Del Monte

DEL MONTE PACIFIC LIMITED ANNUAL REPORT 2006

NEW GROWTH FROM NEW TEAM

INSIDE

A CLOSER LOOK AT
DEL MONTE PACIFIC'S
NEW PRODUCTS AND MARKETS

PLANS FOR 2007

PLUS! KEY EVENTS | FIVE-YEAR SUMMARY | OPERATIONS REVIEW | CORPORATE GOVERNANCE

OUR MISSION

DEL MONTE PACIFIC'S MISSION IS TO BE
A LEADING FULLY INTEGRATED ASIAN-BASED
INTERNATIONAL FOOD AND BEVERAGE COMPANY
THAT DEVELOPS AND MARKETS
QUALITY BRANDED PRODUCTS
TO CUSTOMERS ALL OVER THE WORLD.

CORPORATE PROFILE

Del Monte Pacific Limited is a group of companies engaged in the production, marketing and distribution of premium-branded food and beverage products. It owns the Del Monte brand in the Philippines, where it enjoys leading market shares for pineapple juice, juice drinks, processed pineapple and mixed fruits, tomato sauce, spaghetti sauce and tomato ketchup. It also markets products under its second-tier brand, Today's.

Del Monte Pacific also holds the exclusive rights to produce and distribute food and beverage products under the Del Monte brand in the Indian sub-continent. The Group owns Del Monte Foods India Private Limited which is engaged in the production, distribution and sale of processed fruit and vegetable products.

The Group also owns Great Lakes Fresh Foods and Juice Company Ltd. Great Lakes is a premium fruit juice producer in China, which sells juices under the Great Lakes, Ming Lang, Little Lakes, Rougemont and Welch's brands.

Operating one of the world's largest fully integrated pineapple operations, the Group is the global low-cost producer of pineapple and has long-term supply agreements with Del Monte trademark owners and licensees around the world.

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

2006 HIGHLIGHTS

KEY EVENTS

JANUARY
NutriAsia Pacific Ltd, a joint venture between the NutriAsia Group of Companies and San Miguel Corporation, gained 84.5% stake in Del Monte Pacific Ltd (DMPL) following the close of the General Offer

MARCH
New Management in place at DMPL

APRIL
Transition teams from San Miguel, NutriAsia Group and DMPL were set up to identify areas for revenue enhancements, cost savings and operational efficiencies

JULY
Early Retirement Program implemented to deliver cost savings of US$1.8 million in 2007 and raise labour productivity; Cattle fattening service to the San Miguel Group started generating additional revenues for DMPL

AUGUST
Transition teams concluded their review

OCTOBER
Supply Contract with major customer amended

SEPTEMBER
Warehouse rationalisation started; Joint media purchase with NutriAsia Group led to lower ad rates

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KEY FINANCIALS

Net Profit for the full year 2006 rose after 3 years of decline
+12% TO US$ 21 MILLION

Net Profit for the 2nd half jumped, reversing declines in the first half
+63% TO US$ 14 MILLION

Achieved Record Sales in full year 2006
+10% TO US$ 243 MILLION

Implemented cost reduction initiatives with 2006 savings of
US$ 1.3 MILLION

Net cash at year-end
US$ 7.8 MILLION

Declared 75% dividend payout totaling
US CENTS 1.46 (US$0.0146)

Del Monte
DEL MONTE PACIFIC LIMITED
ANNUAL REPORT 2006

THE BEGINNING OF A NEW ERA

LETTER TO SHAREHOLDERS

"2006 WAS A TURNAROUND YEAR FOR DEL MONTE PACIFIC AS NEW INITIATIVES PUT IN PLACE BY OUR NEW SHAREHOLDERS AND MANAGEMENT CONTRIBUTED TO THE STRONG SECOND HALF RESULTS. DMPL IS BACK ON THE GROWTH TRACK AFTER 3 YEARS OF DECLINE - AND IS POISED FOR BETTER RESULTS IN 2007."

Dear Valued Shareholders,

On behalf of your Board of Directors, we are pleased to present Del Monte Pacific Limited's (DMPL) results for the financial year ended 31 December 2006.

NEW GROWTH FROM THE NEW TEAM

The Company underwent a change in ownership in late 2005. Following the mandatory general offer on 20 January 2006, NutriAsia Pacific Ltd now owns 84.5% of DMPL.

A new team of talented and motivated managers assumed office in March 2006 to revitalise DMPL's operations.

The new team had since implemented a series of initiatives that resulted in improved sales, significant cost savings, a more effective organisational structure and, most importantly, a return to profit growth after three years of decline. These initiatives include the implementation of an Early Retirement Program, improvements to the Company's long term Supply Contracts, a joint media purchase program with NutriAsia Group, and many more.

Consequently, the Group's net profit for the second half of 2006 increased 63% over the same period in 2005, reversing a 31% decline in first half net profit and bringing full year results back on the growth track.

With a dynamic new Management team, supportive shareholders and a strong brand, the Company is well-positioned for future growth.

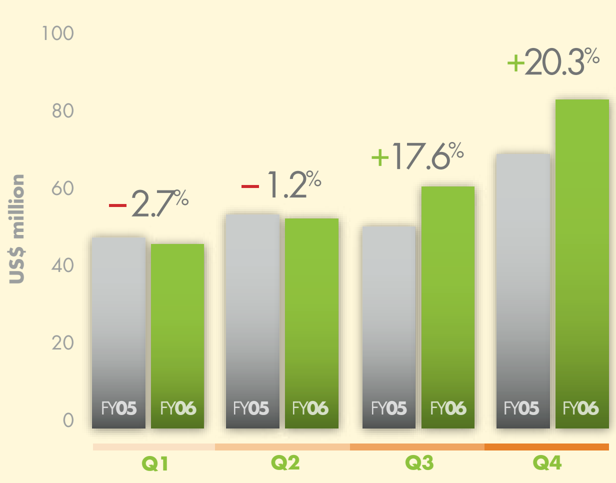
FAVOURABLE 2006 PERFORMANCE

In 2006, our sales reached record levels of US$243.4 million, up 10% from 2005, while net profit rose 12% to US$21.0 million.

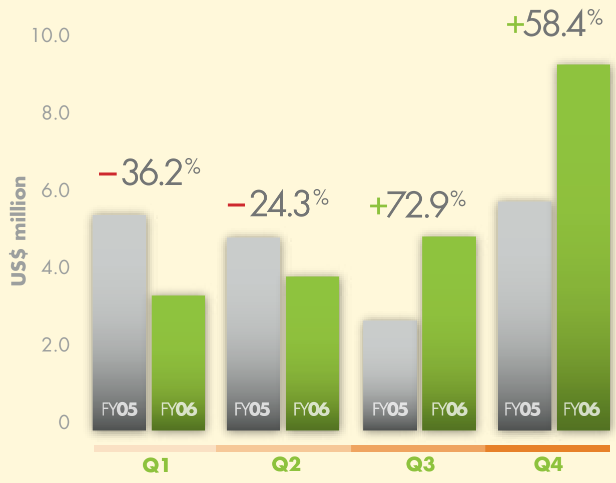
All markets performed well except for Europe. Sales in the Philippines improved by 13%, spurred by the increased demand for processed fruits, a new focus on leveraging the Company's strong position in the growing beverage segment (DMPL owns over 80% of the canned juice market in the Philippines), and better pricing. Sales to North America increased by 16% on both higher volume and pricing.

This excellent performance accompanied gains in DMPL's other markets. New businesses led by the Company's

QUARTERLY TURNOVER



QUARTERLY NET PROFIT



subsidiary in China, Great Lakes, and Del Monte Foods India, also contributed to our revenue growth with sales of US$14.5 million or 6% of the Group's total.

SHAREHOLDER SYNERGIES

Working together with the new shareholders had resulted in significant operational synergies which included joint media purchases and using our pineapple pulp to fatten cattle for San Miguel for additional revenues.

We are currently working with the new shareholders to explore new business opportunities. Notably, we are in the process of developing a range of new products for San Miguel's subsidiary, National Foods Ltd, the leading dairy and juice producer in Australia and New Zealand.

COST SAVINGS

A Transition Team Program, initiated by the new shareholders, generated cost savings of US$1.3 million in 2006. Further savings are expected for 2007 as the full impact of these initiatives are realised. The Early Retirement Program alone is expected to reap cost savings of approximately US$1.8 million in 2007.

Management will continue to develop and implement new cost savings initiatives.

NEW PARTNERSHIPS

To capitalise on our ownership of the Del Monte brand in the large and rapidly growing India market, the new shareholders are exploring strategic partnership opportunities to accelerate growth in that important emerging market along with the balance of the Indian Sub-continent.

Recently, we have entered into a new supply agreement with Del Monte Asia Pte Ltd, Kikkoman Corporation's wholly-owned subsidiary which owns the Del Monte brand in the parts of Asia not owned by DMPL (other than Japan which is owned directly by Kikkoman Corporation), allowing us to sell directly to private label and industrial customers in Asia ex Japan, subject to certain conditions. This opens up a significant, exciting new opportunity for our Company.

We also made significant changes and improvements to our partnership in fresh pineapple production and sales to Fresh Del Monte Produce Inc, the global owner of the Del Monte brand for fresh fruit. These changes involved a significant improvement in the commercial terms applying to the sale of the Champaka or Smooth Cayenne pineapple variety and the agreement to phase out that variety while significantly expanding our supply to them of the globally-preferred MD2 variety, which commands higher pricing.

NEW FACES AND NEW STRUCTURES

New talented and energetic managers joined Del Monte Philippines' Marketing, Sales, Finance, R&D, Procurement and Logistics teams. In Great Lakes China, we put in place a new Management team comprising an Assistant General Manager, Manufacturing Head and Finance Head. In Del Monte Foods India, we appointed a new Commercial Manager.

Aside from new hires, the Finance, IT and Legal groups in the Philippines are being re-organised to become more effective and responsive.

HIGHER DIVIDENDS

Your Board of Directors declared for the year a total dividend per share of 1.46 US cents (approximately 2.25 Singapore cents) in 2006. This compares favourably against the total dividend per share of 1.29 US cents (2.12 Singapore cents) in 2005. The dividends paid in 2006 and 2005 translate to a payout of 75% of full year profits, which is well above our minimum payout policy of 33%.

MORE GROWTH INITIATIVES IN THE FUTURE

We are pleased with the growth achieved by DMPL in the second half of 2006. The Company is back on the growth track with encouraging momentum going into 2007.

However, this is just the beginning. We are actively working on a host of additional business-building activities which include:

- Increased retail coverage in the Philippines
- Expansion of our fruit portfolio in the Philippines (passion fruit), India (guava) and China (peach, strawberry)
- Expansion into the Australia and New Zealand markets via National Foods Ltd
- Penetration into the private label business in Asia
- Expanded cost savings initiatives

We believe that the Company's performance will continue to improve as the full impact of volume-generating initiatives coupled with cost-saving programs are realised starting 2007. Barring any unforeseen circumstances, Management expects the Group to outperform the results achieved in 2006.

OUR APPRECIATION

These are exciting times for the Company. The groundwork has been firmly laid in 2006 and we are set to reap the fruits and generate increasing value for shareholders. A new era of passion and innovation propels us to the big leap forward.

We thank Management and staff for their patience, hard work and commitment.

We are also grateful to our shareholders, bankers, business partners, customers, and our fellow directors, for their support and wise counsel.

We would also like to extend our appreciation to Directors who resigned in the financial year, namely – Tony Chew Leong-Chee, Martin Lorenzo, Mario Resca and Fabio Matarazzo di Licosa, for their invaluable contributions. The Board also wishes to place on record its appreciation to Michael Hwang, who will be retiring at the close of the forthcoming Annual General Meeting, for his invaluable contributions. On behalf of the Board, we wish them the best in their future endeavours.

Lastly, we welcome our new Directors – Ferdinand Constantino, Francis Jardeleza and Edgardo Cruz, Jr – to the Del Monte family. We look forward to your wise counsel.

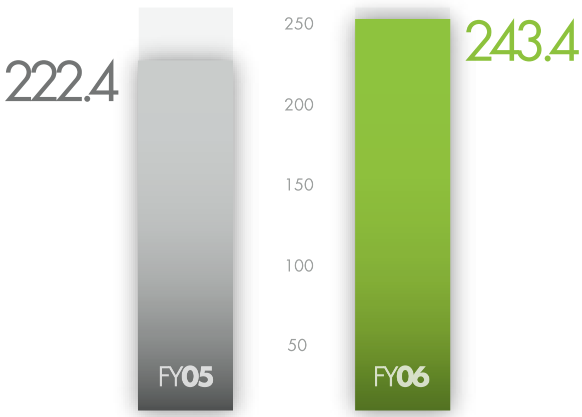
MR RAMON S ANG
Chairman

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

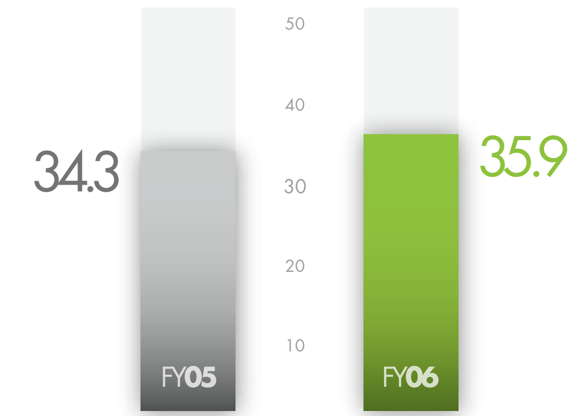
30 March 2007

FINANCIAL HIGHLIGHTS

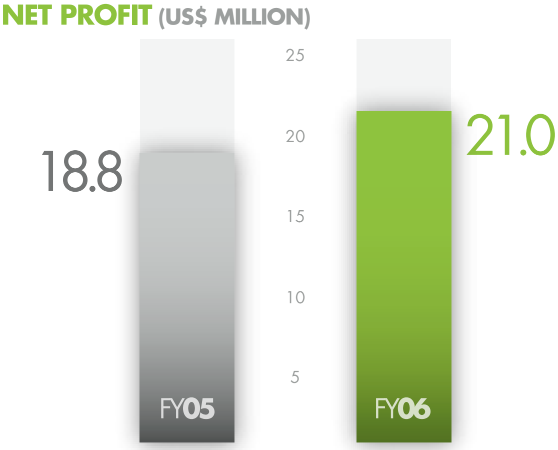
TURNOVER (US$ MILLION)



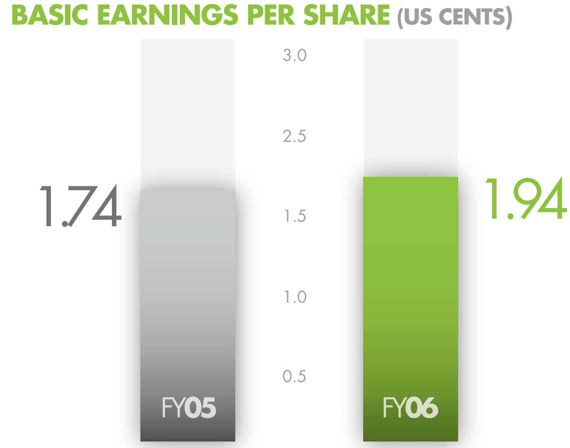
EBITDA (US$ MILLION)



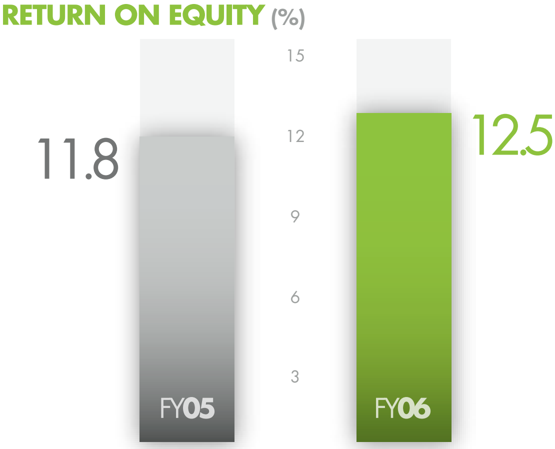
NET PROFIT (US$ MILLION)



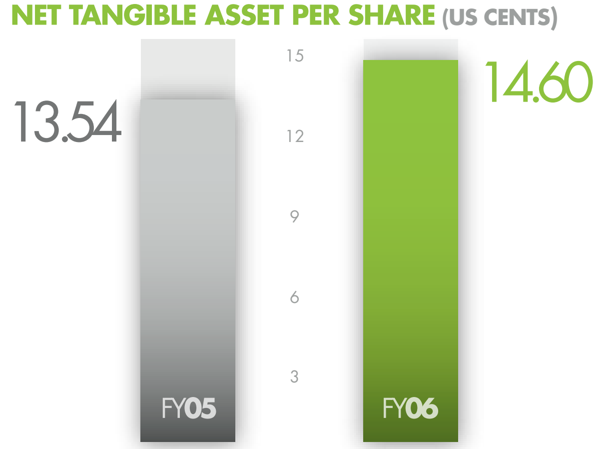
BASIC EARNINGS PER SHARE (US CENTS)



RETURN ON EQUITY (%)



NET TANGIBLE ASSET PER SHARE (US CENTS)



FIVE-YEAR SUMMARY

FINANCIAL YEAR ENDED 31 DECEMBER
(AMOUNTS IN US$ MILLION UNLESS OTHERWISE STATED)

	2006	2005	2004	2003	2002
PROFITABILILTY					
Turnover	**243.4**	222.4	199.6	199.2	196.4
EBITDA	**35.9**	34.3	40.7	39.2	43.9
Margin (%)	**14.7**	15.4	20.4	19.7	22.3
Profit from Operations	**27.8**	24.0	35.0	33.7	39.1
Net Profit	**21.0**	18.8	28.1	30.2	35.2
Margin (%)	**8.6**	8.5	14.1	15.2	17.9
Return on Equity (%) [1]	**12.5**	11.8	18.3	20.6	25.8
BALANCE SHEET					
Net Cash	**7.8**	18.4	27.7	19.2	12.6
Fixed Assets	**56.2**	54.6	48.8	48.7	48.4
Total Assets	**266.3**	254.4	232.3	221.6	200.3
Shareholders' Equity	**173.9**	161.2	157.6	149.3	143.4
CASH FLOW					
Cash Flow from Operations	**9.6**	13.9	40.0	36.9	26.5
Capital Expenditure	**6.1**	7.6	4.9	7.6	10.3
SHARE STATISTICS [2]					
Number of Shares (million)	**1,082**	1,082	1,074	1,072	1,072
Share Price (Singapore cents)	**43.5**	63.5	68.5	58.5	43.0
Share Price (US cents equivalent) [3]	**27.4**	38.3	40.5	33.6	23.9
Market Capitalisation (S$ million)	**470.7**	687.1	736.0	627.2	461.0
Market Capitalisation (US$ million)	**296.0**	413.9	435.5	360.4	256.1
Earnings Per Share (US cents)	**1.94**	1.74	2.62	2.82	3.28
Price Earnings Multiple (x)	**14.1**	22.0	15.5	11.9	7.3
Dividend Per Share (US cents)	**1.46**	1.29	2.35	1.69	1.97
Dividend Per Share (Singapore cents) [4]	**2.25**	2.12	3.89	2.87	3.47
Dividend Yield (%)	**5.2**	3.3	5.7	4.9	8.1
Dividend Payout (%)	**75.0**	75.0	90.0	60.0	60.0
Net Tangible Asset Per Share (US cents)	**14.60**	13.54	13.26	13.06	12.49
P&L rate: US$1 : S$	**1.59**	1.66	1.69	1.74	1.80

[1] Return on equity is calculated based on average equity.

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

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

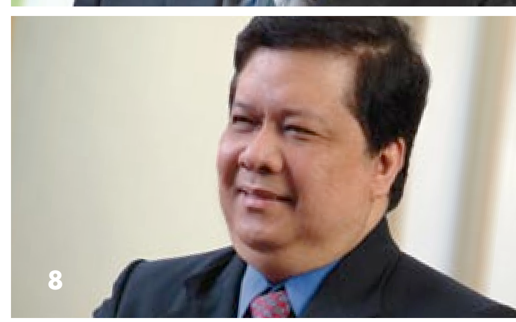
[4] Dividend per share (Singapore cents) is based on the actual exchange rate at the respective time of dividend payment. 2006 is an estimate based on indicative exchange rate.

SHARE PERFORMANCE

DEL MONTE PACIFIC SHARE PRICE AND VOLUME

	2006	2005	2004	2003	2002
SHARE PRICE (S$)					
High	0.635	0.700	0.710	0.605	0.490
Low	0.330	0.530	0.575	0.415	0.370
End of period	0.435	0.635	0.685	0.585	0.430
Average	0.455	0.620	0.635	0.519	0.430
AVERAGE TURNOVER					
Value (S$)	33,437	181,900	129,724	374,984	181,483
Volume (Shares)	72,929	297,264	203,304	700,635	424,665

BOARD OF DIRECTORS



1. MR RAMON S ANG Chairman & Non-Executive Director

Appointed on 20 January 2006 & re-elected on 28 April 2006
Appointed as Chairman on 1 July 2006

Mr Ramon S Ang holds a Bachelor's degree in Mechanical Engineering from Far Eastern University. He is the Vice Chairman, President and COO of San Miguel Corporation responsible for overseeing the strategic thrusts and operations of the entire San Miguel Group whose core businesses are beverage, food and packaging. As such, he is the Chairman or Board member of the Group's subsidiaries in the Philippines and in Australasia. He is also involved in a number of companies in his personal capacity, many of which he has established, primarily in real estate, construction and engineering-related businesses in the Philippines and other Asian countries.

2. MR JOSELITO D CAMPOS, JR Executive Director

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

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

3. MR MICHAEL HWANG Independent Director

Appointed on 9 July 1999 & re-elected on 28 April 2006

Mr Michael Hwang earned his law degree at Oxford University. He is a Senior Counsel and former Judicial Commissioner of the Supreme Court of Singapore. He is a leading litigation lawyer and international arbitrator, with accreditation in more than 15 countries. He has served on international bodies such as the International Chamber of Commerce in Paris and the UN Compensation Commission in Geneva. He was a Partner of Allen & Gledhill, Singapore's largest law firm, for over 30 years and is Singapore's Non-Resident Ambassador to Switzerland. He is also Deputy Chief Justice of the Dubai International Finance Centre. Mr Hwang will be resigning as DMPL Director at the forthcoming AGM on 27 April 2007.

4. MR GODFREY E SCOTCHBROOK Independent Director

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

Mr Godfrey E Scotchbrook is an independent practitioner in corporate communications, issues management and investor relations with over 35 years experience in Asia. In 1990, he founded Scotchbrook Communications and his prior appointments included being Regional Director of Burson-Marsteller, one of the world's leading public relations companies and an executive director of the then publicly listed Shui On Group. A proponent of good corporate governance, he is an Independent Director of Boustead Singapore Ltd and Hong Kong-listed Convenience Retail Asia and Ram Pacific, the Asian subsidiary of the Koç Group. He is a Fellow of the Hong Kong Management Association and also of the British Chartered Institute of Public Relations.

5. MR PATRICK L GO Independent Director

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

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

6. MS MA BELEN C BUENSUCESO Non-Executive Director

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

Ms Ma Belen C Buensuceso holds an MBA from the University of the Philippines and is a Certified Public Accountant. She is the Senior Vice President – Corporate Planning and Development of San Miguel Corporation handling corporate/business portfolio strategy, M&A's, external analysis and operations research. She has extensive business strategy experience in fast moving consumer goods as well as in agribusinesses. She is a board member of various subsidiaries of San Miguel Corporation both domestically and internationally.

7. MR ROLANDO C GAPUD Non-Executive Director

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

Mr Rolando C Gapud holds a Master of Science in Industrial Management degree from the Massachusetts Institute of Technology. He has over thirty years 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 currently adviser to the NutriAsia Group of Companies.

8. MR FERDINAND K CONSTANTINO Non-Executive Director

Appointed on 2 May 2006

Mr Ferdinand K Constantino holds a Bachelor's Degree in Economics from the University of the Philippines. He also took Graduate courses in Economics and Business in the same university. Mr Constantino has over 34 years experience in financial management, financial planning and analysis, financial systems, comptrollership, economic analysis and strategic planning. He is the Senior Vice President and Chief Finance Officer and Treasurer of San Miguel Corporation (SMC). He also sits on the boards of several SMC subsidiaries and affiliates. He was previously Group Comptroller of SMC and Division Chief Finance Officer of San Miguel Beer Division.

9. MR EDGARDO M CRUZ, JR Non-Executive Director

Appointed on 2 May 2006

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

10. MR FRANCIS H JARDELEZA Non-Executive Director

Appointed on 2 May 2006

Mr Jardeleza holds a Bachelor's degree in Law from the University of the Philippines and a Masters degree in Law from Harvard Law School. He is San Miguel Corporation's Corporate Secretary since April 2001. He is concurrently San Miguel Corporation's General Counsel, a position he has held since 1996. He also sits on the boards of several SMC subsidiaries and affiliates. Prior to joining SMC, he was a Partner in Angara Abello Concepcion Regala & Cruz Law Offices.

SENIOR MANAGEMENT

1. MR JOSELITO D CAMPOS, JR

Managing Director and CEO, Del Monte Pacific Ltd
Appointed on 2 May 2006

President and CEO, Del Monte Philippines, Inc
Appointed on 16 March 2006

Mr Joselito D Campos, Jr holds an MBA from Cornell University. He is Chairman and CEO of the NutriAsia Group of Companies, a major food conglomerate in the Philippines. He is also Chairman of Fort Bonifacio Development Corp and Vice Chairman of Ayala-Greenfield Development Corp, two major Philippine property developers. He was formerly Chairman and CEO of United Laboratories, Inc and its regional subsidiaries and affiliates. UniLab is the Philippines' largest pharmaceutical company with substantial operations in the Asian region. Mr Campos is the Honourary Consul in the Philippines for the Republic of Seychelles. He is Chairman of the Metropolitan Museum of Manila and is a Trustee of the Asia Society in the Philippines, the Philippines-China Business Council, the Philippine Business for Social Progress Foundation and the Philippine Center for Entrepreneurship.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2. MR LUIS F ALEJANDRO

Senior Vice President, Del Monte Pacific Ltd

General Manager and Chief Operating Officer, Del Monte Philippines, Inc

Appointed on 16 March 2006

Mr Luis F Alejandro holds a Bachelor's degree in Economics from the Ateneo de Manila University and an MBA from the Asian Institute of Management. He has over 20 years of experience in consumer products. 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.


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3. MR RICHARD W BLOSSOM

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

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


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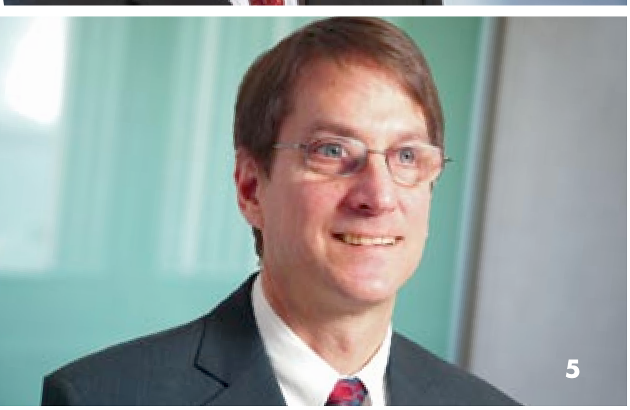


4. MR IGNACIO C O SISON

CFO, Del Monte Pacific Ltd
Appointed on 1 October 2006

Mr Ignacio 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 Sison has almost 20 years of finance experience spanning treasury, corporate planning and controllership. He was previously Vice President, Corporate Controller, and Vice President, Treasury and Corporate Development, of DMPI, and Finance Director of the Company's subsidiary in Singapore. Before joining the Company in 1999, he was CFO of Macondray and Company, Inc. He also worked for SGV & Co, the largest audit firm in the Philippines, and Pepsi-Cola Products Philippines, Inc.

5. MR PAUL L RASCH

President, Great Lakes Fresh Foods and Juice Co Ltd

Mr Paul L Rasch is the President of DMPL's subsidiary in China. He started Great Lakes Fresh Foods and Juice Company in China in 1993 as an offshoot of the Rasch family's fruit operations in the USA. He has lived in China and grown the business there for the last 12 years. Mr Rasch holds a Bachelor's degree from the Oberlin College in Ohio USA. He has over 25 years experience in the fruit business which includes his previous employment as an Operations Manager of Hilltop Orchards and General Manager of South Haven Cold Storage.

FINANCIAL REVIEW

TURNOVER

Turnover in 2006 increased by 10% to a record of US$243.4 million on higher sales in Asia Pacific, North America and in the new businesses. The new businesses contributed US$14.5 million, double that in 2005, and accounting for 6% of total turnover.

In Asia Pacific, turnover improved by 11% to US$163 million from US$146.8 million primarily due to higher sales in the Philippines and China. In Europe and North America, turnover also grew by 6% to US$80.4 million as strong sales in North America offset declines in Europe.

Processed products sales increased by 10% on the back of strong sales of all product segments with the highest growth coming from mixed fruits. Beverages performed well, up by 19% mainly due to higher sales of juices in the Philippines, China and higher concentrate sales to North America. Non-processed products which accounted for 2% of Group turnover, remained weak.

PROFITABILITY

PBIT grew by 16% to US$28.6 million as a result of higher gross profit on the back of record sales and non-recurrence of exceptional expenses in 2006. Net profit for the full year rose 12% to US$21 million, reversing three years of profit declines.

In the second half alone, net profit jumped 63% as a result of better volume, brand-building programs, and transition cost-saving initiatives under the new management. This reversed the 31% decline in first half net income, bringing full year results back to growth.

Return on Equity for 2006 increased to 12.5% versus the previous year's 11.7%.

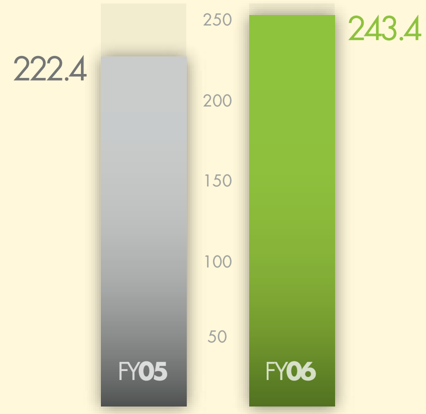
BASIC EARNINGS PER SHARE

Basic earnings per share (EPS) increased to 1.94 US cents from 1.74 US cents as a result of the 12% increase in net profit.

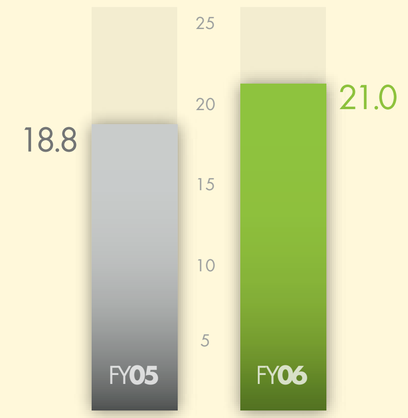
MARGINS

Gross profit margin declined to 25.8% from 26.3% despite higher turnover, due to increases in raw materials, packaging, labour and energy cost, as well as the unfavourable impact of the 8% Peso appreciation. PBIT margin, however improved to 11.8% from 11.1%, mainly due to the non-recurrence of exceptional items in the year of review as compared to the prior year.

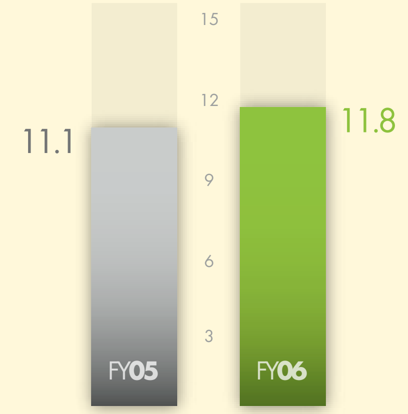
TURNOVER (US$ MILLION)



NET PROFIT (US$ MILLION)



PBIT MARGIN (%)



DIVIDENDS

The Board declared a final dividend per share of 0.97 US cents (about 1.48 Singapore cents). Coupled with the interim dividend per share of 0.49 US cents (0.77 Singapore cents), this translates to a total dividend for the year of 1.46 US cents (about 2.25 Singapore cents) per share compared to 1.29 US cents (2.12 Singapore cents) in the prior year. This dividend represents a 75% payout of full year 2006 net profit, higher than the Group's minimum payout policy of 33%.

BALANCE SHEET

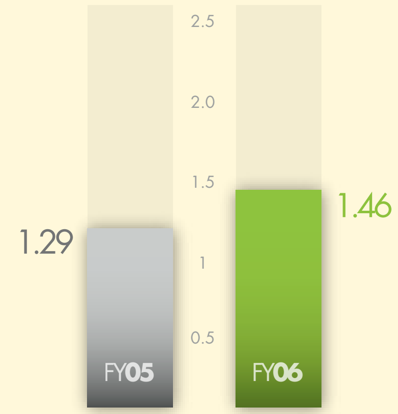
In the year in review, Del Monte Pacific maintained a healthy balance sheet, with a net cash position of US$7.8 million. However, this was lower than the US$18.4 million at the end of 2005 mainly due to the Del Monte trademark settlement for the Indian Sub-continent worth US$9.0 million and the acquisition of the remaining 11% stake in Abpak Company Ltd, the parent company of Great Lakes in China, for US$1.3 million. (Please refer to Note 5 for more details on the trademark settlement).

As at 31 December 2006, shareholders' equity increased to US$173.9 million compared to prior year's US$161.2 million and net tangible asset per share improved to 14.60 US cents from 13.54 US cents.

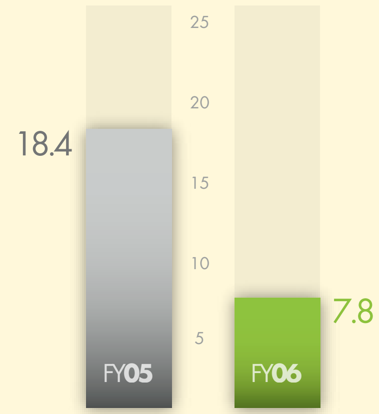
CURRENCY TRANSLATION

Year-on-year, the Philippine Peso appreciated by about 8% against the US Dollar. The Group's Philippine business' accounts are translated from Peso into US Dollar for reporting purposes. The Group's proportion of Peso-denominated revenues is lower than its proportion of Peso-denominated costs. In a situation of a strong Peso against the US Dollar, there is a net negative impact on the gross profit margin of the Group.

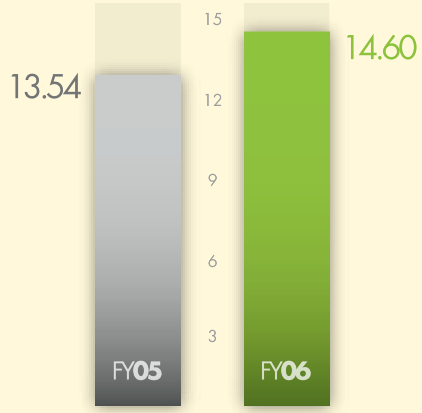
DIVIDEND PER SHARE (US CENTS)



NET CASH (US$ MILLION)



NET TANGIBLE ASSET PER SHARE (US CENTS)

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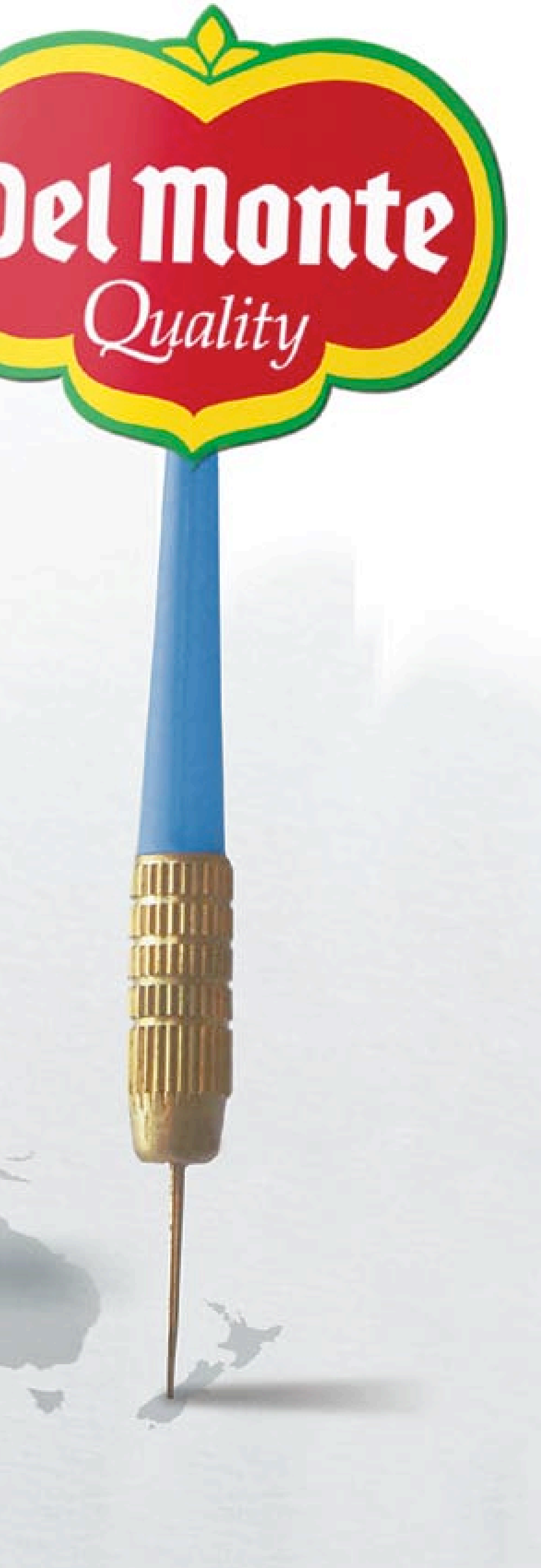


NEW BOUNDARIES

WE PUSH OURSELVES BEYOND BOUNDARIES – LITERALLY AND FIGURATIVELY. THE FUTURE IS PROMISING AS WE VENTURE OUT INTO NEW MARKETS SUCH AS AUSTRALIA, NEW ZEALAND, NEPAL AND MANY MORE. WE WILL ALSO PROCESS NEW FRUITS LIKE GUAVA, PASSION FRUIT, PEACH AND STRAWBERRY TO ADD TO OUR CURRENT OFFERING OF PINEAPPLE, APPLE AND MANGO.

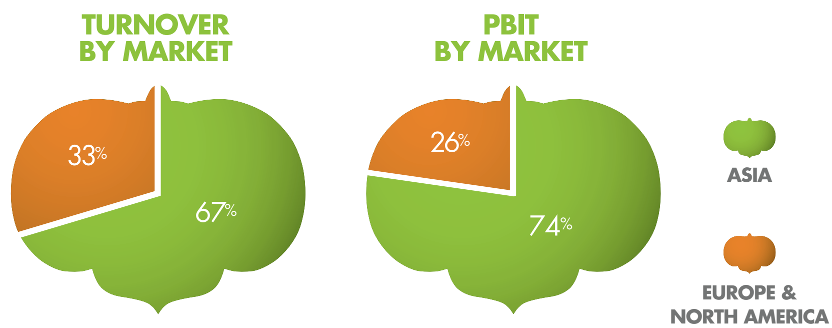
OPERATIONS REVIEW
MARKETS

ASIA PACIFIC

Turnover in Asia Pacific, accounting for 67% of total turnover in 2006, includes the following: sales in the Philippines and the Indian Sub-continent, where Del Monte Pacific owns the *Del Monte* trademark; sales of Great Lakes, the premium fruit juice producer in China which was acquired in July 2004; and sales in the rest of Asia Pacific, where the Group sells *Del Monte*-branded processed food product and fresh pineapple through its business partners.

In 2006, turnover in Asia Pacific grew by 11% to US$163.0 million from US$146.8 million mainly due to higher sales in the Philippines and China.

PBIT rose 34% to US$21.3 million from US$15.9 million as a result of higher sales and lower other operating expenses. PBIT margin increased to 13.1% from 10.8% in 2005. New businesses – China and India – posted lower losses compared to the prior year due to higher revenues.



PHILIPPINES

Sales in the Philippines rose 13% on the back of higher prices, aided by the impact of 8% Peso appreciation on US Dollar translation. Volume was up marginally by 1% as gains in processed fruits and beverages were offset by declines in the sauces category.

Del Monte beverages continued to grow, primarily on the strength of *Del Monte 100% Pineapple Juice*. We built on its health benefits through advertising, on-ground activities targeted to core consumers such as medical detailing and prescription programs, as well as school visits.

As a first step to revitalising the local juice drinks category, *Del Monte Fit 'n Right Juice Drink* was launched in September 2006. Built primarily on a weight-loss platform, it is the first juice drink in the Philippines with the breakthrough fat-burning L-Carnitine and B-Vitamins that help speed up metabolism.

Del Monte processed fruits also performed well with the launch of a new advertising campaign, promoting the use of pineapple in everyday dishes for healthier and tastier meals. In addition, value-driven promotions helped boost sales for *Del Monte Fiesta Fruit Cocktail*.

We launched the *Del Monte Fried Chicken Mix* in August 2006. This product successfully takes the restaurant fried chicken experience to the home. The response has been quite positive and the overall category is growing strong.

We also launched the *Del Monte Recipe Mix* replacing a line of products called *Del Monte Recipe Sauce*. In its new form, it offers consumers more affordable pricing and more authentic-tasting Filipino, sauce-based dishes.

Sales to the Food Service segment grew moderately as a result of new supply contracts on processed pineapple and increased consumption levels for ketchup in the major fast food accounts. The sachet format has also grown aggressively, making Del Monte the preferred supplier of condiments in sachets in the food service industry.

CHINA

Great Lakes' turnover in 2006 almost doubled to US$13.9 million from US$7.1 million on higher volume and reduced trade spending.

The China juice market continued to grow strongly. Great Lakes volume increased significantly by 27% driven by improved distribution and product upgrades on our domestic business and higher supply requirements from industrial partners on our OEM and processed apple export businesses.

For the domestic market, we launched the *Rougemont* mango and kiwi flavours. We also started producing products in cheerpack format for a major consumer company for its Australian and New Zealand markets.

Great Lakes' variable costs increased due to higher apple and PET prices. We also incurred additional fixed costs in the new Lulong facility acquired in the end of 2005. Great Lakes posted net losses but these were much lower as compared to that in 2005 due to higher sales.

INDIAN SUB-CONTINENT

In 2006, Del Monte Foods India (DMFI) started selling industrial mango puree to the Middle East, a major market for Indian mango puree. It also built its export customer base, with initial shipments to customers in Europe starting in the fourth quarter. As we are still building scale in the Indian operations, DMFI posted losses in 2006.

TRADING BUSINESS

Importation of *Del Monte* products into the Indian Sub-continent expanded with over 50% growth in 2006. Pakistan, Del Monte Pacific's biggest market in the Indian subcontinent, showed good prospects. Pakistan and India imported newly-launched *Del Monte* juice in 250ml glass bottle from Great Lakes in China. We also penetrated a new market by appointing a distributor in Nepal importing *Del Monte 202* juices from the Philippines and *Del Monte* 1-litre PET juices from Great Lakes in China.

EUROPE & NORTH AMERICA

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

In 2006, Europe and North America accounted for 33% of Group turnover. Turnover in this region increased by 6% to US$80.4 million from US$75.6 million as strong sales in North America offset declines in Europe.

Sales to North America improved due to higher volume and prices. However, sales to Europe were down due to lower volume of processed pineapple.

PBIT for Europe and North America fell 16% to US$7.4 million from US$8.8 million due to the negative impact of the Peso appreciation on the translation of Peso costs to US dollars, compounded by inflationary cost increases. PBIT margin decreased to 9.1% from 11.6% in 2005.

OPERATIONS REVIEW
PRODUCTS

PROCESSED PRODUCTS

Processed products are the largest product category, accounting for 68% of total turnover in 2006. Processed products include processed fruits and vegetables (pineapple, tropical mixed fruit, tomato-based products), and other products such as pasta and condiments. It also now includes sales of Del Monte-branded processed products such as canned vegetable and deciduous fruits sourced from other Del Monte companies and third party suppliers.

Turnover of processed products in 2006 increased by 9.5% to US$165.8 million from US$151.4 million in the prior year due to strong sales of all the product segments with the highest growth coming from mixed fruits.

PBIT rose 24% to US$22.4 million from US$18.0 million on the back of higher turnover and lower other operating expenses, mitigating the negative impact of inflationary cost increases and the strong Peso. PBIT margin increased to 13.5% from 11.9% in 2005.

BEVERAGES

Beverages consist of juices, juice drinks, purees and juice concentrates. The major fruits that we process are pineapple, apple and mango. This segment accounted for 30% of the Group's total turnover in 2006.

Beverage turnover in 2006 increased by 19% to US$72.5 million from US$60.8 million mainly due to higher sales of juices in the Philippines and China and higher concentrate sales to North America. Great Lakes posted robust sales of US$12.0 million, up 72%, on improved volume and reduced trade spending.

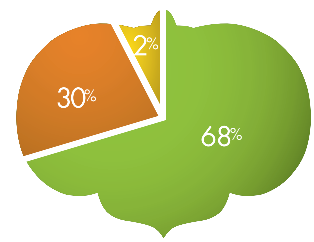
Consequently, Beverage PBIT for the full year rose 11% to US$6.7 million from US$5.9 million. New businesses – China and India - registered lower losses due to higher turnover. Beverage PBIT margin was slightly lower at 9.3% from 10.0%.

NON-PROCESSED PRODUCTS

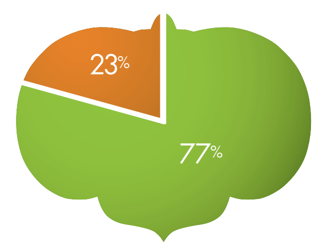
Non-processed products comprise fresh pineapple and the non-core cattle business – both sold only in Asia. The cattle operation is used for the disposal of pineapple pulp. This segment accounted for 2% of Group sales in 2006.

Turnover for non-processed products fell 50% to US$5.1 million from US$10.1 million in 2005 due to lower volume and prices for fresh pineapple and lower volume for cattle. PBIT was a loss of US$0.5 million from a profit of US$0.5 million in 2005.

TURNOVER BY PRODUCT



PBIT BY PRODUCT



PROCESSED PRODUCTS | BEVERAGES | NON-PROCESSED PRODUCTS

OPERATIONS REVIEW PRODUCTION

Del Monte Pacific operates one of the world's largest pineapple plantations of 19,499 hectares located in the southern Philippines. Our fully integrated operations, which include an on-site can-making facility and a seaport, ensure the delivery of premium quality products and an efficient supply chain from production to market.

In 2006, we harvested 637,116 metric tonnes of pineapples, almost the same level as that of 2005. Majority of the harvested pineapples went into processing, with only 3% sold as fresh. We also harvested 7,721 metric tonnes of papaya, which was more than 5 times higher than the prior year. Papayas are used for mixed tropical fruit products.

The Group invested in capital expenditures worth US$6.1 million in 2006, 20% lower compared to the US$7.6 million in 2005 as some projects were deferred pending a strategic review of project priorities. Great Lakes accounted for US$2.3 million of the capital expenditures as a result of the expansion and diversification at the Lulong factory in China to produce apple-based products, and also peach and strawberry-based products in the future.

Other capital expenditures in 2006 included:

- Various improvements in the Cannery to meet market demand for products in new packaging formats
- Cannery & Plantation projects for Good Manufacturing Practices and environmental compliance
- Ongoing reconditioning and replacement of various farm machineries and automotive equipment units at the Plantation

Aside from HACCP, Kosher and Halal certifications, our Cannery also earned the Good Manufacturing Practices certification from leading industrial systems certifier, Societe Generale de Surveillance (SGS) in 2006.

Our Cannery also earned an ISO 9001-2000 certificate affirming its conformance to international standards of quality management in the design and development, processing, packaging and shipping of fruit and fruit product, and in the manufacture of cans and can ends. The certificate issued by SGS is valid until 2009.

BUSINESS OUTLOOK

We are pleased with the growth achieved by DMPL in the second half of 2006. The Company is back on the growth track with an encouraging momentum going into 2007.

However, this is just the beginning. We are actively working on a host of additional business-building activities which include:

- Increased retail coverage in the Philippines
- Expansion of our fruit portfolio in the Philippines (passion fruit), India (guava) and China (peach, strawberry)
- Expansion into the Australia and New Zealand markets via National Foods Ltd
- Penetration into the private label business in Asia
- Expanded cost savings initiatives

We believe that the Company's performance will continue to improve as the full impact of volume-generating initiatives coupled with cost-saving programs are realised starting 2007. Barring any unforeseen circumstances, Management expects the Group to outperform the results achieved in 2006.

CORPORATE GOVERNANCE

DEL MONTE PACIFIC IS COMMITTED TO THE HIGHEST STANDARDS OF CORPORATE GOVERNANCE AND SUPPORTS THE PRINCIPLES OF OPENNESS, INTEGRITY AND ACCOUNTABILITY ADVOCATED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") AND THE 2005 CODE OF CORPORATE GOVERNANCE ("CODE"). THE COMPANY CONFIRMS THAT IT HAS ADHERED TO THE PRINCIPLES AND GUIDELINES AS SET OUT IN THE CODE, WHERE APPLICABLE, AND HAS SPECIFIED AND EXPLAINED THE AREAS OF NON-COMPLIANCE IN ITS REPORT.

THE KEY ASPECTS OF OUR GROUP'S CORPORATE GOVERNANCE FRAMEWORK AND PRACTICES ARE DISCUSSED IN REFERENCE TO THE PRINCIPLES OF THE CODE.

BOARD MATTERS

PRINCIPLE 1
THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

Certain board matters such as remuneration and detailed discussion of financial reports to the Singapore Exchange, are delegated to the Remuneration and Share Option Committee, and Audit Committee, respectively.

To achieve its goals, the Board ensures that the Company is equipped with the necessary financial, technical and human resources. A number of key positions had been filled in 2006 following the change in major shareholders. Talented and energetic Management and staff assumed office during the year.

The Board, together with Management, is shaping the Company's values and standards to be more innovative and global in mindset.

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

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

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

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

Board meetings are scheduled to enable the Board to perform its duties. During the year in review, the Board held five meetings. To ensure meetings are held regularly with maximum Board participation, the Company's Articles of Association allow for tele- and video-conference meetings.

ATTENDANCE AT THE BOARD AND BOARD COMMITTEE MEETINGS IN 2006

DIRECTORS	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION AND SHARE OPTION COMMITTEE MEETINGS		NOMINATING COMMITTEE MEETINGS	
	NO. OF MEETINGS HELD	ATTENDANCE	NO. OF MEETINGS HELD	ATTENDANCE	NO. OF MEETINGS HELD	ATTENDANCE	NO. OF MEETINGS HELD	ATTENDANCE
Ramon S Ang [1]	5	3	–	–	–	–	–	–
Joselito D Campos, Jr [1]	5	5	–	–	–	–	–	–
Michael Hwang	5	5	4	4	2	2	4	4
Godfrey E Scotchbrook	5	5	4	4	2	2	4	4
Patrick L Go [2]	5	5	4	1	2	–	4	1
Rolando C Gapud [3]	5	5	4	2	2	–	4	2
Ma Belen C Buensuceso [3]	5	5	4	2	2	–	4	2
Ferdinand K Constantino [4]	5	3	–	–	–	–	–	–
Edgardo M Cruz, Jr [4]	5	3	–	–	–	–	–	–
Francis H Jardeleza [4]	5	3	–	–	–	–	–	–
Tony Chew Leong–Chee [5]	5	3	4	2	2	2	4	2
Mario Resca [6]	5	3	4	2	2	2	4	2
Martin P Lorenzo [6]	5	3	–	–	2	2	4	2
Fabio Matarazzo di Licosa [7]	5	3	–	–	–	–	–	–

1 Appointed as Directors on 20 January 2006
2 Appointed as Committee Member on 26 July 2006. Prior to his appointment, he was an alternate to Martin Lorenzo in the Remuneration and Share Option Committee and Nominating Committee and he attended meetings in his role as an alternate.
3 Appointed as Directors on 20 January 2006 and as Committee Members on 2 May 2006
4 Appointed as Directors on 2 May 2006
5 Resigned as Director and Committee Member on 30 June 2006
6 Resigned as Directors and Committee Members on 2 May 2006
7 Resigned as Director on 2 May 2006

* Messrs Thomas F Warner, Richard W Blossom, Tomas P Lorenzo and Paolo Fanizza resigned as Directors on 20 January 2006

The Board provides each newly appointed director with a formal letter and a kit, setting out the director's duties and obligations and information about the Company.

New directors also go through an orientation programme whereby they are briefed by the Company Secretary on their obligations as directors, as well as the Group's governance practices, and relevant statutory and regulatory compliance issues. They are also briefed by Management on the Group's industry and business operations, including a tour of the Group's plantation and manufacturing facilities, as well as visits to the trade.

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 is of the view that the Company's directors make objective decisions in the interests of the Company.

PRINCIPLE 2
BOARD'S COMPOSITION AND GUIDANCE

The Board comprises ten directors, only one of whom is an executive director while the majority are non-executive directors. There are presently three independent directors. A list of our Directors, which includes the nature of their appointment and appointment dates, is set out on pages 10-11 of this Report.

Although the Board does not comprise at least one-third independent directors, there exists a strong element of independence. With the majority of the Board comprising non-executive directors, the Board is of the view that it is able to exercise objective judgment on corporate affairs independently. No individual or group of individuals dominates the Board's decision-making. Moreover, the roles of Chairman and CEO are assumed by different persons.

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

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

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

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

PRINCIPLE 3
CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a clear division of executive duties and responsibilities in the Company, providing checks and balances to ensure that no one individual represents a considerable concentration of power, and that accountability is increased. The Company's business is managed and administered by the Managing Director and CEO, Joselito D Campos Jr, while the Board is headed by Ramon S Ang as Chairman.

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

PRINCIPLE 4
BOARD MEMBERSHIP

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

Michael Hwang	Chairman & Independent Director
Godfrey E Scotchbrook	Independent Director
Patrick L Go	Independent Director
Ma Belen C Buensuceso	Non-Executive Director
Rolando C Gapud	Non-Executive Director

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

The NC will review and implement a process for the selection and appointment of new directors, when the need to induct a new Board member arises. This may include initiating a professional search for suitably qualified candidates.

Details of each director's academic and professional qualifications, directorships or chairmanships in other companies, and other major appointments, are presented on pages 10-11 of this Annual Report.

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

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

All directors may hold office for a maximum period of three years whereupon they shall retire, but are eligible for re-election.

RETIRING UNDER ARTICLE 88

Godfrey E Scotchbrook Independent Director
Appointed on 28 December 2000 and re-elected on 28 April 2004

Patrick L Go Independent Director
Appointed on 19 April 2001 and re-elected on 28 April 2004

In reviewing the nomination of the directors retiring by rotation under Article 88, the NC considered the contribution and performance of the directors, taking into account their attendance and participation at Board and committee meetings. The NC has also confirmed Godfrey Scotchbrook's and Patrick Go's independence. Mr Scotchbrook and Mr Go duly abstained from making a recommendation on their respective nomination.

RETIRING UNDER ARTICLE 92

Ferdinand K Constantino Non-Executive Director
Appointed on 2 May 2006

Edgardo M Cruz, Jr Non-Executive Director
Appointed on 2 May 2006

Francis H Jardeleza Non-Executive Director
Appointed on 2 May 2006

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

PRINCIPLE 5
BOARD PERFORMANCE

The NC has established processes and objective performance criteria for evaluating the effectiveness of the Board as a whole. A performance evaluation was initiated during the year and a report on its findings will be presented to the NC and the Board.

PRINCIPLE 6
ACCESS TO INFORMATION

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

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

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

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

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

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

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

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

REMUNERATION MATTERS

PRINCIPLE 7
PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

Godfrey E Scotchbrook	Chairman & Independent Director
Michael Hwang	Independent Director
Patrick L Go	Independent Director
Ma Belen C Buensuceso	Non-Executive Director
Rolando C Gapud	Non-Executive Director

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

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

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

PRINCIPLE 8
LEVEL AND MIX OF REMUNERATION

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

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

In reviewing the recommendation for non-executive directors' remuneration for 2006, the RSOC has adopted a framework, based on guidelines recommended by the Singapore Institute of Directors, which comprises a base fee, fees for membership in Board committees, as well as fees for chairing Board committees, taking into consideration the amount of time and effort that each Board member may be required to devote to the role and the fees paid in comparable companies.

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

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

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

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

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

PRINCIPLE 9
DISCLOSURE ON REMUNERATION

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

DISCLOSURE ON REMUNERATION OF DIRECTORS FOR 2006

REMUNERATION BANDS & NAMES OF DIRECTORS	FIXED SALARY %	DIRECTOR FEES %	VARIABLE INCOME/ BONUS %	BENEFITS IN KIND %
EXECUTIVE DIRECTOR				
S$250,000 to Below S$500,000				
Joselito D Campos, Jr	88	12	–	–
NON–EXECUTIVE DIRECTORS				
Below S$250,000				
Ramon S Ang	–	100	–	–
Michael Hwang	–	100	–	–
Godfrey E Scotchbrook	–	100	–	–
Patrick L Go	–	100	–	–
Ma Belen C Buensuceso	–	100	–	–
Rolando C Gapud		100		
Ferdinand K Constantino	–	100	–	–
Edgardo M Cruz, Jr	–	100	–	–
Francis H Jardeleza	–	100	–	–

Notes:
There are no more outstanding share options as at year-end 2006

DISCLOSURE ON REMUNERATION OF KEY EXECUTIVES[1] FOR 2006

REMUNERATION BANDS & NAMES OF KEY EXECUTIVES	FIXED SALARY %	VARIABLE INCOME/ BONUS %	BENEFITS IN KIND %
S$500,000 and Above			
Fabio Matarazzo di Licosa	70%	–	30%
S$250,000 to Below S$500,000			
Luis F Alejandro	99%	–	1%
Richard W Blossom	87%	–	13%
Paul L Rasch	77%	–	23%
Below S$250,000			
Ignacio C O Sison	94%	4%	2%

[1] Key Executives who are not Directors
* There are no more outstanding share options as at year-end 2006

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10
ACCOUNTABILITY

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

For effective monitoring of the Group's business and affairs, management and financial information are provided to the Board. This information includes disclosure documents, quarterly results, forecasts for profit and cash flow, working capital and borrowing levels, compared to approved budgets and the prior year's results. These have been provided on a monthly basis to the Board. A new reporting template is being developed to further facilitate the dissemination of this information to the Board.

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

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

PRINCIPLE 11
AUDIT COMMITTEE

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

Michael Hwang	Chairman & Independent Director
Godfrey E Scotchbrook	Independent Director
Patrick L Go	Independent Director
Ma Belen C Buensuceso	Non-Executive Director
Rolando C Gapud	Non-Executive Director

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

Under its terms of reference, the AC is responsible for reviewing the scope and results of the audit and its cost effectiveness. The AC also ensures the independence and objectivity of the external auditors. Likewise, it reviews the non-audit services provided by the Company's external auditors. In 2006, the AC reviewed the audit and non-audit services of the external auditors and was satisfied with their independence.

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

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

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

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

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

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

PRINCIPLE 12
INTERNAL CONTROLS

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

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

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

PRINCIPLE 13

INTERNAL AUDIT

The Group's Corporate Auditing department is staffed by trained personnel with appropriate segregation of duties from the activities it audits. This department has a respectable standing within the Company and is responsible for ensuring that risk management, control and governance processes are effectively implemented and maintained, and that such internal controls and systems are adequate and functioning effectively.

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

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

COMMUNICATION WITH SHAREHOLDERS/ INVESTOR RELATIONS

PRINCIPLE 14

The Company places importance on strengthening shareholder relations through regular dialogues with the investing community, based on the principle of effective and fair communication. The Company is committed to providing easy access to timely and relevant information about the Company. The Company encourages shareholders to share their views or inputs, and endeavours to address their concerns.

To maintain an open channel of communication, the Company has an email alert system whereby emails on the Company's developments and updates are sent regularly via an investor-friendly Del Monte template. To ensure fairness, this is also broadcast to the public via the SGXNET system. The Company does not practice selective disclosure.

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

PRINCIPLE 15

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

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

We have separate resolutions at general meetings on each distinct issue.

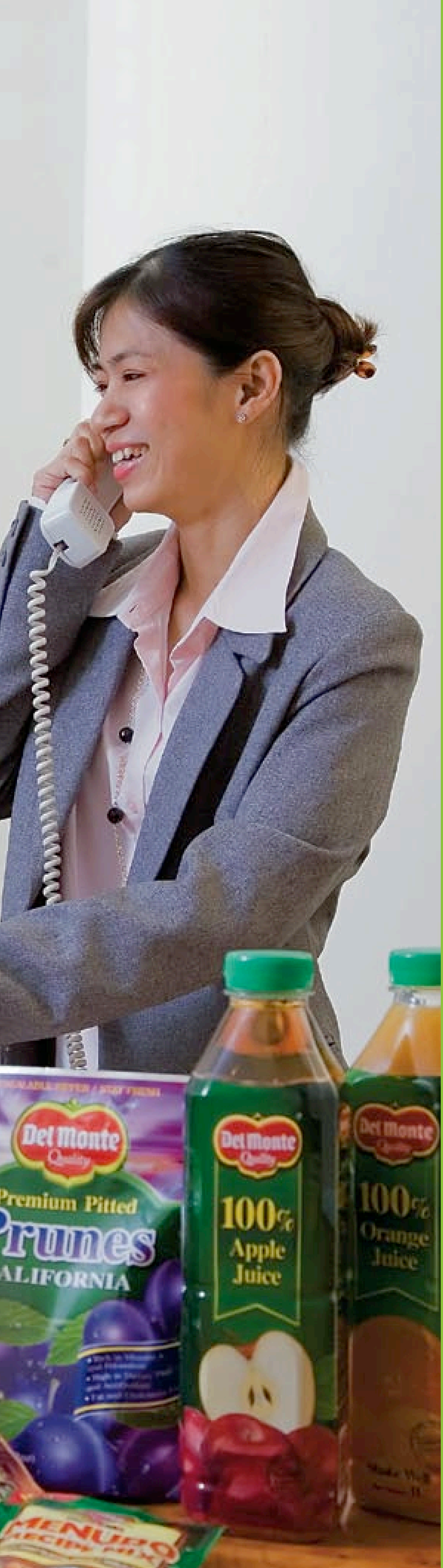
The Company is reviewing the feasibility of amending its Articles of Association to avoid imposing a limit on the number of proxies for nominee companies.

DEALINGS WITH SECURITIES

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

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


Del Monte
Quality
NEW!
RESTAURANT STYLE
FRIED
MIXES
CHERRIES



NEW FACES

A NEW TEAM OF ENERGETIC, INNOVATIVE AND TALENTED MANAGEMENT AND STAFF JOINED THE COMPANY STARTING MARCH 2006. TOGETHER, THEY HAVE INFUSED NEW PASSION AND COMMITMENT INTO THE COMPANY WITH THEIR BOLD ATTITUDE AND CAN-DO SPIRIT.

SOCIAL RESPONSIBLITY

AT DEL MONTE PACIFIC, THE CULTURE IS ROOTED IN VALUES OF INTEGRITY, RESPECT FOR DIGNITY AND CONCERN FOR THE COMMON GOOD. WE CARE FOR THE WELL-BEING, GROWTH AND DEVELOPMENT OF OUR PEOPLE AND HOST COMMUNITIES. WE DELIGHT OUR CUSTOMERS WITH INNOVATIVE PRODUCTS OF UNCOMPROMISING QUALITY THAT HAVE BECOME HOUSEHOLD NAMES IN SEVERAL COUNTRIES. WE NURTURE NATURE WHICH IS THE SOURCE OF OUR BUSINESS, AND WHERE IT ALL BEGAN MORE THAN 80 YEARS AGO.

CARING FOR OUR ENVIRONMENT

Del Monte Pacific is committed to doing its share in protecting and preserving the environment for future generations.

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

We have organised Environment Management System (EMS) teams at the Plantation and Cannery to spearhead the planning, implementation and monitoring of environment-related programmes, and our compliance with environmental laws.

The pineapple pulp waste disposal system is just one example of the Group's innovative conservation programmes. Initiated over 40 years ago, it was designed to take excess pineapple pulp at our Cannery and convert it into cattle feed, thereby reducing waste and costs. Our state-of-the-art wastewater treatment plant, built at our seaside Cannery, helps protect nearby coastal waters from pollution. The high-filtration juice plant at our Cannery also processes excess juice into pineapple concentrate and syrup, significantly reducing the volume of waste water processed at the treatment plant.

With the community and concerned non-government organisations, efforts have also been exerted to enhance solid waste management and other environment conservation programmes. Families of Plantation-based employees segregate domestic solid waste right at their own homes. Proceeds from the sale of recyclable waste materials help fund community projects. The cannery supports a domestic waste segregation project of its host community. Composted wastes are used by indigent families for a communal vegetable farm, now earning good income for these families.

A vigorous campaign to conserve the use of energy, water and other resources among employees whose families live in Company-owned camp houses has helped reduce energy consumption at the Plantation significantly.

We have worked with Philippine government agencies and local government units to ensure a safe environment for our workers and our host communities. We help conserve our natural resources by supporting local tree nurseries, tree planting, educational drives on wildlife protection, socio-economic projects for upland communities and water-protection programmes. Cannery teams continue to provide active support to environmental management of coastal waters and conservation of water resources.

For its efforts, Del Monte Pacific has received recognition from the Philippine government and other organisations for its commitment to environmental preservation.

CARING FOR OUR COMMUNITY

Del Monte Foundation, Inc, a non-stock, non-profit organisation, was established in 1994 to continue the corporate tradition of community service which the company started in 1967. It spearheads education and development programmes geared towards the socio-economic and cultural growth of host communities.

Under its flagship programme, the foundation has trained nearly 7,000 community leaders and workers, women, heads of families and out-of-school youth as well as families of employees living in Company housing camps during the last five years.

Training programmes focus on agro-industrial competencies such as plant propagation, driving and engine trouble-shooting, construction and carpentry, landscaping, food processing, sewing, weaving, cosmetology, and electrical, electronic, welding, refrigeration and automotive technologies. Accredited trainers help students learn new skills and provide continuing organisational support to trade associations organised among graduates who embark on communal livelihood projects. Many graduates have become small business entrepreneurs, augmenting family income and serving the community by sharing technical expertise not readily available in the countryside.

The foundation has signed a memorandum of agreement with the Philippine Technical Education and Skills Development Authority (TESDA) to further promote community education. Its education centres now serve as satellite training centres of the government in the rural areas. TESDA also ensures that programmes meet training standards for course graduates and comply with government requirements.

The foundation has expanded its training services with the establishment of a Computer Centre and Food Processing Laboratory. Equipped with 20 computer units, the Centre offers computer literacy programmess to community leaders, students, professionals, local entrepreneurs and Del Monte employees. Public and private school students and community leaders benefit from custom-built training programmes and free internet services. The food laboratory helps beginners and entrepreneurs master skills in meat, fish and fruit processing, baking and beverage mixing. Income generated by training programmes helps defray cost of maintaining the foundation's learning centres.

The foundation runs a Home Care Education programme that teaches preventive health care and crisis management to rural household members. Among those trained during the last five years were some 2,000 housewives, out-of-school youth and community workers. Graduates have also returned to serve as trainers at the foundation's community training centres.

The foundation has established a youth organisation whose members serve as community trainers. The organisation has collaborated with government agencies, local government units and grassroots associations in implementing training programmes for the youth.

The foundation also offers long-term scholarship grants to poor but deserving children. In the last 10 years, 81 scholars have received financial support from the foundation. Some 6,000 private elementary and secondary students enjoy educational subsidies. Former Del Monte high school and college scholars are now key leaders in their respective fields and communities.

The foundation has partnered with non-government organisations to promote community health care. The Committee of German Doctors has helped the foundation establish a Diabetes Club. The Club gives free seminars, conducts weekly medical check-up, and helps members source low-cost medicine.

During the year, the foundation received various donations from Del Monte Philippines. These included laboratory equipment, welding machines, transformers and computers.

The foundation is registered as a donee institution under the Philippine Bureau of Internal Revenue. This year, the Philippine Council for NGO Certification honoured the foundation with a five-year accreditation. The accreditation affirms that the foundation meets standards of good governance, transparency and corporate social responsibility.

CARING FOR OUR PEOPLE

Del Monte Pacific is committed to the growth of its people as it grows its business. We have around 5,000 employees at our plantation, manufacturing facilities, and administrative and marketing offices in the Philippines, China and India.

LABOUR-MANAGEMENT COOPERATION

In the Philippines, through a Labour-Management Cooperation (LMC) programme, Management and employee labour unions work closely together. Councils representing both sectors meet regularly to discuss and decide issues affecting employees, their families, the Company and the community.

LMC teams at the Plantation and Cannery have initiated improvements in working conditions now enjoyed by 2,200 employees and their families. Many of the innovations were recommended by rank-and-file workers.

Employee benefits and services have also been enhanced. They include retirement, provident and health care plans, production and socio-recreational facilities, uniforms and tools. Livelihood skills training, year-round sports and recreational programmes for their families, and community outreach projects benefit our employees and neighbouring communities.

TRAINING AND DEVELOPMENT

Through value formation, skills training, and knowledge-sharing programmes conducted year-round, the Company ensures that its employees continuously improve the quality of their performance. Employee training and development are also linked with a management succession plan that selects potential leaders across the organisation.

Employees are given every opportunity to expand knowledge of agriculture and technical skills. They also learn lessons on personality development, supervision and management, and teamwork. Some 3,000 employees participated in training programmes in 2006 focusing on Good Manufacturing Practices and safety standards.

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

Team Development Education Centres provide continuous customised training to help production workers organise themselves into self-directed teams. Nearly 200 teams at the Cannery have initiated process and mechanical innovations in their own areas. Higher product quality and manpower productivity have been achieved through team initiatives.

COMMUNICATION

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

BENEFITS

Our workforce enjoys one of the most attractive compensation and benefit packages granted to agro-industrial workers in the Philippines. Many of our workers at the Plantation live in housing camps and Company-subsidised housing subdivisions, complete with schools, chapels, social halls, playgrounds, water systems and other utilities.

Complementing government-mandated privileges is a voluntary provident plan with vesting provisions and a group insurance plan. All employees and qualified dependents enjoy a broad range of free medical and dental services at our 100-bed Company hospital, dispensaries and designated hospitals and clinics in the country.

A comprehensive retirement package awaits employees. A programme called "Life After Del Monte" teaches retiring employees how to cope with post-employment challenges. Over the last four years, close to 2,000 retiring and retired employees received assistance in filing their Social Security System retirement claims and getting prompt and accurate payment of their monthly pensions.

INDUSTRIAL RELATIONS AND STAFF TURNOVER

We employ one of the largest agro-industrial workforces 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 nearly 40 years.

AWARDS

Recognising the continuing excellence of our programmes, leading government and professional organisations have once again bestowed their highest awards on our Company in 2006.

The Company received for the first time the coveted Philippine Labour Secretary's Award for our "efforts in the area of occupational safety and health, including compliance with general labour and occupational safety, health and environment standards."

We received for the second time the Regional Award for Excellence in Disaster Management and Humanitarian Assistance from the Department of National Defense, for our effective management of industrial emergencies, natural disasters and humanitarian missions.

Del Monte work teams were among Outstanding Quality Circles honoured by the Productivity Improvement Circles of the Philippines.

The Cooperative Development Authority has named our credit, consumer and agrarian reform cooperatives among the Outstanding Cooperatives of the Philippines within the last five years. Made up mostly of workers, dependents, retirees and community residents, these cooperatives offer a broad range of services to members.

RISK MANAGEMENT

GROUP ASSETS

It is the Group's practice to assess annually with its insurance brokers the risk exposure relating to the assets of, and possible liabilities from, its operations. Assets are insured at current replacement values. Additions during the current year are automatically included with provision for inflation-protection. At the end of the financial year under 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 reporting currencies. As a result, the Group is subject to transaction and translation exposures resulting from currency exchange rate fluctuations. However, to minimise such foreign currency exposures, the Group uses foreign currency borrowings and natural hedge. The Group has a natural hedge against US dollar fluctuations as our US dollar-denominated revenues generally exceed our US dollar-denominated costs. It is not the Group's policy to take speculative positions in foreign currencies.

INFLATION

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

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

CASH AND INTEREST RATE MANAGEMENT

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

CREDIT RISK

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

INTERNATIONAL BUSINESS

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

OPERATIONS

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

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

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

DEL MONTE PACIFIC LIMITED

FINANCIAL REPORT 2006

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

The directors are pleased to present their report to the members together with the audited financial statements of Del Monte Pacific Limited (the Company) and its subsidiaries (collectively, the Group) comprising the balance sheets, income statements and statements of changes in equity of the Company and the Group and the cash flow statement of the Group for the financial year ended 31 December 2006.

DIRECTORS

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

Ramon S Ang	(Appointed on 20 January 2006)
Joselito D Campos, Jr	(Appointed on 20 January 2006)
Michael Hwang	
Godfrey E Scotchbrook	
Patrick L Go	
Ma Belen C Buensuceso	(Appointed on 20 January 2006)
Rolando C Gapud	(Appointed on 20 January 2006)
Ferdinand K Constantino	(Appointed on 2 May 2006)
Edgardo M Cruz, Jr	(Appointed on 2 May 2006)
Francis H Jardeleza	(Appointed on 2 May 2006)

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as disclosed under "Share Options" 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, share options and share-based incentives in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

	Direct Interest			Deemed Interest		
	1 January 2006/date of appointment	31 December 2006	21 January 2007	1 January 2006/date of appointment	31 December 2006	21 January 2007
The Company						
Ordinary shares of $0.01 each						
Joselito D Campos, Jr	-	-	-	914,357,372	914,357,372	914,357,372
Michael Hwang	396,000	396,000	396,000	-	-	-

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

DIRECTORS' INTERESTS (CONT'D)

IPO Options held by directors to subscribe for ordinary shares of $0.01 each in the Company under the Executive Stock Option Plan ("ESOP Scheme"):

	1 January 2006/date of appointment	31 December 2006	21 January 2007
Michael Hwang	377,998	-	-

Each Initial Public Offering Option ("IPO Option") entitled its holder to subscribe to one ordinary share in the Company at $0.504 and was to be exercisable from 30 July 2000 to 29 July 2009 (both dates inclusive), subject to the terms set out in the ESOP Scheme.

In the last financial year, the director had accepted the Options Proposal pursuant to the Mandatory Conditional Cash Offer by NutriAsia Pacific Limited (the "Offeror") to acquire all the issued and fully paid-up ordinary shares of $0.01 each in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror. The Options Proposal had closed on 20 January 2006.

Market Price Options held by directors to subscribe to ordinary shares of $0.01 each in the Company under the ESOP Scheme:

	1 January 2006/date of appointment	31 December 2006	21 January 2007
Michael Hwang	600,000	-	-
Godfrey E Scotchbrook	600,000	-	-

Each Market Price Option ("Market Price Option") entitled its holder to subscribe to one ordinary share in the Company at $0.490 and was to be exercisable from 2 March 2003 to 1 March 2011 (both dates inclusive), subject to the terms set out in the ESOP Scheme.

In the last financial year, the directors had accepted the Options Proposal pursuant to the Mandatory Conditional Cash Offer by the Offeror. The Options Proposal had closed on 20 January 2006.

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

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

DIRECTORS' CONTRACTUAL BENEFITS

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 30 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 OPTIONS

The ESOP Scheme of the Company was approved and amended by its members at the General Meetings held on 30 July 1999 and 21 February 2002 respectively. The ESOP Scheme is administered by the Remuneration and Share Option Committee ("RSOC") comprising of the following members:

Godfrey E Scotchbrook	(Chairman and Independent Director)
Michael Hwang	(Independent Director)
Patrick L Go	(Independent Director)
Ma Belen C Buensuceso	
Rolando C Gapud	

Details of the options to subscribe to ordinary shares of $0.01 each of the Company ("Share") granted to certain controlling shareholders and their associates, directors, officers and senior managers of the Group pursuant to the ESOP Scheme are as follows:

Date of grant	Description	1 January 2006	Options cancelled [5]	Options lapsed	31 December 2006	No. of holders	Exercise price [1]	Exercise period
30/07/1999	IPO Options [2]	4,308,484	(3,430,880)	(877,604)	-	22	US$0.504	30/07/2000 - 29/07/2009
02/03/2001	Market Price Options [3]	2,350,000	(2,350,000)	-	-	9	S$0.490	02/03/2003 - 01/03/2011
29/05/2002	Market Price Options [4]	1,310,000	(1,310,000)	-	-	49	S$0.470	29/05/2004 - 28/05/2012

(1) On 20 December 1999, the Singapore Exchange Securities Trading Limited ("SGX-ST") had approved the conversion of the quotation of the Company's shares to Singapore dollars (S$) from United States dollars (US$).

(2) Pursuant to the ESOP Scheme, the Company had granted 11,428,571 IPO Options in July 1999 to certain controlling shareholders and their associates, directors, officers and senior managers of the Group. Each IPO Option entitled its holder to subscribe to one share at the IPO Price of US$0.63, less 20% discount, or US$0.504.

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

SHARE OPTIONS (CONT'D)

(3) In 2001 pursuant to the ESOP Scheme, the Company had granted 14,050,000 options, which were exercisable based on a subscription price equal to the average of the last dealt prices for the Company's shares on the SGX-ST for the three consecutive trading days immediately preceding the offering date of the option, without any discount ("Market Price Options"), to directors, officers and senior managers of the Group, none of whom were controlling shareholders, and the latter's associates. Each of these Market Price Options entitled its holder to subscribe to one share at S$0.49.

(4) In 2002, the Company had granted a second batch of Market Price Options to new senior managers and managerial employees not covered by the first grant of Market Price Options. A total of 3,250,000 Market Price Options were granted based on a subscription price equal to the average price of the last dealt prices for the Company's share on the SGX-ST for the three consecutive trading days immediately preceding the offering date of the option, without any discount. Each of these Market Price Options entitled its holder to subscribe to one share at S$0.47.

(5) Holders of the options who had accepted the Options Proposal were required to surrender all of their relevant options for cancellation.

In the last financial year, the directors had accepted the Options Proposal offered by NutriAsia Pacific Limited (the "Offeror") pursuant to the Mandatory Conditional Cash Offer to acquire all the issued and fully paid-up ordinary shares of $0.01 each in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror.

The Options Proposal had closed on 20 January 2006 and the Offeror received acceptances of the Options Proposal in respect of 7,090,880 options. No new shares were issued as a result thereof. A total of 877,604 options lapsed in the second quarter of 2006; hence, there were no more outstanding options as at the year end.

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

Since the commencement of the ESOP Scheme, Del Monte Pacific RSP and Del Monte Pacific PSP, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the ESOP Scheme, Del Monte Pacific RSP and Del Monte Pacific PSP has been granted 5% or more of the total options under the said scheme and plans.

The RSOC is responsible for administering these share plans. As at 31 December 2006, no shares were granted or vested, under these share plans.

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

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

AUDIT COMMITTEE

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

Michael Hwang	(Chairman and Independent Director)
Patrick L Go	(Independent Director)
Godfrey E Scotchbrook	(Independent Director)
Ma Belen C Buensuceso	
Rolando C Gapud	

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

In performing its functions, the AC reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. The AC met with the internal and external auditors to discuss the results of their respective examinations and their evaluation of the Company and the Group's system of internal control. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2006 as well as the external auditors' report thereon.

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

THE DIRECTORS' REPORT

(AMOUNTS IN UNITED STATES DOLLAR UNLESS OTHERWISE STATED)

AUDITORS

KPMG were appointed as auditors of the Company with effect from 5 April 2006 by the Board of Directors of the Company. The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that KPMG be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company. KPMG have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mr Ramon S Ang
Director

Mr Joselito D Campos, Jr
Director

23 February 2007

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 50 to 103 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 2006 and of the financial performance and cash flows of the Group and of the financial performance of the Company for the year then ended in accordance with International Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Mr Ramon S Ang
Director

Mr Joselito D Campos, Jr
Director

23 February 2007

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY DEL MONTE PACIFIC LIMITED

We have audited the accompanying financial statements of Del Monte Pacific Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2006, and the income statement, statement of changes in equity, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 103. The financial statements for the year ended 31 December 2005 were audited by another firm of certified public accountants, whose report dated 27 March 2006 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion the consolidated financial statements of the Group and the financial statements of the Company give a true and fair view of the financial position of the Group and of the Company as of 31 December 2006 and of the financial performance and cash flows of the Group and of the financial performance of the Company for the year then ended in accordance with International Financial Reporting Standards.

KPMG

KPMG
Certified Public Accountants

Singapore
23 February 2007

BALANCE SHEETS

AS AT 31 DECEMBER 2006

	Note	Group 2006 US$'000	Group 2005 US$'000	Company 2006 US$'000	Company 2005 US$'000
Non-Current Assets					
Property, plant and equipment	3	56,198	54,562	-	-
Subsidiaries	4	-	-	84,490	125,585
Intangible assets	5	15,880	14,734	-	-
Other assets	6	6,865	6,398	-	-
		78,943	75,694	84,490	125,585
Current Assets					
Inventories	7	45,235	46,134	-	-
Biological assets	8	44,451	40,067	-	-
Trade and other receivables	9	46,121	32,422	11,502	595
Cash and cash equivalents	12	51,546	60,113	15	14
		187,353	178,736	11,517	609
Total Assets		266,296	254,430	96,007	126,194
Equity attributable to equity holders of the Company					
Share capital	13	10,818	10,818	10,818	10,818
Reserves	14	163,069	150,419	69,849	69,681
		173,887	161,237	80,667	80,499
Minority interests		-	(294)	-	-
Total Equity		173,887	160,943	80,667	80,499
Non-Current Liabilities					
Deferred tax liabilities	15	8,489	7,802	-	-
Financial liabilities	16	1,523	2,350	-	-
		10,012	10,152	-	-
Current Liabilities					
Trade and other payables	17	33,716	38,815	6,959	45,695
Financial liabilities	16	44,611	42,756	8,381	-
Current tax liabilities		4,070	1,764	-	-
		82,397	83,335	15,340	45,695
Total Liabilities		92,409	93,487	15,340	45,695
Total Equity and Liabilities		266,296	254,430	96,007	126,194

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

INCOME STATEMENTS

YEAR ENDED 31 DECEMBER 2006

	Note	Group 2006 US$'000	Group 2005 US$'000	Company 2006 US$'000	Company 2005 US$'000
Revenue	19	243,391	222,358	18,500	25,000
Cost of sales		(180,552)	(163,789)	-	-
Gross profit		62,839	58,569	18,500	25,000
Distribution and selling expenses		(17,032)	(12,487)	-	-
General and administrative expenses		(13,123)	(12,102)	(1,664)	(1,421)
Other expenses		(4,856)	(9,941)	(763)	(1,125)
Results from operating activities		27,828	24,039	16,073	22,454
Finance income		3,795	2,618	1	1
Finance expenses		(4,013)	(4,199)	(4)	-
Net finance income/(expenses)	21	(218)	(1,581)	(3)	1
Profit before taxation		27,610	22,458	16,070	22,455
Income tax expense	22	(6,573)	(3,989)	-	-
Profit for the year	20	21,037	18,469	16,070	22,455
Attributable to:					
Equity holders of the Company		21,037	18,754	16,070	22,455
Minority interests		-	(285)	-	-
Profit for the year		21,037	18,469	16,070	22,455
Earnings per share					
Basic earnings per share (cents)	23	1.94	1.74		
Diluted earnings per share (cents)	23	1.94	1.74		

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2006

	Note	Share capital US$'000	Share premium US$'000	Translation reserves US$'000	Revenue reserves US$'000	Total attributable to equity holders of the Company US$'000	Minority interests US$'000	Total equity US$'000
Group								
2005								
At 1 January 2005, as previously stated		10,745	66,609	(68,617)	148,853	157,590	(9)	157,581
Prior year adjustment	24	-	-	486	(486)	-	-	-
At 1 January 2005, restated		10,745	66,609	(68,131)	148,367	157,590	(9)	157,581
Currency translation differences recognised directly in equity		-	-	5,586	-	5,586	-	5,586
Net gains recognised directly in equity		-	-	5,586	-	5,586	-	5,586
Profit for the year		-	-	-	18,754	18,754	(285)	18,469
Total recognised income and expense for the year		-	-	5,586	18,754	24,340	(285)	24,055
Shares issued under share option plan		73	2,078	-	-	2,151	-	2,151
Dividends	25	-	-	-	(22,844)	(22,844)	-	(22,844)
At 31 December 2005, restated		10,818	68,687	(62,545)	144,277	161,237	(294)	160,943
2006								
At 1 January 2006, as previously stated		10,818	68,687	(63,031)	144,763	161,237	(294)	160,943
Prior year adjustment	24	-	-	486	(486)	-	-	-
At 1 January 2006, restated		10,818	68,687	(62,545)	144,277	161,237	(294)	160,943
Currency translation differences recognised directly in equity		-	-	7,515	-	7,515	-	7,515
Net gains recognised directly in equity		-	-	7,515	-	7,515	-	7,515
Profit for the year		-	-	-	21,037	21,037	294	21,331
Total recognised income and expense for the year		-	-	7,515	21,037	28,552	294	28,846
Dividends	25	-	-	-	(15,902)	(15,902)	-	(15,902)
At 31 December 2006		10,818	68,687	(55,030)	149,412	173,887	-	173,887

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2006

	Share capital US$'000	Share premium US$'000	Revenue reserves US$'000	Total equity US$'000
Company				
2005				
At 1 January 2005	10,745	66,748	1,244	78,737
Profit for the year	-	-	22,455	22,455
Shares issued under share option plan	73	2,078	-	2,151
Dividends (Note 25)	-	-	(22,844)	(22,844)
At 31 December 2005	10,818	68,826	855	80,499
2006				
At 1 January 2006	10,818	68,826	855	80,499
Profit for the year	-	-	16,070	16,070
Dividends (Note 25)	-	-	(15,902)	(15,902)
At 31 December 2006	10,818	68,826	1,023	80,667

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

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2006

	Group	
	2006 US$'000	2005 US$'000
Operating Activities		
Profit for the year	21,037	18,469
Adjustments for:		
Amortisation of intangible assets	422	422
Depreciation of property, plant and equipment	7,616	9,828
Allowance for doubtful receivables	559	1,288
Allowance for inventory obsolescence	2,240	3,242
Loss on product disposal and off-specification products	-	1,073
Impairment of property, plant and equipment	260	508
Gain on disposal of property, plant and equipment	(92)	(39)
Income tax expense	6,573	3,989
Operating profit before working capital changes	38,615	38,780
Changes in working capital:		
Other assets	(467)	(168)
Inventories	(1,191)	(13,896)
Biological assets	(4,384)	(2,819)
Trade and other receivables	(17,348)	(4,129)
Trade and other payables	(1,086)	8,706
Due to affiliated companies (trade and non-trade)	-	(7,588)
Operating cash flows	14,139	18,886
Income taxes paid	(4,537)	(4,974)
Cash flows from operating activities	9,602	13,912
Investing Activities		
Interest received	3,001	1,861
Proceeds from disposal of property, plant and equipment	653	179
Purchase of property, plant and equipment	(6,117)	(7,640)
Acquisition of remaining equity interests in a subsidiary	(1,274)	-
Cash flows used in investing activities	(3,737)	(5,600)
Financing Activities		
Interest paid	(4,013)	(3,499)
Proceeds (net) from financial liabilities	1,028	14,928
Dividends paid	(15,902)	(22,844)
Proceeds from exercise of stock options	-	2,151
Cash flows used in financing activities	(18,887)	(9,264)
Net decrease in cash and cash equivalents	(13,022)	(952)
Cash and cash equivalents at beginning of year	60,113	57,517
Effect of exchange rate changes on balances held in foreign currency	4,455	3,548
Cash and cash equivalents at end of year (Note 12)	51,546	60,113

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 February 2007.

1 DOMICILE AND ACTIVITIES

Del Monte Pacific Limited (the "Company") was incorporated in the British Virgin Islands on 27 May 1999 under the International Business Companies Ordinance, Chapter 291 of the laws of the British Virgin Islands, as an international business company. On 2 August 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office of the Company is located at Craigmuir Chambers, Road Town, Tortola, British Virgin Islands.

The principal activity of the Company is that of investment holding. Its subsidiaries are principally engaged in growing, processing, and selling canned and fresh pineapples, pineapple concentrate, tropical mixed fruit, tomato-based products, and certain other food products mainly under the brand names of "Del Monte", "Today's", "Great Lakes", "Ming Lang" and "Rougemont". The details of the Company's subsidiaries and their principal activities are set out in Note 4.

The immediate holding company is NutriAsia Pacific Limited whose ultimate shareholders are Golden Chamber Investment Limited and San Miguel Corporation which at 31 December 2006 hold 57.8% and 42.2% respectively through their intermediary companies. NutriAsia Pacific Limited and Golden Chamber Investment Limited are both incorporated in the British Virgin Islands. San Miguel Corporation is incorporated in the Philippines.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION (CONT'D)

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

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

- Note 3 – Property, plant and equipment
- Note 5 – Intangible assets
- Note 7 – Inventories
- Note 8 – Biological assets
- Note 10 – Trade receivables
- Note 18 – Retirement benefit obligations
- Note 22 – Income tax expense

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year, except that the Group has adopted the following revised standards mandatory for financial years beginning on or after 1 January 2006. The Group's adoption of the new and revised standards has no significant impact on current and prior periods.

Amendments to IAS 19	*Actuarial Gains and Losses, Group Plans and Disclosures*
Amendments to IAS 21	*Net Investment in Foreign Operation*
Amendments to IAS 39	*Cash Flow Hedge Accounting of Forecast Intra-Group Transactions*
	Financial Guarantee Contracts
	The Fair Value Option
IFRIC 4	*Determining whether an Arrangement contains a Lease*

2.2 CONSOLIDATION

Acquisition under common control

The formation of the Group in 1999 was accounted for as a reorganisation of companies under common control using merger accounting. The consolidated financial statements therefore reflect the combined financial statements of all companies that form the Group as if they were a consolidated Group for all periods presented. The assets and liabilities of Del Monte Pacific Resources Limited and its subsidiaries contributed to the Company have been reflected at predecessor cost in these consolidated financial statements.

Other acquisitions

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 CONSOLIDATION (CONT'D)

***Other acquisitions** (cont'd)*

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

Subsidiaries

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

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Accounting for subsidiaries by the Company

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

2.3 FOREIGN CURRENCIES

Foreign currency transactions

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

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

Foreign operations

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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

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

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

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

The estimated useful lives are as follows:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

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

2.5 INTANGIBLE ASSETS

Goodwill

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

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

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

Other intangible assets

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

Trademarks	-	40 years
Distribution network	-	5 years

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

2.6 FINANCIAL INSTRUMENTS

Non-derivative financial instruments

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

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 FINANCIAL INSTRUMENTS (CONT'D)

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

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

Intra-group financial guarantees
Financial guarantees are classified as financial liabilities.

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

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

2.7 LEASES

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 IMPAIRMENT

Financial assets

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

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

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

All impairment losses are recognised in the income statement.

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

Non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 INVENTORIES

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

Cost of finished goods is based on the weighted average method, while the cost of production materials and storeroom items is based on the weighted moving average method. Cost of processed inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

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

2.10 BIOLOGICAL ASSETS

Biological assets comprise growing crops and livestock.

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

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

2.11 EMPLOYEE BENEFITS

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 EMPLOYEE BENEFITS (CONT'D)

Defined benefit pension plan *(cont'd)*

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

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

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

Short-term benefits

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

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

2.12 PROVISIONS

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 REVENUE RECOGNITION

Goods sold

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

Dividend income

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

Interest income

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

2.14 FINANCE INCOME AND EXPENSES

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

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

2.15 INCOME TAX EXPENSE

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

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 INCOME TAX EXPENSE (CONT'D)

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

3 PROPERTY, PLANT AND EQUIPMENT

	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$'000	Total US$'000
Group						
Cost						
At 1 January 2005	7,213	4,976	76,740	308	2,206	91,443
Additions	376	338	9,768	-	2,921	13,403
Disposals	(34)	-	(1,236)	(18)	(1)	(1,289)
Reclassifications	261	46	2,037	-	(2,344)	-
Currency realignment	398	287	4,923	19	129	5,756
At 31 December 2005	8,214	5,647	92,232	309	2,911	109,313
At 1 January 2006	8,214	5,647	92,232	309	2,911	109,313
Additions	206	142	3,339	-	2,430	6,117
Disposals	(363)	(388)	(6,617)	(20)	-	(7,388)
Reclassifications	177	986	2,671	-	(3,834)	-
Currency realignment	636	436	7,259	25	230	8,586
At 31 December 2006	8,870	6,823	98,884	314	1,737	116,628

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	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$'000	Total US$'000
Accumulated Depreciation and Impairment Losses						
At 1 January 2005	2,473	1,679	38,205	254	-	42,611
Charge for the year	157	274	9,375	22	-	9,828
Impairment loss	-	-	508	-	-	508
Disposals	(34)	-	(1,098)	(17)	-	(1,149)
Currency realignment	156	93	2,687	17	-	2,953
At 31 December 2005	2,752	2,046	49,677	276	-	54,751
At 1 January 2006	2,752	2,046	49,677	276	-	54,751
Charge for the year	194	302	7,114	6	-	7,616
Impairment loss	-	(168)	428	-	-	260
Disposals	(274)	(384)	(6,149)	(20)	-	(6,827)
Currency realignment	233	164	4,210	23	-	4,630
At 31 December 2006	2,905	1,960	55,280	285	-	60,430
Carrying Amount						
At 1 January 2005	4,740	3,297	38,535	54	2,206	48,832
At 31 December 2005	5,462	3,601	42,555	33	2,911	54,562
At 31 December 2006	5,965	4,863	43,604	29	1,737	56,198

During the year, the Group acquired property, plant and equipment with an aggregate cost of US$6,117,000 (2005: US$13,403,000), of which none (2005: US$5,763,000) was acquired under finance leases. As at 31 December 2006, the net carrying amount of leased property, plant and equipment was US$1,903,000 (2005: US$3,658,000).

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Source of estimation uncertainty

The costs of property, plant and equipment 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 tempered by related industry benchmark information. 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.

4 SUBSIDIARIES

	Company	
	2006 US$'000	2005 US$'000
Unquoted equity shares, at cost	17,982	16,709
Amounts due from subsidiaries (non-trade)	66,508	108,876
	84,490	125,585

Except for an amount of US$8,610,000 (2005: US$2,800,000) which bears interest at 5.53% (2005: 6.08%) per annum, the amounts due from subsidiaries are unsecured and interest-free. As part of the change in the Group's management during the current financial year, the Group undertook a rationalisation of its intercompany balances. Arising from this, certain balances were repaid during the year. Settlement of the remaining 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 2006

4 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
Held by the Company				
Abpak Company Limited ("Abpak")	Investment holding	Hong Kong	100	89
DMPL India Pte Ltd ("DMPLI")	Investment holding	Singapore	100	100
DMPL Management Services Pte Ltd	Providing administrative support and liaison services to the Group	Singapore	100	100
Del Monte Pacific Resources Limited ("DMPRL")	Investment holding	British Virgin Islands	100	100
GTL Limited ("GTL")	Trading food products sold mainly under the brand name "Del Monte"	Federal Territory of Labuan, Malaysia	100	100
Held by DMPRL				
Central American Resources, Inc ("CARI")	Investment holding and trading food products mainly under the brand name "Del Monte"	Panama	100	100
Held by CARI				
Del Monte Philippines, Inc ("DMPI")	Growing, processing and distribution of food products mainly under the brand names "Del Monte" and "Today's"	The Philippines	100	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

4 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	Place of incorporation and business	Effective equity held by the Group 2006 %	Effective equity held by the Group 2005 %
Held by CARI				
Dewey Limited ("Dewey")	Owner of the "Del Monte" and "Today's" trademarks in the Philippines	Bermuda	100	100
Pacific Brands Philippines, Inc	Dormant	State of Delaware, USA	100	100
Held by DMPLI				
Del Monte Foods India Private Limited (1)	Manufacturing, processing and distributing food and beverages and other related products	Mumbai, India	100	100
Held by Abpak				
Great Lakes (Tianjin) Fresh Foods and Juice Co., Ltd	Manufacturing and marketing of fruit juice under the brand names "Great Lakes", "Ming Lang" and "Rougemont"	Tianjin, China	100	89
Great Lakes (Qinhuangdao) Fresh Foods and Juice Company Limited	Manufacturing and marketing of fruit juice for export markets	Hubei, China	100	89

(1) 0.1% held by DMPRL

KPMG Singapore is the auditor of the Singapore-incorporated subsidiaries and certain foreign-incorporated subsidiaries. Other member firms of KPMG International are auditors of the remaining foreign-incorporated subsidiaries.

Acquisition of minority interest

In July 2006, the Group acquired the remaining 11% equity interest in Abpak for US$1.3 million in cash. Abpak's net liabilities of US$0.3 million were acquired and a resultant goodwill of US$1.6 million was recognised.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5 INTANGIBLE ASSETS

	Trademarks US$'000	Distribution network US$'000	Goodwill US$'000	Total US$'000
Cost				
At 1 January 2005 and 31 December 2005	12,480	227	5,610	18,317
At 1 January 2006	12,480	227	5,610	18,317
Acquisition of subsidiary	-	-	1,568	1,568
At 31 December 2006	12,480	227	7,178	19,885
Accumulated Amortisation				
At 1 January 2005	3,138	23	-	3,161
Amortisation	376	46	-	422
At 31 December 2005	3,514	69	-	3,583
At 1 January 2006	3,514	69	-	3,583
Amortisation	376	46	-	422
At 31 December 2006	3,890	115	-	4,005
Carrying Amount				
At 1 January 2005	9,342	204	5,610	15,156
At 31 December 2005	8,966	158	5,610	14,734
At 31 December 2006	8,590	112	7,178	15,880

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5 INTANGIBLE ASSETS (CONT'D)

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

	2006 US$'000	2005 US$'000
At 1 January	3,583	3,161
Amortisation during the year		
- Del Monte and Today's trademarks	303	303
- Great Lakes trademarks and distribution network	119	119
At 31 December	4,005	3,583

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

Trademarks and distribution network

In November 1996, a subsidiary, DMPRL, entered into a sub-license agreement with an affiliated company to acquire the exclusive right to use the "Del Monte" trademark in the Indian Sub-continent territories in connection with the production, manufacture, sale and distribution of food products and the right to grant sub-licenses to others ("Indian Sub-continent trademark").

Under the terms of the agreement, a total consideration of US$10 million would be payable by DMPRL to the affiliated company for the right to use the trademark. The first sum of US$1 million was paid in 1996 and the remaining US$9 million was settled in November 2006. The licensed trademarks were recorded at the net present value of the estimated future cash payments to be made as at 31 December 1996. The difference between the cash price equivalent of the intangible asset and the total payment was capitalised and has been offset against the payable to the affiliated company. In arriving at the net present value of the future cash payments, a discount rate that approximated the cost of funds to the Company was used. The net carrying amount and the remaining amortisation period of the Indian Sub-continent trademark as at 31 December 2006 are US$5,693,000 and 30 years (2005: US$5,883,000 and 31 years) respectively.

In addition, a subsidiary, Dewey, owns the "Del Monte" and "Today's" trademarks for use in connection with processed foods in the Philippines ("Philippine trademarks"). The approximate net carrying amount and the remaining amortisation period of the Philippine trademarks as at 31 December 2006 are US$2,715,000 and 24 years (2005: US$2,827,000 and 25 years) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5 INTANGIBLE ASSETS (CONT'D)

Trademarks and distribution network *(cont'd)*

In July 2004, the Company acquired 89% of Abpak Company Limited for an aggregate value of US$10,100,000. This comprised the initial investment of US$6,276,000 plus acquisition related costs of US$284,000 for the relevant share of Great Lakes' net assets of US$358,000, thus recognising goodwill of US$5,610,000 and other intangible assets of US$592,000. The net carrying amount and the remaining amortisation period of the Great Lakes' intangibles (other than goodwill) as at 31 December 2006 are US$295,000 and 2.5 years (2005: US$414,000 and 3.5 years) respectively.

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

The recoverable amount is also determined based on a value in use calculation using cash flow projections approved by the Board of Directors covering a five-year period. The cash flow projection for the first year is based on financial budgets prepared by management while the following two years are based on the strategic business plan. Thereafter, a constant growth rate is applied for the remaining two years. The pre-tax discount rate of 10.5% (2005: 10.5%) per annum was applied to the cash flow projections, which is derived from the bank's prime lending rate, the expected rate of return and various risks.

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

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

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

Goodwill

The step acquisition of Abpak Company Limited in July 2004 and July 2006 resulted in the recognition of US$5,610,000 and US$1,568,000 of goodwill respectively. This goodwill has been allocated to a group of cash-generating units ("CGU"), Great Lakes (Tianjin) and Great Lakes (Qinhuangdao) ("GL CGU"), two subsidiaries whose principal activities are manufacturing and marketing of fruit juice, for impairment testing.

The recoverable amount of GL CGU is determined based on a value in use calculation using cash flow projections approved by the Board of Directors covering a five-year period. The cash flow projection for the first year is based on financial budgets prepared by management while the following two years are based on the strategic business plan. Thereafter, a constant growth rate is applied for the remaining two years. The pre-tax discount rate of 7.25% (2005: 8.08%) per annum was applied to the cash flow projections, after taking into consideration the bank's prime lending rate, the expected rate of return and various risks.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

5 INTANGIBLE ASSETS (CONT'D)

***Goodwill** (cont'd)*

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

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

Source of estimation uncertainty

The Group determines whether goodwill is impaired at least on an annual basis while the trademarks are assessed for impairment whenever there is an indication that the trademarks may be impaired. This requires an estimation of the value in use of the cash-generating units to which the goodwill and trademarks are allocated.

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

6 OTHER ASSETS

	Group	
	2006 US$'000	2005 US$'000
Advances to growers	3,757	3,384
Security deposits	1,287	1,291
Land expansion (development costs of acquired leased areas)	1,136	1,026
Others	685	697
	6,865	6,398

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

7 INVENTORIES

	Group	
	2006 US$'000	2005 US$'000
Finished goods		
- at cost	14,128	10,871
- at net realisable value	146	308
Semi-finished goods		
- at cost	5,665	5,428
Raw materials and packaging supplies		
- at cost	25,296	29,527
	45,235	46,134

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

	Group	
	2006 US$'000	2005 US$'000
At 1 January	3,730	1,662
Allowance for the year (Note 20)	2,240	3,242
Write-off against allowance	(3,409)	(1,373)
Currency realignment	(150)	199
At 31 December	2,411	3,730

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

8 BIOLOGICAL ASSETS

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.

	Group	
	2006 US$'000	2005 US$'000
Growing Crops (at cost)		
At 1 January	38,068	33,346
Additions	32,663	29,158
Harvested	(31,366)	(26,504)
Currency realignment	3,110	2,068
At 31 December	42,475	38,068
Livestock (at fair value)		
At 1 January	1,999	3,902
Purchases of livestock	5,138	5,629
Changes in fair value attributable to price changes	83	(259)
Sales of livestock	(5,407)	(7,517)
Currency realignment	163	244
At 31 December	1,976	1,999
Total biological assets	44,451	40,067

Estimated hectares planted with growing crops are as follows:

	Group	
	2006	2005
Pineapples	13,006	12,294
Papaya	85	160
Passion fruit	48	45

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

Pineapples	637,116	638,288
Papaya	7,721	1,462
Passion fruit	361	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

8 BIOLOGICAL ASSETS (CONT'D)

Source of estimation uncertainty

Growing crops

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

Livestock

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 on fair value recognised in income statement. The fair value is based on market prices of mature cattle ready for slaughter. Since market prices used as the basis for fair value refer to mature cattle, the market price for immature cattle already identified for slaughter is adjusted to account for the growing cost to be incurred for the immature cattle for slaughter to mature.

9 TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Trade receivables	10	35,310	24,070	-	-
Deposits, prepayments and other receivables	11	10,811	8,352	76	3
Amounts due from subsidiaries (non-trade)		-	-	11,426	592
		46,121	32,422	11,502	595

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

10 TRADE RECEIVABLES

	Group	
	2006 US$'000	2005 US$'000
Trade receivables	36,630	25,190
Less: Allowance for doubtful receivables	(1,320)	(1,120)
	35,310	24,070

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

At 1 January	1,120	906
Allowance for the year (net)	104	263
Write-off against allowance	7	(113)
Currency realignment	89	64
At 31 December	1,320	1,120

Trade receivables are denominated in the following currencies:

US Dollars	19,138	11,272
Philippine Pesos	14,353	11,807
Chinese Renminbi	1,678	946
Others	141	45
	35,310	24,070

Source of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

11 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Prepayments	5,046	4,621	76	3
Other recoverables	5,179	2,786	-	-
Deposits	561	596	-	-
Non-trade receivables	1,478	1,349	-	-
Downpayment from contractors	27	25	-	-
	12,291	9,377	76	3
Less: Allowance for doubtful receivables	(1,480)	(1,025)	-	-
	10,811	8,352	76	3

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

	Group	
	2006 US$'000	2005 US$'000
At 1 January	1,025	-
Allowance for the year	455	1,025
At 31 December	1,480	1,025

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Cash and bank balances	2,417	6,444	15	14
Short-term deposits	49,129	53,669	-	-
	51,546	60,113	15	14

Certain of the cash and bank balances earn interest at floating rates based on daily bank deposit rates ranging from 0.8% to 3.0% (2005: 1.0% to 3.0%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits during the financial year was 5.73% (2005: 3.12%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

13 SHARE CAPITAL

	2006		2005	
	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				
- At 1 January	1,081,781,194	10,818	1,074,483,194	10,745
- Issued during the year	-	-	7,298,000	73
- At 31 December	1,081,781,194	10,818	1,081,781,194	10,818

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 Company. All shares rank equally with regard to the Company's residual assets.

Outstanding options

As at 31 December 2006, the outstanding options to subscribe for the Company's ordinary shares of US$0.01 each are as follows:

Date of grant	Description	1 January 2006	Options cancelled [5]	Options lapsed	31 December 2006	No. of holders	Exercise price [1]	Exercise period
30/07/1999	IPO Options [2]	4,308,484	(3,430,880)	(877,604)	-	22	US$0.504	30/07/2000 - 29/07/2009
02/03/2001	Market Price Options [3]	2,350,000	(2,350,000)	-	-	9	S$0.490	02/03/2003 - 01/03/2011
29/05/2002	Market Price Options [4]	1,310,000	(1,310,000)	-	-	49	S$0.470	29/05/2004 - 28/05/2012

(1) On 20 December 1999, the Singapore Exchange Securities Trading Limited ("SGX-ST") had approved the conversion of the quotation of the Company's shares to Singapore dollars (S$) from United States dollars (US$).

(2) Pursuant to the ESOP Scheme, the Company had granted 11,428,571 IPO Options in July 1999 to certain controlling shareholders and their associates, directors, officers and senior managers of the Group. Each IPO Option entitled its holder to subscribe to one share at the IPO Price of US$0.63, less 20% discount, or US$0.504.

(3) In 2001 pursuant to the ESOP Scheme, the Company had granted 14,050,000 options, which were exercisable based on a subscription price equal to the average of the last dealt prices for the Company's shares on the SGX-ST for the three consecutive trading days immediately preceding the offering date of the option, without any discount ("Market Price Options"), to directors, officers and senior managers of the Group, none of whom were controlling shareholders, and the latter's associates. Each of these Market Price Options entitled its holder to subscribe to one share at S$0.49.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

13 SHARE CAPITAL (CONT'D)

***Outstanding options** (cont'd)*

(4) In 2002, the Company had granted a second batch of Market Price Options to new senior managers and managerial employees not covered by the first grant of Market Price Options. A total of 3,250,000 Market Price Options were granted based on a subscription price equal to the average price of the last dealt prices for the Company's share on the SGX-ST for the three consecutive trading days immediately preceding the offering date of the option, without any discount. Each of these Market Price Options entitled its holder to subscribe to one share at S$0.47.

(5) Holders of the options who had accepted the Options Proposal were required to surrender all of their relevant options for cancellation.

In the last financial year, the directors had accepted the Options Proposal offered by NutriAsia Pacific Limited (the "Offeror") pursuant to the Mandatory Conditional Cash Offer to acquire all the issued and fully paid-up ordinary shares of $0.01 each in the capital of the Company not already owned, controlled or agreed to be acquired by the Offeror.

The Options Proposal had closed on 20 January 2006 and the Offeror received acceptances of the Options Proposal in respect of 7,090,880 options. No new shares were issued as a result thereof. A total of 877,604 options lapsed in the second quarter of 2006; hence, there were no more outstanding options as at the year end.

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

Since the commencement of the ESOP Scheme, Del Monte Pacific RSP and Del Monte Pacific PSP, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the ESOP Scheme, Del Monte Pacific RSP and Del Monte Pacific PSP has been granted 5% or more of the total options under the said scheme and plans.

The RSOC is responsible for administering these share plans. As at 31 December 2006, no shares were granted or vested, under these share plans.

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

14 RESERVES

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Share premium	68,687	68,687	68,826	68,826
Translation reserves	(55,030)	(62,545)	-	-
Revenue reserves	149,412	144,277	1,023	855
	163,069	150,419	69,849	69,681

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2006

14 RESERVES (CONT'D)

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

The translation reserves of the Group comprise foreign exchange differences arising from the translation of the financial statements of foreign entities.

15 DEFERRED TAX

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

Group	At 1 January US$'000	Charged/ (credited) to income statement US$'000	Currency realignment US$'000	At 31 December US$'000
2005				
Deferred tax liabilities				
Accelerated depreciation allowance	3,751	(6)	233	3,978
Growing crops	5,833	111	362	6,306
	9,584	105	595	10,284
Deferred tax assets				
Provisions	998	1,331	84	2,413
Foreign exchange differences	129	(69)	9	69
	1,127	1,262	93	2,482
Net deferred tax liabilities/(assets)	8,457	(1,157)	502	7,802

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

15 DEFERRED TAX (CONT'D)

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

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 reserves as at 31 December 2006 of a subsidiary based in the Philippines, is approximately US$4,517,000 (2005: US$5,175,000). No provision has been made in respect of this potential income tax as it is the Company's intention to permanently reinvest these reserves in the Philippines and not to distribute them as dividends.

Deferred tax assets have not been recognised in respect of accumulated tax losses amounting to US$2,488,000 as follows:

Year of origin	Year of expiry	US$'000
2004	2009	540
2005	2010	1,244
2006	2011	704
		2,488

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

16 FINANCIAL LIABILITIES

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Current liabilities				
Unsecured short-term borrowings	43,714	41,747	8,381	-
Obligations under finance leases	897	1,009	-	-
	44,611	42,756	8,381	-
Non-current liabilities				
Obligations under finance leases	912	1,681	-	-
Other long-term lease payables	611	669	-	-
	1,523	2,350	-	-
	46,134	45,106	8,381	-

Unsecured short-term borrowings

The amounts are unsecured, bore weighted average effective interest rates of 5.0% to 7.2% (2005: 3.6% to 7.3%) per annum and reprice at intervals of 1 to 3 months.

Obligations under finance leases

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

	2006			2005		
	Principal US$'000	Interest US$'000	Payments US$'000	Principal US$'000	Interest US$'000	Payments US$'000
Repayable:						
Within 1 year	897	193	1,090	1,009	303	1,312
After 1 year but within 5 years	912	88	1,000	1,681	262	1,943
Total	1,809	281	2,090	2,690	565	3,255

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

17 TRADE AND OTHER PAYABLES

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Trade payables	13,377	12,632	-	-
Accrued operating expenses	12,928	11,332	274	481
Customer deposits	3,772	3,720	-	-
Accrued payroll expenses	2,435	2,098	166	-
Value-added tax payable	81	122	-	-
Withheld from employees (taxes and social security cost)	1,046	950	-	-
Due to Cirio - trademark	-	7,933	-	-
Other payables	77	28	5	5
Amounts due to subsidiaries (non-trade)	-	-	6,514	45,209
	33,716	38,815	6,959	45,695

The accrued payroll expenses of the Group includes retirement benefit obligations of approximately US$1,692,000 (2005: US$1,054,000) (Note 18).

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

Trade payables are denominated in the following currencies:

	Group	
	2006 US$'000	2005 US$'000
US Dollars	332	1,173
Philippine Pesos	11,079	9,604
Chinese Renminbi	1,950	1,855
Others	16	-
	13,377	12,632

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

18 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.

Amount recognised in the balance sheet:

	Group	
	2006 US$'000	2005 US$'000
Present value of funded obligations	28,507	31,088
Fair value of plan assets	(26,227)	(29,189)
	2,280	1,899
Unrecognised past service cost	(2,942)	(3,788)
Unrecognised actuarial gains	2,354	2,943
Net liability recorded under accrued payroll expenses (Note 17)	1,692	1,054
Present value of funded obligations		
Liability at 1 January	31,088	28,527
Benefits paid by the plan	(2,763)	(4,106)
Settlement made for early retirement	(7,265)	-
Current service costs and interests	5,307	4,996
Actuarial loss/(gain)	(634)	187
Exchange differences	2,774	1,484
Liability at 31 December	28,507	31,088
Fair value of plan assets		
Government bonds and foreign currencies	21,517	24,797
Property occupied by a lessee	675	629
Property occupied by the Group	4,035	3,763
	26,227	29,189

The pension plan assets include some of the buildings occupied by a subsidiary under a long-term lease with a fair value of approximately US$5,954,556 (2005: US$5,554,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

18 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Movement in plan assets:

	Group	
	2006 US$'000	2005 US$'000
Fair value of plan assets at 1 January	29,189	27,154
Contributions paid into the plan	1,771	1,771
Benefits paid by the plan	(2,763)	(4,106)
Settlement made for early retirement	(7,265)	–
Expected return on plan assets	3,316	3,288
Actuarial loss	(127)	(550)
Exchange differences	2,106	1,632
Fair value of plan assets at 31 December	26,227	29,189

Expenses recognised in the income statement

	2006 US$'000	2005 US$'000
Current service cost	1,719	1,525
Interest cost	3,588	3,471
Expected return on plan assets	(3,316)	(3,288)
Amortisation for		
- Past service cost	395	364
- Underprovision in prior year	-	250
Net periodic pension expense	2,386	2,322
Curtailment loss	144	-
Total pension expense	2,530	2,322

Recognised in:

	2006 US$'000	2005 US$'000
Cost of sales	1,296	1,085
Distribution and selling expenses	227	279
General and administrative expenses	1,007	958
	2,530	2,322

The actual return on plan assets was US$3,157,000 (2005: US$3,418,000).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

18 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Actuarial valuation

The funded obligations and plan assets are measured and valued with the advice of qualified actuaries who carry out a full valuation annually. The last valuation of these obligations and plans was performed in 2006 wherein the results of these valuations form the basis of the fair value of the funded obligations and plan assets as at 31 December 2006.

The principal actuarial assumptions used for accounting purposes were:

	Group	
	2006	2005
Discount rate (per annum)	7%	11%
Expected return on plan assets (per annum)	10%	11%
Future salary increases (per annum)	5%-6%	5%-8%
Expected service life for the pension plan	12.5 years	13 years

Source of estimation uncertainty

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

Total pension contributions charged to the consolidated income statement amounted to about PHP128.7 million or US$2,530,000 for the year (2005: PHP128.1 million or US$2,322,000). DMPI's annual contribution to the pension plan consists of payments covering the current service cost for the year plus payments towards funding the actuarial accrued liability, if any. The Group expects to pay US$1,819,000 in contributions to the pension plan in 2007.

19 REVENUE

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Sale of goods	243,391	222,358	-	-
Dividend income received and recoverable from subsidiaries	-	-	18,500	25,000
	243,391	222,358	18,500	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. Significant intra-group transactions have been excluded from Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

20 PROFIT FOR THE YEAR

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

		Group		Company	
	Note	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Allowance for inventory obsolescence	7	2,240	3,242	-	-
Allowance for doubtful receivables					
- trade	10	104	263	-	-
- other	11	455	1,025	-	-
Amortisation of intangibles	5	422	422	-	-
Depreciation of property, plant and equipment	3	7,616	9,828	-	-
Direct write-off of inventories		-	73	-	-
Gain on disposal of property, plant and equipment		(92)	(39)	-	-
Impairment of property, plant and equipment	3	260	508	-	-
Loss on product disposal and off-specification products		-	1,073	-	-
Changes in fair value attributable to price changes of biological assets	8	83	(259)	-	-
Non-audit fees					
- payable to the auditors of the Company		19	20	15	10
- payable to other auditors		81	-	-	-
Operating lease rentals		4,385	4,261	-	-
Prior year tax assessment – value added tax and withholding tax		1,049	1,075	-	-
Research and development expenditure		407	358	-	-
Staff Costs					
Wages and salaries		35,072	32,084	829	462
Social security costs		2,009	1,448	72	-
Pension costs – provident fund		447	525	-	-
Pension costs – defined benefit pension plan	18	2,530	2,322	-	-
Supplemental performance bonus		108	371	-	-
Production profit share (see Note on following page)		21	25	-	-
		40,187	36,775	901	462

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

20 PROFIT FOR THE YEAR (CONT'D)

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

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

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

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

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

DMPI has accrued for the estimated amount of production profit share of approximately US$21,000 (2005: US$25,000) that the Company believes is in full compliance with the implementation guidelines of the law.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

21 FINANCE INCOME/(EXPENSES)

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Finance Income				
Interest income from				
- bank deposits	2,658	1,879	-	-
- affiliated companies	-	80	-	-
- others	343	43	1	1
Foreign exchange gains	794	616	-	-
	3,795	2,618	1	1
Finance Expenses				
Interest expenses on				
- bills payable	(3,215)	(3,272)	-	-
- factoring	(57)	(111)	-	-
- affiliated companies	-	(295)	-	-
- others	(741)	(521)	-	-
Foreign exchange losses	-	-	(4)	-
	(4,013)	(4,199)	(4)	-
Net Financial Income/(Expenses)	(218)	(1,581)	(3)	1

22 INCOME TAX EXPENSE

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

22 INCOME TAX EXPENSE (CONT'D)

The Group

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

	Group	
	2006 US$'000	2005 US$'000
Current tax expense		
- current year	6,582	5,146
Deferred tax expense		
- current year	(9)	(1,157)
	6,573	3,989

Reconciliation of effective tax rate

Profit before taxation	27,610	22,458
Taxation on profit at weighted average of the applicable tax rates	6,175	3,552
Non-deductible expenses	287	437
Change in tax rate	111	-
	6,573	3,989

The applicable weighted average tax rate is determined to be 23.8% (2005: 17.9%) and is calculated using the tax rates applicable in the jurisdictions where the companies in the Group operate. Although the Group's principal subsidiary is in the Philippines where the current tax rate is 35% (2005: 32.5%), other companies in the Group operate their businesses in jurisdictions where they are subjected to lower tax rate or considered exempt from tax.

Sources of estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

23 EARNINGS PER SHARE

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

	Group	
	2006	2005
Net profit attributable to shareholders (US$'000)	21,037	18,754
Issued ordinary shares at beginning of the year ('000)	1,081,781	1,074,483
Effect of share options exercised ('000)	-	4,649
Weighted average number of ordinary shares in issue ('000)	1,081,781	1,079,132
Basic earnings per share (in US cents)	1.94	1.74

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

For the diluted earnings per share in relation to the share options, a calculation is done to determine the number of shares that could have been acquired at market price (determined as the average share price of the Company's shares for the financial year) based on the monetary value of the subscription rights attached to outstanding share options. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. For the share options calculation, no adjustment is made to net profit attributable to shareholders.

	Group	
	2006	2005
Net profit attributable to shareholders (US$'000)	21,037	18,754
Weighted average number of ordinary shares in issue ('000)	1,081,781	1,079,132
Adjustments for share options ('000)	-	798
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,081,781	1,079,930
Diluted earnings per share (in US cents)	1.94	1.74

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

24 PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to realised translation differences on royalty payments between subsidiaries of the Group which had not been eliminated. This has been accounted for by restating comparatives and decreasing the opening balance of revenue reserves as at 1 January 2006 and increasing the opening balance of translation reserves as at 1 January 2005 by US$486,000.

25 DIVIDENDS

	Group and Company	
	2006 US$'000	2005 US$'000
Tax-exempt final dividend paid in respect of the previous financial year of 0.98 US cents (2005: 1.81 US cents)	10,601	19,494
Tax-exempt interim dividend paid in respect of the current financial year of 0.49 US cents (2005: 0.31 US cents)	5,301	3,350
	15,902	22,844

Subsequent to the financial year, the directors declared a tax-exempt final dividend of 0.97 US cents per share, amounting to US$10,493,000 in respect of the financial year ended 31 December 2006. These dividends have not been provided for in these financial statements.

26 SEGMENT REPORTING (GROUP)

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

Primary reporting format - business segments

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

26 SEGMENT REPORTING (GROUP) (CONT'D)

***Primary reporting format - business segments** (cont'd)*

	Processed products US$'000	Beverages US$'000	Non-processed products US$'000	Total operations US$'000
2005				
Total segment revenue	151,442	60,798	10,118	222,358
Segment results	17,761	5,770	508	24,039
Net finance expense				(1,581)
Taxation				(3,989)
Profit for the year				18,469
Assets and Liabilities				
Segment assets	117,506	70,732	6,079	194,317
Unallocated assets				60,113
Total assets				254,430
Segment liabilities	25,405	13,200	879	39,484
Unallocated liabilities				54,003
Total liabilities				93,487
Other segment information				
Capital expenditure	6,681	6,579	143	13,403
Depreciation and amortisation	5,745	4,258	247	10,250
Non-cash expenses (net) other than depreciation and amortisation	3,155	2,363	46	5,564

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

26 SEGMENT REPORTING (GROUP) (CONT'D)

***Primary reporting format - business segments** (cont'd)*

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

26 SEGMENT REPORTING (GROUP) (CONT'D)

Secondary reporting format - geographical segments

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

	Turnover		Segment assets		Capital expenditure	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Asia Pacific	162,958	146,762	266,296	254,430	6,117	13,403
Europe and North America	80,433	75,596	-	-	-	-
Total	243,391	222,358	266,296	254,430	6,117	13,403

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

27 FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

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

Interest rate risk

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

Information on the Group's interest rate exposure is also disclosed in Note 16.

Liquidity risk

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

27 FINANCIAL INSTRUMENTS (CONT'D)

Foreign exchange risk

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

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

Credit risk

The Group sells its products through major distributors in various geographical regions. For the year ended 31 December 2006, the Group's major customers collectively accounted for 33% (2005: 34%) of its total revenue. Management has a credit risk policy which includes, among others, the requirement of certain securities to be posted to secure prompt observance and performance of the obligations of its distributors and other buyers from time to time. The Group monitors its outstanding trade receivables on an on-going basis.

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

Commodity price risk

The Group is regularly engaged in the purchase of tinplates and fuel and is significantly exposed to commodity price risk. The Group ensures future supply of tinplates while minimising the impact of price movements by purchasing tinplates and fuel in advance of the production requirements. These purchase contracts are entered into for the purpose of receipt or delivery of tinplates and fuel in accordance with the expected usage requirements of the Group. There are no outstanding purchase contracts as of 31 December 2005 and 2006.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

27 FINANCIAL INSTRUMENTS (CONT'D)

Risk related to agricultural activities

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

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

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

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

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

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

Sensitivity analysis

In managing its interest rate and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, any prolonged adverse change in foreign exchange and interest rates will have an impact on profit.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

27 FINANCIAL INSTRUMENTS (CONT'D)

Sensitivity analysis (cont'd)

At 31 December 2006, it is estimated that a general increase of one percentage point in interest rates would increase the Group's profit before taxation by approximately US$36,000 (2005: US$92,000).

It is estimated that a general increase of one percentage point in the value of the US dollars against other foreign currencies would decrease the Group's profit before taxation by approximately US$84,000 (2005: US$38,000).

Fair values

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

28 COMMITMENTS

Operating lease commitments

Based on the existing agreements, the future minimum rental commitments as at 31 December 2006 for all non-cancellable long-term leases of real property, offices, equipment and grower agreements (including the estimated rental on lands previously owned by NDC and submitted for land distribution in compliance with the CARL) are as follows:

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Within one year	5,298	5,036	-	-
Between one to five years	19,519	19,628	-	-
More than 5 years	18,171	26,070	-	-
	42,988	50,734	-	-

Included in the above were commitments denominated in Philippine Peso of PHP1,996 million, equivalent to US$40,697,000 (2005: PHP2,564 million, equivalent to US$48,328,000).

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 2006

28 COMMITMENTS (CONT'D)

Future capital expenditure

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Capital expenditure not provided for in the financial statements				
- approved by directors and contracted for	840	700	-	-
- approved by directors but not contracted for	12,588	13,515	-	-
	13,428	14,215	-	-

Supply contracts

The Group currently has international supply contracts with five marketing and distributing entities, which have exclusive rights to the Del Monte trademarks in their respective territories or product categories. The Group has such agreements in respect of processed foods with Del Monte Corporation in the Americas except Canada, Del Monte Fresh Produce International Inc in Europe, Africa and most of Middle East, Del Monte Asia Pte Ltd in the Asia Pacific (except the Philippines, the Indian subcontinent, Myanmar and Japan), Kikkoman Corporation in Japan (the contract with which has been terminated effective 30 June 2008), and Kraft Canada Inc in Canada. The Group also has a supply contract with Del Monte Fresh Produce International Inc for the sale of fresh pineapple worldwide.

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

29 CONTINGENCIES

As at 31 December 2006, the Group had the following outstanding contingent liabilities in respect of lawsuits, tax assessments and certain matters arising out of the normal course of business. Management believes that the resolution of these contingencies will not have a material effect on the results of operations or the financial condition of the Group.

In addition, the Company has an outstanding contingent liability in respect of a corporate guarantee issued in favour of a bank to secure the US$3 million (2005: US$3 million) loan granted by the bank to subsidiary, Del Monte Foods India Private Limited.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

30 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	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Income				
Sales to San Miguel & NutriAsia group of companies	857	-	-	-
Expenses				
Purchases from San Miguel & NutriAsia group of companies	3,016	45	-	-
Management fees to a subsidiary, DMS	-	-	750	750
Professional fees for Director's services	-	33	-	-
Rental to DMPI Retirement Fund	1,011	1,232	-	-
Rental to DMPI Provident Fund	670	1,122	-	-
	4,697	2,432	750	750

The transactions with related parties are carried out under commercial terms and conditions. Pricing for the sales of products are market driven, less certain allowances, with prices for certain supplemental volumes subject to a cost floor mechanism intended to cover product costs. 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.

The aggregate value of the sales, purchases and other transactions between the Group, San Miguel and NutriAsia group of companies and trustee administered funds for the financial year 2006 amounted to US$5.6 million (2005: US$2.4 million).

All related party transactions during the financial year were conducted pursuant to the shareholders' mandate obtained at the Company's General Meeting held on 26 July 2006.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

30 RELATED PARTIES (CONT'D)

Key management personnel compensation *(cont'd)*
The key management personnel compensation is as follows:

	Group		Company	
	2006 US$'000	2005 US$'000	2006 US$'000	2005 US$'000
Directors:				
Fees and remuneration	1,332	1,642	336	334
Professional fees for directors	-	33	-	-
Key executive officers (excluding directors):				
Short-term employee benefits	1,372	1,367	-	-
Post-employment benefits	83	32	-	-

Certain management personnel of the Group are entitled to post-employment benefits as defined under a subsidiary's defined benefit plan. The retirement plan covers substantially all of the subsidiary's officers and regular full-time employees. The benefits are based on a percentage of latest monthly salary and credited years of service (Note 18).

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards, amendments to standards and interpretation that have been issued but not yet effective for the year ended 31 December 2006:

- IFRS 7 *Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

- IFRIC 7 *Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any significant impact on the consolidated financial statements.

- IFRIC 8 *Scope of IFRS 102 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8 will become mandatory for the Group's 2007 financial statements, with retrospective application required. The adoption of this standard is not expected to have any significant impact on the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2006

31 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

- IFRIC 9 *Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.

- IFRIC 10 *Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in an interim period during the financial year in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10 will become mandatory for the Group's 2007 financial statements, and will apply to goodwill, investments in equity instruments, and financial assets carried at cost prospectively from the date that the Group first applied the measurement criteria of IAS 36 and IAS 39 (i.e. 1 January 2004 and 1 January 2005 respectively). The adoption of IFRIC 10 is not expected to have a significant impact on the consolidated financial statements.

32 COMPARATIVE INFORMATION

The comparative figures relating to the financial statements for the year ended 31 December 2005 were audited by another firm of certified public accountants.

General and administrative expenses of a subsidiary of the Group were previously reflected as part of cost of sales. In addition, certain expenses of another subsidiary were overstated in the previous financial year.

The following comparative figures have been restated to conform with the current year's presentation and to be consistent with the presentation for the rest of the subsidiaries under the Group:

	As restated US$'000	As previously reported US$'000
Income statement		
Cost of sales	163,789	169,986
General and administrative expenses	12,102	5,905
Other expenses	9,941	10,079

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2007

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

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings			No. of shareholders	%	No. of shares	%
1	-	999	9	0.09	1,559	0.00
1,000	-	10,000	9,153	95.46	17,245,023	1.60
10,001	-	1,000,000	415	4.33	17,991,396	1.66
1,000,001	and	above	11	0.12	1,046,543,216	96.74
TOTAL			**9,588**	**100.00**	**1,081,781,194**	**100.00**

TWENTY LARGEST SHAREHOLDERS

	Name	No. of shares	%
1.	NutriAsia Pacific Limited	914,429,372	84.53
2.	DBS Nominees Pte Ltd	44,107,000	4.08
3.	Lee Pineapple Company Pte Ltd	41,230,000	3.81
4.	United Overseas Bank Nominees Pte Ltd	20,791,000	1.92
5.	HSBC (Singapore) Nominees Pte Ltd	8,350,690	0.77
6.	Pineapples of Malaya Private Limited	5,360,000	0.50
7.	Raffles Nominees Pte Ltd	4,459,154	0.41
8.	HL Bank Nominees (Singapore) Pte Ltd	2,998,000	0.28
9.	Citibank Nominees Singapore Pte Ltd	1,825,000	0.17
10.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,816,000	0.17
11.	Lin Shui Chin	1,177,000	0.11
12.	DBS Vickers Securities (Singapore) Pte Ltd	667,000	0.06
13.	Phillip Securities Pte Ltd	648,000	0.06
14.	UOB Kay Hian Pte Ltd	601,000	0.06
15.	Go Kee Tee Ochura	592,000	0.05
16.	Atma Singh s/o Nand Singh	531,000	0.05
17.	Merrill Lynch (Singapore) Pte Ltd	487,000	0.05
18.	Chew Leong Chee	396,000	0.04
19.	Loh Kum Mow	377,400	0.03
20.	Kim Eng Securities Pte. Ltd.	322,000	0.03
Total		**1,051,164,616**	**97.18**

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2007

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Name of shareholder	No. of shares	%[1]	No. of shares	%[1]
NutriAsia Pacific Limited [2-4]	914,357,372	84.52	-	-
NutriAsia San Miguel Holdings Ltd [2-3]	-	-	914,357,372	84.52
San Miguel Foods Asia Limited [2]	-	-	914,357,372	84.52
San Miguel Holdings Limited [2]	-	-	914,357,372	84.52
San Miguel International Limited [2]	-	-	914,357,372	84.52
San Miguel Corporation [2]	-	-	914,357,372	84.52
NutriAsia Inc. [3]	-	-	914,357,372	84.52
Golden Chamber Investment Limited [3]	-	-	914,357,372	84.52
HSBC International Trustee Limited [3]	-	-	914,357,372	84.52

PERCENTAGE OF SHAREHOLDINGS IN PUBLIC'S HAND

Based on the information provided, to the best knowledge of the Directors and Substantial Shareholders of the Company, approximately 15.48% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notes:

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

(2) San Miguel Corporation ("SMC") owns 100% of San Miguel International Limited ("SMIL"), which owns 100% of San Miguel Holdings Limited ("SMHL"), which owns 100% of San Miguel Foods Asia Limited ("SMFAL"), which owns 42.2% of NutriAsia San Miguel Holdings Ltd ("NSMHL"), which in turn owns 100% of NutriAsia Pacific Limited ("NPL"). SMC, SMIL, SMHL, SMFAL, NSMHL are therefore deemed to be interested in the 914,357,372 shares held by NPL.

(3) HSBC International Trustee Limited ("HSBC") owns 100% of Golden Chamber Investment Limited ("GCIL"), which in turn owns 65.4% of NutriAsia Inc. ("NI"), which owns 57.8% of NSMHL, which in turn owns 100% of NPL. HSBC is therefore deemed to be interested in the 914,357,372 shares held by NPL. HSBC is the trustee of the Twin Palms Pacific Trust, the beneficiaries of which are Mr Joselito D. Campos, Jr. and his children. HSBC, GCIL, NI are therefore deemed to be interested in the 914,357,372 shares held by NPL.

(4) The shareholding of NPL as recorded in the Register of Substantial Shareholders (914,357,372 shares or 84.52%) is lower than that shown in the Central Depository register (914,429,372 shares or 84.53%) as NPL is required to notify a change only if the change constitutes a change in the percentage level of their holding.

INTERESTED PERSON TRANSACTIONS

AS AT 31 DECEMBER 2006

The aggregate value of interested person transactions conducted pursuant to shareholders' mandate obtained in accordance with Chapter 9 of the Singapore Exchange's Listing Manual was as follows:

	Group	
	2006 US$'000	2005 US$'000
Income		
Sales to San Miguel Corp and NutriAsia Group*	857	-
Sub-total	857	-
Expenses		
Purchases from San Miguel Corp and NutriAsia Group*	3,016	45
Professional fees for Directors' services	-	33
Sub-total	3,016	78
Aggregate value	3,873	78

* San Miguel and NutriAsia Group became indirect controlling shareholders of Del Monte Pacific Limited on 1 December 2005.

PROFORMA GROUP FINANCIAL INFORMATION *

FOR THE YEAR ENDED 31 DECEMBER 2006
(AMOUNTS IN SINGAPORE DOLLARS)

	Group	
	2006 S$'000	2005 S$'000
Revenue	386,992	369,114
Cost of sales	(287,078)	(271,890)
Gross Profit	99,914	97,224
Distribution and selling expenses	(27,080)	(20,728)
General and administrative expenses	(20,866)	(20,089)
Other expenses	(7,721)	(16,502)
Results from operating activities	44,247	39,905
Finance income	6,034	4,346
Finance expenses	(6,381)	(6,970)
Net finance income/(expenses)	(347)	(2,624)
Profit before taxation	43,900	37,281
Income tax expense	(10,451)	(6,622)
Profit for the year	33,449	30,659
Attributable to:		
Equity holders of the Company	33,449	31,132
Minority interests	-	(473)
Profit for the year	33,449	30,659

* 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 2006 and 2005 are presented in Singapore dollars (S$) obtained by measurement of the S$ figures using the exchange rate of S$1.59 and S$1.66, respectively.

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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

MR RAMON S ANG
Chairman, Non-Executive Director

MR JOSELITO D CAMPOS, JR
Managing Director and CEO

MR MICHAEL HWANG
Independent Director

MR GODFREY E SCOTCHBROOK
Independent Director

MR PATRICK L GO
Independent Director

MS MA BELEN C BUENSUCESO
Non-Executive Director

MR ROLANDO C GAPUD
Non-Executive Director

MR FERDINAND K CONSTANTINO
Non-Executive Director

MR EDGARDO M CRUZ, JR
Non-Executive Director

MR FRANCIS H JARDELEZA
Non-Executive Director

AUDIT COMMITTEE

MR MICHAEL HWANG
Chairman and Independent Director

MR GODFREY E SCOTCHBROOK
Independent Director

MR PATRICK L GO
Independent Director

MS MA BELEN C BUENSUCESO
Non-Executive Director

MR ROLANDO C GAPUD
Non-Executive Director

NOMINATING COMMITTEE

MR MICHAEL HWANG
Chairman and Independent Director

MR GODFREY E SCOTCHBROOK
Independent Director

MR PATRICK L GO
Independent Director

MS MA BELEN C BUENSUCESO
Non-Executive Director

MR ROLANDO C GAPUD
Non-Executive Director

REMUNERATION AND SHARE OPTION COMMITTEE

MR GODFREY E SCOTCHBROOK
Chairman and Independent Director

MR MICHAEL HWANG
Independent Director

MR PATRICK L GO
Independent Director

MS MA BELEN C BUENSUCESO
Non-Executive Director

MR ROLANDO C GAPUD
Non-Executive Director

EXECUTIVE OFFICERS

MR JOSELITO D CAMPOS, JR
Managing Director and CEO, DMPL
President and CEO,
Del Monte Philippines, Inc

MR LUIS F ALEJANDRO
Senior Vice President, DMPL
General Manager and Chief Operating Officer, Del Monte Philippines, Inc

MR RICHARD W BLOSSOM
President, GTL Ltd and
Managing Director,
DMPL Management Services Pte Ltd

MR IGNACIO C O SISON
Chief Financial Officer, DMPL

MR PAUL L RASCH
President,
Great Lakes Fresh Foods and Juice Co Ltd

COMPANY SECRETARY

MS YVONNE CHOO
Singapore Secretary

TORMAN LIMITED
BVI Secretary

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BVI REGISTRAR AND SHARE TRANSFER OFFICE

HARNEY'S CORPORATE SERVICES LIMITED
Craigmuir Chambers,
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SINGAPORE SHARE TRANSFER AGENT

LIM ASSOCIATES (PTE) LTD
3 Church Street #08-01 Samsung Hub
Singapore 049483

AUDITORS

KPMG
Certified Public Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Ms Adeline Lee Tuck Ngor (Appointed in 2006)

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited

Calyon Corporate and Investment Bank

ABN AMRO Bank, Inc

AMERICAN DEPOSITARY RECEIPT (ADR) PROGRAMME

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

LISTING & TRADING SYMBOLS

Listed on 2 August 1999 on the Singapore Exchange

Bloomberg: DELM SP

Reuters: DMPL.SI

TRADEMARKS

Del Monte, **Del Monte Quality** and **Shield in Colour** are principal registered trademarks of the Group in the Philippines and Indian Sub-continent territories. The Group's other trademarks include, among others, **Today's**, **Fiesta** and **202 in the Philippines**, and **Great Lakes**, **Little Lakes** and **Ming Lang in China.**

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