



**DEL MONTE PACIFIC LIMITED**

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## **Management Discussion and Analysis of Unaudited Financial Condition and Results of Operations for the Second Quarter and First Half Ended 30 June 2010**

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### **AUDIT**

Second quarter 2010 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 2010:

- Amendments to IFRS 1 First-time Adoption of FRS – Additional Exemptions for First-time Adopters
- Amendments to IFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions
- IFRS 3 (Revised 2008) Business Combinations
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued (issued as part of Improvements to IFRSs 2008)
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IAS 27 (Revised 2008) Consolidated and Separate Financial Statements
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- IFRS 1 (revised 2008) First-time Adoption of FRS (improved structure)
- General Improvements to IFRSs 2009

The Group will adopt IFRS 3 and IAS 27 in the course of the year. 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.

### **DISCLAIMER**

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general economic and business conditions, change in business strategy or development plans, weather conditions, crop yields, outgrowers and service providers' performance, production efficiencies, input costs and availability, competition, shifts in customer demands and preferences, market acceptance of new products, industry trends, and changes in government and environmental regulations. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.

## **DIRECTORS' ASSURANCE**

Confirmation by Directors Pursuant to Clause 705(5) 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

10 August 2010

## FINANCIAL HIGHLIGHTS – SECOND QUARTER AND FIRST HALF 2010

in US\$'000 unless otherwise stated	For the three months ended 30 June			For the six months ended 30 June		
	2010	2009	%	2010	2009	%
Turnover	<b>85,104</b>	78,901	7.9	<b>151,034</b>	139,266	8.5
Gross profit	<b>16,546</b>	19,450	(14.9)	<b>27,387</b>	34,996	(21.7)
Gross margin (%)	<b>19.4</b>	24.7	(5.3 ppt)	<b>18.1</b>	25.1	(7.0 ppt)
Operating profit	<b>2,506</b>	8,497	(70.5)	<b>3,285</b>	15,593	(78.9)
Operating margin (%)	<b>2.9</b>	10.8	(7.9 ppt)	<b>2.2</b>	11.2	(9.0 ppt)
Net profit	<b>(1,283)</b>	5,065	(125.3)	<b>(2,164)</b>	9,144	(123.7)
Net margin (%)	<b>(1.5)</b>	6.4	(7.9 ppt)	<b>(1.4)</b>	6.6	(8.0 ppt)
EPS (US cents)	<b>(0.12)</b>	0.47	(125.3)	<b>(0.20)</b>	0.85	(123.7)
Net debt	<b>(89,645)</b>	(109,337)	(18.0)	<b>(89,645)</b>	(109,337)	(18.0)
Gearing (%)	<b>46.5</b>	56.2	(9.7 ppt)	<b>46.5</b>	56.2	(9.7 ppt)
Cash flow from/(used in) operations	<b>(8,784)</b>	4,039	(317.4)	<b>(39,899)</b>	(20,657)	93.2
Capital expenditure	<b>1,515</b>	2,202	(31.2)	<b>2,815</b>	4,101	(31.4)
Dividend per share (US cents)	<b>0</b>	0.63	(100)	<b>0</b>	0.63	(100)
			<b>Days</b>			<b>Days</b>
Inventory (days)	92	157	(65)	<b>101</b>	159	(58)
Receivables (days)	36	49	(13)	<b>33</b>	72	(39)
Account Payables (days)	57	57	0	<b>73</b>	79	(6)

The Company's reporting currency is US dollars. For conversion to S\$, these exchange rates can be used: 1.40 in 2Q10, 1.40 in 1H10 and 1.48 in 2Q09, 1.49 in 1H09.

## REVIEW OF OPERATING PERFORMANCE FOR 2Q AND FIRST HALF 2010

### Second Quarter

The Group posted a net loss of US\$1.3 million in the second quarter, due to higher costs which included inventory obsolescence, resulting in lower gross profit. Higher operating expenses, plus increased equity losses from the Group's joint venture in India also contributed to the net loss position for the quarter.

Sales grew 8% to US\$85.1 million from US\$78.9 million driven by robust turnover in the Philippines and higher Fresh exports.

Turnover growth in the Philippines was driven by the strong performance of sauces, canned juices and mixed fruits which more than offset the soft demand for Del Monte Fit 'n Right juice drinks. Fit 'n Right continues to face aggressive competition and the Company is taking steps to address this with a product relaunch supported by a new, refreshed advertising campaign.

Export sales to Europe and North America declined versus prior year quarter due to tight supply of pineapple and weak demand.

S&W Processed turnover grew 20% versus prior year quarter due to strong sales of canned vegetables such as corn and beans to major markets.

Total fresh export sales, including S&W branded fresh fruit, more than doubled to US\$4.8 million from US\$1.9 million in the same period last year. This was achieved through higher volume and better prices.

Due to cost pressures brought about by higher pineapple, sugar and energy costs, coupled with lower efficiencies and inventory obsolescence, gross margin declined by 5.3ppts to 19.4% from 24.7%.

Profit from operations declined 70.5% to US\$2.5 million from US\$8.5 million on lower gross profit, coupled with higher general and administrative and other operating expenses.

In India, the Group recognised a share of loss of US\$2.2 million for its 46% stake in the FieldFresh joint venture, higher than prior year's US\$1.0 million. This was due to necessary initiatives to build the business which included higher A&P spend to support new product launches.

As a result of lower operating profit and higher equity losses from FieldFresh, the group ended with a net loss of US\$1.3 million for the quarter compared to a net profit of US\$5.1 million in the prior year.

Operating cash flow was at negative US\$8.8 million from positive US\$4.0 million in the prior year quarter mainly due to lower profit. The Company ended with a net debt position of US\$89.6 million as of 30 June 2010, and a gearing of 47%, mainly due to improved working capital position. The Group effectively managed its working capital, bringing down inventory days through improved inventory management.

### **First Half**

Group turnover for the first half of 2010 grew 9% to US\$151.0 million from US\$139.3 million due to the same reasons as those for the second quarter.

Philippine market's sales grew 8% to US\$93.2 million on the back of strong base business performance which offset soft demand for Del Monte Fit 'n Right juice drinks. The average Philippine Peso rate against the US Dollar was slightly lower by 2% versus prior year; this had an unfavourable translation impact of US\$1.8 million on Philippine market sales.

S&W Processed sales grew 28% to US\$4.3 million, driven by the strong performance of canned vegetables to major markets.

Fresh export sales tripled to US\$8.4 million from US\$2.8 million on the back of better volume and pricing.

For the same reasons mentioned for the second quarter, gross profit declined by 22% while gross margin fell 7.0ppts to 18.1%.

Higher selling and distribution expenses to support initiatives for new and base products, as well as higher general and administrative expenses due to investments to build the business led to a 79% decline in operating income to US\$3.3 million.

In India, the Group recognised a share of loss of US\$3.1 million for its 46% stake in the FieldFresh joint venture, higher than prior year's US\$1.8 million.

The Group ended the first half with a net loss of US\$2.2 million compared to a net income of US\$9.1 million in the same period last year.

Operating cash flow was at negative US\$39.9 million compared to negative US\$20.7 million in the prior year mainly due to lower profit.

## **VARIANCE FROM PROSPECT STATEMENT**

The second quarter 2010 results were in line with earlier guidance that the Group's first half 2010 profits are expected to be lower compared to that of the same period last year.

## BUSINESS OUTLOOK

We expect improvement in the second half performance, particularly in the fourth quarter, from better volume, pricing and sales mix and containment of costs. Importantly, the Company had an unprofitable supply contract the termination of which became effective at the end of the three-year notice period, 31 May 2010. The termination of this supply contract will enable the Company to pursue other opportunities.

The programs we are implementing to improve overall productivity are beginning to gain traction. To address the issue of higher costs, the Company is working on initiatives to improve efficiency. To achieve this, the Company is increasing usage of natural sugar recovered from pineapple and utilising alternative natural sweeteners. At the same time, the sugar content in certain products is being reduced for a healthier offering. Energy efficiency measures are in place to improve energy consumption.

We expect sales in the Philippines to improve further with a thorough review and investments in the supply chain processes and systems. The execution of these operational improvements is underway and this should favourably impact our results for the remainder of the year.

We are encouraged by the expanding footprint of the Del Monte brand in India through the joint venture FieldFresh, as well as the S&W brand in the region and the continued gains in our fresh business. We remain focused on developing and growing our key branded businesses in the Philippines, India and the rest of Asia.

## REVIEW OF TURNOVER, GROSS PROFIT AND OPERATING PROFIT

Effective first quarter 2010, the Group adopted IFRS 8 Operating Segments in its quarterly reporting. IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The standard requires financial information to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

There has been a slight reclassification of the Group's definition of operating segments for Asia Pacific and Others.

### ASIA PACIFIC

#### For the three months ended 30 June

In US\$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	31,295	25,413	23.1	25,643	26,088	(1.7)	56,938	51,501	10.6
Gross Profit	8,722	6,928	25.9	4,320	6,790	(36.4)	13,042	13,718	(4.9)
Gross Margin (%)	27.9	27.3	0.6 ppt	16.8	26.0	(9.2 ppt)	22.9	26.6	(3.7 ppt)
Operating Profit	2,450	2,421	1.2	165	2,513	(93.4)	2,615	4,934	(47.0)
Op Margin (%)	7.8	9.5	(1.7 ppt)	0.6	9.6	(9.0 ppt)	4.6	9.6	(5.0 ppt)

**For the six months ended 30 June**

In US\$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	52,053	45,554	14.3	46,077	46,356	(0.6)	98,130	91,910	6.8
Gross Profit	14,165	13,653	3.7	7,047	12,933	(45.5)	21,212	26,586	(20.2)
Gross Margin (%)	27.2	30.0	(2.8 ppt)	15.3	27.9	(12.6 ppt)	21.6	28.9	(7.3 ppt)
Operating Profit	3,318	6,292	(47.3)	(443)	5,127	(108.6)	2,875	11,419	(74.8)
Op Margin (%)	6.4	13.8	(7.4 ppt)	-1.0	11.1	(11.2 ppt)	2.9	12.4	(9.5 ppt)

**Second Quarter**

Reported under the Asia Pacific segment are sales and profit on sales of Del Monte and Today's branded processed products in the Philippines and sales of Del Monte branded processed products to Del Monte trademark licensees in the Asia Pacific region.

Turnover in Asia Pacific, which accounted for 67% of the Group's turnover in the second quarter of 2010, grew 11% to US\$56.9 million from US\$51.5 million due to strong sales of processed fruits and culinary segments in the Philippines. This offset the weaker sales of beverages in the Philippines and lower sales to other markets in Asia Pacific.

Due to higher costs as discussed earlier, gross profit declined by 5% to US\$13.0 million while gross margin deteriorated by 3.7ppts to 22.9% from 26.6%. Operating profit slid 47% to US\$2.6 million on the back of lower gross margin and higher operating expenses.

**First Half**

Turnover in Asia Pacific, which accounted for 65% of the Group's turnover in the first half of 2010, grew 7% to US\$98.1 million from US\$91.9 million, for the same reasons cited above.

Similarly, gross profit and operating profit declined by 20% and 75%, respectively.

**EUROPE AND NORTH AMERICA**

**For the three months ended 30 June**

In US\$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	11,609	12,060	(3.7)	3,922	6,059	(35.3)	15,531	18,119	(14.3)
Gross Profit	324	1,099	(70.5)	199	2,239	(91.1)	523	3,338	(84.3)
Gross Margin (%)	2.8%	9.1%	(6.3 ppt)	5.1%	37.0%	(31.9 ppt)	3.4%	18.4%	(15.0 ppt)
Operating Profit	(1,137)	81	(1,503.7)	(169)	1,908	(108.9)	(1,306)	1,989	(165.7)
Op Margin (%)	-9.8%	0.7%	(10.5 ppt)	-4.3%	31.5%	(35.8 ppt)	-8.4%	11.0%	(19.4 ppt)

**For the six months ended 30 June**

In US\$'000	Processed			Beverage			Total		
	2010	2009	% Chg	2010	2009	% Chg	2010	2009	% Chg
Turnover	23,150	20,713	11.8	8,017	10,279	(22.0)	31,167	30,992	0.6
Gross Profit	243	940	(74.1)	427	3,329	(87.2)	670	4,269	(84.3)
Gross Margin (%)	1.0%	4.5%	(3.5 ppt)	5.3%	32.4%	(27.1 ppt)	2.1%	13.8%	(11.7 ppt)
Operating Profit	(1,916)	(1,005)	90.7	(138)	2,765	(105.0)	(2,054)	1,760	(216.7)
Op Margin (%)	-8.3%	-4.9%	(3.4 ppt)	-1.7%	26.9%	(28.6 ppt)	-6.6%	5.7%	(12.3 ppt)

**Second Quarter**

Reported under the Europe and North America segment are sales and profit on sales of Del Monte and buyers' label processed fruits, beverages, pineapple concentrate and other processed products to Del Monte trademark licensee and owner in Europe and North America respectively, as well as non-branded

and buyers' label processed fruit and beverage products to new customers in Europe starting 1 June 2010.

Turnover in Europe and North America accounted for 18% of Group turnover this quarter. It declined by 14% to US\$15.5 million from US\$18.1 million, primarily due to tight supply of pineapple and softening demand.

Cost pressures and higher general and administrative operating expenses led to significantly reduced gross profit of US\$0.5 million, while results of operations were negative US\$1.3 million.

### **First Half**

Accounting for 21% of total turnover for the first half of 2010, turnover for Europe and North America was flat at US\$31.2 million.

However, cost pressures and higher general and administrative operating expenses as discussed above caused gross profit to drop by 84% to US\$0.7 million, while results of operations were negative US\$2.1million.

### **OTHERS**

#### **For the three months ended 30 June**

<b>In US\$'000</b>			
	<b>2010</b>	<b>2009</b>	<b>% Chg</b>
Turnover	12,635	9,281	36.1
Gross Profit	2,981	2,394	24.5
Gross Margin (%)	23.6%	25.8%	(2.2 ppt)
Operating Profit	1,197	1,574	(24.0)
Op Margin (%)	9.5%	17.0%	(7.5 ppt)

#### **For the six months ended 30 June**

<b>In US\$'000</b>			
	<b>2010</b>	<b>2009</b>	<b>% Chg</b>
Turnover	21,737	16,364	32.8
Gross Profit	5,505	4,141	32.9
Gross Margin (%)	25.3%	25.3%	0.0 ppt
Operating Profit	2,464	2,414	2.1
Op Margin (%)	11.3%	14.8%	(3.5 ppt)

### **Second Quarter**

Reported under this category are sales and profit on sales of the following segments:

- Other export sales which include:
  - Sales of buyers' label processed fruits and pine concentrates to various customers around the world.
  - Sales of Del Monte processed products to distributors in the Indian subcontinent.
- Sales of various Del Monte products such as canned vegetables and deciduous fruits sourced from other Del Monte companies.
- Sales of S&W branded processed products such as canned fruits and vegetables, juices and other food products to various customers in Asia Pacific.
- Sales of S&W branded fresh pineapples in Asia Pacific and buyer's label or non-branded fresh pineapples in Asia
- Sales of cattle in the Philippines. The cattle operation helps in the disposal of pineapple pulp, a residue of pineapple processing which is fed to the animals.

Turnover from these segments comprised 15% of the Group's total turnover in the second quarter.

Turnover of this segment grew by 36% to US\$12.6 million from US\$9.3 million primarily driven by robust growth of the fresh business, S&W processed product sales and sales of pineapple concentrate, which offset the decline in other export markets and cattle sales.

Gross profit for this segment rose 25% to US\$3.0 million from US\$2.4 million primarily driven by profitable fresh business sales. Favourable gross profit from the fresh business was driven by higher volume and better prices, which offset higher costs. However, as a result of higher operating expenses, including an unfavourable IAS 41 adjustment relating to cattle, operating profit declined by 24%.

### First Half

Turnover from these segments comprised 14% of the Group's total turnover in the first half.

Turnover grew 33% to US\$21.7 million from US\$16.4 million primarily due to growth of fresh and S&W processed product sales.

Gross profit improved 33% to US\$5.5 million for the same reasons, however profit from operations only grew by 2% due to higher general and administrative operating expenses as well as the unfavourable IAS 41 adjustment relating to cattle.

## REVIEW OF COST OF GOODS SOLD AND OPERATING EXPENSES

% of Turnover	For the three months ended 30 June			For the six months ended 30 June		
	2010	2009	Comments	2010	2009	Comments
Cost of Goods Sold	80.6	75.3	Higher pineapple, sugar and energy costs, lower efficiencies and inventory obsolescence	81.9	74.9	Same as 2Q
Distribution and Selling Expenses	6.7	6.7		7.7	6.4	Higher spending to support new product launches and various marketing initiatives
G&A Expenses	7.4	6.1	Investments to build the business	7.2	6.7	Same as 2Q
Other Operating Expenses	2.4	1.1	Unfavourable IAS 41 adjustments	1.0	0.9	Same as 2Q

## REVIEW OF OTHER MATERIAL CHANGES TO INCOME STATEMENTS

In US\$'000	For the three months ended 30 June				For the six months ended 30 June			
	2010	2009	%	Comments	2010	2009	%	Comments
Depreciation and amortisation	(2,433)	(1,967)	23.7	Due to major assets such as the new boilers which started depreciation only in the 2 <sup>nd</sup> half of 2009	(4,974)	(3,838)	29.6	Same as 2Q
Interest income	228	194	17.5	Due to higher cash level	461	432	6.7	Same as 2Q
Interest expense	(1,133)	(1,655)	(31.5)	Lower borrowing level	(2,158)	(2,949)	(26.8)	Same as 2Q
Share of loss of JV, net of tax	(2,195)	(1,046)	109.8	46% stake in FieldFresh India, acquired in Sept. 2007	(3,109)	(1,808)	72.0	Same as 2Q
Taxation	(221)	(786)	(71.9)	Due to loss in certain tax jurisdiction	(19)	(1,369)	(98.6)	Same as 2Q



## REVIEW OF GROUP ASSETS AND LIABILITIES

Extract of Accounts with Significant Variances	30 June 2010	30 June 2009	31 Dec 2009	Comments
<i>in US\$'000</i>				
Joint venture	33,720	23,810	30,204	Capital call net of equity losses
Other assets	15,440	13,630	10,472	Higher advances to landowners for long-term leases of agricultural land
Biological assets	75,108	67,628	70,469	Higher deferred growing crop costs and livestock
Inventories	70,697	100,999	68,084	Reduced inventory levels of key materials such as tinsplate and tomato paste
Trade and other receivables	54,997	54,531	24,154	Discounting of receivables during December 2009
Cash and cash equivalents	10,273	7,124	59,162	Proceeds from discounting of receivables during December 2009
Financial liabilities – non-current	26,068	15,192	26,068	Incurrence of long-term borrowings
Financial liabilities – current	73,915	101,382	69,294	Lower borrowings as a result of better working capital management
Trade and other payables	54,653	36,673	56,499	Lower on 30 June 2009 due to lower purchases due to high inventory levels of key materials
Current tax liabilities	(13)	628	2,032	Taxable loss of taxable entity

## SHARE CAPITAL

Total shares outstanding remain at 1,081,781,194 as of 30 June 2010 same as at 30 June 2009 and 31 December 2009. Share capital remains as 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 shares to the Group's Managing Director and CEO, Joselito D. Campos, Jr. On 12 May 2009, the Company granted another 6,392,000 share awards to Key Executives. They remain outstanding as at 30 June 2010. No new shares had been issued as a result thereof.

The number of shares outstanding includes 3,000,000 shares held by the company as treasury shares as at 30 June 2010 (30 June 2009: nil) and there was no sale, transfer, disposal, cancellation and/or use of treasury shares during the period and as at 30 June 2010.

## BORROWINGS AND NET DEBT

Liquidity in US\$'000	30 June 2010	30 June 2009	31 Dec 2009
Gross borrowings	99,918	116,461	95,278
Current	73,915	101,382	69,274
Secured	-	-	-
Unsecured	73,915	101,382	69,274
Non-current	26,003	15,079	26,004
Secured	-	-	-
Unsecured	26,003	15,079	26,004
Less: Cash and bank balances	10,273	7,124	59,162
Net debt	(89,645)	(109,337)	(36,116)

The Group's net debt (cash and bank balances less borrowings) amounted to US\$89.6 million as at 30 June 2010 as compared to a net debt of US\$109.3 million as at 30 June 2009 and US\$36.1 million as at year-end 2009. The improvement over year-ago level was largely due to better working capital management, particularly lower inventories.

## DIVIDENDS

	For the six months ended 30 June	
	2010	2009
Name of dividend	N/A	Interim Ordinary
Type of dividend	N/A	Cash
Rate of dividend	Nil	US\$ 0.0063 per ordinary share (tax not applicable)
Par value of shares	N/A	US\$0.01
Tax rate	N/A	Nil
Book closure date	N/A	25 August 2009
Payable date	N/A	10 September 2009

## INTERESTED PERSON TRANSACTIONS

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	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)		
	For the three months ended 30 June		2010	2009	
		2010	2009	2010	2009
		NIL	NIL	NIL	NIL

In US\$'000	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)		
	For the six months ended 30 June		2010	2009	
		2010	2009	2010	2009
		NIL	NIL	NIL	NIL

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

Amounts in US\$'000	For the three months ended 30 June			For the six months ended 30 June		
	2010	2009	%	2010	2009	%
Turnover	85,104	78,901	7.9	151,034	139,266	8.5
Cost of sales	(68,558)	(59,451)	15.3	(123,647)	(104,270)	18.6
<b>Gross profit</b>	<b>16,546</b>	19,450	<b>(14.9)</b>	<b>27,387</b>	34,996	<b>(21.7)</b>
Distribution and selling expenses	(5,716)	(5,313)	7.6	(11,627)	(8,889)	30.8
General and administration expenses	(6,314)	(4,804)	31.4	(10,904)	(9,268)	17.7
Other operating (expenses)/income	(2,010)	(836)	140.4	(1,571)	(1,246)	26.1
<b>Profit from operations</b>	<b>2,506</b>	8,497	<b>(70.5)</b>	<b>3,285</b>	15,593	<b>(78.9)</b>
Financial income**	228	194	17.5	461	432	6.7
Financial expense**	(1,601)	(1,794)	(10.8)	(2,782)	(3,704)	(24.9)
<b>Net finance income/(expense)</b>	<b>(1,373)</b>	(1,600)	<b>(14.2)</b>	<b>(2,321)</b>	(3,272)	<b>(29.1)</b>
Share of loss of joint venture, net of tax	(2,195)	(1,046)	109.8	(3,109)	(1,808)	72.0
<b>Profit before taxation</b>	<b>(1,062)</b>	5,851	<b>(118.2)</b>	<b>(2,145)</b>	10,513	<b>(120.4)</b>
Taxation	(221)	(786)	(71.9)	(19)	(1,369)	(98.6)
<b>Profit after taxation</b>	<b>(1,283)</b>	5,065	<b>(125.3)</b>	<b>(2,164)</b>	9,144	<b>(123.7)</b>
<b>Notes:</b>						
Depreciation and amortisation	(2,433)	(1,967)	23.7	(4,974)	(3,838)	29.6
Provision for asset impairment	21	21	0	43	42	2.4
Provision for inventory obsolescence	(2,918)	(183)	1494.5	(3,588)	(1,051)	241.4
Provision for doubtful debts	(256)	(915)	(72.0)	(183)	(1,254)	(85.4)
Gain/(Loss) on disposal of fixed assets	(86)	74	(216.2)	(69)	114	(160.5)
<b>**Financial income comprise:</b>						
Interest income	228	194	17.5	461	432	6.7
Foreign exchange gain	-	-	-	-	-	-
	<b>228</b>	194	<b>17.5</b>	<b>461</b>	432	<b>6.7</b>
<b>**Financial expense comprise:</b>						
Interest expense	(1,133)	(1,655)	(31.5)	(2,158)	(2,949)	(26.8)
Foreign exchange loss	(468)	(139)	236.7	(624)	(755)	(17.4)
	<b>(1,601)</b>	(1,794)	<b>(10.8)</b>	<b>(2,782)</b>	(3,704)	<b>(24.9)</b>

n/m – not meaningful

Earnings per ordinary share in US cents	For the three months ended 30 June		For the six months ended 30 June	
	2010	2009	2010	2009
Earnings per ordinary share based on net profit attributable to shareholders:				
(i) Based on weighted average no. of ordinary shares	(0.12)	0.47	(0.20)	0.85
(ii) On a fully diluted basis	(0.12)	0.47	(0.20)	0.85

**DEL MONTE PACIFIC LIMITED  
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME**

Amounts in US\$'000	For the Six Months Ended 30 June		
	2010	2009	%
<b>Profit for the year</b>	<b>(2,164)</b>	9,144	(123.7)
<b>Other comprehensive income (after reclassification adjustment):</b>			
Exchange differences on translating of foreign operations	(217)	(1,097)	(80.2)
Changes in fair value of forward contracts	-	884	n/m
Value of employee services required for issue of share options	-	236	n/m
Adjustment relating to prior period recorded directly to equity	381	-	n/m
Income tax relating to components of other comprehensive income			
- <i>Changes in fair value of forward contracts</i>	-	(265)	n/m
<b>Other comprehensive income for the year, net of tax</b>	<b>164</b>	(242)	(167.8)
<b>Total comprehensive income for the year</b>	<b>(2,000)</b>	8,902	(122.5)

**DEL MONTE PACIFIC LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**

Amounts in US\$'000	Group			Company		
	30 Jun 2010 Unaudited	30 Jun 2009 Unaudited	31 Dec 2009 Audited	30 Jun 2010 Unaudited	30 Jun 2009 Unaudited	31 Dec 2009 Audited
<b>Non-Current Assets</b>						
Property, plant and equipment	71,428	65,217	73,212	-	-	-
Subsidiaries			-	76,707	76,707	76,707
Joint venture	33,720	23,810	30,204	-	-	-
Intangible assets	16,861	17,420	17,145	-	-	-
Other assets	15,440	13,630	10,472	-	-	-
	<b>137,449</b>	<b>120,077</b>	<b>131,033</b>	<b>76,707</b>	<b>76,707</b>	<b>76,707</b>
<b>Current assets</b>						
Inventories	70,697	100,999	68,084	-	-	-
Biological assets *	75,108	67,628	70,469	-	-	-
Trade and other receivables	54,997	54,531	24,154	47,671	42,696	42,527
Cash and cash equivalents	10,273	7,124	59,162	9	9	9
	<b>211,075</b>	<b>230,282</b>	<b>221,869</b>	<b>47,680</b>	<b>42,705</b>	<b>42,536</b>
<b>Total Assets</b>	<b>348,524</b>	<b>350,359</b>	<b>352,902</b>	<b>124,387</b>	<b>119,412</b>	<b>119,243</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	10,818	10,818	10,818	10,818	10,818	10,818
Treasury Shares	(824)	-	-	(824)	-	-
Reserves	182,814	183,727	186,273	75,231	82,853	73,861
<b>Total Equity</b>	<b>192,808</b>	<b>194,545</b>	<b>197,091</b>	<b>85,225</b>	<b>93,671</b>	<b>84,679</b>
<b>Non-Current Liabilities</b>						
Deferred tax liabilities	1,093	1,939	1,918	-	-	-
Financial liabilities	26,068	15,192	26,068	-	-	-
	<b>27,161</b>	<b>17,131</b>	<b>27,986</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>						
Trade and other payables	54,653	36,673	56,499	39,162	17,360	34,564
Financial liabilities	73,915	101,382	69,294	-	8,381	-
Current tax liabilities	(13)	628	2,032	-	-	-
	<b>128,555</b>	<b>138,683</b>	<b>127,825</b>	<b>39,162</b>	<b>25,741</b>	<b>34,564</b>
<b>Total Liabilities</b>	<b>155,716</b>	<b>155,814</b>	<b>155,811</b>	<b>39,162</b>	<b>25,741</b>	<b>34,564</b>
<b>Total Equity and Liabilities</b>	<b>348,524</b>	<b>350,359</b>	<b>352,902</b>	<b>124,387</b>	<b>119,412</b>	<b>119,243</b>
NAV per ordinary share (US cents)	17.87	17.98	18.22	7.90	8.66	7.83

\* Biological assets consist of deferred growing crops and livestock.

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

<b>Group</b>	<b>Share Capital US\$'000</b>	<b>Share premium US\$'000</b>	<b>Translation reserve US\$'000</b>	<b>Hedging reserve* US\$'000</b>	<b>Revaluation reserve US\$'000</b>	<b>Option reserve US\$'000</b>	<b>Revenue reserve US\$'000</b>	<b>Treasury Shares S\$'000</b>	<b>Total Equity S\$'000</b>
<b>2009</b>									
As at 1 January 2009	10,818	68,687	(54,989)	(619)	3,368	486	176,931	-	204,682
<b>Total comprehensive income for the year</b>									
Profit for the year	-	-	-	-	-	-	9,144	-	9,144
<b>Other comprehensive income</b>									
Currency translation differences recognised directly in equity	-	-	(1,097)	-	-	-	-	-	(1,097)
Currency translation differences transferred to income statement on disposal of subsidiaries	-	-	-	-	-	-	-	-	-
Net changes in fair value of cash flow hedges, net of tax	-	-	-	619	-	-	-	-	619
Net loss on revaluation of property, plant and equipment, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(1,097)	619	-	-	-	-	(478)
Total comprehensive income/(loss) for the year	-	-	(1,097)	619	-	-	9,144	-	8,666
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends	-	-	-	-	-	-	(19,039)	-	(19,039)
Value of employee services received for issue of share options	-	-	-	-	-	236	-	-	236
Total contributions by and distributions to owners	-	-	-	-	-	236	(19,039)	-	(18,803)
At 30 June 2009	10,818	68,687	(56,086)	-	3,368	722	167,036	-	194,545

Group	Share Capital US\$'000	Share premium US\$'000	Translation reserve US\$'000	Hedging reserve* US\$'000	Revaluation reserve US\$'000	Option reserve US\$'000	Revenue reserve US\$'000	Treasury Shares S\$'000	Total Equity S\$'000
<b>2010</b>									
As at 1 January 2010	10,818	68,687	(49,527)	-	3,368	1,337	162,408	-	197,091
<b>Total comprehensive income for the year</b>									
Profit for the year							(2,164)		(2,164)
<b>Other comprehensive income</b>									
Currency translation differences									
recognised directly in equity	-	-	(217)	-	-	-	-	-	(217)
Adjustments relating to prior periods recorded directly to equity	-	-	-	-	-	-	381	-	381
Net loss on revaluation of property, plant and equipment, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	(217)	-	-	-	381	-	164
Total comprehensive income/(loss) for the year	-	-	(217)	-	-	-	(1,783)		(2,000)
<b>Transactions with owners, recorded directly in equity</b>									
<b>Contributions by and distributions to owners</b>									
Dividends	-	-	-	-	-	-	(1,731)	-	(1,731)
Acquisition of Treasury shares	-	-	-	-	-	-	-	(824)	(824)
Value of employee services received for issue of share options	-	-	-	-	-	272	-	-	272
Total contributions by and distributions to owners	-	-	-	-	-	272	(1,731)	(824)	(2,283)
At 30 June 2010	10,818	68,687	(49,744)	-	3,368	1,609	158,894	(824)	192,808

Company	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Revenue reserve US\$'000	Treasury Shares US\$'000	Total equity US\$'000
<b>2009</b>						
At 1 January 2009	10,818	68,826	486	2,088	-	82,218
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	30,256	-	30,256
Total comprehensive income for the year	-	-	-	30,256	-	30,256

**Transactions with owners, recorded directly in equity**

**Contributions by and distributions to owners**

Value of employee services received for issue of share options	-	-	236	-	-	236
Dividends	-	-	-	(19,039)	-	(19,039)
Total contributions by and distributions to owners	-	-	236	(19,039)	-	(18,803)
At 30 June 2009	10,818	68,826	722	13,305	-	93,671

	Share capital US\$'000	Share premium US\$'000	Share option reserve US\$'000	Revenue reserve US\$'000	Treasury Shares US\$'000	Total Equity US\$'000
<b>2010</b>						
At 1 January 2010	10,818	68,826	1,337	3,698	-	84,679
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	2,829	-	2,829
Total comprehensive income for the year	-	-	-	2,829	-	2,829

**Transactions with owners, recorded directly in equity**

**Contributions by and distributions to owners**

Value of employee services received for issue of share options	-	-	272	-	-	272
Acquisition of Treasury shares	-	-	-	-	(824)	(824)
Dividends	-	-	-	(1,731)	-	(1,731)
Total contributions by and distributions to owners	-	-	272	(1,731)	-	(2,283)
At 30 June 2010	10,818	68,826	1,609	4,796	(824)	85,225

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

**Amounts in US\$'000**

	For the three months ended 30 June		For the six months ended 30 June	
	2010 Unaudited	2009 Unaudited	2010 Unaudited	2009 Unaudited
<b>Operating activities</b>				
Net profit attributable to shareholders	(1,283)	5,065	(2,164)	9,144
Adjustments for:				
Amortisation of intangible assets	143	131	284	273
Depreciation of property, plant and equipment	2,290	1,836	4,690	3,565
Provision for asset impairment	(21)	(21)	(43)	(42)
Provision for inventory obsolescence	2,918	183	3,588	1,051



Provision for doubtful debts	256	915	183	1,254
Loss/(Gain) on disposal of fixed assets	86	(74)	69	(114)
Share of profit of joint venture, net of tax	2,195	1,046	3,109	1,808
Equity-settled share-based payment transactions	231	68	272	236
Income tax expense	221	786	19	1,369
Prior period profit and loss credited to equity	381	-	381	-
Operating profit before working capital changes	7,417	9,935	10,388	18,544
Other assets	(2,162)	(1,388)	(4,968)	(4,542)
Inventories	(6,412)	3,312	(6,127)	(21,892)
Biological assets	(2,056)	(5,835)	(4,639)	(13,149)
Trade and other receivables	(13,253)	13,869	(28,313)	33,954
Trade and other payables	10,130	(13,314)	(3,341)	(30,663)
Operating cash flow	(6,336)	6,579	(37,000)	(17,748)
Income taxes paid	(2,448)	(2,540)	(2,899)	(2,909)
Cash flows from / (used in) operating activities	(8,784)	4,039	(39,899)	(20,657)
<b>Investing activities</b>				
Interest received	220	221	461	406
Proceeds from disposal of property, plant and equipment	(86)	75	(64)	1,249
Additional investment in joint venture	(1,075)	(1,894)	(6,625)	(2,244)
Purchase of property, plant and equipment	(1,515)	(2,202)	(2,815)	(4,101)
Acquisition of Treasury shares	(824)	-	(824)	-
Cash flows used in investing activities	(3,280)	(3,800)	(9,867)	(4,690)
<b>Financing activities</b>				
Interest paid	(850)	(1,598)	(1,710)	(2,943)
Proceeds from borrowings	16,740	5,627	4,641	46,512
Repayment of finance lease liabilities	-	26	20	(58)
Dividends paid	-	-	(1,731)	(19,039)
Cash flows from / (used in) financing activities	15,890	4,055	1,220	24,472
<b>Net increase / (decrease) in cash and cash equivalents</b>	3,826	4,294	(48,546)	(875)
<b>Cash and cash equivalents at beginning of year</b>	8,244	2,414	59,162	7,862
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,797)	416	(343)	137
<b>Cash and cash equivalents, end of period</b>	10,273	7,124	10,273	7,124