application and use of fertilizers and industrial chemicals in all phases of our operations. We conduct regular safety audits on our fertilizer warehouses, chemical storage areas, and facilities where these chemicals are used. Workers handling these chemicals are issued protective equipment and undergo regular medical check-ups.

We work with government agencies, local government units and community organisations to ensure a safe environment for our workers and our host communities. We operate effluent treatment plants that treat wastewater discharges from our agri-industrial facilities in conformance with government standards. Our high-filtration juice extraction system also processes excess juice into pineapple concentrate and syrup, significantly reducing the volume of wastewater processed. These waste-treatment plants help protect nearby coastal waters and land areas from pollution.

We support local tree nurseries, tree planting, educational drives on wildlife protection, environmental management of coastal waters and protection of water resources, and socio-economic projects for rural communities.

Together with the community and concerned non-government organisations, we exert efforts to enhance solid waste management and conserve the use of energy, water and other resources. Plantation-based families segregate domestic solid waste right at their own homes. Proceeds from the sale of recyclable waste materials help fund community projects.

We support local tree nurseries, tree planting, educational drives on wildlife protection, environmental management of coastal waters and protection of water resources, and socio-economic projects for rural communities. We also donate recyclable materials and equipment to help community organisations carry out long-term and sustainable programmes on public safety and environment conservation.

Caring for Our Community

We support the socio-economic and cultural growth of our host communities. Through Del Monte Foundation, Inc., we help our host communities learn self-sufficiency and contribute to nation-building. We share our resources and expertise with local government units and community organisations through programmes on technical education, livelihood support, health care services, scholarships and educational subsidies.

Highlighting this year's programmes was the launching of the Jose Yao Campos Scholarship program which offers free education to children of Del Monte Pacific's staff in the Philippines. The foundation continues to support 80 other scholars who are residents of its host communities.

Through the foundation, some 7,000 community leaders and workers, women, heads of families, out-of-school youth and families of employees in the Philippines have acquired technical skills to gain employment, start small businesses and augment family income. They also serve the community by sharing technical expertise not readily available in the countryside. Graduates who embark on communal livelihood projects have organised themselves into trade associations that enjoy organisational support from the foundation.

The foundation works closely with the Philippine Technical Education and Skills Development Authority to further promote community education and ensure training standards comply with government requirements. Our education centres also serve as satellite training centres of the government in rural areas, offering courses in plant propagation, driving, construction and carpentry, landscaping, food processing, sewing, weaving, home management, cosmetology, computer literacy, electronics, electrical welding, refrigeration and automotive technologies.

The foundation has improved its training capability by maximising use of equipment and facilities donated by the Group. A computer centre offers computer literacy programmes and internet service to community leaders, students, professionals and local entrepreneurs. A food processing laboratory helps beginners and entrepreneurs master skills in meat, fish and fruit processing, baking and beverage mixing. Income generated by training programs helps defray cost of maintaining the foundation's learning centers.

We continue to strengthen ties with local government units and grassroots associations to recruit training participants, provide opportunities for livelihood and community service among graduates, and implement key community projects. We help build community infrastructures (health and social centers, chapels, school furnishing) that enhance community learning, networking and expertise sharing. We have also established a youth organisation that encourages members to spearhead training programmes for fellow youth.

The Foundation has received a five-year accreditation with the Philippine Council for NGO (Non-government Organisation) Certification, affirming our conformance with the highest standards of good governance, transparency and corporate social responsibility.

Caring for Our People

Del Monte Pacific is committed to the growth of its people as it grows its business. We have around 4,800 employees at our plantation, manufacturing facilities, and administrative and marketing offices in the Philippines, China and India. As we share with our employees our new vision to become a global branded consumer products company, we provide them with every opportunity to contribute to the attainment of this vision.

Our farm and production facilities employ people from surrounding villages. Workers are paid the best in the industry, and are informed on the terms and conditions of employment prior to the appointment. They undergo annual medical examinations or whenever required. Child and forced labour and any other form of exploitation is not practised. Discrimination on the grounds of nationality, caste, religion, age and gender goes against the Group's Code of Business Ethics.

Appropriate steps are taken to protect workers from safety and health hazards. Work uniforms and accessories are issued to workers. Personal protective equipment are issued for specific work assignments. Orientation training seminars and refresher courses are routinely conducted to inform and help workers guard against work-related accidents and health hazards. Workers have access to clean toilets, potable water and facilities for dining, food storage, rest and recreation.

We continue to strengthen ties with local government units and grassroots associations to recruit training participants, provide opportunities for livelihood and community service among graduates, and implement key community projects.

We continue to recruit young professionals with high potential to join our ranks and help build the Group's future. Engineers, agriculturists, technical experts and other professionals undergo supervisory traineeship.

Labour-Management Cooperation

In the Philippines, Labour-Management Cooperation (LMC) councils meet regularly to discuss and decide issues affecting employees, their families, the Company and the community. Newly-signed memorandums of agreement with two key labor unions have stipulated increased wages and enhanced benefits for farm and factory workers from 2007 to 2009.

LMC teams have also initiated improvements in working conditions now enjoyed by workers and their families. Rank-and-file workers recommended many innovations now incorporated in our retirement, provident and health care plans, production and socio-recreational facilities, work uniforms and tools, livelihood support and community outreach projects.

Training and Development

Our field, factory and office teams learn new skills, adapt to new technological changes and share our passion for work excellence through continuing training.

The Group cultivates a culture of excellence as we continue to encourage our people to innovate and work for continuous improvement in seven key result areas: productivity, cost management, product quality, customer service, volume and market share growth, motivational skills and responsible corporate citizenship. This year, we have focused efforts on building a strong organisation and capacity-building.

Employees are given every opportunity to expand knowledge of agriculture and technical skill and learn lessons on personality development, supervision and management. Value formation, skills training, and knowledge-sharing programmes are conducted year-round, helping employees continuously improve the quality of their performance. This learning programme is linked with a management succession plan that selects potential leaders across the organisation.

A pool of pre-selected and pre-trained in-house trainers conduct job competency training programs for supervisors, executives and key staff under the Cannery Pine101 series and PineU (short for Pineapple University).

Improved capabilities of our workers have helped us meet international standards on food quality and food safety. Key trade partners in the Philippines and exporters representing pineapple fruit and juice markets in the United States, Canada and the European Union completed stringent audits of our manufacturing processes and facilities during the year.

We continue to recruit young professionals with high potential to join our ranks and help build the Group's future. Engineers, agriculturists, technical experts and other professionals undergo supervisory traineeship. Supervisors and executives gain opportunities to build their careers with us through career development and succession planning programmes.

Communication

We keep our employees in the Philippines informed of the Group's performance through our news magazine called *Tidbits*. This features key programmes, new product launches, awards, promotions, and team achievements. A digital newsletter called *Fresh Cut* informs agri-industrial workers in the Philippines on programmes and direction. Through the monthly *Sales Bulletin*, business partners (distributors, sub-distributors, contract manufacturers, food service partners, etc.) get updates on product promotion and sales activities. In China, our employees are kept informed through a quarterly publication called *Great Lakes Talk*.

Benefits

Our workforce enjoys one of the most attractive compensation and benefit packages granted to agro-industrial workers in the Philippines. Complementing government-mandated privileges for all employees and qualified dependents is a broad range of free medical and dental services, a comprehensive retirement package, and voluntary plans for providential and insurance benefits.

Employee-organised cooperatives provide our workers with credit, providential, livelihood and other services that enhance economic benefits for their families. Cooperative members enjoy annual dividends and patronage refunds.

Employees are given the opportunity to take a healthy break from work, revitalise and enjoy their vacation leave privileges. Workers also participate in teambuilding workshops and year-round sports tournaments.

We provide opportunities for our workers to enjoy a healthy balance between work and family life. In the Philippines, camp-based civic associations help families organise educational, social, sports and livelihood projects. Workers' spouses and young adults learn technical skills to start small-scale businesses or find gainful employment. Graduates in sewing, food processing and other courses have initiated home-based businesses that serve community needs.

The Del Monte Football Club provides opportunities for children of workers in the Philippines to excel in sports as well as earn scholarship grants. Two teams competed in the Philippine Olympic Football Festival during the year. The Club continues to organise year-round football tournaments for children of employees and nearby communities.

Industrial Relations and Staff Turnover

We employ one of the largest agro-industrial workforces in the Philippines. The Group is proud to have enjoyed a sustained period of industrial peace, with no notices of strikes and lock-outs for 40 years.

The appointment of new members in our executive pool highlights our new strategic directions while enhancing growth potential of new functional areas. We have also strengthened our manpower pool in our manufacturing facilities by partnering with business process outsourcing companies.

The appointment of new members in our executive pool highlights our new strategic directions while enhancing growth potential of new functional areas. We have also strengthened our manpower pool in our manufacturing facilities by partnering with business process outsourcing companies.

The Department of Labor and Employment in the Philippines also cited the company in the Search for Outstanding Family Welfare Program for "efforts exerted in improving the family welfare program in the workplace."

Awards and Citations

Recognising the continuing excellence of our programmes, leading government and professional organisations have once again bestowed their highest awards on the Group in 2007.

The Philippine Social Security System has named our Philippine subsidiary to its Hall of Fame for consistent and exemplary compliance with government-mandated welfare programmes for workers as well as its retirees. The company was named "Employer of the Year" for the past four years. The company was lauded for extending the full range of social security benefits, including worker coverage, advance payment of sickness, maternity and employee compensation benefits.

The Philippine League of LMC Practitioners and the Department of Labor and Employment has awarded the "Outstanding LMC (Labor-Management Council) of the Philippines" to our Philippine unit. The award honours Management and labour teams whose joint efforts have helped foster industrial peace and raise worker productivity. It also recognises members of the private sector that have raised the competitiveness of Philippine products and services in the global market.

Our Marketing team in the Philippines was honoured with the Patnubay Award by the Council of Hotel and Restaurant Educators of the Philippines for advocating nutrition, health and wellness through meaningful programmes benefiting educational institutions and the public. Nearly 200,000 members of our consumer loyalty programme, Kitchenomics, learn and help educate their families on the importance of preparing affordable yet nutritious meals, improving dietary habits and living a healthy lifestyle.

The Philippine Bureau of Working Condition conferred on the Cannery a Safety Recognition Award for achieving a sustained safety record of 5.7 million manhours without lost-time accident during the year. The award recognises the heightened level of safety awareness in the workplace.

The Department of Labor and Employment in the Philippines also cited the company in the Search for Outstanding Family Welfare Program for "efforts exerted in improving the family welfare program in the workplace."

Del Monte workers have also received special honours from various sectors for exemplifying good work ethics, promoting professional excellence, contributing agri-industrial innovations and strengthening industry relations. Our executives who were elected to key posts in professional organisations also help build networks for the Group.

Risk Management

Group Assets

It is the Group's practice to assess annually with its insurance brokers the risk exposure relating to the assets of, and the possible liabilities from, its operations. Assets are insured at current replacement values. Additions during the current year are automatically included with provision for inflation-protection. At the end of 2007, all major risks were adequately covered, except where the premium costs were considered excessive in relation to the probability and extent of a loss.

Foreign Currency

In the normal course of business, the Group enters into transactions denominated in various foreign currencies. In addition, the Company and its subsidiaries maintain their respective books and accounts in their reporting currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. To a certain extent, the Group has a natural hedge against US dollar fluctuations due to its revenue and cost mix.

Inflation

The Group's costs are affected by inflation, and its effects may continue to be felt in future periods. However, the Group has lessened the impact of cost increases by actively controlling its overall cost structure and introducing productivity-enhancing measures.

Cash and Interest Rate Management

The Group's cash balances are placed with reputable global and major Philippine banks and financial institutions. The Group manages its interest income by placing the cash balances with varying maturities and interest rate terms. This includes investing the Company's temporary excess liquidity in short term government securities from time to time. The Group obtains financing through bank borrowings and leasing arrangements. Short-term funding is obtained from short-term bank loan facilities. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.

Credit Risk

The Group sells its products through major distributors and buyers in various geographical regions. Management has a credit risk policy which includes, among others, the requirement of certain securities to be posted to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The group monitors its outstanding trade receivables on an ongoing basis. There is no significant concentration of credit risk with any distributor or buyer.

International Business

The Group's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide consumption, demand and prices of its products. However, the demand and supply risk associated with the Group's international business is minimised by the nature of its long-term supply agreements, five of which are with various Del Monte brand owners around the world. These contracts have various mechanisms with regard to pricing and volume off-take that help limit the downside risk of the Group's international business.

In some cases, the Group is protected by the existence of price floors whereby the Group is able to recover its production costs. In other instances, the Group has the right of first refusal to supply additional quantities at prices no worse than those from alternative sources.

Operations

As an integrated producer of processed fruit products for the world market, the Group's earnings are inevitably subject to certain risk factors, which include general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, raw material costs and availability, competition, market acceptance of new products, industry trends, and changes in government regulations, including, without limitation, environmental regulations.

The Group's exposure to these risks is managed through the following processes, among others:

- Development and execution of a realistic long-term strategic plan and annual operating plan
- Securing long-term land leases with staggered terms
- Increasing production and packaging capacity
- Pursuit of productivity-enhancing and efficiency-generating work practices and capital projects
- Focus on consumption-driven marketing strategies
- Continuous introduction of new products and line extensions with emphasis on innovation, quality, competitiveness and consumer appeal
- Increased penetration of high-growth distribution channels
- Building on closer working relationships with business partners
- Close monitoring of changes in legislation and government regulations affecting the Group's business

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The Directors' Report

(Amounts in United States Dollar unless otherwise stated)

The directors are pleased to present their report to the members together with the audited financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (collectively, the "Group") comprising the balance sheets, income statements and statements of changes in equity of the Company and the Group and the cash flow statement of the Group for the financial year ended 31 December 2007.

Directors

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

Mr Rolando C Gapud	
Mr Joselito D Campos, Jr	
Mr Godfrey E Scotchbrook	
Mr Patrick L Go	
Mr Edgardo M Cruz, Jr	
Mr Benedict Kwek Gim Song	(Appointed on 30 April 2007)
Dr Emil Quinto Javier	(Appointed on 30 April 2007)

Arrangements to Enable Directors to Acquire Shares or Debentures

Except as disclosed under the "Share Option and Incentive Plans" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

Directors' Interests

According to the register kept by the Company, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company are as follows:

	Direct Interest			Deemed Interest		
	At 1 January 2007/date of appointment	At 31 December 2007	At 21 January 2008	At 1 January 2007/date of appointment	At 31 December 2007	At 21 January 2008
The Company						
Ordinary shares of US$0.01 each						
Mr Joselito D Campos, Jr	-	-	-	914,357,372	864,429,372	864,429,372

The Directors' Report

(Amounts in United States Dollar unless otherwise stated)

Directors' Interests (Cont'd)

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants, share options or share-based incentives of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Contractual Benefits

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 31 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit 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.

Share Option and Incentive Plans

The Del Monte Pacific Executive Stock Option Plan 1999 ("ESOP") of the Company was approved and amended by its members at general meetings held on 30 July 1999 and 21 February 2002 respectively.

The shareholders also approved the adoption of two share plans, Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") and Del Monte Pacific Performance Share Plan ("Del Monte Pacific PSP") (collectively the "Share Plans"), during the general meeting held on 26 April 2005, to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives at key positions, to excel in their performance.

Since the commencement of the ESOP and Share Plans, no options or awards have been granted to the controlling shareholders of the Company or their associates and no participant has been granted 5% or more of the total options / awards under the ESOP and Share Plans.

The share plans are administered by the Remuneration and Share Option Committee ("RSOC") comprising of the following members:

Mr Godfrey E Scotchbrook	(Chairman and Independent Director)
Mr Patrick L Go	(Independent Director)
Mr Benedict Kwek Gim Song	(Independent Director)
Mr Rolando C Gapud	
Mr Edgardo M Cruz, Jr	

During the financial year, there were:-

(i) no options / awards granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option / awards to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options / awards granted by the Company or its subsidiaries.

The Directors' Report

(Amounts in United States Dollar unless otherwise stated)

Audit Committee

The Audit Committee ("AC") comprises five board members, all of whom are non-executive directors. The majority of members, including the chairman, are independent. The members of the AC during the financial year and at the date of this report are:

Mr Benedict Kwek Gim Song	(Chairman and Independent Director)
Mr Godfrey E Scotchbrook	(Independent Director)
Mr Patrick L Go	(Independent Director)
Mr Rolando C Gapud	
Mr Edgardo M Cruz, Jr	

The AC held 4 meetings since the last directors' report. The AC reviews the effectiveness of the systems of internal control in the Group, its accounting policies, annual financial statements and quarterly reports, the effectiveness of the internal audit function, and the findings of both the external and internal auditors. The AC may also examine whatever aspects it deems appropriate regarding the Group's financial affairs, its internal and external audits and its exposure to risks of a regulatory or legal nature. Furthermore, all interested person transactions are subject to regular periodic reviews by the AC to ensure that they are carried out on arm's length commercial terms consistent with the Group's usual business practices and policies and will not be prejudicial to the Company's minority shareholders.

In performing its functions, the AC reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. The AC met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company and the Group's system of internal control. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2007 as well as the external auditors' report thereon.

The AC has full access to and cooperation of Management and the internal auditors. It also has full discretion to invite any director or executive officer to attend its meetings. The Chief Financial Officer attends meetings of the AC. The auditors have unrestricted access to the AC. The AC has reasonable resources to enable it to discharge its functions properly.

The Directors' Report

(Amounts in United States Dollar unless otherwise stated)

Auditors

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr Rolando C Gapud
Director

Mr Joselito D Campos, Jr
Director

27 February 2008

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 48 to 100 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2007 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Mr Rolando C Gapud
Director

Mr Joselito D Campos, Jr
Director

27 February 2008

Independent Auditors' Report

Members of the Company
Del Monte Pacific Limited

We have audited the accompanying financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement of the Group and income statement and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 100.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the consolidated financial statements of the Group and the financial statements of the Company give a true and fair view of the financial position of the Group and of the Company as of 31 December 2007 and of the results, changes in equity and cash flows of the Group and of the results and changes in equity of the Company for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG
Certified Public Accountants

Singapore
27 February 2008

Balance Sheets

Year Ended 31 December 2007

		Group		Company	
	Note	2007	2006	2007	2006
		US$'000	US$'000	US$'000	US$'000
Non-Current Assets					
Property, plant and equipment	3	68,396	56,198	-	-
Subsidiaries	4	-	-	84,540	84,490
Joint venture	5	21,983	-	-	-
Intangible assets	6	25,438	15,880	-	-
Other assets	7	7,913	6,865	-	-
		123,730	78,943	84,540	84,490
Current Assets					
Inventories	8	61,532	45,235	-	-
Biological assets	9	57,361	44,451	-	-
Trade and other receivables	10	64,367	46,121	14,284	11,502
Cash and cash equivalents	13	14,958	51,546	14	15
		198,218	187,353	14,298	11,517
Total Assets		321,948	266,296	98,838	96,007
Equity					
Share capital	14	10,818	10,818	10,818	10,818
Reserves	15	210,262	163,069	70,406	69,849
Total Equity		221,080	173,887	81,224	80,667
Non-Current Liabilities					
Deferred tax liabilities	16	1,116	8,489	-	-
Financial liabilities	17	789	1,523	-	-
		1,905	10,012	-	-
Current Liabilities					
Trade and other payables	18	60,792	33,716	9,233	6,959
Financial liabilities	17	34,763	44,611	8,381	8,381
Current tax liabilities		3,408	4,070	-	-
		98,963	82,397	17,614	15,340
Total Liabilities		100,868	92,409	17,614	15,340
Total Equity and Liabilities		321,948	266,296	98,838	96,007

The accompanying notes form an integral part of these financial statements.

Income Statements

Year Ended 31 December 2007

		Group		Company	
	Note	2007	2006	2007	2006
		US$'000	US$'000	US$'000	US$'000
Revenue	20	289,435	243,391	22,000	18,500
Cost of sales		(214,003)	(180,552)	-	-
Gross profit		75,432	62,839	22,000	18,500
Distribution and selling expenses		(17,511)	(17,032)	-	-
General and administrative expenses		(14,527)	(13,123)	(2,481)	(1,664)
Other expenses		(4,768)	(4,856)	(573)	(763)
Results from operating activities		38,626	27,828	18,946	16,073
Finance income		2,374	3,795	1	1
Finance expenses		(3,237)	(4,013)	-	(4)
Net finance (expenses)/income	22	(863)	(218)	1	(3)
Share of loss of joint venture, net of tax		(604)	-	-	-
Profit before taxation	21	37,159	27,610	18,947	16,070
Income tax	23	1,472	(6,573)	-	-
Profit for the year		38,631	21,037	18,947	16,070

	Note	2007	2006
Earnings per share			
Basic earnings per share (cents)	24	3.57	1.94
Diluted earnings per share (cents)		3.57	1.94

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 31 December 2007

	Note	Share capital	Share premium	Translation reserve	Revaluation reserve	Revenue reserve	Total attributable to equity holders of the Company	Minority interests	Total equity
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group									
2006									
At 1 January 2006		10,818	68,687	(62,545)	-	144,277	161,237	(294)	160,943
Currency translation differences recognised directly in equity		-	-	7,515	-	-	7,515	-	7,515
Net gains recognised directly in equity		-	-	7,515	-	-	7,515	-	7,515
Profit for the year		-	-	-	-	21,037	21,037	-	21,037
Total recognised income and expense for the year		-	-	7,515	-	21,037	28,552	-	28,552
Dividends	25	-	-	-	-	(15,902)	(15,902)	-	(15,902)
Acquisition of minority interest		-	-	-	-	-	-	294	294
At 31 December 2006		10,818	68,687	(55,030)	-	149,412	173,887	-	173,887
2007									
At 1 January 2007		10,818	68,687	(55,030)	-	149,412	173,887	-	173,887
Currency translation differences recognised directly in equity		-	-	23,439	-	-	23,439	-	23,439
Net surplus on revaluation, net of tax-property, plant and equipment		-	-	-	3,513	-	3,513	-	3,513
Net gains recognised directly in equity		-	-	23,439	3,513	-	26,952	-	26,952
Profit for the year		-	-	-	-	38,631	38,631	-	38,631
Total recognised income and expense for the year		-	-	23,439	3,513	38,631	65,583	-	65,583
Dividends	25	-	-	-	-	(18,390)	(18,390)	-	(18,390)
At 31 December 2007		10,818	68,687	(31,591)	3,513	169,653	221,080	-	221,080

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Equity

Year Ended 31 December 2007

	Share capital	Share premium	Revenue reserve	Total equity
	US$'000	US$'000	US$'000	US$'000
Company				
2006				
At 1 January 2006	10,818	68,826	855	80,499
Profit for the year	-	-	16,070	16,070
Dividends (Note 25)	-	-	(15,902)	(15,902)
At 31 December 2006	10,818	68,826	1,023	80,667
2007				
At 1 January 2007	10,818	68,826	1,023	80,667
Profit for the year	-	-	18,947	18,947
Dividends (Note 25)	-	-	(18,390)	(18,390)
At 31 December 2007	10,818	68,826	1,580	81,224

The accompanying notes form an integral part of these financial statements.

Cash Flow Statement

Year Ended 31 December 2007

	Group	
	2007	2006
	US$'000	US$'000
Operating Activities		
Profit for the year	38,631	21,037
Adjustments for:		
Amortisation of intangible assets	442	422
Depreciation of property, plant and equipment	8,845	7,616
Allowance for doubtful receivables	670	559
Allowance for inventory obsolescence	1,189	2,240
(Reversal of)/impairment loss on property, plant and equipment	(161)	260
Gain on disposal of property, plant and equipment	(89)	(92)
Share of joint venture's losses	604	-
Income tax	(1,472)	6,573
Operating profit before working capital changes	48,659	38,615
Changes in working capital:		
Other assets	193	40
Inventories	(9,823)	2,169
Biological assets	(4,716)	(1,112)
Trade and other receivables	(17,148)	(15,766)
Trade and other payables	23,709	(3,984)
Operating cash flows	40,874	19,962
Income taxes paid	(9,483)	(4,276)
Cash flows from operating activities	31,391	15,686
Investing Activities		
Interest received	2,364	3,001
Proceeds from disposal of property, plant and equipment	334	653
Purchase of property, plant and equipment	(6,669)	(6,117)
Acquisition of remaining equity interests in a subsidiary	-	(1,274)
Acquisition of trademark	(10,000)	-
Acquisition of subsidiary, net of cash (note 27)	(21,268)	-
Additional investment in joint venture	(1,234)	-
Cash flows used in investing activities	(36,473)	(3,737)
Financing Activities		
Interest paid	(3,058)	(4,013)
Repayment of finance lease liabilities	(1,057)	(939)
(Repayment of)/proceeds from borrowings	(9,525)	1,967
Dividends paid	(18,390)	(15,902)
Cash flows used in financing activities	(32,030)	(18,887)
Net decrease in cash and cash equivalents	(37,112)	(6,938)
Cash and cash equivalents at beginning of year	51,546	60,113
Effect of exchange rate changes on balances held in foreign currency	524	(1,629)
Cash and cash equivalents at end of year (Note 13)	14,958	51,546

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year Ended 31 December 2007

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 February 2008.

1 Domicile and Activities

Del Monte Pacific Limited (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 ("SGX-ST"). The registered office of the Company is located at Craigmuir Chambers, 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, tropical mixed fruit, tomato-based products, and certain other food products mainly under the brand names of "Del Monte", "Today's", "Great Lakes", "Ming Lang", "Rougemont" and "S&W" . The details of the Company's subsidiaries and their principal activities are set out in Note 4.

The immediate holding company is NutriAsia Pacific Limited whose ultimate shareholders are Golden Chamber Investment Limited and Well Grounded Limited which at 31 December 2007 hold 57.8% and 42.2% respectively through their intermediary companies. NutriAsia Pacific Limited, Golden Chamber Investment Limited and Well Grounded Limited are incorporated in the British Virgin Islands.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group").

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis except for biological assets (livestock) which are measured at fair value less estimated point-of-sale costs, freehold land which are measured at valuation and certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in United States ("US") dollars which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.1 Basis of Preparation (Cont'd)

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – Property, plant and equipment
- Note 6 – Intangible assets
- Note 8 – Inventories
- Note 9 – Biological assets
- Note 11 – Trade receivables
- Note 19 – Retirement benefit obligations
- Note 23 – Income tax

During the year, the Group changed its accounting policy for freehold land as described in Note 2.4 and Note 3. Except for this change, the accounting policies of the Group have been consistently applied by the Group and are consistent with those used in the previous financial year. The Group has adopted the following revised standards which are mandatory for financial years beginning on or after 1 January 2007. The Group's adoption of the new and revised standards has no significant impact on current and prior periods.

IFRS 7	Financial Instruments Disclosures and the Amendments to IAS 1 *Presentation of Financial Statements: Capital Disclosures*
IFRIC 9	*Reassessment of Embedded Derivatives*
IFRIC 10	*Interim Financial Reporting & Impairment*

2.2 Consolidation

Acquisition under common control

The formation of the Group in 1999 was 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.

Other acquisitions

Other acquisitions are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, representing negative goodwill, is credited to the income statement in the period of the acquisition.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.2 Consolidation (Cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint Ventures

Joint ventures are entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Joint ventures are accounted for using the equity method. The consolidated financial statements include the Group's share of the income, expenses and equity movements of joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries and joint ventures by the Company

Investments in subsidiaries and joint ventures are stated in the Company's balance sheet at cost less accumulated impairment losses.

2.3 Foreign Currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.3 Foreign Currencies (Cont'd)

Foreign operations

The assets and liabilities of foreign operations are translated to US dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to the income statement.

2.4 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for freehold land, which are stated at its revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated impairment losses. Revaluation is carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Construction-in-progress represents plant and properties under construction and is not depreciated until such time as the relevant assets are completed and become available for use. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.4 Property, Plant and Equipment (Cont'd)

The estimated useful lives are as follows:

Buildings on freehold land	-	15 to 45 years
Buildings, land improvements and leasehold improvements	-	3 to 45 years
Machinery and equipment	-	3 to 30 years
Dairy and breeding herd	-	3½ years to 6 years
Motor vehicles	-	5 to 10 years

Dairy and breeding herd relates to livestock (cattle) being reared for milking and breeding purposes.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Fully depreciated assets are retained in the financial statements until they are no longer in use, and no further charge for depreciation is made in respect of these assets.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the financial statements and any gain or loss resulting from their disposals is included in the income statement.

2.5 Intangible Assets

Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets and is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in Note 2.8.

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses. These intangible assets are amortised in the income statement on a straight-line basis over their estimated useful lives as follows:

Trademarks	-	40 years
Distribution network	-	5 years

Intangible assets created within the business are not capitalised and expenditure is charged to the income statement in the year in which the expenditure is incurred.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.6 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits and represent short-term, highly liquid investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Intra-group financial guarantees

Financial guarantees are classified as financial liabilities.

Financial guarantees are recognised initially at fair value. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2.7 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.7 Leases (Cont'd)

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made.

2.8 Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and biological assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.9 Inventories

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

Cost of finished goods is based on the weighted average method, while the cost of production materials and storeroom items is based on the weighted moving average method. Cost of processed 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 selling expenses.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period 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 period 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 period in which the reversal occurs.

2.10 Biological Assets

Biological assets comprise growing crops and livestock.

Biological assets (growing crops), for which fair values cannot be measured reliably, are measured at cost less accumulated impairment losses. Expenditure on growing crops includes land preparation expenses and other direct expenses incurred during the cultivation period of the primary and ratoon crops. These expenditure on growing crops are deferred and taken into inventories based on the estimated total yield during the estimated growth cycle of three years.

Biological assets (livestock) are measured at fair value less estimated point-of-sale costs, with any changes therein recognised in income statement. Point-of-sale costs include all costs that would be necessary to sell the assets. Gains and losses arising from such measurement are included in the income statement in the period in which they arise.

2.11 Employee Benefits

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit pension plan

A defined benefit pension plan requires contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for the plan at the end of the previous reporting period exceeds 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.11 Employee Benefits (Cont'd)

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately. Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately if the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Notes to the Financial Statements

Year Ended 31 December 2007

2 Summary of Significant Accounting Policies (Cont'd)

2.13 Revenue Recognition

Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For export shipments, transfer occurs upon loading of the goods onto the relevant carrier.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

2.14 Finance Income and Expenses

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.15 Income Tax Expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

Year Ended 31 December 2007

3 Property, Plant and Equipment

	<---------------------------- Cost---------------------------->					Valuation	
	Buildings on freehold land US$'000	Buildings, land improvements and leasehold improvements US$'000	Machinery and equipment US$'000	Dairy and breeding herd US$'000	Construction -in-progress US$'000	Freehold land US$'000	Total US$'000
Group							
Cost / Valuation							
At 1 January 2006	8,214	5,647	92,232	309	2,911	-	109,313
Additions	206	142	3,339	-	2,430	-	6,117
Disposals	(363)	(388)	(6,617)	(20)	-	-	(7,388)
Reclassifications	177	986	2,671	-	(3,834)	-	-
Currency realignment	636	436	7,259	25	230	-	8,586
At 31 December 2006	8,870	6,823	98,884	314	1,737	-	116,628
At 1 January 2007	8,870	6,823	98,884	314	1,737	-	116,628
Additions	120	1,130	3,025	-	2,394	-	6,669
Disposals	-	(14)	(1,130)	(19)	-	-	(1,163)
Reclassifications	(13)	148	1,300	-	(1,482)	47	-
Acquisition of subsidiary	-	-	3	-	-	-	3
Surplus on revaluation	-	-	-	-	-	5,171	5,171
Currency realignment	1,625	1,082	17,397	58	319	498	20,979
At 31 December 2007	10,602	9,169	119,479	353	2,968	5,716	148,287
Accumulated Depreciation and Impairment Losses							
At 1 January 2006	2,752	2,046	49,677	276	-	-	54,751
Charge for the year	194	302	7,114	6	-	-	7,616
(Reversal of)/impairment loss	-	(168)	428	-	-	-	260
Disposals	(274)	(384)	(6,149)	(20)	-	-	(6,827)
Currency realignment	233	164	4,210	23	-	-	4,630
At 31 December 2006	2,905	1,960	55,280	285	-	-	60,430
At 1 January 2007	2,905	1,960	55,280	285	-	-	60,430
Charge for the year	232	410	8,203	-	-	-	8,845
Reversal of impairment loss	-	-	(161)	-	-	-	(161)
Disposals	-	(14)	(885)	(19)	-	-	(918)
Currency realignment	560	360	10,722	53	-	-	11,695
At 31 December 2007	3,697	2,716	73,159	319	-	-	79,891
Carrying Amount							
At 1 January 2006	5,462	3,601	42,555	33	2,911	-	54,562
At 31 December 2006	5,965	4,863	43,604	29	1,737	-	56,198
At 31 December 2007	6,905	6,453	46,320	34	2,968	5,716	68,396

Notes to the Financial Statements

Year Ended 31 December 2007

3 Property, Plant and Equipment (Cont'd)

As at 31 December 2007, the net carrying amount of leased property, plant and equipment was US$1,299,000 (2006: US$1,903,000).

Impairment loss relating to machinery and equipment has been reversed and credited against "Other expenses" in the income statement during the year. The impairment was reversed to increase the carrying amount of machinery and equipment to its recoverable amount, which was estimated based on the higher of net selling price and value in use.

At 31 December 2007, the Group has no legal or constructive obligation to dismantle any of its leasehold improvements as the lease contracts provide, among other things, that the improvements introduced on the leased assets shall become the property of the lessor upon termination of the lease, except for two contracts by a subsidiary where the Group is contingently liable for the cost of dismantling because the lessors have the option to require the company to restore the leased premises to its original condition at the Group's expense. The dismantling obligation is therefore contingent and undeterminable at this time.

Change in accounting policy

Freehold land of the Group at 31 December 2007 is stated at fair value of US$5,218,000 based on independent valuations by M/S Mott MacDonald Pvt Ltd, Mumbai, India and Binswanger Philippines Inc, Manila, Philippines, on an existing use basis. The revaluation surplus, net of tax, amounting to US$3,513,000 has been transferred to the revaluation reserve of the Group.

Freehold land was previously stated at cost. The change in accounting policy is to better reflect the market value of the freehold land which has substantially appreciated since its acquisition. The change has been applied prospectively and had the following impact on the financial statements:

	Group 2007 US$'000
Balance Sheet as at 31 December	
Increase in property, plant and equipment	5,171
Increase in deferred tax liability	1,658
Increase in revaluation reserve	3,513

The carrying amount of the freehold land would have been US$47,000 (2006: US$42,000) had the freehold land been carried at cost less impairment losses.

Source of estimation uncertainty

The costs of property, plant and equipment, except for freehold land, are depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 to 45 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on the factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets.

Notes to the Financial Statements

Year Ended 31 December 2007

4 Subsidiaries

	Company	
	2007 US$'000	2006 US$'000
Unquoted equity shares, at cost	18,032	17,982
Amounts due from subsidiaries (non-trade)	66,508	66,508
	84,540	84,490

Except for amounts of US$8,912,000 (2006: US$8,610,000) which bears interest at 5.27% (2006: 5.53%) respectively per annum, the amounts due from subsidiaries are unsecured and interest-free. Settlement of the balances are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investment in the subsidiaries. Accordingly, they are stated at cost less accumulated impairment losses.

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 2007 %	2006 %
Held by the Company				
Abpak Company Limited ("Abpak") [3]	Investment holding	Hong Kong	100	100
Del Monte Pacific Resources Limited ("DMPRL") [1]	Investment holding	British Virgin Islands	100	100
DMPL India Pte Ltd ("DMPLI") [1]	Investment holding	Singapore	100	100
DMPL Management Services Pte Ltd ("DMS") [1]	Providing administrative support and liaison services to the Group	Singapore	100	100
GTL Limited ("GTL") [1]	Trading food products mainly under the brand names, "Del Monte" and "S&W"	Federal Territory of Labuan, Malaysia	100	100
S&W Foods International Limited [4]	Owner of the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa	British Virgin Islands	100	-

Notes to the Financial Statements

Year Ended 31 December 2007

4 Subsidiaries (Cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 2007	2006
			%	%
Held by DMPRL				
Central American Resources, Inc ("CARI") [1]	Investment holding and trading food products mainly under the brand name "Del Monte"	Panama	100	100
Held by CARI				
Del Monte Philippines, Inc ("DMPI") [2]	Growing, processing and distribution of food products mainly under the brand names "Del Monte" and "Today's"	Philippines	100	100
Dewey Limited ("Dewey") [1]	Owner of the "Del Monte" and "Today's" trademarks in the Philippines	Bermuda	100	100
Pacific Brands Philippines, Inc [4]	Inactive	State of Delaware, USA	100	100
Held by DMPLI				
Del Monte Foods India Private Limited [a] [3]	Manufacturing, processing and distributing food, beverages and other related products	Mumbai, India	100	100
DMPL India Limited (note 27) [3]	Investment holding	Mauritius	80.2	-
Held by Abpak				
Great Lakes (Tianjin) Fresh Foods and Juice Co., Ltd [3]	Manufacturing and marketing of fruit juice under the brand names "Great Lakes", "Ming Lang" and "Rougemont"	Tianjin, China	100	100
Great Lakes (Qinhuangdao) Fresh Foods and Juice Company Limited [3]	Manufacturing and marketing of fruit juice for export markets	Hubei, China	100	100
Held by DMPI				
Philippines Packing Management Services Corporation [2]	Management, logistic and support services	Philippines	100	-

(a) 0.1% held by DMPRL.
[1] Audited by KPMG Singapore.
[2] Audited by member firm of KPMG International.
[3] Audited by other certified public accountants. Subsidiary not significant under rule 718 of the SGX-ST Listing Manual.
[4] Not required to be audited in the country of incorporation.

Notes to the Financial Statements

Year Ended 31 December 2007

4 Subsidiaries (Cont'd)

A subsidiary is considered significant as defined under the SGX-ST Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

5 Joint Venture

	Group	
	2007 US$'000	**2006 US$'000**
Investment in a joint venture	3,068	-
Goodwill on acquisition (note 27)	19,519	-
Share of post acquisition reserve	(604)	-
	21,983	-

On 28 September 2007, the Group acquired 80.2% of subsidiary, DMPL India Limited (Note 27) through which the Group indirectly acquired an effective interest of 40.1% in FieldFresh Foods Private Limited ("FieldFresh"). As the principal asset of DMPL India Limited is its interest in FieldFresh, the goodwill arising on acquisition of US$19,519,000 has been allocated to the cash generating unit, FieldFresh.

Details of the joint venture that is held by DMPL India Limited are as follows:

Name of company	:	FieldFresh Foods Private Limited *
Principal activities	:	Production and sale of fresh and processed fruits and vegetables food products
Country of incorporation/business	:	India
Effective equity held by the Group	:	40.1% (2006: nil)

* Audited by other certified public accountants. Joint venture not significant under Rule 718 of the SGX-ST Listing Manual.

The summarised financial information of the joint venture, which represents the Group's share, is as follows:

	2007 US$'000
Assets and Liabilities	
Non-current assets	4,828
Current assets	1,441
Total assets	6,269
Current liabilities	1,243
Non-current liabilities	2,335
Total liabilities	3,578
Net assets	2,691
Results	
Revenue	71
Expenses	(675)
Loss after taxation	(604)

The joint venture does not have any commitments or contingent liabilities as at 31 December 2007.

Notes to the Financial Statements

Year Ended 31 December 2007

6 Intangible Assets

	Trademarks	Distribution network	Goodwill	Total
	US$'000	US$'000	US$'000	US$'000
Cost				
At 1 January 2006	12,480	227	5,610	18,317
Acquisition of a subsidiary	-	-	1,568	1,568
At 31 December 2006	12,480	227	7,178	19,885
At 1 January 2007	12,480	227	7,178	19,885
Addition	10,000	-	-	10,000
At 31 December 2007	22,480	227	7,178	29,885
Accumulated Amortisation				
At 1 January 2006	3,514	69	-	3,583
Amortisation	376	46	-	422
At 31 December 2006	3,890	115	-	4,005
At 1 January 2007	3,890	115	-	4,005
Amortisation	396	46	-	442
At 31 December 2007	4,286	161	-	4,447
Carrying Amount				
At 1 January 2006	8,966	158	5,610	14,734
At 31 December 2006	8,590	112	7,178	15,880
At 31 December 2007	18,194	66	7,178	25,438

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

	2007	2006
	US$'000	US$'000
At 1 January	4,005	3,583
Amortisation during the year		
- Del Monte and Today's trademarks	303	303
- Great Lakes trademark and distribution network	119	119
- S&W trademark	20	-
At 31 December	4,447	4,005

The amortisation is recognised under "Other expenses" in the income statements.

Notes to the Financial Statements

Year Ended 31 December 2007

6 Intangible Assets (Cont'd)

Trademarks and distribution network

Indian sub-continent trademark

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 in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others ("Indian Sub-continent trademark").

Under the terms of the agreement, a total consideration of US$10 million would be payable by DMPRL to the affiliated company for the right to use the trademark. The first sum of US$1 million was paid in 1996 and the remaining US$9 million was settled in 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 was 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 that approximated the cost of funds to the Company was used. The net carrying amount and the remaining amortisation period of the Indian Sub-continent trademark as at 31 December 2007 are US$5,503,000 and 29 years (2006: US$5,693,000 and 30 years) respectively.

The Indian Sub-continent trademark has been allocated to a cash-generating unit ("CGU"), Del Monte Foods India Private Limited ("DMFI CGU"), a subsidiary whose principal activities are manufacturing, processing and distributing food and beverages and other related products, for impairment testing.

The recoverable amount of DMFI CGU is also determined based on a value in use calculation using cash flow projections approved by the Board of Directors covering a five-year period. The cash flow projection for the first year is based on financial budgets prepared by management while the following two years are based on the strategic business plan. Thereafter, a constant growth rate is applied for the remaining two years. The pre-tax discount rate of 10.5% (2006: 10.5%) per annum was applied to the cash flow projections, which is derived from the bank's prime lending rate, the expected rate of return and various risks.

Key assumptions on which management has based its cash flow projections to undertake impairment testing of trademarks are on budgeted revenue and budgeted gross margins. The determination of the value assigned to the budgeted revenue and budgeted gross margin is based on the Group's forecasted revenue and average gross margins achieved in the year by their comparable manufacturing operation immediately before the budgeted year, increased for expected efficiency improvements and growth.

Management believes that any reasonably possible change on the key assumptions in the computation of the recoverable amount of the trademark would not cause its carrying amount to exceed its recoverable amount.

Philippines trademarks

A subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines ("Philippines trademarks"). The approximate net carrying amount and the remaining amortisation period of the Philippines trademarks as at 31 December 2007 are US$2,602,000 and 23 years (2006: US$2,715,000 and 24 years) respectively.

Management has reviewed for indicators of impairment for the Philippines trademarks and conclude that no indication of impairment exist at the balance sheet date.

Notes to the Financial Statements

Year Ended 31 December 2007

6 Intangible Assets (Cont'd)

Trademarks and distribution network *(Cont'd)*

Great Lakes intangibles

In July 2004, the Company acquired 89% of Abpak Company Limited ("Abpak") for an aggregate value of US$10,100,000. This comprised the initial investment of US$6,276,000 plus acquisition related costs of US$284,000 for the relevant share of Great Lakes' net assets of US$358,000, thus recognising goodwill of US$5,610,000 and other intangible assets of US$592,000. The net carrying amount and the remaining amortisation period of the Great Lakes' intangibles (other than goodwill) as at 31 December 2007 are US$176,000 and 1.5 years (2006: US$295,000 and 2.5 years) respectively. Management has reviewed for indicators of impairment for the China intangibles and conclude that no indication of impairment exist at the balance sheet date.

In July 2006, the Company acquired the remaining 11% equity interest in Abpak for US$1,274,000 in cash. Abpak's net liabilities of US$294,000 were acquired and a resultant goodwill of US$1,568,000 was recognised. The US$5,610,000 and US$1,568,000 goodwill resulted from the step acquisition of Abpak have been allocated to a group of cash-generating units ("CGU"), Great Lakes (Tianjin) and Great Lakes (Qinhuangdao) ("GL CGU"), two subsidiaries whose principal activities are the manufacture and marketing of fruit juice.

The recoverable amount of GL CGU is determined based on a value in use calculation using cash flow projections approved by the Board of Directors covering a five-year period. The cash flow projection for the first year is based on financial budgets prepared by management while the following two years are based on the strategic business plan. Thereafter, a constant growth rate is applied for the remaining two years. The pre-tax discount rate of 10% (2006: 7.25%) per annum was applied to the cash flow projections, after taking into consideration the bank's prime lending rate, the expected rate of return and various risks.

The key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill are on budgeted revenue and budgeted gross margin. The basis used to determine the value assigned to the budgeted revenue and budgeted gross margins is the average revenue and gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements and growth.

Management believes that any reasonably possible change on the key assumptions in the computation of the recoverable amount of the goodwill would not cause its carrying amount to exceed its recoverable amount.

S&W trademark

During the financial year, a subsidiary, S&W Foods International Limited, entered into an agreement with Del Monte Corporation to acquire the exclusive right to use the "S&W" trademark in Asia (excluding Australia and New Zealand), the Middle East, Western Europe, Eastern Europe and Africa. Under the terms of agreement, a total consideration of US$10,000,000 was paid to Del Monte Corporation. The net carrying amount and the remaining amortisation period of the "S&W" trademark as at 31 December 2007 are US$9,979,000 and 40 years (2006: nil) respectively.

Management has reviewed for indicators of impairment for the "S&W" trademark and conclude that no indication of impairment exist at the balance sheet date.

The above trademarks give the Group the perpetual exclusive right to use the trademarks in the specified countries. Management has determined that the economic useful life of the trademarks is 40 years as it is expected that a significant amount of revenue will be generated from the use of these trademarks over this period.

Notes to the Financial Statements

Year Ended 31 December 2007

6 Intangible Assets (Cont'd)

Source of estimation uncertainty

The Group reviews goodwill for impairment annually while the trademarks are assessed for impairment whenever there is an indication that the trademarks may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill and trademarks are allocated.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and apply an appropriate suitable discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations.

7 Other Assets

	Group	
	2007 US$'000	2006 US$'000
Advances to growers	4,700	3,757
Security deposits	1,421	1,287
Land expansion (development costs of acquired leased areas)	1,291	1,136
Others	501	685
	7,913	6,865

The advances to growers may be applied against the minimum guaranteed profits to growers.

Land expansion comprises development costs of newly acquired leased areas including costs such as creation of access roads, construction of bridges and clearing costs. These costs are amortised over the lease periods.

Notes to the Financial Statements

Year Ended 31 December 2007

8 Inventories

	Group	
	2007	**2006**
	US$'000	**US$'000**
Finished goods		
- at cost	17,218	14,128
- at net realisable value	122	146
Semi-finished goods		
- at cost	8,867	5,665
Raw materials and packaging supplies		
- at cost	35,325	25,296
	61,532	45,235

Inventories are stated after allowance for inventory obsolescence. Movements in the allowance for inventory obsolescence during the financial year are as follows:

	Group	
	2007	**2006**
	US$'000	**US$'000**
At 1 January	2,411	3,730
Allowance for the year (Note 21)	1,189	2,240
Write-off against allowance	(1,581)	(3,409)
Currency realignment	570	(150)
At 31 December	2,589	2,411

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventory items are identified as obsolete. Obsolescence is based on the physical and internal condition of inventory items. Obsolescence is also established when inventory items are no longer marketable. Obsolete goods when identified are charged to income statement and are written off. In addition to a provision for specifically identified obsolete inventory, estimation is made on a group basis based on the age of the inventory items. The Group believes such estimates represent a fair charge of the level of inventory obsolescence in a given year. The Group reviews on a monthly basis the condition of its stocks. The assessment of the condition of the inventory goods either increase or decrease the expenses or total inventory.

Notes to the Financial Statements
Year Ended 31 December 2007

9 Biological Assets

	Group	
	2007 US$'000	2006 US$'000
Growing Crops (at cost)		
At 1 January	42,475	38,068
Additions	39,413	32,663
Harvested	(37,272)	(31,366)
Currency realignment	7,833	3,110
At 31 December	52,449	42,475
Livestock (at fair value)		
At 1 January	1,976	1,999
Purchases of livestock	4,462	5,138
Changes in fair value attributable to price changes	225	83
Sales of livestock	(2,116)	(5,407)
Currency realignment	365	163
At 31 December	4,912	1,976
Total biological assets	57,361	44,451

Growing crops

Estimated hectares planted with growing crops are as follows:

	Group	
	2007	2006
Pineapples	11,262	10,776
Papaya	330	245
Passion fruit	62	48

Notes to the Financial Statements

Year Ended 31 December 2007

9 Biological Assets (Cont'd)

Growing crops (Cont'd)

Estimated fruits harvested, in metric tons, from the growing crops are as follows:

	Group	
	2007	**2006**
Pineapples	644,496	637,116
Papaya	5,869	7,721
Passion fruit	318	361

Source of estimation uncertainty

Growing crops is stated at cost which comprises actual costs incurred in nurturing the crops reduced by the estimated cost of fruits harvested. The cost of fruits harvested from the Group's plant crops and subsequently used in production is the estimated cost of the actual volume of fruits harvested in a given period. An estimated cost is necessary since the growth cycle of the plant crops is beyond twelve months, hence actual growing costs are not yet known as of reporting date. The estimated cost is developed by allocating estimated growing costs for the estimated growth cycle of two to three years over the estimated harvests to be made during the life cycle of the plant crops. Estimated growing costs are affected by inflation and foreign exchange rates, volume and labour requirements. Estimated harvest is affected by natural phenomenon such as weather patterns and volume of rainfall. Field performance and market demand also affect the level of estimated harvests. The Group reviews and monitors the estimated cost of harvested fruits regularly. Increases in cost of harvested fruits increases inventory cost and reduces the carrying amount of growing costs reflected as biological assets.

Livestock

Livestock comprises growing herd and cattle for slaughter and is stated at fair value. The fair value is determined based on the actual selling prices approximating those at year end less estimated point-of-sale costs.

Source of estimation uncertainty

The fair value of cattle for slaughter is based on the market prices from the various relevant markets. Fair value of the cattle for slaughter is measured on initial recognition and at each balance sheet date with changes in fair value recognised in income statement. The fair value is based on market prices of mature cattle ready for slaughter. Since market prices used as the basis for fair value refer to mature cattle, the market price for immature cattle already identified for slaughter is adjusted to account for the growing cost to be incurred for the immature cattle for slaughter to mature.

Notes to the Financial Statements

Year Ended 31 December 2007

10 Trade and Other Receivables

	Note	Group 2007 US$'000	Group 2006 US$'000	Company 2007 US$'000	Company 2006 US$'000
Trade receivables	11	50,540	35,310	-	-
Deposits, prepayments and other receivables	12	13,827	10,811	65	76
Amounts due from subsidiaries (non-trade)		-	-	14,219	11,426
		64,367	46,121	14,284	11,502

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

11 Trade Receivables

	Group 2007 US$'000	Group 2006 US$'000
Trade receivables	52,035	36,630
Less: Allowance for doubtful receivables	(1,495)	(1,320)
	50,540	35,310

The maximum exposure to credit risk for trade receivables at the reporting date (by geographical region) is:

	Group 2007 US$'000	Group 2006 US$'000
Asia Pacific	33,785	21,188
Europe and North America	16,755	14,122
	50,540	35,310

The ageing of receivables at the reporting date is:

	2007 Gross US$'000	2007 Impairment losses US$'000	2006 Gross US$'000	2006 Impairment losses US$'000
Not past due	49,549	(944)	38,073	(850)
Past due 0 - 30 days*	1,459	-	(2,288)	-
Past due 31 - 90 days	47	-	256	-
More than 91 days	980	(551)	589	(470)
	52,035	(1,495)	36,630	(1,320)

* Includes credit memos

Notes to the Financial Statements

Year Ended 31 December 2007

11 Trade Receivables (Cont'd)

Movements in allowance for doubtful receivables during the financial year are as follows:

	Group	
	2007	2006
	US$'000	US$'000
At 1 January	1,320	1,120
(Write-back)/allowance for the year (net)	(38)	104
(Write-off)/write-back against allowance	(29)	7
Currency realignment	242	89
At 31 December	1,495	1,320

Source of estimation uncertainty

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowance on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates. An increase in the Group's provision for doubtful accounts would increase the Group's recorded operating expenses and decrease current assets.

12 Deposits, Prepayments and Other Receivables

	Group		Company	
	2007	2006	2007	2006
	US$'000	US$'000	US$'000	US$'000
Prepayments	6,389	5,046	65	76
Other recoverables	6,768	5,179	-	-
Deposits	635	561	-	-
Non-trade receivables	1,862	1,478	-	-
Downpayment from contractors	361	27	-	-
	16,015	12,291	65	76
Less: Allowance for doubtful receivables	(2,188)	(1,480)	-	-
	13,827	10,811	65	76

Movements in allowance for doubtful receivables during the financial year were as follows:

	Group	
	2007	2006
	US$'000	US$'000
At 1 January	1,480	1,025
Allowance for the year	708	455
At 31 December	2,188	1,480

Notes to the Financial Statements

Year Ended 31 December 2007

13 Cash and Cash Equivalents

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Cash and bank balances	4,021	2,417	14	15
Short-term deposits	10,937	49,129	-	-
	14,958	51,546	14	15

Certain of the cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 2.3% to 4.6% (2006: 0.8% to 3.0%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits during the financial year was 5.06% (2006: 5.73%) per annum.

14 Share Capital

	2007		2006	
	No. of shares	US$'000	No. of shares	US$'000
Authorised:				
Ordinary shares of US$0.01 each	2,000,000,000	20,000	2,000,000,000	20,000
Issued and fully paid:				
Ordinary shares of US$0.01 each	1,081,781,194	10,818	1,081,781,194	10,818

The Del Monte Pacific Executive Stock Option Plan 1999 ("ESOP") of the Company was approved and amended by its members at general meetings held on 30 July 1999 and 21 February 2002 respectively.

The shareholders also approved the adoption of two share plans, Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") and Del Monte Pacific Performance Share Plan ("Del Monte Pacific PSP") (collectively the "Share Plans"), during the general meeting held on 26 April 2005, to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, currently targeted at executives at key positions, to excel in their performance.

Since the commencement of the ESOP and Share Plans, no options or awards have been granted to the controlling shareholders of the Company or their associates and no participant has been granted 5% or more of the total options/awards under the ESOP and Share Plans.

The Remuneration and Share Option Committee ("RSOC") is responsible for administering these share plans.

As at the end of the financial year, except as disclosed in this report, there were no unissued shares of the Company or its subsidiaries under options/awards granted by the Company or its subsidiaries.

Notes to the Financial Statements

Year Ended 31 December 2007

14 Share Capital (Cont'd)

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net income divided by total shareholders' equity excluding minority interest. The Board also monitors the level of dividends paid to ordinary shareholders.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

15 Reserves

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Share premium	68,687	68,687	68,826	68,826
Translation reserve	(31,591)	(55,030)	-	-
Revenue reserve	169,653	149,412	1,580	1,023
Revaluation reserve	3,513	-	-	-
	210,262	163,069	70,406	69,849

Under the British Virgin Islands law in whose jurisdiction the Company operates, the Company's share premium and revenue reserve form part of the Company's surplus account that may be available for dividend distribution. The Group's share premium is shown net of a merger deficit of US$139,000, which arose from the acquisition of a subsidiary, Del Monte Pacific Resources Limited, under common control in 1999.

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign entities.

The revaluation reserve relates to surplus on the revaluation of freehold land of the Group.

Notes to the Financial Statements

Year Ended 31 December 2007

16 Deferred Tax

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amount determined after appropriate offsetting are included in the balance sheet as follows:

Group	At 1 January US$'000	Charged/ (credited) to income statement US$'000	Charged/ (credited) to equity US$'000	Currency realignment US$'000	At 31 December US$'000
2006					
Deferred tax liabilities					
Accelerated depreciation allowance	3,978	64	-	(100)	3,942
Growing crops	6,306	(52)	-	867	7,121
	10,284	12	-	767	11,063
Deferred tax assets					
Provisions	(2,413)	(19)	-	(76)	(2,508)
Foreign exchange differences	(69)	(2)	-	5	(66)
	(2,482)	(21)	-	(71)	(2,574)
Net deferred tax liabilities/(assets)	7,802	(9)	-	696	8,489

Notes to the Financial Statements

Year Ended 31 December 2007

16 Deferred Tax (Cont'd)

Group	At 1 January US$'000	Charged/ (credited) to income statement US$'000	Charged/ (credited) to equity US$'000	Currency realignment US$'000	At 31 December US$'000
2007					
Deferred tax liabilities					
Revaluation of freehold land	-	-	1,658	-	1,658
Accelerated depreciation allowance	3,942	(3,524)	-	624	1,042
Growing crops	7,121	(6,566)	-	1,120	1,675
	11,063	(10,090)	1,658	1,744	4,375
Deferred tax assets					
Provisions	(2,508)	60	-	(461)	(2,909)
Foreign exchange differences	(66)	(263)	-	(21)	(350)
	(2,574)	(203)	-	(482)	(3,259)
Net deferred tax liabilities/(assets)	8,489	(10,293)	1,658	1,262	1,116

The deferred tax credit to income tax in 2007 includes a one-time positive adjustment of US$10,293,000, resulting from the adjustment of deferred tax liabilities deferred at 30% to 35% to the new tax rate of 5% under the policies of the Philippine Economic Zone Authority (Note 23).

The total amount of potential income tax consequences that would arise from the payment of dividends to the shareholders of the Company, resulting from a withholding tax of 15% on the total revenue reserve as at 31 December 2007 of a subsidiary based in the Philippines, is approximately US$6,892,000 (2006: US$4,517,000). No provision has been made in respect of this potential income tax as it is the Company's intention to permanently reinvest these reserves in the Philippines and not to distribute them as dividends.

Deferred tax assets have not been recognised in respect of accumulated tax losses amounting to US$2,584,000 as follows:

Year of Origin	Year of Expiry	US$'000
2004	2009	577
2005	2010	1,259
2006	2011	748
		2,584

The tax losses, which relate to the Chinese subsidiaries, are subject to agreement by the tax authorities and compliance with tax regulations in the People's Republic of China. The deductible temporary differences will expire between 2009 to 2011 under current tax legislation. Deferred tax assets have not been recognised in accordance with the Group's accounting policy as set out in Note 2.15.

Notes to the Financial Statements

Year Ended 31 December 2007

17 Financial Liabilities

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Current liabilities				
Unsecured short-term borrowings	34,189	43,714	8,381	8,381
Obligations under finance leases	574	897	-	-
	34,763	44,611	8,381	8,381
Non-current liabilities				
Obligations under finance leases	208	912	-	-
Other long-term lease payables	581	611	-	-
	789	1,523	-	-
	35,552	46,134	8,381	8,381

Unsecured short-term borrowings

The amounts are unsecured, bore weighted average effective interest rates of 4.0% to 6.6% (2006: 5.0% to 7.2%) per annum and reprice at intervals of 1 to 3 months.

Obligations under finance leases

At 31 December, the Group's obligations under finance leases are as follows:

	2007			2006		
	Principal US$'000	Interest US$'000	Payments US$'000	Principal US$'000	Interest US$'000	Payments US$'000
Repayable:						
Within 1 year	574	60	634	897	193	1,090
After 1 year but within 5 years	208	12	220	912	88	1,000
Total	782	72	854	1,809	281	2,090

The finance leases bear interest at 12% per annum which is also the effective interest rate. The fair value of the finance leases approximate their carrying amount and are as disclosed in this note.

The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other lease agreements.

Notes to the Financial Statements

Year Ended 31 December 2007

18 Trade and Other Payables

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Trade payables	29,755	13,377	-	-
Accrued operating expenses	24,846	12,928	223	274
Customer deposits	758	3,772	-	-
Accrued payroll expenses	2,517	2,435	74	166
Value-added tax payable	735	81	-	-
Withheld from employees (taxes and social security cost)	1,193	1,046	-	-
Other payables	988	77	5	5
Amounts due to subsidiaries (non-trade)	-	-	8,931	6,514
	60,792	33,716	9,233	6,959

The accrued payroll expenses of the Group includes retirement benefit obligations of approximately US$1,702,000 (2006: US$1,692,000) (Note 19).

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

19 Retirement Benefit Obligations

A subsidiary, DMPI, has a funded, non-contributory 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.

At 31 December, the amount recognised in the balance sheet is as follows:

	Group	
	2007 US$'000	2006 US$'000
Present value of funded obligations	43,647	28,507
Fair value of plan assets	(31,527)	(26,227)
	12,120	2,280
Unrecognised past service cost	(3,204)	(2,942)
Unrecognised actuarial (loss)/gain	(7,214)	2,354
Net liability recorded under accrued payroll expenses (Note 18)	1,702	1,692

Notes to the Financial Statements

Year Ended 31 December 2007

19 Retirement Benefit Obligations (Cont'd)

Present value of funded obligations

	Group	
	2007 US$'000	**2006 US$'000**
Liability at 1 January	28,507	31,088
Benefits paid by the plan	(2,772)	(2,763)
Settlement made for early retirement	-	(7,265)
Current service costs and interests	4,528	5,307
Actuarial loss/(gain)	7,664	(634)
Exchange differences	5,720	2,774
Liability at 31 December	43,647	28,507

Fair value of plan assets

	Group	
	2007 US$'000	**2006 US$'000**
Government bonds and foreign currencies	26,167	21,517
Property occupied by a lessee	5,360	675
Property occupied by the Group	-	4,035
	31,527	26,227

The pension plan assets include some of the buildings which were all leased out to third parties during the year. Some buildings, with a fair value of approximately US$4,035,000 were occupied by a subsidiary under a long-term lease in 2006.

Movement in plan assets:

	Group	
	2007 US$'000	**2006 US$'000**
Fair value of plan assets at 1 January	26,227	29,189
Contributions paid into the plan	2,497	1,771
Benefits paid by the plan	(2,772)	(2,763)
Settlement made for early retirement	-	(7,265)
Expected return on plan assets	2,798	3,316
Actuarial loss	(2,030)	(127)
Exchange differences	4,807	2,106
Fair value of plan assets at 31 December	31,527	26,227

Notes to the Financial Statements

Year Ended 31 December 2007

19 Retirement Benefit Obligations (Cont'd)

Expenses recognised in the income statement

	Group	
	2007 US$'000	2006 US$'000
Current service cost	1,588	1,719
Interest cost	2,940	3,588
Expected return on plan assets	(2,798)	(3,316)
Amortisation for		
- Past service cost	251	395
Net periodic pension expense	1,981	2,386
Curtailment loss	-	144
Total pension expense	1,981	2,530
Recognised in:		
Cost of sales	1,388	1,296
Distribution and selling expenses	287	227
General and administrative expenses	306	1,007
	1,981	2,530

The actual return on plan assets was US$1,383,000 (2006: US$3,157,000).

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuaries who carry out a full valuation annually. The last valuation of these obligations and plans was performed in 2007 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 31 December 2007.

The principal actuarial assumptions used for accounting purposes were:

	Group	
	2007	2006
Discount rate (per annum)	7%	7%
Expected return on plan assets (per annum)	7%	10%
Future salary increases (per annum)	5%-8%	5%-6%
Expected service life for the pension plan	12 years	12.5 years

Notes to the Financial Statements

Year Ended 31 December 2007

19 Retirement Benefit Obligations (Cont'd)

Source of estimation uncertainty

Pension expense and pension assets/liabilities are determined using certain actuarial estimates and assumptions relating to the discount rate used in valuing the subsidiary's defined benefit obligation and future experiences such as the rate of return on plan assets, future salary increases, retirement date or age, and mortality and turnover rate of covered employees. These estimates and assumptions directly influence the amount of the pension assets/ liabilities and expense recognised in the financial statements.

Total pension contributions charged to the consolidated income statement amounted to about PHP91.0 million or US$1,981,000 for the year (2006: PHP128.7 million or US$2,530,000). 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. The Group expects to pay US$3,944,000 in contributions to the pension plan in 2008.

20 Revenue

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Sale of goods	289,435	243,391	-	-
Dividend income received and receivable from subsidiaries	-	-	22,000	18,500
	289,435	243,391	22,000	18,500

Revenue 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. Significant intra-group transactions have been excluded from Group revenue.

Notes to the Financial Statements

Year Ended 31 December 2007

21 Profit for the Year

The following items have been included in arriving at profit for the year:

		Group		Company	
	Note	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Allowance for inventory obsolescence	8	1,189	2,240	-	-
(Write-back)/allowance for doubtful receivables					
- trade	11	(38)	104	-	-
- other	12	708	455	-	-
Amortisation of intangible assets	6	442	422	-	-
Changes in fair value attributable to price changes of biological assets	9	225	83	-	-
Depreciation of property, plant and equipment	3	8,845	7,616	-	-
Gain on disposal of property, plant and equipment		(89)	(92)	-	-
(Reversal of)/impairment loss on property, plant and equipment	3	(161)	260	-	-
Non-audit fees					
- payable to the auditors of the Company		43	19	-	15
- payable to other auditors		98	81	-	-
Operating lease rentals		4,716	4,385	-	-
Research and development expenditure		774	407	-	-
Staff Costs					
Wages and salaries		36,068	35,072	1,005	829
Social security costs		2,356	2,009	59	72
Pension costs – provident fund		578	447	-	-
Pension costs – defined benefit pension plan	19	1,981	2,530	-	-
Supplemental Performance Bonus		913	108	64	-
Production profit share (see next page)		25	21	-	-
		41,921	40,187	1,128	901

Notes to the Financial Statements

Year Ended 31 December 2007

21 Profit for the Year (Cont'd)

Note:

In compliance with the Philippine 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 crop producer and grower contracts which are continually being renewed. For certain private lands that exceed 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 DAR.

DMPI has accrued for the estimated amount of production profit share of approximately US$25,000 (2006: US$21,000) that the Company believes is in full compliance with the implementation guidelines of the law.

22 Finance Income/(Expenses)

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Finance Income				
Interest income from				
- bank deposits	1,962	2,658	-	-
- others	412	343	1	1
Foreign exchange gains	-	794	-	-
	2,374	3,795	1	1

Notes to the Financial Statements

Year Ended 31 December 2007

22 Finance Income/(Expenses) (Cont'd)

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Finance Expenses				
Interest expenses on				
- bills payable	(2,019)	(3,215)	-	-
- factoring	(127)	(57)	-	-
- others	(732)	(741)	-	-
Foreign exchange losses	(359)	-	-	(4)
	(3,237)	(4,013)	-	(4)
Net finance (expenses)/income	(863)	(218)	1	(3)

23 Income Tax

The Company

There is no tax expense for the Company as the income of the Company is exempt from all income taxes in the British Virgin Islands.

The Group

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	
	2007 US$'000	2006 US$'000
Current tax		
- current year	8,821	6,582
Deferred tax		
- current year	(10,293)	(9)
	(1,472)	6,573

Reconciliation of effective tax rate

	2007 US$'000	2006 US$'000
Profit before income tax	37,159	27,610
Taxation on profit at weighted average of the applicable tax rates	9,095	6,175
Non-deductible expenses	(261)	287
Change in tax rate	(10,306)	111
	(1,472)	6,573

Notes to the Financial Statements

Year Ended 31 December 2007

23 Income Tax (Cont'd)

	Group	
	2007	**2006**
Standard tax rates		
- Philippines (non-PEZA)	35%	35%
- Philippines (PEZA)	5%	-
- India	34%	34%
- People's Republic of China	24%	24%

On 23 Nov 2007, DMPI's core production operations in Cagayan de Oro City, Philippines was approved as a Philippine Packing Agricultural Export Processing Zone. This new zone has been established in accordance with the policies of the Philippine Economic Zone Authority ("PEZA"). With this approval, DMPI will enjoy certain fiscal and non-fiscal incentives including a 5% tax on gross profit in lieu of the current 35% on profit before tax, duty free importation of capital equipment, raw materials and supplies used in pursuit of its EcoZone-registered activities, among other incentives. This resulted in DMPI realising a one-time favourable adjustment amounting to US$10,293,000 on its deferred tax liability (Note 16). The incentives will be available for as long as DMPI complies with PEZA's requirements which include exporting 70% of its production. DMPI has received PEZA approval for a second zone, the Bukidnon Agro-Resources Export Zone, for agri development projects. This zone is currently pending Presidential approval.

Sources of estimation uncertainty

The Group has exposure to income taxes in several foreign jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

24 Earnings Per Share

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

	Group	
	2007	**2006**
Profit for the year (US$'000)	38,631	21,037
Ordinary shares in issue during the year ('000)	1,081,781	1,081,781
Basic/diluted earnings per share (in US cents)	3.57	1.94

There were no dilutive potential ordinary shares in existence as at 31 December 2006 and 2007.

Notes to the Financial Statements

Year Ended 31 December 2007

25 Dividends

	Group and Company	
	2007 US$'000	2006 US$'000
Tax-exempt final dividend paid in respect of the previous financial year of 0.97 US cents (2006: 0.98 US cents)	10,493	10,601
Tax-exempt interim dividend paid in respect of the current financial year of 0.73 US cents (2006: 0.49 US cents)	7,897	5,301
	18,390	15,902

Subsequent to the financial year, the directors declared a tax-exempt final dividend of 1.95 US cents per share, amounting to US$21,095,000 in respect of the financial year ended 31 December 2007. These dividends have not been provided for in these financial statements.

26 Segment Reporting (Group)

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on mutually agreed terms.

Primary reporting format - business segments

The Group sells its products on a worldwide basis. Its products comprise of processed products, beverages and non-processed products. Each segment primarily consists of the following product variety: (1) Processed products: pineapple solids, tropical mixed fruits, tomato-based products, pasta, condiments and others; (2) Beverages: pineapple juice, juice drinks and pineapple concentrate; and (3) Non-processed products: cattle and fresh pineapples.

Segment assets consist primarily of operating assets such as property, plant and equipment, other assets, inventories, biological assets and trade and other receivables. Unallocated assets comprise short-term deposits and cash and bank balances. Segment liabilities comprise trade and other payables. Unallocated liabilities consist of financial liabilities, deferred tax liabilities and current tax liabilities. Capital expenditure comprises additions to property, plant and equipment.

Notes to the Financial Statements

Year Ended 31 December 2007

26 Segment Reporting (Group) (Cont'd)

	Processed products US$'000	Beverages US$'000	Non-processed products US$'000	Total operations US$'000
2006				
Income Statement				
Total segment revenue	165,770	72,545	5,076	243,391
Segment results	21,913	6,434	(519)	27,828
Net finance expense				(218)
Taxation				(6,573)
Profit for the year				21,037
Assets and Liabilities				
Segment assets	131,985	77,661	5,104	214,750
Unallocated assets				51,546
Total assets				266,296
Segment liabilities	12,771	19,909	1,647	34,327
Unallocated liabilities				58,082
Total liabilities				92,409
Other Segment Information				
Capital expenditure	2,311	3,761	45	6,117
Depreciation and amortisation	4,497	3,380	161	8,038
Impairment of property, plant and equipment	18	242	-	260
Non-cash expenses (net) other than depreciation, amortisation and impairment	1,717	982	8	2,707

Notes to the Financial Statements

Year Ended 31 December 2007

26 Segment Reporting (Group) (Cont'd)

	Processed products US$'000	Beverages US$'000	Non-processed products US$'000	Total operations US$'000
2007				
Income Statement				
Total segment revenue	194,076	91,973	3,386	289,435
Segment results	28,141	9,112	769	38,022
Net finance expense				(863)
Taxation				1,472
Profit for the year				38,631
Assets and Liabilities				
Segment assets	174,649	101,900	30,441	306,990
Unallocated assets				14,958
Total assets				321,948
Segment liabilities	36,213	24,669	491	61,373
Unallocated liabilities				39,495
Total liabilities				100,868
Other Segment Information				
Capital expenditure	3,865	2,782	22	6,669
Depreciation and amortisation	5,157	4,012	118	9,287
Reversal of impairment loss on property, plant and equipment	(56)	(105)	-	(161)
Non-cash expenses (net) other than depreciation, amortisation and impairment	1,083	679	8	1,770

Secondary reporting format - geographical segments

The Group's three business segments are managed on a worldwide basis through the following two main geographical areas:

	Turnover		Segment assets		Capital expenditure	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Asia Pacific	212,406	162,958	306,990	214,750	6,669	6,117
Europe and North America	77,029	80,433	-	-	-	-
Total	289,435	243,391	306,990	214,750	6,669	6,117

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

Notes to the Financial Statements

Year Ended 31 December 2007

27 Acquisition of Subsidiary

On 28 September 2007, the Group acquired 80.2% of the equity interest in DMPL India Limited for a consideration of US$9,515,000 paid in cash. In the three months to 31 December 2007, the company and its effective share of joint venture contributed a net loss of US$621,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2007, Group profit for the year would have been reduced by US$3,448,000.

The effect of acquisition of subsidiary is set out below:

	Note	Recognised values
		2007
		US$'000
Property, plant and equipment		3
Investment in joint venture		1,841
Other receivables		1
Cash and cash equivalents		1
Other payables		(11,850)
Net identifiable assets and liabilities		(10,004)
Goodwill on acquisition		19,519
Purchase consideration		9,515
Cash consideration paid, satisfied in cash *		21,269
Cash acquired		(1)
Net cash ouflow		21,268

* Includes legal fees amounting to US$417,000 and repayment of loans to previous shareholders of DMPL India Limited amounting to US$11,754,000.

In addition, during the year, the Group incorporated the following wholly owned subsidiaries:-

	Paid-up share capital
	US$'000
S&W Foods International Limited	50
Philippines Packing Management Services Corporation	229

Notes to the Financial Statements

Year Ended 31 December 2007

28 Financial Risk Management

Financial risk management objectives and policies

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Interest rate risk

The Group's cash balances are placed with reputable global and major Philippine banks and financial institutions. The Group manages its interest income by placing the cash balances with varying maturities and interest rate terms. This includes investing the Company's temporary excess liquidity in short-term government securities from time to time. The Group obtains financing through bank borrowings and leasing arrangements. Short-term funding is obtained from short-term bank loan facilities. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.

Sensitivity analysis

A 1% general increase in interest rates at the reporting date would increase / (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Group	
	Equity US$'000	Profit or Loss US$'000
2006		
Group		
Short-term deposits	-	491
Unsecured short-term borrowings	-	(437)
Obligations under finance leases	-	(18)
	-	36
2007		
Group		
Short-term deposits	-	109
Unsecured short-term borrowings	-	(342)
Obligations under finance leases	-	(8)
	-	(241)

A 1% general decrease in interest rates would have the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Notes to the Financial Statements

Year Ended 31 December 2007

28 Financial Risk Management (Cont'd)

Foreign exchange risk

The Group's foreign exchange risk arises both from its subsidiaries operating in foreign countries, which generate revenue and incur costs in foreign currencies, and from those operations of its local subsidiaries, which are in foreign currencies. The Group also has transaction currency exposure. Such exposure arises from sales or purchases by subsidiaries in currencies other than the subsidiaries' functional currencies.

The Company and its subsidiaries maintain their respective books and accounts in their functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses foreign currency borrowings and natural hedges. The Group has a natural hedge against US dollar fluctuations as the US dollar-denominated revenues generally exceed the US dollar denominated costs. It is not the Group's policy to take speculative positions in foreign currencies.

At 31 December, the Group's exposure to foreign currency, other than the Group's presentation currency of US dollars, is as follows:

	Philippine pesos	Chinese renminbi	Others	Total
	US$'000	US$'000	US$'000	US$'000
2006				
Group				
Trade and other receivables	24,027	2,316	367	26,710
Cash and cash equivalents	479	614	6,834	7,927
Financial liabilities	(26,578)	(7,889)	(2,675)	(37,142)
Trade and other payables	(28,402)	(3,670)	(370)	(32,442)
	(30,474)	(8,629)	4,156	(34,947)
2007				
Group				
Trade and other receivables	34,541	4,353	383	39,277
Cash and cash equivalents	2,388	901	6,114	9,403
Financial liabilities	(15,573)	(9,051)	(2,547)	(27,171)
Trade and other payables	(51,136)	(6,530)	(234)	(57,900)
	(29,780)	(10,327)	3,716	(36,391)

Notes to the Financial Statements

Year Ended 31 December 2007

28 Financial Risk Management (Cont'd)

Sensitivity analysis

A 10% strengthening of US dollar against the following currencies at the reporting date would increase/(decrease) the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group	
	2007	2006
	US$'000	US$'000
Philippine pesos	2,978	3,047
Chinese renminbi	1,033	863

A 10% weakening of the US dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Credit risk

The Group sells its products through major distributors in various geographical regions. For the year ended 31 December 2007, the Group's major customers collectively accounted for 24% (2006: 33%) of its total revenue. Management has a credit risk policy which includes, among others, the requirement of certain securities to be posted to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis.

Apart from the above, the Company and the Group have no significant concentration of credit risk with any single counterparty or group counterparties. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk related to tinplates and fuel. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group. There are no outstanding purchase contracts as of 31 December 2006 and 2007.

The Group also purchases large volumes of papaya fruits for production and is significantly exposed to commodity price risk related to papaya. The Group ensures long-term supply of papaya at stable prices by executing papaya supply agreements with farmers. The Group is also subsidising some of the farmers' costs related to papaya to ensure long-term relationship with them.

Risk related to agricultural activities

As an integrated producer of processed pineapple and mixed tropical fruit products for the world market, the Group's earnings are inevitably subjected to certain risk factors, which include general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, raw material costs and availability, competition, market acceptance of new products, industry trends, and changes in government regulations, including, without limitation, environmental regulations.

Notes to the Financial Statements

Year Ended 31 December 2007

28 Financial Risk Management (Cont'd)

Risk related to agricultural activities *(Cont'd)*

The Group is exposed to financial risks arising from changes in cost and volume of fruits harvested from the growing crops which is influenced by natural phenomenon such as weather patterns and volume of rainfall. The level of harvest is also affected by field performance and market changes. The cost of growing crops is also exposed to the change in cost and supply of agricultural supplies and labour which are determined by constantly changing market forces of supply and demand.

The Group is subject to risk relating to its ability to maintain the physical condition of its fruit crops. Plant diseases could adversely impact production and consumer confidence.

The Group is subject to risks affecting the food industry generally, including risks posed by food spoilage and contamination. Specifically, the production of canned pineapple and other food related products is regulated by environmental, health and food safety organisations and regulatory bodies from local and international markets. These authorities conduct operational audits to assess the Group's compliance with food processing standards. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Despite the precaution taken by the Group, the authorities and food safety organisations may impose additional regulatory requirements that may require significant capital investment at notice.

The Group's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide consumption, demand and prices of its products. However, the demand and supply risk associated with the Group's international business is minimised by the nature of its long-term supply agreements, five of which are with various Del Monte brand owners around the world. These contracts have various mechanisms with regard to pricing and volume off-take that help limit the downside risk of the Group's international business.

In some cases, the Group is protected by the existence of price floors whereby the Group is able to recover its production costs. In other instances, the Group has the right of first refusal to supply additional quantities at prices no worse than those from alternative sources.

The Group's exposure to the operational risks is managed through the following processes, among others:

- Development and execution of a realistic long-term strategic plan and annual operating plan;
- Securing long-term land leases with staggered maturity terms;
- Increasing production and packaging capacity;
- Pursuit of productivity-enhancing and efficiency-generating work practices and capital projects;
- Focus on consumption-driven marketing strategies;
- Continuous introduction of new products and line extensions with emphasis on innovation, quality, competitiveness and consumer appeal;
- Increased penetration of high-growth distribution channels;
- Building on closer working relationships with business partners; and
- Close monitoring of changes in legislation and government regulations affecting the Group's business.

Fair Values

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, financial liabilities and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

Year Ended 31 December 2007

29 Commitments

Operating lease commitments

Based on the existing agreements, the future minimum rental commitments as at 31 December 2007 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	
	2007 US$'000	**2006 US$'000**
Within one year	5,921	5,298
Between one to five years	22,661	19,519
More than 5 years	23,787	18,171
	52,369	42,988

Included in the above are commitments denominated in Philippine Peso of PHP2,111 million, equivalent to US$50,992,000 (2006: PHP1,996 million, equivalent to US$40,697,000).

The leases typically run for an initial period of 2 to 25 years, with an option to renew the lease after that date. Some of the leases contain escalation clauses but do not provide for contingent rents. Lease terms do not contain any restrictions on Group activities concerning dividends, additional debts or further leasing.

Future capital expenditure

	Group	
	2007 US$'000	**2006 US$'000**
Capital expenditure not provided for in the financial statements		
- approved by directors and contracted for	2,477	840
- approved by directors but not contracted for	13,903	12,588
	16,380	13,428

Supply contracts

The Group currently has international supply contracts with marketing and distributing entities, which have exclusive rights to the Del Monte trademarks in their respective territories or product categories. The Group has such agreements in respect of processed foods with Del Monte Corporation in North America (except Canada), Central America and the Caribbean, Del Monte Fresh Produce International Inc. (the contract with which will be terminated effective 31 May 2010) in Europe, Africa and most of Middle East, Del Monte Asia Pte Ltd (a new contract with which became effective 19 March 2007) in Asia Pacific (except the Philippines, the Indian subcontinent, Myanmar and Japan), Kikkoman Corporation in Japan (the contract with which will be terminated effective 30 June 2008), and Kraft Canada Inc. and Cangro Foods Inc. in Canada. The Group also has a supply contract with Del Monte Fresh Produce International Inc for the sale of fresh pineapples worldwide.

These supply contracts are generally terminable by prior written notice with periods ranging between 18 to 36 months (from certain pre-agreed dates onwards). One of the contracts has an expiry date, subject to an option to renew the agreement. Pricing of the products under the supply contracts is generally market driven, less certain allowances. In some of the agreements and for specified product volumes, there is a cost floor mechanism that enables the Group to recover its production costs.

Notes to the Financial Statements

Year Ended 31 December 2007

30 Contingencies

As at 31 December 2007, the Group has outstanding contingent liabilities in respect of 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.

In addition, the Company has an outstanding contingent liability in respect of a corporate guarantee issued in favour of a bank to secure the US$3 million (2006: US$3 million) loan granted by the bank to subsidiary, Del Monte Foods India Private Limited.

31 Related Parties

Related party transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Income				
Sales to San Miguel Corporation	13	857	-	-
Expenses				
Purchases from San Miguel Corporation	1,435	2,840	-	-
Purchases from NutriAsia group of companies	180	176	-	-
Management fees to a subsidiary, DMS	-	-	504	750
Rental to DMPI Retirement Fund	672	1,011	-	-
Rental to DMPI Provident Fund	552	670	-	-
	2,839	4,697	504	750

The transactions with related parties are carried out based on terms agreed between the parties. Pricing for the sales of products are market driven, less certain allowances. For purchases, the Group policy is to solicit competitive quotations. Bids from any related party are evaluated on arm's length commercial terms and subject to bidding against third party suppliers. Purchases are normally awarded based on the lowest price.

San Miguel Corporation ceased to be a related party of the Group as at 24 April 2007 after Well Grounded Limited acquired the San Miguel Group's stake in the Company.

The aggregate value of the sales, purchases and other transactions between the Group, San Miguel and the NutriAsia group of companies and trustee administered funds for the financial year 2007 amounted to US$2.9 million (2006: US$5.6 million).

All related party transactions during the financial year were conducted pursuant to the shareholders' mandate obtained at the Company's General Meeting held on 27 April 2007.

Notes to the Financial Statements

Year Ended 31 December 2007

31 Related Parties (Cont'd)

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Group.

The key management personnel compensation is as follows:

	Group		Company	
	2007 US$'000	2006 US$'000	2007 US$'000	2006 US$'000
Directors:				
Fees and remuneration	1,242	1,332	653	487
Key executive officers (excluding directors):				
Short-term employee benefits	1,402	1,372	-	-
Post-employment benefits	171	83	-	-

Certain management personnel of the Group 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 19).

32 New Accounting Standards and Interpretations Not Yet Adopted

The Group has not applied the following accounting standards, amendments to standards and interpretation that have been issued but not yet effective for the year ended 31 December 2007:

- IFRIC 11 IFRS 2 Share-based Payment – Group and Treasury Share Transactions addresses how an entity should account for services received as consideration for rights to its own equity instruments and certain share-based payment arrangements involving two or more entities in the same group in the financial statements of the subsidiary that receives services from its employees. IFRIC 11, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any significant impact on the consolidated financial statements.

- IFRIC 12 Service Concession Agreements addresses public-to-private concession arrangements in which the public sector controls or regulates the services provided with the infrastructure and their prices. IFRIC 12, which becomes mandatory for the Group's 2008 financial statements, is not expected to have any significant impact on the consolidated financial statements.

- IFRS 8 Operating Segments requires segment disclosure based on the components of the entity that management monitors in making decisions about operating matters. IFRS 8 will become mandatory for the Group's 2009 financial statements, with retrospective application required. The adoption of this standard is not expected to have any significant impact on the consolidated financial statements.

- IAS 23 Borrowing Costs (Revised) removes the requirement to capitalise borrowing costs relating to assets measured at fair value, and inventories that are manufactured or produced in large quantities on a repetitive basis, even if they take a substantial period of time to get ready for use or sale. IAS 23, which becomes mandatory for the Group's 2009 financial statements, is not expected to have any impact on the consolidated financial statements.

Statistics of Shareholdings

As At 13 March 2008

Authorised Share Capital	:	US$20,000,000
Issued and Fully Paid-up Capital	:	US$10,817,812
Class of Shares	:	Ordinary shares of US$0.01 each, with each ordinary shares entitled to one vote

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings			No. of shareholders	%	No. of shares	%
1	-	999	9	0.10	1,555	0.00
1,000	-	10,000	8,192	95.10	15,477,177	1.43
10,001	-	1,000,000	400	4.64	20,259,089	1.87
1,000,001	and above		14	0.16	1,046,043,373	96.70
TOTAL			8,615	100.00	1,081,781,194	100.00

TWENTY LARGEST SHAREHOLDERS

	Name	No. of shares	%
1.	Nutriasia Pacific Limited	864,429,372	79.91
2.	HSBC (Singapore) Nominees Pte Ltd	50,285,690	4.65
3.	Lee Pineapple Company Pte Ltd	41,304,000	3.82
4.	DBS Nominees Pte Ltd	37,306,000	3.45
5.	United Overseas Bank Nominees Pte Ltd	14,066,000	1.30
6.	Citibank Nominees Singapore Pte Ltd	7,917,311	0.73
7.	HL Bank Nominees (S) Pte Ltd	7,102,000	0.66
8.	DB Nominees (S) Pte Ltd	6,221,000	0.58
9.	Pineapples of Malaya Private Limited	5,360,000	0.50
10.	Royal Bank of Canada (Asia) Ltd	3,811,000	0.35
11.	Raffles Nominees Pte Ltd	2,972,000	0.27
12.	Phillip Securities Pte Ltd	1,955,000	0.18
13.	Chew Leong Chee	1,800,000	0.17
14.	Hong Leong Finance Nominees Pte Ltd	1,514,000	0.14
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	957,689	0.09
16.	Citibank Consumer Nominees Pte Ltd	900,000	0.08
17.	DBS Vickers Securities (S) Pte Ltd	804,000	0.07
18.	Ng Keng Kwee	721,000	0.07
19.	Suryawan Florence Yuniwati	675,000	0.06
20.	Go Kee Tee Ochura	592,000	0.05
Total		1,050,693,062	97.13

Statistics of Shareholdings

As At 13 March 2008

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of shareholder	**No. of shares**	**%[1]**	**No. of shares**	**%[1]**
NutriAsia Pacific Limited	864,429,372	79.91	-	-
NutriAsia Holdings Limited [2]	-	-	864,429,372	79.91
NutriAsia Inc. [2]	-	-	864,429,372	79.91
Golden Chamber Investment Limited [3]	-	-	864,429,372	79.91
HSBC International Trustee Limited [3]	-	-	864,429,372	79.91
HSBC Trustee (Hong Kong) Limited [3]	-	-	864,429,372	79.91
The Bank of Bermuda [3]	-	-	864,429,372	79.91
HSBC Holdings plc [3]	-	-	864,429,372	79.91
Well Grounded Limited [4]	-	-	864,429,372	79.91
Star Orchid Limited [4]	-	-	864,429,372	79.91

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 20.09% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notes:

(1) Based on 1,081,781,194 issued ordinary shares of US$0.01 each ("Shares") in the capital of the Company as at the date hereof.

(2) NutriAsia Inc. ("NI") owns 57.8% of NutriAsia Holdings Limited ("NHL"), which in turn owns 100% of NutriAsia Pacific Limited ("NPL"). NI and NHL are therefore deemed to be interested in the 864,429,372 shares held by NPL.

(3) HSBC Holdings plc ("HSBC Holdings") owns 100% of The Bank of Bermuda, which owns 100% of HSBC International Trustee Limited ("HSBC International"), which owns 100% of HSBC Trustee (Hong Kong) Limited ("HSBC Trustee") and Golden Chamber Investment Limited ("GCIL") which in turn owns 65.4% of NI, which owns 57.8% of NHL, which in turn owns 100% of NPL. HSBC International is the trustee of the Twin Palms Pacific Trust, the beneficiaries of which are Mr Joselito D. Campos, Jr. and his children. HSBC Holdings, The Bank of Bermuda, HSBC International, HSBC Trustee and GCIL are therefore deemed to be interested in the 864,429,372 shares held by NPL.

(4) Star Orchid Limited ("SOL") owns 100% of Well Grounded Limited ("WGL") and is deemed to have an interest in 42.2% of NHL by virtue of the share purchase agreement entered into between WGL and San Miguel Foods Asia Limited ("SMFAL") dated 12 April 2007 pursuant to which WGL purchased the entire 42.2% equity interest in NutriAsia San Miguel Holdings Limited (currently known as NutriAsia Holdings Limited) held by SMFAL. NHL owns 100% of NPL. SOL and WGL are therefore deemed to be interested in the 864,429,372 shares held by NPL.

Interested Person Transactions

As At 31 December 2007

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	US$'000	US$'000
Purchases		
San Miguel Corporation and its associates	NIL	1,329
NutriAsia Inc. and its associates	NIL	180
Sub-total	NIL	1,509
Aggregate value	NIL	1,509

Proforma Group Financial Information *

For the Year Ended 31 December 2007
(Amounts In Singapore Dollars)

	GROUP	
	2007	**2006**
	S$'000	**S$'000**
Revenue	437,047	386,992
Cost of sales	(323,145)	(287,078)
Gross Profit	113,902	99,914
Distribution and selling expenses	(26,442)	(27,080)
General and administrative expenses	(21,936)	(20,866)
Other expenses	(7,200)	(7,721)
Results from operating activities	58,324	44,247
Finance income	3,585	6,034
Finance expenses	(4,888)	(6,381)
Net finance expenses	(1,303)	(347)
Share of loss of joint venture, net of tax	(912)	-
Profit before taxation	56,109	43,900
Income tax	2,223	(10,451)
Profit for the year	58,332	33,449

* Basis of presentation of Proforma Group Financial Information

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

Given the Company's listing on the SGX-ST, for the convenience of certain readers, the above financial information for the years 2007 and 2006 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.51 and S$1.59, respectively.

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.

Corporate Information

Board of Directors

Mr Rolando C Gapud
Chairman, Non-Executive Director

Mr Joselito D Campos, Jr
Managing Director and CEO

Mr Godfrey E Scotchbrook
Independent Director

Mr Patrick L Go
Independent Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

Mr Benedict Kwek Gim Song
Independent Director

Dr Emil Quinto Javier
Independent Director

Audit Committee

Mr Benedict Kwek Gim Song
Chairman and Independent Director

Mr Godfrey E Scotchbrook
Independent Director

Mr Patrick L Go
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

Nominating Committee

Mr Godfrey E Scotchbrook
Chairman and Independent Director

Mr Patrick L Go
Independent Director

Dr Emil Quinto Javier
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

Remuneration and Share Option Committee

Mr Godfrey E Scotchbrook
Chairman and Independent Director

Mr Patrick L Go
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

Mr Rolando C Gapud
Non-Executive Director

Mr Edgardo M Cruz, Jr
Non-Executive Director

Executive Officers

Mr Joselito D Campos, Jr
Managing Director and CEO, DMPL
President and CEO,
Del Monte Philippines, Inc (DMPI)

Mr Luis F Alejandro
Senior Vice President, DMPL
General Manager and
Chief Operating Officer, DMPI

Mr Richard W Blossom
President, GTL Ltd
Managing Director,
DMPL Management Services Pte Ltd

Mr Ignacio C O Sison
Chief Financial Officer, DMPL

Company Secretaries

Ms Yvonne Choo
Singapore Secretary

Torman Limited
BVI Secretary

Investor Relations and Business Office

Ms Jennifer Luy
DMPL Management Services Pte Ltd
78 Shenton Way #26-01
Singapore 079120
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Fax : +65 6221 9477
Email: jluy@delmontepacific.com
Website: www.delmontepacific.com

Registered Office

Craigmuir Chambers
PO Box 71 Road Town, Tortola,
British Virgin Islands
Tel : +284 494 2233
Fax : +284 494 3547

Singapore Share Transfer Agent

Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street #08-01 Samsung Hub
Singapore 049483

BVI Registrar and Share Transfer Office

Harney's Corporate Services Limited
Craigmuir Chambers, PO Box 71
Road Town, Tortola, British Virgin Islands

Auditors

KPMG
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Audit Partner: Ms Adeline Lee Tuck Ngor
(Appointed wef financial year 2006)

Principal Bankers

Australia and New Zealand Banking Group Limited

ABN AMRO Bank, Inc

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

Listing & Trading Symbols

Listed on 2 August 1999 on the Singapore Exchange

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 Sub-continent territories. The Group has acquired the **S&W** trademarks worldwide except for the Americas, Australia and New Zealand. The Group's other trademarks include, among others, **Today's**, **Fiesta**, **202** and **Fit 'n Right in the Philippines** and **Great Lakes**, **Little Lakes** and **Ming Lang in China**.

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