REPORT & ACCOUNTS 1991

2455416

DEL MONTE FOODS INTERNATIONAL LIMITED

CONTENTS

DEL MONTE FOODS INTERNATIONAL LIMITED is an independent, European company involved in the production, distribution and marketing of processed foods and beverages. The Company holds the exclusive, royalty free and perpetual licence for the use of the "Del Monte" trademark – in the marketing of processed foods – throughout Europe, the Middle East and parts of Africa. Other companies have rights to use the "Del Monte" trademark in relation to processed foods elsewhere in the world, and world-wide in relation to fresh produce.

Del Monte Foods International Limited acquired the operating companies that now constitute the Group through a management buy-out, arranged by Charterhouse Bank and completed in May 1990.

A selection from the range of DMFI products across Europe

ANALYSIS OF TURNOVER

£ million	1991	1990
Italy	78.2	65.2
UK	71.0	69.9
Benelux	18.2	15.7
Germany	17.9	15.8
Switzerland	9.5	9.1
Scandinavia	6.9	7.0
Spain	5.4	2.3
France	5.3	4.4
Special Markets	34.0	27.4
Other Markets	5.6	8.9
Total	252.0	225.7

Note

Special Markets comprise sales of "Mission" brand, other secondary labels and industrial and institutional grade products throughout Europe. This has been spread across geographic regions for the purpose of the segmental analysis detailed in note 2 to the accounts.

The 1990 column represents the unaudited results for the twelve months ended November 1990.

Categories of Products

1. Pineapple

Pineapple sold in cans, including whole, halves, spears, slices, chunks, dessert bits and crushed pineapple.

2. Fruit

Fruit other than pineapple sold in cans and jars, including peaches, pears, fruit cocktail, apricots, mandarins, mixed fruits, exotic fruits, Tropicale and Fruitini (a single serve fruit snack).

3. Beverages

All forms of fruit based beverages, sold in Tetra Brik, glass bottles and cans, including 100% pure juice, fruit drinks and fruit nectars, but excluding fruit teas.

4. Speciality Products

Includes dried teas and iced tea under TéAti brand, Montania brand camomile and fruit teas, desserts, dessert mixes and cake mixes utilising the Royal brand, pizza mixes and pizza biscuits under the Catari brand and fruit teas under the "Del Monte" brand.

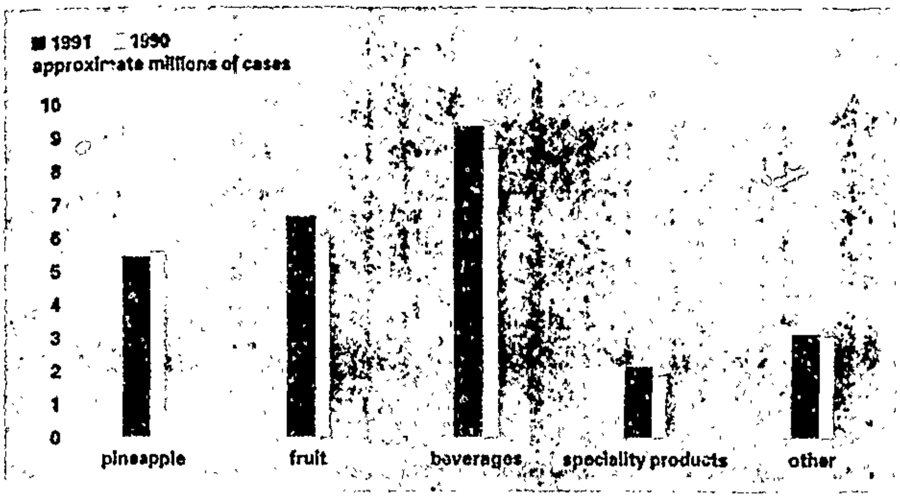
5. Other

Other products, includes processed tomatoes and tomato based products, processed vegetables in cans and jars, ready prepared vegetable meals for microwave ovens, a mexican-style food range, high fruit content jams, pineapple concentrate and coffee beans.

FINANCIAL HIGHLIGHTS

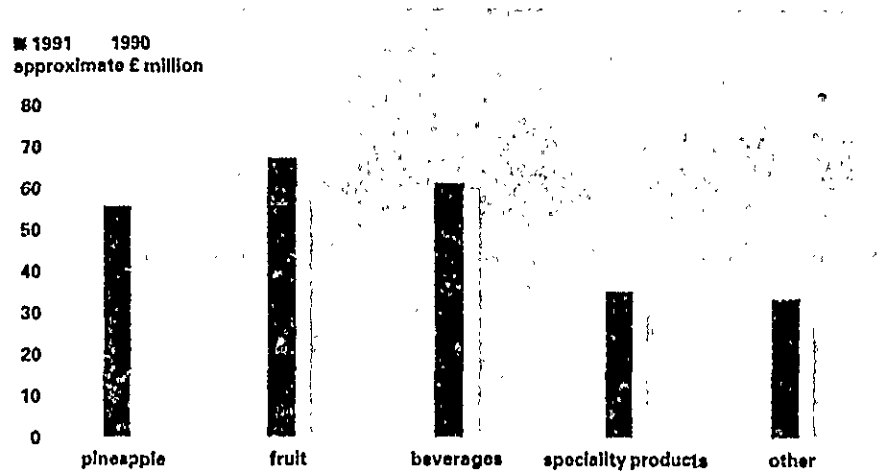
Sales Volume

12 months ended November



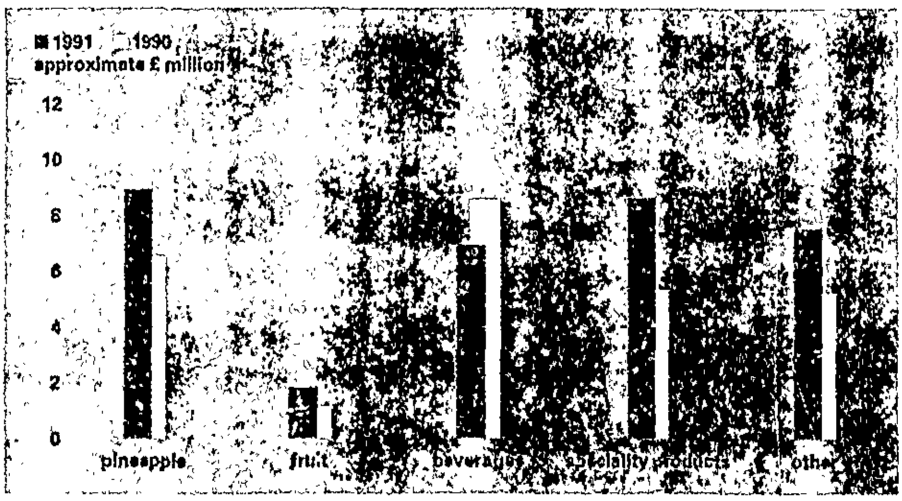
Sales Value

12 months ended November



Operating Profit*

12 months ended November



* Operating profit shown excludes profit on sale of SAPCO and income from interests in associated undertakings.

CHAIRMAN'S STATEMENT

Leon Allen, Chairman of the Board and Chief Executive Officer

THE GROUP'S NET PROFIT for its fiscal year ended 29 November 1991 reached £17,197,000, a very satisfactory result in that it represents another record high and record increase. Importantly, 19.0% growth in operating profit (excluding the 1991 profit on disposal of subsidiary) compared to the prior full year* was driven by unit volume increases in virtually all of our markets and product categories. In turn, these unit volume increases were the result of significant gains in market share. The point, is quite simply, that our business continues to grow because more and more consumers across Europe are buying our products. Clearly, a healthy situation.

Our business continues to develop as we had planned at the time of the buy-out in May 1990:

- We are equal to, or ahead of, target on all financial measures.
- Our core businesses continue to generate the sorts of consistent and predictable improvements that remain the heart of our Company.
- We have made very significant progress in developing our business, and the organisations to support our business in Germany, France and Spain.
- We have completed the steps necessary to become a fully independent company by adding strong and professional management in a variety of new disciplines and by restructuring our business to assign authority and accountability as appropriate.
- We have acquired a 34.9% interest in Mindanao Enterprises Limited, the owner of the largest and highest quality Philippine pineapple growing and processing company. This gives us an additional earnings stream and an associated long term Supply Agreement provides access to further high quality pineapple supplies.
- We have disposed of our South African subsidiary at a significant profit to book value.

100 years of quality

Although our Group is new, the "Del Monte" brand is celebrating its Centenary. We have recently prepared a celebratory brochure to mark the 100 years of quality which is represented by the "Del Monte" brand. A copy of this brochure is being sent to all Shareholders.

The Board of Directors would like to take this opportunity to thank our suppliers, our customers, our consumers and – most particularly – our employees for the support they have provided as we have become an independent company. We have great confidence as we look to the future. We look forward to sharing that future with each of you.

Leon R Allen
Chairman and Chief Executive Officer

* *The 1990 comparative figure has been calculated based upon the unaudited management accounts for the businesses which comprised the Del Monte Foods Europe operations.*

Enrico Sola, President and Chief Operating Officer

IN OUR FIRST FULL YEAR following the management buy-out, we have achieved healthy increases in both sales and profits. As a well-established, fast developing pan-European foods group, we are on track in pursuing our three key strategic objectives of growing our core businesses, building our position in France, Germany and Spain, and developing new products under the "Del Monte" brand.

Despite a background of slowing economic activity in many countries, last year we increased sales volume by 6% and sales revenue by 13% compared to the previous 12 months. (The comparative figures for 1990 have been based upon unaudited management accounts.) This latter increase reflected, in part, the growing proportion of higher value products in our portfolio. With careful control over production costs, gross profit margins have improved from 36% to 39%.

In addition, we substantially increased our investment in brand support. Total marketing, including advertising investment for the year rose by 24% to £31.4 million. The rewards for this continuing high level of support are reflected not only in our sales growth and market share position but also in the exceptionally high levels of spontaneous awareness that the "Del Monte" brand enjoys in its major markets. An important landmark last year was the introduction of our famous "Man from Del Monte" advertising campaign to television audiences in France, Germany and Spain.

The award winning Man from Del Monte television commercials

Core Product Groups

Brand leader in pineapple products

Pineapple

In canned pineapple, in which Del Monte is European brand leader, we increased sales value by 11% over 1990, despite a fall in unit sales resulting from a tight supply situation world-wide. During the year, on an annual average* basis, Del Monte increased its pineapple market share, doing particularly well in Italy, where share increased from 31.6% to 39.0%, Germany from 13.3% to 17.5% and Spain 20.0% to 23.3%. These are very encouraging results.

Growing share in the single serve desserts market

Fruit

In processed fruit, where we also hold European brand leadership, we enjoyed increases in both unit volume and sales value. Fruitini, our most recent introduction, performed particularly well in Benelux and the UK, where its annual average* share increased from 15% to 20%.

CHIEF OPERATING OFFICER'S REVIEW

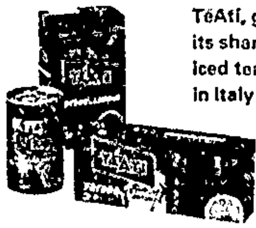
Beverages

Fruit beverages, our largest product category, which we sell predominantly in the UK and Italy, saw an annual unit sales increase of over 8%. In the UK, market share on an annual average* basis reached an all time high, increasing from 12.1% to 14.1%, despite some major competition.

UK's growing range of pure juices

Speciality Products

Speciality products, comprising teas, camomile tea, desserts, cake and pizza mixes, delivered further healthy increases. The Italian iced tea market grew by over 50% year on year and TéAti did extremely well, growing annual average* share from 11.0% to 13.3%. During 1992, we plan to introduce some of these products into a number of additional countries.



TéAti, growing its share in the iced tea market in Italy

Other

Tomato-based products achieved higher sales in Italy, Holland and Germany, and we have recently added pasta sauces to our range. We continue to develop our processed vegetables business in cans and glass jars, moving our two mainstream products, corn and asparagus, into new territories.

New Products

New product development, driven by our continuous monitoring of consumer trends, is a central part of our strategy. Last year saw a number of successful launches. In Germany, we introduced a low calorie range of processed fruit, "Del Monte Light", in response to the growing trend in that market towards dietary products; we responded to the high level of microwave ownership and changes in family lifestyles in the UK by launching a range of vegetable ready meals in microwavable packagings; in Italy, we added new flavours to the TéAti range to exploit the boom in the iced tea market, and we also expanded our "Del Monte" portfolio with the launch of a new range of high fruit content Jams.

New, low calorie fruit range, launched in Germany

Markets

In the UK we achieved increases in unit volumes, revenue and margins, a very creditable result given the difficult economic conditions. To prepare for further growth in the German market, the local company's structure has been developed over the past six months to increase resources in sales, marketing and financial management. The establishment of our own sales force in Holland was an important contributor to the higher sales achieved in the Benelux countries. New distribution arrangements were also introduced in Sweden.

Vegetable ready-meals, for the microwave

* Moving annual total share, either Nov/Dec 1991 over Nov/Dec 1990, or Dec 1991/Jan 1992 over Dec 1990/Jan 1991 as measured by A C Nielsen & Co Limited.

Harvesting Del Monte quality pineapple

Italy continued to make excellent progress, achieving strong growth in all product sectors. Our plans for launching a new range of beverages into the bar trade are now well under way and the initial response has been very positive. Sales in Spain doubled, benefiting from a new distribution arrangement, while in France we increased our penetration, particularly in hypermarkets, as well as expanding the product range.

While we recognise the transitional problems facing the east European countries, we have no doubt as to the potential strength of demand for our products there and we have established our first distribution arrangements in Poland and Hungary.

Production

During the year we took steps to increase our pineapple production in Kenya – where we already operate the largest pineapple plantation in the country – by entering a joint venture with a local partner. The additional acreage is in the process of being planted and will be producing pineapples by 1993. We anticipate that increased Kenyan production, together with the long-term supply agreement with our Philippines' associate, will continue to meet the bulk of our pineapple needs over the next several years.

High season peach production, Larissa, Greece

In Greece, we completed the reorganisation and expansion of our plant at Larissa and the investment is already generating significant pay-backs in terms of improved productivity. The peach cannery is the largest in Europe and the site is also of increasing importance in our production of tomato-based products, fruit cocktail and Fruitini.

In Italy, we commissioned an aseptic bulk storage facility at the San Felice plant near Bologna which will lead to efficiency gains and cost savings in the transport and handling of fruit pulps.

The Future

We have a well defined strategy for the future. We will continue to develop our core businesses; we will maintain our drive to build market share and revenues in our key target geographic areas; and we will continue to use the strength of the "Del Monte" name by progressively adding to our product portfolio. I am happy to report that the current year has begun promisingly.

Enrico Sola

President and Chief Operating Officer

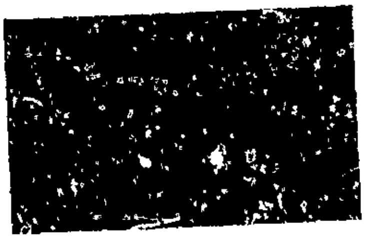
Design
NSUMER DYNAMICS
FRUIT JUICE
sumers drinking
23
6
16
37
169.2
Del Monte

Roger Price, Senior Vice-President and Chief Financial Officer

THIS REPORT contains the accounts for the first full financial year of Del Monte Foods International Limited, the 52 weeks to 29 November 1991. In comparing these to the previous results, it is important to recognise that the 1990 accounts covered trading for only the seven months following the buy-out in May 1990. The 1990 accounts also include seven months' results from South African Preserving Company (Proprietary) Limited ("SAPCO"), whereas the current year includes only the results for the period prior to that company's sale in early 1991.

The 1990 comparative results have been restated to reflect three accounting changes which have been introduced in 1991. Turnover has been revised to reflect the deduction of certain trade discounts previously charged to cost of sales. Distribution costs have been amended to include fixed transportation expenses previously included in cost of sales. Costs incurred in cultivating crops are now being deferred until the period of sale rather than being charged as incurred. This latter change represents a return to a policy which the Group's predecessors followed for a number of years.

We believe that these changes permit a more accurate matching of costs and revenues, as well as providing a clearer representation of the Group's activities. The effect of the change in accounting policy for deferred crop expenditure has been an increase of £1.9 million in the profit previously reported for 1990.



Part of the pineapple cultivation in the 26,000 acre Kenyan facility

Balance Sheet

Capital and Reserves at the end of 1991 were £71.8 million, up from £54.5 million at the end of 1990, in part as a consequence of the SAPCO sale. Group debt was reduced during the year by £25.5 million, improving the ratio of debt to net worth from 270% at the end of 1990 to 170% at the end of 1991. This represents significant progress since the buy-out in 1990.

Fixed Assets in 1991 include the investment acquired during the year in Mindanao Enterprises Limited, which operates principally in the Philippines, while the 1990 Balance Sheet included the assets and liabilities of SAPCO. Notwithstanding this, Net Current Assets fell by 16% during 1991, reflecting the continued tight control of working capital across the business.

Our Balance Sheet includes the value of acquired brands where they achieve separately identifiable premium earnings. Although accounting for brands has become a somewhat contentious issue within the accounting profession over recent years, we strongly believe that this appropriately reflects the importance of the brands we acquired in 1990. To the extent that our brands reflect foreign currency earnings, their value has been restated at the year-end exchange rates.

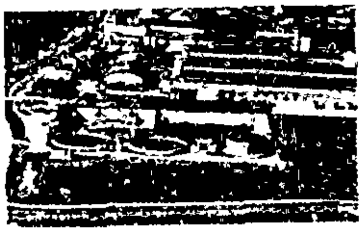
A selection from the range of Del Monte products

CHIEF FINANCIAL OFFICER'S REVIEW

Cash Flow

During the 52 weeks to 29 November, the Group generated £31.8 million cash from its operating activities. Continued tight financial control resulted in working capital growing much more slowly than sales.

Cash Flow from operations was more than adequate to satisfy all interest and loan repayment commitments as well as to fund the capital expenditure requirements of the business. The Group has undertaken several major projects, including building a new bulk storage facility in Italy and a large capacity reservoir in Kenya to safeguard year-round water supplies.



San Felice

Corporate Structure

During the year the structure of the Group's companies was reorganised in order to reflect more closely the management responsibilities and to ensure a more efficient structure. The changes included Del Monte Foods Northern Europe Limited becoming the holding company for the German and Belgian subsidiaries while our Greek subsidiary, Hellenic Food Industries SA, was recapitalised by Del Monte Foods Sud Europa S.p.A. which also became its new holding company.

Information Systems

During 1990 an information systems strategy was formulated which is now being implemented throughout the Group. Investments have been made to replace or upgrade computer equipment at all locations and significant progress has been made to introduce Group-wide systems, developed primarily from in-house resources. Computer links are now in place between all of our sites, enabling the rapid and accurate transfer of information across the business.

Management Information Systems, Staines, UK

Summary

Del Monte Foods International Limited has made excellent progress in increasing sales and earnings since the buy-out in May 1990, as well as in managing its cash and improving its Balance Sheet. We have taken the opportunity during 1991 to strengthen the management of the finance function, and I believe that we are now well equipped to manage the challenges we face in the months and years to come.

Roger Price
Senior Vice President and Chief Financial Officer


la région, po

Leon Allen

is Chairman of the Board and Chief Executive Officer. Aged 53, he started his career with Procter and Gamble in the USA. He joined Del Monte Foods in 1982 as Vice-President for Latin America and later held the position of Regional Director for Del Monte, Canada Dry and Nabisco Brands Latin America. He was appointed as Chief Executive of Del Monte Foods Europe in April 1988, and led the subsequent buy-out and formation of Del Monte Foods International Limited. He was appointed Chairman of the Board and Chief Executive Officer of Del Monte Foods International Limited in 1991. He is a citizen of the United States.

Gordon Bonnyman

is an External Director. Aged 47, he joined Charterhouse Development Capital Limited as Managing Director in 1990. He was previously a Managing Director of Bankers Trust where he established the leveraged buy-out division. He is a British Citizen.

Peter Brooks

is Vice-Chairman. Aged 58, he joined Del Monte Foods Europe in 1966 and later held the position of Vice-President of Del Monte Foods International Limited and Managing Director for Northern Europe. He was appointed Vice-Chairman in 1991. He is a British citizen.

Robert Carbonell

is an External Director. Aged 65, he joined Standard Brands, Inc. in 195[illegible] and later held successive positions as Vice-Chairman of RJR Nabisco, Inc. and then Chairman and Chief Executive of Del Monte Corporation, with headquarters in the USA. He retired from the latter position in 1990 but remains Chairman of the Board of Del Monte Corporation. [illegible] citizen of El Salvador.

Nigel Hamway

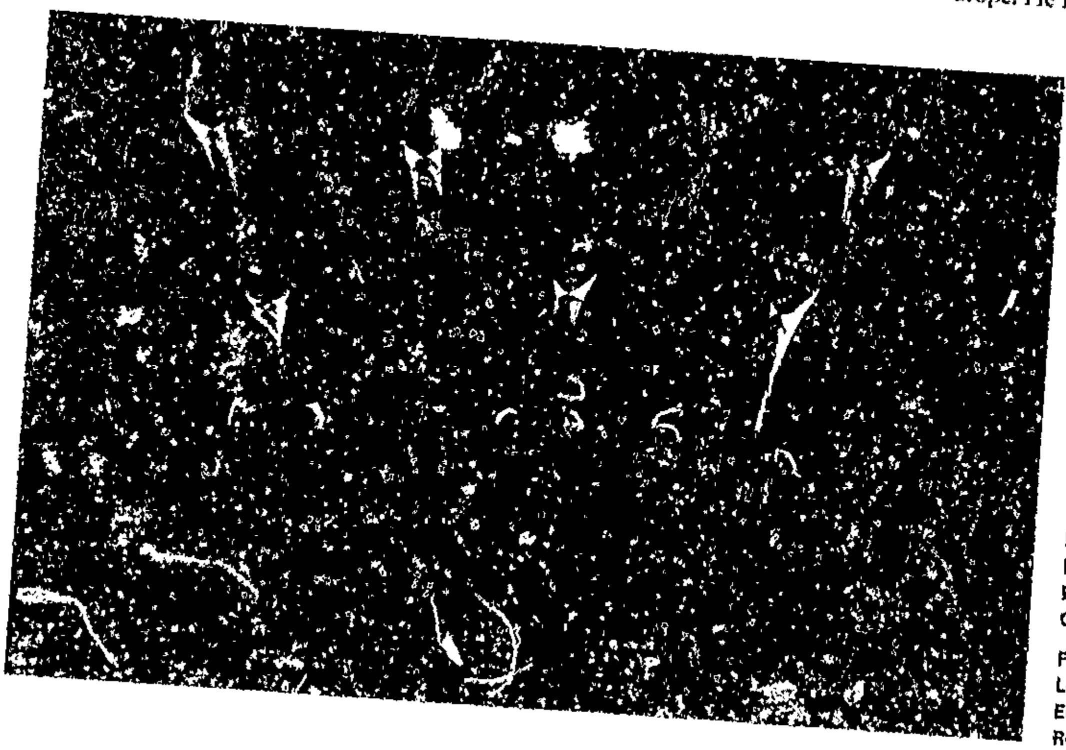
is an External Director. Aged [illegible], he is a Director of Charterhouse Development Capital Limited. He is a British citizen.

Roger Price

is Senior Vice-President and Chief Financial Officer. Aged 43, he was formerly Finance Director of Smiths Crisps, and subsequently Finance Director of the Nabisco Group's UK Grocery Division. He joined Del Monte Foods Europe in 1988 as Vice-President – Finance. He is a British citizen.

Enrico Sola

is President and Chief Operating Officer. Aged 48, he joined Calpak S.p.A., part of Del Monte Corporation in 1963. Prior to his appointment to his position in 1991, he was Vice-President of Del Monte Foods International Limited and Managing Director for Southern Europe. He is an Italian citizen.



Back row, left to right:
Nigel Hamway
Roger Price
Peter Brooks
Gordon Bonnyman

Front row, left to right:
Leon Allen
Enrico Sola
Robert Carbonell

DIRECTORS REPORT

Directors

L R Allen*‡
Chairman and Chief Executive Officer

J G Bonnyman†*
External Director

P J W Brooks‡
Vice Chairman

R J Carbonell†
External Director

N J Hamway†*
External Director

R A Price‡
Senior Vice President and Chief Financial Officer

E Sola‡
President and Chief Operating Officer

Secretary

R M H Malthouse

Auditors

Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY

Solicitors

Clifford Chance
Royex House
Aldermanbury Square
London EC2V 7LD

Financial Advisors

Charterhouse Bank Limited
1 Paternoster Row
St Paul's
London EC4M 7DH

Registered Office

Del Monte House
London Road
Staines
Middlesex TW18 4JD
Registered in England No 2455416

Principal Committees

AUDIT: Consisting entirely of the External Directors, with the Auditors and the Chief Financial Officer in attendance. Considers matters relating to accounting policies and practices, audit and financial controls.

COMPENSATION: Consisting of certain External Directors and the Chairman and Chief Executive Officer, who does not participate in matters relating to himself. Chaired by an External Director. The Committee also authorises the granting of Executive Share Options.

EXECUTIVE: Consisting of the Executive Directors. Chaired by the Chairman and Chief Executive Officer. Considers operational matters.

† Audit Committee Member
* Compensation Committee Member
‡ Executive Committee Member

The Directors are pleased to submit their report and the audited Group accounts of Del Monte Foods International Limited for the 52 weeks ended 29 November 1991.

Principal Activities

The Group processes pineapple and deciduous fruit, fruit beverages and tomato products which are marketed under the "Del Monte" name throughout Europe, parts of Africa and the Middle East. The Group also produces and markets other processed food products.

Profit and Dividends

The Group profit on ordinary activities after taxation net of minority interests was £17,197,000, (1990: £8,826,000: seven months restated) which has been transferred direct to reserves. The Directors have not declared any dividends during the period.

Acquisitions and Disposals

During the period the Group acquired a 34.9% interest in Mindanao Enterprises Limited, a British Virgin Islands company, whose interests are principally concerned with the processing of pineapple in the Philippines. The Group disposed of its shareholding in SAPCO. Details are set out in notes 22 and 23 to the accounts.

Prior Period

The prior period covers 27 December 1989 (the date of incorporation) to 30 November 1990. However, the prior period effectively includes operating results for the seven months from 9 May 1990 (when the Company acquired the group of companies, formerly known collectively as Del Monte Foods Europe) to 30 November 1990. The Directors consider that due to the seasonal nature of the business it is not possible to draw a fair comparison between the current and prior period by adjusting the prior period to full year on a pro rata basis.

Restatement of Prior Period Figures

Comparative figures have been restated so as to be consistent with the changes in accounting policy for stocks, the basis of calculating turnover and the classification of distribution costs, reflected in the current period's figures. A detailed analysis of the effects is set out in note 28. It is the Directors' opinion that these changes present a fairer view of the organisation's activities.

DIRECTORS REPORT

The Directors in office during the period and at 29 November 1991 are listed below, together with their beneficial interests in the shares of the Company.

	29 November 1991		30 November 1990	
	"A" Ordinary Shares	"B" Ordinary Shares	"A" Ordinary Shares	"B" Ordinary Shares
L R Allen	215,576	–	215,576	–
J G Bonnyman	–	11,168	–	10,915
P J W Brooks	117,185	–	137,185	–
R J Carbonell	–	33,186	–	–
N J Hamway	–	8,156	–	8,156
R A Price	97,989	–	97,989	–
E Sola	137,185	–	137,185	–

Mr P H W Rix resigned on 12 March 1991.

During the period P J W Brooks transferred 20,000 "A" Ordinary Shares to a trust in which he has no beneficial interest.

The undermentioned Directors have an interest in the shares of Del Monte Foods Europe Limited by virtue of an interest in Northern and Midland Nominees Limited and the latter company's holding in Cannes Limited Liability Company, a shareholder of Del Monte Foods Europe Limited:

	"B" Ordinary Shares	Redeemable Cumulative Preference Shares
J G Bonnyman	70	2,347
N J Hamway	37	1,244

33,186 "B" Ordinary Shares and 280,088 First Redeemable Cumulative Preference Shares were allotted to R J Carbonell on 9 May 1991 under the terms of the Convertible Subordinated Unsecures Loan Stock No.1.

The Executive Directors of the Company have been granted options over Company shares as follows:

	29 November 1991		30 November 1990	
	"C" Ordinary Shares	"D" Ordinary Shares	"C" Ordinary Shares	"D" Ordinary Shares
L R Allen	64,422	64,422	64,422	64,422
P J W Brooks	40,047	40,047	40,047	40,047
R A Price	29,600	29,600	29,600	29,600
E Sola	–	80,093	–	80,093

The exercise price for Executive Directors of the "C" Ordinary Shares is 115p per share (1990: 115p) and the "D" Ordinary Shares is 5p per share (1990: 5p) except for options over "D" Ordinary Shares of E Sola which are exercisable at 60p per share (1990: 60p).

The options over "C" and "D" Ordinary Shares are linked together so that an option over "D" Ordinary Shares can only be exercised if the grantee also exercises or has previously exercised an option over at least the same number of "C" Ordinary Shares.

At 29 November 1991 there were options outstanding over 618,931 (1990: 577,632) Ordinary Shares of 1p (a combination of "C" and "D" shares) under the Del Monte Foods International Limited 1990 Executive Share Option Schemes granted to Directors and employees. Under the terms of the Option Schemes, Directors and employees options are normally exercisable in whole or in part between the third and tenth anniversaries of the date of grant.

There are no other interests of Directors in shares of Group companies.

Insurance has been taken out by the Company under Section 310(3) of the Companies Act 1985 (as amended by the Companies Act 1989) for its Directors and certain other senior managers.

Fixed Assets

Freehold and long leasehold properties are shown at cost less depreciation to date. In the opinion of the Directors there were no material differences between the book and market values of fixed assets. Changes in tangible fixed assets during the period are set out in note 9 of the accounts.

Charitable and Political Contributions

Donations made by the Group for charitable purposes in the UK amounted to £18,000 (1990: £3,000: seven months). No donations were made for political purposes.

Employment Policies

It is the policy of the Group that there should be no unfair discrimination in considering applications for employment, including those from disabled persons. Should any employee become disabled every practical effort is made to provide continued employment.

The Directors are committed to maintaining and developing communication and consultation procedures with employees, who in turn are encouraged to become aware of and involve themselves in the performance of their own company and of the Group as a whole. Consultation and involvement policies vary from country to country according to local customs, legal considerations and the size of the business.

Auditors

Price Waterhouse have indicated their willingness to continue in office. A resolution concerning their re-appointment will be proposed at the next Annual General Meeting.

By Order of the Board

K M H Malthouse

Secretary

14 April 1992

AUDITORS REPORT

To the Members of Del Monte Foods International Limited

We have audited the financial statements on pages 19 to 44 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 29 November 1991 and of the profit and cash flows of the Group for the 52 weeks then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Price Waterhouse
Chartered Accountants
and Registered Auditor

Southwark Towers
32 London Bridge Street
London SE1 9SY

14 April 1992

GROUP PROFIT & LOSS ACCOUNT

	Note	52 weeks ended 29 November 1991 £'000	Restated seven months ended 30 November 1990 £'000
Turnover	1, 2	252,048	137,046
Cost of sales		(152,617)	(85,553)
Gross profit		99,431	51,493
Selling and marketing expenses		(31,419)	(14,063)
Distribution costs		(17,781)	(9,583)
Administrative expenses		(15,555)	(8,102)
Other operating (expense)/income		(599)	5,957
Income from interests in associated undertakings		2,578	–
Profit on disposal of subsidiary	23	6,450	–
Operating profit	2, 3	43,105	25,702
Interest receivable		2,477	938
Interest payable	4	(20,853)	(13,408)
Profit on ordinary activities before taxation	2	24,729	13,232
Taxation	7	(7,395)	(4,372)
Profit on ordinary activities after taxation		17,334	8,860
Minority interests		(137)	(34)
Profit retained for period		17,197	8,826

Movements on reserves are disclosed in notes 20 and 28

GROUP BALANCE SHEET

	Note	As at 29 November 1991 £'000	Restated as at 30 November 1990 £'000
Fixed assets			
Intangible assets	8	75,583	74,200
Tangible assets	9	56,346	59,684
Investments	10	6,361	–
		138,290	133,884
Current assets			
Stocks	11, 28	58,844	59,288
Debtors	12	53,765	51,253
Cash at bank and in hand		9,047	17,074
		121,656	127,615
Creditors – amounts falling due within one year	13	(83,418)	(82,145)
Net current assets		38,238	45,470
Total assets less current liabilities		176,528	179,354
Creditors – amounts falling due after more than one year	14	(99,115)	(117,637)
Provisions for liabilities and charges	16	(5,627)	(7,245)
		71,786	54,472
Loan capital			
Loan stock	18	–	14,994
Capital and reserves			
Called up share capital	19	57,752	41,755
Share premium account	19, 20	1,117	–
Goodwill reserve	20, 28	(23,949)	(26,534)
Cumulative retranslation reserve	20, 28	(10,239)	(8,169)
Profit and loss account	20, 28	26,767	8,805
		51,448	30,851
Minority interests	21, 28	20,338	23,621
		71,786	54,472

Approved by the Board

L R Allen

R A Price

14 April 1992

	Note	As at 29 November 1991 £'000	As at 30 November 1990 £'000
Fixed assets			
Investments	10	142,937	159,520
Current assets			
Debtors	12	5,686	1,027
Cash at bank and in hand		112	45
		5,798	1,072
Creditors – amounts falling due within one year	13	(8,324)	(20,467)
Net current liabilities		(2,526)	(19,395)
Total assets less current liabilities		140,411	140,125
Creditors – amounts falling due after more than one year	14	(72,912)	(90,155)
Provisions for liabilities and charges	16	(613)	(2,243)
		66,886	47,727
Loan capital			
Loan stock	18	–	14,994
Capital and reserves			
Called up share capital	19	57,752	41,755
Share premium account	19, 20	1,117	–
Cumulative retranslation reserve	20	(5,937)	–
Profit and loss account	20	13,954	(9,022)
		66,886	47,727

Approved by the Board

L R Allen

R A Price

14 April 1992

GROUP CASH FLOW STATEMENT

	52 weeks ended 29 November 1991 £'000	Restated seven months ended 30 November 1990 £'000
Operating profit	43,105	25,702
Adjustments (note 29)	(11,325)	14,732
Net cash inflow from operating activities	31,780	40,434
Returns on investments and servicing of finance		
Interest received	2,267	684
Interest paid	(20,837)	(12,023)
Dividends paid to minority shareholders in subsidiary undertakings	(78)	–
Net cash outflow from returns on investments and servicing of finance	(18,648)	(11,339)
Taxation		
Overseas company taxes paid	(3,943)	(2,723)
Overseas withholding taxes paid	(735)	–
Tax paid	(4,678)	(2,723)
Investing activities		
Purchase of subsidiaries (note 34)	(15)	(193,371)
Purchase of associated undertaking	(2,120)	–
Sale of subsidiary (note 35)	16,112	–
Purchase of tangible fixed assets	(5,204)	(1,599)
Disposal of tangible fixed assets	134	145
Net cash inflow/(outflow) from investing activities	8,907	(194,825)
Net cash inflow/(outflow) before financing	17,361	(168,453)
Financing		
Share capital raised (note 32)	(2,120)	(45,393)
Loan stock raised	–	(14,994)
Long-term debt raised	–	(103,301)
Repayment of long-term debt (note 32)	18,083	7,423
Repayment of long-term debt reclassified as current	1,670	–
Net cash outflow/(inflow) from financing	17,633	(156,265)
Decrease in cash and cash equivalents (note 30)	(272)	(12,188)
	17,361	(168,453)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to these accounts except as noted below.

The Group has changed its accounting policy for stocks, the basis for calculating turnover and the classification of distribution costs. Comparatives have been restated and the effects of these changes are set out in note 28.

Accounting basis

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Basis of consolidation

The Group accounts consolidate the accounts of Del Monte Foods International Limited and all its subsidiaries and equity account the results of associated undertakings up to 29 November 1991.

Companies in which the Group has an investment comprising an interest of not less than 20% in the voting capital and over which it exerts significant influence are defined as associated undertakings. The Group accounts include the appropriate share of these companies' results and reserves.

The Group accounting policies conform with UK accounting standards and, when necessary, adjustments are made in the accounts of overseas subsidiaries and associated undertakings in order to present the Group accounts on a consistent basis.

The results of subsidiary and related undertakings acquired or sold are included in the profit and loss account from the date of acquisition or to the date of disposal.

Goodwill

Goodwill arising on acquisitions of subsidiaries or associated undertakings is written off direct to reserves.

Holding company's profit and loss account

As the Company's results are included in the Group's profit and loss account and disclosed in note 20, a separate profit and loss account is not presented, as permitted by S230(1) of the Companies Act 1985.

Minority interests

Under the terms of the Group structure, the minority shareholders, principally the US investors, in an intermediate holding company, Del Monte Foods Europe Limited, ("DMFE"), have similar income rights to shareholders of the Company. No dividends have been payable by the Company and accordingly, no minority interests have been deducted from the Group profit and loss account in respect of these shareholders. The interest of these shareholders in the Group balance sheet is calculated by reference to their rights on a distribution of assets. Movements in such minority interests in the Group balance sheet are dealt with through reserves. The minority interests of certain other shareholders are deducted from the Group profit and loss account and Group balance sheet.

Foreign currencies

Assets and liabilities denominated in foreign currencies are expressed in sterling at the rate of exchange ruling at the period end. Transactions during the period are recorded at rates of exchange in effect at the time of those transactions. Currency gains and losses on trading items are taken to profit and loss account. The results for the year of overseas companies are expressed in sterling at the average rate of exchange prevailingduring the year. To the extent that they are denominated in foreign currencies the Group's investment in net assets (including brands and purchased goodwill) of its subsidiaries and associated undertakings are retranslated to year end exchange rates. The resultant gains or losses are taken to the cumulative retranslation reserve.

Foreign currency borrowings are used to partly hedge the foreign exchange exposure on the Group's investments including brands and goodwill. Gains or losses arising on the retranslation to year end exchange rates of the hedged items and the associated borrowing are offset within the cumulative retranslation reserve.

Turnover

Turnover represents the gross sales value of Group companies to external customers excluding value added taxes and is now net of volume related trade discounts. This represents a change in accounting basis from the prior period. The effect of this change is disclosed in note 28.

Fixed assets and depreciation

Fixed assets are stated at cost less depreciation, except in the case of freehold land which is not depreciated. Depreciation is provided on a straight line basis at an annual rate over the expected economic lives of the assets. Within the following asset classifications, the expected economic lives are approximately:

• Freehold buildings	45 years
• Long term leasehold property	45 years
• Short term leasehold property	length of lease
• Plant and equipment	8 to 15 years
• Motor vehicles	4 years
• Office furniture	10 years
• Computer hardware	3 to 5 years

Leases

Assets held under finance leases are treated as if they had been purchased outright at the present value of the outstanding rentals payable, less finance charges, over the primary period of the leases. The corresponding obligations under these leases are shown as creditors. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to profit and loss account on a straight line basis over the terms of the lease.

Brands

Brands acquired are included in the Group balance sheet as an intangible asset. Acquired brands are recognised where brand earnings are separately identifiable and where the brand achieves premium earnings. No amortisation is provided except where the useful economic life of the acquired brands can be foreseen. The useful economic life and carrying value are subject to annual review and any provision for permanent impairment would be charged against the profit for the period in which it arose.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes appropriate production overheads and distribution costs. Costs incurred in cultivating crops are deferred and matched against revenue in the period of sale. This represents a change in accounting policy from the prior year when all such costs were expensed as incurred. The effect of this change in policy is set out in note 28.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided on the liability method on all timing differences only to the extent that they are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

Irrecoverable withholding tax is provided for when it is management's intention to remit overseas dividends and management charges.

Pensions

The cost of the Group's defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Pension cost is assessed in accordance with the advice of qualified actuaries. Actuarial surpluses and deficits are spread over the average remaining service lives of employees.

2. Segmental Analysis

The Group's business consists of the growing, processing and distribution of food and beverage products. The Directors are of the opinion that this forms one class of business.

	Total £'000	United Kingdom £'000	Italy £'000	Rest of Europe £'000	Rest of World £'000
1991 Group turnover					
By geographical destination:					
Sales to third parties	252,048	73,919	85,339	89,551	3,239
By geographical origin:					
Total sales	407,411	203,028	123,245	53,081	28,057
Intercompany sales	(155,363)	(97,966)	(15,814)	(16,265)	(25,318)
Sales to third parties	252,048	105,062	107,431	36,816	2,739
1990 Group turnover (seven months restated)					
By geographical destination:					
Sales to third parties	137,046	45,045	42,694	45,822	3,485
By geographical origin:					
Total sales	202,654	88,199	59,920	24,327	30,208
Intercompany sales	(65,608)	(21,319)	(8,377)	(9,106)	(26,806)
Sales to third parties	137,046	66,880	51,543	15,221	3,402
1991 Group profit before tax					
Segment profit by origin	40,104	13,972	12,075	2,976	11,081
Share of associated undertakings profit before tax	2,578	–	–	–	2,578
	42,682	13,972	12,075	2,976	13,659
Profit on disposal of subsidiary	6,450				
Central costs	(6,027)				
Operating profit	43,105				
Net interest	(18,376)				
Group profit before taxation	24,729				
1990 Group profit before tax (seven months restated)					
Segment profit by origin	28,774	6,170	8,263	1,440	12,901
Central costs	(3,072)				
Operating profit	25,702				
Net interest	(12,470)				
Group profit before taxation	13,232				

	Total £'000	United Kingdom £'000	Italy £'000	Rest of Europe £'000	Rest of World £'000
1991 Group net assets					
Segment net assets	102,354	22,028	44,046	7,530	28,750
Group share of the net assets of association undertakings	6,361	2,119	–	–	4,242
	108,715	24,147	44,046	7,530	32,992
Unallocated net assets:					
Brand valuation	75,583				
Less: bank loans and overdrafts net of cash holdings	(112,512)				
Total Group net assets	71,786				
1990 Group net assets (restated)					
Segment net assets	110,287	16,502	50,525	5,245	38,015
Unallocated net assets:					
Brand valuation	74,200				
Less: bank loans and overdrafts net of cash holdings	(130,015)				
Total Group net assets	54,472				

As shown in note 23 the sale of SAPCO does not represent the discontinuation of a business activity and therefore the effect of this sale is not separately disaggregated in the information above.

3. Operating Profit

Group profit on ordinary activities before taxation is stated after charging/(crediting):

	29 November 1991 £'000	Seven months ended 30 November 1990 £'000
Exchange loss/(gain)	941	(2,823)
Depreciation – owned assets	3,985	2,227
Depreciation – leased assets	65	54
Auditors' remuneration	210	188
Loss/(Profit) on sale of tangible assets	60	(15)
Operating lease rentals – plant and machinery	351	386
Operating lease rentals – other	1,203	1,392

NOTES TO THE ACCOUNTS

4. Interest Payable

	52 weeks ended 29 November 1991 £'000	Seven months ended 30 November 1990 £'000
Interest payable on bank loans, overdrafts and other loans:		
Repayable within 5 years	7,319	3,640
Repayable after more than 5 years	13,508	9,768
Other	26	–
	20,853	13,408

5. Staff costs and Employees

Staff costs (including directors)	52 weeks ended 29 November 1991 £'000	Seven months ended 30 November 1990 £'000
Wages and salaries	21,214	15,590
Social security costs	6,911	3,751
Other pension costs	801	225
	28,926	19,566

Employees	52 weeks ended 29 November 1991 Average number of employees	Seven months ended 30 November 1990 Average number of employees
Manufacturing	3,855	4,216
Transportation	589	642
Selling/Marketing	159	145
Administration	572	599
Total	5,175	5,602

Certain employees have been re-classified as manufacturing rather than administration in 1991. Comparative figures for the seven months ended 30 November 1990 have been restated to reflect this change. In the opinion of the directors, this represents a fairer view of the nature of these employees' duties.

Geographical split of employees	52 weeks ended 29 November 1991 Number	Seven months ended 30 November 1990 Number
UK	264	271
Rest of Europe	994	1,192
Other	3,917	[illegible]139
Total	5,175	5,602

6. Directors' Emoluments

Aggregate emoluments:	52 weeks ended 29 November 1991 £'000	Seven months ended 30 November 1990 £'000
Remuneration for service (including pension contributions)	808	437
Chairman's and highest paid Directors emoluments (excluding pension contributions)	269	147
The emoluments of other Directors (excluding pension contributions) fell into the ranges:	Number	Number
£0 – £ 5,000	3	4
£60,001 – £ 65,000	–	1
£85,001 – £ 90,000	–	2
£110,001 – £115,000	1	–
£170,001 – £175,000	1	–
£205,001 – £210,000	1	–

7. Taxation

Current year	52 weeks ended 29 November 1991 £'000	Seven months ended 30 November 1990 £'000
Overseas taxation	4,197	4,245
Deferred taxation	–	127
Tax attributable to the results of associated undertakings	917	–
Overseas withholding tax not recoverable	2,112	–
	7,226	4,372
Adjustments relating to earlier years		
Overseas taxation	169	–
	7,395	4,372

The irrecoverable overseas withholding tax relates to certain dividends and management charges receivable from overseas subsidiaries.

8. Intangible Assets

Valuation	£'000
At 30 November 1990	74,200
Retranslation at 29 November 1991	1,383
At 29 November 1991	75,583

This amount represents the cost of brands acquired on the purchase of the subsidiaries. The Directors have reviewed the amount at which brands are stated and are of the opinion that there has been no impairment in the value of brands and that the end of useful economic lives of the brands cannot be foreseen.

9. Group Tangible Fixed Assets

	Freehold land and Buildings £'000	Leasehold Property Short Term £'000	Leasehold Property Long Term £'000	Assets in the course of construction £'000	Plant and machinery £'000	Fixtures fittings and equipment £'000	Total £'000
Cost							
At 30 November 1990	17,502	16,735	1	1,396	31,168	8,018	74,820
Additions	385	47	–	3,063	1,187	522	5,204
Disposals	(43)	–	–	–	(245)	(422)	(710)
Disposals of subsidiary	(377)	(15)	(1)	(1,215)	(1,235)	(424)	(3,267)
Reclassifications	21	165	–	(1,375)	81	1,108	–
Exchange adjustments	(32)	(1,751)	–	(18)	(732)	(488)	(3,021)
As 29 November 1991	17,456	15,181	–	1,851	30,224	8,314	73,026
Depreciation							
At 30 November 1990	(1,665)	(772)	–	–	(8,304)	(4,395)	(15,136)
Charge for the period	(263)	(636)	–	–	(2,241)	(910)	(4,050)
Disposals	2	–	–	–	175	339	516
Disposal of subsidiary	185	3	–	–	372	562	1,122
Exchange adjustments	62	123	–	–	387	296	868
At 29 November 1991	(1,679)	(1,282)	–	–	(9,611)	(4,108)	(16,680)
Net Book Value							
At 29 November 1991	15,777	13,899	–	1,851	20,613	4,206	56,346
At 30 November 1990	15,837	15,963	1	1,396	22,864	3,623	59,684

Included in the net book value of plant and machinery at 29 November 1991 was £148,000 (1990: £260,000) held by the Group under finance leases.

10. Fixed Assets – Investments

Group

Associated undertakings:	£'000
At acquisition 24 January 1991 (note 22)	3,983
Profit and loss account	1,661
Retranslation at 29 November 1991	717
At 29 November 1991	6,361

Company

Shares in Group companies:	£'000
At 30 November 1990	159,520
Capital reduction in subsidiary	(12,150)
Retranslation at 29 November 1991	(4,271)
Less provisions to write down to net asset value	(162)
At 29 November 1991	142,937

Details of the Group's subsidiary and associated undertakings are shown in note 36.

11. Stocks

	Group 1991 £'000	Group Restated 1990 £'000
Deferred crop expenditure	8,184	7,831
Raw materials	5,662	5,750
Work in progress	2,210	3,795
Finished goods	42,788	41,912
	58,844	59,288

The Directors are of the opinion that the replacement cost of stocks at 29 November 1991 was not significantly different from the balance sheet value.

12. Debtors

	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000	Company 1990 £'000
Trade debtors	42,324	37,251	–	–
Amounts owed by group undertakings	–	–	5,686	1,027
Other debtors	9,518	9,953	–	–
Prepayments and accrued income	1,923	4,049	–	–
	53,765	51,253	5,686	1,027

Included in trade debtors is an amount of £503,000 (1990: £4,049,000) receivable after more than one year. The majority of this 1990 balance represented promissory notes received and expected to be received in respect of export incentives.

13. Creditors – amount falling due within one year

	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000	Company 1990 £'000
Bank loans and overdrafts (notes 15 & 25)	22,513	29,466	5,310	8,354
Trade creditors	32,995	28,155	–	–
Amounts owed to group undertakings	–	–	2,454	10,396
Amounts owed to associated undertakings	2,568	–	–	–
Other creditors	1,340	1,870	–	38
Taxation and social security	7,314	6,507	–	–
Accruals and deferred income	16,294	16,147	560	1,679
Pension contributions accrual	394	–	–	–
	83,418	82,145	8,324	20,467

14. Creditors – amounts falling due after more than one year

	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000	Company 1990 £'000
Bank loans and overdrafts (notes 15 & 25)	99,046	117,623	72,912	90,155
Finance lease obligations	12	14	–	–
Accruals	57	–	–	–
	99,115	117,637	72,912	90,155

15. Bank loans and Overdrafts

Repayable by instalments:	Group 1991 £'000	Group 1990 £'000	Company 1991 £'000	Company 1990 £'000
Within one year	22,513	29,466	5,310	8,354
Between one and two years	3,852	2,518	1,238	801
Between two and five years	25,893	17,839	8,324	5,678
In five years or more†	69,301	97,266	63,350	83,676
	121,559	147,089	78,222	98,509

†This comprises:

(i) Deutschmark 131,200,000 of Floating Rate Subordinated Notes due 2001, on which interest rate swaps have fixed the effective interest rate to May 1993 at 12½%; and

(ii) Drawings under the Group's multi-currency Syndicated Medium Term Loan Facility where repayment is due in 1997 and on which interest is payable at variable rates. The interest rate charged varied between 10.7% and 15.2% during the period.

Bank Loans and Overdrafts are secured by a charge over the assets of the Group (see note 25).

16. Provisions for Liabilities and Charges

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Acquisition and other provisions	5,627	6,663	613	2,243
Deferred taxation	–	582	–	–
	5,627	7,245	613	2,243

The movements in Group provisions are detailed below:

	Total £'000	Acquisition provisions £'000	Other provisions £'000
At 30 November 1990	6,663	2,243	4,420
Additions during period	532	–	532
Amounts utilised	(1,646)	(1,630)	(16)
Retranslation at 29 November 1991	78	–	78
At 29 November 1991	5,627	613	5,014

Other provisions relate primarily to employee severance schemes as dictated by local legal requirements of overseas subsidiaries. It is envisaged that the remaining acquisition provisions will be utilised during 1992 as the Group completes the reorganisation of its structure envisaged at the time of the management buy-out.

	Deferred tax £'000
At 30 November 1990	582
On disposal of a subsidiary	(582)
At 29 November 1991	–

The movements in Company provisions are detailed below:

Company	£'000
At 30 November 1990	2,243
Amounts utilised	(1,630)
At 29 November 1991	613

17. Deferred Taxation

The full potential liability in the Group accounts of £1,994,000 (1990: £582,000 restated) is analysed below:

	Provided		Unprovided	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Accelerated capital allowances	–	481	3,509	1,273
Other timing differences	–	101	(1,763)	(295)
Losses	–	–	(2,821)	(3,915)
Deferred growing crops expenditure	–	–	3,069	2,937
	–	582	1,994	–

in the event that Group tangible assets were to be disposed of, the potential additional tax on such disposals would be approximately £1,500,000 (1990: £1,229,000).

The provided and unprovided deferred tax in the Company at 29 November 1991 was £ nil (30 November 1990: £ nil).

18. Loan Stock – Group and Company

	1991 £'000	1990 £'000
Convertible Subordinated Unsecured Loan Stock ("CSULS")	–	14,994

On 9 May 1990 the Company created two Convertible Subordinated Unsecured Loan Stocks, CSULS No.1 and No.2. These Stocks were converted in their entirety during the 52 weeks ended 29 November 1991.

19. Called up Share Capital – Group and Company

Authorised share capital:

Number of Shares		1991 £'000	1990 £'000
588,100	"A" Ordinary Shares of 1p each	6	6
10,669,886	"B" Ordinary Shares of 1p each	107	107
831,332	"C" Ordinary Shares of 1p each	8	8
841,549	"D" Ordinary Shares of 1p each	8	8
2,082,151	"E" Ordinary Shares of 1p each	21	21
59,824,913	First Redeemable Cumulative Preference Shares of £1 each (redeemable 30 November 2000)	59,825	59,825
36,861,903	Second Redeemable Cumulative Preference Shares of £1 each (redeemable 30 November 2000)	36,862	36,862
		96,837	96,837

Issued and fully paid share capital:

	1991 Shares number	1991 Nominal value £'000	1991 Share premium £'000	1990 Shares number	1990 Nominal value £'000	1990 Share premium £'000
"A" Ordinary Shares of 1p	587,935	5	–	587,935	5	724
"B" Ordinary Shares of 1p	5,781,222	58	1,104	3,910,584	40	2,324
"C" Ordinary Shares of 1p	225,000	2	–	225,000	2	116
"D" Ordinary Shares of 1p	155,631	2	13	133,150	1	78
"E" Ordinary Shares of 1p	672,050	7	–	672,050	7	396
First Redeemable Cumulative Preference Shares of £1 each	57,678,067	57,678	–	41,700,219	41,700	–
	–	57,752	1,117	–	41,755	3,638

The share premium of £1,117,000 has arisen on share issues during the period. The share premium of £3,638,000 was utilised during the prior period by writing off acquisition expenses against this amount.

On 15 March 1991 16,950 "D" Ordinary Shares of 1p each and 143,058 First RCPS of £1 each were issued from the operation of the employee share purchase arrangements. The premium on issue of the 16,950 "D" Ordinary Shares was £10,000.

On 8 May 1991 the Convertible Loan Stock issues No.1 (CSULS No.1) and No.2 (CSULS No.2) were converted into 5,531 fully-paid "D" Ordinary Shares of 1p each, 1,870,638 fully-paid "B" Ordinary Shares of 1p each and 15,834,790 fully-paid First RCPS of £1 each.

On 8 May 1991 the following shares were issued:

Number of shares		Nominal Value £'000	Share Premium £'000
1,870,638	"B" Ordinary Shares of 1p each	19	1,104
5,531	"D" Ordinary Shares of 1p each	–	3
15,834,790	First Redeemable Cumulative Preference Shares of £1 each	15,835	–

First and Second Redeemable Cumulative Preference Shares ("RCPS")

The RCPS carry the right to receive a fixed cumulative preferential dividend at 4% per annum ("Basic Preference Dividend") and a conditional non-cumulative preferential dividend. The First Redeemable Cumulative Preference Shares also have a right to receive an "SA Dividend" (see note 20 of the accounts). The Basic Preference Dividend is payable half yearly, the first such payment due on 31 May 1992 in respect of the half year which commenced on 1 December 1991.

The RCPS are redeemable for cash at par on 30 November 2000, or earlier at the Company's option and in any event immediately prior to a listing on a recognised stock exchange. RCPS are non-voting, unless a resolution is proposed affecting their rights or unless the dividends are in arrears or redemption has not been made on the due dates. RCPS are "stapled" to the Ordinary Shares.

20. Reserves

Group

	Share premium account £'000	Goodwill reserve £'000	Cumulative translation reserve £'000	Profit and loss reserve £'000
At 30 November 1990 restated (note 28)	–	(26,534)	(8,169)	8,805
Retained profit for period	–	–	–	17,197
Premium on share issue (note 19)	1,117	–	–	–
Disposal of subsidiary (note 23)	–	927	1,650	(2,577)
Retranslation adjustments	–	(200)	(3,720)	–
Goodwill on acquisitions credited to reserves (note 22)	–	1,858	–	–
Minority interest in DMFE (note 21)	–	–	–	3,342
At 29 November 1991	1,117	(23,949)	(10,239)	26,767

Company

	Share premium account £'000	Goodwill reserve £'000	Cumulative translation reserve £'000	Profit and loss reserve £'000
At 30 November 1990	–	–	–	(9,022)
Retained profit for the period	–	–	–	22,976
Premium arising on share issue (note 19)	1,117	–	–	–
Retranslations – investments (note 10)	–	–	(4,271)	–
Retranslations – long-term debt	–	–	(1,666)	–
At 29 November 1991	1,117	–	(5,937)	13,954

Included in the movement in the retranslation reserve is an amount of £2,064,000 comprising the exchange loss on foreign currency borrowings used to partly hedge the foreign exchange exposure on the Group's investments.

The cumulative goodwill written off on acquisitions in the Group to 29 November 1991 was £23,949,000 (1990: £26,534,000 restated).

As a result of the sale of SAPCO, a special "SA Dividend" of £8,249,000 will become payable to the holders of the First Redeemable Cumulative Preference Shares. Under the Company's Articles of Association, this dividend will be paid when permitted under the terms of the buy-out financing agreements. Until payment, interest accrues from 31 May 1992 at 8 per cent per annum, compounded every six months. The rights of the holders of First Redeemable Cumulative Preference Shareholders, as well as all other classes of shareholders, to receive dividends are unaffected, provided that the profit and loss reserve of the Company always exceeds the amount of any unpaid "SA Dividend".

Provision has been made for the taxation consequence in respect of the remittance of overseas earnings, to the extent that management intend to remit funds. In the event of remitting all retained earnings there will be further taxation and other costs.

21. Minority Interests

	Total £'000	DMFE £'000	Other £'000
At 30 November 1990 restated (note 28)	23,621	22,065	1,556
Profit and loss account	137	–	137
Retained earnings (note 20)	(3,342)	(3,342)	–
Dividends paid by subsidiary company	(78)	–	(78)
At 29 November 1991	20,338	18,723	1,615

22. Acquisitions During the Year

(i) Subsidiary

During the period, Del Monte Foods Sud Europa S.p.A. acquired a 100 percent holding of DMF Italia Holdings SrL.

The effect of the acquisition is as follows:	£'000
Cash consideration	15
Book value and fair value of net assets of the Group at acquisition	10
Goodwill arising on consolidation taken directly to reserves	5

(ii) Associated Undertakings

On 24 January 1991, Del Monte Foods Europe Limited acquired a 34.9% interest in Mindanao Enterprises Limited ("Mindanao"), a British Virgin Islands company, at a cost of US$3.49 million (£2,120,000). This followed the acquisition by Mindanao of Central American Resources Inc., a Panamanian Company which owns all the shares in Del Monte Philippines Inc. The funds for the investment were met by an equity subscription, financed by Charterhouse Buy-Out Syndication (No.2) Limited.

The effect of the acquisition was as follows:	£'000
Book value of Group share of net assets purchased	4,935
Adjustments for acquisition expenses borne by associate undertaking	(952)
Fair value of Group share of associated undertaking	3,983
Fair value of consideration – cash	2,120
Goodwill arising on consolidation and credited directly to reserves	1,863

The year end of Mindanao Enterprises Limited is 30 June 1991 which is not coterminous with that of Del Monte Foods International Limited. The accounting period has been determined by the majority shareholder Mike Mac IHC Inc, a subsidiary of Del Monte Corporation, U.S.A., an unrelated corporation. The results of Mindanao Enterprises Limited included in these accounts are based on audited accounts for the period from acquisition to 30 June 1991 and management accounts for the period post 30 June 1991 to 29 November 1991.

23. Disposal of Subsidiary

The Group results for the 52 weeks ended 29 November 1991 include the profit of South African Preserving Company (Proprietary) Ltd ("SAPCO") to the date of disposal which amounted to £413,000 (1990: £3,325,000: seven months).

A long term contract to continue supplying fruit to Group companies was negotiated as part of the sale agreement and accordingly the sale of SAPCO does not represent a withdrawal from any class of business nor does it form a reduction in Del Monte Foods International Limited continuing markets.

The effect of the disposal of SAPCO was as follows:

Net assets disposed	£'000	Proceeds	£'000
Tangible fixed assets	2,145	Proceeds net of disposal costs	18,177
Stocks	3,132		
Debtors	6,161		
Cash	2,715		
Creditors, loans and provisions	(2,426)		
Profit on disposal	6,450		
	18,177		18,177

On disposal, amounts of £927,000 and £1,650,000 have been transferred via a reserve movement from goodwill and cumulative translation reserve into retained profit and loss account as these have now been realised. Refer to note 20.

24. Pensions

The Group operates two main pension plans. Both plans are of the defined benefit type and are funded to cover future pension liabilities after allowing for expected future earnings and pension increases. These plans are administered independently of the Group, by trusts, on the advice of independent qualified actuaries.

The total pension charge to the profit and loss account for the period amounted to £801,000 (1990: £225,000: seven months) of which £268,000 (1990: £89,000: seven months) relates to the main UK scheme. A prepayment of £25,000 (1990: £71,000) is included in debtors, and £394,000 (1990: £ nil) is included in creditors representing the differences between the contributions to the schemes and the amount charged in the accounts.

UK Scheme

Until 31 December 1990, UK group companies participated in pension schemes formerly operated by subsidiaries of RJR Nabisco Inc., a former parent of the Del Monte Foods Europe group of companies. These schemes were closed on 31 December 1990 and members were transferred to a new scheme, the Del Monte Foods International UK Pension Plan, which was established on 1 January 1991.

Pending the first actuarial valuation of the Del Monte Foods International UK Pension Plan as at 1 January 1991 (not yet undertaken) an approximate valuation of the assets and liabilities of the UK plans was performed as at 1 January 1991 for the purpose of calculating the pension expense in accordance with Statement of Standard Accounting Practice 24. The valuation was based on a reasonable estimate of the transfer value as at that date and was carried out by independent actuaries, using the projected unit method. The principal actuarial assumptions were that the long term annual rate of return on investments would be 2% in excess of the annual increases in pensionable earnings and 4.5% in excess of annual increases to pensions. The estimated transfer value of the assets to the new scheme at the date of the actuarial valuation was £5,486,000.

The actuarial value of the assets of the UK scheme on this basis was sufficient to cover 156% of the benefits that had accrued to members after allowing for expected future increases in pensionable remuneration.

Overseas Scheme

The main overseas scheme is in Del Monte Kenya Limited ("DMKL"). The latest actuarial valuation was carried out as at 1 January 1990 using the aggregate method. The principal actuarial assumptions adopted in this valuation were that annual investment returns would be approximately 2% in excess of annual increases in pensionable earnings.

The actuarial value of the assets of the scheme was sufficient to cover 90% of the benefits which had accrued to members, after allowing for expected future increases in pensionable remuneration. A provisional valuation of the DMKL scheme is £793,000.

25. Security for Group Borrowings

The Group's borrowings under its Syndicated Medium Term Loan Agreement are secured by a fixed and floating charge on the UK assets of the business, including pledges of the shareholdings in the overseas subsidiaries of the Group, and by security over certain of the Group's Italian assets. The holders of the Subordinated Notes due 2001 have a secondary charge over all these assets. Del Monte Foods International Limited has guaranteed the liabilities of all its subsidiary companies to the Syndicate.

26. Lease Obligations

Operating Leases on Land and Buildings

	Group	
	1991 £'000	1990 £'000
Annual commitments on leases which expire:		
Within one year	24	8
Between two and five years	2	–
Beyond five years	1,040	1,086
	1,066	1,094

Other Operating Leases

Annual commitments on leases which expire:		
Within one year	343	515
Between two and five years	649	1,711
Beyond five years	4	4
	996	2,230

27. Capital Commitments

	1991 £'000	1990 £'000
Contracted for, but not provided in these accounts	445	953
Authorised by the Directors, but not contracted for	619	17

28. Changes in Accounting Bases and Policies

As detailed in note 1, the accounting basis relating to turnover, the classification of distribution costs and the accounting policy relating to deferred growing crop expenditure have been changed. The deferral of growing crop expenditure reinstates a policy that had been in operation in a Group subsidiary four years previously and which in the opinion of the Directors gives a fairer view of the Group's activities.

The effect on comparatives of these changes were as follows:

Profit and Loss Account

	Originally reported 1990 £'000	Change in turnover basis £'000	Change in classification of distribution costs £'000	Change in stock policy £'000	Restated seven months ended £'000
Turnover	158,232	(21,186)	–	–	137,046
Cost of sales	(111,454)	21,186	2,861	1,854	(85,553)
Gross profit	46,778	–	2,861	1,854	51,493
Distribution costs	(6,722)	–	(2,861)	–	9,583
Profit on ordinary activities after taxation	7,006	–	–	1,854	8,860
Minority interests	(18)	–	–	(16)	(34)
Profit retained for period	6,988	–	–	1,838	8,826

Balance Sheet

	Originally reported 1990 £'000	Change in stock policy £'000	Restated as at 30 November 1990 £'000
Stocks	51,457	7,831	59,288
Goodwill	(33,652)	7,118	(26,534)
Cumulative retranslation reserve	(6,698)	(1,471)	(8,169)
Profit and loss account	7,017	1,788	8,805
	(33,333)	7,435	(25,898)
Minority interests	23,225	396	23,621
	(10,108)	7,831	(2,277)

29. Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks ended 29 November 1991 £'000	Restated seven months ended 30 November 1990 £'000
Operating profit	43,105	25,702
Depreciation charges	4,050	2,281
Loss/(profit) on sale of tangible fixed assets	60	(15)
Income from interest in associated undertaking	(2,578)	–
Profit on disposal of subsidiary	(6,450)	–
(Increase)/Decrease in stocks	(4,052)	4,926
Increase in debtors	(9,210)	(4,025)
Increase in creditors	6,855	11,565
Net cash inflow from operating activities	31,780	40,434

30. Analysis of changes in cash and cash equivalents

	52 weeks ended 29 November 1991 £'000	Restated seven months ended 30 November 1990 £'000
Opening balance	(12,392)	–
Net cash outflow before adjustments for the effect of foreign exchange rate changes	(272)	(12,188)
Effect of foreign exchange rate changes	(802)	(204)
Closing balance	(13,466)	(12,392)

31. Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	9 May 1990 £'000	Change in period £'000	30 November 1990 £'000	Change in period £'000	29 November 1991 £'000
Cash at bank and in hand	–	17,074	17,074	(8,027)	9,047
Bank overdrafts	–	(29,466)	(29,466)	6,953	(22,513)
	–	(12,392)	(12,392)	(1,074)	(13,466)

32. Analysis of changes in financing

	Share capital (including premium) 1991 £'000	Share capital (including premium) 1990 £'000	Long-term debt and loan capital 1991 £'000	Long-term debt and loan capital 1990 £'000
Opening balance	41,755	–	132,617	–
Share issue for cash consideration	2,120	45,393	–	–
Share premium utilised for acquisition expenses	–	(3,638)	–	–
Long-term debt raised	–	–	–	103,301
Long-term debt arising on acquisition of subsidiaries	–	–	–	30,877
Loan stock redeemed by share issue for non cash consideration	14,994	–	(14,994)	–
Loan stock raised	–	–	–	14,994
Long-term debt repaid	–	–	(18,083)	(7,423)
Transfer of long-term debt to creditors falling due in less than one year	–	–	(2,558)	(1,748)
Effect of foreign currency exchange rates on long-term debt	–	–	2,064	(7,384)
Closing balance	58,869	41,755	99,046	132,617

33. Purchase of subsidiary undertakings

	1991 £'000	1990 £'000
Net Assets Acquired		
Intangible assets	–	74,200
Tangible assets	–	68,207
Stocks	–	71,266
Debtors	10	53,094
Creditors	–	(42,080)
Cash and cash equivalents (including short-term borrowings)	–	(26,251)
Long term debt	–	(30,877)
Provisons	–	(7,046)
Minority interests	–	(23,565)
	10	136,948
Goodwill	5	30,172
Satisfied By		
Cash (note 34)	15	167,120

34. Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiary undertakings

	1991 £'000	1990 £'000
Cash consideration (note 33)	15	167,120
Cash at bank and in hand acquired	–	(3,137)
Bank overdrafts of acquired subsidiary undertakings	–	29,388
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	15	193,371

35. Sale of subsidiary

	1991 £'000
Net assets disposed of	11,727
Profits on disposal	6,450
	18,177
Satisfied by	
Proceeds on disposal (net of disposal costs)	18,177
Cash at bank and in hand of subsidiary disposed of	(2,715)
Bank overdraft of subsidiary disposed of	650
Net cash inflow on disposal of subsidiary	16,112

For a detailed analysis of the net assets disposed of, refer to note 23.

36. Group Undertakings

Details of the Group undertakings are as follows:

Group undertakings	Activity	Country of incorporation	Principal country of operation	Proportion of nominal value of Ordinary Shares held within the Group
Del Monte Foods Europe Ltd	Holding	England	United Kingdom	99.9%
SAPCO Holdings Ltd	Holding	England	United Kingdom	100%
DMFE Holdings Ltd	Holding	England	United Kingdom	100%
Del Monte Foods Northern Europe Ltd	Holding	England	United Kingdom	100%
Del Monte Foods (UK) Ltd	Trading	England	United Kingdom	100%
DMF Italia Holdings Srl	Dormant	Italy	Italy	100%
Del Monte International Inc.	Trading	Panama	United Kingdom	100%
Del Monte Kenya Holdings Inc.	Holding	Panama	United Kingdom	100%
Del Monte Kenya Ltd	Trading	Kenya	Kenya	95.6%
Del Monte Foods Sud Europa S.p.A.*	Trading	Italy	Italy	100%
Del Monte Deutschland GmbH	Trading	Germany	Germany	100%
Hellenic Food Industries S.A.	Trading	Greece	Greece	100%
Del Monte Brands N.E. s.a/n.v	Trading	Belgium	Belgium	100%
Del Monte Foods Northern Continental Europe Ltd	Trading	England	United Kingdom	100%
Del Monte Foods Trustees (Europe) Ltd	Trustee	England	United Kingdom	100%
Del Monte Foods Pensions (UK) Ltd	Pensions Fund Management/ Trustee	England	United Kingdom	100%
Mindanao Enterprises Ltd	Trading	British Virgin Islands	Philippines	34.9%

All the trading companies are involved in the marketing and/or processing of food.

*The status of Del Monte Foods Sud Europa was changed from "Srl" (private company) to "S.p.A." (public company) on 1 February 1992.

Explanatory Notes in Relation to the Notice of Annual General Meeting

Resolution Number 3

Amendment to Articles of Association

The Articles of Association currently contain a statement of the level of fees payable to "B" Directors only. The purpose of the amendment is to specify the level of fees payable by the Company to other External (non-executive) Directors.

Resolution Number 4

Classification of part of authorised share capital

Shareholders approved the correction of a minor typographical error in the authorised share capital of the Company in last years' Annual General Meeting. The error had resulted in the Company's authorised share capital being 18p less than required. The Company has been subsequently advised that in correcting the error it is necessary to ensure that the entire authorised share capital is expressly divided into shares. This resolution is drafted accordingly.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Second Annual General Meeting of the Company will be held at The Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8AY on Tuesday, 30 June 1992 at 11.00am for the following purposes:

Ordinary Business

1. To receive and adopt the accounts for the period ended 29 November 1991 together with the Reports of the Directors and Auditors thereon.
2. To reappoint Price Waterhouse as Auditors and to authorise the Directors to fix their remuneration.

Special Business

To consider and if thought fit pass the following resolutions:

3. **Special Resolution**

   THAT the Articles of Association of the Company be and are hereby amended by the insertion of the following as a new Article 22 (renumbering the existing Article 22 to 23).

   "22. DIRECTORS' FEES

   Unless otherwise determined by the Company by ordinary resolution, there shall be paid to each Director (other than an alternate Director, a "B" Director or a Director entitled to receive any salary, remuneration or other amounts pursuant to other provisions of these Articles) such fee (not exceeding £20,000 (plus any applicable VAT) per annum or such larger amount as the Company may determine by ordinary resolution) for his services in the office of Director as the Directors may decide, together with all expenses reasonably incurred by him in connection with his appointment as a Director. Any fee payable pursuant to this Article shall accrue from day to day."

4. **Special Resolution**

   THAT 82p in nominal value of the authorised share capital of the Company not previously divided into shares is hereby divided into 82 unclassified Ordinary Shares of 1p each; the authorised share capital is therefore £96,836,947 divided into 588,100 "A" Ordinary Shares of 1p each, 10,669,886 "B" Ordinary Shares of 1p each, 831,332 "C" Ordinary Shares of 1p each, 841,549 "D" Ordinary Shares of 1p each, 2,082,151 "E" Ordinary Shares of 1p each. 82 unclassified Ordinary Shares of 1p each, 59,824,913 First Redeemable Cumulative Preference Shares of £1.00 each and 36,861,903 Second Redeemable Cumulative Preference Shares of £1 each.

By Order of the Board

R M H Malthouse
Secretary

8 May 1992

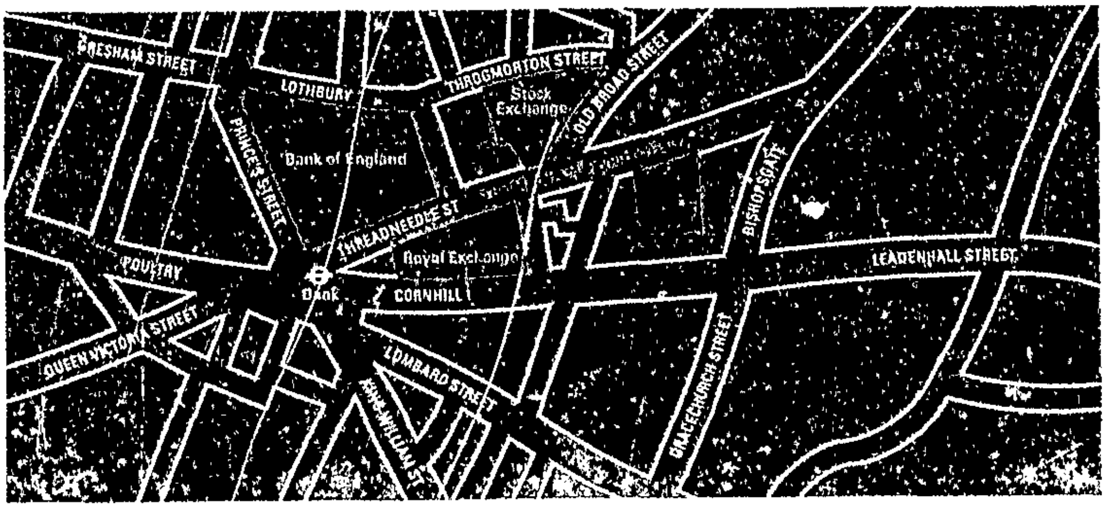
Registered Office,
Del Monte House
London Road
Staines
Middlesex TW18 4JD

Notes

1. Under the Articles of Association, the holders of "A", "B", "C" and "D" Ordinary Shares are entitled to vote on all resolutions. The holders of "E" Ordinary Shares are entitled to vote on resolutions 3 and 4.
2. A member entitled to attend and vote at this Meeting may appoint one or more proxies to attend and, on a poll, to vote in his place. A proxy need not be a member of the Company.
3. A Body Corporate's Form of proxy should be executed under its common seal, or signed on its behalf by its duly constituted attorney or a duly authorised officer of the Body Corporate.
4. A Form of Proxy is enclosed, and, if used, should be lodged with the Secretary at the Registered Office not less than 48 hours before the time of the meeting.

Directions to The Merchant Taylors' Hall

The map below shows the location of The Merchant Taylors' Hall in relation to the nearest underground station, Bank. Bank is on both the Northern Line and the Central Line or can be reached via the British Rail underground line from Waterloo.



The Merchant Taylors' Hall has two entrances. Please use the Functions Entrance next to 28/29 Threadneedle Street.

There is no car park at the Hall itself but there is a National Car Parks (NCP) facility at Finsbury Circus about 10 minutes walk away. The nearest tube station to Finsbury Circus is Moorgate which is one stop from Bank on the Northern Line.

The telephone number of The Merchant Taylors' Hall is: 071 588 7606

Executive Directors

Leon Allen
Chairman and Chief Executive Officer

Enrico Sola
President and Chief Operating Officer

Peter Brooks
Vice Chairman

Roger Price
Senior Vice-President and Chief Financial Officer

Senior Managers

Reg Bailey
Vice President DMFI and Managing Director UK

Mario Calatroni
Vice President DMFI and Managing Director Italy

Elio Del Maestro
Vice-President DMFI and Managing Director Operations

Jill Mengham
Vice-President DMFI and Managing Director
Corporate Marketing and Business Development

Giorgio Puviani
Vice-President DMFI and Managing Director
France, Spain and Special Markets

Alan Stevens
Vice-President DMFI and Managing Director
Northern Continental Europe

Richard Carr
Director of Group Human Resources

Richard Curry
Group Financial Controller

Richard Malthouse
Group Secretary

Colin Moir
Director of Business Planning and Analysis

Tim Pascall
Group Treasurer

Julie Rafferty
Director of Group MIS

PRINCIPAL LOCATIONS

Del Monte Foods (UK) Limited
Del Monte Foods Northern Continental Europe Ltd
Del Monte House
London Road
Staines
Middlesex TW18 4JD
England

Telephone: International + 44 784 447400
Facsimile: International + 44 784 465301

Del Monte Deutschland GmbH
[illegible]
[illegible]
Germany

Manfred Benz
Market Director Germany and Austria

Telephone: International + 49 69 172 0117
Facsimile: International + 49 69 724 1448

Del Monte Brands N.E. s.a/n.v
Chaussée de la Hulpe 181
Boite 6
1170 Brussels
Belgium

Jean Legein
Market Director Benelux

Telephone: International + 32 2 672 2204
Facsimile: International + 32 2 672 2362

Del Monte Kenya Ltd
PO Box 147
Thika
Kenya

Jim Elder
Managing Director

Telephone: International + 254 151 21601
Facsimile: International + 254 151 30330

Hellenic Food Industries SA
12th KM of Larissa
Halki Road
Larissa
Greece

Carlos Zingaro
Managing Director HFI and
Operations Director Italy

Telephone: International + 30 41 197 1013
Facsimile: International + 30 41 197 1586

Del Monte Foods Sud Europa S.p.A.
Via Achille Grandi
20060 Liscate
Milan
Italy

Mario Calatroni
Vice-President DMFI and Managing Director Italy

Telephone: International + 39 2 958 1281
Facsimile: International + 39 2 958 7961

Del Monte Foods, France
18, Rue de la Saussière
92100 Boulogne S/Seine
France

Michel Gayraud
Commercial Director France

Telephone: International + 33 1 03 73 [illegible]
Facsimile: International + 33 1 03 8[illegible]

Del Monte Foods, Spain
Poligno Llevant Industrial
Calle Moli del Vent, 5
08150 Parets del Valles
Barcelona

Juan Camponsa
Commercial Director Spain

Telephone: International + 34 3 573 0145
Facsimile: International + 34 3 573 0191

CH8

NOTICE OF ILLEGIBLE PAGES

Companies House regrets that documents in this company's record have pages which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause