Del Monte Pacific Limited

ANNUAL REPORT 2012

Branding

Branding

is the delivery of a promise
to our consumers
and to our stakeholders.

Our Vision

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

Our Mission

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.

2012 Highlights

Achieved record sales of US$460 million

Grew net profit by 17% to US$32.1 million

Branded business generated 70% of total sales

Strong consumer demand for Del Monte brand in the Philippines and S&W in Asia

Garnered an Advertising Campaign Award, Best Supplier Award from 7-Eleven Philippines and Best Annual Report (Bronze) from the Singapore Corporate Awards

Attained GLOBALGAP certification for Plantation and ISO9001:2008 certification for Toll Manufacturing Operations, supporting brand expansion

Declared share bonus issue of 2:10 in addition to cash dividends with a 75% payout

Contents

Letter to Shareholders

Dear Shareholders,

We are pleased to share with you another year of growth, building on the strength of our brands, primarily Del Monte in the Philippines and S&W in Asia. Your Company achieved record sales of US$459.7 million, 8% higher over prior year driven by robust growth in the branded business. Operating profit grew by 13% to US$49.9 million while net profit attributable to owners rose 17% to US$32.1 million from US$27.4 million.

The branded business of Del Monte Pacific Ltd (DMPL) in Asia, comprising of Del Monte in the Philippines and the Indian subcontinent as well as S&W in Asia and the Middle East, continued its strong performance with a 17% sales increase, while operating profit for this segment soared 55%. The branded business generated 70% of Group sales in 2012, up from 65% in 2011 and only 50% in 2005.

Sales in the Philippines continued their strong momentum growing by 14%, driven by expansion across all major product categories – beverage, culinary and processed fruit segments. Strong brand equity, high market shares, advertising support, better in-store execution and increased trade coverage were key drivers to the sales growth.

Kitchenomics, our in-house programme, has always been at the heart of the consumption building initiatives for the Philippine market as it is our primary tool for teaching consumers new recipe ideas for using our products. In 2012, we restaged the Kitchenomics programme behind television advertising and revitalised its digital social media platform to become the single biggest branded culinary page in the Philippines.

Beyond high-profile presence in above-the-line media and trade channels, 2012 also signaled the start of the Company's move to harness the power of digital properties and social media as important platforms not just for engaging current consumers on a 24/7 basis, but also for building Del Monte's online reputation and affinity among the next generation of consumers. From disparate, brand-specific platforms, our Company's subsidiary in the Philippines launched a fully integrated digital eco-system that links its upgraded corporate site to major social media platforms (Facebook, Twitter, LinkedIn, Instagram and Pinterest among others).

In addition, the new site creates a link to a B2B platform that also signals the Company's initial foray into e-commerce with the primary objective of rapidly expanding distribution beyond its current trade coverage.

From left
Mr Rolando C Gapud
Mr Joselito D Campos Jr

Building on a brand we acquired only at the end of 2007, the S&W branded business expanded by 53% to US$35.2 million of sales in 2012. Improved sales of S&W processed products were driven by distribution expansion in China, Korea, Singapore and Indonesia as well as contribution from the Middle East, a new market for processed products. Robust sales of S&W fresh fruit were driven by increased sales in Korea, the Middle East and the new Japanese market. We have expanded our S&W brand footprint with our products now sold in over 20 markets in Asia and the Middle East.

With the expansion of the branded business, the Group's turnover of unbranded industrial and private label sales, accounted for only 30% of Group sales in 2012, down from 35% in 2011 and 50% in 2005. This segment includes sales to other non-affiliated Del Monte companies under long term supply agreements.

The Group's non-branded business was affected by weak demand in the export markets and significantly lower pineapple concentrate prices, especially in Europe, due to excess pineapple supply from Thailand. This led to a sales decline of 11% for processed exports, and a steeper operating profit drop of 65%.

Letter to Shareholders

Through the solid performance of the branded business, consolidated Group gross profit in 2012 grew by 11% to US$112.8 million from US$101.4 million. Gross margin increased to 24.5% from 23.9% in 2011, and from a low of 20.7% in 2009, on reduced raw material and packaging costs and higher production efficiencies. We also improved pineapple yields for both processed and fresh varieties.

Sales at our Indian joint venture, FieldFresh Foods, increased by 10% to US$34.5 million in 2012. Del Monte branded sales of processed foods in India rose 22% to US$27.1 million, accounting for 78% of total affiliate sales. Exports of fresh products from India under the FieldFresh brand also increased by 25%, while the domestic fresh unit was rationalised. The Group recognised an equity loss of US$5.6 million, significantly lower than prior year's US$9.7 million, as a result of better sales and mix, reduced overheads and tighter management of expenses.

Awards

In line with our branding thrust, Del Monte Tomato Sauce's "Come Home" advertising campaign in the Philippines won the Bronze award in the 2012 PANATA Awards under the Brand Marketing – Integrated Campaign Category. Based on a strong consumer insight that families stay longer when good food is served on the table, the campaign signals the return of Del Monte advertising from a highly functional platform to one that recognises the value of the brand beyond just its functional superiority.

By advocating that people make time for a "Once-A-Week Family Date Night" — despite their busy schedules—the campaign pushed the brand's value beyond being just a cooking ingredient to one that plays a central role in building and strengthening family ties.

The PANATA Awards is an annual recognition programme organised by the Philippine Association of National Advertisers (PANA) for outstanding marketing communication materials or campaigns that promote positive Filipino values.

Beyond the award, the campaign also allowed the brand to win in the marketplace, with Del Monte Tomato Sauce registering its highest market share level in recent years.

Del Monte Philippines also received three awards from 7-Eleven, namely, Best Supplier of the Year, Most Innovative Supplier and Best in Account Management for the third consecutive year.

In Singapore, DMPL garnered the Best Annual Report (Bronze) Award for the second time from the Singapore Corporate Awards (SCA), for companies with market capitalisation of S$300 million to less than S$1 billion. This is the third consecutive year that the Company has been recognised by the SCA.

We are humbled and inspired to continuously uphold and advance positive values, excellent service, best in class practices and corporate governance.

Sustainability

While our Company has been active in caring for the environment and local communities throughout the 87-year history of our Philippine operations, including the outreach of our Del Monte Foundation, we have embarked on a journey towards corporate sustainability in accordance with the Global Reporting Initiative (GRI) framework. Sustainability goes beyond corporate social responsibility and philanthropy, as well as environmental compliance, and sets us on a path towards a more holistic and strategic approach towards social, environmental and economic performance – for the benefit of our people, planet and profit or the "Triple Bottomline".

We achieved a breakthrough when our plantation in the Philippines received its GLOBALGAP (Good Agricultural Practices) certification, further affirming a management system focused on Food Safety, Worker's Health and Safety, Environmental Protection and Conservation of Wildlife. GLOBALGAP is a globally recognised private sector body that sets voluntary standards for agricultural products. Our participation in the GLOBALGAP certification process was voluntary, and was a strategic response to customers calling for safe food worldwide and our Company's plan to enter more markets directly vis-à-vis long term supply agreements.

Another major achievement was our ISO9001:2008 certification for Toll Manufacturing Operations Quality Management Systems, validating Industry Best Practices, in cooperation with manufacturing

> "If you do build a great experience, customers tell each other about that. Word of mouth is very powerful."
>
> - Jeff Bezos, CEO, Amazon

Letter to Shareholders

business partners, in producing safe and quality products for our customers.

Both the GLOBALGAP and ISO9001:2008 certifications attest to our passion for quality, safety and world class practices. These certifications also become essential as we build on our branded business and as we expand and diversify our customer base in the international markets.

We launched our Employee Engagement Programme as we level up our engagement which responds to the needs of our employees, addresses their individual careers and contributes to our business success. Our people are our most important resource and their support is critical to the success of the Group's future initiatives.

Strategy and Outlook

Our consumer business has performed solidly in line with our vision to be one of the fastest growing global branded food and beverage companies. We are steering the company towards more branded sales to deliver higher margins and more sustainable profits. Our experience in the export markets in 2012 compels us to reduce the contribution of volatile non branded business segments.

The Group is expanding its branded business by deepening penetration in existing markets through improved trade coverage, entering new markets such as Myanmar, and shifting to higher-margin branded products. A key initiative is to shift the industrial pineapple concentrate business into branded ready-to-drink beverage. S&W, both processed and fresh, will gain more traction in Asia and the Middle East as it leverages its distribution expansion.

Barring unforeseen circumstances, the Group expects to improve earnings in 2013 driven by the branded business with higher revenue from better volume and sales mix in the Philippines and S&W markets. The Group is actively addressing the export markets, which are expected to remain weak, by cutting back on tonnage, shifting volume to stronger markets and growing sales of more value-added products. It is imperative that we decommoditise our product portfolio, expand our brand footprint and improve our sales mix. The Group continues to implement operational efficiencies, procurement savings and active cost management to help mitigate the impact of the weak export markets.

In 2014-15, a number of key contracts with unfavourable terms to the Company will either terminate or improve in terms. The long term supply agreement for processed pineapple products for the US market will terminate in November 2014. This will allow us to sell directly into that market at market prices resulting in better margins. The long term contract we have to supply fresh pineapple in Asia stipulates market prices in the beginning of 2015, which will reverse our current loss position under this contract.

The future holds promise as we transform the Company to a more branded global food and beverage company.

Cash Dividends

Your Board of Directors declared a final dividend per share of US$0.0151. Coupled with the interim dividend, this translates to a total dividend for the year of US$0.0223 per share compared with US$0.0191 per share in 2011. This dividend represents a 75% payout of full year 2012 net profit.

Bonus Share Issue

Your Board of Directors also declared a bonus issue on the basis of two (2) bonus shares for every ten (10) existing ordinary shares in the capital of the Company. The rationale for the bonus issue is to increase liquidity of the shares in the market and to reward you, our shareholders, for your continuing support.

Appreciation

We thank our employees for their passion, dedication and hard work that made the strong 2012 results possible. They are our champions as we chart a new course in the Company's history as we evolve into a more branded Company in our markets, with more control of our destiny. Branding is the delivery of a promise – to our consumers and to our stakeholders.

We are grateful to you, our shareholders, bankers, business partners and customers for your 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

5 April 2013

Five-Year Summary

Financial Year ended 31 December (Amounts in US$ million unless otherwise stated)	2012	2011	2010	2009	2008
Profitability					
Turnover	459.7	425.2	378.6	330.7	381.5
Gross Profit	112.8	101.4	81.8	68.5	96.2
EBITDA	59.9	47.8	35.7	30.7	63.3
Profit from Operations	49.9	44.3	30.3	25.8	56.9
Net Profit Attributable to Owners	32.1	27.4	15.8	11.3	37.0
EPS (US cents)	2.97	2.54	1.46	1.05	3.42
Gross Margin (%)	24.5	23.9	21.6	20.7	25.2
EBITDA Margin (%)	13.0	11.2	9.4	9.3	16.6
Operating Margin (%)	10.8	10.4	8.0	7.8	14.9
Net Margin (%)	7.0	6.5	4.2	3.4	9.7
EPS Growth (%)	16.9	74.0	39.0	(69.3)	(4.2)
Return on Equity (%)	13.3	12.2	7.6	5.6	17.4
Return on Assets (%)	7.0	6.7	4.2	3.2	11.1
Balance Sheet					
Cash	24.6	20.9	17.5	59.2	7.9
Debt	140.5	110.0	103.8	95.3	70.6
Net Debt	116.0	89.1	86.3	36.1	62.8
Fixed Assets	93.4	85.4	79.3	73.2	66.5
Total Assets	495.5	423.9	398.6	352.9	345.8
Shareholders' Equity	253.3	229.0	221.3	197.1	204.7
Net Tangible Asset Per Share (US cents)	22.0	19.7	18.9	16.6	17.3
Net Debt to Equity Ratio (%)	45.8	38.9	39.0	18.3	30.7
Cash Flow					
Cash Flow from Operations	19.5	38.1	(17.0)	81.3	10.5
Capital Expenditure	17.3	18.5	14.6	14.6	19.5
Share Statistics[1]					
Number of Outstanding Shares (million)	1,080	1,075	1,082	1,082	1,082
Average for period					
Share Price (Singapore cents)	49.8	46.4	38.7	50.0	57.2
Share Price (US cents equivalent)	39.7	37.0	28.3	34.3	40.6
Market Capitalisation (S$ million)	538.0	498.9	418.6	540.9	618.8
Market Capitalisation (US$ million)	429.3	398.0	305.7	371.6	438.9
P&L rate: US$1 : S$	1.25	1.25	1.37	1.46	1.41
Price Earnings Multiple (x)	13.4	14.6	19.4	32.7	11.9
End of period					
Share Price (Singapore cents)	61.5	49.5	44.0	40.0	45.0
Share Price (US cents equivalent)	50.4	38.0	34.0	28.5	31.2
Market Capitalisation (S$ million)	664.3	532.2	476.0	432.7	486.8
Market Capitalisation (US$ million)	544.5	408.9	368.2	308.0	337.2
P&L rate: US$1 : S$	1.22	1.30	1.29	1.40	1.44
Price Earnings Multiple (x)	17.0	15.0	23.3	27.1	9.1
Dividend					
Dividend Per Share (US cents)	2.23	1.91	1.10	0.79	2.56
Dividend Per Share (Singapore cents)[2]	2.77	2.37	1.39	1.13	3.83
Dividend Yield (%)	5.6	5.1	3.6	2.3	6.7
Dividend Payout (%)	75	75	75	75	75

[1] The Company was listed on 2 August 1999 on the Singapore Exchange (SGX). On 20 December 1999, the SGX approved the conversion of the Company's quotation of shares to Singapore dollars from US dollars. However, the Company's reporting currency is US dollars. Singapore share prices are converted to US for the purpose of computing financial ratios.

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

Awards

Marketing Award

Del Monte Tomato Sauce's "Come Home" advertising campaign won the **Bronze Award** in the **2012 PANATA Awards** under the Brand Marketing – Integrated Campaign Category.

Based on a strong consumer insight that families stay longer when good food is served on the table, the campaign signals the return of Del Monte advertising from a highly functional platform to one that recognises the value of the brand beyond just its functional superiority. By advocating that people make time for a "Once-A-Week Family Date Night"— despite their busy schedules—the campaign pushed the brand's value beyond being just a cooking ingredient to one that plays a central role in building and strengthening family ties.

The PANATA Awards is an annual recognition programme organised by the Philippine Association of National Advertisers (PANA) for outstanding marketing communication materials or campaigns that promote positive Filipino values. First aired in 2012, the campaign was created in partnership with our creative agency, TBWA/SMP.

Beyond the award, the campaign also allowed the brand to win in the marketplace, with the featured variant registering a double digit growth, and with Del Monte Tomato Sauce registering its highest market share level in recent years.

"If people believe they share values with a company, they will stay loyal to the brand."
- Howard Schultz, Chairman and CEO, Starbucks

Awards

Governance Award

Del Monte Pacific received three awards in 2010 and one award each in 2011 and 2012 from the Singapore Corporate Awards:

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

Sales Award

Del Monte Philippines received three awards from 7-Eleven:

- Best Supplier of the Year
- Most Innovative Supplier
- Best in Account Management (for the 3rd consecutive year)

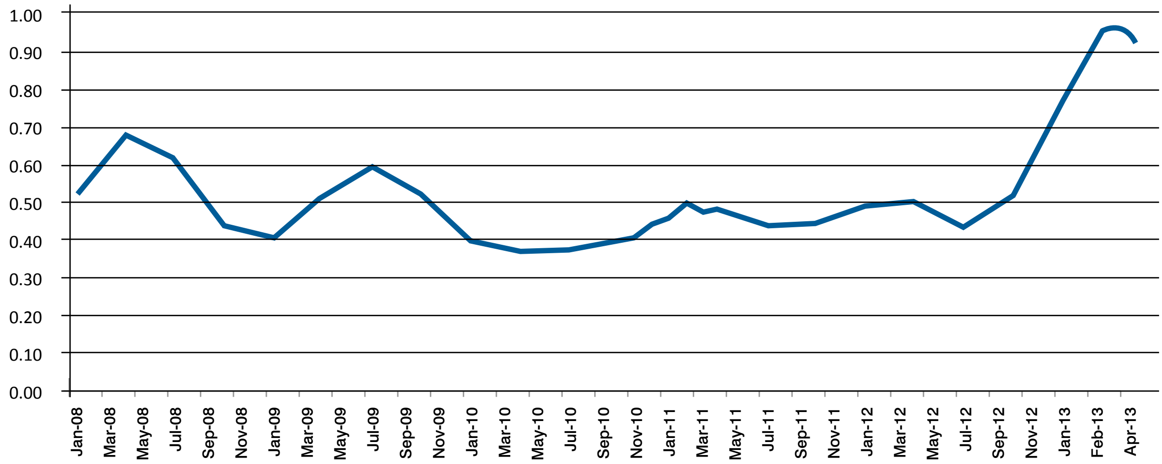
Sustainability

- Attained GLOBALGAP certification for Plantation in addition to the earlier PhilGAP
- Obtained ISO9001:2008 certification for Toll Manufacturing Operations Quality Management Systems
- Received a Certificate of Recognition from the Cagayan de Oro Power and Light Co for our sharing of energy resources with host communities

Please refer to Sustainability section of this report for more details on the above achievements

Del Monte Pacific Share Price Chart

in S$



Del Monte Pacific Share Price Highlights

	1Q 2013	2012	2011	2010	2009	2008
High	0.96	0.66	0.54	0.44	0.65	0.71
Low	0.64	0.43	0.41	0.35	0.37	0.40
End of period	0.90	0.62	0.50	0.44	0.40	0.45
Average	0.83	0.50	0.46	0.39	0.50	0.57

Calendar for 2013

Feb 27	Full Year 2012 results announcement
Mar 27	Payment for 2012 final dividend
Apr 30	2012 Annual General Meeting
Apr 30	First Quarter 2013 results announcement
Aug 12	Second Quarter 2013 results announcement
Nov 6	Third Quarter 2013 results announcement

"Price is what you pay, value is what you get."
– Warren Buffett, CEO, Berkshire Hathaway

Products

S&W in Asia and the Middle East

Products

Del Monte in the Philippines

"Heritage in a category is a very powerful differentiator.
These things stick in people's minds."
– Jack Trout, Marketing Strategist and Author

Products

Del Monte in India

"Creativity is thinking up new things. Innovation is doing new things."
- Theodore Levitt, Economist and Professor, Harvard Business School

Board of Directors







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

Board of Directors

Mr Rolando C Gapud

Chairman and Non-Executive Director

Appointed on 20 January 2006 and last elected on 29 April 2011

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. He is a member of the Asian Executive Board of the Sloan School in MIT.

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 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 also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines; and 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 30 April 2012

Mr Edgardo M Cruz, Jr is a member of the Board and Corporate Secretary of the NutriAsia Group of Companies. He is a member of the Board of Evergreen Holdings Inc. He sits in the Board of Fort Bonifacio Development Corporation and the BG Group of Companies. He is also a Board member and Chief Financial Officer of Bonifacio Land Corporation. He is the Chairman of the Board of Bonifacio Gas Corporation and President of Bonifacio Transport Corporation. He also sits in the Boards of Ayala Greenfield Development Corporation and Ayala Greenfield Golf and Leisure Club Inc. He is a member of the Board of Trustees of Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation. Mr Cruz earned his MBA degree from the Asian Institute of Management after graduating from De La Salle University. He is a Certified Public Accountant.

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 30 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.

Board of Directors

"Innovation distinguishes a leader and a follower."
– Steve Jobs, Co-founder, Apple

Dr Emil Q Javier

Independent Director

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

Dr Emil Q Javier is a Filipino agronomist widely recognised in the international community for his academic leadership and profound understanding of developing country agriculture. He was until recently the President of the National Academy of Science and Technology of the Philippines. 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.

Directorships in other listed companies, both current and in the past three years:

Joselito D Campos, Jr
Independent Director of Philippine-listed San Miguel Corporation (since 2010)

Patrick L Go
Independent Director of Philippine-listed Pancake House Inc (since 2012) and Hong Kong-listed Dynamic Holdings Ltd (since 2013)

Godfrey E Scotchbrook
Independent Director of Singapore-listed Boustead Singapore Ltd (since 2000) and Hong Kong-listed Convenience Retail Asia (since 2002)

Mr Benedict Kwek Gim Song

Independent Director

Appointed on 30 April 2007 and last elected on 29 April 2011

Mr Benedict Kwek Gim Song is a Director and Chairman of the Audit Committee of NTUC ChoiceHomes. Mr Kwek was Chairman of Pacific Shipping Trust from 2008 to 2012. He has over 30 years of banking experience, having served as 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 30 April 2012

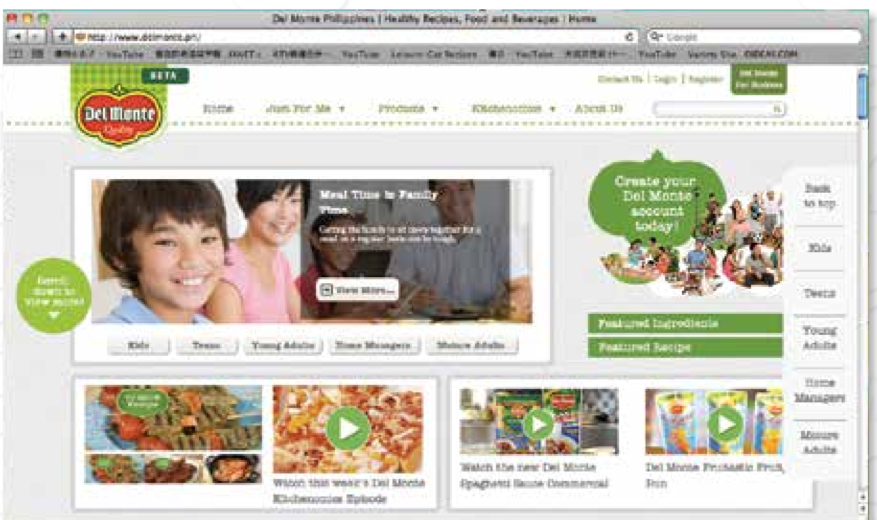
Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with 42 years experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and Hong Kong-listed Convenience Retail Asia. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations.

Del Monte Philippines' bestselling product, Del Monte HeartSmart Pineapple Juice

Del Monte Pineapple Tidbits in affordable Stand-Up-Pouch - nutritious accompaniment for everyday dishes

Kitchenomics Facebook page

Del Monte Philippines Facebook page



Del Monte Philippines' newly launched website

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. Mr Antonio E S Ungson
7. Ms Ma Bella B Javier
8. Mr Raul C Leonen

Senior Management

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 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 also Chairman of the Metropolitan Museum of Manila, Bonifacio Arts Foundation Inc, The Mind Museum and the Del Monte Foundation. He is a Trustee and Global Council Member of the Asia Society in the Philippines; a Trustee of the Philippines-China Business Council, the Philippine Center for Entrepreneurship and the World Wildlife Fund-Philippines; and 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.

"A brand for a company is like a reputation for a person. You earn reputation by trying to do hard things well."
- Jeff Bezos, CEO, Amazon

Senior Management

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, controllership and, more recently, corporate sustainability. 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.

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.

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. She has recently received recognition as a Certified Food Scientist from the Institute of Food Technologists, Chicago, Illinois USA. 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 more than 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.

S&W's ad for its newest product,
S&W prune juices

S&W's website homepage

S&W's ad for its bestselling
S&W Sweet 16 fresh pineapples

S&W's Facebook page

Operating and Financial Review

Group turnover for 2012 grew by 8% to a record US$459.7 million from US$425.2 million, driven by strong consumer demand for the Del Monte brand in the Philippines and in the Indian subcontinent, as well as S&W in Asia and the Middle East.

Sales in the Philippine market rose 14% due to favourable mix, better prices and higher volume. All major product categories registered growth, most notably the canned beverage segment with a remarkable increase. Strong brand equity, high market shares, advertising support, better in-store execution and increased trade coverage were key drivers to the sales growth. The Group also realised gains from improvements in its cost management and lower raw materials.

Building on a brand we acquired only at the end of 2007, the S&W branded business expanded by 53% to US$35.2 million of sales in 2012. Improved sales of S&W processed products were driven by distribution expansion in China, Korea, Singapore and Indonesia as well as contribution from the Middle East, a new market for processed products. Robust sales of S&W fresh fruit were driven by increased sales in Korea, the Middle East and the new Japanese market. We have expanded our S&W brand footprint with our products now sold in over 20 markets in Asia and the Middle East.

The Group's non-branded business, accounting for 30% of total sales, was affected by weak demand in the export markets and significantly lower pineapple concentrate prices, especially in Europe, due to excess pineapple supply from Thailand. This led to a sales decline of 11% for processed exports, and a steeper operating profit drop of 65%.

Through the solid performance of the branded business, consolidated Group gross profit in 2012 was up 11% to US$112.8 million due to better prices, sales mix, and volume improvements. Gross margin increased to 24.5% from 23.9% in 2011. Costs were favourable due to lower sugar, papaya, tomato paste and tinplate costs. We also had higher production efficiencies, and we improved pineapple yields for both processed and fresh varieties.

Operating income rose 13% to US$49.9 million from US$44.3 million primarily due to better sales and margins, which offset higher operating expenses.

"There are times when you literally need to brand it or lose it."
– David Aaker, Marketing Consultant, Author and Professor Emeritus

In India, the Group recognised a share of loss of US$5.6 million for its 46% stake in the FieldFresh joint venture, significantly lower than prior year's US$9.7 million. This was due to better sales and mix, reduced overheads and tighter management of expenses.

The Group ended the year with a net profit attributable to the owners of the company of US$32.1 million, 17% higher over last year's US$27.4 million, due to higher sales, favourable margins, and lower equity share in FieldFresh loss.

Operating cash flow was lower at US$19.5 million compared to US$38.1 million in the prior year as a result of changes in working capital.

Capital expenditures were US$17.3 million, slightly lower than prior year's US$18.5 million and mainly replacement and maintenance-related. The Group also spent for revenue enhancement, cost and operations improvement, as well as for regulatory and sustainability objectives.

BRANDED
For the full year ended 31 December

In US$'000	2012	2011	% Change
Turnover	**320,868**	274,649	16.8
Gross Profit	**96,859**	75,232	28.7
Gross Margin (%)	***30.2***	*27.4*	*2.8 ppt*
Operating Profit	**44,448**	28,765	54.5
Operating Margin (%)	***13.9***	*10.5*	*3.4 ppt*

Operating and Financial Review

Reported under the branded segment are sales and profit on sales in the Philippines, comprising primarily of Del Monte branded products, including Del Monte traded goods; S&W products in Asia and the Middle East; and Del Monte products from the Philippines into the Indian subcontinent.

The branded segment continued its strong performance with a 17% sales increase to US$320.9 million, while operating profit for this segment soared 55% to US$44.4 million, on higher sales in all major categories in the Philippines as well as improved S&W sales. The branded business generated 70% of Group sales in 2012, up from 65% in 2011 and only 50% in 2005.

Turnover in the Philippines rose 14% due to favourable mix, better prices and higher volume. Major categories registered remarkable growth, especially the canned beverages with a robust increase in sales. Strong brand equity, high market shares, advertising support, better in-store execution and increased trade coverage were key drivers to the sales growth. The Group also realised gains from improvements in its cost management and lower raw materials.

2012 signaled the start of the Company's move to harness the power of digital properties and social media as important platforms not just for engaging current consumers on a 24/7 basis, but also for building Del Monte's online reputation and affinity among the next generation of consumers. From disparate, brand-specific platforms, our Company's subsidiary in the Philippines launched a fully integrated digital eco-system that links its upgraded corporate site to major social media platforms (Facebook, Twitter, LinkedIn, Instagram and Pinterest among others). In addition, the new site creates a link to a B2B platform that also signals the Company's initial foray into e-commerce with the primary objective of rapidly expanding distribution beyond its current trade coverage.

We are pleased to share that in 2012 we hired a Head for the Philippine Market, a new position we created to champion the growth of this important market with a dedicated leadership to reinforce and consolidate our brand execution from marketing to sales.

S&W branded business generated sales of US$35.2 million, up strongly by 53% on deepened penetration in core markets of China, Korea and Singapore, and entry into new markets of Japan for fresh fruit and the Middle East for processed. We have expanded our S&W brand footprint with our products now sold in over 20 markets in Asia and the Middle East.

Given the pivotal role of S&W in expanding the Group's branded business outside the Philippines, we have reinforced our S&W team with two locally-based key hires – a Commercial Manager overseeing Japan and Korea and another Commercial Manager in charge of the Middle East and North Africa.

Due to higher volume, improved pricing and mix as well as cost improvements, gross profit for the branded segment significantly improved by 29% to US$96.9 million. Operating profit increased by 55% to US$44.4 million mainly due to better margins.

"Remember my mantra: distinct ... or extinct."
– Tom Peters, Business Management Author

NON BRANDED
For the full year ended 31 December

In US$'000	Non Supply Contract						Supply Contract			Total Non Branded Business		
	Asia Pacific			Europe and North America								
	2012	2011	% Chg	2012	2011	% Chg	2012	2011	% Chg	2012	2011	% Chg
Turnover	**21,747**	21,775	(0.1)	**56,073**	66,549	(15.7)	**61,023**	62,262	(2.0)	**138,843**	150,586	(7.8)
Gross Profit	**5,128**	5,555	(7.7)	**6,509**	15,365	(57.6)	**4,303**	5,273	(18.4)	**15,940**	26,193	(39.1)
Gross Margin (%)	***23.6***	*25.5*	*(1.9 ppt)*	***11.6***	*23.1*	*(11.5 ppt)*	***7.1***	*8.5*	*(1.4 ppt)*	***11.5***	*17.4*	*(5.9 ppt)*
Operating Profit	**3,223**	3,830	(15.9)	**2,287**	11,365	(79.9)	**(96)**	325	(129.5)	**5,414**	15,520	(65.1)
Op Margin (%)	***14.8***	*17.6*	*(2.8 ppt)*	***4.1***	*17.1*	*(13.0 ppt)*	***(0.2)***	*0.5*	*(0.7 ppt)*	***3.9***	*10.3*	*(6.4 ppt)*

Operating and Financial Review

Reported under the non branded segment are sales and profit on sales of private label and non branded processed fruits, beverages, other processed products and fresh fruit; and sales and profit on sales to other non-affiliated Del Monte companies both under long term supply contracts and at market prices.

With the expansion of the branded business, the Group's turnover of non branded business accounted for 30% of Group sales in 2012, down from 35% in 2011 and 50% in 2005. Turnover for non branded segment decreased by 8% to US$138.8 million from US$150.6 million due to lower sales on weak demand and reduced pineapple juice concentrate prices, especially in Europe. The highest turnover decline came from non supply contract Europe and North America at 16%, while sales of both non supply contract Asia Pacific and supply contract were almost flat.

Gross profit was down 39% to US$15.9 million while operating income fell 65% to US$5.4 million.

Business Outlook

Our consumer business has performed solidly in line with our vision to be one of the fastest growing global branded food and beverage companies. We are steering the company towards more branded sales to deliver higher margins and more sustainable profits. Our experience in the export markets in 2012 compels us to reduce the contribution of volatile non branded business segments.

"If you are not a brand, you are a commodity."

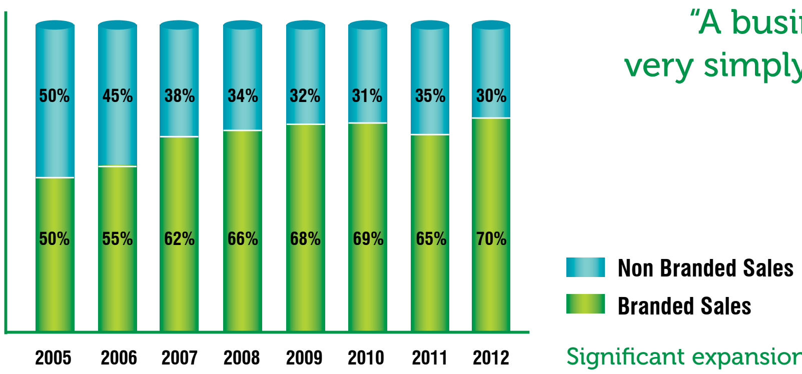
– Philip Kotler, Marketing Author and Professor

The Group is expanding its branded business by deepening penetration in existing markets through improved trade coverage, entering new markets such as Myanmar, and shifting to higher-margin branded products. A key initiative is to shift the industrial pineapple concentrate business into branded ready-to-drink beverage. S&W, both processed and fresh, will gain more traction in Asia and the Middle East as it leverages its distribution expansion.

Barring unforeseen circumstances, the Group expects to improve earnings in 2013 driven by the branded business with higher revenue from better volume and sales mix in the Philippines and S&W markets. The Group is actively addressing the export markets, which are expected to remain weak, by cutting back on tonnage, shifting volume to stronger markets and growing sales of more value-added products. It is imperative that we decommoditise our product portfolio, expand our brand footprint and improve our sales mix. The Group continues to implement operational efficiencies, procurement savings and active cost management to help mitigate the impact of the weak export markets.

In 2014-15, a number of key contracts with unfavourable terms to the Company will either terminate or improve in terms. The long term supply agreement for processed pineapple products for the US market will terminate in November 2014. This will allow us to sell directly into that market at market prices resulting in better margins. The long term contract we have to supply fresh pineapple in Asia stipulates market prices in the beginning of 2015, which will reverse our current loss position under this contract.

The future holds promise as we transform the Company to a more branded global food and beverage company.



"A business based on brand is, very simply, a business primed for success."

– David D'Alessandro, Fortune 200 CEO and Author

Significant expansion of DMPL's branded business

Risk Management

Enterprise-Risk Management Programme

The Group has an established enterprise-wide risk management programme that aims to provide a structured basis for proactively managing financial, operational and compliance risks in all levels of the organisation. Risk management is a regular board agenda item.

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. During the year in review, 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 functional currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations, especially between the Philippine peso and US dollar. To a certain extent, the Group has a natural hedge between the two currencies due to its revenue and cost mix. It is the Group's policy to optimise its natural hedge.

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 and cost management measures. The Group also considers inflation in pricing adjustments with its market customers.

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 supply, demand and prices of its products. Prices for pineapple juice concentrate are largely affected by the supply situation in Thailand and the demand situation in the international markets. Given that this is an industrial commodity product, prices are quite volatile. The Group is shifting production towards more branded ready-to-drink beverage to decommoditise its concentrate product.

"A product can be quickly outdated, but a successful brand is timeless."

- Stephen King, Author

Ad for our new innovative product in India

Risk Management

Branded Business

The Group's branded business in the Philippines and the Indian subcontinent through Del Monte, and in Asia and the Middle East through S&W, is affected by a number of factors, including, but not limited to competition, acceptance of new products, industry trends, distribution expansion, penetration and business partners' risks. The Group's exposure to these risks is managed through the following processes, among others:

- Focus on consumption-driven marketing strategies
- Shift to branded value-added, packaged products with emphasis on innovation, health and wellness, quality, competitiveness and consumer appeal
- Market and customer diversification
- Increased penetration of high-growth distribution channels and markets
- Building on closer working relationships with business partners

Ad for new Pizza and Pasta Sauce in India

"I'm here to build something for the long-term. Anything else is a distraction."

– Mark Zuckerberg,
Co-founder and CEO, Facebook

Agricultural Output

The output of the plantation is subject to certain risk factors relating to weather conditions, crop yields, outgrowers and service providers' performance, and leasehold arrangements. To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimise tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions. The Group is PhilGAP and GLOBALGAP certified and complies with proven agricultural practices in the pineapple growing operations. Long-term land leases with staggered terms are also secured.

Operations

As an integrated producer of processed and fresh fruit products for the world market, the Group's earnings are inevitably subject to certain other risk factors, which include general economic and business conditions, change in business strategy or development plans, production efficiencies, input costs and availability, litigious counterparties, communist rebel activities and changes in government regulations, including, without limitation, environmental regulations. The Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures. It also pursues productivity-enhancing and efficiency-generating work practices and capital projects. To manage insurgency risks in its operating units in the Philippines, the Group has strengthened security measures.

Compliance

The Group closely monitors changes in legislation and government regulations affecting the Group's business. It has a compliance programme that aims to monitor and ensure the Group's compliance with laws and regulations. Compliance is a regular board agenda item.

"There a lot of things you can try to build to last."

– James Collins, Business Consultant and Author

Sustainability

Our Journey

While our Company has been active in caring for the environment and local communities throughout the 87-year history of our Philippine operations, including the outreach of our Del Monte Foundation, we have embarked on a journey towards corporate sustainability in accordance with the Global Reporting Initiative (GRI) framework. Sustainability goes beyond corporate social responsibility and philanthropy, as well as environmental compliance, and sets us on a path towards a more holistic and strategic approach towards social, environmental and economic performance – for the benefit of our people, planet and profit or the Triple Bottomline.

The highlights of our sustainability efforts in 2012 are listed below:

Economic

- Achievement of record revenue of US$460 million
- US$1.0 million of productivity and cost efficiency gains
- US$277,000 donation to Del Monte Foundation, Inc (DMFI)

Environment

- Reforestation efforts wherein we planted 9,000 seedlings with a 95% survival rate and distributed, through DMFI, 10,400 seedlings to the community, with 600 planted in reforestation sites
- Energy conservation projects generated savings for the Company of 18.8% PECO (Percent Energy Conservation) equivalent to 6.7 million LOE (litres of oil equivalent)
- Our cannery received a Certificate of Recognition from the Cagayan de Oro Power and Light Co for sharing its energy resources with host communities

Social

- Two agreements inked with plantation and cannery labour unions in the Philippines, enhancing economic and social benefits for nearly 3,000 employees and their families
- Two key international customers, which require their suppliers to abide by a Code of Ethical Standards, affirmed our efforts in the area of social accountability
- In partnership with an NGO, built 15 housing units for Philippine-based employees left homeless by typhoon Washi (Sendong)
- Our plantation in the Philippines received the GLOBALGAP (Good Agricultural Practices) certification
- Our Company also received the ISO 9001:2008 certification for Toll Manufacturing Operations Quality Management Systems
- Launched an Employee Engagement Programme to raise the level of employee engagement

A Corporate Sustainability Team was organised to develop strategic plans guided by the GRI framework. For 2012, we have included corporate sustainability as part of the Company's strategic plan. Our goal is to promote sustainability to achieve our business objectives, environmental stewardship and social responsibility. The benefits we envision are to:

- Improve the **business performance** by generating operational efficiency and cost savings through a more sustainable business model;
- Enhance a company's **reputation** with stakeholders, including investors, credit institutions, customers, employees, and business partners through a sustainable economic performance, environmental and social responsibility;
- Boost the **brand** equity of the company; and
- Promote **risk management** and **compliance** and avoid penalties by catching risks early on and taking action to mitigate them.

Our initial steps to embrace sustainability and promote its value within the organisation include the following:

- Making sustainability an important and critical agenda along other business matters and, as such, discussed in the operating committee and presented quarterly to the board of directors;
- Conducted orientations both in our Mindanao operations and Manila office to advocate sustainability in all levels of the Company and eventually extend this to our business partners and other stakeholders;
- Including sustainability as part of the goals of managers and supervisors;
- Weekly dissemination of sustainability articles gathered from leading international and local sustainability websites to improve awareness and provide benchmarks and best practices.

We have taken stock of all the corporate-wide sustainability initiatives within the GRI framework. GRI reporting provides common performance measures among enterprises worldwide leading to easier benchmarking.

Part of our strategic plan is to develop long-range goals on:

Sustainability

1. Employee welfare, health and safety
2. Environment
   a. Water usage
   b. Waste reduction
   c. Reduction in green house gas emissions
   d. Renewable energy
3. Corporate governance
4. Supply chain and procurement
5. Corporate social responsibility

To accomplish this, we are developing a sustainability framework within the GRI performance indicators – Economic (9 indicators), Environmental (30) and Social (45) -- (Labour, Human Rights, Society and Product Responsibility).

We have started updating and reviewing our baseline metrics and performance for 2012 in line with the GRI framework and identified key sustainability action plans. We are building the sustainability organisation and process to develop long-term goals for the focus areas identified. We are also establishing sustainability and stakeholder engagement processes, while evaluating and reviewing projects with the sustainability teams.

As a leading global food company, we stand by our commitment to grow our business in a manner that sustains a healthy balance among diverse interests of all our stakeholders – our employees and their families, business partners, customers and host communities. To achieve this, we will engage our stakeholders to identify key issues affecting them and the Company.

We continue to focus on building the future long-term resiliency for our business as we deepen our understanding of the global business environment and remain mindful of the impact of our activities.

Fully acknowledging this responsibility towards the future, the Corporate Sustainability Team leads our efforts to increase sustainability advocacy among all our stakeholders. Key leaders across the organisation have been oriented on sustainability and reporting. Each team within the Group has set goals to formalise commitments to our overall effort and recognise individual share of accountability as we strive to meet varying market demands. We will continue to cascade and communicate sustainability through various workshops and trainings to the rest of the organisation and key business partners.

In line with our sustainability commitment, many initiatives were taken through our business plan, productivity and cost efficiency programme, agricultural enhancement measures, supply chain improvements, capital expenditure and facilities improvement projects, and other key programmes.

We believe that with the formalisation of our sustainability efforts, we, together with our stakeholders, stand to reap greater benefits, both tangible and intangible. The sustainability framework should help the Company achieve its business objectives since sustainability benefits not only the environment and society but also the business -- people, planet and profit or the Triple Bottomline.

Economic Sustainability

The economic impact of Del Monte Pacific benefits more than the 4,000 employees of the Company. In addition, we have engaged over 8,000 service providers in all areas of our operation. Our pineapple plantation encompasses ten municipalities in Bukidnon and seven towns in Misamis Oriental, Mindanao, southern Philippines. We engage over 50 supplier partners who provide various goods and services to the Company. An estimated 15,000 families or approximately 75,000 individuals directly or indirectly depend on the Company.

Overall, our presence has immensely contributed to the region's economic growth, creating a multiplier effect in the local economy by fuelling local business supporting the Group's operations as well as serving day-to-day needs of our employees and their families.

In 2012, the Company achieved a new milestone as it generated record sales of US$460 million, 8%

The Group's first product benchmarking study evaluates a total of 101 unlabelled products (ensuring impartiality) from leading global competitors. Collaborating on this trailblazing exercise are the Group's Quality Assurance, R&D, and operational units in the Philippines, and DMPL and S&W Commercial groups.

Sustainability

higher than 2011, driven by the Del Monte and S&W branded business.

Our net income improved by 17% to US$32 million. Part of our income included US$1 million (before taxes) of productivity and cost efficiency gains. The Company continued its investment for future growth with US$17 million of capital expenditures in 2012, including projects for sustainability.

Furthermore, Del Monte Philippines, Inc donated US$277,000 to DMFI to fund various projects such as scholarship grants, various technical training to unemployed community members and relief operations.

The economic benefits of the Company are explained further through the financials of this annual report.

To further grow a globally competitive product line, we initiated a benchmarking study against the world's leading pineapple producers. A total of 101 unlabelled products (designed to ensure impartiality) were evaluated across diverse measures by 200 Executives from the Group. Results of the study will further provide headway to produce, package and deliver world-class products and services. Our Quality Assurance and Research & Development Teams organised this trailblazing exercise in collaboration with DMPL and S&W Commercial groups and operational units in the Philippines.

We have enhanced our programme of business reciprocity with Strategic Partners through collaborative efforts to achieve business objectives and seize business opportunities. Information sharing, business tours of our operational facilities and celebrations to mark these great partnerships are key to this programme.

Environment Sustainability

The success of our business is intertwined with responsible stewardship of nature, the source of our products and profits. As such, we continuously build on our agro knowledge and experience, and communicate our Environmental Policy to our stakeholders as we support resource-efficient processes to enhance our environmental footprint.

The foundation of our sustainable agriculture practices is efficient land use, carried on from our pioneers who started farming in 1926. No forests were cleared to give way to pineapple fields. Additional land acquired later on by our pioneers was already cultivated to other crops.

Following local government regulations, the Group did not expand its farmed areas in the Philippines during the year. The Group's biggest leased landholdings remains under the collective ownership of the Del Monte Employees Agrarian Reform Cooperative, a cooperative among the Group's employees organised in 1988 under the Philippine Comprehensive Agrarian Reform Program (CARP).

The Group fully cooperates with agrarian reform beneficiaries and the Philippine Department of Agrarian Reform towards efficient implementation of CARP. Other landholdings are leased by the Group from lawful landowners by virtue of their respective ownership or stewardship documents as attested by concerned government agencies.

Today, pineapple is the fifth major farm produce in the Philippine province where we continue to plant, after corn, rice, sugar cane and banana. Pineapple fields account for five percent of the province's agricultural land area of 375,000 hectares or about two percent of its total land area of 1.04 million hectares.

Across 87 years of operations, our land use practices are mainly aimed at improving plantation yield through ecologically friendly land preparation, plant disease management and chemical application; efficient water sourcing and drainage; and use of sustainable planting materials.

Our agricultural teams work closely with local farmers to adopt agronomic measures that can mitigate adverse consequences of crop agriculture on soil and water conservation. Responsible farming focuses on sustainable crop cultivation and efficient drainage systems, with innovative as well as tried-and-tested practices, including minimising buildup of surface water during heavy rain, and positioning grass strips at strategic points to slow down water flow.

We have initiated programmes to minimise waste, improve efficiencies in electricity and water consumption; increase usage of recycled but viable packaging materials; measure production efficiencies via 5S, Total Productive Maintenance and 6 Sigma; enhance the health and well-being of our workforce and their families; and ensure compliance of our service providers with local labour laws.

Waste Management

Our pineapple pulp waste disposal system, a pioneering effort started in the 1950s, converts a by-product of the cannery into feed for our cattle farm at the plantation. This helps us reduce waste and cut costs.

We operate effluent treatment plants that treat wastewater discharged from our agro-industrial facilities. Our high-filtration extraction system processes excess juice into pineapple concentrate and syrup, significantly reducing volume of wastewater.

Sustainability

Wider participation among the Group's employees, family members and business partners has made possible the planting and distribution of nearly 100,000 seedlings in host communities during the year. The effort supports the National Greening Programme launched by Philippine President Benigno C Aquino III which calls for the planting of 1.5 billion trees.

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.

Safety

We have launched a comprehensive programme to increase safety and health awareness as we aim for reduced worksite accidents and increased preparedness for all types of emergencies (fire, flood, earthquake and terrorism). Through "Project Safe," information drives, surveillance audits and safety drills are conducted regularly across all plantation facilities, including employee homes, and at our cannery.

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 use of fertilizers and industrial chemicals, including safe transport and handling, and collection and recovery of packaging materials. We conduct regular safety audits on our fertilizer and chemical storage and work areas.

A Supplier Quality Management programme and product traceability measures are in place to respond to customer requirements. 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.

Green Initiatives

Under our new sustainability framework, we have significantly enhanced our stakeholder advocacy programme for environmental conservation. While our carbon footprint is within global standards, many initiatives were undertaken during the year to reduce process residues, strengthen energy conservation in all worksites and plantation homes, and explore more efficient energy sources.

In support of Good Agricultural Practices (GAP), we undertake innovative composting, community-based tree planting and reforestation of denuded areas close to our operations sites. Nearly 100,000 seedlings of indigenous tree species from our nursery were distributed free to employees and the community during the year.

This figure includes seedlings planted on a mountain we have adopted close to our farm for re-greening. A survival rate of 97 percent is attributed to increased revisits by volunteers and a food-for-work programme whereby farmers help maintain and grow trees to maturity.

A new tradition has taken shape as some 200 new employees from our Philippine Company planted trees to mark regularisation of employment with the Group and signify long-term commitment to sustainability. Under our "Grow-A-Tree" programme, each employee volunteers to plant not less than ten trees and care for these trees through one's employment years. In support to eco-commitment, a new Tree Park has opened in Camp Phillips, the center of the Group's plantation, where volunteers can plant seedlings and nurture these trees to maturity.

Under a new Volunteerism programme encouraging wider participation among employees, family members, business partners and the community, the number of eco-volunteers has tripled, enabling the Group to support the six-year National Greening Programme launched by Philippine President Benigno C Aquino III which calls for the planting of 1.5 billion trees to initially re-green 1.5 million hectares (of the country's eight million hectares of unproductive forest land) into agro-forestry plantations.

Our united efforts to sustain a green environment have produced positive results. We employ best practices to monitor and continuously improve our overall Carbon Footprint (CF) which remains negative, an indication that our operations are consistently eco-friendly. In the last four years since the Group monitored CF, it registered an increasing trend in total carbon capture (sequestration-less-emission) values of 373, 423 and 489 million tons, respectively for 2010-12, of carbon dioxide equivalent.

Social Sustainability

We are a people-driven organisation committed to growing wellness and a high quality of life through healthy working relationships with all stakeholders, including customers, employees, business partners and investors.

Caring for Our People

Our employees are our most valuable resource. Some 4,000 employees work at our plantation, manufacturing facilities, and administrative and marketing offices in the Philippines, Singapore and India.

Healthy Work Environment

Our farm and production facilities employ people from surrounding villages. Workers are paid above average rates in the industry, and are informed of the terms and conditions of employment prior to their appointment. 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, ethnic group, religion, age and gender goes against the Group's Code of Business Ethics (available on www.delmontepacific.com).

Labour-Management Cooperation

In the Philippines, Labour-Management Cooperation (LMC) councils meet regularly to discuss and decide issues affecting employees, their families, the Group and the community. Memorandums of agreement (MoA) with three key labour unions stipulate wage increases and enhancements in benefits for farm and factory workers from year to year. An LMC Day enjoins plantation union members to celebrate 'wins', including innovations whose benefits have created ripples beyond their own families.

LMCs pave the way for efficient and short negotiations between Union and Management, as manifested in the signing of two MoAs covering enhanced economic and social benefits for close to 3,000 employees at the plantation and cannery in the Philippines.

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 taken a key step to build a working environment more responsive to the needs of the Del Monte family. Our Employee Engagement Programme was launched to guide and inspire our employees to give extra effort and engage in work that contributes to our business success as well as to their individual careers.

Through an online Employee Engagement Survey (EES) conducted by Aon Hewitt from 22 November to 6 December 2012, a high response rate of 99.7 percent was generated (from a total of 741 Executives surveyed). Survey results provided feedback and suggestions towards improving the level of engagement among key leaders whose support is critical to the success of any initiative the Group will undertake in the future.

Close to 50 Employee Engagement Champions in the Philippines and Singapore have been chosen to spearhead the programme in their respective departments. They underwent orientation to guide them through their new roles; they will take part in Action Planning workshops to effectively address issues raised by their assigned Teams.

Meanwhile, training facilities onsite help employees upgrade technical and other skills. At "PineU" (Pineapple University), plantation personnel hone farming expertise through formal sessions

Group COO Luis Alejandro presides over separate signing rites for two MoAs that will enhance economic and social benefits for 1,500 factory workers and 1,400 plantation employees based in the Philippines.

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760 of the Group's employees based in the Philippines and Singapore gave vital feedback on existing programmes through an online Employee Engagement Survey conducted by Aon Hewitt. Survey results will be key to improving the level of engagement among key leaders and in building a working environment more responsive to the needs of employees.

and benchmarking trips. "ManU" (Manufacturing University) opened a breakthrough for cannery staff to reorient on processes and adapt to new technologies. ManU also administers two-year supervisory and trade-traineeship programmes for high-potential applicants and long-serving employees. On the faculty are our senior managers, who count among leading experts in their respective fields.

A management succession plan is fully in place, with a deep bench of candidates trained among our ranks to be able to immediately assume responsibilities of key management positions in the event of vacancy.

Innovation, our Way of Life

To highlight the value of Innovation as a key pillar for global competitiveness and recognise the invaluable contributions of our employees, the Group showcases innovations and creative ideas of employees in various forums within and outside the organisation.

Plantation and cannery employees and service providers present process breakthroughs in work through quarterly and annual Innovations Congress and Quality Circle forums. Past winners have brought home honours from regional competitions.

The Plantation Annual Performance Awards reward extra effort, by individuals and teams, to drive productivity and innovation. High performers who deliver more than 100% of performance measures or key result areas in a quarter, semester or full year performance receive cash incentives.

The Cannery Productivity and Cost Efficiency Programme (PCEP) awards both production and support teams who initiate and implement innovations that enhance production capability, improve worker efficiency and reduce operational costs. Winning innovations in 2012 included re-use and recycling of equipment parts and materials, reduced usage of production materials, and improvements on line equipment, generating total savings of close to US$300,000.

"Innovation is the central issue in economic prosperity."

– Michael Porter,
Business and Economics Author

Communication

The Group's strategies and accomplishments as presented to the Operations Committee during the Annual State-of-the-Business Meeting are cascaded to all employee levels through various forms of formal and informal information sharing in divisional, departmental and team assemblies.

Our news magazine called "Tidbits" and a digital edition called "FreshCut" feature key operational goals and programmes, team achievements, environmental initiatives, community outreach efforts, and individual stories that highlight our Core Values. A quarterly wall poster called "Pinikit," written in a Philippine dialect commonly understood in our areas of operations, provides information on our business thrusts and social programmes for the community.

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.

Plantation employees live with their families in Group-owned houses and dormitories (for unmarried employees) within housing camps complete with social hall, chapel, playground and plaza, day care centre, primary and secondary schools, camp clinics and a 100-bed hospital managed by

Sustainability

a medical service provider. Employee-organised cooperatives provide our workers with services that enhance economic benefits for their families. Cooperative members enjoy annual dividends and patronage refunds.

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. Children around the region also join the annual Del Monte Football Cup, now on its ninth year with the support of the Philippine and Asian Football Federations.

Children of cannery employees enjoy free year-round weekend tutorials on basketball and, as scheduled, other sports (tennis, swimming, martial arts) and creative skills (photography, theatre arts). Core values are introduced through learning exposure that helps them grow a strong sense of community and family life.

Industrial Relations and Staff Turnover

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

Caring for our Community

The impact of the Group's business is clearly felt in the day-to-day life of communities around its farm and production units. While its business directly and indirectly supports the livelihood of at least 20,000 residents – from fruit growers and truckers to harvesters and maintenance crews – other rural residents greatly benefit from the Group's presence.

As a responsible corporate citizen, the Group continues to contribute to the development and upliftment of the quality of life in communities where we operate.

"I know I have been very fortunate and feel a responsibility to give back to society in a very significant way."

– Bill Gates, Co-founder, Microsoft

The Group's fresh fruit pickers in Southern Philippines break new ground with record harvest for markets in Asia and the Middle East.

Our rich heritage of partnership with host communities inspires us to continue to make a difference in the lives of thousands of families around our worksites and in other areas where insurgency and unrest have hampered growth.

DMFI, a non-stock and non-profit organisation, spearheads our efforts as we expand our reach in the community. Teams fan out daily through close to 100 urban and remote villages to deliver vital community services and help residents face new challenges. In the last five years (2007-2012), the Foundation has served some 60,000 community residents through scholarships and education, capacity-building, home care and community health, youth development and other programmes.

Livelihood Support

We have embarked on a landmark partnership with select local farmers and entrepreneurs who now earn more from underutilised or unproductive farm land. Farmers learn eco-friendly ways to grow high-volume pineapple and papaya for processing at our cannery.

Technical Education

We promote short-term technical skills courses as an alternative to college education as we introduce community leaders, family heads, women and out-of-school youth and families of employees to agro-technical skills.

Our main Community Education Centre received official accreditation from the Philippine Technical Education and Skills Development Authority (TESDA), highlighting public-private sector cooperation for community education. The Group has channelled funds for enhanced learning in five centres, all satellite training centres of the government. Fully-equipped workshops welcome students in food processing, commercial cooking, baking, electronics, welding and woodworking. A computer centre, with 15 computer units and internet access, also serves the community. Continuing partnership with TESDA ensures 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.

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More than 300 rural children in the Philippines start exciting learning journeys as Del Monte Foundation turns over learning materials to schoolteachers in 57 public pre-schools, supporting the 100% implementation of the Government's pre-school instruction programme.

Close to 1,000 men, women and youth received free training during the year, an increase of 30 percent against the previous year's number of graduates. New courses (housekeeping services, massage therapy, bread and pastry-making, fish processing, art and painting, production of fashion accessories and candles) were offered to respond to the community's training needs. Graduates fill in a growing demand for skilled manpower in the region's industry and service sectors.

Scholarships and Education

Gifted children earn quality education from pre-school and primary levels up to post-graduate studies through our academic scholarships, grants-in-aid 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.

Following a new selection process that grants scholarships to applicants from the Group's new areas of operations, beneficiaries have increased by ten percent, from 214 in the previous school year to 235, the highest scholar enrolment in two decades. Under partnership programmes, public and private schools near worksites receive support in the form of supplemental books, teaching aides, and teachers' training.

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, former member of the Cabinet of Philippine President Benigno C Aquino III, who served as Secretary for Economic Planning and 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 health, education, employment and development;
- Engineer Elpidio Paras, an entrepreneur, 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.

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.

Rural youth comprises a majority of graduates under the Foundation's technical skills training programme. Community youth leaders also join Leadership Trainings after which they are expected to harness resources from their respective youth organisations to attain both medium- and long-term development goals of their communities. Over 300 students in 57 public elementary schools benefitted from educational books and learning materials and supplies distributed by the Foundation and its volunteers during the year.

Community Health

As a company with a mission to raise the level of global health and wellness, we help bring greater

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Nearly 5,000 residents in a rural village close to the Group's pineapple farm in southern Philippines benefit from a communal water system constructed and turned over by Del Monte Foundation to local government officials.

awareness on health, nutrition and food safety to our host communities. Under our Home Care Education Programme, close to 500 unemployed rural mothers were trained in responsible family care, emergency and disaster handling, solid waste management and other eco-practices. Another 2,800 women participated in the Healthy Cooking sessions, where they learned new ways to prepare affordable, tasty and nutritious meals. They also served nutritious meals to some 10,000 residents during the Cooking Demos following the training sessions.

Through monthly training sessions that we fund, some 300 community health workers based in four municipalities honed skills in emergency response and medical treatment. In areas where medical services are not readily available, rural midwives administer close to 70 percent of childbirths.

With the Del Monte Ladies' Civic Association and the Phillips Memorial Hospital, we conducted medical missions or free clinics in eight remote villages where families rarely see a doctor in their lifetime. Some 3,000 patients received free medical and dental services and medicines.

In coordination with the Philippine Department of Education, we delivered a breakthrough in implementing a highly-effective and low-cost public health intervention for rural children. In its second year of implementation, deworming was conducted for over 46,000 schoolchildren in areas with inadequate access to clean water. This is a thousand-fold leap against the 661 beneficiaries on its pilot year. A local chapter of Rotary Club International provided the deworming (Mebendazole) tablets. Some 140 pre-teen boys also availed of free and elective circumcision surgery.

Close to 5,000 residents of barangay San Jose, Quezon, Bukidnon in Southern Philippines benefit from the newly-installed communal water system in this remote village close to the Group's pineapple farm and packing house. Sufficient water supply for drinking as well as for personal hygiene and household chores was made possible through the united efforts of DMFI, local government and a community cooperative.

Building on Community Traditions

As an active member of the community, our teams participate and support activities that strengthen community traditions and values. In the Philippines, the Group supports the celebration of religious festivals, ethnic rituals and key socio-cultural and economic activities of communities within and around our worksites.

An excellent example is the annual Pineapple Festival which brings together the plantation community and its neighbours to commemorate a fruit that has positively changed rural life in Southern Philippines.

Del Monte Foundation joins hands with Philippine NGO Gawad Kalinga and the Congressional Office of Rep Rufus Rodriquez, who is also a former Del Monte scholar, to build homes for the families of 15 cannery employees left homeless by Typhoon Washi (Sendong).

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Calamity Assistance

Honouring a cherished tradition of community assistance during emergencies, DMFI and some 500 volunteers continued to extend services to hundreds of families affected by tropical storm Washi (Sendong) in December 2011 as well as victims of typhoon Bopha (Pablo) in December 2012, in communities near the Group's key manufacturing site and plantation in Southern Philippines. The plantation social hall and school served as evacuation centers for 200 "Pablo" victims. LMC and youth volunteers, children of employees, some of whom are also members of "eco-brigades" that plant trees and clean caves, helped employees clean flooded homes.

Living Sustainability

Healthy employee engagement has delivered good results for the Group's multi-pronged sustainability programme.

Inspired by our tradition to share and create ripples of hope in the community, the Group's employees have taken the initiative to spearhead community projects with Management's full support.

During the Christmas season, employees in the Philippines break out into small teams to visit remote villages, community hospitals and hospices to bring goodwill and share gifts and food with over 60,000 beneficiaries.

Our volunteers are also glad to be part of every child's journey of hope as they cover a twin need to stay fit and serve the community. At the 5th Pineapple Trail Night-Buddy Run, 232 plantation employees and neighbours took to the trail and raised funds to purchase school supplies for rural school children. Trail runners volunteered to distribute learning materials pooled from previous year's run. At the Cannery LMC Fun Run, employees and their families sweated out the five kilometer run to raise funds for orphans and children with special needs in Balay Canossa, Cagayan de Oro.

Children in a remote village in Southern Philippines enjoy the gift-giving programmes held by the Group at year-end. Employees and business partners visit remote villages to share food and gifts with over 60,000 beneficiaries during the Christmas season.

With Management's full support, 232 plantation employees and neighbours join the 5th Pineapple Trail Night-Buddy Run, to raise funds needed to buy school supplies for rural children. Trail runners also volunteer to distribute learning materials in remote villages.

Product Integrity

Drawing strength from our heritage of quality and reliability, we produce globally competitive food products in the most sustainable way possible.

A breakthrough has been achieved during the year as our plantation in the Philippines received its GLOBALGAP certification, further affirming a management system focused on Food Safety, Worker's Health and Safety, Environmental Protection and Conservation of Wildlife. GLOBALGAP is a globally-recognised private sector body that sets voluntary standards for agricultural products.

This certification came from a "100% Compliant" rating from audits of pineapple and papaya farms and production facilities, including two packing houses for fresh fruit. Our participation in the GLOBALGAP certification process was voluntary, and was a strategic response to customers calling for safe food worldwide and our Company's plan to enter more markets directly vis-a-vis long term supply agreements.

A GAP certificate issued by the Philippine Department of Agriculture in the Philippines in 2010 also attests that our farms grow, pack and distribute fresh produce in conformance with international standards on food safety and quality.

Moreover, our agro-industrial processes are accredited by the world's leading certifying bodies, with at least 20 quality audits performed during the year by reputable, independent international auditors, business partners and customers. Once again, audit results confirm that our processes meet or often exceed standards for the purchase of food products.

Sustainability

The Group receives the GLOBALGAP (Good Agricultural Practices) certification - further affirming its management system that is focused on Food Safety, Worker's Health and Safety, Environmental Protection and Conservation of Wildlife.

A total of eight Quality certifications were re-issued for pineapple manufacturing, including ISO 9001:2008, HACCP (Hazards Analysis and Critical Control Points) and Food Hygiene – GMP (Good Manufacturing Practices), certified by Société Générale de Surveillance.

A total of 14 key international customers have issued quality certifications on products they import from the Group. Our achievements include:

- Grade A certification from British Retail Consortium for continued entry of our products into the United Kingdom;
- Higher Level (with score of 97.20 percent) from International Featured Standards for food imports into Europe;
- Sure – Global – Fair (certified under the Voluntary Control System of the SGF of the European Union);
- Certifications for HALAL (certified by the Ulamah Conference of the Philippines) for countries with Muslim population; and
- Kosher (certified by Kashrus and Triangle K) for the Jewish community.

The respective Food and Drug Administration of the United States, Republic of South Korea and the Philippines have issued quality certifications for importation and purchase of our products in their respective territories.

Two key retailer customers, which require their suppliers to abide by a Code of Ethical Standards now considered a global benchmark, have affirmed significant strides we have made in the area of social accountability.

In the Philippines, another breakthrough was achieved as we received the ISO9001:2008 certification for Toll Manufacturing Operations Quality Management Systems, validating Industry Best Practices, in cooperation with manufacturing business partners, in producing safe and quality products for our customers.

Supporting efforts of Operations Teams to achieve excellence across all frontiers, a total of 33 Purchasing and Supply Chain personnel obtained accreditation certification under the aegis of International Trade Center (ITC), an affiliate of the World Trade Organisation that promotes exporter competitiveness. Eight completed with "Distinction" the Certification Examinations for the first Level ITC Modular Learning System in Supply Chain Management conducted during the year.

The Group receives ISO9001:2008 certification for Toll Manufacturing Operations Quality Management Systems, affirming high quality products.

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"It's not how much money we make that ultimately makes us happy. It's whether or not our work fulfills us."
– Malcolm Gladwell, Bestselling Author

Awards and Citations

Recognising the continuing excellence of our programmes, leading organisations have bestowed their highest awards on the Group.

In 2012, the Singapore Corporate Awards once again honoured Del Monte Pacific with the Best Annual Report Award (Bronze) for the mid-cap category, S$300 million to less than S$1 billion market capitalisation. This prestigious award, which we first received in 2010, complemented the major awards we received in 2010 and 2011, namely: Best Managed Board Award (Gold), Best Chief Financial Officer, and Best Investor Relations (Gold). The Singapore Corporate Awards recognises listed companies and officers instrumental in raising corporate governance, transparency and disclosure standards.

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 active employees and retirees, with a full range of social security benefits, including worker coverage, advance payment of sickness, maternity and employee compensation benefits.

Local energy cooperative Cagayan de Oro Power and Light Co honours the Group's cannery with a Certificate of Recognition for responding to a community emergency.

For sharing its energy resources with host communities, the Del Monte cannery received a Certificate of Recognition from the Cagayan de Oro Power and Light Co (CEPALCO) citing invaluable support for "uninterrupted power supply" in the city, even as the rest of southern Philippines was severely hit by power shortages in 2012. Sacrificing operational cost in the face of a community emergency, our manufacturing facility ably responded by running standby generator units to augment CEPALCO's power supply, thus helping thousands of local households and small entrepreneurs conduct business as usual during periods of long blackouts.

The Operating Committee leads the way in Employee Engagement. Our branding extends beyond our consumers and includes all our stakeholders, including our employees and the corporate brand that engages us and our business partners. Our Sustainability journey sets us on a path towards a more holistic and strategic approach towards social, environmental and economic performance – for the benefit of our people, planet and profit or the Triple Bottomline.

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 this report.

The Board of Directors and Management are also committed to use their best endeavour to align the Company's governance framework with the recommendations of the revised Code of Corporate Governance which was issued on 2 May 2012 by the Monetary Authority of Singapore (the "2012 Code") and applicable to the Company only with effect from financial year commencing 1 January 2013.

This report describes the Company's corporate governance policies and practices with specific reference made to each of the principles of the Code and the 2012 Code (where stated) in compliance with the Listing Manual of the SGX-ST.

> "The keys to brand success are self-definition, transparency, authenticity and accountability."
> – Simon Mainwaring, Social Branding Consultant

BOARD MATTERS

Principle 1
The Board's Conduct of Affairs

The Board of Directors ("Board") oversees Management and ensures that 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 a set of internal guidelines specifying matters requiring the Board's approval. These include approval of the Group's strategic plans, appointment of Directors and key managerial personnel, annual budgets, major investment proposals, and review of the financial performance of the Group.

In 2011, the Company formulated guidelines setting forth matters reserved for the Board's decision. Management was also given clear directions on matters (including set thresholds for certain operational matters relating to subsidiaries) that require the Board's approval.

Certain material corporate actions that require the Board's approval are:
- quarterly results announcements;
- annual results and financial statements;
- grant of share awards or options;
- remuneration and HR matters;
- declaration of dividends;
- convening of shareholders' meetings;
- merger and acquisition transactions; and
- major transactions and investments.

The Board likewise reviews and approves all corporate actions for which shareholder approval is required.

Corporate Governance

To facilitate effective management, certain functions have been delegated to various Board committees, each of which has its own written terms of reference ("TOR") 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 risks 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 six meetings. The Company's Articles of Association allow for tele-conference and video-conference meetings to facilitate participation by Board members and Management.

Attendance at Board and Board Committee Meetings in 2012

Directors	Board Meetings	Audit Committee Meetings	Remuneration and Share Option Committee Meetings	Nominating Committee Meetings
Mr Rolando C Gapud	6	4	4	2
Mr Joselito D Campos, Jr	6	N.A.	N.A.	N.A.
Mr Edgardo M Cruz, Jr	6	4	4	2
Mr Patrick L Go	6	4	4	2
Dr Emil Q Javier	6	N.A.	N.A.	2
Mr Benedict Kwek Gim Song	6	4	4	2
Mr Godfrey E Scotchbrook	6	4	4	2
No. of Meetings Held in 2012	**6**	**4**	**4**	**2**

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.

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 Board was duly updated on the 2012 Code, changes to relevant laws and related matters.

Corporate Governance

In addition, Directors are encouraged to attend such training as may be relevant to the discharge of their responsibilities, at the expense of the Company, as set out in the table below.

DIRECTORS TRAINING AND SEMINARS ATTENDED

Date	No. of hours	Training/Seminar	Organiser	Attendees
Singapore				
9-Mar-12	3.5	How Boards can work with the Internal Auditor and the Management to satisfy Regulatory Requirements on Internal Control	SID*, RSM Ethos and The Institute of Internal Auditors Singapore	Patrick Go and Benedict Kwek
23-May-12	3.5	Effective Board Leadership (EBL) Programme EBL Module 2: The Board & Fund Raising	SID, presented by Provenance Capital Pte Ltd & Stamford Law Corp	Patrick Go
15-Jun-12	2.25	Executive Share Schemes: Design Considerations & Cost Implications	SID and Aon Hewitt	Patrick Go and Benedict Kwek
17-Jul-12	3.5	Listed Company Director ("LCD") Programme LCD Module 3: Risk Management Essentials	SID, presented by PricewaterhouseCoopers	Patrick Go
23-Oct-12	3.5	Listed Company Director ("LCD") Programme LCD Module 2: Audit Committee Essentials	SID, presented by PricewaterhouseCoopers	Patrick Go
6-7 Nov-12	16.0	Programme for Enchancing Board Stewardship	Stewardship & Corporate Governance Centre	Patrick Go
			* SID = Singapore Institute of Directors	
Hong Kong				
4-May-12	1.0	Board Training on Emerging Risks and China Risks 2012	CRA, presented by PricewaterhouseCoopers	Godfrey Scotchbrook
23-Nov-12	0.5	The need for a Risk and Sustainability Committee	CRA	Godfrey Scotchbrook
23-Nov-12	1.5	Retailing in 2020	CRA, presented by PricewaterhouseCoopers	Godfrey Scotchbrook
23-Nov-12	1.0	Update on Price Sensitive Information disclosure	CRA, presented by Mayer Brown JSM	Godfrey Scotchbrook
			* CRA = Convenience Retail Asia	

The Nominating Committee ("NC") 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 12-14 of this Report.

A strong element of independence is present in the Board with Independent Directors making up more than half 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.

Corporate Governance

The 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. The 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.

The NC, on an annual basis, determines whether or not a Director is independent, taking into account the Code's definition.

Independence is taken to mean that Directors have no relationship with the Company, or its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment.

The NC had assessed the independence of each Director and had considered that Mr Patrick L Go, Dr Emil Q Javier, Mr Benedict Kwek Gim Song and Mr Godfrey E Scotchbrook continue to be independent. Each member of the NC had abstained from deliberations in respect of the assessment on his own independence.

Our Directors also bring invaluable experience, extensive business network 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 current Board members allow discussions on policy, strategy and performance to be critical, informed and effective.

Management together with the Board Committees including the Audit Committee ("AC"), NC and Remuneration & Share Option Committee ("RSOC") support the Board in discharging its responsibilities. The roles and powers of the Board committees are set out separately in this Report. All committees have been constituted with clear written TOR which set out the duties, authority and accountabilities of each. The TORs are reviewed on a regular basis to ensure continued relevance. The TORs of the respective committees had also been updated to be in line with the 2012 Code.

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.

The 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.

The 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 NC was set up on 7 February 2003 and currently comprises the following members, a majority of whom including the Chairman, are independent Directors:

Mr Godfrey E Scotchbrook	Chairman & Independent Director
Mr Edgardo M Cruz, Jr	Executive Director
Mr Rolando C Gapud	Non-Executive Director
Mr Patrick L Go	Independent Director
Dr Emil Q Javier	Independent Director
Mr Benedict Kwek Gim Song	Independent Director

Corporate Governance

Under its TOR, 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 prospective candidates and will consider recommendations and referrals provided the prospective candidates meet the qualification criteria established for the particular appointment.

The NC will evaluate the suitability of a prospective 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 12-14 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 NC noted the confirmations from Directors who held multiple Board representations that their time/effort in carrying out their duties as Directors of the Company would not be compromised.

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

All Directors 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 Patrick L Go
Independent Director
Appointed on 19 April 2001 and
Re-elected on 28 April 2004, 27 April 2007 and 28 April 2010

Dr Emil Q Javier
Independent Director
Appointed on 30 April 2007 and
Re-elected on 28 April 2008 and 28 April 2010

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").

Corporate Governance

For 2012, the NC had carried out a review on the succession planning of Board members, CEO and Key Executives of the Company. The Company has in place a succession plan, with a deep bench of well-trained candidates to immediately assume the responsibilities of Key Executives in the event of a vacancy.

For the year in review, the NC had implemented an evaluation process to assess the effectiveness of the NC as a whole. The evaluation process is undertaken as an internal exercise and involves NC members completing a questionnaire covering areas relating to:

- Memberships & appointments
- Conduct of NC meetings
- Trainings and resources available
- Reporting to the Board
- Process for selection and appointment of new Directors
- Nomination of Directors and re-election
- Independence of Directors
- Board performance evaluation
- Succession planning
- Multiple Board representations
- Standards of conduct
- Communication with shareholders

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

The evaluation exercise would continue to be carried out by the NC on an annual basis.

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 RSOC members completing a questionnaire covering areas relating to:

- Board composition
- Information to the Board
- Board procedures
- Board accountability
- Communication with CEO and Key Executives
- Succession planning of Key Executives
- Standards of conduct by the Board

The evaluation process takes into account the views of each Board member and provides an opportunity for Directors to provide 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, this collective assessment was conducted by means of a confidential questionnaire completed by each Director, which is collated, analysed and discussed with the NC and the Board with comparatives from the previous year. Recommendations to further enhance the effectiveness of the Board are implemented, as appropriate.

The NC had conducted a performance evaluation of the Board for 2012 and determined that all Directors had contributed effectively and had demonstrated full commitment to their roles. No external facilitator had been engaged by the Board for this purpose.

Corporate Governance

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 the 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 and training of Board members as appropriate.

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 RSOC was set up on 7 February 2003 and currently comprises the following members, a majority of whom including the Chairman, are independent Directors:

Mr Godfrey E Scotchbrook	Chairman & Independent Director
Mr 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 Board is of the view that the inclusion of an Executive Director in the RSOC would facilitate discussions at the RSOC meetings.

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.

Corporate Governance

Under its TOR, the RSOC is responsible for reviewing and recommending a remuneration framework for the Board and the Company's Key Senior 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 four meetings.

For the year, the RSOC had implemented an evaluation process to assess the effectiveness of the RSOC as a whole. The evaluation process is undertaken as an internal exercise and involves RSOC members completing a questionnaire covering areas relating to:

- Memberships & appointments
- Conduct of RSOC meetings
- Trainings and resources available
- Scope of remuneration matters reviewed
- Reporting to the Board
- Standards of conduct
- Communication with shareholders

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

The evaluation exercise would continue to be carried out by the RSOC on an annual basis.

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 2013, the RSOC 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 is required to devote to their role.

Corporate Governance

The compensation structure for Key Executives of Group subsidiaries consists of two key components - fixed cash and a short term incentive of an annual variable bonus. 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 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.

The RSOC had also during the year considered the recommendation of the 2012 Code to implement a scheme to encourage Non-Executive Directors to hold shares in the Company, so as to better align the interests of the Non-Executive Directors with the interests of Shareholders.

The Company had adopted a policy for Non-Executive Directors to purchase shares (within three years from the adoption of the policy or the date of their appointments to acquire a number of shares in the Company having an investment value that is equal to at least one year's annual base retainer fees) and to hold such shares for as long as they remain as Directors of the Company.

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 commercial 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.

Corporate Governance

DISCLOSURE ON REMUNERATION OF DIRECTORS FOR 2012

REMUNERATION BANDS AND NAMES OF DIRECTORS	FIXED SALARY/ CONSULTANCY FEES %	DIRECTOR FEES %	VARIABLE INCOME / BONUS %	BENEFITS IN KIND %
EXECUTIVE DIRECTORS				
Above S$500,000				
Mr Joselito D Campos, Jr	82	5	13	-
S$250,000 to below S$500,000				
Mr Edgardo M Cruz, Jr	76	16	5	3
NON-EXECUTIVE DIRECTORS				
Below S$250,000				
Mr Rolando C Gapud	-	100	-	-
Mr Patrick L Go	-	100	-	-
Dr Emil Q Javier[1]	54[1]	44	2	-
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 2012

REMUNERATION BANDS AND NUMBER OF KEY EXECUTIVES	FIXED SALARY %	VARIABLE INCOME / BONUS %	BENEFITS IN KIND %
Above S$500,000			
1	34	65	1
1	83	13	4
S$250,000 to below S$500,000			
1	86	13	1
1	91	8	1
Below S$250,000			
1	82	11	7

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

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.

Corporate Governance

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 AC was set up on 9 July 1999 and currently comprises the following members, 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 Board is of the view that the inclusion of an Executive Director in the AC would facilitate discussions at the AC meetings.

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

In 2011, the AC had implemented an evaluation process to assess the effectiveness of the AC as a whole. The evaluation process is undertaken as an internal exercise and involves AC members completing a questionnaire covering areas relating to:

- Memberships & appointments
- Conduct of AC meetings
- Trainings and resources available
- Financial reporting processes
- Financial & operational internal controls
- Risk management systems
- Internal & external audit processes
- Whistle-blowing reporting processes
- AC's relationship with the Board

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

The evaluation exercise would continue to be carried out by the AC on an annual basis.

Led by the AC Chairman, a summary of findings prepared based on responses from the completed questionnaires was discussed with feedback noted.

Under its TOR, 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 the year in review, the AC had reviewed the audit and non-audit services of the external auditors and was satisfied that the auditors continue to be independent.

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 interested persons transactions.

During the year in review, there were no material contracts entered into by the Company and its subsidiaries involving the interests of its CEO, Directors or controlling shareholders.

Corporate Governance

The AC has the authority to investigate any matter within its TOR, has unrestricted access to Management and the Head of the Internal Audit 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 controls 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. As representatives of the Group, officers and employees must practice honesty and integrity and strictly comply with all applicable laws, rules and regulations.

The Policy aims to deter and uncover corrupt, illegal, unethical, fraudulent or other conduct detrimental to the interest of the Group committed by officers and employees as well as third parties/any other persons such as suppliers and contractors. The Group encourages its officers and employees, suppliers and contractors to provide information that evidences unsafe, unlawful, unethical, fraudulent or wasteful practices. It does not disregard anonymous complaints.

This Policy enables the Group to effectively deal with reports from whistleblowers in a manner that will protect the identity of the whistleblower and provide for the appropriate use of the information provided. It also establishes the policies for protecting whistleblowers against reprisal by any person internal or external to the Company and provide for the appropriate infrastructure including the appointment of a "Whistleblower Protection Officer", a "Whistleblower Investigations Officer" and alternative means of reporting.

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 auditors including the remuneration and terms of engagement of the external auditors.

In appointing the external auditors for the Company and its subsidiaries, the Group has complied with Rule 712 of the SGX Listing Manual in having appointed a suitable auditing firm to meet its audit obligations, and one that is registered with the Accounting and Corporate Regulatory Authority of Singapore ("ACRA"). The Group has also complied with Rule 715 in having engaged the same auditing firm based in Singapore to audit its Singapore-incorporated subsidiaries and significant associated companies, and for having appointed suitable auditing firms for its significant foreign-incorporated subsidiaries and associated companies.

The AC meets with the Group's external auditors and with the head of the Internal Audit 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 an effective system of internal controls addressing financial, operational and compliance risks. These controls are designed to provide reasonable assurance as to the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The effectiveness of these controls is subject to review by the Group's Internal Audit 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 for the year with respect to financial reporting. Significant non-compliance in internal controls, together with recommendations for improvement, is reported to the AC. A copy of this report is also issued to the relevant department for follow-up action.

Risk assessment and evaluation takes place as an integral part of the annual operating plan (AOP). Having identified key risks to the achievement of the Group's AOP, mitigating actions are formulated in respect of each significant risk. Identified risks are also included and monitored in the corporate risk register, and mitigating measures are followed up. The approach to risk management is set out in the Risk Management section on page 23 of this Annual Report.

Corporate Governance

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012.

The Board had as at year end received written confirmation from the CEO and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (b) that the Company's risk management and internal control systems are effective.

The Board will, on a continuing basis, endeavour to further enhance and improve the Company's system of internal controls and risk management policies.

Principle 13
Internal Audit

The Group's Internal Audit department is staffed by trained personnel with appropriate segregation of duties. The head of Internal Audit reports functionally to the AC and administratively to the CEO. A majority of the Group's auditors are Certified Public Accountants and are members of the Institute of Internal Auditors-Philippines.

This department commands a respectable standing within the Company and is responsible for reviewing the risk management, control and governance processes to determine whether these are adequate and effectively implemented.

It is the Group's policy to support the Internal Audit department in complying with the International Professional Practices Framework set by The Institute of Internal Auditors.

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

Principle 14
Shareholder Rights

The Group treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Moreover, the Group continually reviews and updates such governance arrangements.

Shareholders are informed of changes in the Company's business that are likely to materially affect the value of the Company's shares.

The Group ensures that shareholders have the opportunity to participate effectively in and vote at general meetings. Shareholders are informed of the rules, including voting procedures, that govern general meetings.

The Memorandum & Articles of Association of the Company does not allow corporations which provide nominee or custodial services to appoint more than two proxies to vote. At present, only the Central Depository (Pte) Ltd is permitted to appoint more than two proxies. The Company, does however, allow non-shareholders to attend the AGM as observers.

As part of the Company's continuous effort to improve investor relations, it will continue to review and update governance arrangements with stakeholders regularly. The Company also benchmarks against peers and industry best practices by attending seminars and forums, joining IR organisations, and keeping abreast of the Code of Corporate Governance, the GTI and similar guidelines and recommendations.

Principle 15
Communication with Shareholders/Investor Relations

The Group is committed to engaging its stakeholders and providing easy and regular access to timely, effective, fair, pertinent and accurate information about the Company, in clear language. The Group has an Investor Relations policy (available on www.delmontepacific.com) that clearly articulates and promotes this.

Corporate Governance

The Group provides descriptive and detailed disclosure whenever possible and avoids boilerplate disclosure, and immediately announces any material information known to the Company concerning DMPL or any of its subsidiaries or associated companies.

Material information are disclosed to all shareholders and the investing community equally via the SGXnet (i.e. no selective disclosure), including the Company's financial position, performance, ownership, strategies, activities and governance.

The Company observes a closed-window period of two weeks prior to the announcement of its quarterly results and one month prior to the announcement of its full year results. During this period, the Company does not meet nor communicate with the investing community to ensure no selective disclosure is made.

The Company announces its financial results on a quarterly basis within the prescribed timeframe and holds joint briefings with the investing community on its half-year and full-year performance in an accessible central location. Key Executives are present during the briefings.

The Management, Discussion and Analysis (MDA) report, press release and presentation on the Company's financial results are disseminated through the SGXnet, the Company's email alerts and website all on the same day.

The Company strengthens relationships with the investing community and solicits their views through one-on-one meetings, participation in at least two annual conferences, forums and road shows organised by stock broking and investing companies. In 2012, the Group participated in two conferences organised by HSBC and Nomura Securities in Singapore, and met with 67 investors, brokers and media, including conference calls.

The Company organises trips to its plantation and cannery, as well as trade checks, for the investing community, providing them with firsthand appreciation and understanding of the Company's operations and markets.

The corporate website (www.delmontepacific.com) has a dedicated and comprehensive IR section that is user-friendly with easily downloadable and updated press releases, announcements, quarterly reports, presentations and annual reports. Announcements are uploaded as soon as they are released to the SGXnet.

The following are also included in the IR site: IR policy, IR calendar, Next events, Dividend policy and payout details, Bio-data of Directors and Senior Management, and Corporate Governance. The following are uploaded in other sections of the website: Sustainability and Code of Business Ethics.

The IR email address (jluy@delmontepacific.com) and telephone number (+65 6594 0980), as well as the share registrar's details, are listed prominently on the IR homepage. DMPL's IR manager is accessible and available through the IR contact details listed on its IR homepage and annual report. The IR team endeavours to reply to emails and requests within a day.

The Company is committed to providing easily accessible, 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.

Various IR and communication modes are employed by the Company to establish and maintain frequent engagement and regular dialogue with the investing community, not just for the Company to provide them with information but also to gather their feedback and address their concerns. Insights gathered are taken and, where appropriate and applicable, acted upon.

DMPL is guided by strong principles grounded on the guidelines of the Code of Corporate Governance and the SGX Listing Manual to strengthen stakeholder relations. DMPL's IR is guided by the principles of trust; good corporate governance; transparency, openness and quality of disclosure; fairness; timeliness; proactiveness and engagement; accessibility; employment of information technology, and continuous improvement.

The Company is pleased to report that it received from the Singapore Corporate Awards the Best Annual Report (Bronze) award in 2012 and 2010, Best Investor Relations (Gold) award in 2011 and Best Chief Financial Officer award in 2010 (for companies with a market capitalisation of between S$300 million to less than S$1 billion).

Corporate Governance

The Company has a dividend payment policy to distribute 33% of full year profit, although in the recent past, the actual payout has been 75%. The dividend policy and terms are provided in the Company's website.

Principle 16
Conduct of Shareholder Meetings

DMPL encourages shareholder participation at general meetings and ensures that the venue for general meetings is in a central location easily accessed by public transportation.

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.

In general meetings, shareholders are given the opportunity to communicate their views and direct questions to Directors and Senior Management regarding the Company. All Directors, in particular the Chairman of the Board and the Chairpersons of Board Committees, and the external auditors are present to assist the Board in addressing shareholders' questions.

For greater transparency, the Company will put all resolutions to vote by poll at the upcoming AGM and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders, and responses from the Board and Management. These minutes are available to shareholders upon their request.

DEALINGS WITH SECURITIES

The Company has during the year in review adopted and implemented a Securities Dealings Policy (which replaces and incorporates the guidelines set out in the Best Practices on Securities Transactions adopted by the Company in 2003) to govern dealings by Directors, Key Management Personnel and employees in the Company's securities. With this policy, the Directors, Key Management Personnel and their associates are required to seek the approval of the Board before dealing in the Company's shares.

The Company's employees had been advised 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 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.

"It's more important to do the right thing
than doing things right."
– Peter Drucker, Management Consultant and Educator

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 2012.

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 Q 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 2012	**At 31 December 2012**	**At 21 January 2013**	**At 1 January 2012**	**At 31 December 2012**	**At 21 January 2013**
The Company						
Ordinary shares of US$0.01 each						
Mr Joselito D Campos, Jr	966,600	3,196,800	3,196,800	849,429,372	849,429,372	849,429,372
Dr Emil Q Javier	67,700	67,700	67,700	–	–	–
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 Q 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 may be exercised from 7 March 2010 onwards.
Remaining 40% of options granted may be exercised from 7 March 2011 onwards.

** Mr Edgardo M Cruz, Jr and Dr Emil Q Javier had exercised the 200,000 options they each held, on 12 March 2013 and 20 March 2013 respectively, at a consideration of S$125,400 each. Mr Rolando C Gapud had exercised the 400,000 options he held, on 28 March 2013, at a consideration of S$250,800.

Directors' Report

(Amounts in United States Dollar unless otherwise stated)

Directors' interests (cont'd)

	Direct interest			Deemed interest		
	At 1 January 2012	At 31 December 2012	At 21 January 2013	At 1 January 2012	At 31 December 2012	At 21 January 2013
Grant of 1,611,000 share awards at S$0.680 per share with vesting period from 20/05/2010 onwards* **						
Mr Joselito D Campos, Jr	966,600	644,400	1,611,000	–	–	–

*** Up to 60% of share awards granted (i.e. 966,600 shares) was released on 20 May 2011.
Remaining 40% of share awards granted (i.e. 644,400 shares) was released in 2012.

	Direct interest			Deemed interest		
Grant of 2,643,000 share awards at S$0.485 per share with vesting period from 12/05/2011 onwards****						
Mr Joselito D Campos, Jr	–	1,585,800	1,585,800	–	–	–

**** Up to 60% of share awards granted (i.e. 1,585,800 shares) was released on 12 May 2012.
Remaining 40% of share awards granted (i.e. 1,057,200 shares) would be released after 11 May 2013.

	Direct interest			Deemed interest		
Grant of 67,700 share awards at S$0.455 per share with no vesting period imposed*****						
Dr Emil Q Javier	67,700	67,700	67,700	–	–	–

***** 100% of share awards granted (i.e. 67,700 shares) was released to the grantee on 12 December 2011.

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 33 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.

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.

Directors' Report
(Amounts in United States Dollar unless otherwise stated)

Share option and incentive plans (cont'd)

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	(Executive Director)
Mr Rolando C Gapud	(Non-Executive Director)
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

<u>IPO Options</u>

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.

<u>Market Price Options</u>

(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 10^{th} 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.

(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.

Directors' Report

(Amounts in United States Dollar unless otherwise stated)

Share option and incentive plans (cont'd)

(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.

On 29 April 2011, 2,643,000 shares were awarded at the market price of S$0.485 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 29 April 2011.

On 21 November 2011, 67,700 shares were awarded to a Non-Executive Director of the Company at the market price of S$0.455 per share.

As at the date of this report, no share awards had been granted to Directors or employees of related companies.

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 2012	Options granted	Options exercised	Options forfeited/ exercised	Number of options outstanding at 31 December 2012	Number of option holders at 31 December 2012	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

Directors' Report

(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 2012	Number of share award holders at 31 December 2012	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	9	Up to 60%: 12/05/2011 – 11/05/2012 40%: 12/05/2012 onwards
29/04/2011	0.485	2,643,000	1	Up to 60%: 12/05/2011 – 11/05/2012 40%: 12/05/2012 onwards
21/11/2011	0.455	67,700	1	No vesting period imposed, shares were released to the grantee on 12 December 2012
		9,795,700		

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 2012	*Aggregate options granted since commencement of ESOP to 31 December 2012	*Aggregate options exercised since commencement of ESOP to 31 December 2012	Aggregate options outstanding as at 31 December 2012
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 Q 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.

** Mr Edgardo M Cruz, Jr and Dr Emil Q Javier had exercised the 200,000 options they each held, on 12 March 2013 and 20 March 2013 respectively, at a consideration of S$125,400 each. Mr Rolando C Gapud had exercised the 400,000 options he held, on 28 March 2013, at a consideration of S$250,800.

Accordingly, as at the date of this Directors' Report, a total of 750,000 options remains outstanding.

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 2012	Aggregate share awards granted since commencement of Del Monte Pacific RSP	Aggregate share awards outstanding as at 31 December 2012
Mr Joselito D Campos, Jr	–	4,254,000	1,057,200
Dr Emil Q Javier	–	67,700	–

Directors' Report
(Amounts in United States Dollar unless otherwise stated)

Share option and incentive plans (cont'd)

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. 306,000 share awards lapsed in February 2012 following the resignation of an employee, pursuant to the rules of the Del Monte Pacific RSP. The balance of share awards was reduced to 5,168,000.

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, four 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	(Executive Director)
Mr Rolando C Gapud	(Non-Executive Director)
Mr Patrick L Go	(Independent Director)
Mr Godfrey E Scotchbrook	(Independent Director)

The AC held four 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 2012 as well as the external auditors' report thereon.

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

Internal controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012.

Directors' Report
(Amounts in United States Dollar unless otherwise stated)

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

5 April 2013

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 61 to 116 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 2012 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

5 April 2013

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 2012, the income statements, the statements of comprehensive income, changes in equity and statements of 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 61 to 116.

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 judgment, 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 2012 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
Public Accountants and
Certified Public Accountants

Singapore
5 April 2013

Statements of Financial Position

As at 31 December 2012

	Note	Group		Company	
		2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Non-current assets					
Property, plant and equipment	4	93,350	85,412	–	–
Subsidiaries	5	–	–	85,442	85,442
Joint venture	6	21,507	24,022	–	–
Intangible assets	7	15,433	16,004	–	–
Deferred tax assets	8	698	1,259	–	–
Other assets	9	14,466	12,219	–	–
		145,454	138,916	85,442	85,442
Current assets					
Inventories	10	113,458	89,381	–	–
Biological assets	11	109,665	91,791	–	–
Trade and other receivables	12	102,388	82,926	80,159	45,048
Cash and cash equivalents	15	24,555	20,877	232	211
		350,066	284,975	80,391	45,259
Total assets		495,520	423,891	165,833	130,701
Equity					
Share capital	16	10,818	10,818	10,818	10,818
Reserves	17	244,422	219,698	100,432	93,540
Equity attributable to owners of the Company		255,240	230,516	111,250	104,358
Non-controlling interest		(1,939)	(1,474)	–	–
Total equity		253,301	229,042	111,250	104,358
Non-current liabilities					
Financial liabilities	18	15,679	5,916	–	–
		15,679	5,916	–	–
Current liabilities					
Trade and other payables	19	95,459	81,332	54,583	26,343
Financial liabilities	18	125,907	105,006	–	–
Current tax liabilities		5,174	2,595	–	–
		226,540	188,933	54,583	26,343
Total liabilities		242,219	194,849	54,583	26,343
Total equity and liabilities		495,520	423,891	165,833	130,701

Income Statements
Year ended 31 December 2012

	Note	Group		Company	
		2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Revenue	21	459,711	425,235	35,000	25,000
Cost of sales		(346,912)	(323,810)	–	–
Gross profit		112,799	101,425	35,000	25,000
Distribution and selling expenses		(31,537)	(25,113)	–	–
General and administrative expenses		(28,017)	(26,627)	(4,794)	(5,505)
Other expenses		(3,383)	(5,400)	(550)	(633)
Results from operating activities		49,862	44,285	29,656	18,862
Finance income		824	1,460	–	–
Finance expense		(3,883)	(3,057)	–	–
Net finance expense	23	(3,059)	(1,597)	–	–
Share of loss of joint venture, net of tax		(6,090)	(10,589)	–	–
Profit before taxation		40,713	32,099	29,656	18,862
Tax	24	(9,088)	(5,508)	–	–
Profit for the year	22	31,625	26,591	29,656	18,862
Profit attributable to:					
Non-controlling interests		(465)	(850)	–	–
Owners of the Company		32,090	27,441	29,656	18,862
Earnings per share					
Basic earnings per share (US cents)	25	2.97	2.54		
Diluted earnings per share (US cents)	25	2.97	2.53		

Statements of Comprehensive Income

Year ended 31 December 2012

	Group		Company	
	2012	**2011**	**2012**	**2011**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Profit for the year	31,625	26,591	29,656	18,862
Other comprehensive income				
Currency translation differences	15,398	(1,670)	–	–
Net loss on revaluation of property, plant and equipment, net of tax	–	226	–	–
Other comprehensive income/(loss) for the year, net of tax	15,398	(1,444)	–	–
Total comprehensive income for the year	47,023	25,147	29,656	18,862
Total comprehensive income attributable to:				
Non-controlling interests	(465)	(850)	–	–
Owners of the Company	47,488	25,997	29,656	18,862

Consolidated Statement of Changes in Equity

Year ended 31 December 2012

Group	Note	<------ Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Revaluation reserve US$'000	Attributable to owners of the Company 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
2011											
At 1 January 2011		10,818	68,687	(38,693)	3,368	2,076	(824)	176,486	221,918	(624)	221,294
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	27,441	27,441	(850)	26,591
Other comprehensive income											
Currency translation differences		–	–	(1,670)	–	–	–	–	(1,670)	–	(1,670)
Net loss on revaluation of property, plant and equipment, net of tax		–	–	–	226	–	–	–	226	–	226
Total other comprehensive income		–	–	(1,670)	226	–	–	–	(1,444)	–	(1,444)
Total comprehensive income for the year		–	–	(1,670)	226	–	–	27,441	25,997	(850)	25,147
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	–	–	–	–	–	–	(16,846)	(16,846)	–	(16,846)
Acquisition of treasury shares		–	–	–	–	–	(1,797)	–	(1,797)	–	(1,797)
Share-based payment transactions		–	386	–	–	(953)	567	–	–	–	–
Value of employee services received for issue of share options	28	–	–	–	–	1,244	–	–	1,244	–	1,244
Total contributions by and distributions to owners		–	386	–	–	291	(1,230)	(16,846)	(17,399)	–	(17,399)
At 31 December 2011		10,818	69,073	(40,363)	3,594	2,367	(2,054)	187,081	230,516	(1,474)	229,042

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2012

Group	Note	<--- Attributable to owners of the Company							--->		
		Share capital US$'000	Share premium US$'000	Translation 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
2012											
At 1 January 2012		10,818	69,073	(40,363)	3,594	2,367	(2,054)	187,081	230,516	(1,474)	229,042
Total comprehensive income for the year											
Profit for the year		–	–	–	–	–	–	32,090	32,090	(465)	31,625
Other comprehensive income											
Currency translation differences		–	–	15,398	–	–	–	–	15,398	–	15,398
Total other comprehensive income		–	–	15,398	–	–	–	–	15,398	–	15,398
Total comprehensive income for the year		–	–	15,398	–	–	–	32,090	47,488	(465)	47,023
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	–	–	–	–	–	–	(23,370)	(23,370)	–	(23,370)
Share-based payment transactions		–	470	–	–	(2,020)	1,550	–	–	–	–
Value of employee services received for issue of share options	28	–	–	–	–	606	–	–	606	–	606
Total contributions by and distributions to owners		–	470	–	–	(1,414)	1,550	(23,370)	(22,764)	–	(22,764)
At 31 December 2012		10,818	69,543	(24,965)	3,594	953	(504)	195,801	255,240	(1,939)	253,301

Statement of Changes in Equity

Year ended 31 December 2012

	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						
2011						
At 1 January 2011	10,818	68,826	2,076	(824)	21,999	102,895
Profit for the year/Total comprehensive income for the year	–	–	–	–	18,862	18,862
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)	–	–	1,244	–	–	1,244
Acquisition of treasury shares	–	–	–	(1,797)	–	(1,797)
Share-based payment transactions	–	386	(953)	567	–	–
Dividends (note 26)	–	–	–	–	(16,846)	(16,846)
Total contributions by and distributions to owners of the Company	–	386	291	(1,230)	(16,846)	(17,399)
At 31 December 2011	10,818	69,212	2,367	(2,054)	24,015	104,358
2012						
At 1 January 2012	10,818	69,212	2,367	(2,054)	24,015	104,358
Profit for the year/Total comprehensive income for the year	–	–	–	–	29,656	29,656
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)	–	–	606	–	–	606
Share-based payment transactions	–	470	(2,020)	1,550	–	–
Dividends (note 26)	–	–	–	–	(23,370)	(23,370)
Total contributions by and distributions to owners of the Company	–	470	(1,414)	1,550	(23,370)	(22,764)
At 31 December 2012	10,818	69,682	953	(504)	30,301	111,250

Statements of Cash Flows

Year ended 31 December 2012

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Cash flows from operating activities				
Profit for the year	31,625	26,591	29,656	18,862
Adjustments for:				
Amortisation of intangible assets	571	571	–	–
Depreciation of property, plant and equipment	15,081	12,957	–	–
Recognition/(reversal) of impairment loss on trade receivables	1,626	(35)	–	–
Recognition of impairment loss on inventory	4,066	5,134	–	–
Impairment loss/(reversal) on property, plant and equipment	267	(283)	–	–
(Gain)/loss on disposal of property, plant and equipment	(136)	26	–	–
Equity-settled share-based payment transactions	606	1,244	606	677
Share of profit of joint venture, net of tax	6,090	10,589	–	–
Dividend income	–	–	(35,000)	(25,000)
Finance income	(824)	(1,460)	–	–
Finance expense	3,883	3,057	–	–
Tax expense	9,088	5,508	–	–
	71,943	63,899	4,738	5,461
Changes in:				
Other assets	(3,130)	(118)	–	–
Inventories	(22,145)	(17,080)	–	–
Biological assets	(11,537)	(10,145)	–	–
Trade and other receivables	(17,398)	(3,527)	(2)	13
Trade and other payables	7,967	12,260	(112)	–
Amounts due to subsidiaries (non-trade)	–	–	28,352	23,739
Amounts due from subsidiaries (non-trade)	–	–	(109)	(215)
Operating cash flows	25,700	45,289	23,391	18,076
Taxes paid	(6,180)	(7,189)	–	–
Net cash flows from operating activities	19,520	38,100	23,391	18,076
Cash flows from investing activities				
Interest received	578	498	–	–
Proceeds from disposal of property, plant and equipment	192	72	–	–
Purchase of property, plant and equipment	(17,322)	(18,478)	–	–
Additional investment in joint venture	(3,575)	(1,116)	–	–
Net cash flows used in investing activities	(20,127)	(19,024)	–	–
Cash flows from financing activities				
Interest paid	(4,096)	(4,077)	–	–
Proceeds from borrowings	1,268,396	533,567	–	–
Repayment of borrowings	(1,245,912)	(526,511)	–	–
Acquisition of treasury shares	–	(1,797)	–	(1,230)
Dividends paid	(23,370)	(16,846)	(23,370)	(16,846)
Net cash flows used in financing activities	(4,982)	(15,664)	(23,370)	(18,076)
Net (decrease)/increase in cash and cash equivalents	(5,589)	3,412	21	–
Cash and cash equivalents at beginning of year	20,877	17,506	211	211
Effect of exchange rate changes on balances held in foreign currency	9,267	(41)	–	–
Cash and cash equivalents at end of year (note 15)	24,555	20,877	232	211

Notes to the financial statements
Year ended 31 December 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 April 2013.

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" 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 2012 hold 57.8% and 42.2% (2011: 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

2.1 Statement of compliance

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

2.2 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 (livestock) 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

2.3 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.

Notes to the financial statements
Year ended 31 December 2012

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgments

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

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

Information about critical judgments 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 10 – Net realisable values of inventories
Note 11 – Measurement of biological assets
Note 13 – Recoverability of trade receivables
Note 20 – Measurement of retirement benefit obligations
Note 24 – Measurement of tax
Note 28 – Measurement of share option and incentive plans

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented these financial statements, and have been applied consistently by Group entities which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combination

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* 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 are currently exercisable.

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

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. 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 exchanged for awards held by the acquiree's employees (acquiree's awards) 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 service.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combination (cont'd)

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

(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.

Notes to the Financial Statements

Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.2 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.

3.3 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.

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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

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 12) and cash and cash equivalents (see note 15).

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, cancelled or expire.

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 and trade and other payables.

(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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.4 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 from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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.

3.5 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.

(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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.6 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 in 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 that are used in processed products can be estimated using a cost plus margin basis. The margin is the estimated average margin of the processed products (which comprise concentrates, sliced pineapples, etc). The fair value of the remaining agricultural produce can be determined and the harvest 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.

3.7 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.

3.8 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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.9 Impairment

(i) Non-derivative financial assets

A financial asset not classified 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 judgment 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.

(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.

Notes to the Financial Statements

Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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 CGUs) 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.

3.10 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.

(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 present value 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 in profit or loss.

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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.10 Employee benefits (cont'd)

(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.

(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.

3.11 Provisions

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

Notes to the Financial Statements

Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.12 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.

(ii) Dividend income

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

3.13 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.

3.14 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 expense comprises 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.

3.15 Tax

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.

Notes to the Financial Statements
Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.15 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 the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 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.

3.17 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.

3.18 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.

Notes to the Financial Statements

Year ended 31 December 2012

3. Significant accounting policies (cont'd)

3.19 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 2013, and have not been applied in preparing these financial statements. The Group is currently assessing the impact of the new standards and interpretations on the financial statements.

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 2011	16,484	7,416	123,373	233	12,014	7,944	167,464
Additions	271	472	3,196	–	14,539	–	18,478
Disposals	–	–	(434)	–	–	–	(434)
Reclassifications	2,297	1,019	7,348	–	(10,664)	–	–
Currency realignment	(40)	(44)	(291)	–	(32)	346	(61)
At 31 December 2011	19,012	8,863	133,192	233	15,857	8,290	185,447
At 1 January 2012	19,012	8,863	133,192	233	15,857	8,290	185,447
Additions	161	95	4,148	–	12,918	–	17,322
Disposals	–	–	(2,202)	–	–	–	(2,202)
Reclassifications	427	938	8,060	–	(9,425)	–	–
Currency realignment	994	1,235	9,508	16	1,209	314	13,276
At 31 December 2012	20,594	11,131	152,706	249	20,559	8,604	213,843
Accumulated depreciation and impairment losses							
At 1 January 2011	4,631	3,190	80,098	203	–	–	88,122
Charge for the year	748	695	11,483	31	–	–	12,957
Impairment loss	–	(23)	(260)	–	–	–	(283)
Disposals	–	–	(336)	–	–	–	(336)
Currency realignment	(23)	(19)	(382)	(1)	–	–	(425)
At 31 December 2011	5,356	3,843	90,603	233	–	–	100,035
At 1 January 2012	5,356	3,843	90,603	233	–	–	100,035
Charge for the year	945	1,044	13,092	–	–	–	15,081
Impairment loss	(2)	(73)	342	–	–	–	267
Disposals	–	–	(2,146)	–	–	–	(2,146)
Currency realignment	281	133	6,826	16	–	–	7,256
At 31 December 2012	6,580	4,947	108,717	249	–	–	120,493
Carrying amount							
At 1 January 2011	11,853	4,226	43,275	30	12,014	7,944	79,342
At 31 December 2011	13,656	5,020	42,589	–	15,857	8,290	85,412
At 31 December 2012	14,014	6,184	43,989	–	20,559	8,604	93,350

Notes to the Financial Statements
Year ended 31 December 2012

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

As at 31 December 2012, the net carrying amount of leased property, plant and equipment was US$353,000 (2011: US$432,000).

Impairment loss relating to machinery and equipment are recognised/(reversed) in "Other expenses" in the income statement.

At 31 December 2012, 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 2012 is stated at fair value of US$5,941,000 (2011: US$5,558,000) based on prior year independent valuation by LCH 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 2012.

Freehold land of the Group located in Singapore at 31 December 2012 is stated at fair value of US$3,781,000 (2011: US$3,537,000) based on prior year independent valuation by CB Richard Ellis, Singapore, 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 2012.

The carrying amount of the freehold land would have been US$2,282,000 (2011: 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	
	2012	**2011**
	US$'000	**US$'000**
Unquoted equity shares, at cost	10,199	10,199
Amounts due from subsidiaries (non-trade)	75,243	75,243
	85,442	85,442

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.

Notes to the Financial Statements

Year ended 31 December 2012

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 2012 %	Effective equity held by the Group 2011 %
Held by the Company				
Del Monte Pacific Resources Limited ("DMPRL") [1]	Investment holding	British Virgin Islands	100.00	100.00
DMPL India Pte Ltd ("DMPLI") [1]	Investment holding	Singapore	100.00	100.00
DMPL Management Services Pte Ltd ("DMS") [1]	Providing administrative support and liaison services to the Group	Singapore	100.00	100.00
GTL Limited ("GTL") [1]	Trading food products mainly under the brand names, "Del Monte" and buyer's own label	Federal Territory of Labuan, Malaysia	100.00	100.00
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	100.00	100.00
Held by DMPRL				
Central American Resources, Inc ("CARI") [1]	Investment holding	Panama	100.00	100.00
Held by CARI				
Del Monte Philippines, Inc ("DMPI") [2]	Growing, processing and distribution of food products mainly under the brand name "Del Monte"	Philippines	100.00	100.00
Dewey Limited ("Dewey") [4]	Owner of trademarks in various countries; investment holding	Bermuda	100.00	100.00
Pacific Brands Philippines, Inc [4]	Inactive	State of Delaware, USA	100.00	100.00
Held by DMPLI				
Del Monte Foods India Private Limited ("DMFI") [a] [3]	Manufacturing, processing and distributing food, beverages and other related products	Mumbai, India	100.00	100.00
DMPL India Limited [3]	Investment holding	Mauritius	92.80	92.00
Held by DMPI				
Philippines Packing Management Services Corporation [2]	Management, logistics and support services	Philippines	100.00	100.00

Notes to the Financial Statements
Year ended 31 December 2012

5. Subsidiaries (cont'd)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 2012 %	2011 %
Held by Dewey				
Dewey Sdn. Bhd. [2]	Owner of the "Del Monte" and "Today's" trademarks in the Philippines	Malaysia	100.00	100.00

(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.

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

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	:	46.40% (2011: 46.00%)

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

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

	2012 US$'000	2011 US$'000
Assets and liabilities		
Non-current assets	26,744	29,302
Current assets	16,283	12,694
Total assets	43,027	41,996
Current liabilities	17,504	7,326
Non-current liabilities	23,011	26,538
Total liabilities	40,515	33,864
Net assets	2,512	8,132
Results		
Revenue	39,360	37,959
Expenses	(51,539)	(59,137)
Loss after taxation	(12,179)	(21,178)

Notes to the Financial Statements
Year ended 31 December 2012

6. Joint venture

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

	2012 US$'000	2011 US$'000
Deductible temporary differences	(2,766)	(909)
Tax losses	70,086	61,010
	67,320	60,101

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$10,401,000 (2011: US$9,286,000).

The joint venture has commitments of US$2,426,000 (2011: US$3,162,000). As at 31 December 2012, the joint venture has outstanding contingent liability in respect of a claim from Dole Fresh Fruit Europe OHG ("Dole") amounting to US$489,000 (2011: US$478,000) due to price variance arising from declines in market price of grapes in Europe. The joint venture is confident that this claim is without merit.

Source of estimation uncertainty

When the joint venture 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 judgment. 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.

The recoverable amount of the joint venture and India sub-continent trademark (note 7) was determined using the aggregate of the fair value of the manufacturing business cash generating unit ("Manufacturing CGU") based on independent valuations performed by Deshpande & Associates and R. K. Aggarwal & Associates. The cash generating unit ("Trading CGU") of the trading business was estimated using the value-in-use method, based on six-year cashflows projections approved by the joint venture's Board of Directors. Key assumptions applied in the value-in-use computations are:

- Revenue growth rate of 30% - 40%
- Discount rate of 9.98%
- Terminal value growth rate of 1.00%

Sensitivity analysis

The cash flow projections are particularly sensitive in the following areas:

- A 10% decrease in forecast revenue would decrease the recoverable amount by 22% (2011: 26%).
- A one percentage point increase in discount rate would decrease the recoverable amount by 15% (2011: 16%).

This analysis assumes that all other variables remain constant.

Notes to the Financial Statements
Year ended 31 December 2012

7. Intangible assets

	Trademarks US$'000
Cost	
At 1 January 2011	22,310
At 31 December 2011	22,310
At 1 January 2012	22,310
At 31 December 2012	22,310
Accumulated Amortisation	
At 1 January 2011	5,735
Amortisation	571
At 31 December 2011	6,306
At 1 January 2012	6,306
Amortisation	571
At 31 December 2012	6,877
Carrying Amount	
At 1 January 2011	16,575
At 31 December 2011	16,004
At 31 December 2012	15,433

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"). This led to the acquisition of the joint venture, FieldFresh Foods Private Limited ("FFPL") in 2007 and the grant of trademark to FFPL to market the company's product under the "Del Monte" brand name.

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 2012 are US$4,554,000 and 24 years (2011: US$4,743,000 and 25 years) respectively.

Notes to the Financial Statements

Year ended 31 December 2012

7. Intangible assets (cont'd)

Trademarks (cont'd)

Indian sub-continent trademark

Since its acquisition, the Indian sub-continent trademark and the investment in FFPL were allocated to the Indian sub-continent cash-generating unit ("Indian sub-continent CGU") which comprised of two sub-CGUs as follows:

- Manufacturing business cash generating unit ("Manufacturing CGU")
- Trading business cash generating unit ("Trading CGU")

The recoverable amount of the Manufacturing CGU is determined using the fair value less cost to sell method. The valuations for the land and plant and machinery are performed by the external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of assets being valued.

The recoverable amount of the Trading CGU is determined based on a value-in-use calculation using cash flow projections approved by the Board of Directors covering a six-year period. The cash flow projection for the first year is based on financial budgets prepared by management while the following five 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 of 1%, is also applied in the sixth year. The pre-tax discount rate of 9.98% (2011: 11.09%) 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.

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 2012 are US$2,037,000 and 18 years (2011: US$2,151,000 and 19 years) respectively.

Management has reviewed for indicators of impairment for the Philippines trademarks and concluded 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 2012 are US$8,743,000 and 35 years (2011: US$8,994,000 and 36 years) respectively.

Management has reviewed for indicators of impairment for the "S&W" trademark and concluded 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 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.

Notes to the Financial Statements
Year ended 31 December 2012

8. Deferred tax assets

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
2012					
Deferred tax assets					
Provisions	4,467	445	111	370	5,393
Impairment loss made on property, plant and equipment	141	(51)	–	2	92
Foreign exchange differences	1,172	(1,000)	–	(58)	114
	5,780	(606)	111	314	5,599
Deferred tax liabilities					
Revaluation of freehold land	(1,563)	–	(111)	(108)	(1,782)
Accelerated depreciation allowance	(764)	86	–	(41)	(719)
Growing crops	(2,194)	(48)	–	(158)	(2,400)
	(4,521)	38	(111)	(307)	(4,901)
Net deferred tax assets	1,259	(568)	–	7	698
2011					
Deferred tax assets					
Provisions	3,736	875	(105)	(39)	4,467
Impairment loss made on property, plant and equipment	189	(49)	–	1	141
Foreign exchange differences	650	542	–	(20)	1,172
	4,575	1,368	(105)	(58)	5,780
Deferred tax liabilities					
Revaluation of freehold land	(1,568)	(18)	–	23	(1,563)
Accelerated depreciation allowance	(782)	17	–	1	(764)
Growing crops	(1,899)	(310)	–	15	(2,194)
	(4,249)	(311)	–	39	(4,521)
Net deferred tax assets	326	1,057	(105)	(19)	1,259

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 2012 of a subsidiary based in the Philippines, is approximately US$13,719,000 (2011: US$12,865,000). 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.

Notes to the Financial Statements
Year ended 31 December 2012

9. Other assets

	Group	
	2012	**2011**
	US$'000	**US$'000**
Advances to growers	8,456	7,507
Security deposits	1,129	1,164
Land expansion (development costs of acquired leased areas)	3,817	2,974
Others	1,064	574
	14,466	12,219

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 (2011: 10 years).

Others comprise of land development costs incurred on leased land used for the cultivation of growing crops. These costs are amortised over a period of 10 years (2011: 10 years).

10. Inventories

	Group	
	2012	**2011**
	US$'000	**US$'000**
Finished goods		
- at cost	24,172	23,051
- at net realisable value	5,725	26
Semi-finished goods		
- at cost	20,912	14,258
- at net realisable value	234	3,269
Raw materials and packaging supplies		
- at cost	62,415	48,777
	113,458	89,381

In 2012, raw materials, consumables and changes in finished goods and semi-finished goods recognised as cost of sales amounted to US$256,097,000 (2011: US$252,957,000).

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

	Group	
	2012	**2011**
	US$'000	**US$'000**
At 1 January	8,788	6,520
Allowance for the year (note 22)	4,066	5,134
Write-off against allowance	(1,331)	(2,803)
Currency realignment	633	(63)
At 31 December	12,156	8,788

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.

Notes to the Financial Statements
Year ended 31 December 2012

11. Biological assets

	Group 2012 US$'000	Group 2011 US$'000
Growing crops (at cost)		
At 1 January	90,529	80,048
Additions	83,910	75,203
Harvested	(72,614)	(64,512)
Currency realignment	6,242	(210)
At 31 December	108,067	90,529
Livestock (at fair value)		
At 1 January	1,262	1,812
Purchases of livestock	1,022	1,492
Changes in fair value attributable to price changes (note 22)	(9)	(57)
Sales of livestock	(772)	(1,981)
Currency realignment	95	(4)
At 31 December	1,598	1,262
Total biological assets	109,665	91,791

The fair value of agricultural produce harvested during the year amounted to US$82,630,000 (2011: US$72,218,000).

Growing crops

Estimated hectares planted with growing crops are as follows:

	Group 2012	Group 2011
Pineapples	14,968	14,236
Papaya	154	346
Passion fruit	–	5

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

	Group 2012	Group 2011
Pineapples	721,088	727,039
Papaya	7,274	14,885
Passion fruit	–	22

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.

Notes to the Financial Statements

Year ended 31 December 2012

11. 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.

12. Trade and other receivables

		Group		Company	
	Note	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Trade receivables	13	83,403	66,892	–	–
Deposits, prepayments and other receivables	14	18,985	16,034	4	2
Amounts due from subsidiaries (non-trade)		–	–	80,155	45,046
Trade and other receivables		102,388	82,926	80,159	45,048
Prepayments		(8,898)	(7,907)	–	–
Downpayment to contractors		(6,359)	(5,356)	–	–
Loans and receivables		87,131	69,663	80,159	45,048

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

The increase in amounts due from subsidiaries of US$35,000,000 (2011: US$25,000,000) relates to dividends declared by a subsidiary and constitutes a non-cash transaction.

The ageing of loans and receivables at the reporting date is:

	Group			
	2012		2011	
	Gross US$'000	Impairment losses US$'000	Gross US$'000	Impairment losses US$'000
Not past due	70,946	(129)	54,576	–
Past due 0 - 60 days	10,925	–	9,124	–
Past due 61 - 90 days	1,854	–	788	–
Past due 91 - 120 days	168	–	559	–
More than 120 days	7,221	(3,854)	6,487	(1,871)
	91,114	(3,983)	71,534	(1,871)

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.

Notes to the Financial Statements

Year ended 31 December 2012

13. Trade receivables

	Group	
	2012	**2011**
	US$'000	**US$'000**
Trade receivables	87,386	68,763
Less: Allowance for doubtful receivables (trade)	(3,983)	(1,871)
	83,403	66,892

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.

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

	Group	
	2012	**2011**
	US$'000	**US$'000**
Asia Pacific	63,309	47,059
Europe and North America	20,094	19,833
	83,403	66,892

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

	Group	
	2012	**2011**
	US$'000	**US$'000**
At 1 January	1,871	2,479
Allowance recognised/(reversed) for the year (trade) (note 22)	1,626	(35)
Write-off against allowance	(60)	(26)
Currency realignment	546	(547)
At 31 December	3,983	1,871

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 judgment 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.

Notes to the Financial Statements
Year ended 31 December 2012

14. Deposits, prepayments and other receivables

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Prepayments	8,898	7,907	–	–
Downpayment to contractors	6,359	5,356	–	–
Other receivables	2,996	2,067	4	2
Deposits	732	704	–	–
	18,985	16,034	4	2

15. Cash and cash equivalents

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Cash and bank balances	24,555	19,374	232	211
Short-term deposits	–	1,503	–	–
Cash and cash equivalents	24,555	20,877	232	211

Certain of the cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 1.0% to 2.5% (2011: 0.10% 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 1.7% (2011: 3.4%) per annum.

16. Share capital

	2012		2011	
	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.

Notes to the Financial Statements
Year ended 31 December 2012

17. Reserves

	Group		Company	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Revaluation reserve	3,594	3,594	–	–
Retained earnings	195,801	187,081	30,301	24,015
Reserve for own shares	(504)	(2,054)	(504)	(2,054)
Share premium	69,543	69,073	69,682	69,212
Share option reserve	953	2,367	953	2,367
Translation reserve	(24,965)	(40,363)	–	–
	244,422	219,698	100,432	93,540

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 2012, the Group held 1,559,000 of the Company's shares (2011: 6,545,000).

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.

18. Financial liabilities

	Group	
	2012 US$'000	2011 US$'000
Current liabilities		
Unsecured short-term borrowings	125,907	93,621
Current portion of unsecured long-term borrowings	–	11,385
Accrued lease liabilities	–	–
	125,907	105,006
Non-current liabilities		
Unsecured long-term borrowings	14,604	5,019
Accrued lease liabilities	688	409
Other payables	387	488
	15,679	5,916
	140,898	110,513

Notes to the Financial Statements
Year ended 31 December 2012

18. Financial liabilities (cont'd)

Unsecured short-term borrowings

The amounts are unsecured with weighted average effective interest rates of 1.05% to 4.0% (2011: 0.9% to 3.5%) per annum which are fixed throughout the term of the loans.

Unsecured long-term borrowings

The amounts are unsecured with weighted average effective interest rates of 1.6% to 5.7% (2011: 1.2% to 5.7%) per annum which reprice at intervals of 1 to 3 months.

Terms and debt repayment schedule

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

Group	Currency	Nominal interest rate %	Year of maturity	2012 Face value US$'000	2012 Carrying amount US$'000	2011 Face value US$'000	2011 Carrying amount US$'000
Unsecured bank loan	PHP	1.56 – 3.45	2013	31,731	31,731	–	–
Unsecured bank loan	USD	1.05 – 2.00	2013	94,176	94,176	–	–
Unsecured bank loan	PHP	1.56 – 3.50	2012	–	–	33,076	33,076
Unsecured bank loan	USD	1.05 – 2.00	2012	–	–	60,545	60,545
				125,907	125,907	93,621	93,621

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

Group	Currency	Nominal interest rate %	Year of maturity	2012 Face value US$'000	2012 Carrying amount US$'000	2011 Face value US$'000	2011 Carrying amount US$'000
Unsecured bank loan	PHP	3-Mos PDSTF + 1.5 / .95 (GRT)	2012	–	–	6,831	6,831
Unsecured bank loan	PHP	3-Mos PDSTF + 1 / .95 (GRT)	2014	–	–	4,554	4,554
Unsecured bank loan	PHP	3-Y PDSTF + .95 / .25 (GRT)	2014	2,434	2,434	2,277	2,277
Unsecured bank loan	USD	3-Mos Libor + 0.7 / .9 (On-Shore Tax)	2013	–	–	2,742	2,742
Unsecured bank loan	PHP	3-Mos PDSTF + 1 / .95 (GRT)	2015	12,170	12,170	–	–
				14,604	14,604	16,404	16,404

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

Notes to the Financial Statements

Year ended 31 December 2012

18. Financial liabilities (cont'd)

Financial derivatives

The following are the expected contractual undiscounted cash outflows of financial liabilities, 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
2012					
Non-derivative financial liabilities					
Unsecured bank loans					
- Short-term	125,907	126,095	126,095	–	–
- Long-term	14,604	15,871	571	2,913	12,387
Accrued lease liabilities	688	688	–	3	685
Other payables	387	387	–	150	237
Trade and other payables	95,459	95,459	95,459	–	–
	237,045	238,500	222,125	3,066	13,309
2011					
Non-derivative financial liabilities					
Unsecured bank loans					
- Short-term	93,621	93,762	93,762	–	–
- Long-term	16,404	16,879	11,668	2,891	2,320
Accrued lease liabilities	409	409	–	–	409
Other payables	488	488	–	126	362
Trade and other payables	81,332	81,332	81,332	–	–
	192,254	192,870	186,762	3,017	3,091

Company	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
2012					
Non-derivative financial liabilities					
Trade and other payables	54,583	54,583	54,583	–	–
	54,583	54,583	54,583	–	–
2011					
Non-derivative financial liabilities					
Trade and other payables	26,343	26,343	26,343	–	–
	26,343	26,343	26,343	–	–

Notes to the Financial Statements
Year ended 31 December 2012

18. Financial liabilities (cont'd)

Fair values

Estimation of fair values

Other financial assets and liabilities

The carrying amounts of other 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	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Trade payables	47,774	49,660	–	–
Accrued operating expenses	42,548	27,381	655	762
Accrued payroll expenses	3,997	2,961	–	–
Value-added tax payables	(25)	127	–	–
Withheld from employees (taxes and social security cost)	1,165	1,198	–	–
Other payables	–	5	–	5
Amounts due to subsidiaries (non-trade)	–	–	53,928	25,576
Financial liabilities at amortised cost	95,459	81,332	54,583	26,343

The accrued payroll expenses of the Group includes retirement benefit obligations of US$1,430,000 (2011: US$1,032,000) (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	
	2012 US$'000	2011 US$'000
Present value of funded obligations	43,297	39,147
Fair value of plan assets	(38,089)	(32,864)
	5,208	6,283
Unrecognised past service costs	(1,824)	(1,969)
Unrecognised actuarial loss	(1,954)	(3,282)
Net liability recorded under accrued payroll expenses (note 19)	1,430	1,032

Notes to the Financial Statements

Year ended 31 December 2012

20. Retirement benefit obligations (cont'd)

Present value of funded obligations

	Group	
	2012	**2011**
	US$'000	**US$'000**
Liability at 1 January	39,147	38,215
Benefits paid by the plan	(3,061)	(3,770)
Current service costs and interests	5,882	5,560
Actuarial gain	(1,414)	(765)
Currency realignment	2,743	(93)
Liability at 31 December	43,297	39,147

Fair value of plan assets

Government bonds and foreign currencies	34,128	28,903
Property occupied by a lessee	3,931	3,931
Property occupied by the Group	30	30
	38,089	32,864

Movement in plan assets:

Fair value of plan assets at 1 January	32,864	29,423
Contributions paid into the plan	2,681	4,907
Benefits paid by the plan	(3,061)	(3,770)
Expected return on plan assets	3,155	2,721
Actuarial loss	94	(346)
Currency realignment	2,356	(71)
Fair value of plan assets at 31 December	38,089	32,864

Expenses recognised in the profit or loss

Current service cost	2,456	2,303
Interest cost	3,426	3,411
Expected return on plan assets	(3,155)	(2,797)
Amortisation for past service cost	272	271
Total pension expense	2,999	3,188

Recognised in:

Cost of sales	2,052	2,171
Distribution and selling expenses	349	422
General and administrative expenses	598	595
	2,999	3,188

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$2,869,000 in contributions to the pension plan in 2013.

Notes to the Financial Statements
Year ended 31 December 2012

20. Retirement benefit obligations (cont'd)

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 2012 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 31 December 2012.

The principal actuarial assumptions used for accounting purposes were:

	Group	
	2012	2011
Discount rate (per annum)	5%	6%
Expected return on plan assets (per annum)	9%	9%
Future salary increases (per annum)	6%	6%
Expected service life for the pension plan	10 years	10 years

Historical information

	2012 US$'000	2011 US$'000	2010 US$'000	2009 US$'000
Present value of the defined benefit obligation	43,297	39,147	38,215	36,367
Fair value of plan assets	(38,089)	(32,864)	(29,423)	(27,055)
Deficit in the plan	5,208	6,283	8,792	9,312
Experience adjustments arising on plan liabilities	(1,742)	(1,258)	(2,695)	651
Experience adjustments arising on plan assets	94	(346)	(306)	528

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	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Sale of goods	459,711	425,235	–	–
Dividend income received and receivable from subsidiaries	–	–	35,000	25,000
	459,711	425,235	35,000	25,000

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.

Notes to the Financial Statements

Year ended 31 December 2012

22. Profit for the year

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

	Note	Group 2012 US$'000	Group 2011 US$'000	Company 2012 US$'000	Company 2011 US$'000
Allowance for inventory obsolescence	10	4,066	5,134	–	–
Allowance recognised/(reversed) for doubtful receivables (trade)	13	1,626	(35)	–	–
Amortisation of intangible assets	7	571	571	–	–
Audit fees					
- paid to the auditors of the Company		202	209	181	180
- paid to other auditors		128	124	–	–
Changes in fair value attributable to price changes of biological assets	11	(9)	(57)	–	–
Changes in fair value of agricultural produce harvested		10,016	7,706	–	–
Depreciation of property, plant and equipment	4	15,081	12,957	–	–
Impairment loss made/(reversed) on property, plant and equipment	4	267	(283)	–	–
Legal expenses		101	3,967	–	–
(Gain)/Loss on disposal of property, plant and equipment		(136)	26	–	–
Non-audit fees					
- paid to the auditors of the Company		53	49	47	49
- paid to other auditors		25	20	2	–
Operating lease rentals		6,182	4,513	–	–
Research and development expenditure		3,808	2,963	–	–
Staff costs					
Pension costs – defined benefit pension plan	20	2,999	3,188	–	–
Pension costs – provident fund		659	559	–	–
Social security costs		1,583	1,552	–	–
Value of employee services received under share-based incentive plans		606	1,244	606	1,244
Wages and salaries		75,827	80,521	2,719	2,106
		81,674	87,064	3,325	3,350

Notes to the Financial Statements
Year ended 31 December 2012

23. Finance income/(expense)

Recognised in profit or loss	Group 2012 US$'000	Group 2011 US$'000
Finance income		
Interest income from		
- bank deposits	552	531
- others	5	15
Foreign exchange gains	267	914
	824	1,460
Finance expense		
Interest expenses on		
- bills payable	(3,883)	(2,993)
- factoring	–	(64)
	(3,883)	(3,057)
Net finance expense	(3,059)	(1,597)

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:

Recognised in profit or loss	Group 2012 US$'000	Group 2011 US$'000
Total interest income on financial assets	557	546
Total interest expense on financial liabilities	(3,883)	(3,057)

Recognised in other comprehensive income	Group 2012 US$'000	Group 2011 US$'000
Foreign currency translation differences for foreign operations	15,398	(1,670)

Notes to the Financial Statements
Year ended 31 December 2012

24. 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 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	
	2012	**2011**
	US$'000	**US$'000**
Current tax		
- current year	8,520	6,575
Deferred tax		
- current year	568	(1,067)
	9,088	5,508

Reconciliation of effective tax rate

Profit before tax	40,713	32,099
Taxation on profit at weighted average of the applicable tax rates	7,567	2,873
Non-deductible expenses	1,521	2,635
	9,088	5,508

	Group	
	2012	**2011**
Standard tax rates		
- Philippines (non-PEZA)	30%	30%
- Philippines (PEZA)*	5%	5%
- India	31%	31%
- Singapore	17%	17%

* based on gross profit for the year

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 enjoys certain fiscal and non-fiscal incentives including a 5% tax on gross profit in lieu of the current 30% (2011: 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 17 December 2012.

Notes to the Financial Statements

Year ended 31 December 2012

24. Tax (cont'd)

The Group (cont'd)

Sources of estimation uncertainty

The Group has exposure to income taxes in several foreign jurisdictions. Significant judgment 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	
	2012	**2011**
Basic earnings per share is based on:		
Profit for the year (US$'000)	32,090	27,441
Basic weighted average number of ordinary shares ('000):		
Issued ordinary shares at 1 January	1,081,781	1,081,781
Effect of own shares held	(8,614)	(4,871)
Effect of share options execised	5,508	1,512
Weighted average number of ordinary shares at 31 December (basic)	1,078,675	1,078,422
Basic earnings per share (in US cents)	2.97	2.54

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	
	2012	**2011**
Diluted earnings per share is based on:		
Profit for the year (US$'000)	32,090	27,441
Diluted weighted average number of shares ('000):		
Weighted average number of ordinary shares at 31 December (basic)	1,078,675	1,078,422
Potential ordinary shares issuable under share options	2,434	7,726
Weighted average number of ordinary issued and potential shares assuming full conversion	1,081,109	1,086,148
Diluted earnings per share (in US cents)	2.97	2.53

Notes to the Financial Statements
Year ended 31 December 2012

26. Dividends

	Group and Company	
	2012	**2011**
	US$'000	**US$'000**
Tax-exempt final dividend paid in respect of the previous financial year of 1.45 US cents (2011: 1.10 US cents)	15,599	11,878
Tax-exempt interim dividend paid in respect of the current financial year of 0.72 US cents (2011: 0.46 US cents)	7,771	4,968
	23,370	16,846

Subsequent to the financial year, the Directors declared a tax-exempt final dividend of 1.51 US cents per share (2011: 1.45 US cents per share), amounting to US$16,297,000 (2011: US$15,599,000) in respect of the financial year ended 31 December 2012. These dividends have not been provided for in these financial statements.

27. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are based on whether the products are sold as branded or non branded. They are managed separately because they require different business development and growth strategies due to the differing market dynamics. 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:

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.

– Branded Business
  - Includes sales of Del Monte and S&W branded products.

– Non Branded Business
  - Non-supply contract

    a. Asia Pacific – Includes sales of private label and non branded processed fruits, beverages, other processed products, fresh fruit and cattle in the Asia Pacific region and sales of private label processed fruits and beverage to a non-affiliated Del Monte company at market prices in the Asia Pacific region;

    b. Europe and North America – Includes sales of private label and non branded processed fruits, beverages and other processed products in Europe and North America and sales of private label processed fruits, beverages and other processed products to non-affiliated Del Monte companies at market prices in Europe and North America.

  - Supply contract – Includes sales of processed fruits, beverages and fresh fruit to non-affiliated Del Monte companies under long term supply contracts.

In the current year, the operating segments were revised according to the changes made to the internal management reports prescribed to the Group's Executive Committee. The corresponding items of segment information for the prior period were restated accordingly.

Notes to the Financial Statements
Year ended 31 December 2012

27. Operating segments (cont'd)

Information about reportable segments

			<---- Non Branded									---->
			<---- Non Supply Contract			---->						
	Branded		Asia Pacific		Europe and North America		Supply Contract		Total Non Branded		Total	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
External revenues	320,868	274,649	21,747	21,775	56,073	66,549	61,023	62,262	138,843	150,586	459,711	425,235
Depreciation and amortisation	9,040	6,611	730	805	2,791	3,176	3,091	2,936	6,612	6,917	15,652	13,528
Reportable segment profit before income tax	36,223	17,145	3,078	3,748	1,914	11,115	(502)	91	4,490	14,954	40,713	32,099
Other material non-cash items:												
- Impairment loss made/(reversed) on property, plant and equipment	147	(135)	32	(59)	40	(42)	48	(47)	120	(148)	267	(283)
- Allowance for inventory obsolescence	2,482	2,708	655	462	822	1,373	107	591	1,584	2,426	4,066	5,134
- Allowance made/(reversed) for doubtful trade receivables	1,322	(160)	185	91	119	34	–	–	304	125	1,626	(35)
Reportable segment assets	80,234	64,016	3,096	3,443	13,635	13,974	7,945	9,481	24,676	26,898	104,910	90,914
Capital expenditure	9,719	8,808	1,160	1,926	3,022	3,943	3,421	3,801	7,603	9,670	17,322	18,478

Notes to the Financial Statements

Year ended 31 December 2012

27. Operating segments (cont'd)

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

	2012 US$'000	2011 US$'000
Revenue		
Total revenue for reportable segments/consolidated revenue	459,711	425,235
Assets		
Total assets for reportable segments	104,910	90,914
Other unallocated amounts	390,610	332,977
Consolidated total assets	495,520	423,891

Other material items 2012

	Reportable segment totals	Adjustments	Consolidated totals
Allowance for inventory obsolescence	4,066	–	4,066
Allowance for doubtful receivables	1,626	–	1,626
Capital expenditure	17,322	–	17,322
Depreciation and amortisation	15,652	–	15,652
Impairment loss made on property, plant and equipment and intangible assets	267	–	267

Other material items 2011

	Reportable segment totals	Adjustments	Consolidated totals
Allowance for inventory obsolescence	5,134	–	5,134
Reversal of allowance for doubtful receivables	(35)	–	(35)
Capital expenditure	18,478	–	18,478
Depreciation and amortisation	13,528	–	13,528
Impairment loss reversed on property, plant and equipment and intangible assets	(283)	–	(283)

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

	2012 US$'000	2011 US$'000
Philippines	101,916	91,830
Singapore	16,779	17,062
India	26,061	28,765
	144,756	137,657

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

Major customer

Revenue from one customer of the Group's Non Branded segment amounted to approximately US$61,721,000 (2011: US$63,907,000), representing 13% (2011: 15%) of the Group's total revenue.

Notes to the Financial Statements
Year ended 31 December 2012

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.

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.

On 29 April 2011, 2,643,000 shares were awarded at the market price of S$0.485 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 29 April 2011.

On 21 November 2011, 67,700 shares were awarded to a Non-Executive Director of the Company at the market price of S$0.455 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 RSOC is responsible for administering the ESOP and the share plans.

Notes to the Financial Statements
Year ended 31 December 2012

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 2012	2011
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

* Mr Edgardo M Cruz, Jr and Dr Emil Q Javier had exercised the 200,000 options they each held, on 12 March 2013 and 20 March 2013 respectively, at a consideration of S$125,400 each. Mr Rolando C Gapud had exercised the 400,000 options he held, on 28 March 2013, at a consideration of S$250,800.

Accordingly, as at the date of this report, a total of 750,000 options remains outstanding.

Del Monte Pacific RSP

Date of grant of share awards	Vesting period	Market price on date of grant S$	Share awards granted	Share awards outstanding
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	1,377,200
29 April 2011	Up to 60%: 12 May 2011 – 11 May 2012 40%: 12 May 2012 onwards	0.485	2,643,000	1,057,200
21 November 2011	No vesting period imposed, shares were released to the grantee on 12 December 2012	0.455	67,700	–
			9,795,700	2,434,400

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.

Fair value of share options and assumptions

Date of grant of options	7 Mar 2008	7 Mar 2008	20 May 2008	12 May 2009	29 Apr 2011	21Nov 2011
	ESOP	<----------------------	*Del Monte Pacific RSP*			---------------------->
Fair value at measurement date	US$0.12	US$0.44	US$0.50	US$0.37	US$0.40	US$0.35
Share price (Singapore dollars) at grant date	0.615	0.615	0.680	0.540	0.485	0.455
Exercise price (Singapore dollars)	0.627	–	–	–	–	–
Expected volatility	5.00%	5.00%	5.00%	2.00%	2.00%	–
Time to maturity	8 years	1 year	1 year	2 years	2 years	–
Risk-free interest rate	3.31%	3.31%	3.31%	2.30%	2.19%	–

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.

Notes to the Financial Statements

Year ended 31 December 2012

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

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

The Group has exposure to the following:

- credit risk
- interest rate risk
- liquidity risk
- market risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit Committee is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how Management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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.

Credit risk

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. Approximately 13% (2011: 15%) of the Group's revenue is attributable to sales transactions with a single international customer. However, geographically, there is no concentration of credit risk.

Notes to the Financial Statements
Year ended 31 December 2012

29. Financial instruments (cont'd)

Credit risk (cont'd)

The Audit Committee has approved a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment or Letters of Credit basis.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date by geographic region was:

	Group	
	2012	**2011**
	US$'000	**US$'000**
North America	9,054	9,239
Europe	11,220	10,539
Asia Pacific	73,216	55,241
	93,490	75,019

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The ageing of trade and other receivables (excluding prepayments) that were impaired at the reporting date was:

	Group	
	2012	**2011**
	US$'000	**US$'000**
Not past due	77,176	59,932
Past due 0 - 60 days	10,925	9,123
Past due 61 - 90 days	1,854	788
Past due 91 - 120 days	168	559
More than 120 days	3,367	4,617
	93,490	75,019

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 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.

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.

Notes to the Financial Statements
Year ended 31 December 2012

29. Financial instruments (cont'd)

Interest rate risk (cont'd)

	Group	
	Profit or Loss	
	2012 US$'000	2011 US$'000
Short-term deposits	–	15
Unsecured short-term and long-term borrowings	(1,405)	(1,100)
	(1,405)	(1,085)

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$364 million (2011: US$287 million) in credit lines, of which only 38% (2011: 38%) is availed. The lines are mostly for short term financing requirements, with US$19 million (2011: US$19 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 Philippine Peso.

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, especially between the Philippine peso and US dollar. To a certain extent, the Group has a natural hedge between the two currencies due to its revenue and cost mix. It is the Group's policy to optimise its natural hedge.

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

	Group	
	2012 US$'000	2011 US$'000
Trade and other receivables	1,778	3,270
Cash and cash equivalents	7,550	(4,373)
Financial liabilities	(92,412)	(72,717)
Trade and other payables	(10,580)	(9,598)
	(93,664)	(83,418)

Sensitivity analysis

A 10% strengthening of the subsidiaries' foreign currency against the US dollar at the reporting date would increase profit or loss by US$9,366,000 (2011: US$8,342,000). 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.

Notes to the Financial Statements
Year ended 31 December 2012

29. Financial instruments (cont'd)

Credit risk

The Group sells its products through major distributors and buyers in various geographical regions. For the year ended 31 December 2012, the Group's major customers collectively accounted for 16% (2011: 19%) 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	
	2012	**2011**
	%	**%**
Philippines	72	67
Hong Kong	24	32
Mauritius	4	1

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

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk related to tinplates and fuel. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group. There are no outstanding purchase contracts as at 31 December 2011 and 2012.

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 subsidises some of the farmers' costs related to papaya to ensure long-term relationships with them.

Risk related to agricultural activities

The output of the plantation is subject to certain risk factors relating to weather conditions, crop yields, outgrowers and service providers' performance, and leasehold arrangements. To manage any impact from heavy rainfall and floods, plantings are done in various locations to minimise tonnage loss, and towing units have been augmented to ensure continuity of harvest during wet conditions. The Group is PhilGAP and GLOBALGAP certified and complies with proven agricultural practices in the pineapple growing operations. Long-term land leases with staggered terms are also secured.

International business risk

The Group's overall earnings from its trading activities with international customers are primarily affected by movements in the worldwide supply, demand and prices of its products. Prices for pineapple juice concentrate are largely affected by the supply situation in Thailand and the demand situation in the international markets. Given that this is an industrial commodity product, prices are quite volatile. The Group is shifting production towards more branded ready-to-drink beverage to decommoditise its concentrate product.

Notes to the Financial Statements
Year ended 31 December 2012

29. Financial instruments (cont'd)

Branded business risk

The Group's branded business in the Philippines and the Indian subcontinent through Del Monte, and in Asia and the Middle East through S&W, is affected by a number of factors, including, but not limited to competition, acceptance of new products, industry trends, distribution expansion, penetration and business partners' risks. The Group's exposure to these risks is managed through the following processes, among others:

- Focus on consumption-driven marketing strategies
- Shift to branded value-added, packaged products with emphasis on innovation, health and wellness, quality, competitiveness and consumer appeal
- Market and customer diversification
- Increased penetration of high-growth distribution channels and markets
- Building on closer working relationships with business partners

Operational risk

As an integrated producer of processed and fresh fruit products for the world market, the Group's earnings are inevitably subject to certain other risk factors, which include general economic and business conditions, change in business strategy or development plans, production efficiencies, input costs and availability, litigious counterparties, communist rebel activities and changes in government regulations, including, without limitation, environmental regulations. The Group develops and executes a long-term strategic plan and annual operating plan, supported by a contingency plan and risk management measures. It also pursues productivity-enhancing and efficiency-generating work practices and capital projects. To manage insurgency risks in its operating units in the Philippines, the Group has strengthened security measures.

Compliance

The Group closely monitors changes in legislation and government regulations affecting the Group's business. It has a compliance programme that aims to monitor and ensure the Group's compliance with laws and regulations. Compliance is a regular board agenda item.

30. Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows:

	Note	Loans and receivables $'000	Other financial liabilities within scope of IAS 39 $'000	Total carrying amount $'000	Fair value $'000
Group					
31 December 2012					
Cash and cash equivalents	15	24,555	–	24,555	24,555
Loans and receivables	12	87,131	–	87,131	87,131
		111,686	–	111,686	111,686
Financial liabilities		–	140,898	140,898	140,898
Trade and other payables	19	–	95,459	95,459	95,459
		–	236,357	236,357	236,357

Notes to the Financial Statements
Year ended 31 December 2012

30. Accounting classification and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Loans and receivables $'000	Other financial liabilities within scope of IAS 39 $'000	Total carrying amount $'000	Fair value $'000
Group					
31 December 2011					
Cash and cash equivalents	15	20,877	–	20,877	20,877
Loans and receivables	12	69,663	–	69,663	69,663
		90,540	–	90,540	90,540
Financial liabilities		–	110,513	110,513	110,513
Trade and other payables	19	–	81,332	81,332	81,332
		–	191,845	191,845	191,845
Company					
31 December 2012					
Cash and cash equivalents	15	232	–	232	232
Loans and receivables	12	80,159	–	80,159	80,159
		80,391	–	80,391	80,391
Trade and other payables	19	–	54,583	54,583	54,583
31 December 2011					
Cash and cash equivalents	15	211	–	211	211
Loans and receivables	12	45,048	–	45,048	45,048
		45,259	–	45,259	45,259
Trade and other payables	19	–	26,343	26,343	26,343

31. 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 National Development Corporation (NDC) and submitted for land distribution in compliance with the Comprehensive Agrarian Reform Law (CARL)) are as follows:

	Group 2012 US$'000	Group 2011 US$'000
Within one year	8,732	6,993
Between one to five years	34,403	30,327
More than five years	61,218	58,865
	104,353	96,185

Included in the above are commitments denominated in Philippine Peso of PHP4,055 million, equivalent to US$98,705,000 (2011: PHP4,155 million, equivalent to US$94,606,000).

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.

Notes to the Financial Statements

Year ended 31 December 2012

31. Commitments (cont'd)

Future capital expenditure

	Group	
	2012	2011
	US$'000	US$'000
Capital expenditure not provided for in the financial statements		
- approved by Directors and contracted for	6,955	4,580
- approved by Directors but not contracted for	28,388	24,826
	35,343	29,406

Supply contracts

The Group currently has international supply contracts with 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 (three-year notice of termination was served by the Group in November 2011) in North America (except Canada), Mexico and the Caribbean, and Del Monte Asia Pte Ltd in certain Asia Pacific countries (excluding the Philippines, the Indian subcontinent, Myanmar and Japan). The Group also has a supply contract for fresh pineapples with Del Monte Fresh Produce International Inc which will expire on 31 December 2017. These supply contracts are generally terminable by prior written notice with periods ranging between 18 to 36 months (from certain pre-agreed dates onwards).

32. Contingencies

As at 31 December 2012, a subsidiary, DMPL India Limited has a contingent liability amounting to INR 619 million (US$11.1 million) in the form of a letter of undertaking securing 50% of the obligations of FieldFresh Foods Private Limited under its Loan Agreement with Infrastructure Development Finance Company Limited, in proportion to its equity interest.

33. 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	
	2012	2011	2012	2011
	US$'000	US$'000	US$'000	US$'000
Expenses				
Management fees to a subsidiary, DMS	–	–	570	581
Purchases from Nutri-Asia, Inc	–	28	–	–
Management fees from DMPI Retirement Fund	(5)	(5)	–	–
Shared IT Services from Nutri-Asia, Inc	(65)	–	–	–
	(70)	23	570	581

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.

Notes to the Financial Statements

Year ended 31 December 2012

33. 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	
	2012 US$'000	2011 US$'000	2012 US$'000	2011 US$'000
Directors:				
Fees and remuneration	3,207	2,904	2,138	1,942
Share-based payments	462	725	462	725
Key executive officers (excluding Directors):				
Short-term employee benefits	2,565	2,379	–	–
Post-employment benefits	237	235	–	–
Share-based payments	144	518	144	518

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).

34. Subsequent events

On 27 February 2013, the Board of Directors of the Company announced a proposed bonus issue of up to 216,044,498 new ordinary shares each in the capital of the Company ("Bonus Shares") on the basis of two (2) Bonus Shares credited as fully paid for every ten (10) existing ordinary shares held in the capital of the Company (the "Proposed Bonus Issue"). The Bonus Shares will be issued pursuant to a general mandate obtained at the Annual General Meeting of the Company held on 30 April 2012 which allows the Company's Directors to issue shares in the capital of the Company aggregating up to fifty (50) per cent of the Company's issued share capital for the time being (on a pro-rata basis).

The Company has obtained an in-principle approval from the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 28 March 2013 in respect of the Company's application for the listing of and quotation of up to 215,869,298 Bonus Shares, subject to compliance with the SGX-ST's listing requirements. The earnings per shares and diluted earnings per share in note 25 have not been adjusted to reflect the additional shares to be issued. The earnings per share and diluted earnings per share would decrease had the additional shares to be issued been adjusted for.

Statistics of Shareholdings
As at 15 March 2013

Authorised Share Capital	:	US$20,000,000
Issued and Fully-Paid-up Capital (including Treasury Shares)	:	US$10,817,812
Issued and Fully-Paid-up Capital (excluding Treasury Shares)	:	US$8,625,247
Number of Shares Issued (including Treasury Shares)	:	1,081,781,194
Number of Shares Issued (excluding Treasury Shares)		1,077,996,494
Class of Shares	:	Ordinary shares of US$0.01 each, with each ordinary shares entitled to one vote

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 - 999	6	0.08	659	0.00
1,000 - 10,000	6,730	95.18	12,721,473	1.18
10,001 - 1,000,000	320	4.53	16,877,100	1.57
1,000,001 and above	15	0.21	1,048,397,262	97.25
TOTAL	7,071	100.00	1,077,996,494	100.00

Twenty largest shareholders

	Name	No. of shares	%
1.	NutriAsia Pacific Limited	849,429,372	78.80
2.	Lee Pineapple Company Pte Ltd	83,685,000	7.76
3.	DBS Nominees Pte Ltd	34,937,000	3.24
4.	HSBC (Singapore) Nominees Pte Ltd	21,943,690	2.04
5.	Wee Poh Chan Phyllis	12,920,000	1.20
6.	United Overseas Bank Nominees Pte Ltd	12,364,000	1.15
7.	Citibank Nominees Singapore Pte Ltd	5,551,000	0.51
8.	Pineapples Of Malaya Private Limited	5,360,000	0.50
9.	Representations International (HK) Ltd	5,000,000	0.46
10.	DBS Vickers Securities (Singapore) Pte Ltd	3,686,000	0.34
11.	DB Nominees (Singapore) Pte Ltd	3,529,000	0.33
12.	BNP Paribas Nominees Singapore Pte Ltd	3,352,000	0.31
13.	Joselito Jr Dee Campos	3,196,800	0.30
14.	Luis Francisco Alejandro	2,212,800	0.21
15.	Richard Warren Blossom	1,230,600	0.11
16.	Ng Keng Kwee	721,000	0.07
17.	28 Holdings Pte. Ltd	711,000	0.07
18.	UOB Kay Hian Private Limited	505,000	0.05
19.	Chong Kah Lin	500,000	0.05
20.	Florence Yuniwati Suryawan	454,000	0.04
Total		1,051,288,262	97.54

Substantial Shareholders

As recorded in the Register of Substantial Shareholders as of 15 March 2013

	Direct interest		Deemed interest	
Name of shareholder	**No. of shares**	**%[1]**	**No. of shares**	**%[1]**
NutriAsia Pacific Limited	849,429,372	78.80	-	-
NutriAsia Holdings Limited[2]	-	-	849,429,372	78.80
NutriAsia Inc[2]	-	-	849,429,372	78.80
Golden Chamber Investment Limited[3]	-	-	849,429,372	78.80
HSBC International Trustee Limited[3]	-	-	849,429,372	78.80
HSBC Trustee (Hong Kong) Limited[3]	-	-	849,429,372	78.80
HSBC Holdings plc[3]	-	-	849,429,372	78.80
HSBC Finance (Netherlands)[3]	-	-	849,429,372	78.80
HSBC Private Banking Holding (Suisse) SA[3]	-	-	849,429,372	78.80
Joselito D. Campos, Jr [3]	3,196,800	0.30	849,429,372	78.80
Well Grounded Limited[4]	-	-	849,429,372	78.80
Star Orchid Limited[4]	-	-	849,429,372	78.80
Lee Pineapple Company Pte Ltd[5]	83,685,000	7.76	5,360,000	0.50
Lee Foundation [6]	-	-	86,568,000	8.26
Lee Foundation, States of Malaya[6]	-	-	86,568,000	8.26

Percentage of Shareholdings in Public Hands

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 12.62% 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 1,077,996,494 outstanding 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.

HSBC Trustee, as trustee of a trust, indirectly holds 37.8% issued shares of NPL which in turn holds the Company shares directly. As HSBC Trustee is owned by HSBC International, HSBC International is thus deemed to have an indirect interest in the shares. As a result of a transfer by HSBC Europe of all its shares in HSBC Private Banking Holdings (Suisse) SA ("HPBH), HSBC Finance (Netherlands) is now deemed to be a substantial shareholder of the Company. HPBH is a wholly-owned subsidiary of HSBC Finance (Netherlands) which is a wholly-owned subsidiary of HSBC Holdings.

(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.

(5) Lee Pineapple Company (Pte) Limited is deemed interested in the 5,360,000 shares held by its wholly-owned subsidiary, Pineapples of Malaya Private Limited.

(6) Lee Foundation, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

Lee Foundation, States of Malaya, by virtue of its not less than 20% interest in Lee Pineapple Company (Pte) Limited, had a deemed interest in the Company's shares in which Lee Pineapple Company (Pte) Limited had a direct or deemed interest.

Interested Person Transactions

As at 31 December 2012

Name of Interested Person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) US$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) US$'000
	NIL	NIL

Proforma Group Financial Information *

Year ended 31 December 2012
(Amounts in Singapore Dollars)

	GROUP	
	2012 **S$'000**	**2011** **S$'000**
Revenue	574,639	531,544
Cost of sales	(433,640)	(404,763)
Gross profit	140,999	126,781
Distribution and selling expenses	(39,421)	(31,391)
General and administrative expenses	(35,021)	(33,284)
Other expenses	(4,229)	(6,750)
Results from operating activities	62,328	55,356
Finance income	1,030	1,825
Finance expense	(4,854)	(3,821)
Net finance expense	(3,824)	(1,996)
Share of loss of joint venture, net of tax	(7,613)	(13,236)
Profit before taxation	50,891	40,124
Tax	(11,360)	(6,885)
Profit for the year	39,531	33,239
Profit attributable to:		
Non-controlling interests	(581)	(1,063)
Owners of the Company	40,112	34,302

* 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 2012 and 2011 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.25 for both years.

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

Corporate 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.

The Group owns approximately 92% of a holding company that owns 50% of FieldFresh Foods Private Limited in India (www.fieldfreshfoods.in). FieldFresh markets Del Monte-branded processed products in the domestic market and FieldFresh-branded fresh produce. 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 and Myanmar.

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 87 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 79%-owned by NutriAsia Pacific Ltd (NPL). NPL is owned by the NutriAsia Group of Companies which is 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 Q 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 Q 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

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

Ms Ma Bella B Javier
Chief Scientific Officer

Mr Raul C Leonen
Chief Manufacturing Officer

Company Secretary
Ms Yvonne Choo (Mrs Yvonne Goh)
KCS Corporate Services Pte Ltd
36 Robinson Road #17-01
City House, Singapore 068877
Tel : +65 6311 3233
Fax: +65 6311 3256
yvonne.goh@kcs.com

Auditors
KPMG LLP
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
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
Australia and New Zealand Banking Group Ltd
BDO Universal Bank, Inc
Bank of the Philippines Islands
Bank of Tokyo Mitsubishi – UFJ Ltd
Deutsche Bank AG
Hongkong and Shanghai Banking Corp Ltd
Metropolitan Bank and Trust Co

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

Singapore Share Transfer Agent
Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

BVI Registrar and Share Transfer Office
Harney's Corporate Services Limited
Craigmuir Chambers, PO Box 71
Road Town, Tortola, British Virgin Islands

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

Trademarks
Del Monte, Del Monte Quality and Shield in Colour are principal registered trademarks of the Group in the Philippines and Indian 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 other trademarks in various jurisdictions, Today's, Fiesta, 202, Fit 'n Right, Heart Smart and Del Monte Quick 'N Easy in the Philippines.

For further enquiries please contact:

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An Engage Media Production

Branding

is the delivery of a promise
to our consumers
and to our stakeholders.

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