DEL MONTE PACIFIC LIMITED

Annual Report 2010

MILESTONES IN 2010

Terminated unprofitable European Supply Contract

Significantly increased S&W branded premium fresh pineapple sales

Strengthened sales of core Del Monte branded business segments in the Philippines

Commissioned new greenfield factory in India

Captured three good governance awards at the Singapore Corporate Awards

OUR VISION

To be one of the fastest growing global branded food and beverage companies.

OUR MISSION

Del Monte Pacific Limited is to bring to life health and wellness.

- We live up to our heritage of growing premium quality food and beverage brands which are the top choice of all generations for enjoyable and healthy living.
- We leverage deep market knowledge coupled with technology and innovation to create and deliver relevant health and wellness breakthroughs to our broad base of customers.
- We continuously build on our knowledge and experience in agriculture, while enhancing the sustainability of the lands we cultivate.
- We adhere to the highest standards of corporate behaviour in our relationships with our employees, business partners, and the communities around us.
- We are a benchmark in corporate social responsibility and the preservation of the environment.
- We build a highly energised, high-performance organisation with a strong commitment to teamwork and to embracing better ways of doing things.
- We value our people and commit to provide opportunities for learning, professional growth and a better quality of life.

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Del Monte
Quality
S&W
PREMIUM

LETTER TO SHAREHOLDERS

"Our branded businesses in the Philippines and India with the Del Monte brand, and in Asia Pacific with the S&W brand, have continued to gain traction and we expect the brand footprint to expand and strengthen even more."

Dear Shareholders,

We are pleased to report an improved set of results for the year ended 2010. Sales rose 15% to US$378.6 million, reflecting growth across all key business units. Gross margin increased to 21.6% from 20.7% in the prior year as a result of more favourable prices, a shift in sales mix to higher margin products, and improved operational productivity and efficiencies. The positive impact of these factors was notably evident in the latter part of 2010, when gross margin jumped to 25.5% from only 20.1% in the prior year quarter. The strong results in the fourth quarter reversed the losses incurred in the first half of the year bringing full year net income attributable to owners to US$15.8 million, up 40% from US$11.3 million in 2009.

A significant milestone in 2010 was the mid-year termination of the Group's unprofitable European supply contract. This allowed our Company to manage the European market directly from the second half of the year leading to more favourable selling prices and margins. This was an important factor in the strong fourth quarter results.

BRANDED BUSINESS - PHILIPPINES

Philippine market sales grew by 14% in US Dollar terms and 7% in Peso terms. Higher margin culinary, processed fruits and canned beverage categories performed strongly, offsetting declines in the PET juice drink Fit 'n Right due to a more competitive environment.

The culinary segment was the top gainer in 2010. Having addressed the out of stock issues that hampered the business in 2009, the category rallied strongly and recovered lost market shares by the end of 2010. Notably, leadership market shares significantly improved in the important tomato and spaghetti sauce segments. Newly launched Carbonara Gourmet Pasta Sauce enjoyed strong in-market success with its first year volume exceeding internal targets. Sauce Sulit, also recently introduced, overtook competition to gain leadership in the value-added tomato sauce sub-segment.

In the processed fruit segment, after several years of modest growth, we achieved a breakthrough with the introduction of pineapple tidbits in stand-up pouch. By bringing our processed pineapples out of the can into the lower cost, lower cash-outlay pouch format, pineapple consumption has significantly gone up. We are encouraged by this and are looking to extend this to other products, thereby reducing our reliance on tin.

The beverage segment was unfavourably impacted by the softening volume of Fit 'n Right juice drinks amidst intense lower-priced competition. Fit 'n Right will be revitalised through the re-launch of Low Calorie/No Added Sugar, a healthier product formulation at reduced prices. Meanwhile, our 100% Pineapple Juice enjoyed a resurgence in 2010, benefitting from prior year investments in consumer education with respect to the strength of Del Monte Pineapple Juice as "flu protector" with regular consumption.

BRANDED BUSINESS - S&W IN ASIA

The S&W branded business, both processed and fresh, turned in a combined revenue of US$14.4 million, 31% higher than prior year. The processed business accounted for almost 60% of this segment's sales. For processed products, we entered the southern and eastern regions of China with a new distributor, started shipments into the Middle East, Cambodia and localised distribution in Indonesia. We launched canned fruit juices in Singapore and canned beans and fruit cocktail in Malaysia. Our second year of marketing campaign in Singapore focused on Sweet 16 fresh pineapple and canned juices with integrated advertising for both items in targeted newspapers, magazines, bus stops and buses.

BRANDED BUSINESS - INDIA

Our joint venture business in India, FieldFresh, doubled sales to US$26.5 million driven by the strong performance of the Del Monte branded business. Del Monte processed sales in India tripled from wider distribution reach, new product launches and marketing campaigns.

Del Monte branded products are now available in over 60 cities across nearly 35,000 outlets, triple the number in the same period last year.

We introduced a number of innovative products during the year. The culinary range was expanded with the launch of two exciting new sauces, Zingo and Twango, along with Mustard NOW!. The launch of Zingo and Twango was backed by our first TV ad in India which generated strong support from consumers and media. For the juice drinks segment, we added new flavours and packs - Green Apple and Orange in 202 cans and Mango Splash in PET.

The commissioning of our best-in-class greenfield facility at Hosur, Tamil Nadu commenced in the last quarter of the year and will provide us with the flexibility to produce the entire culinary range in various packaging formats in addition to manufacturing fruit drinks in PET and cans. With an investment of over US$25 million, this facility near Bangalore is uniquely located and also well equipped to service the B2B customers for their customised requirements.

Exports of fresh baby corn from India more than doubled with our fresh baby corn market share strengthening to over 12% in UK retail market. Importantly, we were successful in shipping the first ever sea shipments of fresh sweet corn to the UK thus laying the path for another successful export program.

The Group recognised a share of loss of US$6.0 million, as expected, for its 46% stake in the FieldFresh joint venture, higher than prior year's US$3.9 million due to investments in brand building and organisation scale-up aside from the greenfield facility.

EXPORTS OF PROCESSED FRUIT

Exports of processed products grew by 10% on the back of robust performance in North America and Europe, offsetting declines in Asia Pacific. North America registered higher volume and prices for processed fruits while Europe enjoyed more favourable prices and margins after the effective termination of an unprofitable supply contract. The marked improvement in Europe's performance became evident in the fourth quarter of 2010 where sales surged 56% and gross margin turned positive from negative in the prior year.

EXPORTS OF FRESH FRUIT

Exports of fresh fruit more than doubled with sales of US$13.9 million, mainly driven by strong volume on increased supply of the premium fresh fruit variety and higher average prices with better sales mix. In 2010, S&W branded pineapple sold well in the Korean market given unserved demand in 2009.

We are putting in place a new packing house complete with cold storage facilities worth US$4 million which will become operational in April 2011. This new facility will allow us to extend the shelf life of the fruit, ensure exact weight per carton, and improve overall quality of the fruit and efficiency of operations.

OPERATIONS

In 2010, we improved our operational execution, particularly in plantation productivity and supply chain efficiency which affected performance in 2009.

We formed a Plantation Oversight Committee in March 2010 to oversee the streamlining of current procedures, introduce up-to-date methods and upgrade the Company's agricultural practices. We also installed a new Operations Head who oversees both plantation and cannery functions for a better oversight of the entire operation.

We achieved a significant improvement in plantation and cannery performance in the fourth quarter of 2010 as compared to the same period in 2009.

- Supply increased by 26%
- Yield increased by 11%
- Cost per ton decreased by 23%
- Cannery recovery improved by 7%

In 2010, we also strengthened our supply chain capability with a wide range of initiatives including building organisational capability, acquiring new systems and infrastructure, and adopting more robust planning and execution processes. A new inventory policy was formulated, designed to deliver improved customer service taking into account statistical variations in demand and supply. The new policy has been adopted and inventories have been substantially optimised resulting to record trade order fill performance in the last quarter of the year.

AWARDS

Del Monte Pacific is honoured to receive the following prestigious awards in 2010:

From Singapore Corporate Awards:

- Best Managed Board (Gold)
- Best Chief Financial Officer
- Best Annual Report (Bronze)

For companies with market capitalisation of S$300 million to less than S$1 billion

From CMO Asia

- One of Asia's Best Brand Award for Del Monte Philippines

From India Star 2010 IIP Awards

- Most innovative packaging design for Del Monte Zingo and Twango sauces, products of our Indian affiliate, FieldFresh Foods Private Limited

These awards inspire us even more to persistently aim for best in class practices in all areas – be it corporate governance, marketing innovation or people management.

STRATEGY AND OUTLOOK

In 2010, we are back on course with our vision "to be one of the fastest growing global branded food and beverage companies". Our branded businesses in the Philippines and India with the Del Monte brand, and in Asia Pacific with the S&W brand, have continued to gain traction and we expect the brand footprint to expand and strengthen even more.

Our greenfield factory in India commences commercial operations this year supporting the aggressive growth of the Del Monte branded business in India. The new packing house and cold storage facility in the Philippines, to be operational in April, will significantly boost the expansion of our fresh fruit business.

There is also a shift in our business model to one where we have more direct control of our markets leading to better margins. The termination of the European supply contract gave us direct control of the market with immediate benefits realised in the fourth quarter. We expect significant improvement in this market's profitability in 2011.

Although our cost and productivity programs have favourably impacted our results, we are even more encouraged by revenue expansion and improving sales mix. Higher sales of higher margin categories in the Philippines, increasing sales of the higher margin fresh fruit segment, as well as more favourable prices and margins in Europe should lead to overall improved sales and margins in 2011.

Barring unforeseen circumstances, we expect to deliver higher earnings in 2011, particularly in the second half, supported by higher pineapple production, better operational execution, and stronger sales in the Philippines, Europe and the fresh fruit business.

CASH DIVIDENDS

Your Board of Directors declared a final dividend per share of US$0.011 representing a 75% payout of full year 2010 net profit.

APPRECIATION

We are grateful to Management and staff for their passion, dedication and hard work as we turned around the Group's performance in 2010 and brought us back on track with our vision. We thank our shareholders, bankers, business partners and customers for their continued support. And finally, we thank the Chairmen of our Board Committees and the rest of the Board members for their invaluable wise counsel.

Mr Rolando C Gapud
Chairman

Mr Joselito D Campos, Jr
Managing Director and CEO

22 March 2011

"Higher sales of higher margin categories in the Philippines, increasing sales of the higher margin fresh fruit segment, as well as better prices and margins in Europe should lead to overall improved sales and margins in 2011."

1. Mr Godfrey E Scotchbrook
2. Mr Edgardo M Cruz, Jr
3. Mr Benedict Kwek Gim Song
4. Mr Patrick L Go
5. Mr Joselito D Campos, Jr
6. Dr Emil Quinto Javier
7. Mr Rolando C Gapud

BOARD OF DIRECTORS

MR ROLANDO C GAPUD
Chairman and Non-Executive Director
Appointed on 20 January 2006 and last elected on 28 April 2008

Mr Rolando C Gapud has over 35 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 and last 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 is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. 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 the Philippine Eagle Society. Mr Campos holds an MBA from Cornell University.

MR EDGARDO M CRUZ, JR
Executive Director
Appointed on 2 May 2006 and last elected on 27 April 2009

Mr Edgardo M Cruz, Jr is a Certified Public Accountant. He is a member of the Board and Corporate Secretary of the NutriAsia Group of Companies. He is a member of the Board and Chief Financial Officer of Bonifacio Land Corporation. He is a member of the Board of Fort Bonifacio Development Corporation and its subsidiaries. He is also a member of the Board of Trustees of The Mind Museum and the Del Monte Foundation. He is the Chairman of the Board of Bonifacio Water Corporation and Bonifacio Gas Corporation. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University.

MR PATRICK L GO
Independent Director
Appointed on 19 April 2001 and last elected on 28 April 2010

Mr Patrick L Go is CEO of Paramount Life & General Insurance Corporation. Mr Go has over 20 years of experience in corporate finance and private equity 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.

DR EMIL QUINTO JAVIER
Independent Director

Appointed on 30 April 2007 and last elected on 28 April 2010

Dr Emil Quinto Javier is a Filipino agronomist widely recognised in the international community for his academic leadership and profound understanding of developing country agriculture. He is currently the President of the Philippine National Academy of Science. He had served as Philippine Minister of Science and President of the University of the Philippines. He was the first and only developing country scientist to Chair the Technical Advisory Committee of the prestigious Consultative Group for International Agricultural Research (CGIAR). He was Chairman of the Board of the International Rice Research Institute (IRRI); Chair and Acting Director of the Southeast Asia Center for Graduate Study and Research in Agriculture (SEARCA); 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 at Los Baños.

MR BENEDICT KWEK GIM SONG
Independent Director

Appointed on 30 April 2007 and last elected on 28 April 2008

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 Board of NTUC ChoiceHomes. 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 United States.

MR GODFREY E SCOTCHBROOK
Independent Director

Appointed on 28 December 2000 and last elected on 27 April 2009

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with 40 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 Pacific Access, the Asian affiliate of the Koç Group. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations.

Del Monte Pacific is honoured to receive these three awards at the Singapore Corporate Awards last May 2010:

Best Managed Board (Gold)

Best Chief Financial Officer

Best Annual Report (Bronze)

For companies with market capitalisation of S$300 million to less than S$1 billion

SENIOR MANAGEMENT


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1. Mr Joselito D Campos, Jr
2. Mr Luis F Alejandro
3. Mr Richard W Blossom
4. Ms Tan Chooi Khim
5. Mr Ignacio C O Sison
6. Ms Angie G Flaminiano
7. Ms Ma Bella B Javier
8. Mr Raul C Leonen
9. Mr Antonio E S Ungson


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MR JOSELITO D CAMPOS, JR
Managing Director and Chief Executive Officer

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 is a Director of San Miguel Corporation, one of the largest and oldest business conglomerates in the Philippines. He is also a Director of FieldFresh Foods Private Ltd, a joint venture of DMPL with the Bharti Group of India. 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 the Philippine Eagle Society. Mr Campos holds an MBA from Cornell University.

MR LUIS F ALEJANDRO
Chief Operating Officer

Mr Luis F Alejandro has over 25 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
Senior Vice President

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 30 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.

MS TAN CHOOI KHIM
General Manager, S&W Fine Foods International Ltd

Ms Tan Chooi Khim has more than 20 years experience in the fast moving consumer goods industry spanning areas of general management, brand management, marketing and Technical. She started her career at Unilever where she spent more than 12 years growing a number of brands in various categories. With her achievements in brand management at Unilever Malaysia, she was expatriated to Unilever Japan and China. Ms Tan then joined Sara Lee Malaysia as Marketing Director before moving to becoming General Manager of Sara Lee Thailand and most recently, President of Sara Lee Malaysia, Singapore and Vietnam. Ms Tan holds a Master of Science in Chemistry from Purdue University, Indiana USA and a Bachelor of Science in Chemistry from Cumberland College, Kentucky USA.

MR IGNACIO C O SISON
Chief Financial Officer

Mr Ignacio C O Sison has more than 20 years of finance experience spanning treasury, corporate and financial planning, and controllership. He was previously Vice President, Corporate Controller, and Vice President, Treasury and Corporate Development, of Del Monte Philippines, Inc, 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.

MS ANGIE G FLAMINIANO
Chief Marketing Officer

Ms Angie G Flaminiano has almost 20 years of brand management and marketing experience. She started her career with Procter & Gamble and progressed to handling a number of brands in various categories before becoming the Regional Manager for the ASEAN, Australia and Indian markets. She then joined Southeast Asia Food, Inc (SAFI), the leading condiments company in the Philippines belonging to the NutriAsia Group, as Group Head for Marketing. She steered SAFI's brands to top 2 market positions with double-digit growth. In her present role with Del Monte, Ms Flaminiano revitalised the Del Monte brand in the Philippines, executing a clear health and wellness marketing proposition across all products. Ms Flaminiano is a Certified Public Accountant and has a BS in Business Administration and Accountancy, Cum Laude, from the University of the Philippines.

MS MA BELLA B JAVIER
Chief Scientific Officer

Ms Ma Bella B Javier has almost 30 years experience in R&D from leading FMCGs in the food industry. She spent 20 years at Kraft Foods, with her last assignment as the Director for Asia Pacific Beverage Technology and Southeast Asia Development. In her present role, she heads the Consumer Product and Packaging Development and the Quality Assurance functions for the Group. She is driving the Technology Development roadmap for the company, including Plantation Research programmes that impact consumer product development. Ms Javier is a Licensed Chemist with a bachelor's degree in Chemistry from the University of the Philippines (UP). She also sits as a Board Member of the UP Chemistry Alumni Foundation, and the Philippine Chamber of Food Manufacturers, Inc.

MR RAUL C LEONEN
Chief Manufacturing Officer

Mr Raul C Leonen has 30 years experience in the Group's Philippine Cannery operation, which is the single largest integrated pineapple Cannery facility in the world. He has worked in all departments covering the entire pineapple processing operation. Prior to his assumption of Group Head Cannery Operation, he managed the entire can manufacturing process. To complement and augment his knowledge and experience in pineapple processing, he also spent four years in the Company's Plantation operation giving him a complete understanding of the pineapple cycle. He started his professional career as a manufacturing management trainee in Procter & Gamble Philippines and worked in detergent manufacturing for four years. Mr Leonen has a BS degree in Chemical Engineering from Adamson University.

MR ANTONIO E S UNGSON
Chief Legal Counsel and Chief Compliance Officer

Mr Antonio E S Ungson is Chief Legal Counsel and Chief Compliance Officer of DMPL. He is also Head of the Legal Department of Del Monte Philippines, Inc since March 2007. Prior to joining the Group in 2006, Mr Antonio E S Ungson was a Senior Associate in SyCip Salazar Hernandez & Gatmaitan in Manila, where he served various clients for eight years in assignments consisting mainly of corporate and transactional work including mergers and acquisitions, securities and government infrastructure projects. He also performed litigation work and company secretarial services. Mr Ungson was a lecturer on Obligations and Contracts and Business Law at the Ateneo de Manila University Loyola School of Management. He obtained his Bachelor of Laws from the University of the Philippines College of Law and completed his undergraduate degree in Economics, cum laude and with a Departmental award at the Ateneo de Manila University.

FIVE-YEAR SUMMARY

Financial Year ended 31 December (Amounts in US$ million unless otherwise stated)	**2010**	**2009**	**2008**	**2007**	**2006**
PROFITABILITY					
Turnover	378.6	330.7	381.5	289.4	243.4
Gross Profit	81.8	68.5	96.2	71.6	62.8
EBITDA	35.7	30.7	63.3	47.3	35.9
Profit from Operations	30.3	25.8	56.9	38.6	27.8
Net Profit attributable to owners[1]	15.8	11.3	37.0	38.6	21.0
EPS[1] (US dollars)	0.0146	0.0105	0.0342	0.0357	0.0194
Gross Margin (%)	21.6	20.7	25.2	24.7	25.8
EBITDA Margin (%)	9.4	9.3	16.6	16.3	14.7
Operating Margin (%)	8.0	7.8	14.9	13.3	11.4
Net Margin[1] (%)	4.0	3.4	9.7	13.3	8.6
EPS Growth[1] (%)	39.0	(69.3)	(4.2)	84.0	11.5
Return on Equity[1] (%)	7.3	5.6	17.4	19.5	12.5
Return on Assets[1] (%)	4.0	3.2	11.1	13.1	8.1
BALANCE SHEET					
Cash	17.5	59.2	7.9	15.0	51.5
Debt	103.8	95.3	70.6	34.2	43.7
Net Cash or (Net Debt)	(86.3)	(36.1)	(62.8)	(19.2)	7.8
Fixed Assets	79.3	73.2	66.5	68.4	56.2
Total Assets	398.6	352.9	345.8	321.9	266.3
Shareholders' Equity	221.3	197.1	204.7	221.1	173.9
Net Tangible Asset Per Share (US dollars)	0.19	0.17	0.17	0.18	0.15
Net Debt to Equity Ratio (%)	39.0	18.3	30.7	8.7	cash
CASH FLOW					
Cash Flow from Operations	(17.0)	81.3	10.5	31.4	15.7
Capital Expenditure	14.6	14.6	19.5	6.7	6.1
SHARE STATISTICS[2]					
Number of Shares (million)	1,082	1,082	1,082	1,082	1,082
Average for period					
Share Price (Singapore dollars)	0.39	0.50	0.57	0.58	0.46
Share Price (US dollar equivalent)	0.28	0.34	0.41	0.38	0.29
Market Capitalisation (S$ million)	418.7	541.0	618.9	628.6	492.3
Market Capitalisation (US$ million)	305.7	371.6	438.9	416.3	309.6
P&L rate: US$1 : S$	1.37	1.46	1.41	1.51	1.59
Price Earnings Multiple (x)	19.4	32.7	11.9	10.8	14.8
End of period					
Share Price (Singapore dollars)	0.44	0.40	0.45	0.49	0.44
Share Price (US dollar equivalent)	0.34	0.28	0.31	0.34	0.28
Market Capitalisation (S$ million)	476.1	432.8	486.9	530.2	470.7
Market Capitalisation (US$ million)	368.3	308.1	337.3	366.3	307.2
P&L rate: US$1 : S$	1.29	1.40	1.44	1.45	1.53
Price Earnings Multiple (x)	23.3	27.1	9.1	9.5	14.6
DIVIDEND					
Dividend Per Share (US dollars)	0.0110	0.0079	0.0256	0.0268	0.0146
Dividend Per Share (Singapore dollars)[3]	0.0139	0.0113	0.0383	0.0380	0.0225
Dividend Yield (%)	3.6	2.3	6.7	6.5	4.9
Dividend Payout (%)	75	75	75	75	75

[1] Net profit in 2007 and 2008 included non-recurring items amounting to US$10.3 million and (US$2.7 million), respectively. Without these, net profit in 2007 and 2008 would have been US$28.4 million and US$39.8 million, respectively or a 40% year on year growth.

[2] 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.
However, the Company's reporting currency is US dollars. Singapore share prices are converted to US 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.

OPERATING AND FINANCIAL REVIEW

Group turnover for year 2010 grew by 15% to US$378.6 million from US$330.7 million driven by the Philippines and export markets.

Philippine market sales increased by 14% to US$236.2 million on the back of strong performance from the culinary, processed fruit and canned juice categories, offsetting soft demand for PET Fit 'n Right juice drinks amidst intense market competition. Fit 'n Right was re-launched in February 2011 as a low calorie drink with no added sugar for a healthier product formulation at reduced prices.

There was a notable increase in market shares in the important tomato sauce and spaghetti sauce segments. In the Visayas and Mindanao regions of the Philippines where low-cost, low-priced local sauces encroach into Del Monte market shares, Today's was introduced as a flanker brand and successfully delivered on its objective. We achieved a high 7% market share in the Visayas-Mindanao supermarkets within the first year of launch.

The average Philippine Peso rate against the US Dollar was slightly lower by 7% versus prior year, resulting in a favourable translation impact of US$5.8 million on Philippine market sales.

In the face of global short supply of processed pineapple in 2010, exports of processed products grew by 10%. North America posted higher volume and improved prices.

The most important development was the termination of the European supply contract as of end May 2010. As expected, volume to Europe was down as we worked on transitioning the business post termination of the contract. However, pricing and margins in the second half improved significantly, bringing full year export sales to Europe to a growth of 12%.

Total fresh fruit sales, including S&W branded fresh fruit, more than doubled to US$13.9 million from US$6.1 million on better volume and prices. We increased supply of the premium fresh fruit variety as we expanded the planting acreage and productivity.

S&W processed sales increased by 6% to US$8.4 million due to higher volume and prices. We entered the southern and eastern regions of China with a new distributor, started shipments into the Middle East, Cambodia and localised distribution in Indonesia.

Gross profit rose 19% to US$81.8 million from US$68.5 million as a result of higher volume, favourable prices and better sales mix.

Higher gross margins led to an increase in operating income by 18% to US$30.3 million from US$25.8 million, but were partially offset by higher general and administrative expenses due to business building initiatives.

In India, the Group recognised a share of loss of US$6.0 million for its 46% stake in the FieldFresh joint venture, higher than prior year's US$3.9 million due to marketing investments in scaling up the Del Monte branded business. FieldFresh's sales doubled, driven by robust growth of the Del Monte businesses in culinary, pasta and juices, as trade distribution in India expanded to about 60 cities and 35,000 outlets.

The Group ended the year with a net profit attributable to owners of US$15.8 million, higher than year ago net income of US$11.3 million due to better sales and margins, lower interest expense and forex loss, which more than offset higher G&A expenses and higher FieldFresh share of loss.

Operating cash flow was at a negative US$8.7 million compared to a positive US$80.1 million in the prior year. At the end of 2009, the Company entered into receivables discounting which was not done in the same period in 2010. There was also higher depreciation and inventory obsolescence in 2010. The Company ended with a net debt position of US$86.3 million at the end of 2010, and a gearing of 39%, higher than prior year's 18% but better than previous quarter's 42%. The Group effectively managed its working capital, bringing down inventory days via improved inventory management.

There was a notable increase in market shares in the important tomato sauce and spaghetti sauce segments.

Capital expenditures remained at the same level of US$14.6 million focusing on Good Manufacturing Practices, regulatory and sustainability objectives, as well as revenue enhancement.

ASIA PACIFIC

Reported under the Asia Pacific segment are sales and profit on sales of Del Monte and Today's branded processed products in the Philippines and of Del Monte branded processed products to Del Monte trademark licensees in the Asia Pacific region.

Turnover in Asia Pacific, which accounted for 66% of the Group's turnover in 2010, grew 13% to US$247.6 million from US$219.8 million, due to strong sales of culinary, processed fruit and canned juice categories in the Philippines.

Due to higher volume, gross profit improved by 9% to US$62.8 million. However, gross margin slightly deteriorated by 0.9ppts to 25.4% from 26.3% due to higher costs from low plantation productivity and yields in the first half of the year. Margins had improved in the fourth quarter.

For the full year ended 31 December

In US$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	153,025	125,997	21.5	94,582	93,776	0.9	247,607	219,773	12.7
Gross Profit	45,008	36,541	23.2	17,834	21,235	(16.0)	62,842	57,776	8.8
Gross Margin (%)	29.4	29.0	0.4 ppt	18.9	22.6	(3.7 ppt)	25.4	26.3	(0.9 ppt)
Operating Profit	22,567	19,191	17.6	1,958	5,451	(64.1)	24,525	24,642	(0.5)
Op Margin (%)	14.7	15.2	(0.5 ppt)	2.1	5.8	(3.7 ppt)	9.9	11.2	(1.3 ppt)

EUROPE & NORTH AMERICA

Reported under the Europe and North America segment are sales and profit on sales of Del Monte and buyers' label processed fruits, beverages, pineapple concentrate and other processed products to Del Monte trademark licensees and owners in Europe and North America respectively, as well as non-branded and buyers' label processed fruit and beverage products to new customers in Europe starting the second half of 2010.

Accounting for 22% of total turnover for 2010, turnover for Europe and North America increased by 20% to US$83.8 million from US$70.1 million.

Better pricing led to a 147% increase in gross profit to US$8.3 million from US$3.4 million. Results of operations turned around to US$1.7 million from a loss of US$2.3 million. With the termination of the unprofitable European supply contract, the Company was able to recognise higher prices and margins.

For the full year ended 31 December

In US$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	56,807	47,450	19.7	26,984	22,641	19.2	83,791	70,091	19.5
Gross Profit	3,479	(492)	807.1	4,818	3,852	25.1	8,297	3,360	146.9
Gross Margin (%)	6.1	(1.0)	7.1 ppt	17.9	17.0	0.9 ppt	9.9	4.8	5.1 ppt
Operating Profit	(1,512)	(5,681)	73.4	3,236	3,411	(5.1)	1,724	(2,270)	176.0
Op Margin (%)	(2.7)	(12.0)	9.3 ppt	12.0	15.1	(3.1 ppt)	2.1	(3.2)	5.3 ppt

OTHERS

Reported under this category are sales and profit on sales of the following segments:

- Other export sales which include:
    - Sales of buyers' label processed fruits and pineapple concentrates to various customers around the world.
    - Sales of Del Monte processed products to distributors in the Indian subcontinent.
- Sales of various Del Monte products such as canned vegetables and deciduous fruits sourced from other Del Monte companies.
- Sales of S&W branded processed products such as canned fruits and vegetables, juices and other food products to various customers in Asia Pacific.
- Sales of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia.
- Sales of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals.

Turnover from this segment comprised 12% of the Group's total turnover in 2010.

Turnover grew 16% to US$47.2 million from US$40.8 million primarily due to the growth of the fresh business and S&W processed sales. Fresh sales more than doubled, driven by higher volume and better prices.

Gross profit improved by 44% to US$10.6 million while operating profit increased by 20% to US$4.1 million for the same reasons.

For the full year ended 31 December

In US$'000	2010	2009	%
Turnover	47,225	40,792	15.8
Gross Profit	10,622	7,380	43.9
Gross Margin (%)	22.5	18.1	4.4 ppt
Operating Profit	4,069	3,403	19.6
Operating Margin (%)	8.6	8.3	0.3 ppt

BUSINESS OUTLOOK

Barring unforeseen circumstances, we expect to deliver higher earnings in 2011, particularly in the second half, supported by higher pineapple production, better operational execution - principally in plantation productivity and supply chain efficiency, and stronger sales in the Philippines, Europe and the fresh fruit business.

In the Philippines, we are well positioned for a continued rebound in 2011 with a healthier product offering and value proposition in Fit 'n Right beverage, and product upgrades in Culinary that will strengthen this profitable category.

In Europe, we continue to develop a base of new customers and a new selling network. We expect the full year impact of directly managing this market, together with further development of new customers and products, to lead to much improved exports results this year.

Our fresh fruit exports, including the steady expansion of the S&W branded fresh fruit business, will continue to grow as we increase our planting acreage and yields, and commence operation of the new packing house and cold storage facility that should improve overall fruit quality. There is strong demand for fresh fruit riding on the trend for healthy living. Our expansion into fresh supports this demand.

In India, the significant investments we made in 2010 in brand building, organisation and the greenfield manufacturing facility will improve our market coverage and margins in the coming year.

Operational initiatives in plantation, cannery, procurement and supply chain will have more positive impact in 2011.

Towards the end of 2010, we began to organise a 'Sustainability team' to coordinate our current Corporate Social Responsibility programmes under this broader Sustainability framework and integrate Sustainability initiatives with current practices.

The S&W branded business, both processed and fresh, turned in a combined revenue of **US$14.4** million, **31%** higher than prior year.

RISK MANAGEMENT

GROUP ASSETS

It is the Group's practice to assess annually with its insurance brokers and insurance companies 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 2010, 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. 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 low-risk securities from time to time. The Group obtains financing through bank borrowings and leasing arrangements. Financing is obtained from bank credit facilities, for both short-term and long-term requirements and/or through the sale of assets, particularly receivables from its customers. 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 ensure 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. In several of these contracts, there are provisions which enable the Group to limit its downside risk by adjusting pricing based on changes in its costs.

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, outgrowers and service providers' performance, production efficiencies, input 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
- Pursuit of productivity-enhancing and efficiency-generating work practices and capital projects
- Compliance with proven agricultural practices in the pineapple growing operations
- Focus on consumption-driven marketing strategies
- Continuous introduction of new products and line extensions with emphasis on innovation, health and wellness, quality, competitiveness and consumer appeal
- Increased penetration of high-growth distribution channels and markets
- Building on closer working relationships with business partners
- Close monitoring of changes in legislation and government regulations affecting the Group's business
- Implementation of a program that monitors the Group's compliance with laws and regulations

CORPORATE SUSTAINABILITY

The year 2010 gave the organisation renewed opportunity to create shared value with key stakeholders – employees and their families, business partners, customers and host communities. Our key efforts are focused on caring for the environment, whose resources sustain our operations; growing our people, who remain our greatest source of strength; delighting our customers, whose continuing patronage keeps us going; and building communities which we have become an integral part of.

ENVIRONMENTAL SUSTAINABILITY

We continuously build on our knowledge and experience in agriculture as we support efforts to conserve natural resources, reduce all forms of waste, and use industrial materials and chemicals in conformance with international safety standards. We communicate our Environmental Policy to employees, business partners and host communities.

Conservation

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 conservation programmes. Excess pineapple pulp at our Cannery is converted into cattle feed, thereby reducing waste and costs.

Waste Management

We operate effluent treatment plants that treat wastewater discharged from our agro-industrial facilities in conformance with government standards. Our high-filtration jextraction system processes excess juice into pineapple concentrate and syrup, significantly reducing volume of wastewater thus protecting nearby coastal waters, river systems and land areas from pollution. Plantation-based families share in our total conservation effort as they segregate domestic solid waste right in their own homes. Recyclable materials collected from households are sold to fund community projects.

Responsible Use of Materials

We work with local government units, suppliers and community organisations to ensure a safe environment for our workers and host communities. We comply with government standards in the application and use of fertilizers and industrial chemicals in all phases of our operations, including safe transport and handling, and collection and recovery of the packaging materials. We conduct regular safety audits on our fertilizer warehouses, chemical storage areas, and facilities where these chemicals are used. Audit results are shared with concerned teams to ensure deficiencies are immediately addressed. Workers handling chemicals are issued protective equipment and undergo regular medical check-ups.

Product Safety

Our agro-industrial processes 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 20 quality audits were performed during the year by reputable, independent international auditors, business partners and customers. Audit results confirm that our processes meet or often exceed standards for the purchase or importation of food products to certain countries. A certificate for Good Agricultural Practices issued by the Department of Agriculture in the Philippines attests that our farms grow, pack and distribute fresh produce in conformance with international standards on food safety and quality.

Other Green Initiatives

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 families.

We have adopted a mountain close to our farm for re-greening. On its second year of reforestation, 2,500 additional seedlings were planted on slopes long denuded by slash-and-burn agriculture. Local farmers have been tapped to maintain the farm and ensure trees would grow to maturity.

Our support to local fishermen has raised income gained from the rich marine waters near the Cannery. The Cannery employee cooperative extended low-interest credit assistance to the local fishermen's association, allowing them to purchase fishing nets and gear. Our support has strengthened our ties with local fishermen and environmental advocates.

We donate recyclable materials and equipment to help community organisations carry out long-term and sustainable programmes on public safety and environment conservation. Many Del Monte employees and their families do volunteer work for these projects and serve as leaders and educators in their respective communities.

SOCIAL SUSTAINABILITY

Growing Our Communities

Sharing resources with our host communities has earned us the trust and support vital to our continued growth. Del Monte Foundation, Inc, a non-stock and non-profit organisation, spearheads our efforts to help build communities that can sustain a profitable business.

Livelihood Support

We have embarked on a landmark partnership with select local farmers and entrepreneurs who now earn more from under-utilised or unproductive farm land. This outgrowing programme teaches farmers new ways to grow quality fruit in high volume for processing at our Cannery. Farmers receive farm inputs and technical assistance and grow pineapple and papaya in coastal and hinterland villages around the Cannery.

Technical Education

We have introduced community leaders, family heads, women and out-of-school youth and families of employees in the Philippines to agro-technical skills that can help them gain employment, start small businesses and augment family income. We also train rural women to become active decision-makers and advocates of development.

We promote short-term technical skills courses as an alternative to college education. Our education centres serve as satellite training centres of the government in rural areas. The Philippine Technical Education and Skills Development Authority helps us ensure that training standards comply with government requirements. Local governments help us select training participants, identify skills needed by the community, and find jobs for graduates.

In 2010, close to 500 residents completed training in electrical welding, small engine mechanics, electronics, food processing, cosmetology, sewing and beadwork, baking, commercial cooking, basic driving, and basic computer applications. Graduates fill in a growing demand for skilled manpower in the region's industry and service sectors.

Scholarships and Education

Poor but gifted children earn quality education from pre-school and elementary levels up to post-graduate studies through our academic scholarships, grants-in-aid for children of the Group's employees, and sports scholarships. The Jose Yao Campos College Grants-in-Aid Scholarships, launched in 2008, is funded through the personal contribution of Group CEO Joselito D Campos, Jr.

Over 1,000 alumni of Del Monte's college scholarship programme started in 1956 are now key contributors to community growth in the Philippines. Among Del Monte's former scholars are:

- Cayetano Paderanga, Jr who serves in the Cabinet of Philippine President Benigno Aquino III as

Director-General of the National Economic and Development Authority;

- Attorney Rufus Rodriquez, a prominent member of the Philippine House of Representatives representing Cagayan de Oro City, who initiates and supports legislative proposals for enhanced government support to community education;

- Engineer Elpidio Paras, an inventor and pioneer in the telecommunications industry in Southern Philippines, who now serves as Chairman of the Board of Trustees of Xavier University-Ateneo de Cagayan, and a leading proponent of quality education in the Philippines;

- Dr Lampa Pandi, former Undersecretary of Health for the Autonomous Region of Muslim Mindanao, who continues to serve the region's Muslim community as municipal mayor of his hometown Poona Bayabao, Lanao del Sur. He also served as resident doctor of Phillips Memorial Hospital.

- Dr Glenn Gregorio counts among the leading plant geneticists in Asia. For his pioneering work in rice genetics and outstanding contributions to enhanced rice production in the Philippines, he was named one of the Ten Outstanding Young Men of the Philippines in 2004.

For school year 2010-2011, close to 200 scholars are enrolled in various schools and courses. Among the seven graduates in 2010 are a doctor and two licensed agriculturists.

A partnership drive with the Group's business partners and community leaders has, on its second year, raised funds for the education of additional scholars. The programme has generated wide support through the Del Monte Tee Golf Tournament, enabling the Foundation to raise scholarship funds from sponsorship and tournament fees.

For children of the Group's contracted workers in new farm sites, school infrastructures were upgraded. The free transportation service we extended to 30 children contributed to the 0% drop-out rate in a remote school where these children used to walk 15 miles from their homes to the school.

New partnerships were also launched to widen the scope of educational support to rural communities. IBM International and Philippine training institute APC Center worked with us to enhance early childhood learning in four public schools in Southern Philippines. A three-day training introduced school teachers to digital technology.

The Asia Foundation helped us open young minds by distributing 12,100 reference books to 242 public schools with no libraries or inadequate reading facilities.

Through Cataract Foundation's Vision 2020 project, we helped visually impaired students improve academic performance by providing free vision check-up for 1,700 high school students, free eyeglasses for 150 students, and free referral to an ophthalmologist for further evaluation.

Youth Development

We work closely with the community to harness the potential of the youth to lead and transform their communities into self-sufficient units for nation-building.

We have established a youth organisation that encourages members to spearhead training programmes for fellow youth. Some 600 young rural leaders join our Annual Youth Congress where delegates share experiences, learn leadership principles, and submit Development Plans for their own communities. This is a first step towards building a strong network of cooperation in seeking innovative ideas and solutions to common issues. Many graduates harness resources of their respective youth organisations to attain both medium- and long-term development goals.

This year, we launched VOICE Network (Volunteers Organisation Information, Coordination and Exchange, Inc) to help rural youth bring their voice to the wider community. This village advocacy programme focuses on introducing innovations for good governance and community health and education. It aims to provide a dynamic link between community youth and grassroots organisations to create solutions to community issues.

We have lent support to a multi-sectoral 'Dreams of Peace' campaign where youth leaders representing different ethnic and religious groups in conflict areas across Southern Philippines trained and explored creative solutions to help fellow youth and children deal with traumatic experiences.

Community Health

As a company with a Mission to raise the level of global health and wellness, we help bring greater awareness on health, nutrition and food safety to our host communities. Under our Home Care Education Programme, 200 unemployed mothers were trained on family care emergency and disaster handling. Over 100 community health workers have raised their skills in emergency response and treatment of critical problems patients face in remote communities through monthly training sessions that we fund.

With the Del Monte Ladies' Civic Association and the Phillips Memorial Hospital, we conducted medical missions or free clinics in remote villages where families rarely see a doctor in their lifetime. Close to 600 residents living on the foothills of Mt Kitanglad received free medical and dental services and medicines while another 1,000 indigent patients from urban communities were served in another medical mission we co-opted with a private organisation.

We supported "Smile Train," a year-round free surgery programme for impoverished children with cleft lip or palate. The post-operation kit we gave to each patient of this year's 50 patients has truly helped make a difference in their lives.

Serving New Areas

We continue to touch base with other communities in the region that seek our support and assistance in pursuing development initiatives. Priority is given to communities which we believe have high potential for viable partnerships in farming and manpower and material sourcing required by our business. The Foundation provides us with an effective entry point for future linkages and collaboration with local

government leaders. This is vital as we continue to expand and cultivate new farm areas and sustain farming operations within our landholdings.

Growing Our People

We are committed to the growth of our most valuable resource -- our 4,200 employees at our plantation, manufacturing facilities, and administrative and marketing offices in the Philippines, India, Singapore and Vietnam. As we share with our employees our Vision to be one of the fastest growing global branded food and beverage companies, we provide them with every opportunity to contribute to the attainment of this Vision.

Healthy Work Environment

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

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 three key labour unions have stipulated increased wages and enhanced benefits for farm and factory workers from 2009 to 2014. LMC teams have also initiated improvements in working conditions now enjoyed by workers and their families.

Training and Development

The Group cultivates a culture of excellence as we continue to encourage our people to innovate and strive for continuous improvement. We have continued a campaign among our employees, families and business partners to build on the Group's Core Values of Passion for Winning, Customer Focus, Integrity and Trust, Respect for the Individual, Teamwork and Commitment to Society and Environment. Employees have attended workshops on our Vision, Mission and Core Values as well as on improvement of core competencies and skills required for their respective jobs.

Communication

The Group's strategies and accomplishments as presented to the management team during the Annual State-of-the-Business Meeting are cascaded to different employee levels across the Company. We keep our employees in the Philippines informed of the Group's performance through various forms of formal and informal information sharing in divisional, departmental and team assemblies.

Our news magazine called Tidbits features key programmes, new product launches, team achievements and individual stories that highlight our Core Values. A similar news magazine called FreshTimes is produced by our Indian affiliate. A digital newsletter called FreshCut informs agro-industrial workers in the Philippines on programmes and direction.

Through a wallposter called "Pinikit," written in a Philippine dialect commonly understood in our areas of operations, we inform our host communities on our business thrusts and social programmes for their specific communities. This quarterly wallposter is

distributed in coastal and upland villages where corporate and contracted farms are located as well as in Company housing camps and production facilities.

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, livelihood and other services that enhance economic benefits for their families. Cooperative members enjoy annual dividends and patronage refunds.

We have strengthened our teambuilding and sports programme to give workers' sports associations a free hand in organising tournaments and games among workers and their families. Sports equipment and uniforms are purchased by the Company. Participants welcome this opportunity to hone leadership skills, enjoy physical exercise, and widen their social networks. Some teams have won awards in local competitions and have gladly served as our goodwill ambassadors in the community.

In the Philippines, the Del Monte Football Club provides opportunities for children of workers to excel in sports as well as earn scholarship grants. The Group's Football Scholars have been selected as members of the Philippine Football Youth Team, and has had the opportunity to play and represent the country in tournaments held in other Asian countries. 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. Results of an Organisation Climate Survey for our Philippine operations has yielded new programmes directly responding and addressing issues raised by our rank-and-file workers, supervisors and executives through this feedback mechanism.

Awards and Citations

Recognising the continuing excellence of our programmes, leading government and professional organisations have bestowed their highest awards on the Group throughout the years.

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 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 Labour and Employment have awarded the "Outstanding LMC (Labour-Management Council) of the Philippines" Award to our Philippine unit. The award honours Management and labour teams whose joint efforts have helped foster industrial peace and raise worker productivity.

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 Singapore Code of Corporate Governance 2005 ("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 the 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 ("Board") oversees Management and ensures the long-term interests of shareholders are served. The Board provides entrepreneurial leadership and sets the strategic direction for the Company. It is responsible for the overall policies and integrity of the Group to ensure success.

The Board has adopted guidelines specifying matters requiring the Board's 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 financial statements;
- approval of grant of share awards or options;
- approval of remuneration and HR matters;
- 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, shapes the Company's values and standards to be more dynamic, innovative and global in its mindset and outlook.

The Board works closely with Management to drive the Group's business to a higher level of success. Management is accountable to the Board and Management's performance is reviewed by the Board annually.

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

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

The Board meets at least quarterly, and more frequently when 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-conference and video-conference meetings to facilitate Board participation.

Attendance at Board and Board Committee Meetings in 2010

Directors	Board Meetings		Audit Committee Meetings		Remuneration and Share Option Committee Meetings		Nominating Committee Meetings	
	Meetings Held	Attendance	Meetings Held	Attendance	Meetings Held	Attendance	Meetings Held	Attendance
Mr Rolando C Gapud	4	4	4	4	5	5	1	1
Mr Joselito D Campos, Jr	4	4	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Mr Edgardo M Cruz, Jr	4	4	4	4	5	5	1	1
Mr Patrick L Go	4	4	4	4	5	5	1	1
Dr Emil Quinto Javier	4	4	N.A.	N.A.	N.A.	N.A.	1	1
Mr Benedict Kwek Gim Song	4	4	4	4	5	5	1	1
Mr Godfrey E Scotchbrook	4	4	4	4	5	5	1	1

New Directors undergo an orientation programme whereby they are briefed by the Company Secretary on their obligations as Directors, as well as the Group's corporate 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. Ongoing orientation includes visits to the Group's plantation and manufacturing facilities. These are organised to enable Board members to gain a firsthand understanding and appreciation of the Group's business operations.

In August 2010, the Directors visited the Group's operations in the Philippines including its pineapple plantation and cannery facilities, and met with senior managers of DMPI's plantation and cannery operations.

In October 2010, the Board visited the Group's operations in India and met with its senior managers. The Board also officiated at the inauguration of the Group's new factory near Bangalore.

These visits form part of an on-going orientation programme for the Board, to enable Board members to obtain a first hand understanding and appreciation of the Group's overseas 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 has formalised procedures for the selection, appointment and re-appointment of Directors. Letters of appointment will be issued to Directors setting out their duties, obligations and terms of appointment as appropriate.

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, two of whom are executive Directors. Of the five non-executive Directors, four are independent Directors. The profiles of the Directors, including information on their appointments and re-appointments, are set out on pages 6-8 of this Report.

A strong element of independence is present in the Board with independent Directors making up more than one-half of the Board. The Board exercises objective and independent judgment on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making. In addition, 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 exercise independent judgment and discretion on the Group's business activities and transactions, in particular, in situations involving conflicts of interest and other complexities.

Our Directors also bring invaluable experience, extensive business networks and expertise in specialised fields such as strategic planning, mergers and acquisitions, corporate finance and restructuring, accounting, marketing and business development, risk and crisis management, corporate communications and investor relations.

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

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 there is no concentration of power, in any one individual and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Mr Joselito D Campos Jr, whilst 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 sets the tone of Board meetings to encourage proactive participation and constructive discussions on agenda topics. Constructive relations between the Board and Management are encouraged, as with executive Directors and non-executive Directors. The Chairman ensures that Directors and shareholders alike, receive clear, timely and accurate information from Management, thus maintaining the Company's high standards of corporate governance.

Our Board of Directors was honoured to receive the "Best Managed Board" award from the Singapore Corporate Awards (Gold, for companies with a market capitalisation of between S$300 million to less than S$1 billion) in May 2010, and will continue to uphold the Company's 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, majority 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 Edgardo M Cruz, Jr
Executive Director
Mr Rolando C Gapud
Non-Executive Director
Mr Patrick L Go
Independent Director
Dr Emil Quinto Javier
Independent Director
Mr Benedict Kwek Gim Song
Independent Director

Under its terms of reference, the NC is responsible for reviewing the Board's composition and effectiveness and determining whether Directors possess the requisite qualifications and expertise and whether the independence of Directors is compromised.

All appointments and re-appointments of Directors are first reviewed and considered by the NC and then recommended for approval by the Board. The NC has formalised this process and has adopted procedures for the selection, appointment and re-appointment of Directors, in order to increase transparency of the nominating process.

The NC will evaluate the balance of skills and competencies on the Board and in consultation with the Chairman of the Board and Management, determine the desired skill sets and qualities for a particular appointment.

The NC does not usually engage the services of search consultants to identify potential candidates and will consider recommendations and referrals provided the potential candidates meet the qualification criteria established for the particular appointment.

The NC will evaluate the suitability of a potential candidate based on his qualification and experience, ability to commit time and effort in the effective discharge of his duties and responsibilities, independence, past business and related experience and track record. The NC will also identify any core competencies that will complement those of current Directors on the Board.

The NC is also tasked with reviewing the performance and contribution of Directors in order to nominate them for re-election or re-appointment. The NC will review, in particular, the Directors' attendance and participation at meetings of the Board and Board committees and their efforts and contributions towards the success of the Group's business and operations.

Details of each Director's academic and professional qualifications, Directorships or Chairmanships in other companies, and other major appointments, are presented on pages 6-8 of this Annual Report.

In cases where a Director has multiple Board representations, the NC also assesses whether such Director has been adequately carrying out his duties as a Director of the Company.

The Committee reviews and determines the independence of each Director 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. Newly appointed Directors will be subject to re-election at the Annual General Meeting following his appointment.

Directors Retiring Under Article 88

Mr Rolando C Gapud
Chairman, Non-Executive Director
Appointed on 20 January 2006 and
re-elected on 28 April 2006 and 28 April 2008

Mr Benedict Kwek Gim Song
Audit Committee Chairman, Independent Director
Appointed on 30 April 2007 and
re-elected on 28 April 2008

In reviewing the nomination of the Directors retiring by rotation under Article 88 of the Company's Articles of Association for re-election, the NC had considered the contributions and performance of each Director, taking into account his attendance and participation at Board and Board committee meetings.

All Directors retiring by rotation have consented to continue in office and have offered themselves for re-election at the Company's Annual General Meeting ("AGM").

Principle 5
Board Performance

The Board has, through the NC, implemented an annual evaluation process to assess the effectiveness of the Board as a whole.

The evaluation process is undertaken as an internal exercise and involves Board members completing a questionnaire covering areas such as Board composition and conduct, Board processes and procedures, Board accountability, evaluation and succession planning of key executives.

The evaluation process takes into account the views of each Board member and provides an opportunity for him to give constructive feedback on the workings of the Board including its procedures and processes and if these may be improved upon.

An evaluation exercise was carried out in the financial year under review.

Led by the Chairman, a summary of findings prepared based on responses from the completed questionnaires was discussed resulting in a number of agreed recommendations. The key recommendations related to time allocation for discussions and meetings, and succession planning of key executives. These recommendations were reviewed with the Board and implemented, as appropriate.

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 relevant information and 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 explained. The strategies and forecasts for the following months are discussed and approved as appropriate.

The Directors have separate and independent access to Management and 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 ensures the flow of qualitative information 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 advises newly-appointed Directors on their duties and obligations as Directors, the Group's governance practices, and relevant statutory and regulatory compliance matters, as part of an orientation programme. In addition, she assists with the professional development of Board members as required.

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

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, majority 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 Edgardo M Cruz, Jr
Executive Director
Mr Rolando C Gapud
Non-Executive Director
Mr Patrick L Go
Independent Director
Mr Benedict Kwek Gim Song
Independent 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 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 the Company's key executives. The RSOC assumed the role of the Employee Share Option Plan Committee, previously responsible for administering the Del Monte Pacific Executive Stock Option Plan, the Del Monte Pacific Restricted Share Plan and the Del Monte Pacific Performance Share Plan. The RSOC considers all aspects of remuneration - Director's fees, salaries, allowances, bonuses, options, share awards and other benefits-in-kind. All remuneration matters are ultimately approved by the Board.

In conjunction with the review of remuneration matters of the Company's key executives, the RSOC works with the Company's human resource department in reviewing individual performance appraisal reports and benchmark studies conducted by Management.

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 is tabled for shareholders' approval at the Company's AGM. No member of the RSOC or the Board participated in the deliberation of his own remuneration.

During the year in review, the RSOC held five meetings.

Principle 8
Level and Mix of Remuneration

The remuneration of the Company's Directors and key executives has been formulated to attract, retain and motivate these executives to run the Company successfully.

Where appropriate, the RSOC reviews the service contracts of the Company's executive Directors and key Management. The compensation commitments in service contracts are reviewed periodically and notice periods for termination are also reviewed to ensure that they are not excessively long.

In reviewing the recommendation for non-executive Directors' remuneration for 2011, the RSOC had continued to adopt a framework, based on guidelines of the Singapore Institute of Directors, which comprises a base fee, fees for membership on Board committees, as well as fees for chairing Board committees. The fees take into consideration the amount of time and effort that each Board member may be required to devote to their role.

The compensation structure for key executives of Group subsidiaries consists of two key components - 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 Group's Directors and officers had participated in the Company's Executive Stock Option Plan 1999 ("Scheme"), as amended. The Scheme is a share option incentive plan which serves to reward and motivate Group Directors, executives and managerial personnel to strive for higher performance for the Company's growth and success. The Scheme, which had a 10-year duration, ended in July 2009.

The Company has in place two other share plans - the Restricted Share Plan (RSP) and the Performance Share Plan (PSP) (collectively the "Share Plans"). These are also administered by the RSOC. The RSP and PSP are long-term incentive schemes based on participants achieving pre-set operating unit financial goals, individual performance, as well as 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 the interest of these executives with those of shareholders.

Under the Share Plans, shares are either delivered after the participant has served the Group for a specific period or delivered after a further period beyond completion of prescribed performance targets.

The aggregate number of shares which may be offered under the Share Plans should not exceed 10% of the Company's total issued capital. The terms of Share Plans are described in more detail in the Directors' Report.

Principle 9
Disclosure on Remuneration

The remuneration of each Director and the top 5 key executives has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and sensitivity attached to remuneration matters, the top 5 key executives have not been disclosed.

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 in place comprehensive management reporting disciplines and structured financial approval authorities to govern the implementation of agreed Company policies and Board decisions, including 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. Information such as disclosure documents, quarterly results, profit and loss statements, cash flow statements, working capital requirements and borrowing levels are presented using comparative figures between actual results, budgeted levels and prior year's results.

Disclosure on Remuneration of Directors for 2010

Remuneration Bands & Names of Directors	Fixed Salary/ Consultancy Fees %	Director Fees %	Variable Income/ Bonus %	Benefits In Kind %
Executive Directors				
S$750,000 to below S$1,000,000				
Mr Joselito D Campos, Jr	73	5	22	-
S$250,000 to below S$500,000				
Mr Edgardo M Cruz, Jr	78	21	-	1
Non-Executive Directors				
Below S$250,000				
Mr Rolando C Gapud	-	100	-	-
Mr Patrick L Go	-	100	-	-
Dr Emil Quinto Javier	47[1]	53	-	-
Mr Benedict Kwek Gim Song	-	100	-	-
Mr Godfrey E Scotchbrook	-	100	-	-

Notes:
[1] Refers to consultancy fees
[2] Details of the share options and share awards granted to each director are shown in the Directors' Report

Disclosure on Remuneration of Top Five Key Executives[1] for 2010

Remuneration Bands & Number of Key Executives	Fixed Salary %	Variable Income/Bonus %	Benefits In Kind %
Above S$500,000			
1	41	58	1
S$250,000 to below S$500,000			
1	88	7	5
1	87	12	1
1	71	28	1
1	71	28	1

Notes:
[1]Key Executives who are not Directors
[2]Details of the share awards granted to each key executive are shown in the Directors' Report

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, majority 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 Edgardo M Cruz, Jr
Executive Director
Mr Rolando C Gapud
Non-Executive Director
Mr Patrick L Go
Independent Director
Mr Godfrey E Scotchbrook
Independent Director

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

Under its terms of reference, the AC reviews 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 2010, the AC had reviewed the audit and non-audit services of the external auditors and was satisfied with their independence.

The AC also reviews significant financial reporting issues so as to ensure the integrity of the Company's financial statements and any announcements relating to the Company's financial performance. The AC 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.

The AC monitors 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 has been in place since 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 including 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 an 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 Board and the Group's Corporate Auditing department are of the view that the Company has in place proper and adequate internal control procedures.

A Plantation Oversight Committee was set up in March 2010 to oversee the streamlining of the Group's procedures, introduce up-to-date methods and to upgrade its agricultural practices. The Committee comprised of experienced agricultural and management experts and is chaired by DMPL director, Dr Emil Quinto Javier, one of the Philippines' foremost agronomists.

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. A majority of the Group's auditors are Certified Public Accountants and are members of the Institute of Internal Auditors-Philippines, one of whom is a top 25 Certified Internal Auditor.

This department commands 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 and administratively to the CEO. It is the Group's policy to support the Corporate Auditing department to comply with and exceed the International 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. It encourages shareholders to share their views or inputs, and endeavours to address their concerns.

The Company participates actively in conferences, forums and road shows organised by stock broking companies. In 2010, the Group participated in two conferences organised by CLSA in Singapore. The Company had a total of about 60 investor and brokers meetings in 2010 comprising organised conferences and adhoc requests.

The Company occasionally organises trips for the public (investors, analysts and media) to the Philippines, providing them with firsthand appreciation and understanding of the Group's operations. The Company also holds interviews and briefings with media personnel to share its business and strategy.

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 out to investors on a regular basis. Such information is also announced to the public via the SGXnet system. The Company does not practise selective disclosure.

The Company announces its financial results on a quarterly basis within the prescribed timeframe and holds briefings on its half-year and full-year performance. The report and presentation on the Company's financial results are disseminated 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 AGM and other general meetings of shareholders, to assist the Board in addressing shareholders' questions. The minutes of AGM are available to shareholders upon their request.

Shareholders have the opportunity to participate effectively and to vote in the AGM 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 to govern dealings by Directors, officers and staff in the Company's securities. 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. The officers are also discouraged from dealing in the Company's securities on short-term considerations.

The Board and the Company's officers and staff regulated by the Guide 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.

FINANCIAL STATEMENTS 2010

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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 statements of financial position, income statements, statements of comprehensive income and statements of changes in equity of the Company and the Group and the cash flow statements of the Group and Company for the financial year ended 31 December 2010.

Directors

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

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

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 2010	**At 31 December 2010**	**At 21 January 2011**	**At 1 January 2010**	**At 31 December 2010**	**At 21 January 2011**
The Company						
Ordinary shares of US$0.01 each						
Mr Joselito D Campos, Jr	-	-	-	849,429,372	849,429,372	849,429,372

Directors' interests (cont'd)

	Direct interest			Deemed interest		
	At 1 January 2010	At 31 December 2010	At 21 January 2011	At 1 January 2010	At 31 December 2010	At 21 January 2011
Options to subscribe for ordinary shares at S$0.627 per share between 07/03/2010 to 06/03/2018*						
Mr Rolando C Gapud	400,000	400,000	400,000	-	-	-
Mr Edgardo M Cruz, Jr	200,000	200,000	200,000	-	-	-
Mr Patrick L Go	200,000	200,000	200,000	-	-	-
Dr Emil Quinto Javier	200,000	200,000	200,000	-	-	-
Mr Benedict Kwek Gim Song	250,000	250,000	250,000	-	-	-
Mr Godfrey E Scotchbrook	300,000	300,000	300,000	-	-	-

*Up to 60% of options granted maybe exercised from 7 March 2010 onwards.
Remaining 40% of options granted maybe exercised from 7 March 2011 onwards.

Grant of share awards at S$0.680 per share with vesting period from 20/05/2010 onwards**						
Mr Joselito D Campos, Jr	1,611,000	1,611,000	1,611,000	-	-	-

**Up to 60% of share awards granted would be released after 19 May 2011.
Remaining 40% of share awards granted would be released after 19 May 2012.

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 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 notes 28 and 32 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 shareholders at general meetings held on 30 July 1999 and 21 February 2002 respectively. No further options could be granted pursuant to the ESOP as it had expired on 24 July 2009. Any options granted by the Company prior to 24 July 2009 would continue to be valid for a period of 10 years from the date of the grant of options.

(Amounts in United States Dollar unless otherwise stated)

Share option and incentive plans (cont'd)

The Company's 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"), at a general meeting held on 26 April 2005. The Share Plans seek to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees, and are currently targeted at executives in key positions, to excel in their performance.

The ESOP and 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 Edgardo M Cruz, Jr	
Mr Rolando C Gapud	
Mr Patrick L Go	(Independent Director)
Mr Benedict Kwek Gim Song	(Independent Director)

Other information regarding the ESOP is set out below:

Under the ESOP, 2 types of options were granted:

- Initial Public Offering Options ("IPO Options")
- Market Price Options

IPO Options

At the time of the Company's initial public offering in July 1999, a total of 11,428,571 IPO Options were granted at an exercise price of US$0.504 each. None of the IPO Options granted were exercised and all IPO Options granted have since lapsed.

Market Price Options

(a) A Market Price Option confers the right to subscribe for shares granted under the ESOP one year after the Listing Date.

(b) A Market Price Option may be granted only after the lapse of one year from the Listing Date.

(c) The period for the exercise of a Market Price Option commences after the second anniversary of the date of grant of the option and expires on the 10th anniversary of such date of grant.

(d) The exercise price of a Market Price Option may be set at a discount not exceeding 20% of the market price at the date of grant.

In March 2001, a total of 14,050,000 Market Price Options were granted at an exercise price of S$0.490 each. All of the 14,050,000 Market Price Options have either been exercised or have lapsed following the mandatory conditional cash offer by NutriAsia Pacific Ltd in January 2006.

On 7 March 2008, a total of 1,550,000 Market Price Options were granted at an exercise price of S$0.627 each being the average last done price of the Company's share for the last three market days preceding the date of grant. The options are valid for 10 years from 7 March 2008.

Other information regarding the Del Monte Pacific RSP is set out below:

(a) No minimum vesting periods are prescribed.

Share option and incentive plans (cont'd)

(b) The length of the vesting period(s) in respect of each award granted will be determined on a case-to-case basis by the RSOC.

(c) Delivery of shares upon vesting of the share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

On 7 March 2008, three employees of related companies were granted an aggregate of 1,725,000 share awards at the market price of S$0.615 per share.

On 20 May 2008, 1,611,000 shares were awarded at the market price of S$0.680 per share to Mr Joselito D Campos, Jr, an associate of a controlling shareholder, approved by shareholders at the Annual General Meeting of the Company held on 28 April 2008.

On 12 May 2009, six employees of related companies were granted an aggregate of 3,749,000 share awards at the market price of S$0.540 per share.

Other information regarding the Del Monte Pacific PSP is set out below:

(a) Vesting periods are not applicable.

(b) Shares awarded are released at the end of the performance period (typically, at the conclusion of a financial year end) once the RSOC is satisfied that the prescribed performance target(s) have been achieved by awardees.

(c) Delivery of share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

As at the date of this report, no share awards have been granted pursuant to the Del Monte Pacific PSP.

At the end of the financial year, details of the options granted under the ESOP on the unissued ordinary shares of the Company, are as follows:

Date of Grant	Exercise Price S$	Number of options outstanding at 1 January 2010	Options granted	Options exercised	Options forfeited/ exercised	Number of options outstanding at 31 December 2010	Number of option holders at 31 December 2010	Exercise period
07/03/2008	0.627	1,550,000	–	–	–	1,550,000	6	Up to 60%: 07/03/2010 – 06/03/2011 40%: 07/03/2011 – 06/03/2018

(Amounts in United States Dollar unless otherwise stated)

Share option and incentive plans (cont'd)

At the end of the financial year, details of share awards granted under the Del Monte Pacific RSP are as follows:

Date of grant	Market price on date of grant S$	Number of share awards granted as at 31 December 2010	Number of share award holders at 31 December 2010	Vesting period
07/03/2008	0.615	1,725,000	3	Up to 60%: 07/03/2010 – 06/03/2011 40%: 07/03/2011 onwards
20/05/2008	0.680	1,611,000	1	Up to 60%: 20/05/2010 – 19/05/2011 40%: 20/05/2011 onwards
12/05/2009	0.540	3,749,000	6	Up to 60%: 12/05/2011 – 11/05/2012 40%: 12/05/2012 onwards
		7,085,000		

Details of options granted to directors of the Company under the ESOP are as follows:

Name of director	Options granted in financial year ended 31 December 2010	*Aggregate options granted since commencement of ESOP to 31 December 2010	*Aggregate options exercised since commencement of ESOP to 31 December 2010	Aggregate options outstanding as at 31 December 2010
Mr Rolando C Gapud	–	400,000	–	400,000
Mr Edgardo M Cruz, Jr	–	200,000	–	200,000
Mr Patrick L Go	–	200,000	–	200,000
Dr Emil Quinto Javier	–	200,000	–	200,000
Mr Benedict Kwek Gim Song	–	250,000	–	250,000
Mr Godfrey E Scotchbrook	–	300,000	–	300,000
	–	1,550,000	–	1,550,000

* Excludes options granted prior to the mandatory conditional cash offer by NutriAsia Pacific Ltd in January 2006, all of which have either been exercised or have lapsed.

Share option and incentive plans (cont'd)

Details of share awards granted to directors of the Company under the Del Monte Pacific RSP are as follows:

Name of director	Share awards granted for financial year ended 31 December 2010	Aggregate share awards granted since commencement of Del Monte Pacific RSP	Aggregate share awards granted as at 31 December 2010
Mr Joselito D Campos, Jr	–	1,611,000	1,611,000

Except as disclosed above, no options or share awards have been granted to the controlling shareholders of the Company or their associates and no participant under the ESOP and Del Monte Pacific RSP has been granted 5% or more of the total options available under the ESOP and Del Monte Pacific RSP.

The options granted by the Company do not entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

No options or share awards have been granted to other employees of the holding company or its related companies under the ESOP and Del Monte Pacific RSP, except for the 6 employees of related companies, who were granted an aggregate of 5,474,000 on 7 March 2008 and 12 May 2009.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries at the end of the financial year.

Audit Committee

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

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

The AC held 4 meetings since the last directors' report. The AC reviews the effectiveness of the systems of internal controls 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 are 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 controls. 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 2010 as well as the external auditors' report thereon.

THE DIRECTORS' REPORT

(Amounts in United States Dollar unless otherwise stated)

Audit Committee (cont'd)

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.

Auditors

The auditors, KPMG LLP, 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

31 March 2011

STATEMENT BY DIRECTORS

(Amounts in United States Dollar unless otherwise stated)

In our opinion:

(a) the financial statements set out on pages 43 to 109 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 2010 and of the results, changes in equity and cash flows of the Group and 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

31 March 2011

INDEPENDENT AUDITORS' REPORT

Members of the Company Del Monte Pacific Limited

Report on the financial statements

We have audited the accompanying financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (collectively the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the income statements, the statements of comprehensive income, changes in equity and cash flows of the Group and the Company for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages 43 to 109.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 our 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, we consider 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 financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of the financial performance and the cash flows of the Group and of the Company for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore

31 March 2011

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2010

		Group		Company	
	Note	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Non-current assets					
Property, plant and equipment	4	79,342	73,212	–	–
Subsidiaries	5	–	–	85,442	76,707
Joint venture	6	33,495	30,204	–	–
Intangible assets	7	16,575	17,145	–	–
Deferred tax assets	17	326	–	–	–
Other assets	8	12,069	10,472	–	–
		141,807	131,033	85,442	76,707
Current assets					
Inventories	9	77,498	68,084	–	–
Biological assets	10	81,860	70,469	–	–
Trade and other receivables	11	79,953	24,154	19,846	42,527
Cash and cash equivalents	14	17,506	59,162	211	9
		256,817	221,869	20,057	42,536
Total assets		398,624	352,902	105,499	119,243
Equity					
Share capital	15	10,818	10,818	10,818	10,818
Reserves	16	211,100	186,273	92,077	73,861
Equity attributable to owners of the Company		221,918	197,091	102,895	84,679
Non-controlling interest		(624)	–	–	–
Total equity		221,294	197,091	102,895	84,679
Non-current liabilities					
Deferred tax liabilities	17	–	1,918	–	–
Financial liabilities	18	18,016	26,068	–	–
		18,016	27,986	–	–
Current liabilities					
Trade and other payables	19	70,091	56,499	2,604	34,564
Financial liabilities	18	85,787	69,294	–	–
Current tax liabilities		3,436	2,032	–	–
		159,314	127,825	2,604	34,564
Total liabilities		177,330	155,811	2,604	34,564
Total equity and liabilities		398,624	352,902	105,499	119,243

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

INCOME STATEMENTS

Year ended 31 December 2010

		Group		Company	
	Note	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Revenue	21	378,623	330,656	25,000	32,000
Cost of sales		(296,862)	(262,140)	–	–
Gross profit		81,761	68,516	25,000	32,000
Distribution and selling expenses		(23,147)	(20,053)	–	–
General and administrative expenses		(23,842)	(19,206)	(4,387)	(4,003)
Other expenses		(4,454)	(3,482)	(581)	(533)
Results from operating activities		30,318	25,775	20,032	27,464
Finance income		636	733	–	–
Finance expenses		(5,152)	(7,100)	–	–
Net finance expenses	23	(4,516)	(6,367)	–	–
Share of loss of joint venture, net of tax		(6,634)	(3,880)	–	–
Profit before taxation		19,168	15,528	20,032	27,464
Income tax	24	(3,983)	(4,197)	–	–
Profit for the year	22	15,185	11,331	20,032	27,464
Profit attributable to:					
Non-controlling interests		(624)	–	–	–
Owners of the Company		15,809	11,331	20,032	27,464
Earnings per share					
Basic earnings per share (US dollar)	25	0.0146	0.0105		
Diluted earnings per share (US dollar)	25	0.0145	0.0104		

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

STATEMENTS OF COMPREHENSIVE INCOME

Year ended 31 December 2010

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Profit for the year	15,185	11,331	20,032	27,464
Other comprehensive income				
Currency translation differences	10,834	5,462	–	–
Net changes in fair value of cash flow hedges	–	885	–	–
Income tax on other comprehensive income	–	(266)	–	–
Other comprehensive income for the year, net of tax	10,834	6,081	–	–
Total comprehensive income for the year	26,019	17,412	20,032	27,464
Total comprehensive income attributable to:				
Non-controlling interests	(624)	–	–	–
Owners of the Company	26,643	17,412	20,032	27,464

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

Group	Note	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Revaluation reserve US$'000	Share option reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		← Attributable to owners of the Company →									
2009											
At 1 January 2009		10,818	68,687	(54,989)	(619)	3,368	486	176,931	204,682	–	204,682
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	11,331	11,331	–	11,331
Other comprehensive income											
Currency translation differences		–	–	5,462	–	–	–	–	5,462	–	5,462
Net changes in fair value of cash flow hedges, net of tax		–	–	–	619	–	–	–	619	–	619
Total other comprehensive income		–	–	5,462	619	–	–	–	6,081	–	6,081
Total comprehensive income for the year		–	–	5,462	619	–	–	11,331	17,412	–	17,412
Transactions with owners of the Company recognised directly in equity											
Contributions by and distributions to owners of the Company											
Dividends to owners of the Company	26	–	–	–	–	–	–	(25,854)	(25,854)	–	(25,854)
Value of employee services received for issue of share options	28	–	–	–	–	–	851	–	851	–	851
Total contributions by and distributions to owners		–	–	–	–	–	851	(25,854)	(25,003)	-	(25,003)
At 31 December 2009		10,818	68,687	(49,527)	–	3,368	1,337	162,408	197,091	-	197,091

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

Year ended 31 December 2010

Group	Note	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Revaluation reserve US$'000	Share option reserve US$'000	Reserve for own shares US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
		Attributable to owners of the Company										
2010												
At 1 January 2010		10,818	68,687	(49,527)	–	3,368	1,337	–	162,408	197,091	–	197,091
Total comprehensive income for the year												
Profit for the year		–	–	–	–	–	–	–	15,809	15,809	(624)	15,185
Other comprehensive income												
Currency translation differences		–	–	10,834	–	–	–	–	–	10,834	–	10,834
Total other comprehensive income		–	–	10,834	–	–	–	–	–	10,834	–	10,834
Total comprehensive income for the year		–	–	10,834	–	–	–	–	15,809	26,643	(624)	26,019
Transactions with owners of the Company recognised directly in equity												
Contributions by and distributions to owners of the Company												
Dividends to owners of the Company	26	–	–	–	–	–	–	–	(1,731)	(1,731)	–	(1,731)
Acquisition of treasury shares		–	–	–	–	–	–	(824)	–	(824)	–	(824)
Value of employee services received for issue of share options	28	–	–	–	–	–	739	–	–	739	–	739
Total contributions by and distributions to owners		–	–	–	–	–	739	(824)	(1,731)	(1,816)	–	(1,816)
At 31 December 2010		10,818	68,687	(38,693)	–	3,368	2,076	(824)	176,486	221,918	(624)	221,294

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2010

	Share capital US$'000	Share premium US$'000	Share option reserve US$'000	Reserve for own shares US$'000	Retained earnings US$'000	Total equity US$'000
Company						
2009						
At 1 January 2009	10,818	68,826	486	–	2,088	82,218
Profit for the year/Total comprehensive income for the year	–	–	–	–	27,464	27,464
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners of the Company						
Value of employee services received for issue of share options (note 28)	–	–	851	–	–	851
Dividends (note 26)	–	–	–	–	(25,854)	(25,854)
Total contributions by and distributions to owners of the Company	–	–	851	–	(25,854)	(25,003)
At 31 December 2009	10,818	68,826	1,337	–	3,698	84,679
2010						
At 1 January 2010	10,818	68,826	1,337	–	3,698	84,679
Profit for the year/Total comprehensive income for the year	–	–	–	–	20,032	20,032
Transactions with owners of the Company recognised directly in equity						
Contributions by and distributions to owners						
Value of employee services received for issue of share options (note 28)	–	–	739	–	–	739
Acquisition of treasury shares	–	–	–	(824)		(824)
Dividends (note 26)	–	–	–	–	(1,731)	(1,731)
Total contributions by and distributions to owners of the Company	–	–	739	(824)	(1,731)	(1,816)
At 31 December 2010	10,818	68,826	2,076	(824)	21,999	102,895

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

CASHFLOW STATEMENTS
Year ended 31 December 2010

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Cash flows from operating activities				
Profit for the year	15,185	11,331	20,032	27,464
Adjustments for:				
Amortisation of intangible assets	570	572	–	–
Depreciation of property, plant and equipment	11,073	8,321	–	–
Allowance for doubtful receivables	453	145	–	–
Allowance for inventory obsolescence	6,973	1,923	–	–
Impairment loss on/(reversal of) property, plant and equipment	1,062	(84)	–	–
Loss /(gain) on disposal of property, plant and equipment	63	(291)	–	–
Equity-settled share-based payment transactions	739	851	739	851
Share of loss of joint venture	6,634	3,880	–	–
Finance income	(636)	(733)	–	–
Finance expense	5,152	7,100	–	–
Income tax expense	3,983	4,197	–	–
	51,251	37,212	20,771	28,315
Changes in:				
Other assets	(938)	(1,041)	–	–
Inventories	(12,133)	13,158	–	–
Biological assets	(6,932)	(13,942)	–	–
Trade and other receivables	(50,992)	63,030	37	19
Trade and other payables	7,746	(12,466)	215	143
Operating cash flows	(11,998)	85,951	21,023	28,477
Income taxes paid	(5,023)	(4,637)	–	–
Net cash flows (used in)/from operating activities	(17,021)	81,314	21,023	28,477
Cash flows from investing activities				
Amounts due from subsidiaries (non-trade)	–	–	13,909	437
Interest received	565	713	–	–
Proceeds from disposal of property, plant and equipment	355	1,387	–	–
Purchase of property, plant and equipment	(14,659)	(14,610)	–	–
Acquisition of trademark	–	(24)	–	–
Additional investment in joint venture	(9,925)	(10,710)	–	–
Net cash flows (used in)/from investing activities	(23,664)	(23,244)	13,909	437
Cash flows from financing activities				
Amounts due to subsidiaries (non-trade)	–	–	(32,175)	5,316
Interest paid	(3,122)	(5,483)	–	–
Repayment of finance lease liabilities	(20)	(193)	–	–
Proceeds from borrowings	446,687	32,523	–	–
Repayment of borrowings	(444,028)	(9,467)	–	(8,381)
Acquisition of treasury shares	(824)	–	(824)	-
Dividends paid	(1,731)	(25,854)	(1,731)	(25,854)
Net cash flows used in financing activities	(3,038)	(8,474)	(34,730)	(28,919)
Net (decrease)/increase in cash and cash equivalents	(43,723)	49,596	202	(5)
Cash and cash equivalents at beginning of year	59,162	7,862	9	14
Effect of exchange rate changes on balances held in foreign currency	2,067	1,704	–	–
Cash and cash equivalents at end of year (note 14)	17,506	59,162	211	9

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2011.

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" and "S&W" . The details of the Company's subsidiaries and their principal activities are set out in note 5.

The immediate holding company is NutriAsia Pacific Limited whose ultimate shareholders are NutriAsia Inc. and Well Grounded Limited which at 31 December 2010 hold 57.8% and 42.2% respectively through their intermediary companies. NutriAsia Pacific Limited, NutriAsia Inc. and Well Grounded Limited are incorporated in the British Virgin Islands.

The financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- biological assets are measured at fair value less estimated point of sale costs
- freehold land are measured at valuation
- certain financial assets and financial liabilities are measured at fair value

(c) Functional and presentation currency

These 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.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with IFRSs 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.

2 Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4 – Recoverability of property, plant and equipment
- Note 6 – Recoverability of investment in joint venture
- Note 7 – Recoverability of intangible assets
- Note 9 – Net realisable values of inventories
- Note 10 – Measurement of biological assets
- Note 12 – Recoverability of trade receivables
- Note 20 – Measurement of retirement benefit obligations
- Note 24 – Measurement of income tax
- Note 28 – Measurement of share option and incentive plans

(e) Changes in accounting policies

Overview

Starting 1 January 2010, the Group has changed its accounting policies in the following areas:

- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests

(i) Accounting for business combinations

From 1 January 2010 the Group has applied IFRS 3 *Business Combinations* (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per shares.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

2 Basis of preparation (cont'd)

(e) Changes in accounting policies (cont'd)

(i) Accounting for business combinations (cont'd)

When the excess is negative, a bargain gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's award) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future services.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

(ii) Accounting for acquisitions of non-controlling interests

From 1 January 2010, the Group has applied IAS 27 *Consolidated and Separate Financial Statements* (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Business combination

The Group has changed its accounting policy with respect to accounting for business combinations. See note 2(e)(i) for further details.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) 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 financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a 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 financial statements.

(iv) 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 profit or loss in the period of the acquisition.

(v) Jointly controlled operations

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, 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.

3 Significant accounting policies (cont'd)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that 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 that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes on only part of its investment in joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables (see note 11) and cash and cash equivalents (see note 14).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(iii) Share capital

Ordinary shares

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, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in share premium.

(iv) Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value of cash flows of the respective hedged items attributable to hedged risk , and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

3 Significant accounting policies (cont'd)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated 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 reporting date.

Any increase in the revaluation amount is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from other comprehensive income to revenue reserves 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, the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. 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 gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component 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 carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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 is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

3 Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

The estimated useful lives for the current and comparative years 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 at each reporting date and adjusted if appropriate.

(e) Intangible assets

(i) 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.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses, and tested for impairment. Negative goodwill is recognised immediately in profit or loss.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets and is measured at cost less accumulated impairment losses. Goodwill arising on the acquisition of joint ventures is presented together with investments in joint venture. Goodwill is tested for impairment as described in note 3(i)(ii).

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

3 Significant accounting policies (cont'd)

(e) Intangible assets(cont'd)

(iv) Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Trademarks	-	40 years
Distribution network	-	5 years
Label development costs	-	10 years

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

(f) 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 expenditures on growing crops are deferred and taken into inventories based on the estimated total yield during the estimated growth cycle of three years.

The cost method of valuation was used since fair value cannot be measured reliably. The growing crops have no active markets and no similar assets are available in the relevant markets. In addition, existing sector benchmarks are irrelevant and estimates necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result to a reliable basis for determining the fair value. Growing crops are classified as current assets in the balance sheets.

At the point of harvest, the fair value of the agricultural produce can be determined and the harvested crop are measured at fair value less cost to sell. The difference between estimated cost of the harvested agricultural produce and fair value less cost to sell is recorded in profit or loss in the period in which they arise. The fair value of the harvested agricultural produce is determined based on the market value of the agricultural produce at the point of harvest.

Biological assets (livestock) are measured at fair value less costs to sell, with any changes therein recognised in profit or loss. Costs to sell include all costs that would be necessary to sell the assets. Gains and losses arising from such measurement are included in profit or loss in the period in which they arise.

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to 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.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3 Significant accounting policies (cont'd)

(h) Inventories

Inventories are measured 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.

(i) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through the profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

3 Significant accounting policies (cont'd)

(i) Impairment (cont'd)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of units) on a *pro rata* basis.

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.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

3 Significant accounting policies (cont'd)

(j) Employee benefits (cont'd)

(ii) 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.

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.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3 Significant accounting policies (cont'd)

(j) Employee benefits (cont'd)

(iv) Short-term employee benefits

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

(v) Share-based payment transactions

The Group grants share awards and share options for the shares of the Company to employees of the Group. The fair value of incentives granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and accounted for as described below.

Share awards

The fair value, measured at grant date, is spread over the period during which the employees become unconditionally entitled to the shares.

Share options

The fair value, measured at grant date, is spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transactions costs are credited to share capital when the options are exercised.

(k) 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.

(l) Revenue recognition

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities 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 customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measure reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of transfers of risks and rewards varies depending on the individual terms of the contract of sale but usually occurs when the customer receives the product.

3 Significant accounting policies (cont'd)

(l) Revenue recognitions (cont'd)

(ii) Dividend income

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

(m) Government grants

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

(n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so at to produce a constant periodic rate of interest on the remaining balance of the liability.

(o) Finance income and finance costs

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

Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in the profit or loss 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.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, or in other comprehensive income.

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.

3 Significant accounting policies (cont'd)

(p) Income tax (cont'd)

Deferred tax is recognised in respect of 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:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

(q) Dividends

A liability to make dividend payments is recognised when the Group declares dividend payments to the shareholders. The proposed dividends are disclosed if the Group declares the dividends to the shareholders after balance sheet date.

(r) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise restricted share plan and share options granted to employees.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

(t) New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

4. 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 2009	9,266	6,195	102,564	215	16,116	5,542	139,898
Additions	1,578	167	4,842	–	8,023	–	14,610
Disposals	(550)	(5)	(2,450)	(1)	–	(15)	(3,021)
Reclassifications	3,845	491	8,860	–	(15,476)	2,280	–
Currency realignment	228	303	2,666	6	422	–	3,625
At 31 December 2009	14,367	7,151	116,482	220	9,085	7,807	155,112
At 1 January 2010	14,367	7,151	116,482	220	9,085	7,807	155,112
Additions	423	69	4,206	–	9,961	–	14,659
Disposals	(570)	(663)	(10,365)	–	–	–	(11,598)
Reclassifications	1,404	90	6,082	–	(7,576)	–	–
Currency realignment	860	769	6,968	13	544	137	9,291
At 31 December 2010	16,484	7,416	123,373	233	12,014	7,944	167,464

4. Property, plant and equipment (cont'd)

	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
Accumulated depreciation and impairment losses							
At 1 January 2009	3,456	2,521	67,261	186	–	–	73,424
Charge for the year	364	395	7,561	1	–	–	8,321
Reversal of impairment loss	–	–	(84)	–	–	–	(84)
Disposals	(80)	(5)	(1,838)	(1)	–	–	(1,924)
Currency realignment	98	74	1,986	5	–	–	2,163
At 31 December 2009	3,838	2,985	74,886	191	–	–	81,900
At 1 January 2010	3,838	2,985	74,886	191	–	–	81,900
Charge for the year	1,018	440	9,614	1	–	–	11,073
Impairment loss	–	197	865	–	–	–	1,062
Disposals	(489)	(636)	(10,055)	–	–	–	(11,180)
Currency realignment	264	204	4,788	11	–	–	5,267
At 31 December 2010	4,631	3,190	80,098	203	–	–	88,122
Carrying amount							
At 1 January 2009	5,810	3,674	35,303	29	16,116	5,542	66,474
At 31 December 2009	10,529	4,166	41,596	29	9,085	7,807	73,212
At 31 December 2010	11,853	4,226	43,275	30	12,014	7,944	79,342

As at 31 December 2010, the net carrying amount of leased property, plant and equipment was US$537,000 (2009: US$616,000).

Impairment loss relating to machinery and equipment are realised in "Other expenses" in the income statement during the year.

4. Property, plant and equipment (cont'd)

At 31 December 2010, 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.

Freehold land of the Group located in the Philippines at 31 December 2010 is stated at fair value of US$5,527,000 (2009: US$5,527,000) based on prior year independent valuation by Binswanger Philippines Inc, Manila, Philippines, on an existing use basis. Management has assessed that the fair value of the freehold land is not significantly different from its carrying value as at 31 December 2010. In respect of the freehold land in Singapore stated at fair value of US$2,417,000 (2009: US$2,280,000), the Group had engaged CB Richard Ellis to perform an independent valuation on an existing use basis.

The carrying amount of the freehold land would have been US$2,282,000 (2009: US$2,282,000) 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.

5. Subsidiaries

	Company	
	2010 US$'000	**2009 US$'000**
Unquoted equity shares, at cost	10,199	10,199
Amounts due from subsidiaries (non-trade)	75,243	66,508
	85,442	76,707

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.

5. Subsidiaries (cont'd)

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 2010 %	Effective equity held by the Group 2009 %
Held by the Company				
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 Fine Foods International Limited ("S&W") [1]	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	100
Held by DMPRL				
Central American Resources, Inc ("CARI") [1]	Investment holding	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") [4]	Owner of trademarks in various countries; investment holding	Bermuda	100	100
Pacific Brands Philippines, Inc [4]	Inactive	State of Delaware, USA	100	100
Held by DMPLI				
Del Monte Foods India Private Limited ("DMFI") [a] [3]	Manufacturing, processing and distributing food, beverages and other related products	Mumbai, India	100	100
DMPL India Limited [3]	Investment holding	Mauritius	92.0	88.7

5. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group	
			2010 %	2009 %
Held by DMPI				
Philippines Packing Management Services Corporation [2]	Management, logistic and support services	Philippines	100	100
Held by Dewey				
Dewey Sdn. Bhd. [2]	Owner of the "Del Monte" and "Today's" trademarks in the Philippines	Malaysia	100	100

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

In the current year, the Group acquired an additional 3.3% in its subsidiary, DMPL India Limited for a cash consideration of US$11,025,000, increasing its ownership from 88.7% to 92.0%.

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.

6. Joint venture

In the current year, the Group's effective interest in FieldFresh Foods Private Limited was increased from 44.4% to 46.0% as a result of the Group's additional investment in subsidiary, DMPL India Limited, which holds the Group's interest in this joint venture.

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	:	46.0% (2009: 44.4%)

* Audited by Deloitte Haskins & Sells, Gurgaon, India.

6. Joint venture (cont'd)

The summarised financial information of the joint venture, not adjusted for the percentage ownership held by the Group, is as follows:

	2010 US$'000	2009 US$'000
Assets and liabilities		
Non-current assets	36,568	19,148
Current assets	20,330	9,600
Total assets	56,898	28,748
Current liabilities	16,759	5,676
Non-current liabilities	11,407	1,476
Total liabilities	28,166	7,152
Net assets	28,732	21,596
Results		
Revenue	26,513	13,970
Expenses	(39,770)	(23,148)
Loss after taxation	(13,257)	(9,178)

Deferred tax assets have not been recognised in respect of the following items:

	2010 US$'000	2009 US$'000
Deductible temporary differences	236	390
Tax losses	42,918	28,988
	43,154	29,378

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Management has not recognised the deferred tax assets because a trend of profitable growth in the joint venture is not yet established. Once profitable growth can be clearly determined, the unrecognised deferred tax asset will be recognised by the Group, resulting in the Group's share of tax income of US$6,134,000.

The joint venture has commitments of US$1,789,000 and no contingent liabilities as at 31 December 2010.

6. Joint venture (cont'd)

Source of estimation uncertainty

When the joint veture has suffered operating losses, a test is made to assess whether the investment in joint venture has suffered any impairment by determining the recoverable amount. This determination requires significant judgement. An estimate is made of the future profitability, cash flow, financial health and near-term business outlook of the joint venture, including factors such as market demand and performance.

The recoverable amount will differ from these estimates as a result of differences between assumptions used and actual operations.

7. Intangible asset

	Trademarks US$'000
Cost	
At 1 January 2009	22,286
Addition	24
At 31 December 2009	22,310
At 1 January 2010	22,310
Addition	–
At 31 December 2010	22,310
Accumulated Amortisation	
At 1 January 2009	4,593
Amortisation	572
At 31 December 2009	5,165
At 1 January 2010	5,165
Amortisation	570
At 31 December 2010	5,735
Carrying Amount	
At 1 January 2009	17,693
At 31 December 2009	17,145
At 31 December 2010	16,575

7. Intangible asset (cont'd)

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

	2010 US$'000	2009 US$'000
At 1 January	5,165	4,593
Amortisation during the year		
- Del Monte and Today's trademarks	302	303
- S&W trademark and label development costs	268	269
At 31 December	5,735	5,165

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

Trademarks

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-licences 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 licenced 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 2010 are US$4,933,000 and 26 years (2009: US$5,123,000 and 27 years) respectively.

Since its acquisition, the Indian sub-continent trademark was allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU").

The recoverable amount of the Indian sub-continent 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 four years are based on strategic business plan. A terminal value, which is the present value of all future cash flows, assuming a perpetual constant growth rate, is also applied in the fifth year. The pre-tax discount rate of 9.9% (2009: 13.2%) 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.

7. Intangible asset (cont'd)

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 net carrying amount and the remaining amortisation period of the Philippines trademarks as at 31 December 2010 are US$2,264,000 and 20 years (2009: US$2,376,000 and 21 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.

S&W trademark

In November 2007, a subsidiary, S&W Fine 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 for a total consideration of US$10,000,000. The net carrying amount and the remaining amortisation period of the "S&W" trademark as at 31 December 2010 are US$9,244,000 and 37 years (2009: US$9,494,000 and 38 years) 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.

Source of estimation uncertainty

The trademarks and label development costs are assessed for impairment whenever there is an indication that the trademarks and label development costs may be impaired. The impairment assessment requires an estimation of the value-in-use of the cash-generating units to which the goodwill, trademarks and label development costs are allocated.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit 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.

8. Other assets

	Group	
	2010 US$'000	**2009 US$'000**
Advances to growers	8,050	7,048
Security deposits	949	1,011
Land expansion (development costs of acquired leased areas)	2,290	1,457
Others	780	956
	12,069	10,472

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 on a straight-line basis over the lease periods of 10 years (2009: 10 years).

9. Inventories

	Group	
	2010 US$'000	**2009 US$'000**
Finished goods		
- at cost	30,036	24,278
- at net realisable value	92	90
Semi-finished goods		
- at cost	4,816	2,219
- at net realisable value	115	152
Raw materials and packaging supplies		
- at cost	42,439	41,345
	77,498	68,084

In 2010, raw materials, consumables and changes in finished goods and semi-finished goods recognised as cost of sales amounted to US$211,006,000 (2009: US$185,371,000).

9. Inventories (cont'd)

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

	Group	
	2010 US$'000	2009 US$'000
At 1 January	1,928	1,725
Allowance for the year (note 22)	6,973	1,923
Write-off against allowance	(2,695)	(1,827)
Currency realignment	314	107
At 31 December	6,520	1,928

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 an allowance 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 inventory. The assessment of the condition of the inventory either increases or decreases the expenses or total inventory.

10. Biological assets

	Group	
	2010 US$'000	2009 US$'000
Growing crops (at cost)		
At 1 January	66,705	53,056
Additions	62,954	56,490
Harvested	(53,606)	(44,225)
Currency realignment	3,995	1,384
At 31 December	80,048	66,705

The fair value of agricultural produce harvested during the year amounted to US$63,625,000 (2009:US$54,467,000).

10. Biological assets (cont'd)

	Group	
	2010 US$'000	2009 US$'000
Livestock (at fair value)		
At 1 January	3,764	2,028
Purchases of livestock	1,506	3,632
Changes in fair value attributable to price changes (note 22)	(845)	469
Sales of livestock	(3,077)	(2,419)
Currency realignment	464	54
At 31 December	1,812	3,764
Total biological assets	81,860	70,469

Growing crops

Estimated hectares planted with growing crops are as follows:

	Group	
	2010	2009
Pineapples	14,526	15,654
Papaya	505	676
Passion fruit	5	72

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

	Group	
	2010	2009
Pineapples	624,291	582,155
Papaya	6,539	2,496
Passion fruit	470	433

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 the value of inventories in the balance sheet and reduces the carrying amount of growing costs reflected as biological assets.

10. Biological assets (cont'd)

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 profit or loss. 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.

11. Trade and other receivables

		Group		Company	
	Note	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Trade receivables	12	62,597	10,467	–	–
Deposits, prepayments and other receivables	13	17,356	13,687	15	52
Amounts due from subsidiaries (non-trade)		–	–	19,831	42,475
Trade and other receivables		79,953	24,154	19,846	42,527
Prepayments		(7,715)	(6,731)	(15)	(29)
Loans and receivables		72,238	17,423	19,831	42,498

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

12. Trade receivables

	Group	
	2010 US$'000	2009 US$'000
Trade receivables	65,076	12,408
Less: Allowance for doubtful receivables (trade)	(2,479)	(1,941)
	62,597	10,467

Source of estimation uncertainty

Under the supply contracts with Del Monte Corporation and Del Monte Fresh Produce International Inc. (which was terminated effective 31 May 2010), the Group is entitled to price adjustments arising from the difference between the actual and initial billing prices. Since the actual billing price cannot be determined at each balance sheet date, a probable price is estimated based on factors which include, but are not limited to, known market factors and preliminary discussions and negotiations.

12. Trade receivables (cont'd)

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

	Group	
	2010 US$'000	2009 US$'000
Asia Pacific	39,419	5,989
Europe and North America	23,178	4,478
	62,597	10,467

The ageing of loans and receivables (excluding prepayments) at the reporting date is:

	2010		2009	
	Gross US$'000	Impairment losses US$'000	Gross US$'000	Impairment losses US$'000
Not past due	62,094	–	15,510	–
Past due 0 - 30 days	6,074	–	1,004	(2)
Past due 31 - 90 days	1,655	–	125	–
More than 91 days	4,894	(2,479)	2,725	(1,939)
	74,717	(2,479)	19,364	(1,941)

The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

12. Trade receivables (cont'd)

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

	Group	
	2010 US$'000	2009 US$'000
At 1 January	1,941	1,779
Allowance for the year (trade) (note 22)	453	145
Write-off against allowance	(44)	(50)
Currency realignment	129	67
At 31 December	2,479	1,941

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 collectability 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 allowance for doubtful accounts would increase the Group's recorded operating expenses and decrease current assets.

13. Deposits, prepayments and other receivables

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Prepayments	7,715	6,731	15	29
Other recoverable	2,347	1,501	–	23
Deposits	648	630	–	–
Non-trade receivables	4,498	4,127	–	–
Downpayment to contractors	2,148	698	–	–
	17,356	13,687	15	52

14. Cash and cash equivalents

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Cash and bank balances	12,052	41,953	211	9
Short-term deposits	5,454	17,209	–	–
Cash and cash equivalents in the cash flow statements	17,506	59,162	211	9

Certain of the cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.10% to 3.55% (2009: 0.01% to 3.95%) per annum. Short-term deposits are made for varying periods of between one day and one month 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 1.54% (2009: 1.89%) per annum.

15. Share capital

	2010		2009	
	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 Group has also issued share awards under the Del Monte Pacific Restricted Share Plan ("Del Monte Pacific RSP") and Del Monte Pacific Performance Share Plan ("Del Monte Pacific PSP") (note 28) during the current financial year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

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 Group's capital comprises its share capital and reserves. The Board of Directors monitors the return on capital, which the Group defines as profit for the year divided by total shareholders' equity. 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.

16. Reserves

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Revaluation reserve	3,368	3,368	–	–
Retained earnings	176,486	162,408	21,999	3,697
Reserve for own shares	(824)	–	(824)	–
Share premium	68,687	68,687	68,826	68,827
Share option reserve	2,076	1,337	2,076	1,337
Translation reserve	(38,693)	(49,527)	–	–
	211,100	186,273	92,077	73,861

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

The reserve for the Company's own shares comprises the cost of the Company's shares held by the Group. At 31 December 2010, the Group held 3,000,000 of the Company's shares (2009: Nil)

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 share option reserve comprises the cumulative value of employee services received for the issue of share options.

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

17 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.

Movements in deferred tax assets and liabilities of the Group during the year are as follows:

Group	At 1 January US$'000	Charged/ (credited) to profit or loss US$'000	Charged/ (credited) to other comprehensive income US$'000	Currency realignment US$'000	At 31 December US$'000
2010					
Deferred tax liabilities					
Revaluation of freehold land	1,479	27	–	62	1,568
Accelerated depreciation allowance	1,045	(486)	2	44	605
Financial derivative designated as hedging instrument	–	–	–	–	–
Growing crops	1,592	198	–	103	1,893
	4,116	(261)	2	209	4,066
Deferred tax assets					
Provisions	(1,940)	(1,624)	–	(178)	(3,742)
Foreign exchange differences	(258)	(363)	–	(29)	(650)
	(2,198)	(1,987)	–	(207)	(4,392)
Net deferred tax liabilities/ (assets)	1,918	(2,248)	2	2	(326)

17 Deferred tax (cont'd)

Group	At 1 January US$'000	Charged/ (credited) to profit or loss US$'000	Charged/ (credited) to other comprehensive income US$'000	Currency realignment US$'000	At 31 December US$'000
2009					
Deferred tax liabilities					
Revaluation of freehold land	1,441	–	–	38	1,479
Accelerated depreciation allowance	543	473	–	29	1,045
Financial derivative designated as hedging instrument	(265)	–	272	(7)	–
Growing crops	1,429	122	–	41	1,592
	3,148	595	272	101	4,116
Deferred tax assets					
Provisions	(1,398)	(491)	-	(51)	(1,940)
Foreign exchange differences	(56)	(194)	-	(8)	(258)
	(1,454)	(685)	-	(59)	(2,198)
Net deferred tax liabilities/ (assets)	1,694	(90)	272	42	1,918

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 2010 of a subsidiary based in the Philippines, is approximately US$17,945,000 (2009: US$10,090,000). 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.

18. Financial liabilities

	Group	
	2010 US$'000	2009 US$'000
Current liabilities		
Unsecured short-term borrowings	85,787	69,274
Obligations under finance leases	–	20
	85,787	69,294
Non-current liabilities		
Unsecured long-term borrowings	18,007	26,004
Other long-term lease payables	9	64
	18,016	26,068
	103,803	95,362

Unsecured short-term borrowings

The amounts are unsecured with weighted average effective interest rates of 1.1% to 5.0% (2009: 1.8% to 6.8%) per annum which reprice at intervals of 1 month.

Unsecured long-term borrowings

The amounts are unsecured with weighted average effective interest rates of 1.1% to 6.5% (2009: 1.1% to 6.5%) per annum which reprice at intervals of 1 to 3 months.

Terms and debt repayment schedule

The unsecured short-term loans of US$85,787,000 (2009: US$69,274,000) are mainly denominated in Philippine Peso, bear interest rates within a range of 1.10% to 3.20% (2009: 1.80% to 4.20%) and is repayable by January 2011.

Terms and conditions of outstanding long-term loans and borrowings are as follows:

				2010		2009	
Group	Currency	Nominal interest rate %	Year of maturity	Face value US$'000	Carrying amount US$'000	Face value US$'000	Carrying amount US$'000
Unsecured bank loan	PHP	3-Mos PDSTF + .95 / .95 (GRT)	2012	2,283	2,283	2,154	2,154
Unsecured bank loan	PHP	3-Mos PDSTF + 1 / .95 (GRT)	2012	4,566	4,566	4,308	4,308
Unsecured bank loan	PHP	3-Mos PDSTF + 1.5 / .95 (GRT)	2012	6,849	6,849	6,462	6,462
Unsecured bank loan	USD	3-Mos Libor + 0.7 / .9 (On-Shore Tax)	2013	4,309	4,309	4,699	4,699
Unsecured bank loan	USD	1-Mo Libor + 2.5% (net rate)	2014	–	–	8,381	8,381
				18,007	18,007	26,004	26,004

PDSTF – Philippine Dealing System Treasury Fixing Rate
GRT – Gross Receipt Tax

18. Financial liabilities (cont'd)

Financial derivatives

Financial derivatives comprise foreign exchange contracts used to hedge payments by the Group. The final foreign exchange contract expired in the current financial year.

The following are the expected contractual undiscounted cash outflows of financial liabilities and financial derivatives, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount US$'000	Contractual cash flows US$'000	Less than 1 year US$'000	1-2 years US$'000	2-5 years US$'000
2010					
Non-derivative financial liabilities at amortised cost					
Finance lease liabilities	–	–	–	–	–
Unsecured bank loans					
- Short-term	85,787	85,965	85,965	–	–
- Long-term	18,007	18,776	471	18,305	–
Trade and other payables	70,091	70,091	70,091	–	–
	173,885	174,832	156,527	18,305	–
2009					
Non-derivative financial liabilities at amortised cost					
Finance lease liabilities	20	20	20	–	–
Unsecured bank loans					
- Short-term	69,274	69,419	69,419	–	–
- Long-term	26,004	29,212	1,028	14,703	13,481
Trade and other payables	56,499	56,499	56,499	–	–
	151,797	155,150	126,966	14,703	13,481

Fair values

Estimation of fair values

Derivatives

The fair value of foreign exchange contract is based on broker quotes at the balance sheet date. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each swap and using market interest rates for similar instruments at the measurement date.

Other financial assets and liabilities

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

19. Trade and other payables

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Trade payables	34,260	27,556	–	–
Accrued operating expenses	31,317	22,590	691	476
Accrued payroll expenses	3,167	4,242	–	–
Value-added tax payable	168	1,105	–	–
Withheld from employees (taxes and social security cost)	1,174	1,001	–	–
Other payables	5	5	5	5
Amounts due to subsidiaries (non-trade)	–	–	1,908	34,083
	70,091	56,499	2,604	34,564

The accrued payroll expenses of the Group includes retirement benefit obligations of US$2,845,000 (2009: US$1,712,000) (note 20).

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

20. 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	
	2010 US$'000	2009 US$'000
Present value of funded obligations	38,215	36,367
Fair value of plan assets	(29,423)	(27,055)
	8,792	9,312
Unrecognised past service costs	(2,237)	(2,360)
Unrecognised actuarial (loss)/gain	(3,710)	(5,240)
Net liability recorded under accrued payroll expenses (note 19)	2,845	1,712

20. Retirement benefit obligations (cont'd)

Present value of funded obligations

	Group	
	2010 US$'000	**2009 US$'000**
Liability at 1 January	36,367	32,891
Benefits paid by the plan	(3,893)	(3,006)
Current service costs and interests	5,550	4,806
Actuarial loss/(gain)	(1,979)	672
Currency realignment	2,170	1,004
Liability at 31 December	38,215	36,367

Fair value of plan assets

	Group	
	2010 US$'000	**2009 US$'000**
Government bonds and foreign currencies	25,462	23,094
Property occupied by a lessee	3,931	3,931
Property occupied by the Group	30	30
	29,423	27,055

Movement in plan assets:

	Group	
	2010 US$'000	**2009 US$'000**
Fair value of plan assets at 1 January	27,055	25,535
Contributions paid into the plan	2,302	2,044
Benefits paid by the plan	(3,893)	(3,006)
Expected return on plan assets	2,645	2,292
Actuarial loss	(306)	(479)
Currency realignment	1,620	669
Fair value of plan assets at 31 December	29,423	27,055

20. Retirement benefit obligations (cont'd)

Expenses recognised in the profit or loss

	Group	
	2010 US$'000	**2009 US$'000**
Current service cost	2,151	1,910
Interest cost	3,386	2,896
Expected return on plan assets	(2,645)	(2,292)
Amortisation for past service cost	263	241
Actuarial loss	170	57
Total pension expense	3,325	2,812
Recognised in:		
Cost of sales	2,294	1,917
Distribution and selling expenses	428	374
General and administrative expenses	603	521
	3,325	2,812

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$3,109,000 in contributions to the pension plan in 2011.

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuary who carries out a full valuation annually. The last valuation of these obligations and plan was performed in 2010 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 31 December 2010.

The principal actuarial assumptions used for accounting purposes were:

	Group	
	2010 US$'000	**2009 US$'000**
Discount rate (per annum)	7%	7%
Expected return on plan assets (per annum)	9%	9%
Future salary increases (per annum)	6% - 7%	6%
Expected service life for the pension plan	10 years	10 years

20. Retirement benefit obligations (cont'd)

Historical information

	2010 US$'000	2009 US$'000	2008 US$'000	2007 US$'000
Present value of the defined benefit obligation	38,215	36,367	32,891	43,647
Fair value of plan assets	29,423	27,055	25,535	31,527
Deficit in the plan	8,792	9,312	7,356	12,120
Experience adjustments arising on plan liabilities	(2,695)	651	(1,056)	2,053
Experience adjustments arising on plan assets	(306)	528	3,637	2,111

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 obligations 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.

21. Revenue

	Group		Company	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Sale of goods	378,623	330,656	–	–
Dividend income received and receivable from subsidiaries	–	–	25,000	32,000
	378,623	330,656	25,000	32,000

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. All intra-group transactions have been excluded from Group revenue.

22. Profit for the year

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

		Group		Company	
	Note	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Allowance for inventory obsolescence	9	6,973	1,923	–	–
Allowance for doubtful receivables					
- trade	12	453	145	–	–
Amortisation of intangible assets	7	570	572	–	–
Changes in fair value attributable to price changes of biological assets	10	(845)	469	–	–
Depreciation of property, plant and equipment	4	11,073	8,321	–	–
Loss/(gain) on disposal of property, plant and equipment		63	(291)	–	–
Impairment loss made/(reversed) on property, plant and equipment	4	1,062	(84)	–	–
Non-audit fees					
- payable to the auditors of the Company		7	22	–	–
- payable to other auditors		23	–	–	–
Operating lease rentals		7,015	5,489	–	–
Research and development expenditure		2,031	1,533	–	–
Staff costs					
Wages and salaries		54,528	46,038	1,938	1,662
Government grants – Jobs Credit Scheme, offset against staff costs		–	(30)	–	–
Social security costs		1,492	1,200	–	–
Pension costs – provident fund		500	436	–	–
Pension costs – defined benefit pension plan	20	3,325	2,812	–	–
Value of employee services received under share-based incentive plans		739	851	739	851
Production profit share		–	24	–	–
		60,584	51,331	2,677	2,513

23. Finance income/(expenses)

	Group	
	2010 US$'000	2009 US$'000
Recognised in profit or loss		
Finance income		
Interest income from		
- bank deposits	403	531
- others	233	202
	636	733
Finance expenses		
Interest expenses on		
- bills payable	(3,311)	(4,525)
- factoring	(704)	(651)
- others	(455)	(398)
Foreign exchange losses	(682)	(673)
Realised loss on cash flow hedges	-	(853)
	(5,152)	(7,100)
Net finance expense	(4,516)	(6,367)

The above finance income and finance costs included in the following interest income and expenses in respect of assets/(liabilities) not at fair value through profit or loss:

	Group	
	2010 US$'000	2009 US$'000
Recognised in profit or loss		
Total interest income on financial assets	636	733
Total interest expense on financial liabilities	(4,470)	(5,574)

23. Finance income/(expenses) (cont'd)

Recognised in other comprehensive income

	Group	
	2010 US$'000	**2009 US$'000**
Effective portion of changes in fair value of cash flow hedges	–	885
Foreign currency translation differences for foreign operations	10,834	5,462
Income tax on finance income and finance costs recognised in other comprehensive income	–	(266)

24. 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	
	2010 US$'000	**2009 US$'000**
Current tax		
- current year	6,045	4,287
Deferred tax		
- current year	(2,062)	(90)
	3,983	4,197
Reconciliation of effective tax rate		
Profit before income tax	19,168	15,528
Taxation on profit at weighted average of the applicable tax rates	3,957	4,185
Non-deductible expenses	26	12
	3,983	4,197

24. Income tax (cont'd)

	Group 2010	Group 2009
Standard tax rates		
- Philippines (non-PEZA)	30%	30%
- Philippines (PEZA)*	5%	5%
- India	33%	34%
- Singapore	17%	17%

* based on gross profit for the year

Income tax recognised in other comprehensive income

	Group 2010 Before tax US$'000	2010 Tax expense US$'000	2010 Net of tax US$'000	2009 Before tax US$'000	2009 Tax expense US$'000	2009 Net of tax US$'000
Effective portion of changes in fair value of cash flow hedges	–	–	–	885	(266)	619
Foreign currency translation differences for foreign operations	10,834	–	10,834	5,462	–	5,462
	10,834	–	10,834	6,347	(266)	6,081

On 22 November 2007, DMPI's core production operations in Cagayan de Oro City, Philippines were 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 30% (2009: 30%) 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. 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 was granted Presidential approval on 8 September 2008 and renewed on 23 December 2010.

24. Income tax (cont'd)

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.

25. Earnings per share

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

	Group	
	2010	**2009**
Basic earnings per share is based on:		
Profit for the year (US$'000)	15,809	11,331
Ordinary shares in issue during the year ('000)	1,079,817	1,081,781
Basic earnings per share (in US dollar)	0.0146	0.0105

For the purpose of calculation of the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from ESOP and Del Monte Pacific RSP, with the potential ordinary shares weighted for the period outstanding.

The effect of ESOP and Del Monte Pacific RSP on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2010	**2009**
Diluted earnings per share is based on:		
Profit for the year (US$'000)	15,809	11,331
Adjusted weighted average number of shares ('000):		
Ordinary shares used in the calculation of basic earnings per share	1,079,817	1,081,781
Potential ordinary shares issuable under share options	7,085	5,729
Weighted average number of ordinary issued and potential shares assuming full conversion	1,086,902	1,087,510
Diluted earnings per share (in US dollar)	0.0145	0.0104

26. Dividends

	Group and Company	
	2010 US$'000	2009 US$'000
Tax-exempt final dividend paid in respect of the previous financial year of 0.0016 US dollar (2009: 0.0176 US dollar)	1,731	19,039
Tax-exempt interim dividend paid in respect of the current financial year of NIL (2009: 0.0063 US dollar)	–	6,815
	1,731	25,854

Subsequent to the financial year, the directors declared a tax-exempt final dividend of 0.0110 US dollar per share (2009: 0.0016 US dollar per share), amounting to US$11,878,000 (2009: US$1,731,000) in respect of the financial year ended 31 December 2010. These dividends have not been provided for in these financial statements.

27. Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units is based on the geographical area in which the customers are located and the product variety. They are managed separately because they require different marketing strategies due to the differing demographics and demand requirements. For each of the strategic business units, the Group's Executive Committee (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Asia Pacific – processed products. Includes manufacture and sale of tomato-based products, mixed fruits and pineapple solids in Asia Pacific.
- Asia Pacific – beverages. Includes manufacture and sale of juice drinks in Asia Pacific.
- Europe and North America – processed products. Includes manufacture and sale of pineapple concentrate in Europe and North America.

Other operations include the sale of cattle, the cultivation and sale of fresh pineapples and the manufacture and sale of processed products to various customers in other parts of the world. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2010 or 2009.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's Executive Committee. Segment profit before income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The segment assets reviewed by the Group's Executive Committee relate to the trade receivables arising from the operations of the segment business.

27. Operating segments (cont'd)

Information about reportable segments

	Asia Pacific						Europe & North America		Others		Total	
	Processed products		Beverages		Total		Processed products					
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
External revenues	153,025	125,992	94,582	93,776	247,607	219,768	83,791	75,563	47,225	35,325	378,623	330,656
Depreciation and amortisation	(3,422)	(2,201)	(3,015)	(1,417)	(6,437)	(3,618)	(5,001)	(3,660)	(205)	(1,615)	(11,643)	(8,893)
Reportable segment profit before income tax	22,566	18,049	1,958	5,215	24,524	23,264	1,725	265	4,069	2,246	30,318	25,775
Other Material non-cash items;												
- Impairment on property, plant and equipment	547	(49)	515	(35)	1,062	(84)	-	-	-	-	1,062	(84)
- Allowance for inventory obsolescence	2,034	609	1,934	499	3,968	1,108	3,005	815	-	-	6,973	1,923
- Allowance for doubtful receivables	240	21	168	19	408	40	14	-	31	105	453	145
Reportable segment assets	21,196	1,049	14,154	194	35,350	1,243	22,849	4,478	4,398	4,746	62,597	10,467
Capital expenditure	(3,351)	(2,688)	(3,134)	(2,679)	(6,485)	(5,367)	(4,881)	(6,200)	(3,293)	(3,043)	(14,659)	(14,610)

27. Operating segments (cont'd)

Reconciliations of reportable segment revenues, profit or loss and assets and other material items

	Note	2010 US$'000	2009 US$'000
Revenue			
Total revenue for reportable segments/Consolidated revenue		378,623	330,656
Profit or loss			
Total profit or loss for reportable segments		30,318	25,775
Unallocated amounts: Other corporate expenses	23	(4,516)	(6,367)
Share of loss of joint venture	6	(6,634)	(3,880)
Consolidated profit before income tax		19,168	15,528
Assets			
Total assets for reportable segments		62,597	10,467
Investments in joint venture	6	33,495	30,204
Other unallocated amounts		302,532	312,231
Consolidated total assets		398,624	352,902

Other material items 2010

	Reportable segment totals	Adjustments	Consolidated totals
Allowance for inventory obsolescence	6,973	–	6,973
Allowance for doubtful receivables	453	–	453
Capital expenditure	14,659	–	14,659
Depreciation and amortisation	11,643	–	11,643
Impairment losses on property, plant and equipment and intangible assets	1,062	–	1,062
Operating lease rental	7,015	–	7,015

27. Operating segments (cont'd)

Other material items 2009

	Reportable segment totals	Adjustments	Consolidated totals
Allowance for inventory obsolescence	1,923	–	1,923
Allowance for doubtful receivables	145	–	145
Capital expenditure	14,610	–	14,610
Depreciation and amortisation	8,893	–	8,893
Impairment losses on property, plant and equipment and intangible assets reversed	(84)	–	(84)
Operating lease rental	5,489	–	5,489

Geographical information

The Group's segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Philippines, Singapore and India.

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets.

Non-current assets

	2010 US$'000	2009 US$'000
Philippines	76,939	69,537
Singapore	14,045	15,697
India	4,933	5,123
	95,917	90,357

Non-current assets presented consist of property, plant and equipment and intangible assets.

Major customer

Revenue from one customer of the Group's Europe and North America segment amounted to approximately US$61,582,000 (2009: US$50,446,000), representing 16% (2009: 16%) of the Group's total revenue.

28. Share option and incentive plans

The ESOP of the Company was approved and amended by its members at general meetings held on 30 July 1999 and 21 February 2002 respectively. No further options could be granted pursuant to the ESOP as it had expired on 24 July 2009. Any options granted by the Company prior to 24 July 2009 would continue to be valid for a period of 10 years from the date of the grant of options.

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

28. Share option and incentive plans (cont'd)

Other information regarding the Del Monte Pacific RSP are as follows:

(a) No minimum vesting periods are prescribed.

(b) The length of the vesting period(s) in respect of each award granted will be determined on a case-to-case basis by the RSOC.

(c) Delivery of shares upon vesting of the share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

On 7 March 2008, three employees of related companies were granted an aggregate of 1,725,000 share awards at the market price of S$0.615 per share.

On 20 May 2008, 1,611,000 shares were awarded at the market price of S$0.680 per share to Mr Joselito D Campos, Jr, an associate of a controlling shareholder, approved by shareholders at the Annual General Meeting of the Company held on 28 April 2008.

On 12 May 2009, six employees of related companies were granted an aggregate of 3,749,000 share awards at the market price of S$0.540 per share.

Other information regarding the Del Monte Pacific PSP is set out below:

(a) Vesting periods are not applicable.

(b) Shares awarded are released at the end of the performance period (typically, at the conclusion of a financial year end) once the RSOC is satisfied that the prescribed performance target(s) have been achieved by awardees.

(c) Delivery of share awards may be by way of an issue of new shares and/or the transfer of existing shares (by way of purchase of existing shares).

As at the date of this report, no share awards have been granted pursuant to the Del Monte Pacific PSP.

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

28. Share option and incentive plans (cont'd)

Details of the outstanding options granted to the Company's directors and employees under the ESOP and Del Monte Pacific RSP on unissued ordinary shares of Del Monte Pacific Limited at the end of the year, are as follows:

ESOP

Date of grant of options	Exercise period	Exercise price S$	Options outstanding 2010	Options outstanding 2009
7 March 2008	Up to 60%: 7 March 2010 – 6 March 2011 40%: 7 March 2011 – 6 March 2018	0.627	1,550,000	1,550,000

Del Monte Pacific RSP

Date of grant of share awards	Vesting period	Market price on date of grant S$	Share awards granted
7 March 2008	Up to 60%: 7 March 2010 – 6 March 2011 40%: 7 March 2011 onwards	0.615	1,725,000
20 May 2008	Up to 60%: 20 May 2010 – 19 May 2011 40%: 20 May 2011 onwards	0.680	1,611,000
12 May 2009	Up to 60%: 12 May 2011 – 11 May 2012 40%: 12 May 2012 onwards	0.540	3,749,000
			7,085,000

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

28. Share option and incentive plans (cont'd)

Fair value of share options and assumptions

Date of grant of options	7 March 2008	7 March 2008	20 May 2008	12 May 2009
	ESOP	← *Del Monte Pacific RSP*		→
Fair value at measurement date	US$0.12	US$0.44	US$0.50	US$0.37
Share price (Singapore dollars) at grant date	0.615	0.615	0.680	0.540
Exercise price (Singapore dollars)	0.627	–	–	–
Expected volatility	5.00%	5.00%	5.00%	2.00%
Time to maturity	8 years	1 year	1 year	2 years
Risk-free interest rate	3.31%	3.31%	3.31%	2.30%

The expected volatility is based on the historic volatility (calculated based on the weighted average expected life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no market conditions associated with the share option grants. Service conditions and non-market performance conditions are not taken into account in the measurement of the fair value of the services to be received at the grant date.

Sources of estimation uncertainty

The fair value of share options granted is estimated using the Black-Scholes Model, which requires the Group to estimate the expected volatility of the Company's shares and expected life of the share options. The Group assesses the estimates whenever there is an indication of a significant change in these conditions. An increase in the fair value of share options granted will increase share option expense and share option reserve.

29. 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.

Cash and 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 low-risk securities from time to time. The Group obtains financing through bank borrowings and leasing arrangements. Funding is obtained from short-term bank loan facilities for both short-term and long-term requirement. The Group's policy is to obtain the most favourable interest rate available without increasing its foreign currency exposure.

29. Financial risk management (cont'd)

Sensitivity analysis

A 1% general increase in interest rates at the reporting date would increase / (decrease) profit or loss by the amounts shown below. There is no effect on equity. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Group	
	Profit or Loss	
	2010 US$'000	2009 US$'000
Short-term deposits	55	172
Unsecured short-term and long-term borrowings	(1,038)	(953)
	(983)	(781)

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 to ensure that it has sufficient resources to meet its liabilities as they become due, under both normal and stressed circumstances without incurring unacceptable losses or risk to the Group's reputation.

The Group maintains a balance between continuity of cash inflows and flexibility in the use of available and collateral free credit lines from local and international banks. Currently, the Group is entitled to a total of US$283 million in credit lines, of which only 36% is availed. The lines are mostly for short term financing requirements, with US$18 million available for long term requirements. The Group constantly maintains good relations with its banks, such that additional facilities, whether for short or long term requirements, may be made available.

Foreign exchange risk

The Group is exposed to foreign exchange risk 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 currency giving rise to this risk is primarily US dollar.

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. It is not the Group's policy to take speculative positions in foreign currencies. The Group will optimise its natural hedge as much as possible.

29. Financial risk management (cont'd)

At 31 December, the Group's exposure to US dollar is as follows:

	Group	
	2010 US$'000	2009 US$'000
Trade and other receivables	411	692
Cash and cash equivalents	6,697	29,368
Financial liabilities	(51,808)	(41,780)
Trade and other payables	(5,764)	(2,469)
	(50,464)	(14,189)

Sensitivity analysis

A 10% strengthening of the subsidiaries' foreign currency against the US dollar at the reporting date would decrease profit or loss by US$5,046,000 (2009: US$1,419,000). This analysis assumes that all other variables, in particular interest rates, remain constant.

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

Credit risk

The Group sells its products through major distributors and buyers in various geographical regions. For the year ended 31 December 2010, the Group's major customers collectively accounted for 24% (2009: 24%) of its total revenue. Management has a credit risk policy which includes, among others, the requirement of certain securities to ensure 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. In addition, the Group also engages in sale of its trade receivables without recourse to certain financial institutions.

The percentages of cash and bank balances held in the following regions are:

	Group	
	2010 %	2009 %
Philippines	65	96
Hong Kong	28	4
Mauritius	7	–

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.

29. Financial risk management (cont'd)

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.

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 also subsidizes some of the farmers' costs related to papaya to ensure long-term relationships 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.

The Group is exposed to financial risks arising from changes in cost and volume of fruits harvested from the growing crops which are influenced by natural phenomena 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.

International business risk

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, three 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 several of these contracts, there are provisions which enable the Group to limit its downside risk by adjusting pricing based on changes in its 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.

29. Financial risk management (cont'd)

International business risk (cont'd)

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.

30. Commitments

Operating lease commitments

Based on the existing agreements, the future minimum rental commitments as at 31 December for all non-cancellable long-term leases of real property, offices and 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	
	2010 **US$'000**	**2009** **US$'000**
Within one year	3,869	3,517
Between one to five years	32,778	31,792
More than five years	28,194	25,953
	64,841	61,262

Included in the above are commitments denominated in Philippine Peso of PHP2,778 million, equivalent to US$63,427,000 (2009: PHP2,791 million, equivalent to US$60,124,000).

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.

30. Commitments (cont'd)

Future capital expenditure

	Group	
	2010 US$'000	2009 US$'000
Capital expenditure not provided for in the financial statements		
- approved by directors and contracted for	2,593	3,431
- approved by directors but not contracted for	17,429	17,501
	20,022	20,932

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 (which was terminated effective 31 May 2010) in Europe, Africa and most of Middle East, and Del Monte Asia Pte Ltd (the current contract with which became effective 19 March 2007) in Asia Pacific (except the Philippines, the Indian subcontinent, Myanmar and Japan). The Group also has a supply contract with Del Monte Fresh Produce International Inc for the sale of fresh pineapples worldwide. The supply contract with Kikkoman Corp. for Japan terminated effective 30 June 2008.

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 several of these contracts, there are provisions which enable the Group to limit its downside risk by adjusting pricing based on changes in its costs.

31. Contingencies

As at 31 December 2010, the Group has outstanding contingent liabilities in respect of lawsuits, tax assessments and certain matters arising out of the normal course of business.

In April 2008, Fresh Del Monte Produce Inc. ("FDM") filed a complaint against the Company for an alleged breach of contract and claiming damages of US$100 million. FDM alleged that the Company had sold Del Monte processed products into FDM territory.

In February 2010, the Court dismissed FDM's claim for punitive damages and its cause of action relating to the shipment of pineapple juice concentrate to the Netherlands, which shipment was actually covered by the parties' previous settlement. However, the Court did not dismiss FDM's cause of action relating to a questioned parallel shipment by a third party to Italy for being premature. The Company may ask the Court to dismiss FDM's cause of action again after discovery proceedings.

In October 2009, FDM commenced another action against the Company for the alleged breach of contract on account of the Company's sales to third parties of mill juice and issuance of a price quote for water white fruit syrup. The new complaint seeks a claim of US$100 million in damages. As the products in question fall outside the scope of the contract, the Group believes that the claims are without merit.

31. Contingencies (cont'd)

The Company will contest these claims vigorously without prejudice to actions it may take against FDM. The Company is also confident that it will prevail in these cases.

Management believes that the resolution of the above contingencies will not have a material effect on the results of operations or the financial position of the Group.

32. 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	
	2010 US$'000	2009 US$'000	2010 US$'000	2009 US$'000
Income				
Sales to Southeast Asia Food Inc	1	–	–	–
Expenses				
Management fees to a subsidiary, DMS	–	–	552	458
Purchases from Southeast Asia Food Inc	13	–	–	–
Management fees from DMPI Retirement Fund	(3)	(19)	–	–
Rental paid to DMPI Retirement Fund	–	8	–	–
Rental paid to DMPI Provident Fund	20	165	–	–
	30	154	552	458

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.

32. 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	
	2010 US$'000	**2009 US$'000**	**2010 US$'000**	**2009 US$'000**
Directors:				
Fees and remuneration	2,725	2,592	1,870	1,704
Share-based payments	96	221	96	221
Key executive officers (excluding directors):				
Short-term employee benefits	1,907	1,900	–	–
Post-employment benefits	200	181	–	–
Share-based payments	643	630	643	630

Certain management personnel of the Group are entitled to post-employment benefits as defined under a subsidiary's defined benefit plan. The benefits are based on a percentage of latest monthly salary and credited years of service (note 20).

STATISTICS OF SHAREHOLDINGS

As at 11 March 2011

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.

Size of Shareholdings		No. of Shareholders	%	No. of Share	%
1	- 999	6	0.08	595	0.00
1,000	- 10,000	7,580	94.27	14,530,094	1.35
10,001	- 1,000,000	441	5.48	21,740,443	2.01
1,000,001	and above	14	0.17	1,043,545,062	96.64
Total		8,041	100.00	1,079,816,194	100.00

Twenty largest shareholders

	Name	No.of Shares	%
1	Nutriasia Pacific Ltd	849,429,372	78.66
2	Lee Pineapple Company Pte Ltd	81,208,000	7.52
3	HSBC (Singapore) Nominees Pte Ltd	35,649,690	3.30
4	DBS Nominees Pte Ltd	25,131,000	2.33
5	United Overseas Bank Nominees Pte Ltd	20,800,000	1.93
6	Lee Wee Heng Richard	6,632,000	0.61
7	Pineapples Of Malaya Private Limited	5,360,000	0.50
8	Air Alliance Pte Ltd	5,000,000	0.46
9	Citibank Consumer Nominees Pte Ltd	3,609,000	0.33
10	SBS Nominees Pte Ltd	3,204,000	0.30
11	DBS Vickers Securities (S) Pte Ltd	2,748,000	0.25
12	Citibank Consumer Nominees Pte Ltd	1,705,000	0.16
13	Representations International (HK) Ltd	1,650,000	0.15
14	Royal Bank Of Canada (Asia) Ltd	1,419,000	0.13
15	Luis Francisco Alejandro	983,000	0.09
16	Ng Keng Kwee	721,000	0.07
17	BNP Paribas Securities Services Singapore	609,000	0.06
18	Go Kee Tee Ochura	592,000	0.05
19	UOB Kay Hian Pte Ltd	519,000	0.05
20	Raffles Nominees (Pte) Ltd	516,000	0.05
	Total	1,047,485,062	97.00

SUBSTANTIAL SHAREHOLDERS

As recorded in the register of Substantial Shareholders as of 31 December 2010

Name of Shareholder	Direct Interest No. of shares	%[1]	Deemed Interest No. of shares	%[1]
NutriAsia Pacific Limited	849,429,372	78.74	–	–
NutriAsia Holdings Limited[2]	–	–	849,429,372	78.74
NutriAsia Inc.[2]	–	–	849,429,372	78.74
Golden Chamber Investment Limited[3]	–	–	849,429,372	78.74
HSBC International Trustee Limited[3]	–	–	849,429,372	78.74
HSBC Trustee (Hong Kong) Limited[3]	–	–	849,429,372	78.74
The Bank of Bermuda[3]	–	–	849,429,372	78.74
HSBC Holdings plc[3]	–	–	849,429,372	78.74
Well Grounded Limited[4]	–	–	849,429,372	78.74
Star Orchid Limited[4]	–	–	849,429,372	78.74

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 21.26% 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 849,429,372 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 849,429,372 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 849,429,372 shares held by NPL.

INTERESTED PERSON TRANSACTIONS

As at 31 December 2010

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 shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	US$'000	US$'000
	NIL	NIL

PROFORMA GROUP FINANCIAL INFORMATION*

For the year ended 31 December 2010 (Amount in Singapore Dollars)

	GROUP	
	2010 S$'000	2009 S$'000
Revenue	518,714	482,758
Cost of sales	(406,701)	(382,724)
Gross Profit	112,013	100,034
Distribution and selling expenses	(31,711)	(29,277)
General and administrative expenses	(32,664)	(28,041)
Other expenses	(6,102)	(5,084)
Results from operating activities	41,536	37,632
Finance income	871	1,070
Finance expenses	(7,058)	(10,366)
Net finance expenses	(6,187)	(9,296)
Share of loss of joint venture, net of tax	(9,089)	(5,665)
Profit before taxation	26,260	22,671
Income tax	(5,457)	(6,128)
Profit for the year	20,803	16,543
Profit attributable to:		
Non-controlling interests	(855)	–
Owners of the Company	21,658	16,543

* 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 2009 and 2008 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.37 and S$1.46, 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.

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CORPORATE PROFILE

Listed on the Mainboard of the Singapore Exchange, Del Monte Pacific Limited (Bloomberg: DELM SP/ Reuters: DMPL.SI) is a group of companies that caters to today's consumer needs for premium quality, healthy food and beverage products. It innovates, produces, markets and distributes its products worldwide.

The Group owns the Del Monte brand in the Philippines where 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.

Del Monte Pacific also owns another premium brand, S&W, globally except the Americas, Australia and New Zealand. As with Del Monte, S&W originated in the USA in the 1890s as a producer and marketer of premium quality processed fruit and vegetable products.

In India, the Group owns approximately 46% of FieldFresh Foods Private Limited (www.fieldfreshfoods.in). FieldFresh markets Del Monte-branded processed products in the domestic market and FieldFresh-branded fresh fruits and vegetables globally and in the domestic market. Del Monte Pacific's partner in FieldFresh India is the well-respected Bharti Enterprises, which owns one of the largest conglomerates in India.

Del Monte Pacific holds the exclusive rights to produce and distribute processed food and beverage products under the Del Monte brand in the Indian subcontinent.

With a 23,000-hectare pineapple plantation in the Philippines, 700,000-ton processing capacity and a port beside the Cannery, Del Monte Pacific's subsidiary, Del Monte Philippines, operates the world's largest fully-integrated pineapple operation. It is proud of its long heritage of 85 years of pineapple growing and processing. It has long-term supply agreements with some of the Del Monte trademark owners and licensees around the world.

Del Monte Pacific and its subsidiaries are not affiliated with other Del Monte companies in the world, including Del Monte Foods Co (USA), Fresh Del Monte Produce Inc, Del Monte Canada, Del Monte Asia Pte Ltd and these companies' affiliates.

Del Monte Pacific is 78.7%-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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Rolando C Gapud
Chairman,
Non-Executive Director

Mr Joselito D Campos, Jr
Managing Director and CEO

Mr Edgardo M Cruz, Jr
Executive Director

Mr Patrick L Go
Independent Director

Dr Emil Quinto Javier
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

Mr Godfrey E Scotchbrook
Independent Director

AUDIT COMMITTEE

Mr Benedict Kwek Gim Song
Chairman and
Independent Director

Mr Edgardo M Cruz, Jr
Executive Director

Mr Rolando C Gapud
Non-Executive Director

Mr Patrick L Go
Independent Director

Mr Godfrey E Scotchbrook
Independent Director

NOMINATING COMMITTEE

Mr Godfrey E Scotchbrook
Chairman and
Independent Director

Mr Edgardo M Cruz, Jr
Executive Director

Mr Rolando C Gapud
Non-Executive Director

Mr Patrick L Go
Independent Director

Dr Emil Quinto Javier
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

REMUNERATION AND SHARE OPTION COMMITTEE

Mr Godfrey E Scotchbrook
Chairman and
Independent Director

Mr Edgardo M Cruz, Jr
Executive Director

Mr Rolando C Gapud
Non-Executive Director

Mr Patrick L Go
Independent Director

Mr Benedict Kwek Gim Song
Independent Director

EXECUTIVE OFFICERS

Mr Joselito D Campos, Jr
Managing Director and
Chief Executive Officer

Mr Luis F Alejandro
Chief Operating Officer

Mr Richard W Blossom
Senior Vice President

Ms Tan Chooi Khim
General Manager, S&W Fine
Foods International Ltd

Mr Ignacio C O Sison
Chief Financial Officer

Ms Angie G Flaminiano
Chief Marketing Officer

Ms Ma Bella B Javier
Chief Scientific Officer

Mr Raul C Leonen
Chief Manufacturing Officer

Mr Antonio Eugenio S Ungson
Chief Legal Counsel and
Chief Compliance Officer

COMPANY SECRETARY

Ms Yvonne Choo
(Mrs Yvonne Goh)

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Audit Partner: Ms Ong Chai Yan
Audit partner appointed for the
financial year ended
31 December 2010
Audit firm appointed wef
28 April 2006

BANKERS

Allied Banking Corporation
Australia and New Zealand
Banking Group Limited
BDO Universal Bank, Inc
Bank of the Philippines Islands
Citibank, NA
Deutsche Bank AG
Hongkong and Shanghai
Banking Corp Ltd
Standard Chartered Bank

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Singapore 048623

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British Virgin Islands

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 Mellon as
the Depositary Bank

LISTING & TRADING SYMBOLS

Listed on 2 August 1999 on the
Singapore Exchange
Bloomberg: DELM SP
Reuters: DMPL.SI

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jluy@delmontepacific.com

TRADEMARKS

Del Monte, Del Monte Quality and Shield in Colour are principal registered trademarks of the Group in the Philippines and Indian subcontinent territories. The Group owns 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, Fit 'n Right and Del Monte Quick 'N Easy in the Philippines.

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