FRESH DEL MONTE PRODUCE INC.

2004 Annual Report

Del Monte Quality

Slices of life

Our vision is to become the leading global supplier of healthful, wholesome and nutritious fresh and prepared foods and beverages to consumers of all ages.

FRESH DEL MONTE PRODUCE INC.

Fresh Del Monte Produce Inc. is one of the world's leading vertically integrated producers, marketers and distributors of high-quality fresh and fresh-cut fruit and vegetables, as well as a leading producer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts in Europe, the Middle East and Africa. Fresh Del Monte markets its fresh products worldwide under the Del Monte® brand, a symbol of product quality, freshness and reliability since 1892.

Fresh Del Monte holds premier market positions in several product categories. The Company is the leading marketer of fresh whole pineapples in the world, the top marketer of branded melons in the United States and the United Kingdom, the world's third largest marketer of bananas, the leading year-round marketer of branded grapes in North America, and the premier repacker of branded tomatoes in North America. In addition, Fresh Del Monte is the leading internationally branded marketer in the value-added, fresh-cut fruit and vegetable market, which is one of the fresh produce segment's fastest growing categories. In 2004, the Company completed the acquisition of Del Monte Foods Europe, giving Fresh Del Monte several added distinctions, including that of the leading marketer of juice in the United Kingdom, and the leading marketer of prepared pineapple and fruit in the United Kingdom, Italy, and Benelux countries.

Fresh Del Monte Produce Inc. is a global company with $2.9 billion in sales in 2004 and 35,000 employees. The Company's ordinary shares are traded on the New York Stock Exchange under symbol FDP.

GROSS PROFIT
In millions

NET SALES
In millions

OPERATING CASH FLOW
In millions

Financial Highlights

(U.S. dollars in millions, except per share data)

	Year ended 2004	2003
Select Consolidated Statements of Income Data		
Net sales	**$2,906.0**	$2,486.8
Gross profit	**264.7**	328.2
Operating income	**128.3**	220.4
Net income	**$ 139.2**	$ 226.4
Per share net income:		
Basic	**$ 2.42**	$ 4.00
Diluted	**$ 2.41**	$ 3.95
Weighted average number of ordinary shares outstanding:		
Basic	**57,487,131**	56,539,691
Diluted	**57,803,158**	57,346,377
Balance Sheet and Cash Flow Data		
Cash and cash equivalents	**$ 42.1**	$ 51.0
Working capital	**299.9**	143.1
Total assets	**2,058.0**	1,491.2
Total debt	**363.5**	43.5
Shareholders' equity	**1,069.2**	942.2
Cash flow from operations	**$ 157.0**	$ 264.0

Positioned in Growth Markets
Net Sales in 2004

Another Fresh Start to a Healthy Day

In today's fast-paced world, consumers want convenient, ready-to-eat food that meets the nutritional demands of their healthy, active lifestyles. That's why smart shoppers are increasingly turning to the nourishing, high-quality Del Monte® branded products provided by Fresh Del Monte Produce—and to the supermarkets and quick-service suppliers who offer them. These shoppers have come to recognize that Fresh Del Monte provides them with much more than just fresh and fresh-cut fruit and vegetables. The fact is, we give them the natural fuel they need in a variety of delicious and wholesome ways. We like to think of it as providing them with...

Slices of life


Just Juice
Fruit Burst

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

TO OUR FELLOW SHAREHOLDERS:

One of the clearest measures of a company's success is its ability to generate solid performance in a difficult environment—a task at which Fresh Del Monte Produce Inc. has consistently excelled. In 2004, we continued to showcase this ability, marshalling our core competencies of discipline, experience, focus, planning and innovation to combat the year's many challenges, while fueling our progress and accelerating our growth. In the process, we came closer to realizing our primary vision: to become the leading global supplier of healthful, wholesome and nutritious fresh and prepared foods and beverages to consumers of all ages.

Accelerating Global Growth

Acquisitions are important to Fresh Del Monte's growth strategy, and in October 2004 we completed the largest and most significant acquisition in our history: that of Del Monte Foods Europe, a vertically integrated producer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts. This transaction, which we funded with our existing cash and revolving credit facility, propelled Fresh Del Monte to the status of a multinational food company with an even more diverse product line. At the same time, we consolidated the Del Monte® brand in key regions, fortified our competitive position in Europe, raised our profile with retailers, and enhanced our ability to sell our branded products in more than 100 markets in Europe, the Middle East and Africa.

Once the transaction was complete, we immediately began to integrate the two companies, drawing on Fresh Del Monte's proven skills to advance toward finalizing this task in an efficient, value-driven way. Our first initiatives were to restructure Del Monte Foods Europe, strengthening its management team and merging its operations with those of Del Monte Fresh Produce in the United Kingdom, Germany, Belgium and South Africa. We then began to introduce Del Monte Foods Europe's prepared product lines through our European distribution center network. We also started to seek cost savings by driving efficiencies in freight and logistics, raw materials and packaging, administration, supply chain and purchasing, selling, marketing, and distribution.

Our next initiative was to position each company to benefit from one another's strong customer relationships to cross-market our products and identify new revenue opportunities. This initiative prompted us to develop innovative sales plans with major retailers in various countries. In addition, in countries where we have both fresh and prepared foods operations, we undertook ambitious efforts to cross-merchandise fresh products to supermarkets that once carried only our prepared foods, and to market prepared foods to our fresh produce customers. We also took advantage of our 2003 acquisition of Expans, a leading Polish distributor of fresh fruit and vegetables, to market prepared foods in Poland.

Our efforts to integrate Del Monte Foods Europe and capture synergies have already been highly rewarding, and by year-end 2004, the acquisition had contributed $88.8 million in revenue and benefited earnings. We are very pleased with the success of this acquisition, and we fully expect it to continue throughout 2005 and beyond.

Controlling Our Supply Chain

Supermarket and foodservice customers naturally gravitate to suppliers that deliver high-quality products cost effectively and in a timely manner. Indeed, these advantages are so vital to our large customers that managing all or part of our own supply chain is a crucial step to becoming one of their preferred suppliers. We believe that we are the leading vertically integrated company in our industry, and we are well-known for exerting strict control of our logistics. From the moment our produce is grown and picked to the time it is packed, transported by sea, trucked to our value-added distribution centers, and distributed to our customers, we closely monitor our supply chain to ensure that our products reach their destinations at the peak of quality and freshness.

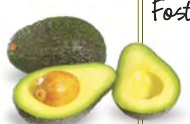
Cost control is also a priority to our customers, and we regularly implement measures to ensure that our products are delivered as efficiently as possible. For example, over the last several years, we have carefully managed our shipping program, generating maximum utilization of our vessels. We are now chartering a new type of ship that is easier and more efficient to unload, a move that will enable us to trim our fleet from 40 vessels to 31 in 2005.


Fresh Produce
Healthy Lifestyles


Del Monte
Quality

We also strengthened our land-based logistics in North America by acquiring Can-Am Express, a national trucking company with a proven ability to orchestrate cost-effective transportation. This acquisition fortified our logistics platform by enabling us to provide new distribution services to our North American retail and foodservice customers at a time when the trucking industry is faced with a shortage of drivers and trucks. It also allowed us to control transportation costs, improve truck utilization, and ensure timely product delivery. We closed on the Can-Am Express acquisition in August, and we are now taking steps to expand our trucking fleet and provide third-party trucking services.

Fostering Internal Growth



While growth through acquisition was our key focus in 2004, we also generated considerable internal growth by expanding our fresh-cut business. The fresh-cut business is developing rapidly industry-wide, due to rising worldwide demand from consumers seeking convenient, ready-to-eat products that reflect their active lifestyles. Supermarkets are responding to this demand by extending traditional fresh-cut shelf space to delis, meat departments, bakeries and highly visible "front of the store" displays. Quick-service operators are also capitalizing on this demand by offering patrons fresh-cut fruit and vegetable assortments, accompanied by appealing dips.

With an ever-increasing number of venues in which to offer our fresh-cut products, Fresh Del Monte set out in 2004 to solidify our leadership in this segment and establish our Company as the preeminent fresh-cut supplier to retailers and quick-service operators in North America. We formed new supply partnerships with a number of large grocer retailers, drug stores and convenience stores. We also forged a groundbreaking agreement with a leading quick-service operator to be the sole provider of Del Monte® branded fresh-cut fruit to 6,300 of its outlets in the U.S. and Canada—a ringing endorsement of Fresh Del Monte's ability to serve major accounts through our national distribution network. In addition, we broadened our fresh-cut operations in the United Kingdom, penetrating new markets and adding major retailers and foodservice operators

to our customer base. Together, these efforts enabled us to boost our fresh-cut sales to $267.4 million in 2004, compared with $214.0 million in 2003.

We also fueled our internal growth by expanding our global, value-added, refrigerated distribution center and fresh-cut network, including a new fresh-cut facility in Dallas, a new distribution center in Germany, and an expanded fresh-cut facility in the United Kingdom. These centers and facilities position us to lower our distribution costs and deliver the value-added services that our customers want, from timely regional distribution to ripening, sorting, repacking, and just-in-time delivery.

Propelling Product Innovation

Fresh Del Monte has had an unparalleled reputation for product innovation since 1996 when we launched the gold pineapple category with the introduction of our premium Del Monte Gold™ Extra Sweet pineapple. In 2004, we continued to pioneer new produce varieties and packaging concepts at our research and development facilities in California and Costa Rica. We obtained a patent on our distinctive Del Monte Honey Gold™ pineapple, and we made steady progress toward the rollout of commercial quantities of this exciting new product, which is slated for late 2006. We also began to test a new sweeter cantaloupe variety. This melon has an appealing color and a ridged outer skin, and it boasts exceptional flavor and aroma, as well as a long shelf life. In addition, we adopted environmentally friendly, biodegradable packaging for select supermarket applications.

Overcoming Challenges

In conjunction with driving growth in 2004, we continued to focus on delivering strong financial performance. Our expanded product line, combined with higher worldwide banana volumes and a favorable foreign exchange climate, enabled us to post record net sales, which, excluding the effect of our acquisition of Del Monte Foods Europe, increased 13 percent to $2.9 billion from $2.5 billion at year-end 2003. However, we also faced a number of challenges during the year, including increased competition in gold pineapples, weak banana pricing in North America, plant disease and adverse


Del Monte
Quality
Del Monte
Quality
Premium Tomatoes
1.99
1.99

weather conditions in several markets, higher commodity costs, and nonrecurring customs duties. Though these pressures eased at least temporarily during the fourth quarter, they still curtailed our earnings. As a result, we reported a decline in 2004 net income to $139.2 million, compared with $226.4 million in 2003, and earnings per diluted share of $2.14, compared with $3.65 in 2003, excluding one-time benefits of $0.27 per share and $0.30 per share, respectively.

As you know, we have always believed that investing in Fresh Del Monte is a long-term proposition. With this in mind, we maintain a highly positive long-range view of our business. Our outlook stems from the extensive experience and insights of our management team, which has faced a multitude of different market cycles in the fresh produce industry over the last 35 years. During times of prosperity, we have prudently prepared our Company for adversity, positioning ourselves to weather even the most challenging temporary market conditions by developing a number of core competencies. These include:

- market leadership positions in many of our key products;
- a world-class brand that is respected around the globe for quality, reliability and freshness;
- a strong position in growth markets;
- a worldwide infrastructure that can serve the needs of our global customers;
- a research and development pipeline that is filled with innovative new products; and
- the financial strength required to excel in the expanding global economy.

With these strengths as our platform, our Board of Directors and our management team remain confident in our ability to drive profitability and shareholder value over the long term. In fact, in January 2005, our Board declared our 13th consecutive quarterly dividend, which we increased to $0.20 per share in 2003 and have since maintained.

Anticipating an Outstanding Future

We move forward with a sharp focus on improving our operations and executing our strategy to grow our business. As part of this focus, we will expand our range of existing products, add new products and new markets in Europe, the Middle East and Africa, and leverage our powerful infrastructure to drive sales.

We will also focus on fulfilling several short-term objectives. First, we will finalize the integration of Del Monte Foods Europe to capture new synergies and generate greater revenue growth, which we will use to maximize our use of the Del Monte® brand in Europe. Second, we will employ our brand strength to build a significant marketing advantage on which we can capitalize now and in the years ahead. Finally, we will work, as always, to maintain the financial strength we need to support our growth.

As we advance toward these goals, I would like to thank you, our shareholders, for your continued support. You may rest assured that all of us at Fresh Del Monte are fully committed to continuing to earn your support, and to reward it with many more years of increasing shareholder value and growth.

Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Financial Summary

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Operating Results

2004 annual report

OVERVIEW

We are one of the world's leading vertically integrated producers, marketers and distributors of high-quality fresh and fresh-cut fruit and vegetables, as well as a leading producer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts in Europe, the Middle East and Africa. We market our products worldwide under the DEL MONTE® brand, a symbol of product quality and reliability since 1892. Our global sourcing and logistics system allows us to provide regular delivery of consistently high quality produce and value-added services to our customers.

Net Sales Our net sales are affected by numerous factors including the balance between the supply of and demand for our produce and competition from other fresh produce companies. Our net sales are also dependent on our ability to supply a consistent volume and quality of fresh produce to the markets we serve. For example, seasonal variations in demand for bananas as a result of increased supply and competition from other fruit are reflected in the seasonal fluctuations in banana prices, with the first six months of each year generally exhibiting stronger demand and higher prices, except in those years where an excess supply exists. Also in European Union, the current banana import license system is expected to be replaced with a tariff-only banana import system effective January 1, 2006. We cannot predict the effect that this change in the European Union banana import regulations will have on our banana net sales prices and results of operations.

Since our financial reporting currency is the dollar, our net sales are significantly affected by fluctuations in the value of the currency in which we conduct our sales versus the dollar, with a strong dollar versus such currencies resulting in reduced net sales in dollar terms. Our net sales for 2004 were positively impacted by approximately $70.5 million, as compared to 2003, as a result of a stronger euro, British pound and Japanese yen versus the dollar.

Our net sales growth in recent years has been achieved primarily through increased sales volume in existing markets of other fresh produce, primarily pineapples, melons and non-tropical fruit and favorable pricing on our *"Del Monte Gold™ Extra Sweet"* pineapple. Also contributing to our sales growth has been the new products that resulted from our recent acquisitions including tomatoes, potatoes and onions combined with expansion of value-added services such as banana ripening and prepared foods. Our net sales growth in recent years is also attributable to a broadening of our product line with the expansion of our fresh-cut produce business. We expect our net sales growth to continue to be driven by increased sales volumes in our other fresh produce segment and acquisitions. In Europe, we expect our net sales to increase substantially due to the new processed foods product offerings that resulted from our recent acquisition of Del Monte Foods Europe ("Del Monte Foods"). In addition, we expect to increase our sales in Europe by developing new products in the fresh and prepared food product lines and enter new markets in Eastern Europe, the Middle East and Africa. In European countries where we have both fresh and prepared foods operations, we are undertaking efforts to cross-market fresh products to supermarkets that once carried only our prepared foods, and to market prepared foods to our fresh produce customers. We also expect our net sales of Del Monte Gold™ Extra Sweet pineapple to approximate last year's levels.

Cost of Products Sold Cost of products sold is principally composed of two elements, product and logistics costs. Product cost for our produce is primarily composed of cultivation (the cost of growing crops), harvesting, packaging, labor, depreciation and farm administration. Product cost for produce obtained from independent growers is composed of produce and packaging costs. Logistics costs include land and sea transportation and expenses related to port facilities and distribution centers. Sea transportation cost is the most significant component of logistics costs and is comprised of the cost of vessel operating expenses and chartering refrigerated vessels. Vessel operating expenses for our vessels include operations, maintenance, depreciation, insurance, fuel, the cost of which is subject to commodity price fluctuations, and port charges. For chartered vessels, operating expenses include the cost of chartering the vessels, fuel and port charges. Variations in containerboard prices, which affect the cost of boxes and other packaging materials, and fuel prices, can have a significant impact on our product cost and our profit margins. Containerboard, plastic, resin and fuel prices have historically been volatile. Containerboard prices decreased and fuel prices increased in 2002 as compared to 2001. Fuel prices increased significantly and containerboard prices increased slightly in 2003 as compared to 2002. During 2004, fuel prices and containerboard both increased again. This increase in containerboard and fuel prices has added approximately $9.7 million to our cost of sales in 2004 as compared to 2003.

In general, changes in our volume of products sold can have a disproportionate effect on our gross profit. Within any particular year, a significant portion of our cost of products sold is fixed, both with respect to our operations and with respect to the cost of produce purchased from independent growers from whom we have agreed to purchase all the products they produce. Accordingly, higher volumes produced on company-owned farms directly reduce the average per-box cost, while lower volumes directly increase the average per-box cost. In addition, because the volume that will actually be produced on our farms and by independent growers in any given year depends on a variety of factors, including weather, that are beyond our control or the control of our independent growers, it is difficult to predict volumes and per-box costs.

Selling, General and Administrative Expenses Selling, general and administrative expenses include primarily the costs associated with selling in countries where we have our own sales force, advertising and promotional expenses, professional fees, general corporate overhead and other related administrative functions. The Del Monte Foods business requires a significant marketing effort which is included in selling, general and administrative expenses and as a result we expect marketing and promotional expenses to increase during 2005.

Interest Expense Interest expense consists primarily of interest on borrowings under working capital facilities that we maintain and interest on other long-term debt primarily for vessel purchases and capital lease obligations. Decreases in interest rates, combined with a lower average debt balance, significantly contributed to the decrease in interest expense in 2002 and 2003. In 2004, as a result of the Del Monte Foods acquisition at the beginning of the fourth quarter, we increased our debt level which resulted in higher interest expense. In 2005, we expect our increased borrowing levels under our credit facility to result in higher interest expense.

Other Income (Loss), Net Other income (loss), net, primarily consists of equity earnings in unconsolidated companies, together with currency exchange gains or losses and other miscellaneous income and expense items such as insurance recoveries and gain and losses from sales of investments and property, plant and equipment.

Provision for Income Taxes Income taxes consist of the consolidation of the tax provisions, computed on a separate entity basis, in each country in which we have operations. Since we are a non-U.S. company with substantial operations outside the United States, a substantial portion of our results of operations is not subject to U.S. taxation. Many of the countries in which we operate have favorable tax rates. We are subject to U.S. taxation on our distribution and fresh-cut operations in the United States. From time to time, tax authorities in various jurisdictions in which we operate audit our tax returns and review our business structures and positions and there are audits presently pending in various countries. There can be no assurance that any tax audits, or changes in existing tax laws or interpretations in countries in which we operate, will not result in an increased effective tax rate for us. We have established tax contingency accruals as a result of various tax audits currently in process. The amount of income taxes due as a result of the eventual outcome of these audits may differ from the amount of estimated tax accruals.

Results of Operations The following table presents, for each of the periods indicated, certain income statement data expressed as a percentage of net sales:

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Income Statement Data:			
Net sales	100.0%	100.0%	100.0%
Gross profit	9.1	13.2	16.1
Selling, general and administrative expenses	4.5	4.3	4.9
Operating income	4.4	8.9	10.3
Interest expense	0.3	0.3	0.8
Net income	4.8	9.1	9.3

The following tables present for each of the periods indicated (1) net sales by geographic region, (2) net sales by product category and (3) gross profit by product category, and in each case, the percentage of the total represented thereby. Certain amounts from 2002 have been reclassified to conform to the 2003 and 2004 presentation.

(U.S. dollars in millions)	Year ended December 31, 2004		December 26, 2003		December 27, 2002	
Net sales by geographic region:						
North America	$1,497.4	52%	$1,339.0	54%	$1,050.9	50%
Europe	940.5	32	714.8	29	639.3	31
Asia-Pacific	385.8	13	373.3	15	348.2	17
Other	82.3	3	59.7	2	52.1	2
Total	$2,906.0	100%	$2,486.8	100%	$2,090.5	100%

(U.S. dollars in millions)	Year ended December 31, 2004		December 26, 2003		December 27, 2002	
Net sales by product category:						
Bananas	$1,030.8	35%	$ 969.6	39%	$ 957.0	46%
Other fresh produce	1,638.7	57	1,398.1	56	1,030.5	49
Del Monte Foods	88.8	3	—	—	—	—
Other products and services	147.7	5	119.1	5	103.0	5
Total	$2,906.0	100%	$2,486.8	100%	$2,090.5	100%
Gross profit by product category:						
Bananas	$ 23.0	9%	$ 69.2	21%	$ 79.9	24%
Other fresh produce	216.1	82	249.5	76	252.8	75
Del Monte Foods	16.3	6	—	—	—	—
Other products and services	9.3	3	9.5	3	4.0	1
Total	$ 264.7	100%	$ 328.2	100%	$ 336.7	100%

2004 COMPARED WITH 2003

Net Sales Net sales in 2004 were $2,906.0 million compared with $2,486.8 million in 2003. The increase in net sales of $419.2 million was primarily attributable to higher net sales of other fresh produce, the Del Monte Foods acquisition, bananas and other products and services. Net sales of other fresh produce increased $240.6 million principally due to higher sales volume of tomatoes and vegetables in North America, higher sales volume and per unit net sales prices of tomatoes, fresh-cut fruit and vegetables, and non-tropical fruits in North America and Europe. The Del Monte Foods acquisition contributed $88.8 million of the increase in net sales. The increase in banana net sales of $61.2 million is principally attributable to higher per unit sales prices and a 17% increase in sales volume in Europe partially offset by lower per unit sales prices and sales volume in North America. The increase in net sales of other products and services is principally attributable to increases in third-party cargo services.

Net sales were positively affected by a weaker dollar versus the euro, the British pound and the Japanese yen. The net effect of foreign exchange in 2004 compared with 2003 was an increase in net sales of approximately $70.5 million of which approximately $47.9 million is attributable to the euro, $8.0 million to the British pound and $14.6 million to the Japanese yen.

During 2004, one customer, Wal-Mart, Inc., accounted for approximately 14% of our total net sales. These sales are reported in our banana and other fresh produce segments. No other customer accounted for 10% or more of our net sales. In 2004, the top ten customers accounted for approximately 35% of our net sales.

Cost of Products Sold Cost of products sold was $2,641.3 million in 2004, compared with $2,158.6 million in 2003, an increase of $482.7 million. This increase is primarily due to higher sales volume and per unit fruit costs of other fresh produce and higher banana per unit fruit costs as the result of adverse growing conditions in Costa Rica, combined with higher containerboard and higher fuel and distribution costs. The increase in cost of product sold related to the Del Monte Foods acquisition is $72.5 million.

Gross Profit Gross profit was $264.7 million in 2004, compared with $328.2 million for the same period in 2003. The decrease of $63.5 million was primarily attributable to a 67% decrease in banana gross profit that resulted from higher production costs including higher commodity costs, Sigatoka disease and poor weather conditions in Costa Rica. Higher production, fruit procurement and transportation costs in the other fresh produce category also contributed to the decrease in gross profit. The Del Monte Foods acquisition contributed $16.3 million to gross profit in 2004. As a percentage of net sales, gross profit margins decreased to 9.1% in 2004, as compared with 13.2% in 2003. This decrease in gross profit margin was primarily attributable to increased production costs combined with higher containerboard, fuel and distribution costs.

Selling, General and Administrative Expenses Selling, general and administrative expenses increased $23.2 million to $131.0 million in 2004 compared with $107.8 million in 2003. The increase was primarily due to the Del Monte Foods acquisition, which accounted for $13.1 million, higher administrative expenses related to professional fees in connection with the on-going initiatives to implement the Sarbanes-Oxley Act combined with information technology services and higher sales and marketing expenses in Europe.

Asset Impairment Charge Based on continued operating losses and discontinued product lines in the United Kingdom, the United States and Brazil related to the other fresh produce and banana categories, certain machinery and equipment was written down to its estimated fair value. As a result, an asset impairment charge of $5.4 million was recorded in 2004.

Operating Income Operating income in 2004 was $128.3 million compared with $220.4 million in 2003, a decrease of $92.1 million. The decrease in operating income is attributable to lower gross profit, higher selling, general and administrative expenses combined with the asset impairment charge that was incurred in 2004.

Interest Expense Interest expense increased $1.7 million to $9.0 million in 2004 compared with $7.3 million in 2003, primarily as a result of higher average debt balances that resulted from recent acquisitions.

Other Income (Loss), Net Other income (loss), net was $6.9 million in 2004, compared with $28.4 million in 2003. The decrease of $21.5 million is primarily attributable to insurance recoveries of $11.5 million related to Hurricane Mitch in 1998 and a gain on the sale of the 50% interest in Compania Industrial Corrugadora Guatemala S.A., a manufacturer of corrugated boxes, of $5.5 million both recorded in 2003. In addition, lower equity in earnings of unconsolidated companies during 2004 and higher other miscellaneous expenses incurred during 2004 also contributed to the decrease in other income (loss), net as compared with 2003.

Provision for Income Taxes Provision for income taxes decreased from $15.9 million in 2003 to a benefit of $12.2 million for 2004. Income tax benefit for 2004 includes a net benefit of $20.6 million, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a United States tax audit for the years 1997 through 2001. Excluding this benefit of $20.6 million, the provision for income taxes would be $8.4 million for 2004 as compared with $15.9 million in 2003. This reduction of $7.5 million is primarily due to lower taxable income in the United States.

2003 COMPARED WITH 2002

Net Sales Net sales in 2003 were $2,486.8 million, compared with $2,090.5 million in 2002. The increase in net sales of $396.3 million was primarily attributable to the other fresh produce category. Net sales of other fresh produce increased primarily due to tomato, potato and other vegetables to $246.0 million as a result of the Standard acquisition and higher fresh-cut net sales in the U.S. and Europe of $66.6 million. Net sales of Del Monte Gold™ Extra Sweet pineapples increased by $24.4 million as a result of an 8% increase in worldwide sales volume and higher per unit sales prices in Europe, partially offset by a slight 4% decrease in per unit sales prices in North America and Asia. Banana net sales increased slightly due to higher per unit net sales prices in Europe and higher sales volume in Asia, partially offset by lower per unit sales prices in North America and Asia.

Net sales were positively affected by a weaker dollar versus the euro, the British pound and the Japanese yen. The net effect of foreign exchange in 2003 compared with 2002 was an increase in net sales of approximately $72.5 million of which approximately $43.5 million is attributable to the euro, $18.0 million to the British pound and $11.0 million to the Japanese yen.

During 2003, as a result of the Standard acquisition, one customer, Wal-Mart, Inc., accounted for approximately 14% of our total net sales. These sales are reported in our banana and other fresh produce segments. No other customer accounted for 10% or more of our net sales. In 2003, the top ten customers accounted for approximately 41% of our net sales, as compared with 33% of our net sales during 2002.

Cost of Products Sold Cost of products sold was $2,158.6 million in 2003 compared with $1,753.8 million in 2002, an increase of $404.8 million. This increase is primarily due to higher other fresh produce sales volume due to acquisitions, combined with higher sea transportation costs as well as higher operating costs as a result of expansion of the North America business.

Gross Profit Gross profit was $328.2 million in 2003 compared with $336.7 million for the same period in 2002. The decrease of $8.5 million was primarily attributable to lower banana per unit sales prices in North America and Asia-Pacific regions combined with increased containerboard and fuel costs. As a percentage of net sales, gross profit margins decreased to 13.2% in 2003 as compared with 16.1% in 2002. This decrease in gross profit margin was attributable to increased transportation costs combined with the shift in sales mix to high volume, lower margin products from our recent acquisitions.

Selling, General and Administrative Expenses Selling, general and administrative expenses increased $5.1 million to $107.8 million in 2003 compared with $102.7 million in 2002. The increase was primarily due to higher administrative expenses related to acquisitions, new marketing initiatives in Europe as well as higher professional fees related to business development and on-going litigation partially offset by cost saving measures.

Provision for Kunia Well Site In 2002, as a result of additional communications with the EPA and the advice of our outside advisors, a non-cash charge of $7.0 million for environmental remediation was recorded.

Asset Impairment Charge Based on the continuing operating losses of certain distribution facilities in South Africa and Argentina and a decline in the fair value of certain long-term assets in South America related to the other fresh produce segment, a charge of $12.6 million for impairment of long-lived assets was recorded during 2002.

Operating Income Operating income in 2003 was $220.4 million compared with $214.4 million in 2002, an increase of $6.0 million. The increase was due to the provision for Kunia Well Site and asset impairment charge that were recorded in 2002, offset by lower gross profit and higher selling, general and administrative expenses in 2003.

Interest Expense Interest expense decreased $8.4 million to $7.3 million in 2003 compared with $15.7 million in 2002 primarily as a result of lower average debt balances.

Other Income (Loss), Net Other income (loss), net was $28.4 million in 2003 compared with $20.5 million in 2002. The increase of $7.9 million is primarily attributable to insurance recoveries of $11.5 million related to Hurricane Mitch in 1998 and a gain on the sale of the 50% interest in Compania Industrial Corrugadora Guatemala S.A., a manufacturer of corrugated boxes, of $5.5 million recorded in 2003, as compared with a gain on the sale of our equity investment in a Northern European distributor of $8.7 million and insurance proceeds of $2.4 million from claims related to our Guatemala operations, recorded in 2002.

Provision for Income Taxes Provision for income taxes decreased from $18.6 million in 2002 to $15.9 million in 2003, primarily due to a change in the source of pre-tax income to jurisdictions where tax rates are lower.

Seasonality In part as a result of seasonal sales price fluctuations, we have historically realized most of our net sales and a majority of our gross profit during the first two calendar quarters of the year. The sales price of any fresh produce item fluctuates throughout the year due to the supply of and demand for that particular item, as well as the pricing and availability of other fresh produce items, many of which are seasonal in nature. For example, the production of bananas is continuous throughout the year and production is usually higher in the second half of the year, but the demand for bananas varies because of the availability of other fruit. As a result, demand for bananas is seasonal and generally results in higher sales prices during the first six months of the calendar year. We make most of our sales of non-tropical fruit from October to May. In the melon market, the entry of many growers selling unbranded or regionally branded melons during the peak North American and European melon growing season results in greater supply, and therefore lower sales prices, from June to October. As a result of greater demand during the fourth quarter, the Del Monte Foods business is expected to have higher net sales and gross profit during this period. These seasonal fluctuations are illustrated in the following table, which presents certain unaudited quarterly financial information for the periods indicated:

	Year ended	
(U.S. dollars in millions)	December 31, 2004	December 26, 2003
Net sales:		
First quarter	$ 713.8	$ 643.8
Second quarter	763.6	700.6
Third quarter	610.4	563.7
Fourth quarter	818.2	578.7
Total	$2,906.0	$2,486.8
Gross profit:		
First quarter	$ 77.2	$ 107.0
Second quarter	89.1	109.3
Third quarter	30.8	65.0
Fourth quarter	67.6	46.9
Total	$ 264.7	$ 328.2

Liquidity and Capital Resources Net cash provided by operating activities for 2004 was $157.0 million, a decrease of $107.0 million from 2003. The decrease in net cash provided by operating activities was primarily attributable to a decrease in net income when considering the reversal of tax contingency and asset impairment charges incurred during 2004, combined with increases in receivables that result from higher net sales for fresh produce and prepared food products, partially offset by other changes in operating assets and liabilities.

Net cash provided by operating activities for 2003 was $264.0 million, a decrease of $44.2 million from 2002. The decrease in net cash provided by operating activities was primarily attributable to higher balances in inventory, principally as a result of increased raw materials and packaging supplies, lower balances in accounts payable and accrued expenses, combined with other changes in operating assets and liabilities.

Net cash used in investing activities was $412.0 million for 2004, $159.4 million for 2003 and $68.3 million for 2002. Net cash used in investing activities for 2004 consisted primarily of purchase of subsidiaries, net of cash acquired and capital expenditures. Purchase of subsidiaries consisted of the acquisition of Del Monte Foods for $301.5 million, which is net of $24.0 million of assumed debt and $13.3 million of cash acquired combined with the acquisition of Can-Am Express, Inc. and RLN Leasing, Inc. (collectively, "Can-Am"), a nationally-recognized refrigerated trucking operation based in Fargo, North Dakota for $18.6 million, net of $0.2 million of cash acquired. Capital expenditures in 2004 consisted primarily of expansion of our distribution facilities and fresh-cut facilities in Europe and North America, expansion of production facilities in South America and information technology initiatives in North America, Europe and Asia-Pacific.

On October 1, 2004, we acquired Del Monte Foods, including its operations in Europe, Africa and the Middle East. We acquired Del Monte Foods for approximately $338.8 million, financed primarily through cash on hand and borrowings under our credit facility. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts. Through this acquisition we will add approximately $400 million of sales and an attractive array of products and brands to our existing portfolio of fresh and fresh-cut produce. The company holds a perpetual, royalty-free license to use the Del Monte® brand for processed and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Del Monte® is the leading brand for canned fruit and pineapple in many Western European markets and is a leading brand in the United Kingdom beverage market. This acquisition provides us with a myriad of new markets enhancing our ability to sell our branded fresh and processed products together under the Del Monte® name and strengthens our presence in Europe and other key markets. Del Monte Foods' juices, beverages and prepared fruit and vegetables are processed at facilities in the United Kingdom, Greece, South Africa and Italy, while its pineapple is cultivated and processed at its plantation and cannery in Kenya.

On August 11, 2004, we acquired Can-Am. Can-Am utilizes a suite of logistics and fleet management software to optimize transportation services. With an owned fleet of 150 tractors and 200 trailers, and facilities in Fargo, North Dakota; Denton, Texas; and Cincinnati, Ohio, Can-Am provides over-the-road trucking services. Our acquisition of Can-Am has enabled us to provide comprehensive distribution services to our retail and foodservice customers.

Net cash used in investing activities for 2003 consisted primarily of the acquisition of Standard for $99.7 million, the acquisition of the remaining 33% interest in Envaco for $3.0 million, the acquisition of Expans for $0.8 million and the acquisition of Country Best for $12.2 million, combined with capital expenditures of $58.1 million, partially offset by $12.8 million of proceeds from sale of an equity investment. Capital expenditures in 2003 were primarily for the expansion of production facilities in South America, distribution centers and fresh-cut facilities in North America and the United Kingdom and for information technology. Standard, acquired on January 27, 2003, was a Dallas, Texas based integrated distributor of fresh fruit and vegetables, which services retail chains, foodservice distributors and other wholesalers in approximately 30 states. The acquisition included four distribution facilities, which increases our presence in key markets in the United States and allows us to increase our product offering to include tomatoes, potatoes, strawberries, onions, and an extensive line of specialty items. On June 18, 2003, we acquired the remaining interest in Envaco, providing us with 100% ownership of our corrugated box plant in Costa Rica. Expans, acquired on November 21, 2003, was a leading distributor of fresh fruit and vegetables in Poland. This acquisition enabled us to leverage the strong brand identity of Del Monte®, establish a strong foundation in Poland and the broader Central European region and to export fresh fruit and vegetables from Poland to our other distribution facilities and fresh-cut operations in the United Kingdom and Northern Europe. Country Best, acquired on December 22, 2003, was a leading U.S. East Coast processor and packager of potatoes, onions and other fresh fruit and vegetables. This acquisition includes processing and packaging operations in Florida, Georgia and New York. Proceeds from sale of an equity investment was due to the sale, on April 24, 2003, of our 50% equity interest in Compania Industrial Corrugadora Guatemala, S.A., a manufacturer of corrugated boxes.

Net cash used in investing activities for 2002 consisted primarily of capital expenditures of $63.4 million, the acquisition of United Kingdom-based Fisher Foods Limited's chilled division from the administrative receivers for approximately $37.2 million, and the acquisition of an additional interest in National Poultry Company PLC for approximately $4.7 million, offset by the proceeds from the sale of assets of $6.8 million and the proceeds from the sale of an equity investment of $30.0 million. Capital expenditures in 2002 were primarily for expansion of our production facilities in South America and distribution and fresh-cut facilities in North America, the United Kingdom and the Asia-Pacific region and the purchase of a pre-owned refrigerated vessel. The United Kingdom Fresh-Cut acquisition included three facilities dedicated to chilled fresh-cut produce and bagged and prepared salads and accelerates our growth in the fresh-cut category. The proceeds from the sale of an equity investment was attributable to the sale of our 80% non-controlling interest in Internationale Fruchtimport Gesellschaft Weichert & Co. ("Interfrucht"), a Northern European distributor of fresh fruit and other produce for a sales price of $30.0 million.

Net cash provided by financing activities of $240.7 million for 2004 was principally attributable to proceeds from long-term debt of $545.1 million and proceeds from stock options exercised of $4.4 million, partially offset by payments on long-term debt of $238.8 million, payments of debt of acquired subsidiary of $24.0 million and payment of dividends of $46.0 million. In 2005, we expect to pay cash dividends of approximately $46.2 million.

Net cash used in financing activities of $66.2 million for 2003 was principally for the net repayment of long-term debt of $52.7 million and for the payment of our cash dividends of $25.5 million partially offset by the proceeds from stock options exercised of $12.0 million.

Net cash used in financing activities of $245.1 million for 2002 was primarily for net repayments on long-term debt of $255.3 million and payment of cash dividends of $11.1 million, partially offset by proceeds from stock options exercised of $24.8 million.

In recent years, we have financed our working capital and other liquidity requirements primarily through cash from operations and borrowings under our credit facility. We have a credit facility with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, which we refer to as Rabobank. Our obligations under the credit facility are guaranteed by certain of our subsidiaries. On March 21, 2003, Fresh Del Monte, and certain wholly-owned subsidiaries entered into a $400.0 million, four-year syndicated revolving credit facility (the "New Credit Facility"), with Rabobank Nederland, New York Branch, as administrative agent, which replaced the then existing $450.0 million revolving credit facility ("Revolving Credit Facility") including the $135.0 million five-year term loan maturing on May 10, 2005 ("Term Loan"). The Revolving Credit Facility contained covenants, which required us to maintain certain minimum financial ratios and limited the payment of future dividends. In connection with the Revolving Credit Facility, we entered into an interest rate swap agreement, which expired in January 2003 with the same bank to limit the effect of increases in interest rates on a portion of the Revolving Credit Facility. The notional amount of the swap decreased over its life from $150.0 million in the first three months, to $53.6 million in the last three months. The cash differentials paid or received on the swap agreement were accrued and recognized as adjustments to interest expense. Interest expense related to the swap agreement amounted to $0.1 million and $2.6 million for 2003 and 2002, respectively. With drawdowns from the New Credit Facility, all amounts outstanding under the Revolving Credit Facility, including the remaining unpaid balance of the Term Loan of $25.0 million were paid off. On November 9, 2004, the New Credit Facility was amended to increase the total commitment to $600.0 million, a term loan commitment of up to $400.0 million was added and the maturity date was extended to November 10, 2009.

At December 31, 2004, we had $247.4 million available under committed working capital facilities, all of which is represented by the New Credit Facility. The New Credit Facility also includes a swing line facility and a letter of credit facility. At December 31, 2004, $29.9 million of available credit was applied towards the issuance of letters of credit, principally related to the Del Monte Foods acquisition which requires us to guarantee certain contingent obligations under the purchase agreement. The New Credit Facility as amended permits borrowings with an interest rate based on a spread over the London Interbank Offered Rate ("LIBOR") and expires on November 10, 2009. There was $322.7 million outstanding under the New Credit Facility at December 31, 2004.

The New Credit Facility is collateralized directly or indirectly by substantially all of our assets and requires us to meet certain covenants. We believe we are in compliance with these covenants.

As of December 31, 2004, we had $363.5 million of long-term debt and capital lease obligations, including the current portion, consisting of $322.7 million of long-term debt related to the New Credit Facility, $8.2 million of long-term debt related to refrigerated vessel loans, $8.4 million of other long-term debt and $24.2 million of capital lease obligations.

Principal capital expenditures planned for 2005 consist of approximately $95 million for expansion of distribution and fresh-cut facilities in Europe, expansion of production facilities in South America, information technology initiatives as well as investments in the new Del Monte Foods production facilities in Europe and Africa. We expect to fund our capital expenditures in 2005 from operating cash flows and borrowings under our New Credit Facility. We believe that cash generated from operations and available borrowings will be adequate to cover our cash needs in 2005. We generated cash from operations of $157.0 million in 2004 and had $247.4 million available under our New Credit Facility as of December 31, 2004. Based on our operating plan and borrowing capacity of our New Credit Facility, we believe we have sufficient cash to meet our obligations in 2005. This belief is based on our positive operating results and cash flow in recent years.

The following details information with respect to our contractual obligations as of December 31, 2004:

(U.S. dollars in millions)	Total	Less than 1 year	1–3 years	3–5 years	More than 5 years
Payments by period:					
Fruit purchase agreements	$3,085.6	$579.6	$770.6	$ 679.7	$1,055.7
Purchase obligations	322.7	176.8	88.4	20.9	36.6
Operating leases	120.6	22.1	37.3	28.3	32.9
Capital lease obligations (including interest)	26.7	7.8	14.6	4.2	0.1
Long-term debt	339.3	9.3	3.2	325.3	1.5
Total	$3,894.9	$795.6	$914.1	$1,058.4	$1,126.8

We have agreements to purchase the entire production of certain products of our independent growers in Costa Rica, Guatemala, Ecuador, Cameroon, Colombia, Chile, Brazil and the Philippines. Total purchases under these agreements amounted to $571.4 million, $505.6 million and $499.5 million for 2004, 2003 and 2002, respectively.

Ordinary Share Prices and Related Matters

Our ordinary shares are traded solely on the New York Stock Exchange, under the symbol FDP, and commenced trading on October 24, 1997, the date of our initial public offering.

The following table presents the high and low sales prices of our ordinary shares for the periods indicated as reported on the New York Stock Exchange Composite Tape:

	High	Low
Five most recent financial years		
Year ended December 29, 2000	$ 9.94	$ 3.38
Year ended December 28, 2001	$15.95	$ 4.56
Year ended December 27, 2002	$29.20	$13.70
Year ended December 26, 2003	$28.35	$15.12
Year ended December 31, 2004	$29.63	$22.62
2003		
First quarter	$21.25	$15.29
Second quarter	$25.57	$15.12
Third quarter	$28.35	$24.95
Fourth quarter	$27.31	$22.90

	High	Low
Most recent six months		
September 2004	$26.70	$24.36
October 2004	$26.38	$24.77
November 2004	$27.70	$26.15
December 2004	$29.63	$27.23
January 2005	$32.20	$28.31
February 2005	$33.74	$29.71
2004		
First quarter	$27.99	$23.33
Second quarter	$25.98	$22.62
Third quarter	$27.65	$24.36
Fourth quarter	$29.63	$24.77

As of December 31, 2004, there were 57,690,074 ordinary shares outstanding. As of February 28, 2005, we believe that holders in the United States held approximately 42% of the outstanding ordinary shares.

Consolidated Balance Sheets

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(U.S. dollars in millions, except share and per share data)	December 31, 2004	December 26, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 42.1	$ 51.0
Trade accounts receivable, net of allowance of $20.2 and $17.1, respectively	276.0	195.2
Advances to growers and other receivables, net of allowance of $20.7 and $13.3, respectively	54.7	41.1
Inventories	347.3	215.1
Deferred income taxes	3.8	3.0
Prepaid expenses and other current assets	18.4	7.6
Total current assets	742.3	513.0
Investments in and advances to unconsolidated companies	15.5	18.2
Property, plant and equipment, net	914.7	741.0
Deferred income taxes	33.4	27.5
Other noncurrent assets	103.4	23.0
Goodwill	248.7	168.5
Total assets	$2,058.0	$1,491.2
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 398.3	$ 325.8
Current portion of long-term debt and capital lease obligations	15.8	14.0
Deferred income taxes	14.1	8.4
Income taxes payable	14.2	21.7
Total current liabilities	442.4	369.9
Long-term debt and capital lease obligations	347.7	29.5
Retirement benefits	96.0	55.1
Other noncurrent liabilities	41.7	59.4
Deferred income taxes	53.0	31.4
Total liabilities	980.8	545.3
Minority interests	8.0	3.7
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred shares, $0.01 par value; 50,000,000 shares authorized; none issued or outstanding	—	—
Ordinary shares, $0.01 par value; 200,000,000 shares authorized; 57,690,074 and 57,282,518 issued and outstanding	0.6	0.6
Paid-in capital	376.9	367.3
Retained earnings	714.6	621.4
Accumulated other comprehensive loss	(22.9)	(47.1)
Total shareholders' equity	1,069.2	942.2
Total liabilities and shareholders' equity	$2,058.0	$1,491.2

See accompanying notes.

Consolidated Statements of Income

2004 annual report

(U.S. dollars in millions, except share and per share data)	*Year ended* December 31, 2004	December 26, 2003	December 27, 2002
Net sales	$2,906.0	$2,486.8	$2,090.5
Cost of products sold	2,641.3	2,158.6	1,753.8
Gross profit	264.7	328.2	336.7
Selling, general and administrative expenses	131.0	107.8	102.7
Provision for Kunia Well Site	—	—	7.0
Asset impairment charges	5.4	—	12.6
Operating income	128.3	220.4	214.4
Interest expense	(9.0)	(7.3)	(15.7)
Interest income	0.8	0.8	0.7
Other income, net	6.9	28.4	20.5
Income before (benefit from) provision for income taxes and cumulative effect of change in accounting principle	127.0	242.3	219.9
(Benefit from) provision for income taxes	(12.2)	15.9	18.6
Income before cumulative effect of change in accounting principle	139.2	226.4	201.3
Cumulative effect of change in accounting principle	—	—	(6.1)
Net income	$ 139.2	$ 226.4	$ 195.2
Net income per ordinary share—Basic:			
Income before cumulative effect of change in accounting principle	$ 2.42	$ 4.00	$ 3.63
Cumulative effect of change in accounting principle	—	—	(0.11)
Net income per ordinary share—Basic	$ 2.42	$ 4.00	$ 3.52
Net income per ordinary share—Diluted:			
Income before cumulative effect of change in accounting principle	$ 2.41	$ 3.95	$ 3.56
Cumulative effect of change in accounting principle	—	—	(0.11)
Net income per ordinary share—Diluted	$ 2.41	$ 3.95	$ 3.45
Dividends declared per ordinary share	$ 0.80	$ 0.45	$ 0.20
Weighted average number of ordinary shares:			
Basic	57,487,131	56,539,691	55,445,106
Diluted	57,803,158	57,346,377	56,538,659

See accompanying notes.

Consolidated Statements Of Cash Flows

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(U.S. dollars in millions)	*Year ended* December 31, 2004	December 26, 2003	December 27, 2002
Operating activities:			
Net income	$ 139.2	$ 226.4	$ 195.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	69.9	61.3	59.4
Amortization of debt issue costs	1.0	1.7	2.3
Non-cash stock-based compensation expense	—	—	0.9
Cumulative effect of change in accounting principle	—	—	6.1
Provision for Kunia Well Site	—	—	7.0
Asset impairment charges	5.4	—	12.6
Reversal of accrual for U.S. tax contingency	(18.0)	—	—
Gain on sale of equity investment	—	(5.5)	(8.7)
Equity in earnings of unconsolidated companies	—	(1.2)	2.9
Deferred income taxes	7.8	(1.1)	(0.4)
Other, net	(1.4)	(7.0)	(7.5)
Changes in operating assets and liabilities, net of acquisitions:			
Receivables	(28.3)	(5.7)	(17.0)
Inventories	(14.1)	(23.2)	(11.5)
Prepaid expenses and other current assets	(6.5)	1.9	—
Accounts payable and accrued expenses	(4.5)	18.4	54.6
Other noncurrent assets and liabilities	6.5	(2.0)	12.3
Net cash provided by operating activities	157.0	264.0	308.2
Investing activities:			
Capital expenditures	(94.0)	(58.1)	(63.4)
Proceeds from sale of equity investments	—	12.8	30.0
Proceeds from sale of assets	2.4	1.5	6.8
Purchase of subsidiaries, net of cash acquired	(320.1)	(115.8)	(41.9)
Dividends received from unconsolidated subsidiaries	0.1	0.5	3.6
Other investing activities, net	(0.4)	(0.3)	(3.4)
Net cash used in investing activities	(412.0)	(159.4)	(68.3)
Financing activities:			
Proceeds from long-term debt	545.1	344.9	346.5
Payments on long-term debt	(238.8)	(397.6)	(601.8)
Payments on debt of acquired subsidiary	(24.0)	—	—
Payments on short-term borrowings	—	—	(3.5)
Proceeds from stock options exercised	4.4	12.0	24.8
Payments of dividends	(46.0)	(25.5)	(11.1)
Net cash provided by (used in) financing activities	240.7	(66.2)	(245.1)
Effect of exchange rate changes on cash	5.4	3.1	1.7
Net (decrease) increase in cash and cash equivalents	(8.9)	41.5	(3.5)
Cash and cash equivalents, beginning	51.0	9.5	13.0
Cash and cash equivalents, ending	$ 42.1	$ 51.0	$ 9.5
Non-cash financing and investing activities:			
Purchases of assets under capital lease obligations	$ 7.2	$ 7.2	$ 11.9

See accompanying notes.

Consolidated Statements of Shareholders' Equity

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(U.S. dollars in millions, except share data)	Ordinary Shares Outstanding	Ordinary Shares	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
Balance at December 28, 2001	54,091,650	$0.5	$329.7	$236.4	$(16.1)	$ 550.5
Exercises of stock options	2,114,362	0.1	24.7	—	—	24.8
Non-cash compensation	—	—	0.9	—	—	0.9
Dividends declared	—	—	—	(11.1)	—	(11.1)
Comprehensive income:						
Net income	—	—	—	195.2	—	195.2
Unrealized loss on derivatives, net of reclassification for losses of $5.5 included in net income	—	—	—	—	(2.8)	(2.8)
Net foreign currency translation adjustment	—	—	—	—	3.2	3.2
Additional minimum pension liability	—	—	—	—	(1.2)	(1.2)
Comprehensive income						194.4
Balance at December 27, 2002	56,206,012	0.6	355.3	420.5	(16.9)	759.5
Exercises of stock options	1,076,506	—	12.0	—	—	12.0
Dividends declared	—	—	—	(25.5)	—	(25.5)
Comprehensive income:						
Net income	—	—	—	226.4	—	226.4
Unrealized loss on derivatives, net of reclassification for losses of $27.7 included in net income	—	—	—	—	(29.7)	(29.7)
Net foreign currency translation adjustment	—	—	—	—	0.4	0.4
Additional minimum pension liability	—	—	—	—	(0.9)	(0.9)
Comprehensive income						196.2
Balance at December 26, 2003	57,282,518	0.6	367.3	621.4	(47.1)	942.2
Exercises of stock options	407,556	—	4.4	—	—	4.4
Tax benefit on stock options	—	—	5.2	—	—	5.2
Dividends declared	—	—	—	(46.0)	—	(46.0)
Comprehensive income:						
Net income	—	—	—	139.2	—	139.2
Unrealized loss on derivatives, net of reclassification for losses of $37.7 included in net income	—	—	—	—	7.9	7.9
Net foreign currency translation adjustment	—	—	—	—	16.7	16.7
Additional minimum pension liability	—	—	—	—	(0.4)	(0.4)
Comprehensive income						163.4
Balance at December 31, 2004	**57,690,074**	**$0.6**	**$376.9**	**$714.6**	**$(22.9)**	**$1,069.2**

See accompanying notes.

Notes to Consolidated Financial Statements

2004 annual report

1. GENERAL

Fresh Del Monte Produce Inc. ("Fresh Del Monte") was incorporated under the laws of the Cayman Islands on August 29, 1996 and is 43.7% owned by IAT Group Inc., which is 100% beneficially owned by members of the Abu-Ghazaleh family. In addition, members of the Abu-Ghazaleh family directly own 8.5% of the outstanding ordinary shares of Fresh Del Monte.

Fresh Del Monte and its subsidiaries are engaged primarily in the worldwide production, transportation and marketing of fresh produce. Fresh Del Monte and its subsidiaries source their products, bananas, pineapples, melons and non-tropical fruit (including grapes, citrus, apples, pears, peaches, plums, nectarines, apricots and kiwi), plantains, Vidalia® sweet onions, tomatoes, potatoes and various greens, primarily from Central, South and North America and the Philippines. Fresh Del Monte also sources products from North America, Africa and Europe and distributes its products in Europe, the Asia-Pacific region and South America. Products are sourced from company-owned farms, through joint venture arrangements and through supply contracts with independent growers.

With the acquisition of Del Monte Foods Europe ("Del Monte Foods") on October 1, 2004, Fresh Del Monte became a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for processed and/or canned foods throughout Europe, Africa and the Middle East. See note 3, "Acquisitions and Disposition".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Variable Interest Entities In January 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46, "Consolidation of Variable Interest Entities (revised December 2003)" ("FIN 46R"), which requires variable interest entities ("VIE") to be consolidated by their primary beneficiaries. A primary beneficiary is the party that absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity.

After adopting FIN 46R in the first quarter of 2004, Fresh Del Monte concluded that its investment in Davao Agricultural Ventures Corporation ("Davco"), a previously unconsolidated 40% equity investment, fit the definition of a VIE pursuant to FIN 46R and began fully consolidating Davco. Financial statements of Fresh Del Monte for periods prior to March 2004 were not restated to reflect this change for the consolidation of Davco. See note 5, "Investments in Unconsolidated Companies" and note 6, "Variable Interest Entity".

Principles of Consolidation The consolidated financial statements include the accounts of Fresh Del Monte, its majority-owned subsidiaries, which Fresh Del Monte controls, and a VIE. Fresh Del Monte's fiscal year end is the last Friday of the calendar year or the first Friday subsequent to the end of the calendar year, whichever is closest to the end of the calendar year. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates Preparation of the financial statements in conformity with United States of America generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents Fresh Del Monte classifies as cash equivalents all highly-liquid investments with a maturity of three months or less at the time of purchase.

Trade Receivables and Concentrations of Credit Risk Trade receivables are recognized on Fresh Del Monte's accompanying consolidated balance sheets at fair value. Fresh Del Monte performs on-going credit evaluations of its customers and adjusts credit limits based upon payment history and the customers' credit worthiness, as determined by its review of their current credit information. Fresh Del Monte continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience, specific customer collection issues that it has identified and reviews of agings of trade receivables based on contractual terms. Fresh Del Monte generally does not require collateral on trade accounts receivable. No single customer's receivable balance is considered to be large enough to pose a significant credit risk to Fresh Del Monte.

Inventories Inventories are valued at the lower of cost or market. Cost is computed using the weighted average cost method for fresh produce and the first-in first-out, actual cost or average cost methods for raw materials and packaging supplies. Raw materials and packaging supplies inventory consists primarily of agricultural supplies, containerboard, packaging materials and spare parts.

Growing Crops Expenditures on pineapple, melon and non-tropical fruit growing crops are valued at the lower of cost or market and are deferred and charged to cost of products sold when the related crop is harvested and sold. The deferred growing costs consist primarily of land preparation, cultivation, irrigation and fertilization costs. Expenditures related to banana crops are expensed in the year incurred due to the continuous nature of the crop.

Investments in Unconsolidated Companies Investments in unconsolidated companies are accounted for under the equity method of accounting for investments of 20% or more in companies over which Fresh Del Monte does not have control except for Davco. See note 5, “Investments in Unconsolidated Companies”.

Property, Plant and Equipment Property, plant and equipment is stated at cost. Depreciation is recorded following the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for buildings, 5 to 20 years for ships and containers, 2 to 20 years for machinery and equipment, 5 to 7 years for furniture, fixtures and office equipment and 5 to 10 years for automotive equipment. Leasehold improvements are amortized over the life of the lease, or the related asset, whichever is shorter. When assets are retired or disposed of, the costs and accumulated depreciation or amortization are removed from the respective accounts and any related gain or loss is recognized. Maintenance and repairs are charged to expense as incurred. Significant expenditures, which extend the useful lives of assets, are capitalized. Interest is capitalized as part of the cost of construction. Costs related to land improvements for bananas, pineapples and non-tropical fruit and other agricultural projects are deferred during the formative stage and are amortized over the estimated life of the project.

Purchase Accounting Pursuant to SFAS 141, “Business Combinations”, Fresh Del Monte allocates the purchase price to the fair values of assets it acquires based on appraisals from third parties as well as on certain internally generated information. Fresh Del Monte records exit costs and other related liabilities in connection with business combinations pursuant to EITF No. 95-3, “Recognition of Liabilities in Connection with a Purchase Business Combination”. Fresh Del Monte estimates the economic lives of certain acquired assets and these lives are used to calculate depreciation and amortization expense in periods subsequent to acquisitions. Estimates are revised, if necessary, in subsequent periods not exceeding one year, when pending information, if any, becomes available.

Goodwill Fresh Del Monte’s goodwill represents the excess of the purchase price over the fair value of the net assets of acquired businesses. Pursuant to Statement of Financial Accounting Standards (“SFAS”) No. 142, “Accounting for Goodwill and Other Intangible Assets”, Fresh Del Monte ceased amortizing goodwill effective December 29, 2001.

Fresh Del Monte assesses goodwill for impairment with the assistance of an independent valuation firm on an annual basis on the first day of the fourth quarter of each fiscal year, or sooner if events indicate such a review is necessary. Based on this valuation, Fresh Del Monte determined that no impairment of this asset existed as of December 31, 2004. As of December 31, 2004, Fresh Del Monte is not aware of any items or events that would cause it to adjust the recorded value of goodwill for impairment. Potential impairment exists if the fair value of a reporting unit to which goodwill has been allocated, is less than the carrying value of the reporting unit. The amount of the impairment to recognize, if any, is calculated as the amount by which the carrying value of the goodwill exceeds its implied value. Fresh Del Monte assesses goodwill at the component level, which is one level below its operating segments. Future changes in the estimates used to conduct the impairment review, including revenue projections, market values and changes in the discount rate used could cause the analysis to indicate that Fresh Del Monte’s goodwill is impaired in subsequent periods and result in a write-off of a portion or all of goodwill. The discount rate used is based on independently calculated risks, Fresh Del Monte’s capital mix and an estimated market premium. The assumptions used in estimating revenue projections are consistent with internal planning.

As prescribed by SFAS No. 142, Fresh Del Monte completed the transitional goodwill impairment test by the second quarter of 2002. This review resulted in a non-cash impairment charge of $6.1 million for goodwill related to the other fresh produce reporting segment. This non-cash charge has been accounted for as a cumulative effect of a change in accounting principle in the accompanying consolidated statement of income for the year ended December 27, 2002.

There are numerous uncertainties and inherent risks in conducting business, such as but not limited to general economic conditions, actions of competitors, ability to manage growth, actions of regulatory authorities, pending investigations and/or litigation, customer demand and risk relating to international operations. Adverse effects from these risks may result in adjustments to the carrying value of Fresh Del Monte's assets and liabilities in the future including, but not necessarily limited to, goodwill.

Long-Lived Assets Fresh Del Monte reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds the asset's fair value, Fresh Del Monte measures and records an impairment loss for the excess. An asset's fair value is assessed by either determining the expected future undiscounted cash flow of the asset or by independent appraisal. Fresh Del Monte's long-lived assets are primarily composed of property, plant and equipment and intangible assets other than goodwill. Intangible assets other than goodwill are composed of both those that are being amortized, including banana licenses and non-compete agreements, and an indefinite-life intangible of a perpetual, royalty-free brand name license related to the acquisition of Del Monte Foods. See note 3, "Acquisitions and Disposition".

Fresh Del Monte recorded charges related to impairment of long-lived assets in both 2004 and 2002. Based on continued operating losses and discontinued product lines in the United Kingdom, the United States and Brazil, related to the other fresh produce and banana categories, certain machinery and equipment was written down to its estimated fair value. As a result, a charge of $5.4 million for impairment of long-lived assets was recorded in 2004. Based on the then continued operating losses and decline in the estimated fair value of certain distribution facilities and other property in South Africa, South America and Central America, primarily related to the other fresh produce segment, a charge of $12.6 million for impairment of long-lived assets was recorded in 2002. Such charges are included under the caption "Asset impairment charges" in the accompanying consolidated statements of income for the years ended December 31, 2004 and December 27, 2002, respectively. The estimated fair value of the related assets was based on either discounted future cash flows or appraisals from independent third parties.

There are numerous uncertainties and inherent risks in conducting business, such as but not limited to general economic conditions, actions of competitors, ability to manage growth, actions of regulatory authorities, pending investigations and/or litigation, customer demand and risk relating to international operations. Adverse effects from these risks may result in adjustments to the carrying value of Fresh Del Monte's assets and liabilities in the future including, but not necessarily limited to, long-lived assets.

Revenue Recognition Revenue is recognized on sales of products when the customer receives title to the goods, generally upon delivery and when collectibility is reasonably assured.

Cost of Products Sold Cost of products sold includes the cost of produce, packaging materials, labor, depreciation, overhead, transportation and other distribution costs, including handling costs incurred to deliver fresh produce or prepared products to customers.

Advertising and Promotional Costs Fresh Del Monte expenses advertising and promotional costs as incurred.

Debt Issue Costs Debt issue costs relating to long-term debt are amortized over the term of the related debt instrument using the straight-line method as the costs are primarily related to the revolving credit facility and are included in other assets. Debt issue cost amortization, which is included in interest expense, was $1.0 million, $1.7 million and $2.3 million, respectively for 2004, 2003 and 2002.

Income Taxes Deferred income taxes are recognized for the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end, based on enacted tax laws and statutory tax rates applicable to the year in which the differences are expected to affect taxable income. Valuation allowances are established when it is deemed more likely than not that future taxable income will not be sufficient to realize income tax benefits.

Fresh Del Monte recorded a $20.6 million net benefit in the 2004 third quarter, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a U.S. federal income tax audit for the years 1997 through 2001. See note 12, "Provision for Income Taxes".

Environmental Remediation Liabilities Losses associated with environmental remediation obligations are accrued when such losses are probable and can be reasonably estimated. Fresh Del Monte recorded a provision of $7.0 million in 2002, related to the environmental remediation for the Kunia Well Site. See note 18, "Litigation".

Currency Translation For Fresh Del Monte's operations in countries that are not highly inflationary and where the functional currency is other than the U.S. dollar, balance sheet amounts are translated using the exchange rate in effect at the balance sheet date. Income statement amounts are translated monthly using the average exchange rate for the respective month. The gains and losses resulting from the changes in exchange rates from year-to-year are recorded as a component of accumulated other comprehensive income or loss as currency translation adjustments.

For Fresh Del Monte's operations where the functional currency is the U.S. dollar or where the operations are located in highly inflationary countries, non-monetary balance sheet amounts are translated at historical exchange rates. Other balance sheet amounts are translated at the exchange rates in effect at the balance sheet date. Income statement accounts, excluding those items of income and expenses that relate to non-monetary assets and liabilities, are translated at the average exchange rate for the month. These remeasurement adjustments are included in the determination of net income under the caption "Other income, net".

Other income, net, in the accompanying consolidated statements of income includes $9.3 million, $7.2 million and $6.7 million in net gains on foreign exchange for 2004, 2003 and 2002, respectively. These amounts include the effect of foreign currency remeasurement, realized foreign currency transaction gains and losses and changes in the value of foreign currency denominated accounts receivable and accounts payable and related forward contracts.

Other Income, Net In addition to foreign currency translation gains and losses, other income, net, primarily consists of equity in earnings of unconsolidated companies, gains and losses from sales of investments and property, plant and equipment, gains from recoveries under insurance policies and other items of non-operating income and expenses.

Stock-Based Compensation Fresh Del Monte uses the intrinsic value method to account for employee stock options as prescribed in APB 25, "Accounting for Stock Issued to Employees", and discloses information regarding the pro forma effect on net income and earnings per share determined as if Fresh Del Monte had accounted for its employee stock options under the fair value method prescribed by SFAS 123, "Accounting for Stock-Based Compensation". The fair values of the outstanding options are estimated at the date of grant using the Black-Scholes option valuation model. Although it is a widely-used model for estimating the fair value of stock options issued to employees for the pro forma disclosures required by SFAS 123, the Black-Scholes option valuation model was initially developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable and requires the input of highly subjective assumptions, including the expected volatility of an entity's stock price. Because Fresh Del Monte's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a single measure of the fair value of its employee stock options.

The weighted average fair value of each option granted during 2004, 2003 and 2002 is estimated at $9.53, $7.54 and $9.16, respectively, on the date of grant using the following assumptions in 2004, 2003 and 2002, respectively: dividend yield of 3.30%, 1.80% and 3.36%; expected volatility of 0.545, 0.531 and 0.535; risk free interest rate of 3.61%, 2.35% and 3.00%; and expected lives of two to five years.

For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be amortized to expense over the options' vesting period. The following information shows the effect on net income and earnings per share as if Fresh Del Monte had accounted for stock options issued to employees using the fair value method in 2004, 2003 and 2002 (U.S. dollars in millions, except share and per share data):

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Reported net income	$139.2	$226.4	$195.2
Non-cash compensation expense under intrinsic value method	—	—	0.9
Stock-based compensation expense under fair value method	(0.9)	(3.4)	(3.0)
Net income, pro forma	$138.3	$223.0	$193.1
Net income per ordinary share, reported:			
Basic	$ 2.42	$ 4.00	$ 3.52
Diluted	$ 2.41	$ 3.95	$ 3.45
Weighted average ordinary shares, reported:			
Basic	57,487,131	56,539,691	55,445,106
Diluted	57,803,158	57,346,377	56,538,659
Net income per ordinary share, pro forma:			
Basic	$ 2.41	$ 3.94	$ 3.48
Diluted	$ 2.39	$ 3.89	$ 3.42
Weighted average ordinary shares, pro forma:			
Basic	57,487,131	56,539,691	55,445,106
Diluted	57,754,766	57,346,377	56,538,659

Because the exercise price of Fresh Del Monte's employee stock options equaled the market price of the underlying stock on the date of grant, no compensation expense was recorded for stock options issued to employees during 2004, 2003 and 2002 in connection with the 1997 Plan and the 1999 Plan. Compensation expense of $0.9 million was recorded for the year ended December 27, 2002 related to a modification of terms for stock options previously granted to a director. See note 16, "Stock-Based Compensation" for more information.

Derivative Financial Instruments Fresh Del Monte recognizes derivative financial instruments as either assets or liabilities on the accompanying consolidated balance sheets at fair value and accounts for those derivative financial instruments designated as hedging instruments depending on the nature of the hedge relationship. A fair value hedge requires that the effective portion of the change in the fair value of a derivative financial instrument be offset against the change in the fair value of the underlying asset, liability, or firm commitment being hedged through earnings. A cash flow hedge requires that the effective portion of the change in the fair value of a derivative instrument be recognized in other comprehensive income, a component of shareholders' equity, and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The ineffective portion of a derivative financial instrument's change in fair value is immediately recognized in earnings. Terminations of derivative financial instruments designated as hedges are immediately recognized in earnings.

Reclassifications Certain amounts from 2003 and 2002 have been reclassified to conform to the 2004 presentation.

New Accounting Pronouncements In March 2004, the FASB's Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-01, "The Meaning of Other-Than-Temporary Impairments and Its Application to Certain Investments". EITF 03-01 provides a three-step impairment model for determining whether an investment is other-than-temporarily impaired and requires the recognition of such impairments as an impairment loss equal to the difference between the investment's cost and fair value at the reporting date. The guidance is effective for Fresh Del Monte during the first quarter of fiscal 2005.

Fresh Del Monte does not believe that the adoption of EITF 03-01 will have a significant effect on its financial position, results of operations or cash flows.

In May 2004, the FASB issued Staff Position 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003", providing final guidance on accounting for the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). Fresh Del Monte adopted the provisions of FAS 106-2 during the year ended December 31, 2004 and recognized the effects of the federal subsidy provided by the Act in measuring its net periodic postretirement benefit cost for the year. This resulted in a reduction in Fresh Del Monte's accumulated postretirement benefit obligation for the subsidy related to benefits attributable to past service of $1.4 million. There was an immaterial effect on net periodic postretirement benefit cost as the result of the Act as Fresh Del Monte suspended its postretirement medical program for employees not retired by January 1, 2004. The Company expects to receive subsidy payments beginning in the 2006 fiscal year.

In November 2004, the FASB issued SFAS 151, "Inventory Costs - An Amendment of ARB No. 43, Chapter 4". SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and spoilage should be expensed as incurred and not included in overhead. Further, SFAS 151 requires that allocation of fixed and production facilities overhead to conversion costs should be based on normal capacity of the production facilities. The provisions of SFAS 151 are effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Fresh Del Monte is currently evaluating the impact, if any, that the adoption of SFAS 151 may have on its financial position, results of operations or cash flows.

In December 2004, the FASB issued Staff Position No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004". The American Jobs Creation Act of 2004 introduces a special one-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer, provided certain criteria are met. FAS 109-2 provides accounting and disclosure guidance for the repatriation provision, and was effective immediately upon issuance. Fresh Del Monte is incorporated outside of the United States and does not repatriate earnings for U.S. tax purposes.

In December 2004, the FASB issued SFAS 123R, "Share-Based Payment". SFAS 123R is a revision to SFAS 123 and supersedes APB 25, "Accounting for Stock Issued to Employees", and amends SFAS 95, "Statement of Cash Flows". This statement requires a public entity to expense the cost of employee services received in exchange for an award of equity instruments. This statement also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements. This statement is effective for the first interim reporting period that begins after June 15, 2005. SFAS 123R permits public companies to choose between the following two adoption methods:

1. A "modified prospective" method in which compensation cost is recognized beginning with the effective date (a) based on the requirements of SFAS 123R for all share-based payments granted after the effective date and (b) based on the requirements of Statement 123 for all awards granted to employees prior to the effective date of SFAS 123R that remain unvested on the effective date, or

2. A "modified retrospective" method which includes the requirements of the modified prospective method described above, but also permits entities to restate based on the amounts previously recognized under SFAS 123 for purposes of pro forma disclosures either (a) all prior periods presented or (b) prior interim periods of the year of adoption.

Fresh Del Monte currently accounts for share-based payments to employees using APB 25's intrinsic value method and, as such, generally recognizes no compensation expense for employee stock options. The impact of the adoption of SFAS 123R on Fresh Del Monte cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. For information about what Fresh Del Monte's reported results of operations and earnings per share would have been had the fair value provisions of SFAS 123 been applied, see the section titled "Stock-Based Compensation" above.

The adoption of SFAS 123R's fair value method will have an impact, possibly material, on Fresh Del Monte's results of operations but no impact on our overall financial position. SFAS 123R also requires the benefits of tax deductions in excess of recognized compensation expense, if any, to be reported as a financing cash flow, rather than as an operating cash flow as required under current literature. This requirement may reduce net operating cash flows and increase net financing cash flows in the consolidated statements of cash flows of periods after adoption. Due to timing of the release of SFAS 123R and the choice between the two adoption methods, Fresh Del Monte has not yet completed the analysis of the ultimate impact that this new pronouncement will have on its results of operations.

3. ACQUISITIONS AND DISPOSITION

2004 Acquisitions

Can-Am Trucking/RLN Leasing Acquisition

On August 11, 2004, Fresh Del Monte acquired Can-Am Express, Inc. and RLN Leasing, Inc. (collectively, "Can-Am"), a nationally-recognized refrigerated trucking operation based in Fargo, North Dakota. Can-Am utilizes a suite of logistics and fleet management software to optimize transportation services. With an owned fleet of 150 tractors and 200 trailers, and facilities in Fargo, North Dakota; Denton, Texas; and Cincinnati, Ohio, Can-Am provides over-the-road trucking services. Fresh Del Monte's acquisition of Can-Am has enabled the Company to provide comprehensive distribution services to our retail and foodservice customers. The total consideration paid in connection with the Can-Am acquisition was approximately $18.8 million.

The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the fair value of the assets acquired and liabilities assumed. The initial excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to $8.7 million, of which Fresh Del Monte estimates approximately $4.5 million is tax deductible. The purchase price allocation is preliminary and is pending the fair valuation of certain assets and liabilities.

Del Monte Foods Acquisition

On October 1, 2004, Fresh Del Monte acquired Del Monte Foods, including its operations in Europe, Africa and the Middle East. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for processed and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Del Monte® is the leading brand for canned fruit and pineapple in many Western European markets and is a leading brand in the United Kingdom beverage market. Fresh Del Monte acquired Del Monte Foods for approximately $338.8 million financed through cash on hand and drawings under the New Credit Facility. The purchase price included $24.0 million of assumed debt. The acquisition included $6.1 million of transaction related expenses. See note 13, "Long-Term Debt and Capital Lease Obligations".

The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the fair value of assets acquired and liabilities assumed. The initial excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to $71.9 million, none of which is tax deductible. The purchase price allocation is preliminary and is pending finalization of the fair valuation of certain assets and liabilities.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the dates of acquisitions during 2004 (U.S. dollars in millions):

	Can-Am	Del Monte Foods	Total
Current assets	$ 3.8	$194.4	$198.2
Property and equipment	7.5	124.2	131.7
Other noncurrent assets	—	18.3	18.3
Identified intangibles	—	81.7	81.7
Current liabilities	(1.2)	(97.2)	(98.4)
Noncurrent liabilities	—	(54.5)	(54.5)
Net assets acquired	10.1	266.9	277.0
Purchase price	18.8	338.8	357.6
Goodwill	$ 8.7	$ 71.9	$ 80.6

2003 Acquisitions

Standard Acquisition

On January 27, 2003, Fresh Del Monte acquired Standard Fruit and Vegetable Co., Inc. (“Standard”), a Dallas, Texas based integrated distributor of fresh fruit and vegetables, which serves retail chains, foodservice distributors, and wholesalers in approximately 30 states. As a result of the acquisition, Fresh Del Monte added tomatoes, potatoes, strawberries and onions to its product offerings and an additional four distribution centers. The total consideration paid in connection with the Standard acquisition was $102.2 million (including $2.2 million of acquisition costs). The purchase price of $100.0 million was subject to certain escrow/holdback provisions valued at $10.0 million to secure payment by the seller of any amounts that became due to Fresh Del Monte under the acquisition agreement. Of the total escrow/holdback provision according to the acquisition agreement, $2.5 million was held back by Fresh Del Monte and $7.5 million was placed in escrow and subsequently released. The holdback of $2.5 million is recognized as a liability in “Accounts payable and accrued expenses” in the accompanying consolidated balance sheets at December 31, 2004 and December 26, 2003. The assets acquired consisted primarily of current assets and property, plant and equipment. The acquisition was accounted for as a purchase and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed.

The excess of the purchase price over the fair value of the tangible assets acquired and liabilities assumed amounted to approximately $85.3 million, of which $6.7 million was allocated to separately identified intangible assets included in other noncurrent assets and is being amortized over its useful life of two to five years. The remaining $78.6 million was allocated to goodwill and was included in the “other fresh produce” reporting segment. None of the goodwill is tax deductible. Effective January 28, 2003, the operating results of the Standard operations were consolidated with the operating results of Fresh Del Monte.

Envaco Acquisition

On June 18, 2003, Fresh Del Monte acquired the remaining 33% minority interest in Envases Industriales de Costa Rica, S.A. (“Envaco”), a manufacturer of corrugated boxes. This acquisition provided Fresh Del Monte with 100% ownership of its corrugated box plant in Costa Rica. The purchase price was $3.0 million. The acquisition has been accounted for as a purchase.

Expans Acquisition

On November 21, 2003, Fresh Del Monte acquired Poland-based Expans Sp. z.o.o. (“Expans”), a leading distributor of fresh fruit and vegetables. Expans markets a broad range of produce including bananas, citrus, tomatoes, grapes and vegetables. This acquisition enabled Fresh Del Monte to leverage its strong brand identity, to establish a strong foundation in Poland and the broader Central European region, and to export fresh fruit and vegetables from Poland to its other distribution facilities and fresh-cut operations in the United Kingdom and Northern Europe. The total consideration paid in connection with the Expans acquisition was approximately $0.8 million in cash and the assumption of $4.8 million in liabilities. The assets acquired consisted primarily of property, plant and equipment. The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed. The excess of the purchase price over the fair value of the assets acquired and liabilities assumed amounted to approximately $3.8 million and was recorded as goodwill. Effective November 22, 2003, the operating results of Expans were consolidated with the operating results of Fresh Del Monte.

Country Best Acquisition

On December 22, 2003, Fresh Del Monte acquired the assets of Country Best Produce (“Country Best”) from Agway, Inc. (“Agway”). The total consideration paid for Country Best was $13.7 million, including $12.2 million in cash under Section 363 of the U.S. Bankruptcy Code pursuant to Agway’s October 2002 voluntary filing with the U.S. Bankruptcy Court in the Northern District of New York, $0.5 million in acquisition costs and $1.0 million of post-closing working capital adjustments. Country Best is an East Coast processor and packager of potatoes, onions, sweet corn, and other fruits and vegetables. The acquisition includes processing and packaging operations in Plant City, Florida; Winder, Georgia; and Syracuse, New York; in addition to a buying operation in Idaho that facilitates sales between produce buyers and growers and provides proximity to one of the nation’s largest supplies of quality potatoes. The acquisition has been accounted for as a purchase and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed. The excess of the fair value of the assets acquired and liabilities assumed over the purchase price was recorded as a reduction to property and equipment.

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the dates of acquisitions during 2003 (U.S. dollars in millions):

	Standard	Expans	Country Best	Total
Current assets	$ 19.0	$ 7.4	$ 6.7	$ 33.1
Property and equipment	18.5	1.0	6.7	26.2
Other noncurrent assets	1.8	—	—	1.8
Identified intangible	6.7	2.6	0.3	9.6
Current liabilities	(19.0)	(9.2)	—	(28.2)
Deferred tax liabilities	(3.4)	—	—	(3.4)
Net assets acquired	23.6	1.8	13.7	39.1
Consideration paid	102.2	5.6	13.7	121.5
Goodwill	$ 78.6	$ 3.8	$ —	$ 82.4

2003 Disposition

Compañía Industrial Corrugadora Guatemala, S.A. Disposition

On April 24, 2003, Fresh Del Monte sold its 50% equity interest in Compañía Industrial Corrugadora Guatemala, S.A. ("Corrugadora"), a manufacturer of corrugated boxes. The proceeds from the sale were $12.8 million. The gain on the sale was $5.5 million and was included in "Other income, net" in the accompanying consolidated statement of income for the year ended December 26, 2003.

Pro Forma Disclosures

The following unaudited pro forma information presents a summary of 2004 and 2003 consolidated results of operations of Fresh Del Monte as if the Can-Am, Del Monte Foods, Standard, Expans and Country Best acquisitions and the Corrugadora disposition all had occurred as of December 28, 2002 (U.S. dollars in millions, except share and per share data):

	Year ended	
	December 31, 2004	December 26, 2003
	(Unaudited)	
Net sales	$3,215.0	$2,934.2
Net income	$ 113.2	$ 192.0
Net income per ordinary share:		
Basic	$ 1.97	$ 3.40
Diluted	$ 1.96	$ 3.35
Weighted average number of ordinary shares:		
Basic	57,487,131	56,539,691
Diluted	57,803,158	57,346,377

The unaudited pro forma results have been prepared for comparison purposes only and do not purport to represent what the actual results of operations would have been had the above described acquisitions and disposition occurred on December 28, 2002 and may not be indicative of future results of operations.

4. INVENTORIES

Inventories consisted of the following (U.S. dollars in millions):

	December 31, 2004	December 26, 2003
Finished goods	$150.4	$ 65.9
Raw materials and packaging supplies	96.6	82.2
Growing crops	100.3	67.0
Total inventories	$347.3	$215.1

5. INVESTMENTS IN UNCONSOLIDATED COMPANIES

Fresh Del Monte utilizes the equity method of accounting for investments in 20% to 50% owned companies and for investments in over 50% owned companies over which Fresh Del Monte does not have control. Investments in unconsolidated companies accounted for under the equity method amounted to $14.8 million and $17.1 million at December 31, 2004 and December 26, 2003, respectively. At December 31, 2004 and December 26, 2003, net amounts receivable from unconsolidated companies amounted to $0.1 million and $0.3 million, respectively.

Investments in unconsolidated companies consisted of the following at December 31, 2004:

Company	Business	Ownership Interest
Melones Del Pacifico, S.A.	Melon production	50%
Melones De Costa Rica, S.A. and Subsidiary	Melon production	50%
Hacienda Filadelfia, S.A.	Melon production	50%
Frutas de Parrita, S.A.	Melon production	50%
Harvest Produce Holdings, LLC, Texas	Potato Repacker	51%
Texas Specialty Produce Investors, LLC, Texas	Supplier of specialty produce and herbs	50%

Effective in the first quarter of 2004 and as the result of the adoption of FIN 46, Fresh Del Monte began the full consolidation of the financial position and results of operations of Davco, a previously unconsolidated 40% owned investment, as it was determined to be a variable interest entity. See note 2, "Summary of Significant Accounting Policies" and note 6, "Variable Interest Entity".

Purchases from unconsolidated companies were $54.7 million, $57.6 million and $55.3 million for 2004, 2003 and 2002, respectively.

Combined financial data of unconsolidated companies is summarized as follows (U.S. dollars in millions) (unaudited):

	December 31, 2004	December 26, 2003
Current assets	$ 16.5	$ 26.1
Noncurrent assets	19.7	23.7
Current liabilities	(5.7)	(9.2)
Noncurrent liabilities	(1.1)	(3.7)
Net worth	$ 29.4	$ 36.9

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Net sales	$61.0	$ 69.8	$ 195.7
Gross profit	$ 5.2	$ 8.4	$ 7.8
Net (loss) income	$ (1.5)	$ 1.9	$ 3.3

Fresh Del Monte's portion of earnings in unconsolidated companies amounted to a loss of $0.1 million, income of $1.7 million and income of $1.5 million in 2004, 2003 and 2002, respectively, and is included in other income, net. Dividends received from unconsolidated subsidiaries amounted to $0.1 million, $0.5 million and $3.6 million in 2004, 2003 and 2002, respectively.

6. VARIABLE INTEREST ENTITY

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities (revised December 2003)" ("FIN 46R"), which requires VIEs to be consolidated by their primary beneficiaries. A primary beneficiary is the party that absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity.

Upon adopting FIN 46R in the first quarter of 2004, Fresh Del Monte concluded that its investment in Davco, a previously unconsolidated 40% minority equity investment, fit the definition of a VIE pursuant to FIN 46R and began fully consolidating Davco. Davco is a Del Monte gold pineapple producer in the Philippines that sells all of its pineapple to Fresh Del Monte and in which Fresh Del Monte has a 40% equity investment. At December 31, 2004, Davco had approximately $2.0 million in long-term debt that is collateralized by its property, plant and equipment, primarily composed of buildings and machinery, various properties of the 60% majority equity investor and further guaranteed by a $1.1 million standby letter of credit issued by Fresh Del Monte.

Although Fresh Del Monte is the minority owner of Davco, Fresh Del Monte and Davco have profit-sharing arrangements that result in Fresh Del Monte realizing 70% of Davco's profits. Based on the criteria of FIN 46R, Davco is considered to be a VIE and Fresh Del Monte is the primary beneficiary of Davco's expected residual returns. Although Fresh Del Monte is the primary beneficiary, the creditors of Davco do not have recourse against Fresh Del Monte's general credit.

At December 31, 2004, Davco had $5.6 million of current assets, primarily composed of cash and crop inventory, $4.3 million of other assets, primarily composed of buildings and machinery, $0.8 million of payables and accruals, $2.0 million of long-term debt, of which $0.5 million is classified as current, and $7.1 million in minority interest, currency translation losses and other equity which are included in the accompanying consolidated balance sheet at December 31, 2004. For the year ended December 31, 2004, $5.5 million of net sales, $0.7 million of gross profit and $0.2 million of net income are included in the accompanying consolidated statement of income.

Financial statements of Fresh Del Monte for periods prior to 2004 were not restated to reflect this change for the consolidation of Davco as the effect was immaterial.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (U.S. dollars in millions):

	December 31, 2004	December 26, 2003
Land and land improvements	$ 301.1	$ 259.6
Buildings and leasehold improvements	291.7	227.7
Maritime equipment (including containers)	252.2	245.5
Machinery and equipment	304.7	211.9
Furniture, fixtures and office equipment	84.9	73.4
Automotive equipment	34.7	21.9
Construction-in-progress	39.5	30.3
	1,308.8	1,070.3
Less: Accumulated depreciation and amortization	(394.1)	(329.3)
Property, plant and equipment, net	$ 914.7	$ 741.0

Depreciation and amortization expense on property, plant and equipment including those under capital leases, amounted to $68.5 million, $58.9 million and $54.8 million for 2004, 2003 and 2002, respectively.

Buildings, containers, machinery and equipment and automotive equipment under capital leases totaled $60.1 million and $52.2 million at December 31, 2004 and December 26, 2003, respectively. Accumulated amortization for assets under capital leases was $20.2 million and $16.6 million at December 31, 2004 and December 26, 2003, respectively.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in the carrying amount of goodwill by operating segment for the years ended December 31, 2004 and December 26, 2003 (U.S. dollars in millions):

	Year ended December 31, 2004			
	Beginning	Acquisitions	Foreign Exchange and Other	Ending
Bananas	$ 34.4	$ —	$ —	$ 34.4
Other fresh produce	132.0	—	(0.2)	131.8
Other products and services	2.1	8.7	0.2	11.0
Del Monte Foods	—	71.9	(0.4)	71.5
Total	$168.5	$80.6	$(0.4)	$248.7

	Year ended December 26, 2003			
	Beginning	Acquisitions	Foreign Exchange and Other	Ending
Bananas	$ 34.4	$ —	$ —	$ 34.4
Other fresh produce	45.5	82.4	4.1	132.0
Other products and services	2.0	—	0.1	2.1
Total	$ 81.9	$82.4	$ 4.2	$168.5

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", effective December 29, 2001, Fresh Del Monte ceased amortizing goodwill but reviews goodwill for impairment on an annual basis or sooner if indicators of impairment arise. During the fourth quarter of 2004, Fresh Del Monte completed the annual impairment review of its goodwill with the assistance of an independent valuation firm. Based on this valuation, Fresh Del Monte determined that no impairment of this asset existed as of October 1, 2004 or 2003. As of December 31, 2004, Fresh Del Monte is not aware of any items or events that would cause it to adjust the recorded value of its goodwill for impairment. Future changes in the estimates used to conduct the impairment review, including revenue projections, market values and changes in the discount rate used could cause the analysis to indicate that Fresh Del Monte's goodwill is impaired in subsequent periods and result in a write-off of a portion or all of goodwill.

Amortizable intangible assets included in the accompanying consolidated balance sheets in other noncurrent assets as of December 31, 2004 and December 26, 2003 are related primarily to banana licenses and non-compete agreements. Amortization expense related to amortizable intangible assets totaled $6.1 million and $6.8 million for the years ended December 31, 2004 and December 26, 2003, respectively.

The following table reflects Fresh Del Monte's intangible assets and related accumulated amortization (U.S. dollars in millions):

	Banana Licenses		Non-Compete Agreements and Others	
	December 31, 2004	December 26, 2003	December 31, 2004	December 26, 2003
Intangible assets, gross	$ 36.9	$ 36.9	$10.2	$ 6.8
Accumulated amortization	(33.2)	(29.4)	(4.6)	(2.0)
Intangible assets, net	$ 3.7	$ 7.5	$ 5.6	$ 4.8

The estimated aggregate amortization expense for the five succeeding fiscal years is as follows (U.S. dollars in millions):

2005	$5.6
2006	0.8
2007	0.6
2008	0.1
2009	0.1

The weighted average amortization periods for amortizable intangibles is one-half year for banana licenses, two years for non-compete agreements and one year for all amortizable intangibles.

On October 1, 2004, Fresh Del Monte acquired Del Monte Foods. Del Monte Foods is a vertically integrated producer, marketer and distributor of prepared fruit and vegetables, juices, beverages, snacks and desserts and holds a perpetual, royalty-free license to use the Del Monte® brand for processed and/or canned foods in more than 100 countries throughout Europe, Africa and the Middle East. Other noncurrent assets in the accompanying consolidated balance sheet at December 31, 2004 includes an indefinite-lived intangible asset of $81.7 million related to this license. This indefinite-lived intangible asset is not being amortized but is reviewed for impairment pursuant to Fresh Del Monte's policy for long-lived assets. See note 2, "Summary of Significant Accounting Policies".

9. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Accumulated other comprehensive loss consisted of the following (U.S. dollars in millions):

	Unrealized Loss on Derivatives	Currency Translation Adjustment	Minimum Pension Liability	Total
Balance at December 28, 2001	$ (2.3)	$(13.8)	$ —	$(16.1)
Current year net change in other comprehensive income (loss)	(2.8)	3.2	(1.2)	(0.8)
Balance at December 27, 2002	(5.1)	(10.6)	(1.2)	(16.9)
Current year net change in other comprehensive income (loss)	(29.7)	0.4	(0.9)	(30.2)
Balance at December 26, 2003	(34.8)	(10.2)	(2.1)	(47.1)
Current year net change in other comprehensive income (loss)	7.9	16.7	(0.4)	24.2
Balance at December 31, 2004	**$(26.9)**	**$ 6.5**	**$(2.5)**	**$(22.9)**

10. OTHER INCOME, NET

In addition to the items of other income and expenses discussed in the accompanying notes to the consolidated financial statements, other income, net, in the accompanying consolidated statements of income for the years ended December 26, 2003 and December 27, 2002 also include the following:

In 1998, Fresh Del Monte's Guatemalan banana operations were damaged as a result of Hurricane Mitch. Fresh Del Monte received recoveries under its business interruption policy related to the damage of its operations in Guatemala caused by Hurricane Mitch of $11.5 million in the first quarter of 2003 and $2.4 million in the second quarter of 2002.

On December 12, 2002, Fresh Del Monte sold its 80% non-controlling interest in Internationale Fruchtimport Gesellschaft Weichert & Co., a Northern European distributor of fresh fruit and other produce. The gain on the sale was $8.7 million and was included in the fourth quarter of 2002.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following (U.S. dollars in millions):

	December 31, 2004	December 26, 2003
Trade and other payables	$193.2	$158.4
Forward contracts payable	30.4	38.6
Accrued fruit purchases	26.5	27.0
Payroll and employee benefits	24.4	18.2
Vessel and port operating expenses	14.8	16.2
Accrued promotions	14.4	3.2
Other accrued expenses	94.6	64.2
Accounts payable and accrued expenses	$398.3	$325.8

Other accrued expenses is primarily composed of accruals for inland freight costs incurred, purchases received but not invoiced and other accruals, none of which individually exceeds 5% of current liabilities.

12. PROVISION FOR INCOME TAXES

The (benefit from) provision for income taxes consisted of the following (U.S. dollars in millions):

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Current:			
U.S. federal income tax	$(34.5)	$ 6.6	$ 3.9
State	(1.1)	1.1	0.7
Non-U.S.	5.3	9.6	14.4
	(30.3)	17.3	19.0
Deferred:			
U.S. federal income tax	13.5	—	0.9
State	2.5	—	0.2
Non-U.S.	2.1	(1.4)	(1.5)
	18.1	(1.4)	(0.4)
(Benefit from) provision for income taxes	$(12.2)	$15.9	$18.6

The current tax benefit in the year ended December 31, 2004 includes a $20.6 million net benefit recorded in the 2004 third quarter, primarily due to the reversal of tax contingency accruals net of changes in deferred tax assets for the settlement of a U.S. federal income tax audit for the years 1997 through 2001.

Total income tax payments during 2004, 2003 and 2002 were $7.9 million, $17.3 million and $4.4 million, respectively. In 2004, Fresh Del Monte also received a federal income tax refund of $1.5 million relating to the settlement of a United States tax audit for the years 1997 through 2001.

Income before (benefit from) provision for income taxes and cumulative effect of change in accounting principle consisted of the following (U.S. dollars in millions):

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
United States	$ 2.5	$ 17.0	$ 6.8
Non-U.S.	124.5	225.3	213.1
	$127.0	$242.3	$219.9

The differences between the reported (benefit from) provision for income taxes and income taxes computed at the U.S. statutory federal income tax rate are explained in the following reconciliation (U.S. dollars in millions):

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Income tax provision computed at U.S. statutory federal rate	$ 44.4	$ 84.8	$ 77.0
Effect of tax rates on non-U.S. operations, and changes in valuation allowance for non-U.S. operations	(37.1)	(71.0)	(61.6)
Provision for (reversal of accrual for) tax contingencies	(26.5)	0.9	—
Net operating losses utilized in settlement of U.S. federal income tax audit	10.0	—	—
Non-deductible differences	(4.4)	(1.3)	0.1
Increase in U.S. valuation allowance	1.8	—	3.2
Other	(0.4)	2.5	(0.1)
Reported (benefit from) provision for income taxes	$(12.2)	$ 15.9	$ 18.6

Deferred income tax assets and liabilities consisted of the following (U.S. dollars in millions):

	December 31, 2004	December 26, 2003
Deferred tax liabilities:		
Current:		
Inventories	$ (14.1)	$ (8.4)
Total current deferred tax liabilities	(14.1)	(8.4)
Noncurrent:		
Depreciation	(49.1)	(27.9)
Equity in earnings of unconsolidated companies	(3.9)	(3.5)
Total noncurrent deferred tax liabilities	(53.0)	(31.4)
Total deferred tax liabilities	(67.1)	(39.8)
Deferred tax assets:		
Current:		
Allowances and other accrued liabilities	4.7	3.8
Valuation allowance	(0.9)	(0.8)
Total current deferred tax assets, net	3.8	3.0
Noncurrent:		
Pension liability	13.9	2.6
Postretirement benefits other than pensions	7.9	9.8
Net operating loss carryforwards	84.9	33.5
Other, net	16.5	12.0
Total noncurrent deferred tax assets	123.2	57.9
Valuation allowance	(89.8)	(30.4)
Total noncurrent deferred tax assets, net	33.4	27.5
Total deferred tax assets	37.2	30.5
Deferred tax liability, net	$ (29.9)	$ (9.3)

The valuation allowance established with respect to the deferred tax assets relates primarily to the Kunia Well Site accrual and net operating loss carryforwards in tax jurisdictions where, due to Fresh Del Monte's current and foreseeable operations, it is deemed more likely than not, future taxable income will not be sufficient to realize the related income tax benefits. During 2004 and 2003, the valuation allowance increased by $59.5 million and decreased by $5.4 million, respectively. The increase in the valuation allowance in 2004 is primarily due to the acquisition of Del Monte Foods. As part of the acquisition, Fresh Del Monte acquired a significant amount of future possible income tax benefits, primarily composed of the net operating loss carryforwards of Del Monte Foods. As of December 31, 2004, these net operating losses totaled $183.2 million and resulted in noncurrent deferred tax assets of $58.2 million, for which Fresh Del Monte established a valuation allowance of $53.5 million. The majority of the amounts of and benefits from net operating losses carried forward, from Del Monte Foods, may be impacted and/or limited in certain circumstances. The majority of these impaired and/or limited losses relate to the United Kingdom. Events which may cause limitations in the amounts of net operating losses that Del Monte Foods may utilize in any one year include, but are not limited to, a deemed change in operation and/or ownership. Future reduction of this valuation allowance as the result of the recognition of these acquired income tax benefits by Fresh Del Monte, if any, would be allocated to reduce the related goodwill created in the acquisition of Del Monte Foods.

In addition to the effects of the net operating loss carryforwards described above, we recorded a $3.4 million net deferred tax liability as a result of the Del Monte Foods acquisition. The net deferred tax liability is comprised of deferred tax assets and liabilities due to differences between assigned values and tax bases of assets acquired and liabilities assumed. These differences primarily related to higher assigned book values of property, plant and equipment in the acquisition than their corresponding carrying values for tax purposes and accrued pension liabilities assumed in the acquisition, which are not deductible for tax purposes until paid. The net deferred tax liability was recorded with a corresponding increase to goodwill.

On January 27, 2003, Fresh Del Monte acquired the stock of Standard. The recognition of the related deferred tax assets and liabilities for the tax effects of differences between assigned values and tax bases of assets acquired and liabilities assumed resulted in a net deferred tax liability of $3.4 million relating to Standard's pre-acquisition period, which was recorded with a corresponding increase to goodwill.

At December 31, 2004, Fresh Del Monte had approximately $362.4 million of tax operating loss carryforwards expiring as follows (U.S. dollars in millions):

Expiration	Amount
2005	$ 0.1
2006	0.7
2007	3.6
2008 and beyond	45.5
No expiration	312.5
	$362.4

During 2004, Fresh Del Monte recognized tax benefits related to the exercise of employee stock options in prior years in the amount of $5.2 million. These benefits were recorded as increases to additional paid-in capital.

Fresh Del Monte is currently undergoing tax audits in several jurisdictions for certain years prior to 2002. The accruals for the audits are included in other noncurrent liabilities in the accompanying balance sheets at December 31, 2004 and December 26, 2003. Fresh Del Monte believes the amounts accrued as of December 31, 2004 are sufficient to cover the estimated costs to resolve these tax assessments. The amounts accrued represent Fresh Del Monte's best estimates. Actual amounts may be different which may result in an additional accrual or reversal of amounts previously accrued. At December 31, 2004 and December 26, 2003, there was $15.3 million and $32.2 million, respectively, included in other noncurrent liabilities in the accompanying consolidated balance sheets related to tax contingency accruals.

13. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

The following is a summary of long-term debt and capital lease obligations (U.S. dollars in millions):

	December 31, 2004	December 26, 2003
$600.0 million five-year syndicated bank loan (see New Credit Facility below) due November 2009	$322.7	$ —
Term note bearing interest at LIBOR plus 1.25%, set quarterly (3.71% at December 31, 2004), payable in quarterly installments of principal and interest maturing from January 2003 to March 2006, secured by a mortgage on one of Fresh Del Monte's vessels	1.3	2.4
Term notes bearing interest at 7.14%, payable in quarterly installments of principal and interest maturing January 2005, secured by mortgages on two of Fresh Del Monte's vessels	6.9	10.3
Various other notes payable	8.4	7.4
Capital lease obligations	24.2	23.4
Total long-term debt and capital lease obligations	363.5	43.5
Less: Current portion	(15.8)	(14.0)
Long-term debt and capital lease obligations	$347.7	$ 29.5

New Credit Facility On March 21, 2003, Fresh Del Monte, and certain wholly-owned subsidiaries entered into a $400.0 million, four-year syndicated revolving credit facility ("New Credit Facility"), with Rabobank Nederland, New York Branch, as administrative agent. On November 9, 2004, this facility was further amended to increase the total commitment to $600.0 million, to add a term loan commitment of up to $400.0 million, to extend its maturity to November 10, 2009 and to increase the letter of credit facility to $100.0 million. The New Credit Facility replaced a then existing $450.0 million revolving credit facility ("Revolving Credit Facility") that included a $135.0 million five-year term loan that was scheduled to mature on May 10, 2005. With drawdowns from the New Credit Facility, Fresh Del Monte paid off all amounts outstanding under the Revolving Credit Facility as of March 21, 2003, including a remaining unpaid balance of the five-year term loan of $25.0 million.

The New Credit Facility is collateralized directly or indirectly by substantially all of Fresh Del Monte's assets and is guaranteed by certain of Fresh Del Monte's subsidiaries. The New Credit Facility permits borrowings with an interest rate, depending on Fresh Del Monte's consolidated leverage ratio, based on a spread over London Interbank Offer Rate ("LIBOR") (3.63% at December 31, 2004). At December 31, 2004, there was $322.7 million outstanding under the New Credit Facility.

The New Credit Facility requires Fresh Del Monte to be in compliance with various financial and other covenants and limits the amount of future dividends. As of December 31, 2004, Fresh Del Monte was in compliance with all of the financial and other covenants contained in the New Credit Facility.

At December 31, 2004, Fresh Del Monte had $247.4 million available under committed working capital facilities, all of which is represented by the New Credit Facility. The New Credit Facility also includes a swing line facility and a letter of credit facility. The former Revolving Credit Facility also included a letter of credit facility. At December 31, 2004 and December 26, 2003, Fresh Del Monte applied $29.9 million, primarily related to the Del Monte Foods acquisition which requires Fresh Del Monte to guarantee certain contingent obligations under the purchase agreement, and $7.4 million, respectively, of available credit under its New Credit Facility and its former Revolving Credit Facility, respectively, towards the issuance of letters of credit.

In connection with the Revolving Credit Facility, Fresh Del Monte entered into an interest rate swap agreement, which expired in January 2003 with the same bank to limit the effect of increases in interest rates on a portion of the Revolving Credit Facility. The notional amount of the swap decreased over its life from $150.0 million in the first three months, to $53.6 million in the last three months. The cash differentials paid or received on the swap agreement were accrued and recognized as adjustments to interest expense. Interest expense related to the swap agreement amounted to $0.1 million and $2.6 million for 2003 and 2002, respectively.

Maturities of long-term debt and capital lease obligations during the next five years are (U.S. dollars in millions):

	Long-Term Debt	Capital Leases	Total
2005	$ 9.3	$ 7.8	$ 17.1
2006	1.7	10.1	11.8
2007	1.5	4.5	6.0
2008	1.5	2.5	4.0
2009	323.8	1.7	325.5
Thereafter	1.5	0.1	1.6
	339.3	26.7	366.0
Less: Representing interest	—	(2.5)	(2.5)
	339.3	24.2	363.5
Less: Current portion	(9.3)	(6.5)	(15.8)
Total, net of current portion	$330.0	$17.7	$347.7

Cash payments of interest on long-term debt, net of amounts capitalized, were $4.2 million, $4.4 million and $8.8 million for 2004, 2003 and 2002, respectively.

14. EARNINGS PER SHARE

Basic and diluted per share income before cumulative effect of change in accounting principle is calculated as follows (U.S. dollars in millions, except share and per share data):

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Numerator:			
Income before cumulative effect of change in accounting principle	$139.2	$226.4	$201.3
Denominator:			
Weighted average number of ordinary shares—Basic	57,487,131	56,539,691	55,445,106
Effect of dilutive securities—employee stock options	316,027	806,686	1,093,553
Weighted average number of ordinary shares—Diluted	57,803,158	57,346,377	56,538,659
Income before cumulative effect per ordinary share:			
Basic	$ 2.42	$ 4.00	$ 3.63
Diluted	$ 2.41	$ 3.95	$ 3.56

There were no antidilutive options for any part of 2004, 2003 and 2002.

15. RETIREMENT AND OTHER EMPLOYEE BENEFITS

U.S.-Based Defined Benefit Pension Plans Fresh Del Monte sponsors two non-contributory defined benefit pension plans, which cover a portion of its U.S.-based employees. These plans provide benefits based on the employees' years of service and qualifying compensation. Fresh Del Monte's funding policy for these plans is to contribute amounts sufficient to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974, as amended, or such additional amounts as determined appropriate to assure that assets of the plans would be adequate to provide benefits. Substantially all of the plans' assets are invested in fixed income and equity funds.

Fresh Del Monte's pension plan weighted average asset allocation by asset category based on fair value, is as follows:

	December 31, 2004	December 26, 2003
Equity securities	63%	37%
Debt securities	35%	57%
Cash and cash equivalents	2%	6%

The target asset allocation, according to the plan's investment policy, is 40%-65% for equity securities, 20%-55% for debt securities and 0%–45% for other investments. The assets are invested as part of a master trust. Performance benchmarks for each asset class are as follows: S&P 500 for equities, the regional MSCI index for international equities, and the Merrill Lynch Intermediate Government/Corporate Index for fixed income securities. Investment performance is evaluated annually. The actual returns on plan assets for 2004 and 2003 were 9.0% and 11.6%, respectively.

Within the equity portfolio, investments are diversified among capitalization and style. Up to 25% of the equity portfolio may be invested in financial markets outside of the United States. In order to minimize equity risk, limitations are placed on the overall amount that can be invested in one stock. No more than 5% of the fund at cost may be invested in any one stock and no more than 20% may be invested in any one industry. In addition, investments shall not exceed more than 1% of the Company's outstanding stock. No more than 10% of the portfolio may be invested in one debt issue. These limits do not apply to issues of governmental agencies. Debt securities must have a minimum credit rating of Baa or above with an overall portfolio average quality of A.

The Company funds all pension plans in amounts consistent with applicable laws and regulations. The Company expects to contribute approximately $0.5 million to its pension plans in 2005. Benefit payments under the pension plans over the next 10 years are expected to total $10.7 million and average approximately $1.0 million per year. The accumulated benefit obligation for the defined benefit pension plans was $18.3 million and $16.8 million at December 31, 2004 and December 26, 2003, respectively.

The assumptions used in the calculation of the actuarial present value of the projected benefit obligation and expected long-term return on plan assets for Fresh Del Monte's defined benefit pension plans consisted of the following:

	December 31, 2004	December 26, 2003
Weighted average discount rate	5.00%–5.75%	6.00%–6.25%
Rate of increase in compensation levels	3.50%	3.50%
Expected long-term return on assets	7.50%	8.50%

As a result of the decline in value of plan assets and lower interest rates utilized in discounting liabilities, Fresh Del Monte recorded, in accordance with SFAS 87, "Employers' Accounting for Pensions", an additional minimum pension liability as "Retirement benefits" in the accompanying consolidated balance sheets at December 31, 2004 and December 26, 2003, which resulted in a charge directly to shareholders' equity of $0.4 million in 2004 and $0.9 million in 2003.

U.S.-Based Postretirement Healthcare Plan Fresh Del Monte provides contributory health care benefits to its U.S. retirees and their dependents. Fresh Del Monte has recorded a liability equal to the unfunded accumulated benefit obligation as required by the provisions of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" ("SFAS No. 106"). SFAS No. 106 requires that the cost of these benefits, which are primarily for health care and life insurance, be recognized in the financial statements throughout the employees' active working careers. Fresh Del Monte funds claims under the plan as they are incurred, and accordingly, the plan has no assets.

On November 21, 2003 Fresh Del Monte announced to all eligible employees that it had suspended the postretirement medical program for employees retiring on or after January 1, 2004. The plan would continue for employees currently participating in the plan or those who retired prior to January 1, 2004 and had 15 years of service and were above the age of 60. As a result of this change in the postretiree benefits medical plan, Fresh Del Monte recognized a curtailment gain of $4.5 million in 2003. Of the total gain, $2.9 million was recorded as a reduction of selling, general and administrative expenses and $1.6 million as a reduction of cost of products sold.

In May 2004, the FASB issued SFAS 106-2, providing final guidance on accounting for the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act"). Fresh Del Monte adopted the provisions of FAS 106-2 during the year ended December 31, 2004 and recognized the effects of the federal subsidy provided by the Act in measuring its net periodic postretirement benefit cost for the year. This resulted in a reduction in Fresh Del Monte's accumulated postretirement benefit obligation for the subsidy related to benefits attributable to past service of $1.4 million. There was an immaterial effect on net periodic postretirement benefit cost as the result of the Act because Fresh Del Monte suspended its postretirement medical program for employees not retired by January 1, 2004. The Company expects to receive subsidy payments beginning in the 2006 fiscal year.

Benefit payments under the other postretirement benefit plan over the next 10 years are expected to total $10.4 million and average approximately $1.0 million per year.

The weighted average discount rate used in determining the accumulated benefit obligation for postretirement pension benefit obligation was 5.75% and 6.25% at December 31, 2004 and December 26, 2003, respectively. For measuring the liability as of December 31, 2004, a 9.75% and 11.00% annual rate of increase in pre-Medicare and post-Medicare real medical inflation, respectively, was assumed. This annual inflation rate was assumed to be declining gradually to 5.0% by the year 2013 for both pre-Medicare and post-Medicare.

The cost trend rate assumption has a significant impact on the amounts reported. For example, increasing the cost trend rate 1% each year would increase the accumulated postretirement benefit obligation by $2.4 million as of December 31, 2004 and the total of service cost plus interest cost by $0.2 million for 2004. In addition, decreasing the trend rate by 1% would decrease the accumulated postretirement benefit obligation by $2.0 million as of December 31, 2004 and the total of the service cost plus interest cost by $0.1 million for 2004.

The following table sets forth a reconciliation of benefit obligations, plan assets and funded status for Fresh Del Monte's U.S.-based defined benefit pension plans and postretirement pension plan as of December 31, 2004 and December 26, 2003, which are also their measurement dates (U.S. dollars in millions):

	Pension Plans		Postretirement Plan	
	December 31, 2004	December 26, 2003	December 31, 2004	December 26, 2003
Change in Benefit Obligation:				
Beginning benefit obligation	$18.7	$16.3	$ 18.8	$ 23.7
Service cost	0.4	0.4	0.1	1.0
Interest cost	1.1	1.1	1.2	1.6
Actuarial (gain) loss	0.4	1.5	(1.0)	2.2
Benefits paid	(0.8)	(0.8)	(0.6)	(0.6)
Amendments and other	0.1	0.2	—	(9.1)
Ending benefit obligation	19.9	18.7	18.5	18.8
Change in Plan Assets:				
Beginning fair value	11.5	11.1	—	—
Actual return on plan assets	1.0	1.2	—	—
Company contributions	0.3	—	0.6	0.6
Benefits paid	(0.8)	(0.8)	(0.6)	(0.6)
Ending fair value	12.0	11.5	—	—
Reconciliation of Accruals:				
Funded status	(7.9)	(7.2)	(18.5)	(18.8)
Unrecognized (gain) loss	4.1	4.0	(1.0)	—
Additional minimum liability	(2.5)	(2.1)	—	—
Accrued benefit costs	$ (6.3)	$ (5.3)	$(19.5)	$(18.8)

The following table sets forth the net periodic pension cost of (benefit from) Fresh Del Monte's defined benefit pension plans for 2004, 2003 and 2002 (U.S. dollars in millions):

	Pension Plans			Postretirement Plan		
	Year ended			*Year ended*		
	December 31, 2004	December 26, 2003	December 27, 2002	December 31, 2004	December 26, 2003	December 27, 2002
Service cost	$ 0.4	$ 0.4	$ 0.4	$0.1	$ 1.0	$ 0.6
Interest cost	1.1	1.1	1.0	1.2	1.6	1.2
Curtailment (gain)	—	—	—	—	(4.5)	—
Expected return on assets	(0.9)	(1.0)	(1.0)	—	—	—
Net amortization	0.1	—	—	—	0.1	(0.1)
Net periodic costs (benefit)	$ 0.7	$ 0.5	$ 0.4	$1.3	$(1.8)	$ 1.7

Del Monte Foods Fresh Del Monte acquired Del Monte Foods on October 1, 2004. Del Monte Foods sponsors a contributory defined benefit pension plan, which covers a portion of its employees in the United Kingdom ("UK plan"). The UK plan provides benefits based on the employees' years of service and qualifying compensation. Upon acquisition of Del Monte Foods, Fresh Del Monte assumed the obligations and acquired the assets of the UK plan. Fresh Del Monte's funding policy for the UK plan is to contribute amounts sufficient to meet the minimum funding requirements of occupational trust-based arrangements of the United Kingdom or such additional amounts as determined appropriate to assure that assets of the UK plan would be adequate to provide benefits. Substantially all of the UK plan's assets are invested in fixed income and equity funds. The UK plan is accounted for pursuant to SFAS 87.

The weighted average asset allocation of the UK plan by asset category based on fair value is as follows:

	December 31, 2004
Equity securities	80%
Fixed income securities	20%

The above allocation is consistent with the target allocation of the UK plan, according to the plan's investment policy. Approximately 40% of the UK plan's assets are invested in equity securities of companies of the United Kingdom and 40% are invested in other international equities, including 16% in European companies outside of the United Kingdom, 12% in companies in the United States and 12% in Japanese and Pacific Rim companies. These assets are managed by Fidelity Pensions Management and Newton Investment Management in the United Kingdom. Fund managers have no discretion to make asset allocation decisions, but are required to rebalance the portfolios back to the above benchmarks. Performance benchmarks for each asset class are based on various FTSE indices. Investment performance is evaluated annually. The actual return on plan assets for the UK plan year ended March 31, 2004 was 25.6%, compared to a benchmark of 25.8%. The remaining 20% of the UK plan's assets are invested in high-grade, fixed-income securities with maturities of up to 15 years.

Fresh Del Monte expects to contribute approximately $1.6 million to the UK plan in 2005, estimated using the British pound sterling to U.S. dollar exchange rate as of December 31, 2004. Benefit payments under the UK plan over the next 10 years are expected to total $15.3 million and average approximately $1.5 million per year.

The accumulated benefit obligation for the UK plan was $57.9 million at December 31, 2004 and the net periodic pension cost since acquisition was $0.8 million. The assumptions used in the calculation of the actuarial present value of the projected benefit obligation, the net periodic pension cost and expected long-term return on plan assets for the UK plan consisted of the following:

	December 31, 2004
Weighted average discount rate	5.60%
Rate of increase in compensation levels	4.00%
Expected long-term return on assets	7.50%

The following table sets forth a reconciliation of benefit obligation, plan assets and funded status for the UK plan from the acquisition date through December 31, 2004, which is also its measurement date (U.S. dollars in millions):

	December 31, 2004
Change in Benefit Obligation:	
Beginning benefit obligation	$ —
Benefit obligation assumed	63.1
Service cost	0.6
Interest cost	0.9
Actuarial (gain) loss	—
Benefits paid	(0.4)
Ending benefit obligation	64.2
Change in Plan Assets:	
Beginning fair value	—
Plan assets acquired	29.1
Actual return on plan assets	0.6
Company and employee contributions	0.5
Benefits paid	(0.4)
Ending fair value	29.8
Reconciliation of Accrual:	
Funded status	(34.4)
Unrecognized (gain) loss	—
Additional minimum liability	—
Accrued benefit cost	$(34.4)

The following table sets forth the net periodic pension cost of the UK plan for 2004 since acquisition of Del Monte Foods (U.S. dollars in millions):

	Year ended December 31, 2004
Service cost	$ 0.6
Interest cost	0.9
Expected return on assets	(0.7)
Net periodic cost	$ 0.8

Other Employee Benefits Fresh Del Monte also sponsors a defined contribution plan established pursuant to Section 401(k) of the Internal Revenue Code. Subject to certain dollar limits, employees may contribute a percentage of their salaries to the plan, and Fresh Del Monte will match a portion of each employee's contribution. This plan is in effect for U.S.-based employees only. The expense pertaining to this plan was $0.7 million, $0.6 million, and $1.0 million for 2004, 2003 and 2002, respectively.

Fresh Del Monte provides retirement benefits to substantially all employees who are not U.S.-based. Generally, benefits under these programs are based on an employee's length of service and level of compensation. The majority of these programs are commonly referred to as termination indemnities, which provide retirement benefits in accordance with programs mandated by the governments of the countries in which such employees work. The expense pertaining to these programs was $4.3 million, $3.4 million and $3.2 million for 2004, 2003 and 2002, respectively.

Funding generally occurs when employees cease active service. The most significant of these programs pertains to one of Fresh Del Monte's subsidiaries in Central America for which a liability of $11.1 million and $12.6 million was recorded at December 31, 2004 and December 26, 2003, respectively. Expenses for this program for 2004, 2003 and 2002 amounted to $2.0 million, $1.9 million and $1.2 million, respectively, including service cost earned of $1.2 million, $0.9 million and $0.7 million, and interest cost of $0.8 million, $0.9 million and $0.7 million, respectively.

As of August 31, 1997, a subsidiary of Fresh Del Monte ceased accruing benefits under its salary continuation plan covering all Central American management personnel. At December 31, 2004 and December 26, 2003, Fresh Del Monte had $8.6 million and $9.1 million, respectively, accrued for this plan.

16. STOCK-BASED COMPENSATION

Effective upon the completion of its initial public offering in October 1997, Fresh Del Monte established a share option plan pursuant to which options to purchase ordinary shares may be granted to certain directors, officers and key employees of Fresh Del Monte chosen by the Board of Directors (the "1997 Plan"). Under the 1997 Plan, the Board of Directors is authorized to grant options to purchase an aggregate of 2,380,030 ordinary shares. Under this plan, options have been granted to directors, officers and other key employees to purchase ordinary shares of Fresh Del Monte at the fair market value of the ordinary shares at the date of grant.

On May 11, 1999, Fresh Del Monte's shareholders approved and ratified the 1999 Share Incentive Plan (the "1999 Plan"). Under the 1999 Plan, as amended on May 1, 2002, the Board of Directors is authorized to grant options to purchase an aggregate of 4,000,000 ordinary shares. Under this plan, options have been granted to directors, officers and other key employees to purchase ordinary shares of Fresh Del Monte at the fair market value of the ordinary shares at the date of grant.

Under the plans, 20% of the options usually vest immediately, and the remaining options vest in equal installments over the next four years and may be exercised over a period not in excess of ten years.

A summary of Fresh Del Monte's stock option activity and related information is as follows:

	Number of Shares	Weighted Average Exercise Price
Options outstanding at December 28, 2001	3,822,980	$ 10.87
Granted	60,000	22.01
Exercised	(2,114,362)	11.67
Canceled	(6,000)	10.82
Options outstanding at December 27, 2002	1,762,618	10.29
Granted	500,000	19.76
Exercised	(1,076,506)	11.18
Canceled	(23,000)	18.85
Options outstanding at December 26, 2003	1,163,112	13.37
Granted	211,000	24.29
Exercised	(407,556)	10.74
Canceled	(76,000)	20.14
Options outstanding at December 31, 2004	**890,556**	**$ 16.55**
Exercisable at December 27, 2002	775,200	$ 12.71
Exercisable at December 26, 2003	361,500	$ 13.70
Exercisable at December 31, 2004	**289,950**	**$16.57**

A summary of Fresh Del Monte's stock option activity and related information continued:

Exercise Price	Outstanding	Remaining Contractual Life	Exercisable
$ 5.95	218,056	6.3 Years	29,250
8.38	12,000	4.8 Years	12,000
9.28	31,000	4.8 Years	31,000
14.22	30,000	4.0 Years	30,000
15.69	15,000	4.2 Years	15,000
16.00	27,500	2.8 Years	27,500
19.76	310,000	8.1 Years	67,000
22.01	60,000	7.9 Years	36,000
23.82	161,000	9.3 Years	32,200
$25.83	26,000	9.1 Years	10,000
	890,556		289,950

17. COMMITMENTS AND CONTINGENCIES

Fresh Del Monte leases agricultural land and certain property, plant and equipment, including office facilities and vessels, under operating leases. The aggregate minimum rental payments under all operating leases with initial terms of one year or more at December 31, 2004 are as follows (U.S. dollars in millions):

2005	$ 22.1
2006	19.9
2007	17.4
2008	15.5
2009	12.8
Thereafter	32.9
	$120.6

Total rent expense for all operating leases amounted to $42.3 million, $29.6 million and $26.3 million for 2004, 2003 and 2002, respectively.

Fresh Del Monte also has agreements to purchase substantially all of the production of certain independent growers in Costa Rica, Guatemala, Ecuador, Cameroon, Colombia, Chile, Brazil, Panama, South Africa and the Philippines. Total purchases under these agreements amounted to $571.4 million, $505.6 million and $499.5 million for 2004, 2003 and 2002, respectively. Purchases under these agreements in 2005 are not expected to be significantly more than in 2004.

At year-end 2004, Fresh Del Monte employed a total of approximately 35,000 persons worldwide, substantially all of who are year-round employees. Approximately 70% of these persons are employed in production locations, of which the majority, are unionized.

18. LITIGATION

DBCP Litigation

Starting in December 1993, two of Fresh Del Monte's U.S. subsidiaries were named among the defendants in a number of actions in courts in Texas, Louisiana, Mississippi, Hawaii, Costa Rica and the Philippines involving allegations by numerous foreign plaintiffs that they were injured as a result of exposure to a nematocide containing the chemical dibromochloropropane ("DBCP") during the period from 1965 to 1990.

In December 1998, these subsidiaries entered into a settlement in the amount of $4.6 million (the majority of which was recovered from the insurance carriers) with counsel representing approximately 25,000 individuals. Under the terms of the settlement, approximately 22,000 of these claimants dismissed their claims with prejudice and without payment.

The 2,643 claimants who alleged employment on a company-related farm in Costa Rica and the Philippines and who demonstrated some injury were offered a share of the settlement funds upon execution of a release. Over 98% of these claimants accepted the terms of the settlement. A number of plaintiffs represented by new counsel in the Philippines have challenged before the Philippine court whether the settlement funds were properly distributed to their clients.

On February 16, 1999, two of Fresh Del Monte's U.S. subsidiaries were served in the Philippines in an action entitled *Davao Banana Plantation Workers' Association of Tiburcia, Inc. v. Shell Oil Co., et al.* The action is brought by the Banana Workers' Association (the "Association") on behalf of its 34,852 members for injuries they allege to have incurred as a result of DBCP exposure. Approximately 13,000 members of the Association claim employment on a farm that was under contract to one of Fresh Del Monte's subsidiaries at the time of DBCP use. Fresh Del Monte's subsidiaries filed motions to dismiss and for reconsideration on jurisdictional grounds, which were denied. Accordingly, Fresh Del Monte's subsidiaries answered the complaint denying all of the plaintiff's allegations. Fresh Del Monte's subsidiaries believe that they have substantial defenses to the claims asserted by the Association. On October 3, 2002, the Philippine Court of Appeals ruled that the method of service used by the Association to serve the defendants was improper and dismissed the Association's complaint. As a result of this decision, the trial court suspended the proceedings indefinitely. The Association filed a motion for reconsideration of the dismissal of its complaint, which remains pending.

Fresh Del Monte's U.S. subsidiaries have not settled the DBCP claims of approximately 3,500 claimants represented by different counsel who filed actions in Mississippi in 1996 and Hawaii in 1997. Each of those actions was dismissed by a federal district court on grounds of *forum non conveniens* in favor of the courts of the plaintiffs' home countries and appealed by the plaintiffs. As a result of the dismissal of the Hawaiian actions, several Costa Rican and Guatemalan individuals have filed the same type of actions in those countries. The Guatemalan action was dismissed for plaintiff's failure to prosecute the action. On January 19, 2001, the Court of Appeals for the Fifth Circuit affirmed the dismissal of Fresh Del Monte's subsidiaries for *forum non conveniens* and lack of personal jurisdiction for the Mississippi actions, and on October 1, 2001, the United States Supreme Court denied plaintiffs' petition for an appeal. On April 22, 2003, the Hawaiian plaintiffs' appeal of the dismissal was affirmed by the Supreme Court of the United States, thereby remanding the action to the Hawaiian State Court.

On October 19, 2000, the Court of Appeals for the Fifth Circuit affirmed the dismissal of 23 non-settling defendants who had filed actions in the United States District Court in Houston, Texas. As a result, the 23 plaintiffs who did not accept the settlement are precluded from filing any new DBCP actions in the United States.

On June 19, 1995, a group of several thousand plaintiffs in an action entitled *Lucas Pastor Canales Martinez, et al. v. Dow Chemical Co. et al.* sued one of Fresh Del Monte's U.S. subsidiaries along with several other defendants in the District Court for the Parish of St. Charles, Louisiana, asserting claims similar to those arising in the Texas cases due to the alleged exposure to DBCP. That action was removed to the United States District Court in New Orleans and was subsequently remanded in September 1996. Fresh Del Monte's subsidiary has answered the complaint and asserted substantial defenses. Following the decision of the United States Court of Appeals for the Fifth Circuit in the Texas actions, this action was re-removed to federal court in November 2000. Fresh Del Monte's subsidiary has settled with all but 13 of the *Canales Martinez* plaintiffs. On October 25, 2001, defendants filed a motion to dismiss the action on grounds of *forum non conveniens* in favor of plaintiffs' home countries. On July 16, 2002, the district court denied that motion and the defendants filed a motion requesting immediate review by the Court of Appeals, which was denied by the district court on August 21, 2002. On August 28, 2002, defendants filed a petition for *writ of mandamus* before the Court of Appeals with respect to the district court's denial of defendants' motion to dismiss the action on grounds of *forum non conveniens*. As a result of the Supreme Court's decision in the Hawaiian action, the district court remanded these actions to state court in Louisiana.

On November 15, 1999, one of Fresh Del Monte's subsidiaries was served in two actions entitled, *Godoy Rodriguez, et al. v. AMVAC Chemical Corp., et al.* and *Martinez Puerto, et al. v. AMVAC Chemical Corp., et al.,* in the 29th Judicial District Court for the Parish of St. Charles, Louisiana. These actions were removed to federal court, where they have been consolidated. These actions are brought on behalf of claimants represented by the same counsel who filed the Mississippi and Hawaii actions as well as a number of the claimants who have not accepted the settlement offer. As a result of the Supreme Court's decision in the Hawaiian action, the district court remanded these actions to state court in Louisiana.

At this time, it is not known how many of the 2,962 *Godoy Rodriguez* and *Martinez Puerto* plaintiffs are claiming against Fresh Del Monte's subsidiaries.

On October 14, 2004, two of Fresh Del Monte's subsidiaries were served with a complaint in an action styled *Angel Abarca, et al. v. Dole Food Co., et al.* filed originally in the Superior Court of the State of California for the County of Los Angeles on behalf of more than 2,600 Costa Rican banana workers who claim injury from exposure to DBCP. On October 8, 2004 (prior to service on Fresh Del Monte's subsidiaries), a co-defendant removed the action to the United States District Court for the Central District of California. An initial review of the plaintiffs in the *Abarca* action denotes that a substantial number of said plaintiffs were claimants in prior DBCP actions in Texas and may have participated in the settlement thereof.

Former Shareholders Litigation

On November 13, 2002, Eastbrook Caribe A.V.V., an Aruba company, which claims to be an assignee of certain individuals and entities purporting to be former indirect shareholders of Fresh Del Monte's predecessor, filed in the Supreme Court of the State of New York (Trial Court), County of New York, a summons with notice purporting to assert claims against Fresh Del Monte, one of Fresh Del Monte's subsidiaries and one of Fresh Del Monte's certain current and former directors, officers and shareholders and Fresh Del Monte's predecessor (the "New York Complaint"). On April 16, 2003, Fresh Del Monte was served with the New York Complaint in this matter.

On December 30, 2002, Fresh Del Monte was served with a complaint filed on December 18, 2002 in the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida by 11 Mexican individuals and corporations, who claim to have been former indirect shareholders of Fresh Del Monte's predecessor, against Fresh Del Monte, and certain of Fresh Del Monte's current and former directors, officers and shareholders of Fresh Del Monte and Fresh Del Monte's predecessor (the "Florida Complaint").

The New York Complaint and the Florida Complaint both allege that instead of proceeding with a prospective buyer who offered superior terms, the former chairman of Fresh Del Monte's predecessor and majority shareholder, agreed to sell Fresh Del Monte's predecessor to its current majority shareholder at a below market price as the result of commercial bribes allegedly paid by Fresh Del Monte's majority shareholder and chief executive officer to Fresh Del Monte's predecessor's former chairman. On February 20, 2003, Fresh Del Monte filed a motion to dismiss the Florida Complaint and the oral argument was heard on June 19, 2003. On July 22, 2003, the court granted in part and denied in part Fresh Del Monte's motion to dismiss the Florida Complaint. The court dismissed two of the 11 counts of the Florida Complaint. On January 10, 2005, the court entered a scheduling order providing that all pre-trial motions be filed by May 9, 2005 and set a tentative date for trial for the two-week period commencing on May 23, 2005. On May 19, 2003, Fresh Del Monte filed a motion to dismiss the New York Complaint which was granted by the court on January 13, 2004. On October 14, 2004, the Appellate Division of the New York State Supreme Court affirmed the dismissal of the New York Complaint. Fresh Del Monte believes that the allegations of the remaining Florida Complaint are entirely without merit.

Class Action Litigation

On April 16, 2004, Fresh Del Monte's fruit wholesalers filed a consolidated complaint against two of Fresh Del Monte's subsidiaries in the United States District Court for the Southern District of New York. The plaintiffs claim to have purchased Del Monte Gold™ pineapples from Fresh Del Monte's subsidiaries. This consolidated action is brought as a putative class action on behalf of all direct purchasers of the Del Monte Gold™ pineapples from March 1, 1996 through the present. The court directed the plaintiffs to file a new consolidated complaint, which was filed on August 2, 2004 and consists of Fresh Del Monte's entities and two individual consumers which had filed their complaints in the federal court for the Southern District of New York. In addition to these six actions, Fresh Del Monte's other actions (as described below) were transferred to the United States District Court for the Southern District of New York by the Judicial Panel on Multidistrict Litigation ("JPML"). The new consolidated complaint alleges claims for: (1) monopolization and attempted monopolization; (2) restraint of trade; (3) unfair and deceptive trade practices; and (4) unjust enrichment.

On March 5, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Tennessee on behalf of consumers who purchased the Del Monte Gold™ pineapples in Tennessee from March 1, 1996 to May 6, 2003. The complaint alleges violations of the Tennessee Trade Practices Act and the Tennessee Consumer Protection Act. On April 14, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiffs filed a motion for remand to state court which was granted by the court on July 7, 2004. This action will now proceed in the state court of Tennessee.

On March 17, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte and its subsidiaries in the state court of California on behalf of residents of California who purchased (other than for re-sale) the Del Monte Gold™ pineapple between March 1, 1996 and May 6, 2003. The complaint alleges violations of the Cartwright Act; unfair competition in violation of the California Business and Professional Code; common law monopolization and unjust enrichment. On April 19, 2004, Fresh Del Monte removed this action to federal court. The plaintiffs filed a motion for remand to state court which was granted by the court on July 8, 2004. This action will now proceed in the state court of California. Fresh Del Monte filed a motion to dismiss which is pending before the court. On October 29, 2004, Fresh Del Monte filed a motion to dismiss the plaintiff's complaint which was granted in part and denied in part. The court dismissed plaintiff's unjust enrichment and disgorgement claims. Plaintiff filed an amended complaint on January 4, 2005, and Fresh Del Monte filed a motion to dismiss the amended complaint which remains pending.

On March 18, 2004, two alleged individual consumers filed putative class action complaints against Fresh Del Monte and its subsidiaries in the state courts of California on behalf of residents of California who purchased (other than for re-sale) the Del Monte Gold™ pineapple between March 1, 1996 and May 6, 2003. The complaints allege common law monopolization; unfair competition in violation of the California Business and Professional Code; unjust enrichment and violations of the Consumer Legal Remedies Act. On April 19, 2004, Fresh Del Monte removed these actions to federal court. The plaintiffs filed a motion for remand to the state court of California and Fresh Del Monte opposed that motion. In addition, Fresh Del Monte filed a motion to stay the actions which was granted by the federal court. Accordingly, Fresh Del Monte's response to the complaint is not due until 30 days after the resolution of plaintiffs' motion to remand. On October 25, 2004, this action was transferred to the United States District Court for the Southern District of New York by the JPML. The plaintiffs have not sought to activate their motions to remand and Fresh Del Monte contends that they have waived their right to do so.

On April 19, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Florida on behalf of Florida residents who purchased (other than for re-sale) the Del Monte Gold™ pineapple between March 1, 1996 and May 6, 2003. The complaint alleges fraudulent concealment/tolling of statute of limitations, violations of the Florida Deceptive and Unfair Trade Practices Act and unjust enrichment. On May 11, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiffs filed a motion for remand to state court and Fresh Del Monte's subsidiaries opposed that motion. The court granted plaintiff's motion to remand. The case will now proceed in state court of Florida. On October 27, 2004, Fresh Del Monte filed a motion to dismiss the plaintiff's complaint which remains pending.

On April 29, 2004, an alleged individual consumer filed a putative class action complaint against Fresh Del Monte's subsidiaries in the state court of Arizona on behalf of residents of Arizona who purchased (other than for re-sale) Del Monte Gold™ between November 1997 and January 2003. The complaint alleges monopolization and attempted monopolization in violation of the Arizona Consumer Fraud Act, and unjust enrichment in violation of the common law. On May 24, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiffs filed a motion for remand and Fresh Del Monte's subsidiaries opposed that motion. Fresh Del Monte's subsidiaries are not required to respond to the complaint until 20 days after the resolution of plaintiffs' motion to remand. On October 25, 2004, this action was transferred to the United States District Court for the Southern District of New York by the JPML. The plaintiff has activated its motion for remand with the JPML.

On July 2, 2004, an alleged individual consumer filed a putative class action which was served on August 24, 2004 against Fresh Del Monte's subsidiaries in the state court of Nevada on behalf of residents of Nevada who purchased (other than for re-sale) Del Monte Gold™ pineapples between November 1997 and January 2003. The complaint alleges restraint of trade in violation of Nevada statutes, common law monopolization and unjust enrichment. On September 13, 2004, Fresh Del Monte's subsidiaries removed this action to federal court. The plaintiff has opposed the motion to remand. On November 15, 2004, this action was transferred to the United States District Court for the Southern District of New York by the JPML. The plaintiff has activated its motion for remand with the JPML.

Fresh Del Monte's subsidiaries intend to vigorously defend themselves in all of the above matters. At this time, management is not able to evaluate the likelihood of a favorable or unfavorable outcome in any of the above-described matters. Accordingly, management is not able to estimate the range or amount of loss, if any, on any of the above-described matters and no accruals or expenses have been recorded as of December 31, 2004, except as related to the Kunia Well Site discussed below.

Kunia Well Site

In 1980, elevated levels of certain chemicals were detected in the soil and ground water at a plantation leased by one of Fresh Del Monte's U.S. subsidiaries in Honolulu, Hawaii ("Kunia Well Site"). Shortly thereafter, Fresh Del Monte's subsidiary discontinued the use of the Kunia Well Site and provided an alternate water source to area well users and the subsidiary commenced its own voluntary cleanup operation. In 1993, the Environmental Protection Agency ("EPA") identified the Kunia Well Site for potential listing on the National Priorities List ("NPL") under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended. On December 16, 1994, the EPA issued a final rule adding the Kunia Well Site to the NPL. On September 28, 1995, Fresh Del Monte's subsidiary entered into an order (the "Order") with the EPA to conduct the remedial investigation and the feasibility study of the Kunia Well Site. Under the terms of the Order, Fresh Del Monte's subsidiary submitted a remedial investigation report in November 1998 and a final draft feasibility study in December 1999 (which was updated from time to time) for review by the EPA. The EPA approved the remedial investigation report in February 1999 and the feasibility study on April 22, 2003.

As a result of communications with the EPA in 2001, Fresh Del Monte recorded a charge of $15.0 million in the third quarter of 2001 to increase the recorded liability to the estimated expected future cleanup cost for the Kunia Well Site to $19.1 million. Based on conversations with the EPA in the third quarter of 2002 and consultation with Fresh Del Monte's legal counsel and other experts, Fresh Del Monte recorded a charge of $7.0 million during the third quarter of 2002 to increase the accrual for the expected future cleanup costs for the Kunia Well Site to $26.1 million. As of December 31, 2004, there is $24.1 million included in other long-term liability for the Kunia Well Site cleanup.

On September 25, 2003, the EPA issued the Record of Decision ("ROD"). The EPA estimates in the ROD that the remediation costs associated with the cleanup of the Kunia Well Site will range from $12.9 million to $25.4 million and will last approximately 10 years. Certain portions of the EPA's estimates have been discounted using a 5% interest rate. The undiscounted estimates are between $14.8 million to $28.7 million. On January 13, 2004, the EPA deleted a portion of the Kunia Well Site (Northeast section) from the NPL. Fresh Del Monte's subsidiary intends to negotiate a consent decree with the EPA for the performance of the cleanup work during the first quarter of 2005. It is estimated that a consent decree with the EPA will be submitted to the United States District Court for the District of Hawaii during the second quarter of 2005.

Other

In addition to the foregoing, Fresh Del Monte is involved from time to time in various claims and legal actions incident to Fresh Del Monte's operations, both as plaintiff and defendant. In the opinion of management, after consulting with legal counsel, none of these other claims are currently expected to have a material adverse effect on Fresh Del Monte.

19. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Derivative Financial Instruments Fresh Del Monte accounts for derivative financial instruments in accordance with SFAS No. 133, as amended. Fresh Del Monte uses derivative financial instruments primarily to reduce its exposure to adverse fluctuations in interest rates and foreign exchange rates. When entered into, Fresh Del Monte formally designates and documents the financial instrument as a hedge of a specific underlying exposure, as well as the risk management objectives and strategies for undertaking the hedge transaction. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the cash flows or fair value of the underlying exposures being hedged. Derivatives are recorded in the consolidated balance sheet at fair value in either "prepaid expenses and other current assets" or "accounts payable and accrued expenses", depending on whether the amount is an asset or liability. The fair values of derivatives used to hedge or modify Fresh Del Monte's risks fluctuate over time. These fair value amounts should not be viewed in isolation, but rather in relation to the cash flows or fair value of the underlying hedged transactions or assets and other exposures and to the overall reduction in Fresh Del Monte's risk relating to adverse fluctuations in foreign exchange rates and interest rates. In addition, the earnings impact resulting from Fresh Del Monte's derivative instruments is recorded in the same line item within the consolidated statement of income as the underlying exposure being hedged.

Fresh Del Monte also formally assesses, both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the cash flows or fair value of the related underlying exposures. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Hedge ineffectiveness was not material for the years ended December 31, 2004, December 26, 2003 and December 27, 2002.

Counterparties expose Fresh Del Monte to credit loss in the event of non-performance on currency forward contracts or the interest rate swap agreement. However, because the contracts are entered into with highly-rated financial institutions, Fresh Del Monte does not anticipate non-performance by any of these counterparties. The exposure is usually the amount of the unrealized gains, if any, in such contracts.

Foreign Currency Management

To protect against changes in value of forecasted foreign currency cash flows resulting from a portion of net sales or cost of sales, certain subsidiaries of Fresh Del Monte periodically enter into foreign currency cash flow hedges (principally euro, British pound and Japanese yen). These subsidiaries hedge portions of forecasted sales or cost of sales denominated in foreign currencies with forward contracts and options, which generally expire within one year. The forward contracts are designated as dual-purpose cash flow hedges with gains and losses in the forward contract recognized in other comprehensive income or loss until the foreign currency denominated sales or cost of sales are recognized in earnings. Subsequent to the recognition of sales or cost of sales, changes in the value of the foreign currency accounts receivable or payable and related forward contract are recognized in "other income, net". Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. Fresh Del Monte accounts for the fair value of the related forward contracts as a liability in "accounts payable and accrued expenses". Hedge ineffectiveness did not have a material impact on earnings for the years ended December 31, 2004, December 26, 2003 and December 27, 2002. As of December 31, 2004, and December 26, 2003, Fresh Del Monte had several foreign currency cash flow hedges outstanding. The fair value of these hedges as of December 31, 2004, is a net liability of $30.2 million, all of which is expected to be transferred to earnings in 2005 along with the earnings effect of the related forecasted transaction. As of December 26, 2003, Fresh Del Monte had $38.6 million in deferred foreign currency cash flow hedge losses outstanding, substantially all of which was transferred to earnings during 2004.

Interest Rate Management

Because Fresh Del Monte utilizes primarily variable-rate debt, the results of operations may be significantly affected by fluctuations in interest rates. To protect against fluctuations in interest rates, Fresh Del Monte entered into an interest rate swap agreement that effectively converted a portion of its $450.0 million Revolving Credit Facility debt to a fixed rate basis through January 30, 2003, thus reducing the impact of interest rate changes under the Revolving Credit Facility on future interest expense. The interest rate swap had a notional amount of $53.6 million at December 27, 2002. Fresh Del Monte accounted for the interest rate swap as a cash flow hedge whereby the fair value of the interest rate swap was recognized as a liability with the offset, net of hedge ineffectiveness (which is not material), recorded as accumulated other comprehensive income or loss. The interest rate swap expired in January 2003. Amounts recorded in accumulated other comprehensive income or loss were amortized as an adjustment to interest expense over the term of the related hedge. Any ineffective portion of a financial instrument's change in fair value was immediately recognized in earnings.

Fair Value of Financial Instruments Fresh Del Monte, in estimating its fair value disclosures for financial instruments, uses the following methods and assumptions:

Cash and cash equivalents, accounts receivable, advances to growers, and accounts payable: The carrying value reported in the balance sheet for these items approximate their fair value.

Capital lease obligations: The carrying value of Fresh Del Monte's capital lease obligations approximate their fair value based on current interest rates for similar instruments.

Long-term debt: The carrying value of Fresh Del Monte's long-term debt approximate their fair value since they bear interest at variable rates or fixed rates which approximate market.

The carrying amounts and fair values of Fresh Del Monte's financial instruments are as follows (U.S. dollars in millions):

	December 31, 2004		December 26, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 42.1	$ 42.1	$ 51.0	$ 51.0
Trade accounts receivables	276.0	276.0	195.2	195.2
Advances to growers and other receivables	54.7	54.7	41.1	41.1
Trade and other accounts payable	(193.2)	(193.2)	(158.4)	(158.4)
Long-term debt	(339.3)	(339.3)	(20.7)	(20.7)
Capital lease obligations	(24.2)	(24.2)	(23.4)	(23.4)
Forward contracts payable, net	(30.2)	(30.2)	(38.6)	(38.6)

20. RELATED PARTY TRANSACTIONS

During 2004 and 2003, the Company incurred expenses of $1.0 million and $1.2 million, respectively, for air transportation services for chartering of an aircraft that is indirectly owned by Fresh Del Monte's chief executive officer. The rates charged for these transportation services were comparable with the market rates charged to other unrelated companies for the use of a similar aircraft.

Through December 31, 2002, Fresh Del Monte's products were distributed in Northern Europe by Interfrucht, an unconsolidated subsidiary. Sales to this distributor amounted to $81.9 million in 2002.

Sales to companies with common ownership as Fresh Del Monte were $33.5 million, $28.7 million and $21.1 million in 2004, 2003, and 2002, respectively. At December 31, 2004 and December 26, 2003 there were $3.9 million and $4.1 million, respectively, of receivables from this related party, which are included in trade accounts receivable.

Fresh Del Monte purchases goods and services from unconsolidated subsidiaries in the ordinary course of business. These transactions were conducted at arms-length. See note 5, "Investments in Unconsolidated Companies".

21. UNAUDITED QUARTERLY FINANCIAL INFORMATION

The following summarizes certain quarterly operating data (U.S. dollars in millions, except per share data):

	Quarter ended			
	March 26, 2004	June 25, 2004	September 24, 2004	December 31, 2004
Net sales	$713.8	$763.6	$610.4	$818.2
Gross profit	77.2	89.1	30.8	67.6
Net income	47.0	59.4	13.7	19.1
Net income per share—basic[(a)]	$ 0.82	$ 1.03	$ 0.24	$ 0.33
Net income per share—diluted[(a)]	$ 0.81	$ 1.03	$ 0.24	$ 0.33
	March 28, 2003	June 27, 2003	September 26, 2003	December 26, 2003
Net sales	$643.8	$700.6	$563.7	$578.7
Gross profit	107.0	109.3	65.0	46.9
Net income	88.1	81.2	34.3	22.8
Net income per share—basic[(a)]	$ 1.57	$ 1.44	$ 0.61	$ 0.40
Net income per share—diluted[(a)]	$ 1.55	$ 1.42	$ 0.60	$ 0.40

(a) Basic and diluted earnings per share for each of the quarters presented above is based on the respective weighted average number of shares for the quarters. The sum of the quarters may not necessarily be equal to the full year basic and diluted earnings per share amounts due to the effects of rounding.

22. BUSINESS SEGMENT DATA

Fresh Del Monte is principally engaged in one major line of business, the production, distribution and marketing of bananas, other fresh produce and processed foods. Fresh Del Monte's products are sold in markets throughout the world, with its major producing operations located in North, Central and South America, the Asia-Pacific region and Africa.

Fresh Del Monte's operations are aggregated on the basis of its products; bananas, other fresh produce and other products and services. Other fresh produce includes pineapples, melons, tomatoes, potatoes, onions, strawberries, non-tropical fruit (including grapes, citrus, apples, pears, peaches, plums, nectarines, apricots and kiwis), fresh-cut produce and other fruit and vegetables. Other products and services includes a third-party ocean freight business, a plastic product and box manufacturing business, a poultry business and a grain business. With the acquisition of Del Monte Foods on October 1, 2004, Fresh Del Monte's product lines now also include prepared food products.

Fresh Del Monte evaluates performance based on several factors, of which gross profit by product and net sales by geographic region are the primary financial measures (U.S. dollars in millions):

	Year ended					
	December 31, 2004		December 26, 2003		December 27, 2002	
	Sales	Gross Profit	Sales	Gross Profit	Sales	Gross Profit
Bananas	$1,030.8	$ 23.0	$ 969.6	$ 69.2	$ 957.0	$ 79.9
Other fresh produce	1,638.7	216.1	1,398.1	249.5	1,030.5	252.8
Del Monte Foods	88.8	16.3	—	—	—	—
Other products and services	147.7	9.3	119.1	9.5	103.0	4.0
Total	$2,906.0	$264.7	$2,486.8	$328.2	$2,090.5	$336.7

	Year ended		
	December 31, 2004	December 26, 2003	December 27, 2002
Net sales by geographic region:			
North America	$1,497.4	$1,339.0	$1,050.9
Europe*	940.5	714.8	639.3
Asia-Pacific	385.8	373.3	348.2
Other	82.3	59.7	52.1
Total net sales	$2,906.0	$2,486.8	$2,090.5

	December 31, 2004	December 26, 2003
Property, plant and equipment, net:		
North America	$ 113.7	$ 105.1
Europe*	242.0	85.5
Asia-Pacific	11.0	6.9
Central and South America	366.5	353.8
Maritime equipment (including container)	142.3	153.3
Corporate	39.2	36.4
Total property, plant and equipment, net	$ 914.7	$ 741.0

	December 31, 2004	December 26, 2003
Identifiable assets:		
North America	$ 409.6	$ 381.7
Europe*	805.8	272.5
Asia-Pacific	73.4	55.1
Central and South America	507.4	490.1
Maritime equipment (including container)	142.3	153.3
Corporate	119.5	138.5
Total identifiable assets	$2,058.0	$1,491.2

*Includes Del Monte Foods.

Fresh Del Monte's earnings are heavily dependent on operations located worldwide. These operations are a significant factor in the economies of some of the countries in which Fresh Del Monte operates and are subject to the risks that are inherent in operating in such countries, including government regulations, currency and ownership restrictions and risk of expropriation.

During 2004, Fresh Del Monte had two principal sales agreements for the distribution of its fresh produce, which principally cover sales in Southern European and Japanese markets. Sales made through these agreements approximated 12%, 9% and 14% of total net sales for 2004, 2003 and 2002, respectively.

One customer, Wal-Mart, Inc., accounted for approximately 14% of net sales in both 2004 and 2003. These sales are reported in the banana and other fresh produce segments. No other customer accounted for 10% or more of our net sales. In 2004, the top ten customers accounted for approximately 35% of our net sales as compared with 41% of our net sales during 2003.

Identifiable assets by geographic area represent those assets used in the operations of each geographic area. Corporate assets consist of goodwill, building, leasehold improvements and furniture and fixtures.

Report of Independent Registered Public Accounting Firm

2004 annual report

Board of Directors and Shareholders
Fresh Del Monte Produce Inc.

We have audited the accompanying consolidated balance sheets of Fresh Del Monte Produce Inc. (the "Company") and subsidiaries as of December 31, 2004 and December 26, 2003, and the related consolidated statements of income, cash flows and shareholders' equity for each of the years ended December 31, 2004, December 26, 2003 and December 27, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fresh Del Monte Produce Inc. and subsidiaries at December 31, 2004 and December 26, 2003, and the consolidated results of their operations and their cash flows for each of the years ended December 31, 2004, December 26, 2003 and December 27, 2002, in conformity with United States generally accepted accounting principles.

As discussed in Note 8 to the consolidated financial statements, on December 29, 2001, the Company changed its method of accounting for goodwill and other intangible assets to conform to Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets".

Ernst & Young LLP

Certified Public Accountants

Miami, Florida
March 3, 2005

Shareholder Information

Stock Information
New York Stock Exchange
Symbol: FDP

FDP LISTED NYSE

Dividend Information
The Company currently pays a regular quarterly cash dividend of $0.20 per share. The dividend is paid to shareholders who hold shares on the record date.

Shareholders of Record
As of December 31, 2004, there were 57,690,074 ordinary shares outstanding. We believe that approximately 42 percent of the outstanding ordinary shares are held by shareholders in the United States.

Forward-Looking Statements
Our Annual Report may discuss future performance of the Company. Comments about expectations, plans and prospects constitute forward-looking statements for the purposes of the Safe Harbor provisions of the Private Securities Litigation Reform Act. Actual results may differ materially from those contemplated in any forward-looking statements, and the Company undertakes no obligation to update any such statements. Risk factors are identified in the Company's December 31, 2004 Form 20-F/A on file at the Securities and Exchange Commission.

Corporate and Shareholder Information
Corporate and shareholder information and a copy of the Company's Annual Report on Form 20-F/A, (which includes the officer certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and the significant corporate governance difference required by Section 303A.11 of the NYSE Listed Company Manual) as filed with the Securities and Exchange Commission, may be obtained free of charge by contacting Christine Cannella, Assistant Vice President, Investor Relations at Fresh Del Monte Produce Inc., U.S. Executive Offices, C/O Del Monte Fresh Produce Company, P.O. Box 149222, Coral Gables, FL 33114, 305-520-8400 or by visiting the Company's Web site at www.freshdelmonte.com.

Transfer Agent and Registrar
Mellon Investor Services LLC
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800-851-9677
http://melloninvestor.com/isd

Auditors
Ernst & Young LLP
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Suite 3900
Miami, FL 33131

Annual Meeting
April 27, 2005, at 11:30 a.m.
Hyatt Regency Coral Gables
50 Alhambra Plaza
Coral Gables, FL 33134

Officers
Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer

Hani El-Naffy
President and Chief Operating Officer

John F. Inserra
Executive Vice President and Chief Financial Officer

Bryce Edmonson
Senior Vice President—North America Sales and Product Management

Jean-Pierre Bartoli
Senior Vice President—Fresh (Europe, Africa and the Middle East)

David J. Anderson
Vice President—Asia-Pacific

José Antonio Yock
Senior Vice President—Central America

Jose Luis Bendicho
Vice President—South America

Sergio Mancilla
Senior Vice President—Shipping Operations

Thomas R Young, Ph.D.
Vice President—Research, Development and Agricultural Services

Bruce A. Jordan
Vice President—General Counsel and Secretary

Marissa R. Tenazas
Vice President—Human Resources

Antolin D. Saiz
Vice President—Internal Audit

Directors
Mohammad Abu-Ghazaleh
Chairman and Chief Executive Officer
Fresh Del Monte Produce Inc.

Hani El-Naffy
President and Chief Operating Officer
Fresh Del Monte Produce Inc.

Amir Abu-Ghazaleh
General Manager
Abu-Ghazaleh International Company

Maher Abu-Ghazaleh
Managing Director
Suma International General Trading and Contracting Company

Salvatore H. Alfiero(2)(3)
Founder, Chairman and Chief Executive Officer
Protective Industries, LLC
Also serves on the Boards of The Phoenix Companies, HSBC Bank USA, HSBC Bank North America and Southwire Company

Edward L. Boykin(1)(3)
Consultant and Former Partner, Deloitte & Touche LLP
Also serves on the Board of Blue Cross and Blue Shield of Florida, Inc.

John H. Dalton(1)(2)
President of the Housing Policy Council of the Financial Services Roundtable
Also serves on the Boards of Trans Technology, Inc., eSpeed, Inc., and IPG Photonics Corporation

Kathryn E. Falberg(1)(2)
Former Chief Financial Officer of Amgen
Also serves on the Board of Human Genome Sciences

(1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Committee Chairman

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