# DEL MONTE PACIFIC LIMITED

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# Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the First Quarter Ended 31 March 2009

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## AUDIT

First quarter 2009 figures have neither been audited nor reviewed by the Group's auditors.

## ACCOUNTING POLICIES

The accounting policies and method of computation adopted are consistent with those used in the most recently audited financial statements, except for the following accounting standards, amendments to standards and interpretation that are effective for annual reporting periods beginning 1 January 2009:

- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs (Revised)
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 16 Hedges of Net Investment in a Foreign Operation
- IAS 1 Presentation of Financial Statements (Amended)
- IFRS 2 Share-based Payment (Amended)
- IAS 32 Financial Instrument: Presentation (Amended)
- IFRIC 15 Agreements for Construction of Real Estate
- IFRS 3 Business Combinations (Revised)
- IAS 27 Consolidated and Separate Financial Statements (Amended)
- IAS 39 Financial Instruments: Recognition and Measurement (Amended)

IAS 1 Presentation of Financial Statements (Amended) requires that changes in equity during the period other than changes resulting from transactions with owners in their capacity as owners, be presented in a "statement of comprehensive income".

Other than the change in disclosures relating to IAS 1, the Group's adoption of the new and revised standards has no significant impact on the Group's net profit attributable to shareholders in the current and prior periods.

## DIRECTORS' ASSURANCE

Confirmation by Directors Pursuant to Clause 705(4) of the Listing Manual of SGX-ST.

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Del Monte Pacific Limited which may render these interim financial statements to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
Del Monte Pacific Limited

(Signed)
Rolando C Gapud
Chairman of the Board

(Signed)
Joselito D Campos, Jr
Executive Director

27 April 2009

# FINANCIAL HIGHLIGHTS – FIRST QUARTER 2009

| **in US$'000 unless otherwise stated*** | **For the three months ended 31 March** | | **% Change** |
|---|---|---|---|
| | **2009** | 2008 | |
| Turnover | **60,365** | 71,692 | (15.8) |
| Gross profit | **15,546** | 15,721 | (1.1) |
| *Gross profit margin (%)* | ***25.8*** | *21.9* | *3.9 ppt* |
| Operating profit | **7,096** | 7,659 | (7.4) |
| *Operating margin (%)* | ***11.8*** | *10.7* | *1.1 ppt* |
| Net profit | **4,079** | 6,026 | (32.3) |
| *Net profit margin (%)* | ***6.8*** | *8.4* | *(1.6 ppt)* |
| EPS (US cents) | **0.38** | 0.56 | (32.3) |
| Net debt | **(108,100)** | (57,096) | 89.3 |
| *Gearing (%)* | ***57.5*** | *28.2* | *29.3 ppt* |
| Cash flow used in operations | **(24,696)** | (12,834) | 92.4 |
| Capital expenditure | **1,899** | 1,094 | 73.6 |
| | | | **Days** |
| Inventory (days) | **188** | 104 | 84 |
| Receivables (days) | **83** | 56 | 27 |
| Account Payables (days) | **99** | 72 | 27 |

**The Company's reporting currency is US dollars. For conversion to S$, these exchange rates can be used: 1.50 (1Q09) and 1.42 (1Q08).*

## REVIEW OF OPERATING PERFORMANCE

Group turnover for the first quarter of 2009 fell 16% to US$60.4 million from US$71.7 million due to lower export sales, the unfavourable impact of the Peso depreciation against the US Dollar in the first quarter of 2009 versus the same quarter last year, and the absent sales of Great Lakes which was disposed in September 2008.

Export sales to Europe, USA and to Asia Pacific declined by US$7.1 million or 27% amidst weakening global demand, with the biggest decline coming from the USA due to lower orders and deferred shipments.

Philippine sales improved by 22% driven by higher beverage revenue, annualised effect of price increases implemented in 2008 and lower marketing and sales spending compared to the prior year quarter. However, in US Dollar terms, Philippine sales grew by only 3% due to the unfavourable impact of the 19% Peso depreciation upon translation of Peso sales to US Dollars. The currency translation loss amounted to US$6.8 million of sales.

Moreover, Great Lakes was disposed on 30 September 2008. In the first quarter of 2008, it contributed US$6.4 million in sales, which were absent in the current quarter.

Stripping out the currency translation loss and absent Great Lakes sales, Group turnover for the first quarter of 2009 would have slightly increased by 3%. Fundamentals remain solid with higher sales in the Philippines, S&W processed and fresh fruit businesses.

S&W contributed US$1.4 million in processed product sales in the first quarter of 2009, more than double the previous year. Sales were higher in existing markets of Singapore, Hong Kong and Japan. S&W also started selling canned tropical fruit and juice range to South Korea's retail market and canned tropical fruit in South China's food service channel. Fresh pineapple sales were also higher by 51%, albeit also from a modest prior year base.

Profit from operations declined 3% before non-recurring items and 7% after non-recurring items compared to the 16% drop in sales. The lower level of decline in operating profit was driven by: a) the favourable impact of the Peso depreciation on Peso cost translation; b) margin management through cost efficiencies and improved prices; c) lower distribution and selling expenses; and d) a positive variance of US$0.5 million operating loss from Great Lakes. Group operating margin slightly increased to 11.8% from 10.7% in the prior year quarter.

Interest income decreased to US$0.2 million from US$0.5 million while interest expense rose to US$1.3 million from US$0.8 million as a result of lower cash levels and higher borrowings.

The Group booked a non-recurring foreign exchange loss from the forward contract, which matured in January 2009, amounting to US$0.6 million and also booked streamlining cost of US$0.2 million after tax. There will be no more forward hedging losses going forward as the Group relies on its natural hedge.

For the quarter, the Group recognised a share of loss in Bharti Del Monte India of US$0.76 million for its 41.1% stake in the company, which is slightly lower than the US$0.83 million share of loss recognised in the same period last year. Losses were lower as a result of better sales mix for the fresh produce segment for export under the FieldFresh brand and contribution from the processed category in India under the Del Monte brand.

As a result of high interest charges, hedging loss and streamlining cost, the Group net income fell 32% to US$4.1m from US$6.0 million. Without the non-recurring items worth US$0.8 million, net income would have declined by 19%.

Operating cash flow decreased substantially to negative US$24.7 million from negative US$12.8 million in the prior quarter, mainly due to higher working capital, in particular inventories. Slowdown in global demand led to higher inventory levels. Management will reduce inventory days for key materials such as tinplate and tomato paste, through freezing orders and selling excess inventory to free up cash. Management is also actively managing the Group's receivable and payable credit terms to improve working capital for the remainder of the year.

The Company ended with a net debt position of US$108.1 million as of 31 March 2009, resulting in a gearing of 58%, due to higher capital expenditure primarily due to a new boiler project, capital injection in Bharti Del Monte India to build its business, and higher working capital level.

## VARIANCE FROM PROSPECT STATEMENT

The first quarter 2009 results were significantly lower than prior year quarter. Management expects the remainder of the year to return to growth.

## BUSINESS OUTLOOK

The Group remains focused on executing its strategies and plans by maximising the potential of its growing brands and markets through product, marketing and sales-driven growth in the Philippines, and market and product portfolio expansion for S&W, Fresh Pineapple and Bharti Del Monte India to grow its branded business. The Group will also optimise its exports sales mix, while aggressively reducing non-value adding costs, increasing productivity to protect margins and intensifying efforts to manage working capital more efficiently.

In the Philippines, the Group will intensify its drive to provide consumers with value-for-money offerings. The beverage portfolio will continue to be expanded under the Del Monte Fit 'n Right brand while volume will be maximised behind the recently launched culinary line under the Del Monte Quick n Easy brand, offering cooking enthusiasts with meal mixes and sauces for affordable and convenient home cooking.

For exports, some delayed shipments in the first quarter are expected to resume in the remainder of the year.

In India under the Bharti Del Monte joint venture, 2009 will see the expansion of beverage and culinary products across more cities, tapping both modern trade and the foodservice sector. While Bharti Del Monte India will expand these processed categories, marketing expenses will increase in support of business development. The fresh export business under the FieldFresh brand is now focused on corn and reflects a rationalisation of the product range since the second half of last year. The fresh domestic segment will also focus on select fresh fruits and vegetables.

For S&W, sales in Asia of S&W processed fruits and vegetables along with S&W Sweet 16 branded fresh pineapple will be expanded.

Management expects the remainder of the year to return to growth.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

### 1. By geographical segments

**For the three months ended 31 March**

| **In US$'000** | **Asia Pacific** | | | **Europe and North America** | | | **Total** | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **% Chg** | **2009** | **2008** | **% Chg** | **2009** | **2008** | **% Chg** |
| Turnover | **46,069** | **51,424** | (10.4) | **14,296** | **20,268** | (29.5) | **60,365** | 71,692 | (15.8) |
| Gross Profit | **14,023** | **14,693** | (4.6) | **1,523** | **1,028** | 48.2 | **15,546** | 15,721 | (1.1) |
| *Gross Margin (%)* | ***30.4*** | ***28.6*** | *1.8 ppt* | ***10.7*** | ***5.1*** | *5.6 ppt* | ***25.8*** | *21.9* | *3.9 ppt* |
| Operating Profit | **6,423** | **7,654** | (16.1) | **673** | **5** | n/m | **7,096** | 7,659 | (7.4) |
| *Op Margin (%)* | ***13.9*** | ***14.9*** | *(1.0 ppt)* | ***4.7*** | ***0.0*** | *4.7 ppt* | ***11.8*** | *10.7* | *1.1 ppt* |

**Asia Pacific**

Turnover in Asia Pacific, which accounted for 76% of the Group's turnover in the first quarter, declined by 10% to US$46.1 million from US$51.4 million. Great Lakes still contributed US$6.4 million in sales in the first quarter of 2008. It was disposed on 30 September 2008. Stripping out Great Lakes' contribution in 2008, Asia Pacific turnover in the first quarter of 2009 would have grown slightly by 2%.

Moreover, the 19% Peso depreciation against the US Dollar in the first quarter of 2009 versus the same period last year unfavourably impacted the translation of our Philippine market sales in Peso to US Dollar.

Turnover for the Philippine market grew by 3% in US Dollar terms and a stronger 22% in Peso terms, driven by the beverage segment, annualised effect of price increases implemented in 2008 and lower marketing and sales spending compared to the prior year quarter.

Sales to other Asia Pacific markets declined on the back of weak consumption. However, S&W processed product registered higher sales coming off a low base, contributing US$1.4 million to this quarter's sales. Fresh pineapples also generated increased sales, up 51% year on year.

Asia Pacific gross profit declined by 5% and operating profit fell 16% to US$6.4 million. If not for the Peso depreciation, gross profit and operating profit would have increased by 18% and 15%, respectively.

## Europe and North America

Turnover in Europe and North America, which accounted for 24% of Group turnover, fell 30% to US$14.3 million from US$20.3 million, reflecting weak demand in these markets.

However, gross profit grew strongly by 48% to US$1.5 million from US$1.0 million due to the favourable impact of the Peso depreciation on the translation of Peso costs to US Dollar. Operating profit likewise improved to US$0.7 million from break-even in the prior year quarter.

Had it not been for the favourable impact of the Peso depreciation, Europe and North America would have posted operating losses.

## 2. By business segments

**For the three months ended 31 March**

| In US$'000 | Processed Products | | | Beverages | | | Non-processed Products | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | **2008** | **% Chg** | **2009** | **2008** | **% Chg** | **2009** | **2008** | **% Chg** | **2009** | **2008** | **% Chg** |
| Turnover | **31,760** | 39,868 | (20.3) | **27,075** | 30,945 | (12.5) | **1,530** | 879 | 74.1 | **60,365** | 71,692 | (15.8) |
| Gross Profit | **7,108** | 8,239 | (13.7) | **8,152** | 7,331 | 11.2 | **286** | 151 | 89.4 | **15,546** | 15,721 | (1.1) |
| *Gross Margin (%)* | ***22.4*** | *20.7* | *1.7 ppt* | ***30.1*** | *23.7* | *6.4 ppt* | ***18.7*** | *17.2* | *1.5 ppt* | **25.8** | *21.9* | 3.9 ppt |
| *Operating Profit* | **2,846** | 4,396 | (35.3) | **3,842** | 2,772 | 38.6 | **408** | 491 | (16.9) | **7,096** | 7,659 | (7.4) |
| *Op Margin (%)* | ***9.0*** | *11.0* | *(2.0 ppt)* | ***14.2*** | *9.0* | *5.2 ppt* | ***26.7*** | *55.9* | *(29.2 ppt)* | **11.8** | *10.7* | 1.1 ppt |

## Processed Products

Processed products, our largest product category, contributed 53% to Group turnover in the first quarter. This segment comprises of processed fruits and vegetables (pineapple, tropical mixed fruit, tomato-based products), and other processed products such as pasta and condiments. It also includes sales of S&W-branded processed products and Del Monte-branded processed products such as canned vegetable and deciduous fruits sourced from other Del Monte companies.

Turnover of processed products fell 20% to US$31.8 million from US$39.9 million due to weak demand mainly in the export markets compounded by the negative impact of the Peso depreciation on the translation of Philippine market sales from Peso to US Dollar.

Gross profit and operating profit subsequently declined by 14% and 35%, respectively.

## Beverages

Beverages consist of juices, juice drinks and juice concentrates. This segment accounted for 45% of the Group's turnover in the first quarter of 2009.

Turnover for this segment declined by 13% to US$27.1 million from US$30.9 million as Great Lakes had been disposed on 30 September 2008. Stripping out Great Lakes' contribution of US$6.2 million in the first quarter of 2008, beverage sales should have been up by 9% in the first quarter of 2009.

Higher beverage sales in the Philippine market more than offset the slowdown in Europe and USA.

Gross profit and operating profit improved despite the lower turnover due to the favourable impact of the Peso depreciation on costs plus the foregone operating losses of Great Lakes which amounted to US$0.5 million in the first quarter of 2008.

**Non-processed Products**

Accounting for 2% of the Group's turnover in the first quarter of 2009, non-processed products consist mainly of fresh pineapples and the non-core cattle business - both sold only in Asia Pacific. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals.

Turnover of this segment jumped 74% to US$1.5 million from US$0.9 million due to higher volume of both fresh pineapples and cattle, and better prices of fresh pineapples. Gross profit soared 89% on the back of higher turnover, but operating profit dropped slightly to US$0.4 million from US$0.5 mainly due to less favourable IAS 41 adjustment.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

| *% of Turnover* | For the three months ended 31 Mar | | |
|---|---|---|---|
| | **2009** | **2008** | **Comments** |
| Cost of Goods Sold | **74.2** | 78.1 | Down due to higher selling prices and favourable impact of weaker Peso |
| Distribution and Selling Expenses | **5.9** | 6.9 | Down due to impact of weaker Peso and reversal of prior-year un-utilised accruals |
| G&A Expenses | **7.4** | 5.5 | Up due to organisation build-up costs partly offset by weaker Peso |
| Other Operating Expenses/(Income) | **0.7** | (1.1) | Due to less favourable IAS 41 adjustments and streamlining costs this quarter amounting to US$0.3 million (pre tax basis) |

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

| *In US$'000* | For the three months ended 31 Mar | | | |
|---|---|---|---|---|
| | **2009** | **2008** | **%** | **Comments** |
| Depreciation and amortisation | (1,871) | (2,516) | (25.6) | Impact of Peso depreciation and the disposal of Great Lakes in 3Q 2008 |
| Interest income | **238** | 489 | (51.3) | Due to decline in cash |
| Interest expense | **(1,294)** | (808) | 60.1 | Higher borrowings undertaken by the Group's Philippine subsidiary to meet its working capital requirements |
| FX (loss) / gain | **(616)** | 897 | n/m | Please see explanation below |
| Share of loss of JV, net of tax | **(762)** | (832) | (8.4) | Lower loss for the quarter for Bharti Del Monte India |
| Taxation | **(583)** | (1,379) | (57.7) | Due to lower taxable profit in certain tax jurisdiction |

**Foreign exchange (loss) / gain**

The Group incurred foreign exchange (FX) loss of US$0.6 million in the first quarter of 2009. Of this, US$0.9 million (pre tax) loss was due to forward contracts while US$0.3 million gain was due to regular foreign currency denominated transactions.

In February 2008, the Company's Philippine subsidiary entered into a non deliverable Peso/US$ forward contract due on different dates up to January 2009 at an average forward settlement rate of P41.323/US$. This was intended to hedge the export market's predominantly Peso costs but whose sales are in US$.

Last February 2008, the trend suggested continuing appreciation of the Peso against the US$. Economists' and banks' forecasts also suggested a similar outlook. However, the trend reversed and the Peso depreciated against the US$ to an average of 48.424 for the first quarter of 2009. As such, the Group recognised FX loss on matured forward contracts, the last batch being those in January 2009.

It is not the Company's policy to enter into forward hedging. Instead, it will rely on its natural hedge as much as possible.

## REVIEW OF GROUP ASSETS AND LIABILITIES

| Extract of Accounts with Significant Variances | 31 March 2009 | 31 March 2008 | 31 Dec 2008 | Comments |
|---|---|---|---|---|
| **US$'000** | | | | |
| Joint venture | **22,963** | 21,954 | 23,374 | Additional capital injection in Bharti Del Monte India |
| Intangible assets | **17,558** | 25,270 | 17,693 | Write off of goodwill resulting from the disposal of Abpak/Great Lakes in September 2008 |
| Other assets | **12,195** | 10,936 | 9,189 | Higher advances to landowners for long-term leases of agricultural land |
| Inventories | **104,077** | 66,814 | 81,045 | Higher levels of tomato paste and tinplate amidst slowing demand |
| Biological assets | **61,506** | 58,922 | 55,084 | Due to higher deferred growing crop costs |
| Trade and other receivables | **62,399** | 50,541 | 85,072 | 1Q09 vs 1Q08: higher due to higher receivables from export customer<br>1Q09 vs 4Q08: lower due to seasonally higher sales in the festive fourth quarter |
| Financial liabilities (non-current) | **113** | 786 | 116 | Transfer of non-current portion of unpaid financial leases to current portion and no new finance leases being entered into |
| Financial liabilities (current) | **110,595** | 68,319 | 71,665 | Higher borrowings in the Philippines for working capital requirements |
| Trade and other payables | **44,660** | 35,595 | 65,439 | 1Q09 vs 1Q08: higher due to increased purchases of materials to secure supply<br>1Q09 vs 4Q08: lower due to timing of payments made to suppliers |
| Current tax liabilities | **2,445** | 4,098 | 2,197 | Due to lower taxable profit in certain tax jurisdiction |
| Deferred tax liabilities | **1,859** | 862 | 1,694 | 1Q08 was lower due to deferred tax asset on fair value losses on forward contracts, not recurring in 1Q09 upon the maturity of such contracts |

## SHARE CAPITAL

Total shares outstanding remain at 1,081,781,194 as of 31 March 2009, same as at 31 December 2008 and 31 March 2008. Share capital remains at US$10.8 million.

A total of 1,550,000 Market Price Options and 1,725,000 share awards were granted pursuant to the Company's Executive Stock Option Plan and Restricted Share Plan, respectively, on 7 March 2008. In the Annual General Meeting held on 28 April 2008, the shareholders approved the grant of 1,611,000 share awards. They remain outstanding as at 31 March 2009. No new shares had been issued as a result thereof.

The Company did not hold any treasury shares as at 31 March 2009 (31 March 2008: nil) and there was no sale, transfer, disposal, cancellation and/or use of treasury shares during the period and as at 31 March 2009.

## BORROWINGS AND NET DEBT

| Liquidity in US$'000 | As at 31 March | | As at 31 Dec |
|---|---|---|---|
| | **2009** | **2008** | **2008** |
| Gross borrowings | **110,513** | 67,910 | 70,619 |
| Current | **110,513** | 67,910 | 70,619 |
| Secured | **-** | - | - |
| Unsecured | **110,513** | 67,910 | 70,619 |
| Non-current | **-** | - | - |
| Secured | **-** | - | - |
| Unsecured | **-** | - | - |
| *Less:* Cash and bank balances | **2,413** | 10,814 | 7,862 |
| Net debt | **(108,100)** | (57,096) | (62,757) |

The Group's net debt amounted to US$108.1 million as at 31 March 2009, as compared to US$57.1 million as at 31 March 2008 and US$62.8 million as at 31 December 2008.

The Group's net debt level significantly increased versus the prior year's quarter mainly due to higher capital expenditure primarily due to a new boiler project, capital injection in Bharti Del Monte India to build its business, and increased working capital requirements in its Philippine subsidiary.

The Group's net debt increased compared to December 2008 mainly due to increased working capital requirements in its Philippine subsidiary for purchases of input materials.

In the cash flow, cash obtained from financing activities increased by 76% to US$20.4 million from US$11.6 million as a result of increased borrowings undertaken for working capital requirements of the Philippine subsidiary.

## DIVIDENDS

No dividends were declared for this quarter and corresponding prior year quarter.

## INTERESTED PERSON TRANSACTIONS (IPT)

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

| In US$'000<br>For the three months ended 31 Mar | Aggregate value of all IPTs (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| | **NIL** | NIL | **NIL** | 46 |

## DEL MONTE PACIFIC LIMITED
## UNAUDITED CONSOLIDATED INCOME STATEMENT

| **Amounts in US$'000** | **For the Three Months Ended 31 March** | | |
|---|---|---|---|
| | **2009** | **2008** | **%** |
| Turnover | **60,365** | 71,692 | (15.8) |
| Cost of sales | **(44,819)** | (55,971) | (19.9) |
| **Gross profit** | **15,546** | 15,721 | (1.1) |
| Distribution and selling expenses | **(3,576)** | (4,926) | (27.4) |
| General and administration expenses | **(4,464)** | (3,916) | 14.0 |
| Other operating (expenses)/income | **(410)** | 780 | n/m |
| **Results from operating activities** | **7,096** | 7,659 | (7.4) |
| Financial income* | **238** | 1,386 | (82.8) |
| Financial expenses* | **(1,910)** | (808) | 136.4 |
| **Net finance income/(expense)** | **(1,672)** | 578 | n/m |
| Share of loss of joint venture, net of tax | **(762)** | (832) | (8.4) |
| **Profit before taxation** | **4,662** | 7,405 | (37.0) |
| Income tax expense | **(583)** | (1,379) | (57.7) |
| **Profit after taxation** | **4,079** | 6,026 | (32.3) |
| **Notes:** | | | |
| Depreciation and amortisation | **(1,871)** | (2,516) | (25.6) |
| Allowance for doubtful receivables | **(339)** | (207) | 63.8 |
| Allowance for inventory obsolescence | **(868)** | (467) | 85.9 |
| Writeback of impairment of property, plant and equipment | **21** | 27 | (22.2) |
| Gain on disposal of property, plant and equipment | **40** | 3 | 1,233.3 |
| ***Financial income comprise:** | | | |
| Interest income | **238** | 489 | (51.3) |
| Foreign exchange gain | **-** | 897 | - |
| | **238** | 1,386 | (82.8) |
| ***Financial expense comprise:** | | | |
| Interest expense | **(1,294)** | (808) | 60.1 |
| Foreign exchange loss | **(616)** | - | - |
| | **(1,910)** | (808) | 136.4 |

*n/m – not meaningful*

| **Earnings per ordinary share in US cents** | **For the three months ended 31 March** | |
|---|---|---|
| | **2009** | **2008** |
| Earnings per ordinary share based on net profit attributable to shareholders: | | |
| (i) Based on existing issued share capital | **0.38** | 0.56 |
| (ii) On a fully diluted basis | **0.38** | 0.56 |

## DEL MONTE PACIFIC LIMITED
## STATEMENT OF COMPREHENSIVE INCOME

| **Amounts in US$'000** | **For the Three Months Ended 31 March** | | |
|---|---|---|---|
| | **2009** | **2008** | **%** |
| **Profit for the year** | **4,079** | 6,026 | (32.3) |
| **Other comprehensive income (after reclassification adjustment):** | | | |
| Exchange differences on translating of foreign operations | **(2,583)** | (2,566) | 0.7 |
| Changes in fair value of forward contracts | **884** | (1,641) | n/m |
| Value of employee services required for issue of share options | **168** | 30 | 460.0 |
| Income tax relating to components of other comprehensive income | | | |
| - *Changes in fair value of forward contracts* | **(265)** | 574 | n/m |
| **Other comprehensive income for the year, net of tax** | **(1,796)** | (3,603) | (50.2) |
| **Total comprehensive income for the year** | **2,283** | 2,423 | (5.8) |

## DEL MONTE PACIFIC LIMITED
## STATEMENT OF FINANCIAL POSITION

| Amounts in US$'000 | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | 31 Mar 2009 Unaudited | 31 Mar 2008 Unaudited | 31 Dec 2008 Audited | 31 Mar 2009 Unaudited | 31 Mar 2008 Unaudited | 31 Dec 2008 Audited |
| **Non-Current Assets** | | | | | | |
| Property, plant and equipment | **64,487** | 66,817 | 66,474 | **-** | - | - |
| Subsidiaries | **-** | - | - | **76,707** | 84,540 | 76,707 |
| Joint venture | **22,963** | 21,954 | 23,374 | **-** | - | - |
| Intangible assets | **17,558** | 25,270 | 17,693 | **-** | - | - |
| Other assets | **12,195** | 10,936 | 9,189 | **-** | - | - |
| | **117,203** | 124,977 | 116,730 | **76,707** | 84,540 | 76,707 |
| **Current assets** | | | | | | |
| Inventories | **104,077** | 66,814 | 81,045 | **-** | - | - |
| Biological assets * | **61,506** | 58,922 | 55,084 | **-** | - | - |
| Trade and other receivables | **62,399** | 50,541 | 85,072 | **42,628** | 25,807 | 42,982 |
| Cash and cash equivalents | **2,413** | 10,814 | 7,862 | **34** | 14 | 14 |
| | **230,395** | 187,091 | 229,063 | **42,662** | 25,821 | 42,996 |
| **Total Assets** | **347,598** | 312,068 | 345,793 | **119,369** | 110,361 | 119,703 |
| **Equity attributable to equity holders of the Company** | | | | | | |
| Share capital | **10,818** | 10,818 | 10,818 | **10,818** | 10,818 | 10,818 |
| Reserves | **177,108** | 191,590 | 193,864 | **83,682** | 81,835 | 71,400 |
| **Total Equity** | **187,926** | 202,408 | 204,682 | **94,500** | 92,653 | 82,218 |
| **Non-Current Liabilities** | | | | | | |
| Deferred tax liabilities | **1,859** | 862 | 1,694 | **-** | - | - |
| Financial liabilities | **113** | 786 | 116 | **-** | - | - |
| | **1,972** | 1,648 | 1,810 | **-** | - | - |
| **Current Liabilities** | | | | | | |
| Trade and other payables | **44,660** | 35,595 | 65,439 | **16,488** | 9,327 | 29,104 |
| Financial liabilities | **110,595** | 68,319 | 71,665 | **8,381** | 8,381 | 8,381 |
| Current tax liabilities | **2,445** | 4,098 | 2,197 | **-** | - | - |
| | **157,700** | 108,012 | 139,301 | **24,869** | 17,708 | 37,485 |
| **Total Liabilities** | **159,672** | 109,660 | 141,111 | **24,869** | 17,708 | 37,485 |
| **Total Equity and Liabilities** | **347,598** | 312,068 | 345,793 | **119,369** | 110,361 | 119,703 |
| NAV per ordinary share (US cents) | **17.37** | 18.71 | 18.92 | **8.74** | 8.56 | 7.60 |

* Biological assets consist of deferred growing crops and livestock

## DEL MONTE PACIFIC LIMITED
## UNAUDITED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to equity holders of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Amounts in US$'000** | **Share Capital** | **Share premium** | **Share Option reserve** | **Translation reserves** | **Asset revaluation reserves** | **Hedging reserves*** | **Revenue Reserves** | **Total Equity** |
| **As at 1 January 2008** | 10,818 | 68,687 | - | (31,591) | 3,513 | - | 169,653 | 221,080 |
| Total comprehensive income for the year | - | - | 30 | (2,566) | - | (1,067) | 6,026 | 2,423 |
| Tax-exempt final dividend paid of 1.95 US cents per share in respect of 2007 | - | - | - | - | - | - | (21,095) | (21,095) |
| **As at 31 March 2008** | 10,818 | 68,687 | 30 | (34,157) | 3,513 | (1,067) | 154,584 | 202,408 |
| **As at 1 January 2009** | 10,818 | 68,687 | 486 | (54,989) | 3,368 | (619) | 176,931 | 204,682 |
| Total comprehensive income for the year | - | - | 168 | (2,583) | - | 619 | 4,079 | 2,283 |
| Tax-exempt final dividend paid of 1.76 US cents per share in respect of 2008 | - | - | | - | - | - | (19,039) | (19,039) |
| **As at 31 March 2009** | 10,818 | 68,687 | 654 | (57,572) | 3,368 | - | 161,971 | 187,926 |

* In February 2008, the Company's Philippine subsidiary entered into a non deliverable Peso/US$ forward contract due January 2009 at an average forward settlement rate of P41.323/US$. The Group entered into this forward contract basing on economists' forecasts that the Peso will continue to strengthen against the US Dollar. This exercise is intended to hedge the Company's US Dollar sales.

Under the "International Accounting Standard 39 on Financial Instruments: Recognition and Measurement", the Group is required to mark to market its contracted forward rate against the latest forward rate. The Group has no outstanding forward contract as at 31 March 2009.

### THE COMPANY

| **Amounts in US$'000** | **Share capital** | **Share Premium** | **Share Option reserve** | **Revenue reserves** | **Total** |
|---|---|---|---|---|---|
| **As at 1 January 2008** | 10,818 | 68,826 | - | 1,580 | 81,224 |
| Total comprehensive income for the year | - | - | 30 | 32,494 | 32,524 |
| Tax-exempt final dividend paid of 1.95 US cents per share in respect of 2007 | - | - | - | (21,095) | (21,095) |
| **As at 31 March 2008** | 10,818 | 68,826 | 30 | 12,979 | 92,653 |
| **As at 1 January 2009** | 10,818 | 68,826 | 486 | 2,088 | 82,218 |
| Total comprehensive income for the year | - | - | 168 | 31,153 | 31,321 |
| Tax-exempt final dividend paid of 1.76 US cents per share in respect of 2008 | - | - | - | (19,039) | (19,039) |
| **As at 31 March 2009** | 10,818 | 68,826 | 654 | 14,202 | 94,500 |

# DEL MONTE PACIFIC LIMITED
## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| Amounts in US$'000 | For the three months ended 31 March | |
|---|---|---|
| | **2009** | **2008** |
| **Operating Activities** | | |
| Net profit attributable to shareholders | **4,079** | 6,026 |
| Adjustments for: | | |
| Amortisation of intangible assets | **142** | 168 |
| Depreciation of property, plant and equipment | **1,729** | 2,348 |
| Allowance for doubtful receivables | **339** | 207 |
| Allowance for inventory obsolescence | **868** | 467 |
| Writeback of impairment of property, plant and equipment | **(21)** | (27) |
| Gain on disposal of property, plant and equipment | **(40)** | (3) |
| Share of loss of joint venture, net of tax | **762** | 832 |
| Equity-settled share-based payment transactions | **168** | 30 |
| Income tax expense | **583** | 1,379 |
| Operating profit before working capital changes | **8,609** | 11,427 |
| Changes in working capital: | | |
| Other assets | **(3,154)** | (3,087) |
| Inventories | **(25,204)** | (6,189) |
| Biological assets | **(7,314)** | (2,036) |
| Trade and other receivables | **20,085** | 11,215 |
| Trade and other payables | **(17,349)** | (23,870) |
| Operating cash flows | **(24,327)** | (12,540) |
| Income taxes paid | **(369)** | (294) |
| Cash flows used in operating activities | **(24,696)** | (12,834) |
| | | |
| **Investing activities** | | |
| Interest received | **185** | 476 |
| Proceeds from disposal of property, plant and equipment | **1,174** | 77 |
| Additional investment in joint venture | **(350)** | (803) |
| Purchase of property, plant and equipment | **(1,899)** | (1,094) |
| Cash flows used in investing activities | **(890)** | (1,344) |
| | | |
| **Financing activities** | | |
| Interest paid | **(1,345)** | (830) |
| Proceeds from borrowings | **40,885** | 33,721 |
| Repayment of finance lease liabilities | **(84)** | (168) |
| Dividends paid | **(19,039)** | (21,095) |
| Net cash from financing activities | **20,417** | 11,628 |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | **(5,169)** | (2,550) |
| Cash and cash equivalents at beginning of period | **7,862** | 14,958 |
| Effect of exchange rate changes on cash and cash equivalents | **(280)** | (1,594) |
| **Cash and cash equivalents at end of period** | **2,413** | 10,814 |